



CONSTRUCTIONS INDUSTRIELLES DE LA MÉDITERRANÉE (CNIM)

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

Registered office: 35, Rue de Bassano, 75008 Paris

Paris Trade and Companies Register Number 662 043 595

Registration document including the Annual Financial Report and the Corporate Social Responsibility Report

2017



This Registration Document was filed with the Autorité des marchés financiers (French Financial Markets Regulator - AMF) on March 27, 2018, 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.

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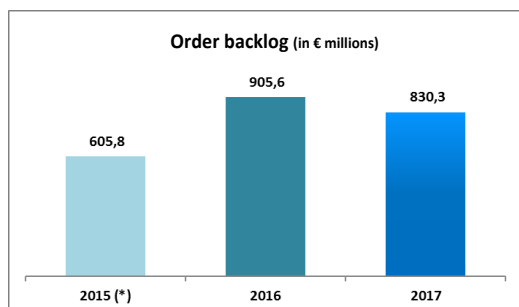
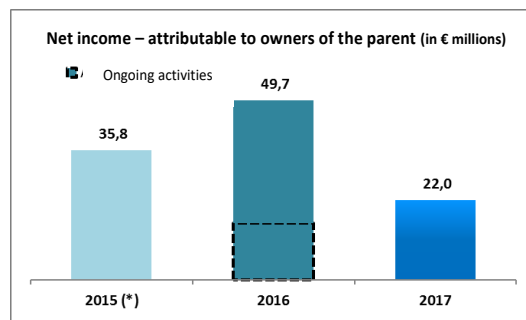
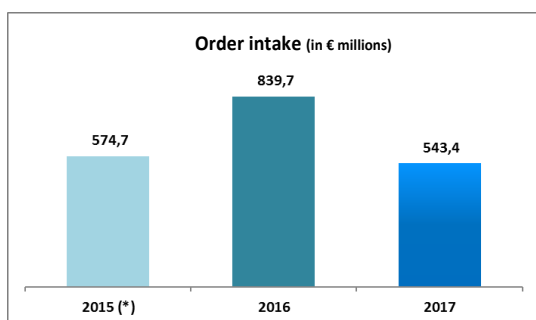
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1 ACTIVITIES, MARKETS, RESULTS, STRATEGY AND OUTLOOK^(AFR)

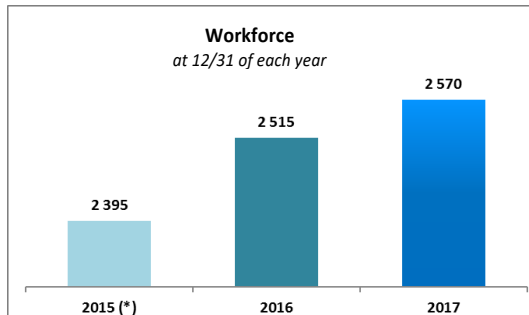
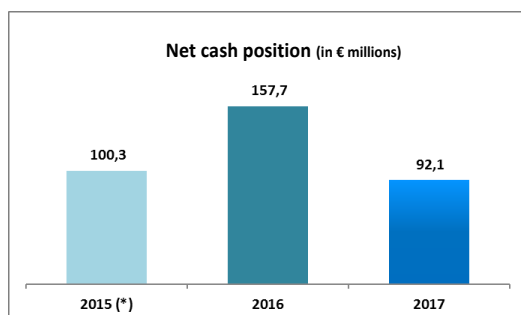
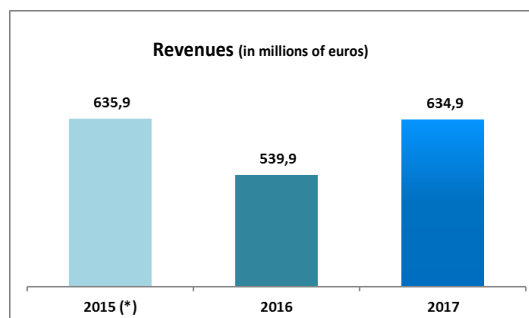
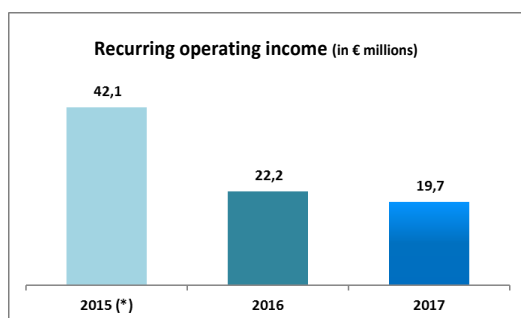
1.1 Key figures

The figures in Section 1 are presented in € millions.

The alternative performance measures (APMs) are defined in paragraph 1.4.4.



In 2017, 51.6% of Group revenues were achieved by exports.
A breakdown of revenue by Sector is presented in Section 1.4.3.1.
A geographical breakdown is presented in point 1.4.3.1.



(*) Data restated for the Babcock Wanson subsidiaries sold in 2016.

Detailed information for all key figures is presented and discussed in Sections 1.4 to 1.6.

1.2 Activities and markets, R&D, strategies and outlook, key events and highlights of 2017

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

1.2.1 General overview of the Group

Founded in 1856, CNIM is a French global industrial equipment manufacturer and supplier. The CNIM Group develops, designs and manufactures turnkey industrial solutions with high technological content for large private and public enterprises and for States, and offers expertise, services and operating capability in the areas of the environment, energy, defense and industry. Technological innovation is at the heart of the equipment and services designed and produced by the Group. They contribute to producing cleaner and more competitive energy, reducing the environmental impact of industrial activities, to securing sensitive facilities and infrastructure and to protecting people and States. Listed on Euronext Paris, the Group has a stable, majority family-shareholder base, committed to its development. At December 31, 2017, CNIM has 2,570 employees generating revenue of €634.9 million, 51.6% of which was realized abroad.

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

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

The Group has first-rate industrial facilities, with a main site located at La Seyne-sur-Mer in the Var (France) and two other specialized sites elsewhere in the world; see paragraph 1.2.1.3.

Environment & Energy	Innovation & Systems
ORGANIZATION, PRODUCTS AND SERVICES	
<ul style="list-style-type: none"> - Construction of waste-to-energy and biomass-to-energy centres - Operation and maintenance of waste-to-energy and biomass-to-energy centres - Services (optimization, rehabilitation, revamping and maintenance) for waste-to-energy and biomass-to-energy centres and large combustion plants. - Flue gas and bottom ash treatment systems and incineration residue recovery systems - Construction of solar power plants 	<p>The Innovation & Systems Sector comprises:</p> <ul style="list-style-type: none"> - the Industrial Systems Division, which is made up of CNIM Industrial Systems, a unit of CNIM SA based at La Seyne-sur-Mer, and the operating subsidiaries CNIM Transport Equipment (CTE) in China, CNIM Singapore and CNIM Babcock Morocco; - Bertin Technologies and its subsidiaries. <p>The Industrial Systems Division provides a unique range of services offering the development, production, installation and maintenance of innovative equipment and systems. It also performs manufacturing subcontracting contracts for various industrial sectors.</p> <p>Bertin Technologies and its subsidiaries operate in three major fields of activity:</p> <ul style="list-style-type: none"> - consultancy, system ergonomics and innovative engineering; - development and supply of instrumentation systems and equipment, supply of bioanalysis tools and biological reagents for Defense and Life Sciences; - software solutions and related services for IT security and digital intelligence.
MARKETS	
<p>Clients: local authorities, plant operators, public service contractors, private investors, energy producers and public or private service companies (especially chemicals, petrochemicals, agri-food, paper, pharmaceuticals, plant operators and major service providers).</p> <p>Markets: Strategy of commercial development in countries which are actively pursuing policies:</p> <ul style="list-style-type: none"> - to build up their waste-to-energy strategies; - to refurbish and upgrade existing plants and services: thermal power equipment running on all types of fuel, waste recovery plants; - to reduce atmospheric emissions and recover incineration residues; - to develop solar energy. 	<p>Clients: large customers in France and internationally</p> <p>Markets: defense and security, maritime, air and space, nuclear power, large scientific instruments, energy and environment and life sciences.</p>
OUTLOOK	
<ul style="list-style-type: none"> - Ongoing strategy of commercial development in countries which are actively pursuing policies to build up their waste-to-energy strategies, in which field CNIM can supply design, construction and operating expertise: mainly in the UK; in the Gulf countries and Asia. - LAB's strategy is to enhance its position in the international markets for waste-to-energy, biomass-to-energy and thermal plants, with an ongoing focus on its traditional markets in Scandinavia and western and central Europe. LAB is exploring opportunities to expand 	<p>Defense</p> <p>Adapting the force projection and State and company protection offering to new requirements, with investments in cybersecurity in France and strong international growth in systems for the land-based and maritime projection of military force.</p> <p>Strong international growth based on:</p> <ul style="list-style-type: none"> - a unique offer of surveillance networks and equipment; - external growth transaction (acquisitions of Exensor and Winlight in 2017).

<p>in the United States, the Middle East, the Far East and south-east Asia.</p> <ul style="list-style-type: none"> - Solar energy: SUNCNIM aims to grow in geographical regions with intense sunshine. Development prospects in the Middle East and certain targeted European regions (such as southern Spain and Italy). - CNIM continues to operate a waste-to-energy centre renovation business, primarily in France. <p>Additionally, as the largest French thermal power plant refurbishment and upgrade organization, CNIM Babcock Services' strategy is to assist industrial firms in their energy transition and efficiency approach, with particular focus on Europe and Africa.</p>	<p>The objective of acquiring Exensor was to strengthen and accelerate Bertin Technologies' development strategy on the global network and surveillance market for defense and security applications.</p> <p>The acquisition of Winlight strengthens CNIM and Bertin Technologies' offering in supplying high-performance optical and mechanical systems for defense applications.</p> <p>Large scientific instruments</p> <p>Strategy of development in Large Scientific Instruments and research reactors.</p> <p>With the acquisition of Winlight in 2017, strengthening of CNIM and Bertin Technologies' offering in the supply of high-performance optical and mechanical systems for applications such as research reactors.</p> <p>Pharma and biotech</p> <p>Disposals of services business in the pharma & biotech sector, while activities relating to the supply of bioanalysis tools and biological reagents for Defense and Life Sciences were retained and integrated into Bertin Technologies.</p>
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1.2.1.1 Strategy and outlook

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

Its strategy is based on:

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

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

1.2.1.2 Research and Development

Innovation at the heart of its projects

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

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

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

For CNIM Group, innovation involves:

- a continuous improvement programme aimed at optimizing existing equipment;
- the development of uniquely designed and constructed new products;
- a dynamic intellectual property policy with a portfolio of 148 groups of patents and 111 trademarks;
- the development of civil applications from defense projects;
- partnerships with research organizations in France and internationally;
- full participation in the development of major competitiveness clusters in France;
- the development of services aimed at optimizing customers' facilities, enabling them to improve equipment uptime and control their operating costs and environmental impact.

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

1.2.1.3 First-rate industrial facilities

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

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

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

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

- stages of development: R&D, engineering and design, systems and process engineering, dimensioning, calculations, automated systems, instrumentation and control systems;

- production: clean room activities, machining, welding, boiler-making, set-up/assembly, quality control;
- services: work site coordination and monitoring, commissioning and operational maintenance, client training.

With a view to constantly improving its production facilities, CNIM invested in this site in 2013 by constructing of a new high-bay factory building and renovating an existing building for the construction of large-scale, high-precision industrial parts. As a result of these improvements, the site's production capacity has increased by more than 30%.

The Group's other industrial facilities are as follows:

- CNIM Babcock Morocco's Casablanca site provides efficient and competitive production/assembly/boilermaking capacity to customers within and outside the Group;
- the site at Gaoming in China, where the subsidiary CNIM Transport Equipment (CTE) provides high-quality, competitive production services to the Chinese market, including the civil nuclear market, and to the site at La Seyne-sur-Mer. CTE continues to produce escalators and parts under international metro contracts.

In 2017, the La Seyne-sur-Mer, Gaoming and Casablanca sites jointly carried out several contract manufacturing agreements for industrial customers. Such services are important to ensure that facilities and personnel remain competitive and able to develop into new industries.

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

1.2.1.4 Key success factors

The different Sectors presented all share:

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

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

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

1.2.1.5 Segment information

This information can be found in Section 1.4 "Group results".

Information required under IFRS is presented in the notes to the 2017 consolidated accounts (Note 5, Section 5.1 "Consolidated financial statements at December 31, 2017").

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

- Section 5.2 of the financial statements (Note 25 to the 2017 CNIM SA Financial Statements);
- – Note 3 "Scope of consolidation" to the 2017 consolidated financial statements;
- Structure of the main Group companies, point 1.2.7.

1.2.2 Key events and highlights of 2017

A. CNIM Group

- 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.

B. Environment & Energy Sector

CNIM booked three new orders for turnkey waste-to-energy plants in 2017:

Belgrade, Serbia

- Client: SPV SUEZ & ITOCHU for BEO CISTA ENERGIJA (a consortium comprising SUEZ Group SA and I Environment Investments Ltd)
- Features: The SPV awarded CNIM a turnkey contract for a waste-to-energy plant featuring a production line designed to operate at 43.5 t/h (max. capacity: 49t/h) with an annual processing capacity of 340,000 t/yr. The new plant will generate 33 MWe of electric power and supply an urban heating network. The LAB subsidiary will supply a SecoLAB™ flue gas treatment installation and maturation silo.
- Handover is scheduled for October 2021, subject to the SPV obtaining planning consent by 31 December, 2018.

Troyes, France

- Client: Veolia
- Features: In May 2017, Veolia and CNIM entered into a contract concerning the supply, installation and commissioning of the Process work package for the waste-to-energy plant in Troyes. An initial service order was issued under this contract in 2017, covering studies relating to the planning application and design studies for the planned plant's principal equipment systems. The plant will process half of the household waste produced by the Aube department, i.e. 60,000 tonnes, as well as 5,000 tonnes of non-hazardous industrial waste and 10,000 tonnes of wood. The waste-to-energy plant will supply energy to local industries, heat homes and generate electricity. It will generate 41 GWh of electricity, equivalent to the power consumption of nearly 50,000 people, as well as 60 GWh of thermal energy, covering the consumption of nearly 8,900 people.
- Handover is scheduled for 2020.

Avonmouth

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

C. Innovation & Systems Sector

- Under the contract notified by the French General Directorate for Armament (DGA) in 2015, CNIM carried out the refurbishment studies and the prototyping of new functions for the French Army's motorized floating bridges (PFM) in 2016. In 2017, two prototypes were produced and certified. The DGA awarded an initial tranche of works, allowing them to be started at the beginning of 2018.
- In Finland, Posiva Oy, a joint venture between Finnish nuclear electricity company TVO and Fortum, awarded CNIM a contract in 2017 to develop three systems for handling fuel and transferring it to the Encapsulation Unit being built at the deep burial site in Onkalo.
- In 2012, the EU's Fusion For Energy (F4E) agency, which is responsible for the contributions made by European countries to the ITER project, awarded the manufacturing contract for 70 radial plates to the Franco-Italian consortium SIMIC-CNIM. The first radial plate was delivered on schedule in 2017. CNIM is also manufacturing other equipment for this reactor.
- Bertin Technologies was, together with Thales CS, awarded the "platform for the integration of innovative technologies in the field of biological and chemical analysis" (PI ABC) upstream scoping contract by the French Ministry of the Armed Forces, with a view to structuring, for future years, the development of new equipment for detecting and identifying chemical and biological threats. This new PI ABC contract establishes Bertin Technologies as a long-term contributor to the industrial and technological Defense base and allows it to consolidate its strategic position as a supplier of critical sovereign equipment and to extend its leading position on the chemical detection market.
- In 2017, Bertin Technologies launched SaphyRAD-E, an item that detects surface radioactive contamination. Designed to meet EDF's requirements, this machine will in time be used at the 19 sites that are currently being operated in France. It is used on leaving the zone to detect and avoid the surface contamination of workers.

1.2.3 Environment & Energy Sector

1.2.3.1 Profile

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

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

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

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

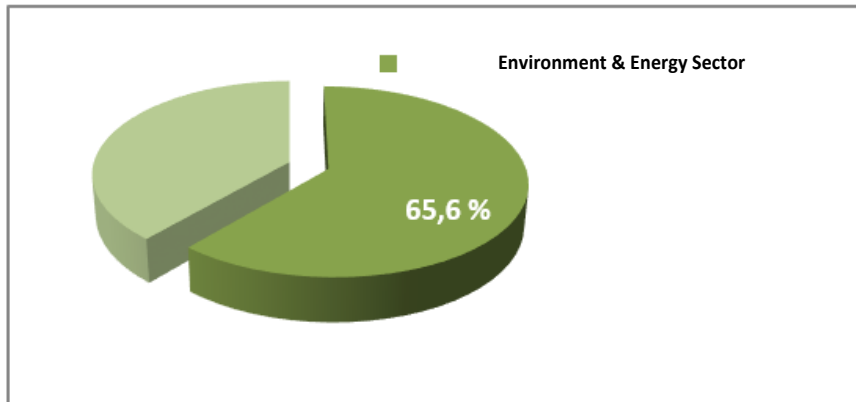
- transforming waste into electric energy and heat (urban district heating, industrial processes);
- extracting materials from waste that can be reused in production cycles.

CNIM also offers its customers an extensive range of equipment, systems, expertise and services that ensures rational energy management. CNIM applies an overall approach encompassing energy efficiency and reducing the environmental impact of its clients. Its teams have expertise with all types of fuel, including fossil fuels, waste and biomass.

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

Revenues Environment & Energy Sector (in millions of euros)		
2015	2016	2017
418.3	331.6	416.7

Share of 2017 revenues



1.2.3.2 Products and services

In the waste treatment field, CNIM operates at different levels:

- energy recovery;
- treatment of flue gas resulting from the waste and biomass incineration process;
- treatment of residues (ash and bottom ash) from waste incineration:
 - o stabilization;
 - o extraction of precious materials, such as minerals and metals;
- treatment of specific waste types such as hospital waste, water treatment plant sludge or green algae in Brittany.
- occasionally, sorting and recycling or compost production.

CNIM has designed and built 167 turnkey waste-to-energy plants (with a total of 285 lines), processing the waste produced by more than 100 million people worldwide. In tandem, CNIM has developed a range in the field of construction and operation of solar power plants.

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

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

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.

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

CNIM provides operators with technical assistance services (specialized maintenance work, boilers, instrumentation and control systems, flue gas treatment, etc.). The Group also provides refurbishment, modernization and environmental compliance services for existing facilities with a view to optimizing equipment performance, improving operational availability and energy efficiency, and reducing operating costs.

Additionally, as the largest French thermal power plant refurbishment and upgrade organization, CNIM Babcock Services provides its customers – in France and abroad – with the comprehensive know-how of a manufacturer whose activities cover design, production, operational monitoring and performance feedback for boilers of all types, brands and fuels.

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

CNIM's subsidiaries LAB SA and LAB GmbH design, build, install and commission condensing flue gas treatment and heat recovery systems for waste-to-energy and biomass-to-energy plants, power plants and industrial boiler houses. They also provide refurbishment and maintenance services for flue gas treatment systems, using their expertise to improve performance at existing facilities.

In addition to this offer for "onshore" industry, LAB has for the past few years been supplying flue gas treatment systems and solutions for offshore industry, including a comprehensive range of flue gas desulphurization solutions for cruise liners, ferries, cargo vessels and container ships.

LAB also offers treatment systems for the ash and clinker produced by waste incineration, enabling ferrous metals, non-magnetic light metals (e.g. aluminium and copper) and precious metals to be extracted and facilitating disposal.

All processes used comply with European "Best Available Techniques".

E. Construction of solar power plants

As a subsidiary of the CNIM Group, SUNCNIM is the first joint venture of the SPI ("Industrial project companies") fund, which is financed by the French Future Investments Programme and managed by the funding and development bank Bpifrance. SUNCNIM will develop and construct turnkey concentrated solar power plants for the global market.

1.2.3.3 The market in 2017

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

In 2017, CNIM confirmed its activity in the UK market with the signing of a contract for the construction of waste-to-energy centres, thus consolidating its position as leader in this market with the completion of 14 plants in the last five years.

Additionally, CNIM - in a consortium with Suez and Itochu - won the contract to build a plant in Belgrade (Serbia).

Veolia awarded CNIM the contract to build a waste-to-energy centre in Troyes. An initial service order was issued under this contract in 2017, covering studies relating to the planning application.

Outside Europe, CNIM is focusing its business activity on the Middle Eastern and Asian markets, with quotes made for several leads. CNIM was named "Preferred Investor" for the waste-to-energy centre project in Kabd, 35 km from Kuwait City. In the United Arab Emirates, CNIM was chosen to design, build and operate the Sharjah waste-to-energy centre.

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

CNIM operates plants in France, the United Kingdom and Azerbaijan. The market concerns the waste-to-energy units constructed by CNIM and covered by an operation contract, as well as the units built by other operators whose expiring concessions offer opportunities for the Group. CNIM currently operates eight waste-to-energy centres and an organic waste recovery centre (with waste sorting and green algae treatment), a sorting centre, a waste disposal centre, a specialist facility that recovers non-ferrous metals from clinker, and two biomass-fueled power plants.

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

CNIM is positioning itself in the waste-to-energy and biomass-to-energy plant refurbishment and modernization market. The main priorities of this activity include making plants compliant with the new regulations, improving energy efficiency, reducing operating costs, increasing treatment capacity and extending their useful life.

CNIM WEMS Construction et Services develops innovative processes, products and services to address customer expectations via its Innovation and Development (ID) division, and then industrializes them to take them from the prototype stage to a reliable, high-performance finished industrial product, listed in CNIM's catalogue.

Highlights from 2017

- include the conclusion of performance improvement works at the Colmar waste-to-energy plant and the start of a refurbishment programme at the Thiverval waste-to-energy centre, due for completion in 2019. These two refurbishment projects are the first in a booming new market, establishing CNIM as the market leader.
- The Group also received an order to audit and define the maintenance strategy for the waste-to-energy plant in Monaco, to keep the facility operating until 2025.
- A micro-explosion-based corrective boiler cleaning campaign was conducted at more than 15 sites. The on-line cleaning market is growing strongly, and CNIM offers a comprehensive range of solutions enabling operators to maintain satisfactory energy efficiency performance between scheduled maintenance shutdowns.

The market in which CNIM Babcock Services operates is dominated by maintenance and modernization services for enterprise clients: in France, the company worked at 184 large combustion plants, 70 biomass plants and the nuclear and combustion-based power plant fleet, ensuring a significant volume of repeat business.

As the number of power boilers worked on by CNIM Babcock Services falls or changes following the closure of major sites or the switch to gas in the case of large combustion plants, CNIM Babcock Services has diversified its international energy transition activities.

In a related area requiring works to be completed in accordance with cleanliness and time constraints, the company is now performing assembly services on the Megajoule Laser (LMJ) site, as well as maintenance work on the RES experimental reactor at Cadarache.

CNIM Babcock Services has also launched a sales strategy to roll out international service contracts with large energy operators, thereby generating recurring revenues.

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

Since 1963, LAB has completed over 400 contracts in more than 20 countries.

The market comprises several European countries, primarily France, the UK, Scandinavia, Finland, Germany, Switzerland and central Europe.

In Europe, LAB works:

- within the framework of CNIM turnkey construction projects;
- independently, on projects developed in work packages, for which the boiler contractor may not be CNIM;
- as a service provider for the treatment of ash, clinker and incineration residues, including metal recovery;
- as a provider of maintenance and refurbishment services.

LAB's marine scrubber range is now market-ready and the company is now allocating resources to the commercial development of this business area.

In 2017, LAB set up an incinerator ash processing services business, based in Roosevelt in the US state of Washington. A number of new facilities are set to begin operating in 2018.

Testifying to the success of this strategy, LAB won a number of major orders in 2017, both in its traditional markets and in the market for marine scrubbers. These contracts included:

- flue gas treatment for a new waste processing plant in Lithuania;
- condensing heat recovery unit at a biomass plant in Denmark;
- order from STX concerning the installation of marine scrubbers for three cruise ships.

Following in the footsteps of the CNIM Group and leveraging its widely-acknowledged expertise and portfolio of European reference projects, LAB has begun prospecting and sales activities aimed at new emerging markets, such as the Middle East and Asia.

E. Construction of solar power plants

In the thermal energy segment, the simple and robust solar steam generator technology developed by SUNCNIM provides saturated or slightly superheated steam at a competitive price compared with fossil energies in many countries.

The main applications referred to are:

- supply of steam for enhanced oil recovery (EOR);
- supply of steam for industry;
- hybridization with conventional cycles (gas, coal);
- hybridization with thermal seawater desalination systems.

1.2.3.4 Market position (internal sources)

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

In the area of waste-to-energy centres, CNIM shares the market with three main competitors: Hitachi Zosen Inova, Steinmüller Babcock Environment, Babcock & Wilcox Volund. Other players include Doosen Lentjes GmbH, Keppel-Seghers Technology, Baumgarte Boiler Systems, Termomeccanica Ecologia and Vinci Environnement. A few local competitors also operate in this market.

Concerning biomass-to-energy plants, a large number of stakeholders operate on the European market, depending on the power output and type of biomass. The main stakeholders are: Valmet, AET, Baumgarte, Babcock Wilcox Volund, Andritz and BWSC.

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

The main players in France are Suez Environnement, Veolia Environnement, TIRU, Urbaser and IDEX.

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

Depending on the type of contract, CNIM Babcock Services may encounter a wide variety of competitors, including manufacturers (CMI, Ansaldo, Babcock Borsig) large general-purpose maintenance contractors (Endel, Camom etc.) and manufacturer's subcontractors.

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

Competitors of various types operate in the market:

- suppliers of turnkey recovery centres with flue gas treatment capabilities – Hitachi Zosen Inova, Steinmüller Babcock, Babcock & Wilcox Volund (and its subsidiary Götaverken Miljö), Dosan Lentjes, Andritz, Valmet and Vinci Environnement;
- engineering firms specializing in flue gas treatment systems – ALSTOM/General Electric, Götaverken Miljö AB, Hamon;
- firms specializing in flue gas treatment and flue gas condensing systems with their own manufacturing capacity – Lühr, Disa, Redecam, Ecoinstall, Indutec, Turbfilter, Area Impianti, ATS, Radscan;
- firms specializing in flue gas treatment systems for marine applications – Ecospray, Wartsilla, Alfa Laval, Yara, CR Oceans, Clean Marine, Valmet (Marine division), Mitsubishi, and more recently, GE.

E. Construction of solar power plants

In the steam production market, the competition is fragmented as it consists of local operators or international operators that use specific industrial applications (oil & gas, process steam, boosters for electrical power plants).

1.2.3.5 R&D and new products

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

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

The two priorities for R&D in the Environment & Energy Sector are informed by:

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

This R&D approach also forms part of an overall drive based on the circular economy concept.

The main areas for development in the Environment & Energy Sector in 2017 are the following:

- improvements to the service life of boiler components: use of new corrosion-resistant materials on the hottest sections of a waste combustion boiler coupled to the physico-chemical cleaning device, which impacts on the morphology and composition of the ash deposits responsible for corrosion;
- enhanced thermal cycle parameters, to increase plant efficiency and yields;
- development of a computer simulator of a waste processing plant to assist plant operator/client staff training;
- development of a "state controller" algorithm that differs from conventional control systems by optimizing nitrous oxide emissions reductions;
- development of a new boiler cleaning approach adapted to all the exchange surfaces by keeping the associated water consumption to a minimum (considerably adapted to the future markets referred to in the Middle East and Asia). This new strategy, which is both preventive and curative, uses a patented physico-chemical system, CNIMCLEAN®, which can be combined with preventive or corrective micro-explosions;

- development of TERMINOX high dust, a patented system for treating nitrous oxides at less than 80 mg/Nm³, fully integrated into the boiler. In addition to being compact, this system reduces fan loads and consequently decreases power consumption. It reduces ammonia leakage rates to less than 5 mg/Nm³ and destroys gaseous dioxins as they exit the boiler;
- regarding markets in which the overall performance requirements are more modest, the priorities are more geared towards the search for simplification of the process and a better match between supply and demand;
- a number of R&D projects are either being conducted jointly with European universities or benefit from cooperation with other CNIM Group companies;
- since 2016, R&D projects are coordinated and monitored by a “Technical and Scientific Committee”, on which a professor at Vienna University of Technology is a standing member

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

The Environment & Energy sector has developed its own catalogue of processes. LAB holds 60 groups of active patents, 52 of which are extended to abroad, mainly in Europe, and 29 trademarks, 28 of which are extended to abroad. LAB files on average 6-7 patents per year, more than two thirds of which are immediately put to use in its products and construction projects. These enable it to avoid dependency on third-party technologies and offer a range of processes that can be implemented in standard or customized configurations.

Its LAB Service structure, in close contact with the customers it serves, enables it to anticipate their process, product and service needs. It industrializes the processes resulting from R&D, the last stage before integration in the LAB catalogue that enables it to move from a prototype installation to a reliable high-performance industrial product.

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

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

C. Synergy of CNIM and LAB R&D resources

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

D. Construction of solar power plants

In 2017, SUNCNIM worked on expanding its offer to provide technical solutions tailored to sectors other than electricity generation, particularly in the sector for the supply of steam for heavy oil extraction.

To respond to the specific restrictions of this application, such as desert conditions or potentially poor feed water quality, SUNCNIM has developed specific solutions that will enable it to offer a more robust bespoke solution.

SUNCNIM holds eight groups of patents, three of which are extended to abroad, as well as three trademarks, one of which is extended to abroad.

1.2.3.6 Strengths

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

CNIM's strengths include:

- its particularly flexible business approach (industrial partnerships, civil engineering, business partnerships, developers and operators adapted to local markets);
- its ability to adapt to the specific requirements of local markets;
- its industrial expertise (Martin grid);
- its historical expertise as a supplier;
- and its capacity for technological innovation in order to offer solutions that are always competitive, while also guaranteeing reliable operation.

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

Project financing allows:

- new turnkey contracts to be won;
- new operation and maintenance contracts to be won, which also generates feedback and thus helps to improve the technologies and procedures employed by the Group throughout the design and construction stages;
- CNIM to take minority shareholdings in the joint venture companies established to run the projects, enabling it to monitor both the contracts and their financing.

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

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

- The management of upgrade projects, particularly environmental and power boiler standards;
- CNIM Babcock Services' capacity to work on the modernization of large combustion installations in Europe;
- increased activities of CNIM Babcock Services in the energy transition;
- international partnerships for the management of decommissioning of thermal power plants;
- ability to respond very quickly to large-scale projects to repair massive damaged boilers.

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

LAB's long-standing experience gained in numerous countries and its complete portfolio of technologies ranging from dry treatment to wet treatment, including Selective Catalytic Reduction (SCR) technology and condensation units, are its main advantages.

1.2.3.7 Strategy and outlook

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

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

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

- mainly in the UK;
- in the Gulf countries and Asia.

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

B. Operation and maintenance of waste and biomass processing centres

The plant operation business, which now covers waste processing plants built both by CNIM and by other constructors, represents a strategic growth area for the Group. CNIM is continuing its business efforts in this field which ensures recurring revenues thanks to long-term contracts (5-20 years). This positioning is justified by CNIM's experience in this field and the Group's technical expertise as a constructor.

CNIM is continuing its development in countries which are actively pursuing waste-to-energy policies.

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

CNIM is positioning itself as a major player in the French plant modernization market. This positioning is justified by its expertise as a constructor, repairer and operator in waste-to-energy, flue gas treatment and instrumentation and control systems.

CNIM Babcock Services:

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

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

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

LAB is also examining growth opportunities in markets farther afield such as the United States, the Middle East, the Far East and south-east Asia, India and China.

Highlights in 2017 include the delivery of three marine scrubbers for the first of three cruise ships owned by a shipping company and the start-up of the first incineration ash processing plants, confirming the growth potential in these new markets.

E. Construction of solar power plants

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

1.2.3.8 Activity in 2017

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

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

South London, Beddington, UK

- Client: VIRIDOR.
- Features: The facility is being built in partnership with the civil engineering firm Lagan, and is fitted with two units having a capacity of 17.6 t/h, giving it an annual treatment capacity of 275,000 tonnes of waste. It will generate 24 MWe. VapoLAB™ flue gas treatment will be provided by LAB (a CNIM subsidiary).
- Delivery is scheduled for March 2018.

Kemsley, UK

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

Parc Adfer, UK

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

Thiverval, France

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

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

Avonmouth

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

Belgrade, Serbia

- Client: SUEZ & ITOCHU for BEO CISTA ENERGIJA (a consortium comprising SUEZ Group SA and I Environment Investments Ltd)
- Features: The SPV awarded CNIM a turnkey contract for a waste-to-energy plant featuring a unit 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 scheduled for October 2021, subject to the SPV obtaining planning consent by 31 December, 2018.

Troyes, France

- Client: Veolia
- Features: In May 2017, Veolia and CNIM entered into a contract concerning the supply, installation and commissioning of the Process work package for the waste-to-energy plant in Troyes. An initial service order was issued under this contract in 2017, covering studies relating to the planning application and design studies for the planned plant's principal equipment systems. The plant will process half of the household waste produced by the Aube department, i.e. 60,000 tonnes, as well as 5,000 tonnes of non-hazardous industrial waste and 10,000 tonnes of wood. The waste-to-energy plant will supply energy to local industries, heat homes and generate electricity. It will generate 41 GWh of electricity, equivalent to the power consumption of nearly 50,000 people, as well as 60 GWh of thermal energy, covering the consumption of nearly 8,900 people.
- Handover is scheduled for 2020.

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

From an operational perspective, the French market is starting to present many opportunities arising, on the one hand, from the requirements of upcoming regulations for promoting energy recovery and, on the other, from the need to upgrade and refurbish the installations affected by expiring outsourced public service contracts. Responding to calls for tender was therefore stepped up and opportunities started to materialize.

The Group currently operates eight waste-to-energy centres (including one equipped with a waste sorting centre), one organic waste recovery centre (with waste sorting and green algae treatment) and two biomass-to-energy plants.

• Operation of waste-to-energy plants - Ongoing activities

Baku, Azerbaijan

- Client: Azeri Ministry of the Economy and Industry/Tamiz Shahar for the operation phase.
- Operation began in June 2013 and is ongoing. The 20-year contractual operation phase began in December 2015.
- Features: Two 33 t/h units with a total annual capacity of 500,000 tonnes of municipal waste and 10,000 tonnes of hospital waste. The plant is big enough to export 231,500 MWh of electricity per annum to the grid (with a waste calorific value of 8,500 MJ/t), which corresponds to the electricity consumed by 50,000 homes. With the plant replacing the use of landfill, over one tonne of CO₂ is saved for every tonne of waste incinerated, giving a total reduction of at least 500,000 tonnes of CO₂ per annum.

Estrées-Mons, Somme, France

- Client: CBEM (SPV).
- Delivered in February 2016 and operated by CNIM.
- Features: This power plant is fuelled by clean biomass (wood from forest exploitation, sawmill by-products, wood from energy crops, shredded wood used in packaging and wood from the maintenance of green areas). It generates 13 MWe, and supplies energy in the form of steam to a nearby industrial company for use in its production process. SecoLAB™ flue gas treatment.

Nesle, Somme, France

- Client: Kogeban (SPV).
- Delivered in 2014. Operated by CNIM.
- 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: AQTA (Auray Quiberon Terre Atlantique).

- CNIM has operated the plant since December 2014. A feasibility study (firm tranche) for the installation of an energy recovery facility and an electricity generation facility was commissioned in 2014 and 2015.
- Features: The incinerator, which treats 31,500 tonnes of waste per annum, was built in the early 1970s and does not have a waste-to-energy facility. CNIM has been tasked with operating and modernizing the plant and with performing the work needed to implement waste-to-energy treatment.

Saint-Pantaléon de Larche, Corrèze, France

- Client: SYTTOM 19.
- CNIM has been running the plant since 2013, and has replaced the previous flue-gas treatment process with a modern, patented treatment process that is capable of improving environmental performance while reducing the amount of resources consumed (75,000 m³ of water saved per annum).
- Features: The facility, which is able to treat up to 70,000 tonnes of waste per annum, was built in the early 1970s. It features three units with energy recovery systems, which supply energy to an industrial company and heat to municipal greenhouses. A new dry flue-gas treatment system has recently come into service (work carried out in late 2013), which has seen Nox emissions drop from 200 mg/Nm³ to 80 mg/Nm³ and resulted in the 'R1' energy efficiency rating being obtained. In 2014, CNIM was awarded the contract to build and operate an electricity generation unit to add to the WEP's existing facility for energy recovery in the form of heat (work carried out in 2014). This facility has been in production since early 2015.

Thiverval, Yvelines, France

- Client: SIDOMPE.
- Features: In late 2016, CNIM won the call for tender on the "design, production, operation, maintenance and energy optimization of the waste-to-energy plant". The work aims at improving energy efficiency and flue gas treatment, and operating the plant for a period of ten years. Activities include replacing the first two units with a new unit, modernizing Line 3, replacing the turbo generator and modernizing the existing flue gas treatment facilities with VapoLAB™, using quicklime and SNCR/TerminOXLAB™. When completed, the plant will have a total electrical power output of 17MWe. It will supply electricity to 15,000 homes (as opposed to 6,000 before the work).
- Delivery is scheduled for late 2018, to be followed by a 10-year operating phase.

Pluzunet, Côtes d'Armor, France

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

Lantic, Côtes d'Armor, France

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

Stoke-on-Trent, Midlands, UK

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

Stoke-on-Trent, Midlands, UK

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

Wolverhampton, Midlands, UK

- Client: Wolverhampton Waste Services.
- CNIM built the waste-to-energy plant and has been operating it since 1999 through its subsidiary MES Environmental Ltd.
- Features: 120,000 tonnes of household waste are treated per annum via two units having a capacity of 7 t/h, generating 45,000 MWh of electricity per annum.

Dudley, Midlands, UK

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

C. Construction, operation and maintenance of waste sorting plants

Thiverval, Yvelines, France

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

Paris 17th, France

- Client: Sycotom.
- CNIM is taking charge of the design, construction and operation (for a two-year period) of this selective collection waste sorting plant in central Paris. This fully automated facility will recover waste from more than one million residents. With its 13 optical sorting machines, this cutting-edge, high-performance plant will be able to treat up to 15 tonnes per hour. Well-suited to sorting new plastics as part of the extended sorting instructions, it will enable us to go a step further in the recycling of household packaging.

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

CNIM Babcock Services enjoyed an excellent level of activity in 2017, driven by efficient project execution and the refurbishment of a large facility.

- **Major orders and completed projects in 2017**

Thermal power plants, waste-to-energy plants and biomass plants

- The Group conducted recurrent preventive and corrective maintenance on the coal- (600 MWe) and biomass-fired (150 MWe) boilers at the Centrale de Provence plant (Uniper Gardanne).
- Audit, repair and maintenance services for operators of waste-to-energy and biomass plants in France.
- New international contracts for thermal power plants.

Urban heating

- In 2017, CNIM Babcock Services conducted an in-depth technical analysis with a view to converting two coal-fired urban heating boilers (operated by CPCU Saint Ouen) to use biomass exclusively. In addition to this assessment, the company performed production tests and provided operational support. Converting to wood significantly cut NOx, sulphur and particulate emissions. These two boilers are covered by an ongoing multi-year maintenance agreement, with work carried out each summer. As the site is located in a residential area, CNIM Babcock Services also carried out a joint study with Bertin Technologies, with the aim of abating noise and visual nuisances (including eliminating the plume) at the facility.

- Since 2014, CNIM Babcock Services has been supporting Métropole de Lyon via a four-year contract to provide preventive maintenance services at the three furnace and boiler units at the Lyon Sud waste-to-energy plant. During the summer of 2017, CNIM Babcock Services conducted the biggest maintenance operation since 2014, replacing numerous pressure equipment items in Unit 2.

Petrochemicals

- A French refinery operator wanted to modify the conditions for use of two CNIM boilers equipping its site by increasing the proportion of burnt fuel. Having instructed CNIM Babcock Services to conduct a feasibility study in 2012 in order to determine the changes to be made to the geometry of the steam generator of the first boiler, the operator awarded it, in 2016, the contract to study and make the change to the second boiler. All the equipment for this boiler was delivered during the first quarter of 2017.

Chemicals

- Yara has awarded CNIM Babcock Services a contract to fully revamp one of its boiler units. The project, which was completed to schedule, did not affect the plant's restart and cut its emissions.
- CNIM Babcock Services won a contract from Versalis France in 2017. This market leader, specializing in organic base chemicals, chose CNIM Babcock Services to perform the design studies and modification works to convert the two boilers at its plant in Mardyck (France) to operate using gas exclusively.

Steelmaking

- CNIM Babcock Services refurbished a boiler at the Fos-sur-Mer steelworks in France.

Metalworking

- CNIM Babcock Services won a contract from a French mining and metalworking company, covering scheduled maintenance of two boilers at one of its plants.

Agribusiness

- CNIM Babcock Services received an order from a French multinational agri-business group, concerning work to replace the tubes and manifold in a SEUM boiler at one of its French plants.

Large scientific instruments

- As part of the assembly work carried out at the LMJ site, the CEA has exercised an option for the fitting of two additional chains. This new order executed in synergy with CNIM Industrial Systems was delivered in 2016.
- After assembling the chains and gathering experience on the equipment, in 2017 the CEA contracted CNIM Babcock Services to install access hatches on the various sectors, perform a full inventory and prepare the chains still to be equipped, as well as the ring rails. This new order is being executed in synergy with the prime contractor, CNIM Systèmes Industriels.

International

- 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 activities to South America, performing technical audits of steam generators in the power generation and paper-making sectors.
- Russia: Supply of renewable major maintenance equipment for power boilers.

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

In 2017, LAB continued and accelerated its efforts to branch out from being Europe's number-one flue-gas treatment specialist and become a genuine global figurehead in the engineering, construction and services sectors, capable of offering its clients – waste-to-energy companies, energy producers and industrial firms – integrated solutions for reducing their emissions into the air, water and ground.

In the “Plant Construction” business, LAB is consolidating its status as one of the most innovative and competitive providers of flue gas treatment solutions. Testifying to the company's ability to adapt to the latest market trends, orders received from clients operating in the renewable energy sector have strengthened LAB's position as a market leader, a status also maintained in the traditional fossil energies and waste treatment sectors. In addition, over the course of 2017, further significant commercial progress was made regarding the provision of marine scrubbers.

The 'Operation' business, which now also incorporates the construction and operation of bottom ash treatment plants following the acquisition of Geodur in 2013, has continued to grow strongly in recent years. Following on from the initial contracts and the commissioning of the first plant built by LAB under this business model in 2016, the company broke ground on two new plants in 2017. These facilities will be handed over during the first half of 2018. By combining a strong presence, cutting-edge technological solutions, competitiveness and expertise, LAB is particularly well positioned in its new market sectors.

- **Major orders and ongoing contracts in 2017 with the parent company CNIM in relation to turnkey design and production of waste-to-energy and biomass recycling plants**

Waste treatment

- Beddington, South London: VapoLAB™ flue gas treatment with injection of slaked lime and activated carbon. Assembly work complete and commissioning in progress.
- Kemsley: VapoLAB™ flue gas treatment with injection of slaked lime and activated carbon. Currently under construction.
- Parc Adfer: VapoLAB™ flue gas treatment with injection of slaked lime and activated carbon. Design studies.
- Avonmouth: SecoLAB™ flue gas treatment with slaked lime injection and maturation. Design phase.
- Troyes: TERMINOx + VapoLAB™ flue gas treatment with slaked lime injection. Design phase.
- Thiverval: Replacement of wet flue gas treatment by VapoLAB™ using quicklime + SNCR/TerminoLAB™. Currently under construction.
- Colmar: ActiLAB system delivered.
- Satom: Replacement of an existing wet flue gas scrubber.
- Belgrade: SecoLAB™ with a maturation silo. Design phase.

Biomass treatment

- CPCU Bercy, France: DeNOx SCR flue gas treatment. Delivered.

- **Major orders and ongoing projects contracted directly by LAB in 2017**

Waste treatment

- Nordforbraending - Hoersholm, Denmark: SecoLAB™ flue gas treatment with condenser, water treatment and heat pumps. Delivered.
- ARC - Amagerforbraending, Denmark: GraniLAB™ flue gas treatment with condenser, water treatment and heat pumps. Commissioning.
- Gloucester EfW – UBB Gloucestershire Construction JV, UK: SecoLAB™ flue gas treatment. Under construction.
- Saint Saulve – Ecovalor, France: Study relating to the modernization of the flue gas treatment system. Commissioning.
- Leuna - VapoLAB®. Commissioning.
- Kaunas (Lithuania): Fortum – Turnkey flue gas treatment solution based on the SecoLAB™ process with a flue gas condensing installation. Design phase.

Conventional electricity generation

- CEH - Paroseni, Romania: Flue-gas desulphurization process by means of a wet scrubber using milk of lime (Limestone FGD). Under construction.
- Veolia/Dalkia - Trebovice, Czech Republic: SecoLAB™ flue gas treatment solution. Line 1 delivered; Line 2 currently being studied.
- Solvay - Tavaux, France: SecoLAB™ flue gas desulphurization system. Delivered.
- Albioma – Le Gol, Reunion Island: Flue-gas desulphurization by means of wet treatment for a coal-fired plant. Delivered.

Biomass energy generation

- Chilton: SecoLAB™, delivered.
- Denmark
 - Aarhus: BicarLAB™ flue gas treatment with a condensing unit and SCR DeNOx system. Delivered.
 - Helsingor: SecoLAB™ + condensation + condensate treatment. Under construction.
 - Hofor: SecoLAB™ + condensation + condensate treatment. Under construction.
 - Ørsted: Flue gas condensation system for a biomass plant in Herning. Design phase.

Marine scrubbers

- STX France: Wet flue gas treatment for three ships. In progress.

Incineration ash treatment

- KVA Linthgebiet Niederurnen, Switzerland: Ash treatment and metal recovery (20 tonnes/h).
- Roosevelt, USA: Ash treatment (180,000 tonnes/year).

F. Construction of solar power plants

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

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

In 2017, SUNCNIM continued construction of this power plant, which will be operated by SUNCNIM with effect from 2018.

1.2.4 Innovation & Systems Sector

1.2.4.1 Profile

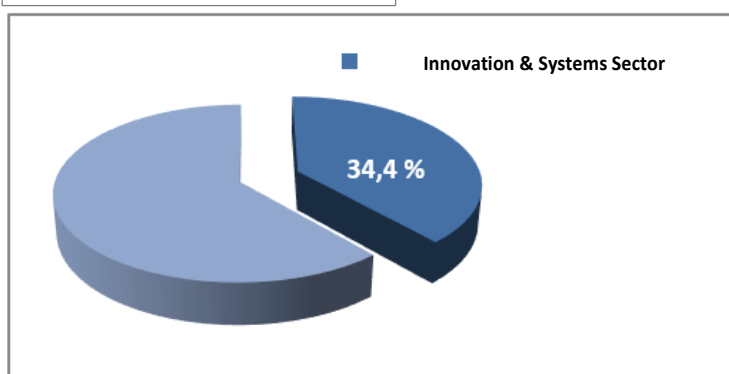
The Innovation & Systems Sector comprises:

- the CNIM Industrial Systems Division, which is made up of CNIM Industrial Systems, a unit of CNIM SA based at La Seyne-sur-Mer, and the operating subsidiaries CTE (China), CNIM Singapore and CNIM Babcock Morocco;
- Bertin Technologies and its subsidiaries.

It has mainly French and international large customers in the defense and security, maritime, air and space, nuclear, environmental and life sciences industries.

Revenues Innovation & Systems Sector (in millions of euros)		
2015	2016	2017
217.6	208.3	218.3

Share of 2017 revenues



1.2.4.2 Products and services

A. CNIM Industrial Systems Division

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

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

The Division's main client sectors are:

a. Defense

- **Deterrence**

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

- **Bridging systems**

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

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

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

- **Maritime projection of force**

CNIM has developed L-CAT®, a highly innovative amphibious landing vessel that delivers unparalleled performance in terms of payload, operating and beaching speed in ship-to-shore missions. CNIM sold four L-CAT vessels to the French navy in 2011-12 and provides all services relating to technical support, maintenance, training and modernization of these vessels in the armed forces. In 2016, CNIM delivered two L-CAT® amphibious landing vessels to the Egyptian navy.

CNIM currently offers a shore-to-shore version of the L-CAT®. This vessel can carry out missions in full autonomy from any infrastructure or beach/quay.

b. Nuclear Power and Large Scientific Instruments

In the areas of Nuclear Power and Large Scientific Instruments, CNIM offers the following services:

- turnkey design, construction and commissioning of systems and equipment;
- developing test facilities;
- production according to plan;
- integrating complex solutions into “demanding” environments including site assembly;
- on-site installation and maintenance services.

With recognized expertise:

- in secure and high precision handling, moving and positioning systems (solutions for unloading spent fuel, systems for handling spent fuel in storage centres, precision positioning tools, in particular for equipment at the time of site assembly of components for the ITER project, etc.).
- in the delivery of equipment adapted to challenging environments and with demanding normative guidelines (classified pressured equipment - nuclear energy, manufacture of the cell block for the Jules Horowitz reactor (JHR));
- the developing of large-scale or high-precision components that may integrate innovative manufacturing processes (for example, composite products).

- **Electronuclear**

CNIM's offering covers the entire nuclear cycle, i.e. from front-end contracts (uranium conversion and enrichment plant) to power and experimental electronuclear reactors, right through to processing and storage facilities for waste and spent fuel.

- **Large scientific programmes**

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. Advanced manufacturing and diversification

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

The Chinese subsidiary CTE provides high-quality, competitive production services to the Chinese and international markets and to the site at La Seyne-sur-Mer. CTE also continues to produce escalators and parts under international metro contracts.

The subsidiary CNIM Babcock Maroc offers services to the African market geared towards the production of energy and energy efficiency for pressure equipment and heat exchangers with on-site production and intervention capacity for the African market, as well as manufacturing subcontracting for the Group's various entities.

B. Bertin Technologies and its subsidiaries.

Bertin has more than 700 employees, two-thirds of whom are high-level engineers and management staff. Its operations cover three major fields of activity:

- Systems and instrumentation:
 - Instrumentation equipment
 - Specific systems
- Consultancy and engineering:
 - Energy and environment
 - Modelling and Scientific Information
 - Ergonomics and human factor
- Information technology:
 - Cybersecurity
 - Cyber intelligence
 - Speech processing

1.2.4.3 The market in 2017

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 future nuclear deterrent programme. CNIM has a long-term approach on this subject, in terms of both implementation and R&D.

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

The main characteristics of this market are:

- in France, an ongoing modernization programme for crossing systems;
- a mature, consolidating European land armaments market;
- offering major export opportunities that could soon result in contracts.

- **Maritime projection of force**

In naval business, the target market for landing craft and coastal patrol boats (main applications: defense and civilian security) provides sales opportunities in different countries worldwide.

b. Nuclear Power and Large Scientific Instruments

- **Nuclear energy**

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

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

- **Large scientific instruments**

- Megajoule Laser (LMJ): this CEA (French Atomic Energy and Alternative Energies Commission) programme, with a strong technology focus, is for the long term (2000-2025). CNIM and its subsidiary Bertin Technologies

have been involved in the LMJ in a design, manufacturing and maintenance capacity since the start and operate at the LMJ site near Bordeaux;

- Nuclear Fusion Reactor ITER: CNIM is currently a strategic partner of the ITER project. Its contribution is a long-term commitment (2025 and beyond) to three types of work: manufacture of large-scale equipment, design and production of complex systems, and on-site assembly.

B. Bertin Technologies and its subsidiaries

Bertin Technologies operates in sectors in which the technological issues are highly complex – defense and security, air and space, energy and the environment and life sciences – with the aim of achieving international growth.

- **Systems & instrumentation:**

The Systems and Instrumentation Business Unit offers unique expertise in the development of cutting-edge technological systems and products.

It is structured around five large business lines:

- Defense and security,
- Nuclear energy,
- Life sciences,
- Space and Large Scientific Instruments
- the conversion of hospital waste (Potentially Infectious Medical Waste - PIMW) to regular waste (technology owned by Sterilwave).

- **Information technology:**

- As a publisher and integrator of software solutions, Bertin IT offers a range of cybersecurity, cyber intelligence, strategic monitoring and automated speech processing solutions and services. Bertin IT's 120 employees provide long-term support to companies (banks, insurance companies, industries, telecommunications operators, media, energy, environment, defense, aeronautical companies, etc.) as well as ministries and other public entities. A long-term partner of leading market organizations in the field of security and speech processing, Bertin IT is an active member of Hexatrust. This is an association of experts in IT security, cybersecurity and digital trust which responds to the needs of companies, governments and public and private organizations seeking to benefit from innovative French solutions for the full range of their IT security requirements.

Bertin IT offers solutions and services in relation to:

- Cybersecurity for the deep defense of information systems of Operators of Vital Importance and companies in general;
- Cyberintelligence for anticipating major threats and risks and investigation of open sources on behalf of public entities and companies;
- Speech processing for the purposes of utilization of multilingual audio and video sources for various applications, notably media monitoring, banking compliance and streamlining of contact centre performance;
- Strategic intelligence for detection of risks and opportunities in terms of markets and competition, innovation or regulations.

- **Pharma & biotech:**

In 2017, Bertin Pharma, a subsidiary of Bertin Technologies, a CNIM Group entity, disposed of 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.

- **Consultancy & Engineering**

The Business Unit comprises:

- Bertin Energy and Environment (engineering, technological advice and innovation, energy performance, decentralized energy and smart energy, risk management and operational safety)
- Bertin Modelling and Scientific Information (system optimization and data analysis, modelling and simulation for nuclear energy, development and maintenance of scientific software)
- Bertin Ergonomics and Human Factor (digital transformation of business lines and structures, ergonomics for complex systems with risk management linked to human factors).

1.2.4.4 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.

- **French deterrent force**

For the Megajoule Laser (LMJ) programme, the main competitors or partners are large industrial prime contractors in the defense sector or SMEs/mid-cap companies specializing in mechanical engineering.

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

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

- **Maritime projection of force**

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

- **Nuclear Power and Large Scientific Instruments**

The main competitors or partners:

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

- **Advanced manufacturing and diversification**

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

- **Bertin Technologies and its subsidiaries**

The operators vary significantly between sectors:

- in defense and security: the large industrial prime contractors and international equipment manufacturers such as Brücker, Smith Engineering;
- in equipment for life sciences: in this field (large industrial firms and distributors);
- in multi-sensor surveillance networks (Exensor): international competitors such as Digital Barriers, ELBIT, ARA and MCQ Inc.;
- in the manufacture of high-performance optical systems (Winlight): competition from companies such as Thales SESO, HGH, Zeiss etc.

1.2.4.5 R&D and new products

A. CNIM Industrial Systems Division

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

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

CNIM is moreover continuing its research efforts into metallic and composite materials and industrial processes such as welding and machining technology and the manufacture of composite materials.

B. Bertin Technologies and its subsidiaries

The Research, Development and Innovation (RDI) work carried out by Bertin Technologies and its subsidiaries cover technological developments for its clients and the development of its own current and future product and service business lines.

These future preparations rely on all component parts involved in RDI, namely internal expertise, sub-contracting to research organizations and collaborative projects.

In terms of developing its expertise, Bertin has structured its Experts business line with a view to promoting technical excellence in its main areas of competence, to developing and raising the profile of the scientific and technical talents in its teams, to participating in the prestige of Bertin and the Group in technological and industrial communities and in the understanding of technological challenges and markets to increase the impact of its expertise on the strategy of developing technological product ranges.

In terms of contracts with leading academic institutes, Bertin Technologies 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 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 2010 programme where they are aligned with the Group's technological strategy. Bertin Technologies and its subsidiaries participate in a number of competitiveness clusters such as System@tic (Information technologies in systems design, in a trusting partnership), Capenergies (carbon-free and decentralized energies), the Mer Bretagne Atlantique, PACA and SafeCluster clusters (aeronautics, space, technological, industrial and environmental risks).

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

Many of Bertin's employees are members of the selection and assessment committees for R&D projects, whether in France or in Europe (H2020 assessors and experts).

1.2.4.6 Strengths

- International growth drawing on all the CNIM Group's core skills;
- expanding the portfolio of proprietary technologies;
- developing original designs such as:
 - L-CAT® which is already used by the French Navy and for export;
 - the WindKeeper® project for a specially designed maintenance and safety vessel for offshore wind farms;

- a perfect command of leading-edge technology and large-scale project management together with an ability to adapt to the varying needs of our customers;
- knowledge transfer between the different businesses.

1.2.4.7 Strategy and outlook

A. Acquisitions and disposal in 2017

Bertin Technologies made two acquisitions in 2017:

- the acquisition of Exensor, the world leader in the supply of sensors and protection networks for sensitive zones and infrastructure, will serve to strengthen and accelerate Bertin Technologies's development strategy on the world instrumentation and surveillance market for defense and security applications;
- The acquisition of the French company Winlight, which specializes in the design and manufacture of components and systems in the high-performance optics sector, which will strengthen 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.

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.

B. Defense

In response to strategic orientation, as visible in France's Military Programming 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 also continuing its strong international growth thanks to its unique range of equipment and systems to detect nuclear, radiological, biological and chemical (CBRN) threats and optronic surveillance solutions and dedicated sensor networks for the armed forces and civilian security.

C. Nuclear Power and Large Scientific Instruments

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

With its subsidiary Bertin Technologies, CNIM is targeting the French and international nuclear refurbishment market and projects for the construction of new plants and participation in front-end and back-end contracts.

D. Advanced manufacturing and diversification

CNIM continued manufacturing bespoke equipment for various SMEs, mid-cap companies and large customers, including complex mechanically welded equipment (thermowells for the Institut Laue-Langevin) and parts that require large-scale and high-precision machining (Ariane housing) and has continued diversifying into composites (Stratobus™).

E. Developing synergies

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

Boiler manufacturing capabilities at La Seyne-sur-Mer for Energy and Environment Sector applications are also complemented by facilities at the CNIM Babcock Morocco subsidiary.

The Bertin Technologies and CTE teams are continuing to develop Sterilwave in China by localising manufacturing in the CNIM's Chinese factory for equipment intended for the Asian market.

In terms of defense, CNIM Industrial Systems-Bertin cooperation increased significantly in the development of bridges to improve product performance. More specifically, Bertin Instrumentation developed the unique control system on the motorized floating bridge (PFM) currently being modernized by CNIM Industrial Systems.

Towards the end of 2017, CNIM Industrial Systems won the contract to modernize the SPRAT assault bridge, which includes a new control-order system and a set of cameras for all-round vision, which will be produced by Bertin.

1.2.4.8 Activity in 2017

A. CNIM Industrial Systems Division

a. Defense and maritime

- **Deterrence**

In 2017, CNIM manufactured the missile-launch systems for the next technical stop of the ballistic nuclear submarine Le Terrible, as well as other strategic equipment. In parallel, CNIM is participating in the ongoing work on the ballistic nuclear submarine Le Téméraire, carrying out the on-board integration of missile-launch systems. In 2017, it also replaced the second gate of the dry docks of the sub-marine base at Ile Longue. Lastly, CNIM was very active in the preliminary design of the future nuclear deterrent submarine.

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

In addition to providing support work on the French and Egyptian L-CAT® vessels, in 2017, CNIM developed a new business line by winning contracts to equip surface vessels for Naval Group.

- **Land-based projection and special vehicles**

Transporting obsolete chemical weapons

CNIM has been contracted to transport obsolete chemical weapons for the French Directorate-General for Armaments (DGA) since 2011. This requires not only four vehicles for transporting the obsolete chemical weapons, but also two systems for loading/unloading that vehicle. The first vehicle was delivered in 2015, the other three in 2016.

In 2017, CNIM made approved to the vehicles at the client's request.

Refurbished motorized floating bridge (PFM)

Under the contract awarded by the French General Directorate for Armament (DGA) in 2015, CNIM carried out the refurbishment studies and the prototyping of new functions for the French Army's motorized floating bridges (PFM) and, in 2017, produced and certified two prototypes.

The new features such as the short ramp, which offers air transportability, the single control panel, which allows the system to be remotely operated by a single person, and the new armoured vehicles were tested by CNIM and delivered to the client for a year of operational testing.

The current contract covers the modernization of 200 metres of bridges. In 2017, the DGA awarded an initial tranche of works, allowing them to be started at the beginning of 2018.

SPRAT assault bridge

In 2017, CNIM was awarded the contract to modernize the SPRAT assault bridges. This contract is to modernize the control system and also the entire optronic surveillance system. Bertin Instrumentation's PeriSight system will equip the 10 SPRATs with a new all-round surveillance system.

- **Maritime systems**

CNIM Group's wide-ranging expertise means that it can offer equipment and services adapted to the needs of the maritime market:

- special vessels that can operate in difficult conditions: L-CAT®, WindKeeper®;
- clean and cost-effective on-board equipment: scrubbers, absorption chillers, boilers;
- related top-of-the-range services: ergonomics, consultancy & modelling, integrated logistical support, market research, etc.

WindKeeper® is a vessel for providing support and maintenance for offshore wind farms that is in the process of being studied at CNIM, in partnership with the owner Compagnie Maritime Chambon. In 2017, the completion of the architectural works resulted in exceptional performances in seakeeping tests. This fundamental milestone ensures economic differentiation, enabling the vessel to be used as a support vessel on a wind farm, and should soon lead to the production of the first WindKeeper® vessel.

b. Nuclear Power and Large Scientific Instruments

- **Nuclear energy**

Secure handling systems for EPRs

CNIM designed and delivered a machine for transferring spent fuel from the nuclear power plants in Taishan (China) and Olkiluoto (Finland). The complete system includes a trolley and components inserted into concrete interfaced with the spent fuel storage pool. The system's largest component is the trolley that weighs 55 tonnes and is 8 meters high and 5 meters wide.

The Taishan machine and its equipment are in the process of being assembled and installed.

In 2017, for the UK-EPR (Hinkley Point) project, CNIM completed the first design phase to adapt the trolley for transferring spent fuel to the project requirements and the prevailing regulations in the UK.

The JHR project – Jules Horowitz Reactor

The experimental JHR nuclear reactor is intended to study the behaviour of fuels and materials for nuclear power plants in order to help to make existing nuclear reactors safer and perform at optimal levels, and also to develop the reactors of tomorrow. It will also produce radioelements for nuclear medicine (medical imaging). This European research project into nuclear energy includes agreements with Japan and India.

In 2014, Areva TA awarded CNIM a contract to manufacture large components for the reactor block (or "cell block") forming the core of the Jules Horowitz Reactor (JHR). This manufacturing contract will call on CNIM's skills and expertise in the fields of electron-beam welding and machining of large-scale components, in which it will also need to be extremely precise. In 2015, the machining work on the component designs and the aluminium and stainless steel welding were carried out at La Seyne-sur-Mer. In 2016, the manufacture continued in strict compliance with the stringent quality requirements imposed on this equipment.

In 2017, manufacturing completed and the first trial assembly operations began.

Three fuel handling and transfer machines for the encapsulation unit at Onkalo

In Finland, Posiva Oy, a joint venture between Finnish nuclear electricity company TVO and Fortum, awarded CNIM a contract in 2017 to develop three systems for handling fuel and transferring it to the Encapsulation Unit being built at the deep burial site in Onkalo:

- the "Cask Transfer Trolley", intended to transport the casks of the fuel assemblies beneath the hot cell,
- the "Fuel Handling Machine", to transfer the fuel assemblies from the casks to their copper canister,
- the "Canister Trolley", which will transport the copper canisters to the various stations (welding, machining, inspection), before taking them to the buffer zone, before they travel down escalators to the tunnels, 500 metres below the granite.

- **Large scientific instruments**

ITER experimental reactor (Nuclear fusion)

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

Manufacture of radial plates

Radial plates are mechanical structures made of stainless steel weighing 5.5 tonnes or 9.8 tonnes depending on the model. They constitute the backbone for the eighteen toroidal field coils required to keep the plasma confined in the ITER vacuum chamber. In 2012, the EU's Fusion For Energy (F4E) agency, which is responsible for the contributions made by European countries to the ITER project, awarded the manufacturing contract for 70 radial plates to the Franco-Italian consortium SIMIC-CNIM.

So that it could start manufacturing the plates, in 2013 CNIM took steps to put the finishing touches to its industrial facilities. After having been installed and approved, these facilities are operational. The manufacturing contract progressed in a routine manner. 30 plates were delivered in 2016 and, as scheduled, the last radial plate was delivered in 2017.

Mechanical Handling Equipment for In-Vessel Assembly

The ITER Organization awarded the Mechanical Handling Equipment for In-Vessel Assembly (MHE) contract to CNIM in December 2015. This involves studying, producing and approving the resources that will be used during the ITER project for the assembly of the reactor's internal components, in particular the movement and handling of the components of the Vacuum Vessel. Following the design phase, the first equipment, which is currently being developed, will be installed in 2018 at the CNIM site for certification and for delivery to the ITER site in 2019 in line with the original schedule.

Manufacture of poloidal field coils

The poloidal field coils are the six superconducting magnets installed horizontally in the ITER machine. Of these, four are too large (up to 25 meters in diameter) to be manufactured far from ITER. CNIM will manufacture and test them in a building already constructed by F4E a few meters from the ITER reactor building. Signed with F4E in December 2015, the PF Coils Manufacturing contract, scheduled to run over a number of years, opens up new possibilities for CNIM in terms of working on the ITER site.

Port Plug Structures

In 2016, ITER Org awarded CNIM a contract to manufacture "passage crossings", i.e. tunnels that allow access to the reactor.

A large number of diagnostics (measuring equipment) will be used in these crossings to measure the characteristics of the plasma and first protection screen in the toric vacuum chamber. Port plugs will be used both as a protective container for these diagnostics and as a seal with the toric chamber. CNIM will manufacture 14 upper plugs and 8 equatorial plugs, each with a mass of between 10 and 15 tonnes, at its workshop in La Seyne-sur-Mer. In 2017, progress in scoping studies allowed the procurement of raw materials to begin and ITER Org confirmed that CNIM would be involved when issuing Task Orders 2 and 3.

Purpose Built Tools (PBT)

This is a framework contract won in 2016 for the design, supply and on-site installation of equipment for assembly of the ITER tokamak. Under this framework agreement, ITER Org awarded a number of lots to CNIM in 2017 for tools to be used in on-site assembly.

Precompression rings

Under the agreement signed in F4E, CNIM is developing the manufacturing and production process for the precompression rings, which are glass/epoxy composite rings that will reduce the fatigue of the toroidal field coils by confining the super-hot plasma from the powerful electro-magnetic forces. CNIM proposed a very innovative process that was chosen by F4E.

Thermowells for the Institut Laue-Langevin

In 2017, CNIM was awarded four contracts for the replacement of level 2 nuclear pressured equipment, for the cell block at the Institut Laue-Langevin in Grenoble. These items, known as "thermowells", measure between 4 and 9 metres in length with a diameter of 1 metre and are used to channel neutrons. They are made principally from zirconium alloy, aluminium and stainless steel. They are manufactured using electron beam welding technology.

Megajoule Laser (LMJ) Programme

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

Having completed major elements of this installation since 1999 (in particular, the laser beam focusing and frequency conversion system), CNIM is positioning itself to manufacture other critical elements of the installation.

c. Advanced manufacturing and diversification

France: In 2016, CNIM invested in new industrial equipment (large welding and machining capacity) and obtained new orders in the aeronautical sector (test bed and assembly equipment).

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

Aeronautics: production of a new tooling section for ACTEMIUM

In 2015, ACTEMIUM Process Automotive, a Vinci Énergies company, won the contract to extend the production line for the A319, A320 and A321 series at the Airbus site in Hamburg.

At the end of 2016, ACTEMIUM appointed CNIM to carry out the majority of one of the tooling sections, namely three large-scale stations (8m x 16m x 8m high, with the largest weighing 55 tonnes) for the assembly of the fuselages.

CNIM designs all mechanical equipment for the Stratobus™ project run by Thales Alenia Space

CNIM was one of the six industrial partners brought together in 2017 by Thales Alenia Space for Stratobus™, its multi-mission autonomous drone project. Operating 20km above the theatre of operations, in the lower layer of the stratosphere, Stratobus™ will be positioned between aeroplanes and satellites. CNIM is developing mechanical structural elements such as the nacelle which will bear the communications and/or surveillance payload and the supporting structures for the engines. At the end of 2017, CNIM was also awarded the contract to develop and produce the first Stratobus™ integration and flight testing station.

CNIM and VPLP Design join forces to develop the maritime propulsion system of the future

In 2017, CNIM and VPLP Design, the French naval architect, signed a technological partnership agreement on the design and manufacture of the Oceanwings® propulsion system based on a concept designed and tested by VPLP Design. Oceanwings® will be co-developed and produced at CNIM's industrial facilities in La Seyne-sur-Mer.

China: In tandem with escalator production, CNIM Transport Equipment (CTE), CNIM's Chinese subsidiary, is continuing to expand and diversify via industrial equipment contracts (nuclear energy, medical, infrastructure, etc.).

In 2017, CTE, with the support of Bertin Technologies, transferred the Sterilwave technology designed and developed by Bertin Technologies. A first batch destined for the Chinese market was produced.

CNIM continued to supply escalators for the Budapest metro via CTE. Two contracts for the supply of replacement escalators for existing escalators on lines 2 and 3 of the Budapest metro were won in 2017, making CNIM the main supplier of escalators in the metro.

Morocco: CNIM Babcock Maroc is extending its sub-contracting services in exchanger optimization boiler-making and energy-producing pressure equipment to Africa and the European market. In parallel, CNIM Babcock Maroc is continuing to develop its industrial maintenance and boiler-making sub-contracting services by diversifying to more demanding boilermaking equipment.

B. Bertin Technologies and its subsidiaries

a. Systems and instrumentation

- **Defense equipment/CBRN**

Bertin extends its leading position in the market for the detection of biological and chemical threats

Due to its unique skills in the detection of nuclear, radiological, biological and chemical (CBRN) threats, Bertin Technologies was, together with Thales CS, awarded the “platform for the integration of innovative technologies in the field of biological and chemical analysis” (PI ABC) upstream scoping contract by the French Ministry of the Armed Forces, with a view to structuring, for future years, the development of new equipment for detecting and identifying chemical and biological threats. This new PI ABC contract establishes Bertin Technologies as a long-term contributor to the industrial and technological Defense base and allows it to consolidate its strategic position as a supplier of critical sovereign equipment and to extend its leading position on the chemical detection market.

- **Nuclear/Environment equipment**

Bertin develops SaphyRAD-E for EDF, a new generation multi-probe contamination meter

In 2017, Bertin Technologies launched SaphyRAD-E, an item that detects surface radioactive contamination. Designed to meet EDF's requirements, this machine will in time be used at the 19 sites that are currently being operated in France. It is used on leaving the zone to detect and avoid the surface contamination of workers.

Bertin launches the new “SaphyGATE G” range of radioactivity detection gates for vehicles and their loads

The first items in this range of gates will check the potential radioactivity of vehicles, lorries, trains and their loads in an automated manner. Dedicated to controlling radioactivity risks in industrial and civil environments, these instruments have recorded excellent performances and meet the requirements of international standard CEI 62022, one of the most demanding standards in this area.

- **Laboratory/Life Sciences equipment**

Cryolys® Evolution, a new cooling module for the Precellys® Evolution biological sample grinder

Bertin launched a new version of Cryolys® at the Biotechnica fair held in May 2017. This cooling module for the Precellys® Evolution biological sample grinder maintains the temperature of samples between 0°C and 10°C during homogenization, thereby limiting the degradation of heat-sensitive molecules.

Bertin launches Sterilwave 100: the ultra-compact management solution for infectious hospital waste

Bertin Technologies presented its new Sterilwave 100 at the Medica trade fair in Düsseldorf in November 2017, an innovative machine for the on-site processing of bio-medical waste (infectious waste and sub-products). Sterilwave 100 is ultra-compact, the size of a washing machine, and offers the technology, performance, traceability, efficiency and quality of the Sterilwave range of products. This latest model supplements the existing range, comprising Sterilwave 440 and Sterilwave 250, to meet the requirements of healthcare centres, hospitals, laboratories and other waste “producers”.

Sterilwave, the “Innovation of the Year” for the UK healthcare sector

The Sterilwave solution was awarded the title of “2017 Innovation of the Year” in the UK healthcare sector at the Healthcare Estates awards in Manchester. This title was achieved by the Sterilwave site at the Whipps Cross NHS hospital, operated by Bertin’s partner, Eurotec Environmental Limited. The price acknowledges the installation of the first site in the United Kingdom for converting potentially infectious hospital waste - an economic and ecological alternative to traditional off-site collection and elimination. Sterilwave is currently the only technology approved by the United Kingdom authorities for converting hospital waste.

Between 2 and 2.5 tonnes of potentially infectious hospital waste are treated each day by Sterilwave at the Whipps Cross hospital. The site, which is made up of two Sterilwave 440 stations, is operational at least 16 hours a day, five and a half days a week.

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

An optical testing system for the MTG project

Bertin won a contract in 2017 from Thales Alenia Space to develop an optical testing system (OGSE) for qualifying, testing and validating the main spectrometer of the Meteosat Third Generation (MTG) sounding instrument. MTG is a

programme funded by the European Space Agency, and is a system of six satellites dedicated to climatological and meteorological applications.

b. Information technology

- **Securing sensitive information systems**

A leading European supplier of energy chose Bertin IT in 2017 to interconnect and optimally secure its sensitive networks, and ensure the protection of data exchanged in the operation of its sites.

- **Digital intelligence**

The European Union European External Action Service (EEAS) chooses Bertin IT's Enterprise Intelligence solution

The European External Action Service (EEAS) has chosen Bertin IT's Enterprise Intelligence solution for its project to industrialize the capture and processing of key information from thousands of information sources and thereby contribute to defining the Community's international actions.

- **Speech processing**

International roll-out for Bertin IT's MediaSpeech® at a French bank

In 2017, Bertin IT won an international contract with a French banking group for the comprehensive and worldwide roll-out of its MediaSpeech® solution of speech-to-text transcription. This success follows collaborations with a number of banks and intensive work by Bertin IT's R&D teams to bring the technology up to a previously unattained level of precision.

c. Consultancy & innovative engineering

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

Bertin Technologies rolls out a simplified method of process hazard analysis on a global scale

In 2016, Bertin Technologies developed a simplified method of process hazard analysis for a world leader in the production of adhesives. The aim is to study environmental risks (fire, explosions and pollution) in the event of an issue with a process parameter. The roll-out campaign at all sites worldwide was launched in 2017 with interventions in Europe, the Middle East, Asia, the Maghreb region, African and Oceania.

A turnkey facility to study the clogging of steam generators

Bertin Technologies delivered a turnkey testing facility to EDF to study the clogging of secondary circuits of steam generators in pressurized-water nuclear reactors. Bertin Technologies carried out the design, engineering, adjustment, commissioning and trained the teams on this landmark operation, which lasted a number of years.

- **Modelling and Scientific Information**

Dimensioning of key systems in the launch of Ariane 6

Bertin Technologies contributed to the dimensioning of the ground installations of the new launch pad for Ariane 6 in Kourou. Bertin Technologies worked in particular on the launch table, the deflector and extraction systems. A presentation on a portion of these works was given at the 2017 2nd Ground-based Space Facilities Symposium.

Bertin Technologies ensures the seaworthiness of an Arctic gas terminal

Bertin Technologies ensured the seaworthiness of a future Arctic gas terminal using its models on the formation and thickness of the ice produced by the movements of gas tankers. Linked to this predictive control system, Bertin Technologies designed a quayside de-icing system with power of several MWs to allow logistics activities to be carried out in optimal and safe conditions. After Yamal, this project confirms the viability of an eastern Arctic commercial route which is half the distance of the western route.

Bertin Technologies provides assistance to IRSN

In 2017, Bertin Technologies provided assistance to the IRSN with cross-checks on effluent discharges from nuclear facilities. Bertin Technologies oversaw the logistical management of samples of liquid and gaseous effluent sent by nuclear operators and carried out analysis that compiled the results of the calculations made by IRSN. Bertin Technologies also assisted in carrying out "samples and measurements" inspections commissioned by the French nuclear safety authority.

- **Ergonomics and human factor**

Bertin Ergonomics designs the user experience (UX) for new Merck Millipore products

Under a partnership entered into in 2014 with the R&D department of Merck Millipore and in conjunction with its Marketing department, Bertin Ergonomics and Human Factor managed a process focused on the integration of the user experience (UX, ergonomics) into the brand's new products. Merck Millipore is a German group that designs and distributes products for ultra-pure water.

Bertin Ergonomics provides support for the digital transformation of a system for preparing fighter aircraft missions

A French international industrial and technological group selected Bertin Ergonomics and Human Factor to provide support with its ergonomics and digital transformation initiative. This support formed part of the modernization of and the integration of new technologies in a system for preparing fighter aircraft missions. The purpose of the study carried out by Bertin was to devise a tool that met the needs of users and that used new technologies to improve operational performance, while complying with the client's requirements. It was part of an iterative and participatory initiative that involved the French defense procurement agency, and industrial and operating companies. It was launched in 2017 and should be completed in 2018.

1.2.5 Principal changes since year end

None.

1.2.6 Patents, licenses and trademarks

The CNIM Group holds a portfolio of 148 groups of patents, 108 of which are extended to abroad, and 111 trademarks. These patents cover the Company's two Sectors and in particular flue gas treatments, residue treatments, solar energy and activities performed by the Industrial Systems Division.

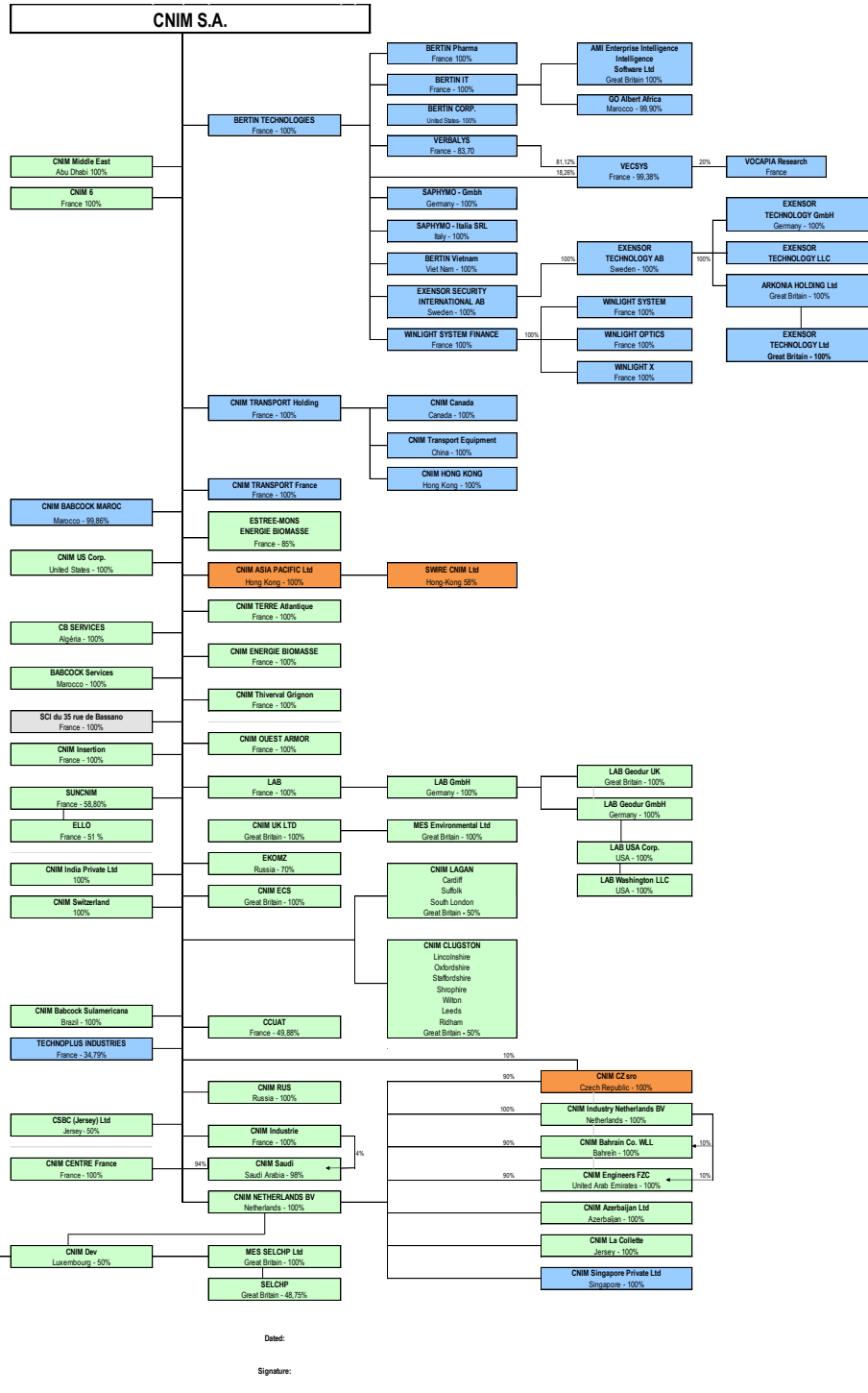
The CNIM Group's portfolio is divided between the parent company and the various Group subsidiaries, as specified below:

- CNIM holds 27 groups of patents and 19 trademarks (17 of which are proprietary and 2 are managed on behalf of wholly owned subsidiaries);
- majority-owned by CNIM, SUNCNIM owns eight groups of patents and three trademarks;
- wholly owned by CNIM, LAB owns 60 groups of patents and 29 trademarks;
- Bertin and its subsidiaries own 53 groups of patents and 60 trademarks.

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

1.2.7 Principal companies in the CNIM Group at December 31, 2017

The Group's subsidiaries are listed by Sector in Note 3 to the 2017 Consolidated Financial Statements.



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

- Note 15 to the 2017 Consolidated Financial Statements (equity affiliates);
- Note 25 to the 2017 CNIM SA Financial Statements (parent company's subsidiaries and other holdings).

Jointly owned companies mainly comprise:

Environment & Energy Sector:

- joint ventures established to perform waste recovery plant contracts in partnership with a civil engineering firm, which cede the relevant shares of the contract back to each partner¹;
- company under joint control with the investment firm Cube: CNIM Development, which holds investments in project companies in the UK;
- company under joint control with Novergie: CCUAT (operation of waste recovery plant in France), dormant company;
- undertaking controlled by the Company, formed with the Industrial Joint Venture Companies (SPI) fund: SUNCNIM S.A.S. (turnkey construction of concentrated solar power plants);
- undertaking jointly controlled with the Caisse des Dépôts et Consignations (Deposits and Consignments Fund): ELLO S.A.S. (construction and operation of a power plant generating electricity from concentrated solar power energy).

Innovation & Systems Sector:

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

Details of land and buildings held by the Group's main subsidiaries are provided in Section 1.5.1 of the registration document.

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

1.3 Risk prevention and management

The Company has conducted a review of the risks which could have a significant unfavourable effect on its activity, its financial position or its results (or on its ability to achieve its objectives) and considers that there are no other significant risks apart from those presented here.

Chapter 4.2 of the Registration document on internal control and risk management describes the approach adopted by the Group. This section sets out the prevention and management measures taken in respect of the principal business risks.

1.3.1 Industrial and environmental risks

1.3.1.1 Exposure

The Group's activities, whether during construction, maintenance, or plant operation by the company or by a third party, are subject to risks of:

- **personal injury**, which may occur as the result of a design error, inadequate safety arrangements during manufacture or assembly, or the consequences of a fault during operations. Protective measures, along with the rate of accidents at work, which is extremely low in comparison to the national average, are set out in the Corporate Social Responsibility Report in Section 3.2; these measures include the prevention of occupational diseases and psychosocial risks;
- **events resulting in damage to the environment** (for example, accidental discharges in excess of permitted limits) due to a design fault, failure of maintenance or an operational error. No event resulting in accidental or chronic pollution has been recorded for several years, no provisions have been allocated for this purpose and no claims on the insurance policies have been made in this area.

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

1.3.1.2 Prevention and management measures

A breakdown is presented in the social corporate responsibility report, paragraph 1.3.2.2 – A – B – C – D.

These risks are spread across numerous locations and construction sites, which reduces their individual criticality.

The Group sets particularly high standards for accident prevention, adherence to fundamental workplace safety rules, and the protection of health and the environment:

- authority limits set by the Management Board via its Chairman are adhered to;
- each company site has a Health and Safety Officer and procedures are laid down in good time in partnership with personnel representatives;
- appropriate safety and risk prevention measures are taken at each construction site and for all work performed on client premises;
- production resources conform to required safety standards;
- observation of psychosocial risks is established as required;
- an inquiry is held into the causes of every accident or physical incident and prevention and training solutions are proposed in order to minimize the likelihood of the risks materializing;
- no effort is spared to ensure that legal requirements are observed;
- the majority of facilities and sites take pro-active steps to obtain and retain certifications such as MASE (French corporate safety improvement manual) or OHS 18 001 (British standard to assist companies in identifying and preventing occupational health and safety risks).

1.3.2 General business risks

1.3.2.1 Exposure

As a result of the diversity of the businesses and sectors in which the Group works, the main business risks are:

- 1) Risks encountered during the sales, negotiation and contracting phase of business agreements.
- 2) Risks encountered during the performance of contracts.
- 3) Risks occurring after contract performance.
- 4) Risks linked to the technology content of the services/products provided.
- 5) Risks linked to the macroeconomic environment.

Risk factors 2, 3 and 4 also concern high-value, longer-term contracts such as servicing of existing installations or plant operation activities. Actual loss may be caused to the customer due to a delay in starting, unavailability of its facilities or inadequate performance. All the measures taken to minimize exposure cannot completely eliminate the probability, as unlikely as it may be, of a dispute occurring due to harm caused to a client. The Group is therefore particularly vigilant in relation to contractual terms and conditions, so as to prevent risks and contain their financial consequences. The provisions recorded in the balance sheet are indicated in Note 22 to the Consolidated Financial Statements. The Group holds insurance policies; the Group has never been ordered to pay compensation in excess of the coverage provided by its insurance policies. However, the Group cannot exclude the possibility that it could be held liable for an amount that is higher than the coverage provided by its insurance in the event of a failure to observe its contractual commitments.

1.3.2.2 Prevention and management measures

A. Risks during the pre-contract phase

All sales-related agreements, such as agency and partnership agreements, are subject to strict rules on the delegation of signing authority. Moreover, a procedure to select and monitor agents and/or consultants, "Procedure for the selection and monitoring of agents" was disseminated in October 2013 throughout the companies of the Group. The Sector CEOs are responsible for the promotion and implementation of this procedure in their respective Sectors.

Each CNIM division or subsidiary attached to a Sector and under the responsibility of the Sector CEO draws up its own technical and sales bids.

These include:

- a technical draft which chiefly sets out the type of equipment to be supplied, the scope of the supplies and the guarantees offered to the client(s);
- a fixed-price commercial bid (price, price adjustment, payment terms, etc.) based on data in the technical draft and data controlled and provided by the Finance Department on hourly labour costs and overhead absorption factors.

Bid review procedures, specific to each Sector, division or subsidiary, allow it to be verified that sales and technical risks have been analyzed and that instructions regarding contract terms, breaking even and margins are complied with. Major and/or specific high-risk projects are presented to the Chairman of the Management Board.

The bid review procedures identify and assess risks in respect of:

- finance;
- policies/countries (export projects) - see Section F below;
- contracts (including limits of liability) and legal matters;
- project issues;
- specifications and quality requirements for products and/or services;
- product performance;
- manufacturing capacity to make the product;
- lead times and penalties;
- commissioning;
- operation.

B. Risks encountered during contract performance

CNIM undertakes projects which may be of substantial size and take several years to complete.

After an order is received, the Chief Executive of the Sector or subsidiary concerned performs (or formally delegates the performance of) a contract review based on a review of the bid, contract terms and objectives associated with the contract.

Every contract is placed under the responsibility of a project manager, who serves as the client contact and is responsible to the Chief Executive of the Sector or Subsidiary for ensuring that contractual obligations are met.

In addition to the risks addressed during the contract bid review, deficiencies may appear in relation to design, purchases or suppliers/subcontractors or possible co-contractors, manufacturing, transport or construction which pose risks of additional costs and delays and may impact the profitability of the contract.

Projects are organized, and monitoring and control processes put in place, in such a way as to identify and mitigate these risks; the parent company and all subsidiaries are subject to a quarterly Sector-by-Sector and contract-by-contract review. These quarterly reviews take place in the presence of the Chairman of the Management Board, the Chief Executive of the Sector concerned, the relevant management controller, the Finance Department and the project manager or Subsidiary Manager.

C. Risks occurring after contract performance

After delivery, costs that may arise during the guarantee period are covered by provisions recorded in the financial statements (see Note 22 to the 2017 consolidated financial statements).

D. Risks linked to the technology content of the services/products

Various aspects of the Group's organization limit technology risks:

- the Group's technology and R&D strategy avoids dependence on third-party patents;
- bid and contract reviews (see above) which take into consideration the following technical points: product or service definitions; quality/completion of the product or service; product performance; industrial capacity to make the product;
- quality procedures which includes design reviews and monitoring programmes;
- the personnel training policy, particularly for start-up or operating phases.

E. Risks linked to the macroeconomic environment

The diversity of business areas and customers and the growing portion of sales derived from recurring service work limit cyclical effects on revenues.

F. Geopolitical risks

Some projects are located in countries which present a geopolitical risk. Such projects are subject to specific measures, primarily to ensure the safety of the personnel involved.

Country risk analysis is included under point 1.3.3 "Legal risks".

1.3.3 Legal risks

1.3.3.1 Exposure

Most legal risks are contract-related risks, as outlined in point 1.3.2.

As the Group has a large number of subsidiaries, it must also ensure that all of them comply with applicable national legislation and regulations.

The Group has not been convicted of any offences in relation to this risk. Provisions for contractual disputes and other risks are listed in Note 22 to the 2017 Consolidated Financial Statements.

Litigation provisions mainly relate to contract performance issues such as:

- technical implementation, client reservations, non-compliance with schedules or technical performances that may incur penalties, requests for additional work or replacement of components;
- issues relating to partners, suppliers and subcontractors such as: claims for damages or requests for value-added services or non-fulfilment of obligations;
- early termination issues that may result in the Group being required to pay compensation for termination.

Provisions set aside as at December 31, 2017 mainly relate to case 1, within the context of either settlement negotiations or disputes in the pre-trial phase.

Furthermore, neither CNIM nor any of its subsidiaries is or has been — particularly during the last twelve months — party to government, legal or arbitration proceedings that are likely to call these evaluations into question.

1.3.3.2 Prevention and management measures

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 and/or its subsidiaries' lawyers in France and abroad, all third-party claims for which the Group may be held liable and conducting defense or appeals before the relevant judicial bodies, whether courts or arbitration tribunals;
- periodically examining the various legal cases, developments therein, risks incurred, insurance cover and the accounting provisions recorded.

A specific meeting, involving the Group Finance Director and, where necessary, the Sector Chief Executive concerned, is held several times a year to analyze developments in losses and legal disputes and their consequences at Group level and also, where appropriate, to determine the accounting provisions to be recorded as well as the preventive or corrective measures required.

Particular attention is paid to risks relating to competition law, representation or business introduction contracts, and corruption. In this regard, a selection procedure for sales agents/consultants and an ethical charter were circulated in October 2013 and February 2014 respectively. This ethical charter formalizes the translation of CNIM's values and the principles that each employee of the Company and its subsidiaries must comply with as part of their work. The Group Legal Department is also responsible for ensuring that each subsidiary complies with all legal filing requirements.

1.3.4 Financial risks

1.3.4.1 Foreign exchange risk

A. Operational foreign exchange risk

a. Exposure

The foreign exchange risk associated with calls to tender is the financial risk to which Group companies are exposed when they respond to a bid in a currency other than the Group's functional currency. This risk occurs when the bid is tendered, lasts for as long as the bid is valid and materializes only if the bid becomes a contract. This risk becomes real (or certain) when the contract is signed.

b. Risk mitigation

In accordance with the Group policy on operational management of the transactional currency risk during the quoting and contract phases:

- A full analysis of foreign exchange risk is conducted for each project during the tender period, in consideration of cash inflows and outflows by currency.
- Every commercial effort is made to obtain natural hedging by aiming to balance projected foreign currency receipts and disbursements.
- Where the tender phase involves residual exposure to foreign exchange risk, any hedging, based on the estimated probability of the contract being won and market conditions, is obtained via specific export insurance policies (Coface-type policies) or via options classed as financial derivatives.
- For each contract order, exposure to foreign exchange risk is hedged by the forward purchases and/or sales of foreign currency. These instruments are used to hedge highly probable or certain cash flows.
- Foreign exchange hedge contracts for Group companies are taken out by the Group's Finance/Treasury department and overseen by the Group Finance Director in line with completion projections for foreign currency receipts and disbursements, as notified by the project manager or the chief financial officer of the entity or Division in question.
- Throughout the performance of each contract in question, the hedge portfolio is adjusted as a result of dynamic oversight of exposures to foreign exchange risk.

B. Foreign exchange risk associated with financing in foreign currencies

At December 31, 2017, no external financial debt had been contracted in a currency other than the contracting subsidiary's functional currency.

C. Foreign exchange risk associated with net investment in foreign operations

The foreign exchange risk associated with net investment in foreign operations corresponds to the translation risk (balance sheet) generated by the consolidation of subsidiaries with a different functional currency from that of the parent company.

The Group continues to have little exposure to this risk, given the preponderance in its consolidated net assets of integrated subsidiaries whose functional currency is the euro.

As a result, the Group has no hedges in place for net investment in foreign operations.

The impact of foreign exchange rate fluctuations is set out in note 8 to the consolidated financial statements.

1.3.4.2 Interest rate risk

A. Debt

Variable-rate loans where there is no definite intention to draw are not hedged.

Variable-rate debt represented an immaterial amount at December 31, 2017 (see Note 21 to the 2017 Consolidated Financial Statements.)

B. Cash and cash equivalents

The Group's cash management policy aims to obtain a slightly higher yield than the money market while still maintaining high levels of liquidity for managed assets, mainly invested in short-term interest-bearing products.

The Group has no investments in shares or bonds.

1.3.5 Counterparty risk

1.3.5.1 Exposure

Counterparty risk corresponds to the loss that the Group could incur if counterparties failed to fulfil their contractual obligations.

The Group is exposed to counterparty risk:

- within the context of its operational activities:
 - o risk associated with trade receivables from customers;
 - o risk associated with partners, subcontractors and suppliers;
- within the context of its investment and hedging activities.

Please note that the level of concentration of the customer portfolio is linked to the progress of major contracts and is not, therefore, reproducible year-on-year.

1.3.5.2 Risk mitigation

A. Credit risk associated with trade receivables from customers

Depending on the country risk assessment, guarantees may be taken out in relation to turnkey export contracts to cover the risk of:

- market disruption before they expire, owing to default by the buyer, a political event or a natural catastrophe;
- non-payment;
- calls on bank guarantees that are payable on first demand issued in favour of the client, whether or not:
 - o abusive; or

- justified, despite there being no contractual breach by the Group, due to the occurrence of a political event giving rise to a claim that prevents the Group from continuing to perform the agreement.

Within the context of its private contracts:

- prior to signing, the Group carries out a credit risk assessment, in particular by consulting information provided by companies specializing in the provision of business data. During the contract phase, the risk of non-payment is mitigated by:
 - the negotiation of suitable payment methods such as standby letters of credit and/or irrevocable documentary credits that may be confirmed by a leading financial institution;
 - the negotiation of payment terms with a view to minimizing, during the term of the contract, the negative difference that may exist between the amount of irrecoverable expenses incurred and payments received.
 - obtaining guarantees from customers' parent companies;

Past-due trade receivables are followed up systematically and ranked according to lateness of payment based on the ageing of client arrears.

In 2017, and as at the date of this registration document, no significant arrears had been recorded for one or more of the Group's customers.

B. Counterparty risk associated with partners, subcontractors and suppliers

CNIM's selection process for partners, subcontractors and suppliers includes a risk assessment, the results of which may lead:

- to a decision not to sign a contract with one or other partner, subcontractor or supplier;
- to requests for bank or parent-company guarantees to be issued for the third parties in question;
- to payment terms being adapted according to the risks incurred.

Despite this process, technical or financial defaults on the part of partners, subcontractors or suppliers may occur, incurring additional obligations for the Group that are liable to impact on its results.

C. Counterparty risk associated with cash investments and hedging activities

The Group is exposed to counterparty risk on the investment of its cash surpluses and via the use of derivative contracts to hedge foreign exchange and interest rate risks. In this last instance, the counterparty risk corresponds to the fair value of instruments contracted with a counterparty, if positive.

The Group minimizes the counterparty risk by systematically limiting the choice of bank counterparties to leading financial institutions.

1.3.6 Liquidity risk

Liquidity risk corresponds to the Group's ability to access the financial resources required in order to meet its commitments.

The Company conducted a specific review of its liquidity risk and considers itself to be in a position to meet its maturities.

In this respect, the Group considers itself to have a low level of exposure to liquidity risk. In fact, at December 31, 2017:

- the Group's net cash position (cash and cash equivalents net of financial debt) stood at €92.1 million, as opposed to €157.7 million at December 31, 2016;
- the Group also has a €120 million medium-term borrowing facility, none of which had been drawn down as of December 31, 2017, nor had been drawn down as at the date of filing of this registration document. As the Group had gross cash of €146.6 million (€183.7 million at December 31, 2016), available liquidity at December 31, 2017 stood at €266.6 million (as opposed to €303.7 million at December 31, 2016);
- finally, as mentioned in Note 21 to the 2017 Consolidated Financial Statements, the medium-term facility referred to above is subject to the following covenant in relation to the consolidated financial statements: net debt must be less than or equal to 2.5 times EBITDA. This covenant was complied with as at the end of 2017.

A full analysis of borrowing and financial debts is shown in Note 21 to the 2017 Consolidated Financial Statements.

1.3.7 IT and asset risks

1.3.7.1 Exposure

As with all companies, IT network and data storage security is now a crucial issue. It is essential to avoid accidental data loss and extended network downtime, not only to ensure the continuity of operations or financial software but also to protect against any malevolent act, whatever its aim.

CNIM sets, measures and achieves extremely high availability objectives for networks and applications and high standards of data integrity in its IT systems.

1.3.7.2 Prevention and management measures

The head of each location is responsible for taking all preventive and corrective measures required at each location to protect and preserve the Company's assets and real estate. Such measures include servicing, maintenance, caretaking, monitoring, etc.

The Company has taken out an insurance policy on behalf of itself and all CNIM Group companies to cover the whole of the Group's real estate, fixed assets, merchandise and stock.

This policy covers major risks such as fire, explosion, lightning strike, storm, hail, landslide, water damage, vandalism and natural disaster along with consequential business interruption losses.

Maximum overall insurance cover amounted to €150 million. Excesses are dependent on contract size.

Particular attention is paid to protection and continuity measures for IT systems:

- all systems include redundancies and systematic safeguards, and ensuring their availability is the primary focus of the IT Systems Department;
- the Company has appointed an IT Security Manager who is responsible for the security policy and its application, both in terms of ensuring the physical and data security of the IT system and in terms of regulatory compliance;
- risks relating to data confidentiality or cyber-attacks are specially monitored;
- all staff are made aware of the IT security charter and have a duty to comply with it. In addition, various documents raising awareness of IT security have been distributed to staff;
- the Company has also appointed an IT and personal freedom representative.

1.3.8 Fraud risk

In common with any company, CNIM is likely to be a victim of internal or external fraud. This risk is mainly minimized by the following prevention measures:

- sessions to raise awareness of the risk of fraud covering the exposed functions;
- under the responsibility of the Group Finance Department, circulation, in all the Group entities, of a specific warning about any attempted fraud suffered by one of the entities;
- procedure for selecting and monitoring agents and consultants - see point 1.3.2.2 A) above;
- ethical charter;
- ethical warning line, i.e. possibility of flagging any violation or suspected violation of the ethical charter to the Group Legal Director;
- purchasing code of conduct;
- internal, manual, semi-manual or automated controls (separation of incompatible functions, delegation of signing authority, double signatures, etc.) incorporated in all the operational processes contributing to the production of accounting and financial information;
- protection and information systems continuity measures - see point 1.3.7.2 above.

1.3.9 Insurance

To prevent information from being used in ways harmful to the interests of the Group and its shareholders, particularly in connection with legal disputes, the Group takes care to maintain strict confidentiality over the amount of premiums and terms of indemnity, especially with regard to liability insurance.

The cover breaks down as follows:

- Property damage policies: the level of cover for property damage policies is set in line with the assets to be insured or, where this is not possible, at a maximum level representing a catastrophe scenario, up to the limits offered in the contract.
- Site insurance: most of the time, the amounts covered are equal to the contract value.
- Liability insurance: liability policies insure losses incurred by third parties for which Group companies may be liable. As these companies vary substantially in terms of business type and size, the amounts insured are set in accordance with the risks entered into.

The Group considers that the current insurance policies are appropriate to its exposure profile, given the possibilities available in the insurance market in terms of capacity, scope of cover and terms. The policies described above include, in accordance with the constraints of the market, exclusions and/or limitations. They are liable to change in accordance with changes in market conditions or in the risks faced by the Group.

1.3.10 Human Resources

Risks associated with employee health and safety are dealt with in point 1.3.1 above.

Skills availability is crucial for the Group owing to its wide-ranging business activities which require varied and specific skills and the organization of major projects requiring teams to be assembled by given deadlines.

Initiatives launched in relation to recruitment, training, mobility, labor relations and career management, and the results of such initiatives, are outlined in the corporate social responsibility report, in paragraphs 3.1 to 3.5.

1.4 Group results

1.4.1 Highlights of the period under review

The CNIM Group published three press releases in 2017 on 31 July 2017, 31 August 2017 and 21 December 2017, respectively, on the following transactions:

- Acquisition by Bertin Technologies of the Swedish company Exensor, the international leader in the supply of sensors and protection networks for sensitive zones and infrastructure.
- Disposal by Bertin Pharma of its services business (excluding assay kits):
 - pharmaceutical development (Artigues-près-Bordeaux and Martillac sites) to Amatsigroup and
 - pre-clinical and clinical studies to Oncodesign.
- Acquisition by Bertin Technologies of the French company Winlight, which specializes in the design and manufacture of systems in the high-performance optics sector.

With these changes to the scope following the acquisition of Saphymo in 2015, in 2017, the Group continued to strengthen the business activity of its Bertin division in the areas of instrumentation and surveillance systems for defense and security applications and in high-performance optical and mechanical systems for large scientific instruments.

1.4.2 Business in 2017

1.4.2.1 Order intake

The detailed breakdown of the order intake within each sector by product line in 2015-2017 is as follows:

(in € millions)

	2017	2016	2015 (restated)
Environment & Energy	351.9	683.6	316.8
Innovation & Systems	191.5	156.1	257.9
Group total	543.4	839.7	574.7

a. Environment & Energy

(in € millions)

	2017	2016	2015 (restated)
Turnkey plants (EPC)	145.5	411.5	173.9
Flue gas treatment systems (WETS)	41.2	88.9	29.1
Plant operation and renovation (WEMS)	136.5	79.0	89.1
Solar power	0.0	57.5	0.0
Energy (CBS)	28.7	46.7	24.7
Environment & Energy Total	351.9	683.6	316.8

Five Business Divisions have been defined in the Environment & Energy Sector:

- Turnkey household waste-to-energy plants (EPC);
- Waste Energy Technical Solutions (WETS), combining flue gas treatment for household waste-to-energy plants, flue gas treatment systems for engines of merchant vessels, systems for extracting metals from ash following waste incineration and ancillary services.
- Waste Energy Management Solutions (WEMS), for integrated offers (project development, construction and operation) of household waste-to-energy or biomass-to-energy plants;
- Solar power;
- CNIM Babcock Services (CBS): optimization, refurbishment and maintenance of combustion plants.

Turnkey plants (EPC): 145.5 million euros

In 2017, the Group recorded orders for the turnkey construction of the waste-to-energy plants in Avonmouth (UK), Belgrade (Serbia - study phase) as well as addenda to current contracts.

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

On December 31, 2017, before the work order was issued, pending finalization of the administrative procedures for awarding the contract, the building permit and the financing, the Group was chosen as the constructor on the following projects: Kuwait – for which a consortium comprising CNIM, Gulf Investment Corporation and Al Mulla Group Holding was selected as the “Preferred Investor”, Sharjah (United Arab Emirates), Belgrade – implementation phase (Serbia), Troyes (France). This group of projects represents a significant volume of business from 2019 onwards.

Flue gas treatment systems (WETS): 41.2 million euros

In the first half of 2016, in the Waste Energy Technical Solutions (WETS) Business Division, LAB SA recorded a major order in Denmark for the turnkey construction of flue gas treatment and heat recovery systems at a new biomass incineration plant, as well as an order concerning the Gloucester plant in the UK. In 2017, LAB SA won a contract to deliver turnkey flue gas treatment and energy recovery systems at a waste-to-energy centre in Kaunas, the second largest city in Lithuania.

Plant operation and renovation (WEMS): 136.5 million euros

The WEMS Division recorded the order to adapt and optimize the waste-to-energy plant in Thiverval (France).

As of December 31, 2017, the Group operated the following waste-to-energy and biomass-to-energy plants:

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

The Group now records order for operating plants at the start of the financial year, solely at the amount to be recognized as revenue for the year to come. When IFRS15 takes effect on 1 January 2018:

- for contracts in progress, the restated order backlog will include the fixed remuneration to be recognized as revenue over the remaining contractual period. This as yet unrecognized revenue was approximately €108 million at December 31, 2017 (see Note 1 to the consolidated financial statements);
- for new contracts, orders that are recorded will include the fixed remuneration for the total contractual period.

After an order is entered into the backlog, the Group will record the variable remuneration to be recognized as revenue for the year to come in orders.

Solar power

In 2016, the Group, through its SUNCNIM subsidiary, recorded the order for the Llo concentrated solar power plant in the Pyrénées-Orientales. It is the first concentrated solar power plant in France to use the Fresnel technology. This power plant is in the process of being built.

CNIM Babcock Services: 28.7 million euros

In the "CNIM Babcock Services" Division, the "Energy Transition" Business Unit recorded significant contract in 2016 for the repair of power boilers at the Arcelor Mittal site in Fos-sur-Mer, at a level that was not matched in 2017.

b. Innovation & Systems

(in € millions)

	2017	2016	2015 (restated)
Industrial Systems Division	96.9	67.8	162.7
Bertin subsidiaries	94.6	88.3	95.2
Total Innovation & Systems	191.5	156.1	257.9

Industrial Systems Division: 96.9 million euros

The Industrial Systems Division generated orders of €96.9 million in 2017, broken down as follows:

- Defense and maritime: €31.1 million, in the Deterrence and Systems for the projection of force businesses
- Electronuclear and Large scientific instruments: €38.8 million, with supplementary orders under the ITER programme
- Other industries: €27.0 million (additional orders for escalators, industrial sub-contracting)

Bertin sub-group: 94.6 million euros

The breakdown of 2017 orders by business is as follows:

- Systems and Instrumentation: 60%
- Information technology: 10%
- Consultancy: 16%
- Pharma: 14%

At constant scope (excluding the Bertin Pharma business sold in 2017 and excluding the companies acquired in 2017: Exensor and Winlight), the change between 2016 and 2017 in orders recorded by the Bertin subsidiaries was +€5.9 million, i.e. +7.8%.

1.4.2.2 Order backlog

Movement in the backlog of each of the Group's three sectors over the last three years is as follows:

(in € millions)

	Backlog at 01-01-2017	2017			Backlog at 12-31-2017	Orders/Revenues	Backlog in months of revenue
		Change in scope	Orders	Revenues			
Environment & Energy	652.2		351.9	416.7	587.4	0.84	16.9
Innovation & Systems	253.4	16.3	191.5	218.3	242.9	0.88	13.4
Group total	905.6	16.3	543.4	634.9	830.3	0.86	15.7

The amount of the changes in the scope of consolidation corresponds to the backlog:

- of the Exensor subsidiaries acquired on July 31, 2017
- of the activities of Bertin Pharma disposed of on August 31, 2017
- of the Winlight subsidiaries acquired on December 29, 2017

The Group's backlog stood at €830.3 million at December 31, 2017.

The impact of IFRS15 on the order backlog at December 31, 2017 is described in the notes to the consolidated financial statements (Note 1).

1.4.3 Consolidated results

The consolidated income statement for the Group for 2016 and 2017 is set out below:

(in € millions)

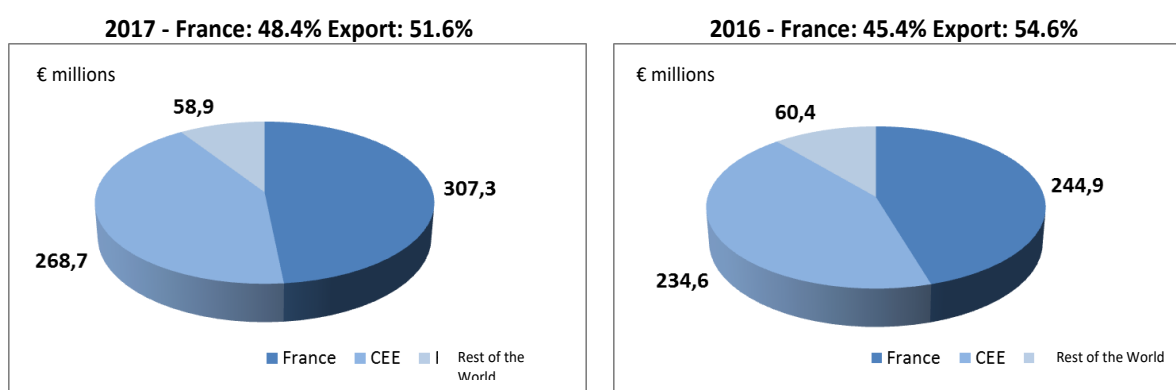
	2017	2016
Revenues	634.9	539.9
EBITDA	38.4	38.5
Recurring operating income	19.7	22.2
Other income & expenses	2.4	(3.2)
Operating income	22.1	19.1
Share in net income from associates	3.6	2.6
Operating income including share in net income from associates	25.7	21.7
Total financial income/(loss)	(1.5)	(0.6)
Net result before income tax	24.2	21.0
Income tax expense	(4.5)	(7.1)
Net income/(loss) for the year	19.7	14.0
Net income/(loss) from continuing operations	-	34.1
Income/(loss) attributable to non-controlling interests	(2.3)	(1.6)
Net income attributable to owners of the parent	22.0	49.7

The 2017 financial year was characterized by:

- The strengthening of projects, in significant amounts, that points to high levels of activity from 2019 onwards
- A significant increase in revenue (+17.6%)
- Lower recurring operating income, in terms of absolute value and relative value, impacted by the Group's development efforts
- Significantly improved net income/(loss) from continuing operations

1.4.3.1 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 51.6% of the total.

B. Revenue, recurring operating income and EBITDA

(in € millions)

	2017					2016				
	Revenues	EBITDA	EBITDA / Revenues	Op. income (recurring)	Op. margin	Revenues	EBITDA	EBITDA / Revenues	Op. income (recurring)	Op. margin
Environment & Energy	416.7	14.2	3.4%	9.3	2.2%	331.6	16.8	5.1%	12.9	3.9%
Innovation & Systems	218.3	24.2	11.1%	10.5	4.8%	208.3	21.7	10.4%	9.3	4.5%
Total	634.9	38.4	6.0%	19.7	3.1%	539.9	38.5	7.1%	22.2	4.1%

Overall Group revenues were up 17.6% relative to 2016, in line with the growth in new orders, which were up sharply last year:

- Environment & Energy +25.7%
- Innovation & Systems +4.8%

Recurring operating income represented 3.1% of revenues in 2017, as opposed to 4.1% in 2016.

a. Environment & Energy Sector

The Environment & Energy Sector achieved revenues of €416.7 million in 2017.

All Sector Business Divisions (listed in paragraph 1.4.2.1.a) recorded increased revenues.

The Sector's operating margin was 2.2% of revenue in 2017, which was hit by:

- A less favourable margin level on ongoing contracts
- Continuing development efforts:
 - in new geographical regions (Middle East, Asia)
 - in new activities: extraction of non-ferrous metals from ash following incineration, flue gas treatment systems for ship engines, solar energy.

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

b. Innovation & Systems Sector

The revenues of the Innovation & Systems Sector were up 4.8% relative to 2016:

- Industrial Systems Division +7.1%
- Bertin + 1.9%.

Innovation & Systems posted recurring operating income of +€10.5 million in 2017, as compared to +€9.3 million in 2016.

Both Divisions (Industrial Systems Division and Bertin) recorded growth:

- Industrial Systems Division: strong results for entities outside France (China, Singapore)
- Bertin:

The results of the Bertin Business Units improved - at constant scope, excluding the impact of changes in scope in 2017, in particular in the following areas:

- Systems - Instrumentation and Consultancy: improvement in the operating margin
- Information technology: a reduction in the loss, with revenue similar to 2016 levels underpinned by new markets

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 €24.2 million, the sector's EBITDA represented 11.1% of revenues.

The activities of the two sectors are very different:

- turnkey installations, operation of waste-to-energy plants and service contracts in the field of thermal energy for Environment & Energy;
- studies, development and production of software and small and mid-range mechanical, optical and electromechanical engineering products for Innovation & Systems.

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.

1.4.3.2 Non-recurring income (loss)

The Group's non-recurring income (loss) was impacted in 2017 by the capital gain on disposal of the Bertin Pharma businesses.

Operating profit, taking into account this non-recurring profit was consequently €3.0 million higher than in 2016.

1.4.3.3 Share in net income from associates

(in € millions)

	2017	2016
Share of net income of equity-accounted associates	3.6	2.6

Income from associates in 2017 was €3.6 million, this figure deriving essentially from associates operating in the Environment & Energy Sector.

1.4.3.4 Financial income

(in € millions)

	2017	2016
Net financial income/expense	0.9	0.0
Foreign exchange	(2.2)	(0.3)
Other	(0.2)	(0.3)
Financial income	(1.5)	(0.6)

Net financial income for 2017 comprised:

- a net balance of financial income/expenses of €0.9 million, principally due to interest owed by the State on the 3% dividend contribution (see paragraph 1.4.3.5);
- a net foreign exchange loss of €(2.2) million, principally associated with the USD financing of the development of our bottom ash treatment and metal recovery activities in the USA;
- impairment of financial assets of €(0.3) million.

1.4.3.5 Income tax

(in € millions)

	2017	2016
Income tax expense	(4.5)	(7.1)

Tax, including the enterprise added value contribution (cotisation sur la valeur ajoutée des entreprises) represented 21.7% of pre-tax income, excluding income from associates.

The relative impact of income in 2017 was slightly lower than in 2016, following the ruling by the French Constitutional Council that the 3% dividend contribution was invalid. The Group had filed claims in respect of the contributions for 2013 to 2017 for a total of €4.9 million (excluding default interest, recognized in financial income).

1.4.3.6 Net income/(loss) from operations

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

(in € millions)

	2017	2016
Continuing operations	22.0	15.6
Discontinued operations		34.1
Net income attributable to owners of the parent	22.0	49.7

The Group's net income - excluding income from discontinued operations - was up, at 3.5% of revenue.

1.4.4 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 orders in the year to which each part relates, either at the start of the year or on the date of signing. When IFRS15 takes effect on 1 January 2018, this definition will be reviewed for the waste-to-energy plant operating business: on the date on which the operating agreement is signed, the revenue earned over the remaining contractual period shall be 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 over the course of the contract.

"Recurring operating income": Recurring operating income is defined as:

- Operating income;
- excluding other non-current income (expenses) represented principally by impairments of intangible assets and property, plant and equipment, the impacts of disposals of non-current assets.

"EBITDA": EBITDA is defined as:

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

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

- EBITDA;
- plus change in working capital;
- less capital expenditure (net of disposals);
- 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 1.6.5. It corresponds to the net total of the following items:

- Gross cash
- Current and non-current financial liabilities (cf. Note 21 to the consolidated financial statements).

1.5 Investments and significant property, plant and equipment

1.5.1 The Group's principal fixed assets

Movements in fixed assets by sector were as follows:

(in € millions)

	Environment & Energy		Innovation & Systems		Group total	
	12.31.2017	12.31.2016	12.31.2017	12.31.2016	12.31.2017	12.31.2016
Intangible assets	9.1	9.1	20.7	16.0	29.8	25.1
Goodwill	31.2	31.2	42.7	14.7	73.8	45.9
Property, plant and equipment	35.3	28.3	30.5	34.9	65.8	63.2
Non-current financial assets	11.4	11.1	1.7	1.8	13.1	12.9

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 2016 are commented on in paragraph 1.6.2.

1.5.1.1 Environment & Energy Sector

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

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

The Group's holdings in these companies have been consolidated using the equity method (see note 15 to the consolidated financial statements).

1.5.1.2 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 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 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 12 to the 2017 consolidated financial statements.
- Property, plant and equipment includes the following land and buildings:

	LAND			BUILDINGS	
	Location		Area	Industrial buildings	Offices
	Country	City	(m ²)	(m ²)	(m ²)
CNIM Babcock Services	Morocco	Casablanca	132,248		
Bertin Technologies	France	Tarnos (40)	9,362		956
		Aix (13)	4,693		3,086
		Thiron-Gardais (28)	8,826	757	
CNIM Transport Equipment	China	Gaoming		19,515	
SCI du 35 rue de Bassano	France	Paris 8 ^e			1,395
CNIM	France	Brégaillon (83)	81,000	15,950	9,195
		Lagoubran (83)	197,000	27,030	770
		Mouissèques (83)	40,000	17,000	1,000
		La Seyne-sur-Mer (83)	318,000	59,980	10,965

CNIM Transport Equipment – CTE (Gaoming, China) has a fifty-year lease that commenced in 2009 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 7,345,294 / €940,932 at December 31, 2017.

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

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

1.5.2 Group capital expenditure

(in € millions)

	Environment & Energy		Innovation & Systems		Total	
	2017	2016	2017	2016	2017	2016
Intangible assets	1.7	1.4	5.2	5.4	6.9	6.8
Property, plant and equipment	12.0	9.1	5.2	5.2	17.2	14.3
Financial assets	0.1	0.0	0.0	0.0	0.1	0.0
Total	13.7	10.5	10.4	10.6	24.1	21.1

The principal items of capital expenditure in 2017 were on facilities for the extraction of metals (mainly non-ferrous metals) from ash following household waste incineration and maintenance investments at the Group's industrial sites, particularly at La Seyne-sur-Mer (Var).

1.5.3 Capital expenditure programme

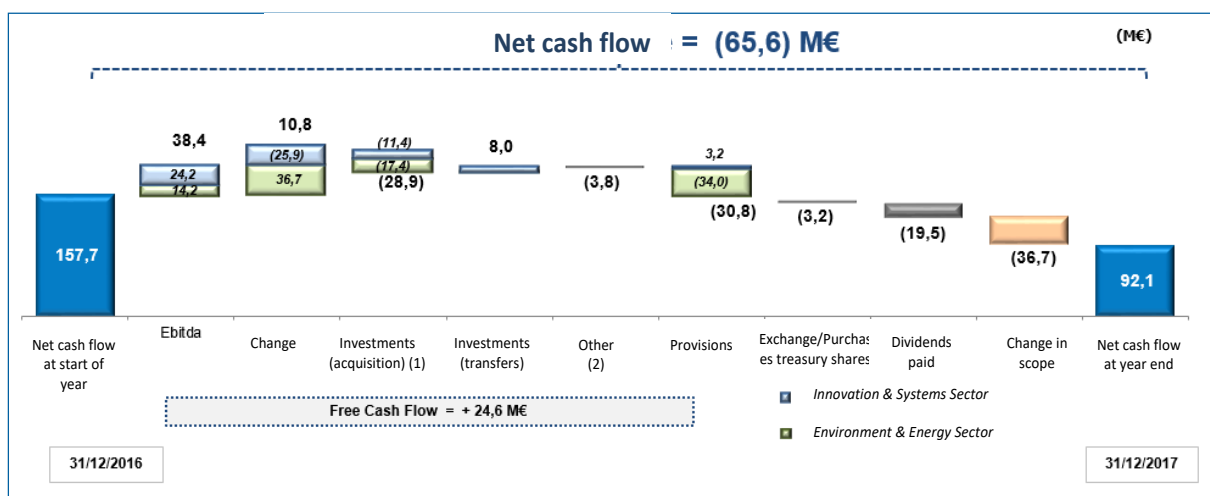
At December 31, 2017, the Group was engaged in the following capital expenditure programmes:

- expenditure required year by year in connection with the maintenance of its various manufacturing facilities;
- equity investment in a project company for the household waste-to-energy plant in Kuwait (project financing) of approximately €25 million, subject to the finalization of the construction contract.

1.6 Group financing - Cash

The Group's cash flows in 2017 are summarized as follows:

(in € millions)



(1) Of which €(4.8) million in shareholder current account contributions and reductions in fixed asset liabilities

(2) Others: taxes paid and dividends received

1.6.1 EBITDA

The Group's EBITDA was similar to EBITDA in 2016, at €38.4 million. EBITDA is broken down by Sector in paragraph 1.4.3.1.

1.6.2 Changes in working capital

Working capital requirements are detailed below for December 31, 2016 and 2017.

(in € millions)

	2017	2016	Change in working capital (balance sheet items) (*)	Change in working capital (cash flow)
Assets				
Inventories and work-in-progress	28.9	24.5	4.4	1.2
Advances and down payments on orders to suppliers	8.3	6.2	2.1	2.1
Trade and other receivables (including accrued income)	156.6	174.3	(17.6)	(17.9)
Accrued income from contracts in progress	45.1	46.9	(1.8)	(1.3)
Prepaid expenses	6.0	5.2	0.8	(0.5)
Other receivables (tax, social security etc.)	74.2	59.2	15.0	15.8
Sub-total	319.1	316.2	2.9	(0.6)
Liabilities				
Advances and down payments received from customers	(11.6)	(20.7)	9.1	10.3
Suppliers	(137.3)	(116.1)	(21.2)	(18.5)
Deferred income	(160.6)	(157.9)	(2.7)	(2.2)
Social security and tax payables	(67.3)	(64.3)	(3.0)	1.8
Other payables	(4.9)	(4.1)	(0.8)	(1.6)
Sub-total	(381.7)	(363.1)	(18.6)	(10.2)
Working capital	(62.6)	(46.9)	(15.7)	(10.8)

(*) 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 was negative at the start and end of each of the last two years, and thus represents a resource, amounting to €62.6 million at December 31, 2017 compared with €46.9 million at December 31, 2016. This positive change is principally due to Environment & Energy contracts (turnkey plants).

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.

1.6.3 Investments

The Group's investments are set out in section 1.5.2 of the registration document.

Net cash flows from investing activities include the disposal of the services business of Bertin Pharma.

The impact of changes in scope concerns the acquisition of the companies Exensor and Winlight.

1.6.4 Dividends

During 2017, the Group paid a dividend of €6.70 per share in accordance with the resolution passed at the Annual General Meeting of June 7, 2017. This dividend was paid on July 4, 2017, resulting in a payment, net of the effects of treasury shares, of €19.3 million.

1.6.5 Group cash position

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

(in € millions)

	2017	2016
Cash equivalents	39.8	20.7
Cash position	106.8	163.0
Gross cash	146.6	183.7
Non-current financial liabilities	(42.6)	(15.9)
Current financial liabilities	(11.9)	(10.1)
Net cash position	92.1	157.7

Compared with December 31, 2016, the Group's net cash position fell by €65.6 million, essentially as a result of acquisitions made during the year.

1.6.6 Debt

(in € millions)

	12.31.2017			12.31.2016		
	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	30.0	0.0	30.0			0.0
Loan to finance work in SCI Bassano	2.3	1.1	3.4	3.4	1.1	4.5
Loan to finance R&D projects in Saphymo France	1.3	0.6	1.9	1.6	0.4	2.0
Loan facility for the investment in the joint venture company Estrées-Mons	0.2	0.6	0.8	0.8	0.6	1.4
Loan to finance investments in AMI France	0.2	0.1	0.3	0.4	0.0	0.4
Loan to finance R&D projects in Bertin Technologies	0.9	0.0	0.9			0.0
Repayable advances	5.0	0.9	5.8	5.1	0.8	5.8
Assignments of receivables	1.9	6.7	8.6	4.0	4.7	8.7
Finance leases, others	0.8	0.1	0.9	0.6	0.2	0.8
Sub-total	42.6	10.0	52.6	15.9	7.8	23.6
Bank overdrafts, current accounts		1.9	1.9		2.4	2.4
Total	42.6	11.9	54.5	15.9	10.1	26.0

The Group has debt of €54.5 million at December 31, 2017, up by €28.5 million from December 31, 2016, mainly as a result of the €30 million loan taken out to refinance the acquisition of Exensor.

The group has access to a syndicated (multi-currency) loan of €120 million, renewed in December 2017 for a term of five years, which had not been used at December 31, 2017.

The maturity dates of non-current financial liabilities and a detailed breakdown of the annual repayments on medium-terms loans are provided in note 21 to the consolidated financial statements.

Covenants:

- The loan facility financing CNIM's investments in Estrées-Mons is subject to two six-month covenants linked to the consolidated financial statements. Both covenants were fulfilled at the end of the financial year: the ratio of net debt to equity was less than 0.80 and net debt/EBITDA was less than two;
- The 2017 syndicated loan, the loan taken out to finance the investment in the Exensor group and the loan taken out to finance the works at the Group's head office (SCI Bassano) are subject to half-yearly covenants linked to the consolidated financial statements, and which were met at the end of the financial year: Net debt to EBITDA ratio of lower than or equal to 2.5.

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

Available liquidity

(in € millions)

	12.31.2017	12.31.2016
Gross cash	146.6	183.7
Medium term credit facility	120.0	120.0
Amount of facility drawn down	-	-
Sub-total	266.6	303.7

The medium-term credit facility of €120 million made available to the Group was not drawn down at December 31, 2017.

1.6.7 Equity

Movements in Group equity were as follows:

(in € millions)

	2017	2016
As at January 1	179.3	152.0
Net income for the year	22.0	49.7
Dividends paid	(19.3)	(17.0)
Other: currency translation differences, changes in scope of consolidation	(5.3)	(5.5)
As at December 31	176.7	179.3

The change in the "Others" item is mainly the result of:

- in 2017, currency translation differences and treasury shares acquired during the financial year (see note 20.E to the consolidated financial statements);
- in 2016, currency translation differences.

1.6.8 Other elements

- The contract bank guarantees listed in note 25 to the consolidated financial statements represent guarantees issued in relation to contract performance. The principal types of guarantee issued are as follows:
 - 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;
 - 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);
 - 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.

- The topics listed below, which form an integral part of the management report, are described in the following sections of the Registration document:

Topic	Presented in section of the Registration document
Foreseeable development, outlook	1.2
Research and development activities	1.2
Main features of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information	4.2
Financial risks associated with the effects of climate change	N/A
Identity of holders of share capital, whether natural or legal persons, who directly or indirectly hold more than a twentieth, a tenth, three-twentieths, a fifth, a quarter, a third, half, two-thirds, eighteen-twentieths or nineteen-twentieths of the share capital or voting rights at general meetings	2.1.1.7
Treasury shares	Notes to the consolidated financial statements Note 20E
Employee shareholdings	2.1.1.7

1.7 Financial statements of CNIM SA

1.7.1 Results

The principal items in the 2017 income statement are shown below:
(in € millions)

	2017	2016
Revenues	377.5	319.8
Operating income	1.3	3.9
Financial income	34.3	11.7
Exceptional income	0.4	(2.1)
Income before tax and profit-sharing	36.1	13.6
Profit-sharing	(0.4)	0.0
Income tax expense/(income)	3.4	5.6
Net income (CNIM SA)	39.1	19.2
<i>Net income margin</i>	10.4%	6.0%

The changes in revenue and operating income are principally the result of changes to the business of the Environment & Energy Sector - Construction of turnkey household waste-to-energy plans: growth in revenue is linked to 2016 orders, while the average margin on ongoing contracts fell.

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

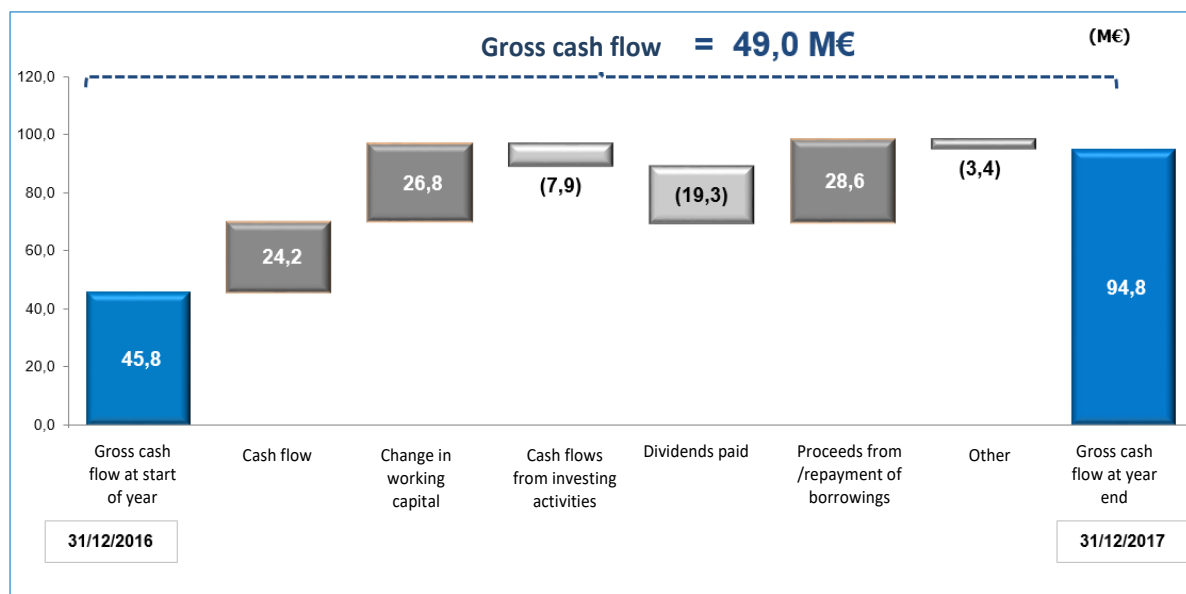
The "income tax" line item includes the savings derived from the tax consolidation of the French companies, and the 2017 income resulting from the 3% dividend contribution for 2013-2017 being declared invalid.

Net income, at €39.1 million, represented 10.4% of revenues.

1.7.2 Cash position

The Company's cash flows are summarized below:

(in € millions)



- **Supplier payment terms**

At December 31, 2017

(in € thousands for monetary data)

	Art. D 441-I.1: invoices <u>received</u> and due but not paid by the end of the financial year					
	0 days	1-30 days	31-90 days	90-180 days	180 days or more	Total
(A) Late payment bracket						
Number of invoices in question	1,474	354	172	107	758	2,865
Total value (excluding tax) of the invoices in question	26,392	9,555	1,397	1,683	5,083	44,110
Percentage of the total amount (excluding tax) of the balance	60%	22%	3%	4%	12%	100%
Percentage of the total amount of purchased (excluding tax) for the financial year (class 60-62+ 651xxx)	9%	3%	0%	1%	2%	15%
Percentage of total revenue (excluding tax) for the financial year (class 70)	X					
(B) Invoices excluded from (A) relating to those debts and receivables in dispute or unrecognized						
Number of excluded invoices					1	1
Total value (excluding tax) of the excluded invoices					61	61
(C) Reference payment term used (contractual or statutory payment term Art. L.441-6 or Art. L443-1 of the French Commercial Code)						
Reference payment terms used to calculate payment delays	Contractual term in general terms and conditions of purchase: 45 days from end of month (calculated as the end of month + 45 days)					

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

(in € thousands for monetary data)

	2013 financial year (46th period) 12 months	2014 financial year (47th period) 12 months	2015 financial year (48th period) 12 months	2016 financial year (49th period) 12 months	2017 financial year (50th period) 12 months
1. Financial position at year end					
Share capital	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
Number of bonds convertible into shares					
2. Overall result of current operations					
Revenues	551,933	541,507	384,717	319,832	377,521
Profit before tax, profit-sharing, depreciation and provisions	50,080	23,523	49,337	28,285	24,028
Income tax	- 3,083	- 2,257	4,063	5,627	3,377
Profit-sharing	- 402	- 285	- 205	23	- 390
Profit after tax, profit-sharing, depreciation and provisions	35,359	23,621	51,742	19,214	39,084
Distributed earnings	105,984	16,200	17,866	20,288	
3. Earnings per share (amount in euros)					
Profit after tax and profit-sharing but before depreciation and provisions	15	7	19	11	9
Profit after tax, profit-sharing, depreciation and provisions	12	8	17	6	13
Dividend	35.00	5.35	5.90	6.70	-
4. Staff					
Average workforce of the period under review	1,097	1,096	1,026	997	974
Total payroll	59,691	59,852	56,619	56,007	58,509
Amounts paid in respect of social benefits (social security, social welfare, etc.)	27,233	27,435	25,153	25,569	27,777

2 SHAREHOLDERS & STOCK MARKET LISTING

2.1 Shareholders

2.1.1 Share capital and voting rights

2.1.1.1 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 2.1.1.7 below and, as regards treasury shares, in Note 20 to the consolidated financial statements for the year ended December 31, 2017.

2.1.1.2 Shares not representing capital

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

2.1.1.3 Shares held by the issuer itself

At the Ordinary and Extraordinary General Meeting of June 7, 2017 (Eighth Resolution), the Management Board was authorized, in accordance with Article L. 225-209 of the Commercial Code, 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 effecting the Company's share capital. The total amount allocated to the share repurchase program cannot therefore exceed €60,562,200.

The 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 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 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 Commercial Code, by Regulation (EU) No. 2273/2003 of December 22, 2003, by Article L. 451-3 of the Monetary and Financial Code and by the provisions of the General Regulation of the Autorité des Marchés Financiers (Financial Markets Authority) concerning:

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

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

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

In addition, at the Ordinary and Extraordinary General Meeting of June 7, 2017 (Ninth 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 Commercial Code, was authorized to cancel, by its own decision, on one or more occasions, all or some of the shares that the Company holds or may hold in treasury as a result of exercising the various authorizations to purchase shares granted to the Management Board in the General Meeting, up to a limit of 10% of the share capital per twenty-four month period.

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

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

2.1.1.4 Convertible securities, exchangeable securities or securities with warrants

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

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

All delegations and authorizations granted to the Management Board by the Ordinary and Extraordinary General Meeting of June 7, 2017 are summarized in the Management Board's management report.

2.1.1.6 Movements in share capital

The amount of the Company's share capital as set out in 2.1.1.1 above has not changed over the last three years.

2.1.1.7 Ownership of the share capital and voting rights

As previously reported, on July 17, 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 December 31, 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 December 31, 2017 are provided below.

(i) The list of holders of registered shares as at December 31, 2017 shows that on that date the Company's largest shareholder was:

At 12.31.2017	No. of shares	%	Number of voting rights	% Theoretical	% Exercisable
Soluni SA	1,708,633	56.43%	3,417,266	62.80%	64.83%
Total	1,708,633	56.43%	3,417,266	62.80%	64.83%

As at December 31, 2017, the grouping made up of Soluni SA, Mrs. Christiane Dmitrieff and the other members of the Dmitrieff family (including Mr. Nicolas Dmitrieff) held 1,712,735 shares representing 56.56% of the share capital and 64.98% of the exercisable voting rights (62.95% of the theoretical voting rights).

On the basis of the information available to the Company, the share capital and voting rights at December 31, 2016 and December 31, 2017 were held as follows:

CNIM shareholder base at December 31, 2016						
Shareholders	No. of shares	No. of theoretical voting rights	No. 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%	62.66%	64.46%
Mrs. 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	5,611	5,611	0.09%	0.10%	0.11%
Dmitrieff family group ⁽³⁾	1,712,735	3,425,467	3,425,467	56.56%	62.81%	64.61%
Franeli S.A.	452,750	905,400	905,400	14.95%	16.60%	17.08%
Frel S.A.	1,700	3,400	3,400	0.06%	0.06%	0.06%
Mr. François Herlicq	11,315	22,630	22,630	0.37%	0.41%	0.43%
Herlicq family group ⁽⁴⁾	465,765	931,430	931,430	15.38%	17.08%	17.57%
CNIM Participation (employee shareholders)	91,412	181,694	181,694	3.02%	3.33%	3.43%
Treasury shares	145,618	145,618	-	4.81%	2.67%	-
Liquidity contract (Exane BNP Paribas)	6,262	6,262	-	0.21%	0.11%	-
Treasury shares (held by subsidiary)	151,880	151,880	-	5.02%	2.78%	-
Public	606,318	763,190	763,190	20.02%	13.99%	14.39%
TOTAL	3,028,110	5,453,661	5,301,781	100.00%	100.00%	100.00%

(1) This number is calculated on the basis of the totality of shares with voting rights, including non-voting shares, in accordance with Article 223-11 of the General Regulation of the Financial Markets Authority on the calculation of the crossing of voting rights thresholds.

(2) For information: number calculated net of non-voting shares.

(3) Soluni is controlled by Mrs. 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.

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

(1) This number is calculated on the basis of the totality of shares with voting rights, including non-voting shares, in accordance with Article 223-11 of the General Regulation of the Financial Markets Authority on the calculation of the crossing of voting rights thresholds.

(2) For information: number calculated net of non-voting shares.

(3) Soluni is controlled by Mrs. 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 Fraeli, FREL and Mr. François Herlicq is held mainly by the Herlicq family.

(ii) Employees

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

CNIM shareholder base at February 28, 2018						
Shareholders	No. of shares	No. of theoretical voting rights	No. of exercisable voting rights	% of share capital	% of theoretical voting rights	% of exercisable voting rights
Soluni S.A.	1,708,633	3,417,266	3,417,266	56.43%	62.79%	64.83%
Mrs. Christiane Dmitrieff	1,295	2,590	2,590	0.04%	0.05%	0.05%
Other members of the Dmitrieff family [Lucile Dmitrieff, Nicolas Dmitrieff, Nikita Dmitrieff and Sophie Dmitrieff]	2,807	5,612	5,612	0.09%	0.10%	0.11%
Dmitrieff family group	1,712,735	3,425,468	3,425,468	56.56%	62.94%	64.99%
Franeli S.A.	452,750	905,400	905,400	14.95%	16.63%	17.18%
Frel S.A.	1,700	3,400	3,400	0.06%	0.06%	0.06%
Mr. François Herlicq	12,065	24,130	24,130	0.40%	0.44%	0.46%
Herlicq family group	466,515	932,930	932,930	15.41%	17.14%	17.70%
CNIM Participation (employee shareholders)	85,704	171,408	171,408	2.83%	3.15%	3.25%
Treasury shares	160,601	160,601	-	5.30%	2.95%	-
Liquidity contract (Exane BNP Paribas)	11,245	11,245	-	0.37%	0.21%	-
Treasury shares (held by subsidiary)	171,846	171,846	-	5.68%	3.16%	-
Public	591,310	741,110	741,110	19.53%	13.62%	14.06%
TOTAL	3,028,110	5,442,762	5,270,916	100.00%	100.00%	100.00%

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

None.

2.1.2 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 Commercial Code.

2.1.3 Control of the Company

Prior to July 16, 2014, none of the shareholders listed in section 2.1.1.7 of this registration document controlled the Company within the meaning of Article L. 233-3 of the Commercial Code. Since July 17, 2014, Soluni has controlled the company within the meaning of Article L. 233-3 of the Commercial Code.

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

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

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

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

2.1.4 Agreements with potential to lead to a change of control

None.

2.1.5 Shareholder agreements

None.

2.1.6 Dutreil undertakings

Two separate joint undertakings to retain CNIM stock were made by private contract on December 21, 2015 between Soluni SA and Mr. Nicolas Dmitrieff on the one part and the members of the Herlicq family group on the other. The first of these agreements is a joint undertaking to retain shares in CNIM for a period of two years in application of Article 885 I bis of the General Tax Code, while the second is a joint undertaking to retain shares in CNIM for a period of two years in application of Article 787 B of the General Tax Code.

These undertakings were publicly announced by the AMF on January 8, 2016 under number 216C0072.

2.2 Stock market listing

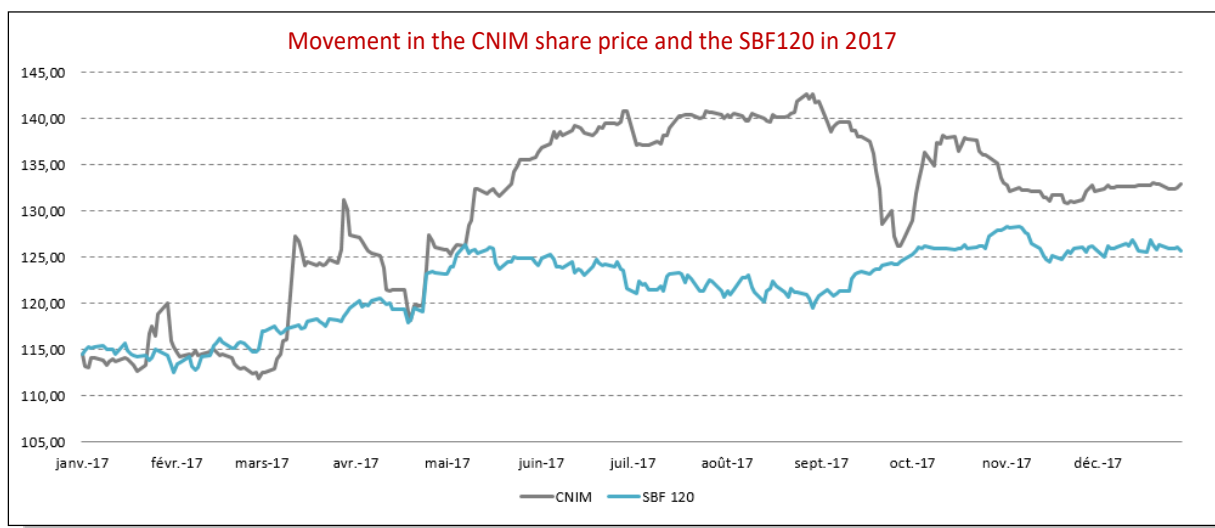
2.2.1 Listing

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.

2.2.2 Movements in the share price



Price:

- At December 30, 2016: 114.42
- At December 29, 2017: 134.52

Annual extremes in 2017:

- High 08/28: 150.05
- Low 2/28: 111.26

Movement from 12/30/2016 to 12/29/2017:

- CNIM share: 15.87%
- SBF 120: 9.44%
- CAC 40: 9.26%

2.3 Dividends: policy and distribution record

The Annual General Meeting of shareholders on June 7, 2017 resolved to pay a dividend of €6.70 per share for the year ended December 31, 2016, representing a total cash distribution of €20,288,337.

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 €)	2016	2015	2014
No. of shares	3,028,110	3,028,110	3,028,110
Dividend	6.70	5.90	5.35

In the light of the Company's results, it has been decided that a proposal will be put to the Ordinary and Extraordinary General Meeting of the Company on May 24, 2018 for the distribution of a dividend of €5.25 per share in respect of the 2017 financial year. This dividend will be paid in cash on July 4, 2018.

3 CORPORATE SOCIAL RESPONSIBILITY REPORT

Introduction

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

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

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

CNIM's CSR performance recognized by Gaïa-Index

For the third year in succession, CNIM is among the top 70 companies monitored by Gaïa Index, the Ethifinance subsidiary that specializes in analyzing and scoring CSR performance for SMEs and mid-sized companies in Europe. Gaïa Index gave CNIM a score of 80/100 for its CSR policy in 2016. For CNIM, this performance is proof of the commitment of our management and staff to the sustainable development of the Group's activities. Over 500 small-cap and mid-cap companies were assessed by Gaïa-Index in 2016. 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.

3.1 The people of CNIM

3.1.1 About us

3.1.1.1 Total staff and breakdown of employees

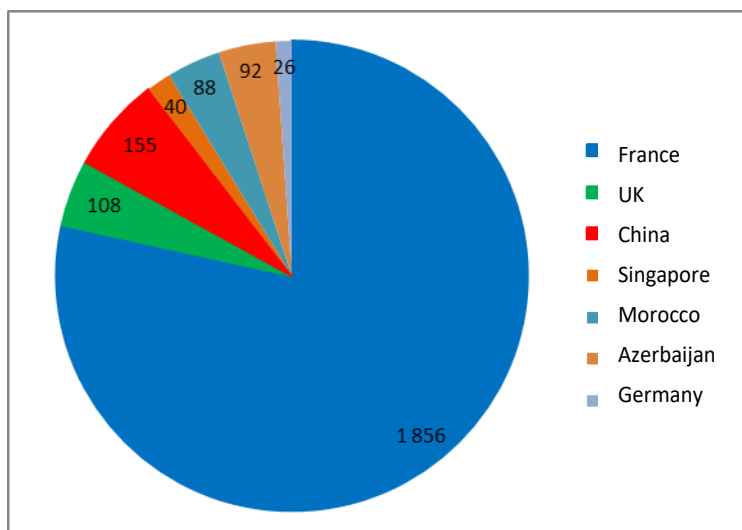
Total staff* and breakdown of employees by company, by gender and by geographical area

	Men	Women	Total	
BERTIN IT	73%	27%	69	3%
BERTIN PHARMA	44%	56%	11	0%
BERTIN Technologies	65%	35%	464	20%
CNIM Babcock Maroc	92%	8%	88	4%
CNIM AZERBAIJAN	89%	11%	92	4%
CNIM CENTRE France	100%	0%	23	1%
CNIM ENERGIE BIOMASSE	97%	3%	29	1%
CNIM Insertion	72%	28%	31	1%
CNIM OUEST ARMOR	95%	5%	30	1%
CNIM SA	80%	20%	1,021	43%
CNIM Singapore	85%	15%	40	2%
CNIM Terre Atlantique	100%	0%	17	1%
CNIM THIVERVAL GRIGNON	85%	15%	15	1%
LAB SA	76%	24%	89	4%
MES Environmental Ltd	92%	8%	108	5%
SUNCNIM	87%	13%	32	1%
VECSYS	84%	16%	25	1%
CNIM Transport Equipment	92%	8%	155	7%
SAPHYMO GMBH	84%	16%	26	1%
Combined total	80%	20%	2,365	100%

*Average total number of employees.

Based on the same companies taken into account in the 2016 report, the number of employees was up 1.6%:

- More than 95% of the Group's total workforce is covered by the CSR report;
- 78% of the staff covered are based in France, with the rest distributed evenly between the UK, Asia, Morocco and Azerbaijan;
- 20% of the Group's staff are female, but it should be noted that this low figure is partly due to the subsidiaries which operate waste processing sites.



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

	Engineers and Executives (Managers)	Employees, Technicians and supervisors (White-collar staff)	Workers (Blue-collar staff)
BERTIN IT	93%	7%	0%
BERTIN PHARMA	66%	34%	0%
BERTIN Technologies	72%	28%	0%
CNIM Babcock Maroc	16%	27%	57%
CNIM AZERBAIJAN	15%	41%	44%
CNIM CENTRE France	11%	44%	44%
CNIM ENERGIE BIOMASSE	12%	71%	17%
CNIM Insertion	3%	0%	97%
CNIM OUEST ARMOR	20%	56%	24%
CNIM SA	59%	24%	17%
CNIM Singapore	15%	18%	67%
CNIM Terre Atlantique	12%	0%	88%
CNIM THIVERVAL GRIGNON	14%	58%	29%
LAB SA	86%	14%	0%
MES Environmental Ltd	11%	11%	79%
SUNCNIM	73%	18%	9%
VECSYS	45%	55%	0%
CNIM Transport Equipment	22%	18%	60%
SAPHYMO GMBH	23%	77%	0%
Combined total	52%	25%	23%

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

- Certain subsidiaries, such as LAB SA, Bertin IT and Bertin Technologie are engineering companies and therefore have a very high proportion of engineers and executives.
- More than 80% of the workforce of the subsidiaries that operate waste processing plants, such as CNIM Azerbaijan, MES Environmental, CNIM Centre France, CNIM Ouest Armor, CNIM Thiverval Grignon and CNIM Terre Atlantique comprises blue-collar workers and supervisors.
- Almost 80% of the workforce at manufacturing subsidiaries, like CNIM Babcock Maroc and CNIM Transport Equipment, are also blue-collar workers and supervisors. It should be noted that almost one worker in four is a manual worker, which demonstrates the importance of industrial relations to the Group.

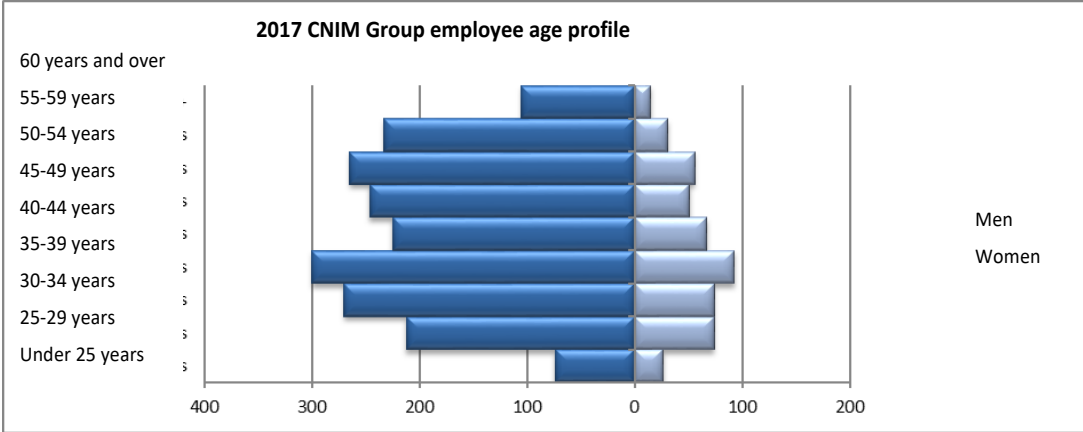
Proportion of staff employed under fixed-term/permanent contracts*

	Fixed-term	Permanent
BERTIN IT	7%	93%
BERTIN PHARMA	10%	90%
BERTIN Technologies	5%	95%
CNIM Babcock Maroc	7%	93%
CNIM AZERBAIJAN	12%	88%
CNIM CENTRE France	4%	96%
CNIM ENERGIE BIOMASSE	0%	100%
CNIM Insertion*	97%	3%
CNIM OUEST ARMOR	3%	97%
CNIM SA	4%	96%
CNIM Singapore	0%	100%
CNIM Terre Atlantique	0%	100%
CNIM THIVERVAL GRIGNON	0%	100%
LAB SA	7%	93%
MES Environmental Ltd	2%	98%
SUNCNIM	16%	84%
VECSYS	4%	96%
CNIM Transport Equipment	54%	46%
SAPHYMO GMBH	0%	100%
Combined total	9%	91%

*Statistics for December of the year in question, in accordance with French legislation on human resources reporting.

9% of CNIM Group employees are employed on fixed-term contracts. It should be noted that this rate is principally due to CNIM Insertion, whose corporate purpose is to offer fixed-term reintegration contracts, and to CNIM Transport Equipment. When these subsidiaries, which have specific operational functions, are excluded, the percentage of fixed-term contracts falls to 4.7%.

Average age and employee age profile



The group's average age is stable, at 42.

3.1.1.2 Turnover

A. Hiring

	Men	Women	Total	
< 25 years	12%	3%	93	15%
25-29 years	17%	6%	140	23%
30-34 years	15%	3%	104	17%
35-39 years	11%	3%	85	14%
40-44 years	7%	1%	51	8%
45-49 years	7%	1%	50	8%
50-54 years	7%	0%	43	7%
55-59 years	4%	0%	27	4%
> 60 years	2%	0%	12	2%
Total	81%	19%	605	100%

More than 5 out of 10 new hires were aged under 35. One in five new recruits is female.

It should also be noted that the Group is attentive to skills and expertise, and does not discriminate on the basis of age: 14% of staff recruited in 2017 were aged 50 or above.

More than half of new employees are also recruited on permanent contracts.

B. Departures

	Men	Women	Total		Turnover rate*
< 25 years	8%	2%	52	11%	2%
25-29 years	14%	5%	96	20%	4%
30-34 years	12%	4%	79	16%	3%
35-39 years	11%	2%	64	13%	3%
40-44 years	7%	1%	40	8%	2%
45-49 years	6%	3%	42	9%	2%
50-54 years	4%	1%	26	5%	1%
55-59 years	5%	1%	26	5%	1%
> 60 years	10%	2%	62	13%	3%
Total	78%	22%	487	100%	21%

It should be noted that staff on fixed-term contracts represent almost half of departures.

The age groups with the highest turnover rates were the youngest and oldest categories; these two categories represent over half of all departures. This is explained by two factors: the youngest are the principal group employed under fixed-term contracts. At the other extreme, retirement is the most common cause of departure.

	Men	Women	Total		Turnover rate
Involuntary turnover	8%	3%	51	11%	2%
Voluntary turnover	47%	11%	272	57%	12%
Retirement	9%	2%	54	11%	2%
End of contract	14%	7%	98	21%	4%
Total	78%	22%	475	100%	20%

Only one of every ten departures was due to termination of the contract by the employer. Seventeen people made transfers within the Group in 2017.

3.1.1.3 Remuneration and changes in remuneration

The annual payroll for 2017, including wages and social security contributions, as recorded in the accounts of the 20 companies covered by the report, is €161.7 million.

On a like-for-like basis:

- the annual payroll rose by 7.8% between 2016 and 2017. This rise was due to the 1.6 % increase in the size of the workforce over the same period.
- the annual average wage bill per employee was €68,340 in 2017, sharply up on 2016 (6.8%), which may be explained by the increase in France's relative weighting in the total payroll.

3.1.2 Organization of work

3.1.2.1 Working time

In October 2017, CNIM SA adopted a Charter on the "right to disconnect" drawn up following a number of discussion meetings with the trade unions that represent CNIM SA. This Charter formally sets out the right to disconnect in clear, shared and considerate principles on the use of communication tools and, more specifically, on the following points:

- The ways in which the right to disconnect may be exercised: employees are not required to read or respond to calls or emails during their non-work time or during daily or weekly break periods; they may disconnect from the network and set their mobile telephone to silent; emails should not be sent after 10 p.m. and during weekends.
- Regulation and monitoring initiatives: the use of electronic email configuration tools that send automatic out-of-office replies and specify the email's level of importance.
- Training and awareness-raising initiatives: dissemination to all CNIM SA employees with possible online consultation.
- where an employee believes that the provisions of the Charter have not been complied with, he/she may refer the matter to his/her sector HR Manager.

The 2017 "Right to disconnect" charter supplements the "Charter on Work-Life Balance" signed in 2012, which aims to promote employees' work-life balance, while taking account of business needs.

In terms of the organization of working time, managers are encouraged to pay attention to the following matters:

- avoid scheduling meetings at late hours and allow travel to take place during working hours;
- adhere to the notice periods regarding changes to working time, except in exceptional or urgent circumstances;
- ensure adherence to the time slots during which portable business communication tools must not be used, except where justified by exceptional circumstances;
- implement a system of delegation during vacations, to ensure optimum cover for staff absences.

The charter was rolled out in early 2014 through various internal channels for all CNIM SA staff, before being extended to other Group companies such as Bertin Technologies. It is also referred to in the gender equality agreement signed on June 2016.

3.1.2.2 Breakdown of contracts: full-time, part-time

	Full-time	Part-time
BERTIN IT	95%	5%
BERTIN PHARMA	100%	0%
BERTIN Technologies	93%	7%
CNIM Babcock Maroc	100%	0%
CNIM AZERBAIJAN	98%	2%
CNIM CENTRE France	100%	0%
CNIM ENERGIE BIOMASSE	100%	0%
CNIM Insertion	100%	0%
CNIM OUEST ARMOR	97%	3%
CNIM SA	96%	4%
CNIM Singapore	100%	0%
CNIM Terre Atlantique	100%	0%
CNIM THIVERVAL GRIGNON	100%	0%
LAB SA	94%	6%
MES Environmental Ltd	90%	10%
SUNCNIM	94%	6%
VECSYS	100%	0%
CNIM Transport Equipment	100%	0%
SAPHYMO GMBH	88%	12%
Combined total	96%	4%

4% of Group staff are employed part-time. This figure is far below the OECD average of 16.7% (source: OECD, 2016). The great majority of part-time contracts are a matter of employee choice. The norm is for staff to be hired on full-time contracts.

3.1.2.3 Absenteeism

Group-wide, compared to 2016 there was a slight improvement in the absenteeism rate, which was 5.1%.

3.2 Staff health and safety

3.2.1 A priority of the Management Board

The CNIM Group sets particularly high standards for accident prevention, adherence to fundamental workplace safety rules, the protection of health and conservation of the environment:

- the delegation of responsibilities by the Chairman of the Management Board is implemented;
- appropriate safety and risk prevention measures are taken at each construction site and for all work performed on client premises;
- an inquiry is held into the causes of every accident or physical incident, and prevention and training solutions are proposed in order to further reduce risks;
- all steps are taken to ensure that legal provisions are respected.

This commitment by the Management Board translates into the close involvement of all Group staff at all levels of seniority, and recognition through numerous certifications, in terms of quality, health and safety.

	COMPANY	SITES/ACTIVITIES	CERTIFICATE				
			QUALITY	HEALTH & SAFETY			
			ISO 9001	OHSAS 18 001	MASE	Other	
ENVIRONMENT SECTOR	CNIM SA EPC division	Paris, La Seyne-sur-Mer, Saint Aubin	o	o			
	CNIM SA WEMS division	Paris, La Seyne-sur-Mer	o	o			
	LAB SA	Lyon, La Seyne-sur-Mer	o	o	o		
	CNIM THIVERVAL GRIGNON	Waste processing site		o			
		Thiverval Grignon sorting centre		o			
	CNIM OUEST ARMOR	Waste processing site at Pluzunet		o			
		Waste composting and green algae processing site at Lantic		o			
	CNIM CENTRE France	Saint Pantaléon de Larche waste processing site.		o			
	MES ENVIRONMENTAL LTD	Waste processing site at Dudley		o	o		
		Waste processing site at Stoke on Trent		o	o		
Waste processing site at Wolverhampton			o	o			
CNIM Babcock Services	La Plaine Saint Denis		o		CEFRI		
	Gardanne, Villepinte		o	o			
SUNCNIM	La Seyne-sur-Mer		o				
INNOVATION & SYSTEMS SECTOR	CNIM SA	La Seyne-sur-Mer	o	o		CEFRI	
	CNIM Transport Equipment	Foshan (China)	o	o			
	CNIM Singapore	Singapore	o	o			
	BERTIN TECHNOLOGIES	Montigny le Bretonneux, Aix-en-Provence, Tarnos, Thiron Gardais, Saint Aubin		o	o		
		Montigny le Bretonneux, Aix-en-Provence, Thiron Gardais, Montbonnot					CEFRI
	Énergie Process Environnement - Tarnos		o	o	o		

*Note: the new certifications achieved in 2017 are highlighted in yellow

CNIM's EPC division receives OHSAS 18001 certification

In 2017, CNIM EPC was recommended by LRQA for OHSAS 18001 certification following an audit of its waste-to-energy factory design, production, installation and commissioning activities. This award is acknowledgement of the excellent preventive practices undertaken in relation to health and safety at work that have been rolled out for a number of years on projects led by the CNIM EPC teams. OHSAS 18001 certification will supplement the certifications already held by CNIM EPC on quality management (ISO 9001) and environmental management (ISO 14001).

In 2017, a number of subsidiaries also continued working on achieving ISO 50001 certification in waste-to-energy centres and on rolling out ISO 14001 and OHSAS 18001 certifications.

In 2017, 79% of Group staff (based on the companies included in the scope of this report) were represented on mixed management/employee health and safety committees set up to supervise and provide opinions on health and safety at work programs.

3.2.2 Expenditure on health and safety

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

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

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

€1.8 million was spent on health and safety in 2017, which equates to €774 per employee. This very high figure, which has increased every year since 2014, reflects the importance that the Group attaches to the safety of its workforce.

3.2.3 Accidents at work and work-related illness

- **Frequency rate = 16.37 (number of accidents involving time off work x 1 million/number of hours worked)**

The CNIM Group performs particularly well on risk prevention, as proved by the accident rate, which is significantly lower than the French national average in 2016. Source: This is the result of accident prevention efforts made by everyone involved in accident prevention over a number of years.

- **Severity rate = 0.48 (number of days lost x 1,000/number of hours worked).**

The accident severity rate was 0.48 for 2017. This positive nature of this rate should be highlighted, given the significant proportion of staff working in factories, as itinerant site workers, and on customers' premises.

- **Work-related illnesses recorded in 2016: 2 (work-related illnesses reported by staff in 2016).**

3.3 Development of skills

3.3.1 Training policies implemented

The CNIM Group training policy is directly in line with the business development strategy and its forward-planning policy on jobs and skills management. It has three focal points:

- technical or occupational training courses aimed at developing and maintaining the technical skills of Group staff. CNIM has rolled out numerous training sessions on defense, nuclear, parts control, and industrial machinery as well as on factory design and operation. "Operational support" training has also been put in place in areas such as procurement, legal, accounting and quality. We also provide language training, by video conference and in the classroom, to keep pace with the internationalization of the Group.
- safety training, which represents close to a quarter of our total training investment. These training courses go beyond the minimum legal requirements and include training in e.g. gestures and posture for Production personnel.
- corporate training courses aimed at supporting our managers, project leaders and sales staff via multi-day modules jointly designed with external partners. The Management program, which will run until 2017, comprises five days of training per person split into four modules, half of which are delivered by in-house trainers. Almost 300 managers have followed the programme since it was created in 2015, including 120 in 2017. Two other programmes, containing modules on complex sales and project management, have also been organized for sales personnel, project leaders or staff interacting with customers. It should be noted that, in 2018, a module containing a presentation on the Group's values and ambitions will be extensively rolled out.

In organizational terms, the emphasis has been placed on delivery through a variety of teaching methods with a “blended learning” approach that combines classroom teaching with distance learning modules.

As every year, the use of experts from within the Group to teach more specific modules on e.g. operational safety, nuclear power and production software contributed toward raising the skills of our workforce. Almost 100 internal trainers have therefore completed the course on “Taking and leading an in-house training course”. This course enables them to wear their trainer’s hat more comfortably, especially as regards their teaching skills and the oversight of interns.

Finally, in 2017, two staff members underwent a professional development period with a dedicated specialist mentor with a view to switching professions.

More block-release training

CNIM Group encourages apprenticeship and professional training contracts that involve block-release training. Such contracts enable the company to publicize the career options it has to offer, as well as training young people and enabling them to discover the world of work. Trainees are assisted by mentors who pass on their know-how and skills, ensure training programs are followed and liaise between the trainee, the business and the training organization.

In-house trainers pass on their knowledge

In 2017, 15% of the CNIM SA training plan was delivered via in-house training. The Group has over 160 internal trainers, who work on developing new modules for specialist technical and cross-functional training. Developing in-house training modules with the help of staff and helping staff to learn are a point of honor for the CNIM Group. Our trainers are people with a mastery of a skill or area of know-how that they are willing to pass on to other employees in the Group.

Strategic Workforce Planning

During 2016, a large-scale Strategic Workforce Planning project was begun in the Group. The aims of the project are:

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

One of the project’s early stages involved defining a shared reference catalogue of skills and making it relevant to all Group’s specialist fields. To achieve this, several one-day workshops were organized between June and December 2016 which systematically targeted specialist operating staff and HR managers. These enabled the key professional skills and practices to be defined for the different standard roles in a variety of specialist fields (Projects, Design, Maintenance, Scheduling, Finance, HR etc.).

At the beginning of 2018, a reference catalogue of skills was defined for nine specialist fields, and we aim to cover all specialist fields in 2019.

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.

Esprit CNIM: a new training module to promote understanding between Group entities

In 2015, the Group's Human Resources department launched the "Management" training programme, which was very popular with participants. As a result of this positive feedback, one of its modules, "CNIM Esprit" was extended in 2017 to a larger group of employees. This module covers the world of CNIM, its history and strategy and aims to allow employees from the various entities to hold discussions around a common frame of reference and to promote cohesion between teams.

3.3.2 Number of training hours

In 2017, 52,350 hours of training were provided to CNIM SA employees, representing an average of 22 hours per employee. This figure is steady relative to 2016.

Two-thirds of the Group's staff members followed at least one training course during the year, which was, once more, an increase on 2016.

3.3.3 Staff appraisal and career development interviews

In 2017, 92% of staff falling within the scope of the analysis received an appraisal and career development interview.

3.4 Diversity management

3.4.1 Measures adopted to promote gender equality

Composition of the governing bodies in 2017:

- the Management Board currently comprises four members, all of whom are male;
- The CNIM Supervisory Board comprises twelve members, of whom seven are men and five are women, with one of them representing employee shareholders.

Female members thus represent 45% of the Supervisory Board. This means that the CNIM Group's governance complies with French Act No. 2011-103 of January 27, 2011 concerning gender equality in the workplace, which states that the proportion of members of either sex must not be lower than 40%.

Gender equality in the workplace: a new agreement signed in 2016

The distribution of jobs within the CNIM Group shows that the vast majority of female staff work in support functions such as communications, human resources, finance and legal. Although the percentage of women in engineering and managerial positions has virtually doubled in just under ten years, shop floor staff are still almost exclusively male.

During 2016, CNIM's management met on several occasions with trade union representatives in order to discuss observations, issues and actions aimed at underpinning CNIM's commitment to gender equality in the workplace.

The signatories to the agreement wished efforts to be continued towards promoting gender diversity at the workplace, especially as regards access to jobs and work/life balance, and towards preventing all unjustified gaps in terms of pay, promotion and access to professional training (in equal positions, irrespective of skills, age and seniority)

Precise metrics have been developed. These will be monitored annually, over and above the gender balance report given each year to the Central Works Council. To ensure that the entire workforce knows and passes on the commitments we have made, it has been agreed that internal communications will be sent out to all staff and managers over the lifetime of the agreement.

3.4.1.1 Proportion of women in the CNIM Group*

	Men	Women
< 25 years	73%	27%
25-29 years	74%	26%
30-34 years	78%	22%
35-39 years	76%	24%
40-44 years	77%	23%
45-49 years	83%	17%
50-54 years	83%	17%
55-59 years	88%	12%
> 60 years	88%	13%
Total	80%	20%

The proportion of women in the CNIM Group is representative of those generally observed in the industry.

3.4.1.2 Proportion of women in the engineering and executive workforce (managers)*

	Men	Women
< 25 years	68%	32%
25-29 years	68%	32%
30-34 years	75%	25%
35-39 years	72%	28%
40-44 years	77%	23%
45-49 years	80%	20%
50-54 years	87%	13%
55-59 years	92%	8%
> 60 years	88%	12%
Total	78%	22%

The proportion of women among the youngest members of staff has increased.

3.4.1.3 Proportion of women in the white-collar workforce (employees, technicians and supervisors) *

	Men	Women
< 25 years	71%	29%
25-29 years	69%	31%
30-34 years	73%	27%
35-39 years	70%	30%
40-44 years	60%	40%
45-49 years	75%	25%
50-54 years	61%	39%
55-59 years	73%	27%
> 60 years	73%	27%
Total	69%	31%

*Statistics for December of the year in question, in accordance with French legislation on human resources reporting.

3.4.1.4 Indices based on the median monthly salary of men and women, by age group and category

	Engineers and executives (Managers)		Employees, technicians and supervisors (White-collar staff)		Workers (Blue-collar staff)	
	Men	Women	Men	Women	Men	Women
< 25 years	960	903	730	NS	574	-
25-29 years	1008	997	775	757	612	NS
30-34 years	1207	1126	868	715	623	NS
35-39 years	1381	1417	911	783	627	NS
40-44 years	1584	1347	875	858	687	NS
45-49 years	1709	1502	998	831	779	-
50-54 years	1785	1735	971	920	845	-
55-59 years	1942	1919	1011	902	861	-
> 60 years	2130	1634	1155	813	844	-
Total	1457	1264	903	830	724	100

100 is the lowest median value by category and gender.

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

The gender wage gap is 3.6%. This compares to a wage gap of 16% between men and women in the EU as a whole (Source: ILO, data for 2016).

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

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

3.4.2 Policy on combating discrimination

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

In terms of age discrimination, the Group's policy has, for a number of years, been implemented through the commitments made in the Generation Contract. Although legislators have put an end to this initiative, the Group continues to implement its policy through the following measures:

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

Measures to promote the employment and integration of disabled people

The CNIM Group has forty-five disabled employees, representing 1.9% of the workforce. Five disabled persons were recruited in 2017.

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. To that end, the Group offers disabled employees three non-working days in which they can take the necessary steps with the authorities to obtain recognition as a disabled worker. A disabled employee may benefit from:

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

3.5 Promotion of social dialogue

3.5.1 Respecting freedom of association and the right to collective bargaining

Staff representation within the Group

Staff are represented within the CNIM Group in a variety of bodies.

Four members of CNIM La Seyne-sur-Mer's Establishment Committee are appointed to represent staff on the CNIM SA Supervisory Board. Three members of the CWC are also appointed, along with three deputies, to the Supervisory Board of the CNIM Participation fund. A representative of employee shareholders is also a member of the CNIM SA Supervisory Board. Two members of the CWC are also elected to attend General Meetings of CNIM shareholders.

Finally, the ten staff representative positions on the Group Works Council are divided between the four labor union confederations present in the Group. Without substituting for the representative bodies of individual entities in the CNIM Group, the Group Council acts as an advisory body on Group strategy. It is designed to be a forum for discussion and debate, thereby ensuring the reciprocal sharing of information between Group management and staff representatives. Going beyond its legal obligations, CNIM Group management has made a Group-level agreement whereby all trade unions representing staff members can nominate a union representative. These measures reflect CNIM's desire to promote constructive labor relations across the widest possible range of issues.

3.5.2 Organization of labor relations

The Group is committed to the quality of labor relations within the different companies that form a part of it. By establishing common principles, and then bargaining where necessary, different subjects are broached with management and labor in order to accommodate the special features and the diversity of the Group. Employee safety is an absolute priority. Health and safety in the workplace thus continues to be a focus area for ongoing measures with ambitious targets, and labor relations have an important role to play in this respect. All the Health, Safety and Working Conditions Committees within the various companies are focused on this issue.

In a multi-activity group like CNIM, labor relations are organized at all legal levels of the business: group (Group Works Council), company (Central Works Council) and site (Employee Representatives; Works Council; Health, Safety and Working Conditions Committee). Site-level meetings take place monthly, with extraordinary meetings being held to respond to exceptional requests, address particular topics or consult the representatives on specific projects.

Regular negotiations are also held with trade unions, enabling dialogue to be held on a wide range of subjects such as work/life balance, combating discrimination, working hours, salaries and profit-sharing. As well as responding to staff concerns reported by the representatives, labor relations constitutes a vital route for supporting change management, the quality of life at work and the Group's needs to adapt to its markets.

Over 78% of staff are covered by one of the following collective labor agreements:

- the collective labor agreement on the metalworking industry (at both national and regional level);
- the collective labor agreement on the waste industry;
- the national collective labor agreement on executives, engineers and equivalent employees of companies managing thermal and air conditioning plant operations;
- the national collective labor agreement on blue-collar workers, employees, technicians and supervisors of thermal plant operations;
- the collective labor agreement for engineering firms/engineering consultancies/consultancy firms;

CNIM Group internal opinion barometer

In 2016, the Group Human Resources Department launched CNIM's third internal opinion survey, following on from those conducted in 2012 and 2014. This time, the pool of survey subjects was widened significantly to cover all of the Group's employees in France; the goal for the longer term is to cover every company in the Group.

Staff were questioned about their perceptions of their job as well about changes, management, working conditions, pay and benefits and internal communications. The wording of the questions was the same as in the two previous surveys, so that changes could be measured.

The results of the barometer showed that 97% of staff members surveyed believe they have the right skills to perform their job, while 87% state that they are satisfied and motivated in terms of the interest level of their work and their degree of independence and 86% say they can count on their co-workers in the event of a problem.

An action plan based on the barometer has been put in place. Its roll-out started in 2017 and will continue in 2018. The focus areas of this plan relate to the improvements identified through employee feedback, internal communications, the development of managerial skills and the visibility of career opportunities, which needs improvement. The survey will be carried out again in 2018 to determine the effects of the action plan launched in 2017.

3.5.3 Collective labor agreements signed in 2017

The CNIM Group has good labor relations with management and labor. In France, these good relations enabled agreements in several areas to be signed in 2017: staff pay, diversity management, working arrangements and health and safety at work.

Occupational pay agreements signed in 2017:

- Voluntary profit-sharing scheme: CNIM SA, LAB SA, SUNCNIM and BERTIN IT;
- Statutory profit-sharing scheme: CNIM SA and BERTIN IT;
- Workplace Savings Scheme: LAB SA and BERTIN IT;
- Mandatory annual bargaining rounds: BERTIN Technologies;
- Holiday bonuses: BERTIN IT.

Mandatory annual bargaining rounds at CNIM began in the fourth quarter of 2017 and concluded in an agreement signed in 2018.

Agreements signed in 2017 on working arrangements:

- Adjustment and reduction of working hours: CNIM SA's La Seyne-sur-Mer site (working time and rest time for white-collar workers on a fixed number of working days);
- Adjustment and reduction of working hours: BERTIN Technologies (length and granting of additional rest days for blue-collar workers at the Thiron Gardais site);
- Adjustment and reduction of working hours: BERTIN IT;
- Solidarity day: BERTIN IT.

Agreement signed in 2017 on diversity management:

- Gender equality in the workplace at BERTIN IT.

Agreements signed in 2017 on health and safety in the workplace:

- Healthcare costs at CNIM SA, LAB SA and BERTIN IT.

Other agreements signed in 2017:

- Amendment to the substitution and adaptation agreement at SUNCNIM.

3.6 Our environmental commitment

Under Article L-225-102-1, “where subsidiaries or controlled companies have locations in France and constitute classified facilities subject to authorization or registration, the information provided shall relate to each of them where this information is not of an aggregatable nature.”

Given the impossibility of aggregating all of the sites, the choice has consequently been made to publish detailed data in accordance with the law.

Numerical environmental data is thus presented as follows:

- detailed data for the CNIM La Seyne-sur-Mer site;
- aggregate data for French facilities classified under the A2771 régime;
- aggregate data for French facilities classified under the A2910-A-1 régime;
- aggregate data for the other sites, namely the sites outside France and the facilities based in France that do not contain classified facilities subject to authorization or registration.

Furthermore, 9 sites included in the data for 2017 were Classified Facilities for Environmental Protection purposes (ICPEs) under French law:

- La Seyne-sur-Mer (83) production site;
- Operation of the Estrées-Mons (80) biomass cogeneration plant;
- Operation of the Nesles biomass plant (80);
- Household waste composting unit, Lantic (22);
- Saint-Pantaléon-de-Larche waste-to-energy plant (19);
- Household waste incineration unit, Plouharnel (56);
- Pluzunet waste-to-energy plant (22);
- Thiverval Grignon waste sorting facility (78);
- Thiverval Grignon waste processing centre (78);

3.6.1 General policy on environmental management, and QSE policy

Within the framework of the sustainable development policy and its environmental responsibility, the Group has adopted a preventive approach toward the environmental impact of its activities, as it has for all the risks that it must manage.

Environmental management is closely linked to the preventive measures undertaken in relation to health and safety at work.

Legislative and technological surveillance, training, information and communication with its employees and external contacts (customers, suppliers, subcontractors and authorities) are the basis for the Group Quality, Health, Safety and Environment policy.

Several subsidiaries or sites of the Group have for a number of years made an effort to reduce the ecological footprint of their activities, whether they are production, research or engineering sites.

Each company has a Health, Safety and Environment Director who ensures that legislation is observed and preventive measures are implemented in relation to:

- noise pollution;
- waste treatment;
- land pollution;
- air pollution;
- the control of hazardous products.

All provisions are monitored, documented and their compliance with the legislation and the regulatory framework can be demonstrated at any time.

All of these matters are also discussed at meetings of the Health and Safety Committees of the various companies.

In 2017, the Group did not incur any fines or non-pecuniary penalties for failure to comply with environmental legislation and regulations.

The Group's know-how is used to improve the energy efficiency of the facilities designed, made, maintained or operated by the Group in all its activities and in the Environment and Energy Management Sector in particular. The Group is keen to improve the reliability and performance of its products and services in terms of energy efficiency and reduction in emissions so as to allow its customers to achieve their own objectives.

These arrangements have placed the Group in a position where it has not had to pay any compensation during this financial year in respect of court decisions relating to environmental matters, and has not had to make any provisions for risk in this regard.

- **Environment & Energy Sector**

The CNIM EPC Contracts Business Division provides its clients with waste and biomass recovery processes based on the Best Available Techniques (BATs) in the areas of environmental protection, energy efficiency and waste reduction.

To the end, Management endeavours to:

- optimize, as early as the tender phase, facilities' environmental performances, in accordance with clients' instructions and applicable regulations;
- take the necessary steps to protect the environment, and provide the necessary resources while complying with statutory and regulatory obligations applicable to worksites;
- ensure compliance with regulatory thresholds for airborne emissions during commissioning activities, and obtain the expected environmental performance from the facility;
- introduce a continuous improvement programme based on:
 - assessing environmental impacts;
 - implementing resources to prevent pollution, and to reduce and control our impacts,
 - periodic assessment of our performances on environmental protection.
- Train and raise awareness among staff about environmental protection;
- Promote this initiative with our sub-contractors and partners;
- Promote communications with interested parties.

The Waste & Energy Management Solutions (WEMS) Business Division uses an integrated and certified QHSE management system, with a view to ensuring the success and sustainable development of its business activities through continuous improvement, depending on the opportunities and the assessment of risks:

- Development of all forms of risk prevention in relation to our activities in the areas of health, safety and the environment;
- Compliance of our practices with regulations and other application obligations;
- Satisfaction of Clients and other stakeholders over the long term;
- Quality of the performance of products and services, based on Best Available Techniques (BATs), innovation and R&D, as well as the evaluation of feedback;
- The environmental footprint of its products and services, in terms of waste recovery, the consumption of resources, emissions into the air, ground and waste, minimizing reagent consumption and the production of residues.

- **Environmental certifications**

The Group's commitment to environmental management can be seen in the number of certifications it has obtained. This continuous improvement programme will be continued in 2018 and will target certification of further sites under ISO 14 001 or ISO 50 001.

	COMPANY	SITES/ACTIVITIES	CERTIFICATE		
			ISO 14 001	ISO 50 001	Other
ENVIRONMENT & ENERGY SECTOR	CNIM SA EPC division	Paris, La Seyne-sur-Mer, Saint Aubin	o		
	CNIM SA WEMS division	Paris, La Seyne-sur-Mer	o		
	LAB SA	Lyon, La Seyne-sur-Mer	o		
	CNIM THIVERVAL GRIGNON	Waste processing site	o		
		Thival Grignon sorting centre	o		
	CNIM OUEST ARMOR	Waste processing site at Pluzunet	o	o	
		Waste composting and green algae processing site at Lantic	o		
	CNIM CENTRE France	Saint Pantaléon de Larche waste processing site.	o		
	CNIM TERRE ATLANTIQUE	Waste processing site at Plouharnel	o		
	MES ENVIRONMENTAL LTD	Waste processing site at Dudley	o		
Waste processing site at Stoke on Trent		o			
Waste processing site at Wolverhampton		o			
INNOVATION & SYSTEMS SECTOR	CNIM Transport Equipment	Foshan (China)	o		
	CNIM Singapore	Singapore	o		
	BERTIN Technologies	Montigny le Bretonneux, Aix-en-Provence, Tarnos, Thiron Gardais, Saint Aubin	o		
		Montigny le Bretonneux, Thiron Gardais, Montbonnot			
	Énergie Process Environnement - Tarnos	o		OPQIBI	

*Note: the new certifications achieved in 2017 are highlighted in yellow

3.6.2 Employee training and information on environmental protection

In 2017, ten Group companies were certified under ISO 14 001 and/or ISO 50 001; a total of 19 sites thus incorporate environmental issues into their management systems. Over a thousand employees are thus regularly trained in and/or familiarized with the various continuous improvement programs that aim to enhance our ability to anticipate and counteract environmental risks.

3.6.3 Provisions and guarantees for environmental risks

A regulatory watch and compliance assessments are conducted in the Group's various sectors and subsidiaries so as to minimize risks. No risks were identified after these assessments, and therefore no provision has been made in the accounts for environmental risks.

In terms of guarantees for environmental risks, the CNIM Group has an "environmental breaches and damage" insurance policy that covers losses incurred by third parties and damage to the environment. The guaranteed amounts vary depending on the type of insurance cover provided in the contract.

3.7 Limiting our environmental impact and working to reduce that of our customers

3.7.1 Waste management and waste-reduction measures

3.7.1.1 Waste management

Waste from waste-to-energy centres

Aggregated sites under the A2771 régime		Aggregated sites under the A2910-A-1 régime		Non-French sites	
OUTGOING TONNAGES		OUTGOING TONNAGES		OUTGOING TONNAGES	
TYPE	(T)	TYPE	(T)	TYPE	(T)
Bottom ash and fly ash	57,111	Bottom ash and fly ash	6,251	Bottom ash and fly ash	268,779
Flue-gas cleaning residues from household waste incineration and salts	7,623	Flue-gas cleaning residues from household waste incineration and salts	-	Flue-gas cleaning residues from household waste incineration and salts	30,172
Ferrous metals	5,391	Ferrous metals	-	Ferrous metals	13,196
Other	35	Other	-	Other	14,499

Reuse of waste: the waste incineration bottom ash is reused in road engineering processes.

Waste from CNIM Environment Division sites

CNIM SA: Environment Division sites*	
OUTGOING TONNAGES	
TYPE	(T)
NHIW	296
Timber	180
Metal	42
Other	15

*Sites included: Beddington, Kemsley, Llo.

In respect of short-term worksites that last no longer than a few months, waste is processed in accordance with clients' existing procedures.

Waste from third-party sites

THIRD-PARTY SITES*	
OUTGOING TONNAGES	
TYPE	(T)
Paper/cardboard	26
Miscellaneous NHIW	20
Timber	4
Scrap metal	3
WEEE	3

*Note: the quantities of waste from some third-party sites, collected by a local authority, are not known.

Waste from industrial sites

Industrial sites	
OUTGOING TONNAGES	
TYPE	(T)
Metal	1131
NHIW	126
Timber	50
Paper/cardboard	10

Waste from the La Seyne-sur-Mer site

Site La Seyne-sur-Mer	
OUTGOING TONNAGES	
TYPE	(T)
Scrap steel	523
Soil and rocks	150
NHIW	126
Soapy water	68
Sand	52
Timber	50
Cutting oil	41
Aluminium and aluminium scrap	34
Stainless steel	31
Paper and cardboard	15
Paints/resins/fillers/glue	13
Photographic developer and fixer	10
Black oil	8
Soiled packaging	5
Tyres	4
Non-halogenated solvents	3
Oil-contaminated water	2

Over 83% of waste was directed toward the following channels:

- for use mainly as fuel or another way in which to produce energy;
- for the recycling or recovery of metals and metallic compounds;
- for the recycling or recovery of other inorganic materials.

*Excluding the Lab Washington site, where the process aims to recover metals from final waste (ash).

It should be noted that there is no waste processing business in some of the countries in which the CNIM Group operates.

3.7.1.2 Measures taken to improve waste recovery, recycling and reuse

CNIM is to deliver the first turnkey energy recovery unit in Serbia and the Balkans

CNIM has signed an agreement with the SPV SUEZ&ITOCHEM consortium for the delivery of the future turnkey waste energy recovery unit in Belgrade, which is to be built at the Vinča landfill site. Open since 1977, this landfill site covers more than 68 hectares and the 2,700 tonnes of waste which are unloaded there on a daily basis are a significant source of pollution. Every year, the energy recovery unit will convert 340,000 of the 510,000 tonnes of waste generated annually by the city into electricity. SPV SUEZ&ITOCHEM will be responsible for operating the plant for a period of 25 years. This is the first plant of this type to be built in Serbia and in the Balkans.

Valaubia project

In 2017, CNIM entered into a contract concerning the supply, installation and commissioning of the Process work package for the waste-to-energy plant in Troyes. An initial service order was issued under this contract in 2017, covering studies relating to the planning application and design studies for the planned plant's principal equipment systems. The plant will process half of the household waste produced by the Aube department, i.e. 60,000 tonnes, as well as 5,000 tonnes of non-hazardous industrial waste and 10,000 tonnes of wood. The waste-to-energy plant will supply energy to local industries, heat homes and generate electricity. It will generate 41 GWh of electricity, equivalent to the power consumption of nearly 50,000 people, as well as 60 GWh of thermal energy, covering the consumption of nearly 8,900 people. Delivery is scheduled for 2020.

Syctom and CNIM lay the foundation stone of the future selective waste sorting plant in Paris XVII

On 10 November 2017, Jacques Gautier, the Chairman of Syctom and Stanislas Ancel (member of CNIM's Management Board and Chief Executive of the Environment & Energy sector), laid the foundation stone of the future selective waste sorting plant in Paris XVII. Located in the new Clichy-Batignolles neighbourhood, this high-capacity, fully automated centre will recover recyclable waste from more than 900,000 residents by 2019. This cutting-edge, high-performance plant will be able to treat up to 15 tonnes per hour using its 13 optical sorting machines. Well-suited to sorting new plastics as part of the extended sorting instructions, it will enable us to go a step further in the recycling of household packaging and will help us to meet the legal target of recycling 75% of household packaging.

Sterilwave, the innovation of the year

Sterilwave was named the 2017 Innovation of the Year in the UK healthcare sector: this title was achieved by the Sterilwave site at the Whipps Cross NHS hospital, operated by our partner Eurotec Environmental Limited. The price acknowledges the installation of the first site in the United Kingdom for converting potentially infectious hospital waste - an economic and ecological alternative to traditional off-site collection and elimination. Sterilwave is currently the only technology approved by the United Kingdom authorities for converting hospital waste.

Between 2 and 2.5 tonnes of potentially infectious hospital waste are treated each day by Sterilwave at the Whipps Cross hospital. Once converted by Sterilwave, the waste is classified as refuse-derived fuel (RDF) or solid recovered fuel (SRF) with the European waste code EWC 19 12 10. With an average calorific value of 14mj/kg, the converted waste that leaves Sterilwave is compacted into a 20-tonne container and sent as fuel to be burned in ovens at heavy industry sites (e.g. cement plants) or waste-to-energy centres.

Ash treatment: recovery and reuse of all metal residues within ash

Since acquiring the technology and assets of Geodur Recycling AG in April 2013, LAB has offered solutions and services in relation to bottom ash treatment and the recovery of ferrous, non-ferrous and precious metals. There are two specific metal extraction processes: RecuLAB™ NF, a dry process that enables non-ferrous metals to be extracted from coarse particulates and RecuLAB™ Au, a wet process that allows precious metals such as gold and silver to be recovered from fine particulates.

LAB signed two contracts to build plants utilizing these two processes in 2015 in Washington state, USA and in the Zurich region in Switzerland. Both contracts were delivered in 2016. The facilities in question are now operational.

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 2017, the partnership on the management of the Group's end-of-life IT equipment collected 6.5 tonnes of equipment, with a reuse rate of almost 64%. The direct environmental impact of this activity were savings of 229,000 liters of water and 78 tCO2e. 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.

Sorting and recycling of tertiary waste

In 2017, the partnerships on the collection, sorting and recycling of tertiary waste were extended: they now cover 6 sites, and have led to the recycling of 26 tonnes of paper and cardboard.

3.7.1.3 Measures taken to reduce food waste

The CNIM Group does not buy, process, distribute or sell food products. Furthermore, only two companies in the Group, representing 10% of the workforce covered by this report, have a workplace canteen. Food waste is therefore a minor issue for the Group, and no specific action plan has been established for this topic other than the vigilance and common-sense measures that the Group applies to all of its consumption and waste.

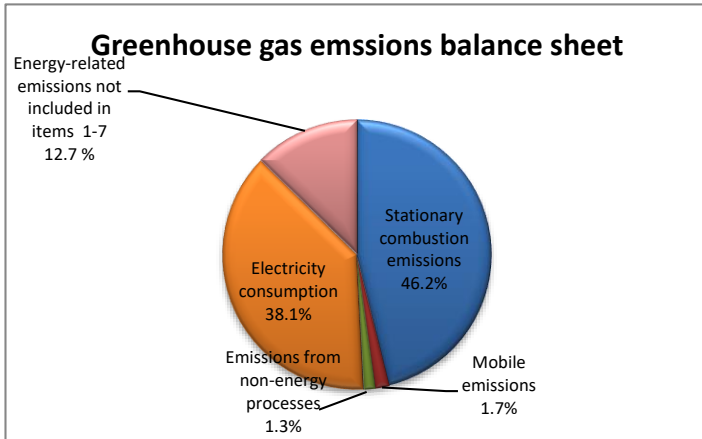
3.7.2 Greenhouse gases and measures to reduce and purify air emissions

3.7.2.1 Greenhouse gas emissions

For the La Seyne-sur-Mer site

At the La Seyne-sur-Mer site, scope 1 and 2 greenhouse gas emissions in 2017 for aggregated sites under the A2910-A-1 régime were 1,537 tCO₂e, with uncertainty of 7%.

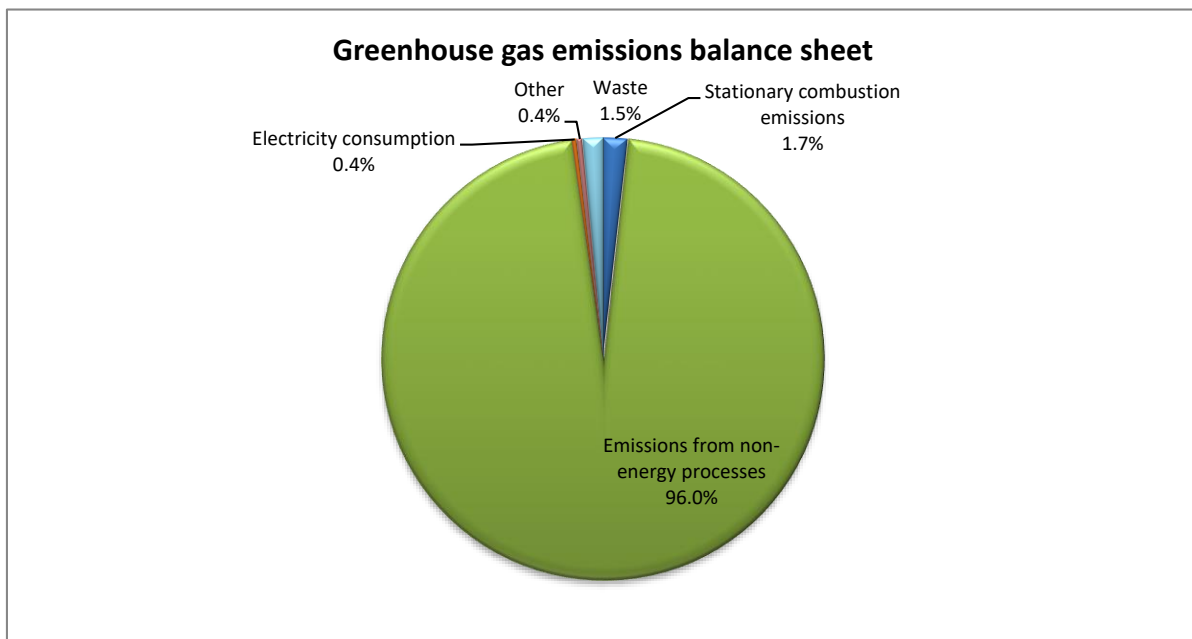
Emissions categories	Numbers	Emissions headings	Values							Avoided emissions Total (t CO ₂ e)
			Greenhouse gas emissions							
			CO ₂ (tonnes)	CH ₄ (tonnes)	N ₂ O (tonnes)	Other gases (tonnes)	Total (t CO ₂ e)	CO ₂ , b (tonnes)	Uncertainty (t CO ₂ e)	
Direct greenhouse gas emissions	1	Stationary combustion emissions	802	2	9	0	814	1	40	0
	2	Mobile emissions	30	0	0	0	30	5	1	0
	3	Emissions from non-energy processes	0	0	0	0	23	0	7	7
	4	Fugitive emissions	0	0	0	0	0	0	0	0
	5	Biomass emissions (soils and forests)								
		Sub-total	832	2	10	0	866	6	41	7
Indirect emissions associated with energy	6	Indirect emissions associated with electricity consumption	671	0	0	0	671	0	67	0
	7	Indirect emissions associated with vapor, heat or cold energy consumption	0	0	0	0	0	0	0	0
		Sub-total	671	0	0	0	671	0	67	0
Other indirect greenhouse gas emissions	8	Energy-related emissions not included in items 1-7	167	55	1	0	223	-6	10	0
	9	Purchased goods and services	0	0	0	0	0	0	0	0
	10	Capital property	0	0	0	0	0	0	0	0
	11	Waste	0	0	0	0	0	0	0	0
	12	Upstream goods transport	0	0	0	0	0	0	0	0
	13	Journeys/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	Upstream 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 franchising	0	0	0	0	0	0	0	0
	21	Downstream leasing	0	0	0	0	0	0	0	0
	22	Commuting	0	0	0	0	0	0	0	0
23	Other indirect emissions	0	0	0	0	0	0	0	0	
		Sub-total	167	55	1	0	223	-6	10	0



Aggregated French sites under the A2771 régime

Scope 1 and 2 greenhouse gas emissions in 2017 for aggregated sites under the A2771 régime were 115,135 tCO₂e, with uncertainty of 11%.

Emissions categories	Numbers	Emissions headings	Values						Avoided emissions Total (t CO ₂ e)	
			CO ₂ (tonnes)	CH ₄ (tonnes)	N ₂ O (tonnes)	Other gases (tonnes)	Total (t CO ₂ e)	CO ₂ b (tonnes)		Uncertainty (t CO ₂ e)
Direct greenhouse gas emissions	1	Stationary combustion emissions	2,026	4	18	0	2,047	4	60	0
	2	Mobile emissions	0	0	0	0	0	0	0	0
	3	Emissions from non-energy processes	46,608	5	533	0	112,677	0	12,740	18,822
	4	Fugitive emissions	0	0	0	0	0	0	0	0
	5	Biomass emissions (soils and forests)	0	0	0	0	0	0	0	0
		Sub-total	48,634	8	551	0	114,724	4	12,740	18,822
Indirect emissions associated with energy	6	Indirect emissions associated with electricity consumption	411	0	0	0	411	0	24	0
	7	Indirect emissions associated with vapor, heat or cold energy consumption	0	0	0	0	0	0	0	0
		Sub-total	411	0	0	0	411	0	24	0
Other indirect greenhouse gas emissions	8	Energy-related emissions not included in items 1-7	362	89	1	0	452	-4	12	0
	9	Purchased goods and services	0	0	0	0	0	0	0	0
	10	Capital property	0	0	0	0	0	0	0	0
	11	Waste	1,497	0	243	0	1,740	0	11,158	11,693
	12	Upstream goods transport	0	0	0	0	0	0	0	0
	13	Journeys/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	Upstream 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 franchising	0	0	0	0	0	0	0	0
	21	Downstream leasing	0	0	0	0	0	0	0	0
	22	Commuting	0	0	0	0	0	0	0	0
	23	Other indirect emissions	0	0	0	0	0	0	0	0
		Sub-total	1,859	89	244	0	2,192	-4	11,158	11,693

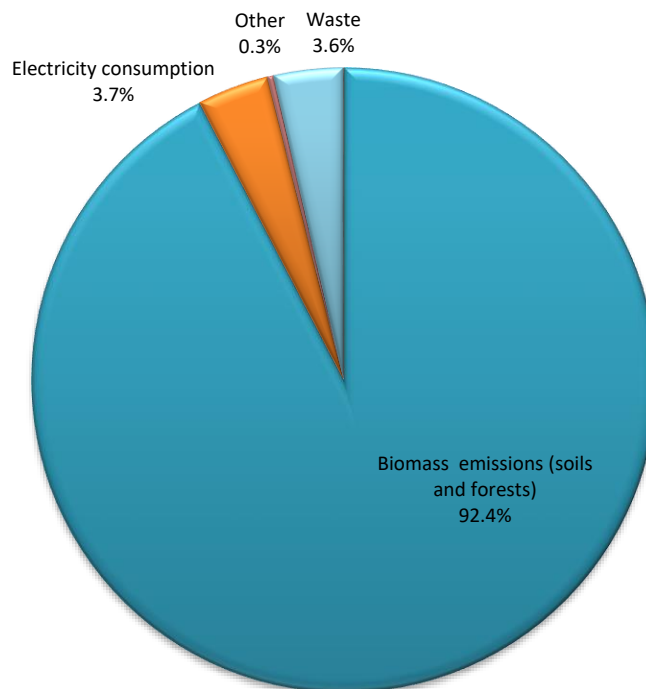


Aggregated French sites under the A2910-A-1 régime

Scope 1 and 2 greenhouse gas emissions in 2017 for aggregated sites under the A2910-A-1 régime were 24,769 tCO₂e, with uncertainty of 6%.

Emissions categories	Numbers	Emissions headings	Values						Avoided emissions		
			Greenhouse gas emissions								
			CO ₂ (tonnes)	CH ₄ (tonnes)	N ₂ O (tonnes)	Other gases (tonnes)	Total (t CO ₂ e)	CO ₂ b (tonnes)		Uncertainty (t CO ₂ e)	Total (t CO ₂ e)
Direct greenhouse gas emissions	1	Stationary combustion emissions	0	0	0	0	0	0	0	0	0
	2	Mobile emissions	0	0	0	0	0	0	0	0	0
	3	Emissions from non-energy processes	0	0	0	0	2	0	7	7	7
	4	Fugitive emissions	0	0	0	0	0	0	0	0	0
	5	Biomass emissions (soils and forests)	18,904	0	0	0	23,807	213,126	1,471	1,471	0
		Sub-total	18,904	0	0	0	23,809	213,126	1,471	0	0
Indirect emissions associated with energy	6	Indirect emissions associated with electricity consumption	960	0	0	0	960	0	96	96	0
	7	Indirect emissions associated with vapor, heat or cold energy consumption	0	0	0	0	0	0	0	0	0
		Sub-total	960	0	0	0	960	0	96	96	0
Other indirect greenhouse gas emissions	8	Energy-related emissions not included in items 1-7	82	55	1	0	82	-6	8	8	0
	9	Purchased goods and services	0	0	0	0	0	0	0	0	0
	10	Capital property	0	0	0	0	0	0	0	0	0
	11	Waste	829	0	96	0	925	0	284	400	0
	12	Upstream goods transport	0	0	0	0	0	0	0	0	0
	13	Journeys/travel	0	0	0	0	0	0	0	0	0
	14	Upstream leasing	0	0	0	0	0	0	0	0	0
	15	Investments	0	0	0	0	0	0	0	0	0
	16	Visitor and customer transport	0	0	0	0	0	0	0	0	0
	17	Upstream goods transport	0	0	0	0	0	0	0	0	0
	18	Use of products sold	0	0	0	0	0	0	0	0	0
	19	End-of-life of products sold	0	0	0	0	0	0	0	0	0
	20	Downstream franchising	0	0	0	0	0	0	0	0	0
	21	Downstream leasing	0	0	0	0	0	0	0	0	0
	22	Commuting	0	0	0	0	0	0	0	0	0
23	Other indirect emissions	0	0	0	0	0	0	0	0	0	
		Sub-total	911	0	96	0	1,008	0	284	400	

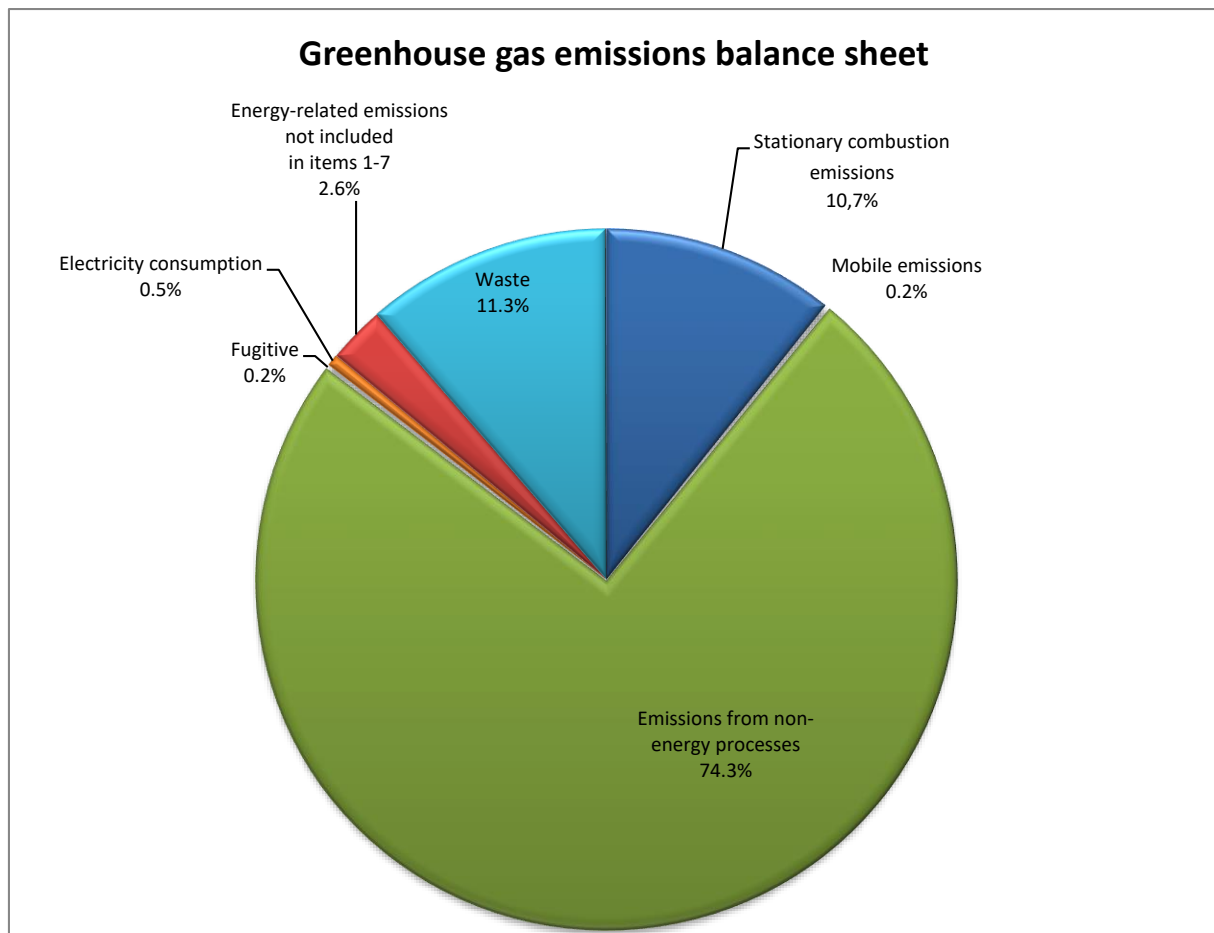
Greenhouse gas emissions balance sheet



For other sites

For other sites, namely the companies sites outside France and the facilities based in France that do not contain classified facilities subject to authorization or registration, aggregated scope 1 and 2 greenhouse gas emissions in 2017 were 344,021 tCO₂e, with uncertainty of 25%.

Emissions categories	Numbers	Emissions headings	Values						Avoided emissions	
			Greenhouse gas emissions							
			CO ₂ (tonnes)	CH ₄ (tonnes)	N ₂ O (tonnes)	Other gases (tonnes)	Total (t CO ₂ e)	CO ₂ b (tonnes)		Uncertainty (t CO ₂ e)
Direct greenhouse gas emissions	1	Stationary combustion emissions	42,425	57	401	0	42,883	1,442	2,626	0
	2	Mobile emissions	974	1	9	0	983	193	30	0
	3	Emissions from non-energy processes	277,589	0	0	58	297,209	0	86,663	139,390
	4	Fugitive emissions	0	0	0	725	725	0	217	217
	5	Biomass emissions (soils and forests)	0	0	0	0	0	0	0	0
		Sub-total	320,988	58	410	783	341,800	1,635	86,703	139,608
Indirect emissions associated with energy	6	Indirect emissions associated with electricity consumption	2,187	0	0	0	2,187	0	87	0
	7	Indirect emissions associated with vapor, heat or cold energy consumption	35	0	0	0	35	0	8	0
		Sub-total	2,221	0	0	0	2,221	0	88	0
Other indirect greenhouse gas emissions	8	Energy-related emissions not included in items 1-7	8,518	1,657	323	0	10,498	-1,635	158	0
	9	Purchased goods and services	0	0	0	0	0	0	0	0
	10	Capital property	0	0	0	0	0	0	3	0
	11	Waste	40,938	0	4,302	0	45,240	18	11,178	20,468
	12	Upstream goods transport	0	0	0	0	0	0	0	0
	13	Journeys/travel	157	0	0	0	157	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	Upstream 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 franchising	0	0	0	0	0	0	0	0
	21	Downstream leasing	0	0	0	0	0	0	0	0
	22	Commuting	0	0	0	0	0	0	0	0
23	Other indirect emissions	0	0	0	0	0	0	0	0	
		Sub-total	49,613	1,657	4,625	0	55,895	-1,617	11,179	20,468



Emissions avoided

The Carbon Accounting method estimates the emissions avoided by a certain activity. In the case of CNIM, this activity is waste-to-energy reprocessing and the recycling of materials.

Avoided emissions: emissions that would have been generated in order to produce the same quantity of energy or raw material according to conventional production methods (national energy mix).

In 2017, the CNIM Group sites outside France enabled the following emissions to be avoided:

- 3,676 tCO₂e at aggregated French sites under the A2771 régime;
- 98,225 tCO₂e at aggregated French sites under the A2910-A-1 régime;
- 157,339 tCO₂e at non-French sites.

	Emissions factor	Aggregated sites under the A2771 régime
	kgCO ₂ e/MWh	MWh
Electricity sold in France	56*	39,307
Heat sold in France	279	92,941
Emissions avoided (tCO₂e)		36,767 tCO₂e

	Emissions factor	Aggregated sites under the A2910-A-1 régime
	kgCO ₂ e/MWh	MWh
Electricity sold in France	56*	225,049
Heat sold in France	279	306,890
Emissions avoided (tCO₂e)		98,225 tCO₂e

	Emissions factor	Non-French sites
	kgCO ₂ e/MWh	MWh
Electricity sold in the UK	505	161,231
Electricity sold in Azerbaijan	473	141,577
Emissions avoided (tCO₂e)		157,339 tCO₂e

*The carbon database emissions factor is 72kgCO₂e/MWh for France, but 56kgCO₂e/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.

3.7.2.2 Measures taken to reduce and purify air emissions

Reducing polluting emissions

With regard to emissions of fumes and the associated environmental nuisances, LAB has developed and patented technologies that enable the emission levels of particulates, dioxins, sulphur, NO_x, mercury and other heavy metals to be kept down in a way that goes beyond the standards currently in force in Europe. LAB's projects often ensure that emissions fall far below the thresholds set by current environmental standards.

LAB wins a contract to install marine scrubbers on cruise ships

In 2017, LAB won a contract to install marine scrubbers on three cruise ships. This contract was performed in partnership with a major company in the French ship construction industry (an engineering and installation firm). LAB is responsible for the dimensioning, technical specifications, purchasing, manufacturing control and the commissioning of the equipment. On this contract, LAB is using the DeepBlueLAB® technology, the result of 15 years of R&D. Three scrubbers have already been installed on the first ship. They will clean more than 97.1% of sulphur dioxide emissions and 90% of fine particles larger than two microns, allowing the shipping company that owns the three ships to comply with the MARPOL directive, which seeks to reduce polluting emissions by ships.

Helsingør Kraftvarmeværk A/S chooses a smoke treatment created by LAB for its biomass electricity plant

In Denmark, the Helsingør thermal power plant is converting to biomass to meet the energy and environmental performance targets of Helsingør Kraftvarmeværk A/S, a major player in the utilities sector (a supplier of electricity, urban heating and water) and waste-to-energy processing in Denmark, in particular the reduction in CO₂ emissions. LAB has won a contract to design, engineer, install and commission a combined smoke treatment system, namely a process of the SecoLAB® type followed by a condensation and combustion air humidification system.

An in-depth technical analysis with a view to converting two coal-fired urban heating boilers (operated by CPCU) to use biomass exclusively

In 2017, CNIM Babcock Services conducted an in-depth technical analysis with a view to converting two coal-fired urban heating boilers (operated by CPCU Saint Ouen) to use biomass exclusively. In addition to this assessment, the company performed production tests. Converting to wood significantly cut NOx, sulphur and particulate emissions. As the site is located in a residential area, CNIM Babcock Services also carried out a joint study with Bertin Technologies, with the aim of abating noise and visual nuisances (including eliminating the plume) at the facility.

3.7.3 Sustainable use of resources

3.7.3.1 Water consumption and measures taken to reduce it

Based on the 2017 scope of analysis, the CNIM Group's total water consumption was 2,090,431 m³, 1,454,701 m³ of which (70 %) was recycled. The total breaks down as follows:

	Quantity La Seyne-sur-Mer site (m ³)	Quantity Aggregated sites under the A2771 régime (m ³)	Quantity Aggregated sites under the A2910-A- 1 régime (m ³)	Quantity other sites (m ³)
Total quantity of water consumed	13,439	285,518	1,456,091	333,713
Recycled water contained in total consumption figure		149,522	1,245,823	59,356

The recycled water is:

- either rainwater;
- or pumped directly from a cleaning station to be reused in the waste-to-energy process (with administrative authorization);
- or is the result of the reuse of water within the industrial process.

Four waste-to-energy plants are "zero waste": industrial and rain water are reused in the process. Three are located in France – Thiverval-Grignon, Pluzunet and Saint Pantaléon – while the fourth is the CNIM site in Azerbaijan.

3.7.3.2 Consumption of raw materials and efficiency measures

Optimizing raw materials procurement

CNIM Group's purchases mainly relate to complete equipment, on-site services, semi-finished items and intellectual creative services. This means that the raw materials component is limited and, as the Group's historical core business is boilermaking, it mostly consists of metallic raw materials (tubes, sheet metal, and so on).

The optimization of raw material consumption is a major issue for its waste-to-energy plant construction business as, on average, this type of plant requires 1,000 tonnes for the frame, 1,500 tonnes for the boiler and 250 tonnes for the pipework. The material consumption optimization process is systematically followed for the purchase of tubes, tanks, refractory materials, pipework and thermal insulation and is conducted in four stages:

- selection of the optimum material, which should represent the best compromise between the dimensioning (flow rate, pressure and temperature), conditions of use and price;
- optimization of the installed thicknesses, in accordance with the Pressure Equipment Directive (PED) construction code and the classes of lines;
- the cutting of the boiler, which must take transport dimensions into account;
- the lead time which, depending on the case, will allow, or preclude ordering finite lengths from steel producers, as opposed to receiving standard lengths that will result in more waste.

100% of metal waste leaves for reuse or recovery circuits.

Biomass sourcing

The two biomass-to-energy plants in Picardy mostly use wood chips from nearby forests, supplemented by shredded industrial wood waste.

The fuel sourcing radius largely covers Picardy plus smaller sections of the Champagne Ardenne and Upper Normandy.

Cogeneration means that the two facilities have high cycle yields of around 60%:

- Electricity is generated for the RTE electricity grid in France;
- Steam is generated for use by nearby industrial sites.

Achieving these high yields means that electricity can be sold into the grid at a subsidized price, under contracts made with the French Energy Regulation Commission.

3.7.3.3 Energy consumption

Data	Unit	Quantity La Seyne-sur-Mer site	Quantity Aggregated sites under the A2771 régime	Quantity Aggregated sites under the A2910-A-1 régime	Quantity Non-French sites*
City gas for heating and processes	kWh	4,360,885	5,641,000	-	85,462,219
Ordinary domestic fuel	L	-	247,643	300	420,329
Mobile sources of petrol fuel (light and heavy vehicles)	L	6,765	-	361	476,781
Non-road diesel	L	5,000	28,950	1,800	27,515
Mobile sources of petrol fuel	L	579	-	-	43,680
Forklift gas (propane)	kg	5,646	-	-	5,050
Process gases (acetylene)	m3	90	78	0	1,463
Electricity	kWh	8,488,764	5,200,000	30,928	66,225,850
Heating network	kWh	-	-	-	1,737,000

*Aggregate data for the other sites, namely the sites outside France and the facilities based in France that do not contain classified facilities subject to authorization or registration.

CNIM WEMS division and CNIM Ouest Armor obtain ISO 50001 certification

In 2017, CNIM WEMS obtained ISO 50001(*) certification for the factories operated through Group subsidiaries. This certification supplements the ISO 14001 and OHSAS 18001 certifications it previously obtained. In addition to demonstrating that energy aspects are prioritized in operating these plants, this certification allows CNIM's French customers to benefit from a reduction in the *Taxe Générale sur les Activités Polluantes* (General Tax on Polluting Activities). It should also be noted that, in 2017, the Pluzunet plant, operated by the subsidiary CNIM Ouest Armor (COA), obtained the ISO 50001 certification. This plant is the first CNIM plant to hold all three certifications.

3.7.3.4 Energy consumption reduction measures

Energy audits

Energy audits have been conducted in the various companies in the Group since 2015, in accordance with European Directive 2012/27/EU and the EN 16 247 standard. 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.

La Seyne-sur-Mer: a multi-year plan to cut consumption

At the La Seyne-sur-Mer site, the Group's principal site, the multi-year campaign of works initiated with the objective of reducing energy consumption is continuing. The main measures undertaken in 2017 were:

- all outside outdoor sodium spotlights have now been replaced by LEDs;
- work has continued on replacing indoor lights by LEDs and replacing light switches by individual sensors: work is complete in 900m² of office space;
- the fitting of solar protection films to reduce use of air conditioning in summer has finished: all tertiary buildings now have the films;
- the acquisition of software enabling consumption of all fluids to be firstly monitored and then ultimately controlled for each building: one complete site now has the software, which issues alerts in the event of abnormal consumption;
- the acquisition of four electric vehicles for on-site industrial maintenance, which have replaced carbon vehicles, and the introduction of recharging terminals for these vehicles and employees' vehicles.

Recovery of trapped energy

For over half a century, CNIM's technology has enabled energy trapped in household or other waste to be recovered. Such inherent energy would otherwise be little used or else lost entirely in landfills. Using this energy in place of traditional energy sources helps to conserve resources.

In 2017, the sites operated by the CNIM Group produced and sold 342,115 MWh of electricity and 92,941 MWh of heat, broken down as follows:

	Non-French sites	French sites
	MWh	MWh
Electricity sold	302,808	39,307
Heat sold		92,941

Bertin is supporting SITCOM is reducing its greenhouse gas emissions

In December 2017, SITCOM (the inter-municipal household waste collection and treatment syndicate) for Côte Sud des Landes signed a CO2 Target Charter in partnership with the French Ministry of the Environment and France's Agency for Environment and Energy Management. Through this partnership, the syndicate undertakes to reduce the fuel consumption of its collection vehicles and the associated greenhouse gas emissions.

The syndicate, which has a fleet of more than 80 HGVs, has targeted an 8% reduction its fuel consumption from 2018 onwards.

Bertin Énergie Environnement carried out a technical and economic study with a view to identifying alternative solutions to diesel. This study led Bertin Énergie Environnement to propose structural changes (reduction at source) and a multi-year investment plan to gradually replace the fleet with operational technologies that will limit CO2 emissions.

The proposed plan covers 46 vehicles and will enable 180 tonnes/year of CO2 emissions to be avoided.

3.7.3.5 Development of services helping to improve our customers' energy efficiency

Energy efficiency at waste treatment plants

CNIM, the global leader in the construction of waste-to-energy plants, has long aligned the energy performance of its buildings with respect for the environment. CNIM pioneered energy efficiency in 2005 when it built a plant in Bilbao which combines waste incineration and a recovery boiler with a gas turbine that enables steam to be superheated and re-superheated to 540°C. This combination allows waste to be treated in an extremely energy-efficient way.

The experience the company has gained, along with the development of new low-corrosion alloys, means that CNIM is now able to offer highly advanced thermal cycles (steam pressure and temperature) that help customers improve their energy performance by around 10%.

An innovative smoke treatment from LAB for the Waste-to-Energy plant at Kaunas in Lithuania

LAB, a subsidiary of the CNIM Group, has won a contract to supply a turnkey smoke treatment facility for the new waste-to-energy plant at Kaunas, the second largest city in Lithuania. LAB's services will include the design, engineering, manufacturing, construction and commissioning of a smoke treatment facility with condensing unit that recovers the energy contained in the smoke. The plant, which will be delivered in 2020, will produce electricity and heat from the waste. Fitted with a unit with a waste capacity of 200,000 tonnes of waste per year, it will produce 24 MW of electricity and 70 MW of heat, of which approximately 22MW will be generated by the smoke condensing unit. It will provide 40% of the city of Kaunas's heat.

In Høfor, work has started on the smoke treatment and condensing units

Copenhagen in Denmark has set itself the target of no longer using fossil fuels by 2025. The development of the BIO4 Energiproduktion facility, owned by the HOFOR Group, forms part of the conversion to biomass of the Amagerværket cogeneration plant, where the former coal-powered heat production unit will be replaced by a unit that will solely process wood chips. After receiving an order in 2016 to design, engineer, supply, source, install and commission smoke treatment and condensing units for the BIO4 facility, LAB began work in 2017, raising the first fittings, in particular the first portion of the chimney. The new unit's production capacity is 150 MW of electricity and 415 MW of heat on the urban heating network, including 125 MW obtained solely through the condensation of smoke. This will be the largest condensing facility in Europe.

CNIM is helping the world leader in bricks to improve its energy efficiency

The CNIM Group was chosen by Wienerberger to equip one of its factories in the Linz region in Austria with a full heat recovery system. Developed by CNIM working very closely with Wienerberger, this system is based on an original design for an absorption heat pump. It recovers energy lost in the form of hot air when leaving the drying oven. Wienerberger will be able to save the equivalent of 500 kW of gas in pre-heating the oven.

CNIM has been awarded a contract to modernize the waste-to-energy site at Thiverval-Grignon (France)

At the end of 2016, CNIM was awarded a Design-Build-Operate-Maintain (DBOM) contract for the energy optimization of the Thiverval-Grignon waste-to-energy centre. The centre is able to process an average of 200,000 tonnes of waste each year, as well as 20,000 tonnes of sludge from urban or rural wastewater plants. The project consists in optimizing the waste-to-energy centre in order to respond to the following challenges:

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

3.7.4 Contributing to the development of renewable energy use

3.7.4.1 Solar energy

SUNCNIM continues building the Llo concentrated solar power plant

In 2017, SUNCNIM continued its building work at the Llo concentrated solar power plant in the Pyrénées-Orientales region. It will be operated by SUNCNIM from 2018 onwards. This will be the first concentrated solar power plant in the world to use Fresnel technology with the ability to store several hours' worth of power. The plant will have a thermal energy storage unit and will produce 9 MW of renewable electricity for export to the EDF grid – enough to supply power to over 6,000 households. Eco-designed and with 100% recyclable or reusable components, it will use SUNCNIM's Fresnel mirror technology, based on capturing thermal energy through mechanically driven mirrors which focus the sun's rays onto a receptor, the solar boiler. This generates thermal energy which can be stored or converted into electricity via a steam generation cycle.

3.7.4.2 Biomass

European Directive 2009/28/EC of April 23, 2009 on the promotion of the use of energy from renewable sources defines the biodegradable fraction of industrial and municipal waste as being biomass, and biomass as one of the non-fossil sources of renewable energy. As more than half of the carbon content of municipal waste is non-fossil in origin, half of the energy derived from its combustion is thus considered to be renewable energy.

Energy production from biomass

CNIM designed, built and now operates two biomass cogeneration facilities which treat clean biomass obtained from forestry, sawmill by-products and wood chips from packaging materials or park and garden maintenance.

Estrées-Mons, (France): The plant is a power generation facility fuelled by clean biomass. It generates 13 MWe of electricity, and supplies energy in the form of steam to a nearby industrial company, which uses in its processes.

Nesle (France): The plant is a power generation facility fuelled by clean biomass. Generating enough electricity to supply a town of 5,000 homes, it will enable three million tonnes of CO₂ to be saved over a twenty-year period. The plant can produce up to 130 GWh of electricity and 300 GW of heat energy each year from 250,000 tonnes of biomass. The heat is used by an industrial company.

	Energy production from biomass
	MWh
Electricity sold	225,049
Heat sold	306,890

LAB supplies a high-performing smoke condensing unit to the Ørsted heat power plant in Herning (Denmark)

LAB won a contract from ØRSTED (formerly, DONG Energy), the largest producer of electricity and heat in Denmark, to supply a smoke condensing heat recovery unit. This unit will be installed at the Herning biomass power plant.

The contract covers the design, engineering, supply, installation and commissioning of the heat recovery unit. This will improve the plant's energy efficiency through the production of an addition 41 MWth.

The boiler's rated thermal input is 263 MWth (130 MW from wood chips and 133 MW from wood pellets). Before 2003, the year in which it was converted to biomass, the boiler was coal-powered.

The commissioning of the unit is scheduled for Spring 2019. This first contract with ØRSTED strengthens LAB's presence in Denmark and constitutes a new reference in the biomass sector.

Treatment of green algae

In the composting field, CNIM has developed and installed a green algae treatment process based on the principle of dehydration through hot air ventilation (the hot air being produced by a wood-fired generator). This method eliminates odours and suppresses toxic gas emissions (hydrogen sulphide). After taking over the operation of the waste-to-energy plant at Lantic (France) in 2009, CNIM first upgraded the site before building a green algae treatment unit with a capacity of almost 25,000 tonnes per annum in 2010. The waste-to-energy plant takes in around 35,000 tonnes of waste per annum. The site features two microbiological treatment units and a non-hazardous waste storage facility. The compost produced (around 10,000 tonnes per annum) is approved for use in organic agriculture.

3.7.4.3 Wind energy

CNIM and VPLP design join forces to develop Oceanwings®, the maritime propulsion system of the future

In 2017, CNIM and VPLP design, the French naval architect, signed a technological partnership agreement on the design and manufacture of the Oceanwings® propulsion system. This system will be co-developed and produced at CNIM's industrial facilities in La Seyne-sur-Mer. Intended for the super-yacht, sea transport and long-range sailing markets, Oceanwings® comprises a two-element wingsail that is fully automated, furlable and reefable. Oceanwings® is used in hybrid mode, in support of propeller propulsion and leads to considerable fuel savings and reduces greenhouse gas emissions. According to a study carried out on behalf of the European Commission's DG CLIMA, by 2030, between 3,700 and 10,700 wind propulsion systems for boats will be installed on cargo ships, container ships and oil tankers worldwide. The use of such wind propulsion systems could lead to significant reductions in CO2 emissions.

3.7.5 Noise reduction measures

In 2017, more than 95% of the decibel readings taken complied with the regulations.

Complaints from local residents:

- 22 complaints received in relation to non-French sites;
- no complaints received for sites under the A2771 régime;
- no complaints received for sites under the A-2910-A-1 régime.

All complaints from local residents are examined and responded to.

Reducing olfactory nuisances

The waste-to-energy facilities designed and built by CNIM comply with the most stringent regulatory requirements in terms of noise levels and odour emissions. The unloading areas are kept at a lower pressure than the rest of the building, so that odorous particles are aspirated by the fan which supplies aspirated air into the hall. They are then destroyed by combustion.

On the Lantic site, every possible step is taken to ensure that the compost fermentation process produces as little odour pollution as possible. Part of the green waste is ground and sifted to produce a plant compost. This is then mixed with raw compost from household waste to be matured in boxes. The compost ferments in special boxes that are each equipped with their own air supply and extraction system. The boxes also have air ventilation tiles that are supplied with outside air by a fan and an independent air network. The foul air aspirated from the boxes is channeled toward a biofilter that deals with any odours.

Green algae, which are mainly composed of water, are treated using a drying process in ventilated boxes. After they have been structured by green waste sifting refuse, they are confined in boxes into which air is blown at high speed. The risk of fermentation is eliminated by maintaining an adequate oxygen level, as a result of which the H2S content becomes negligible. The foul air is again aspirated into a biofilter.

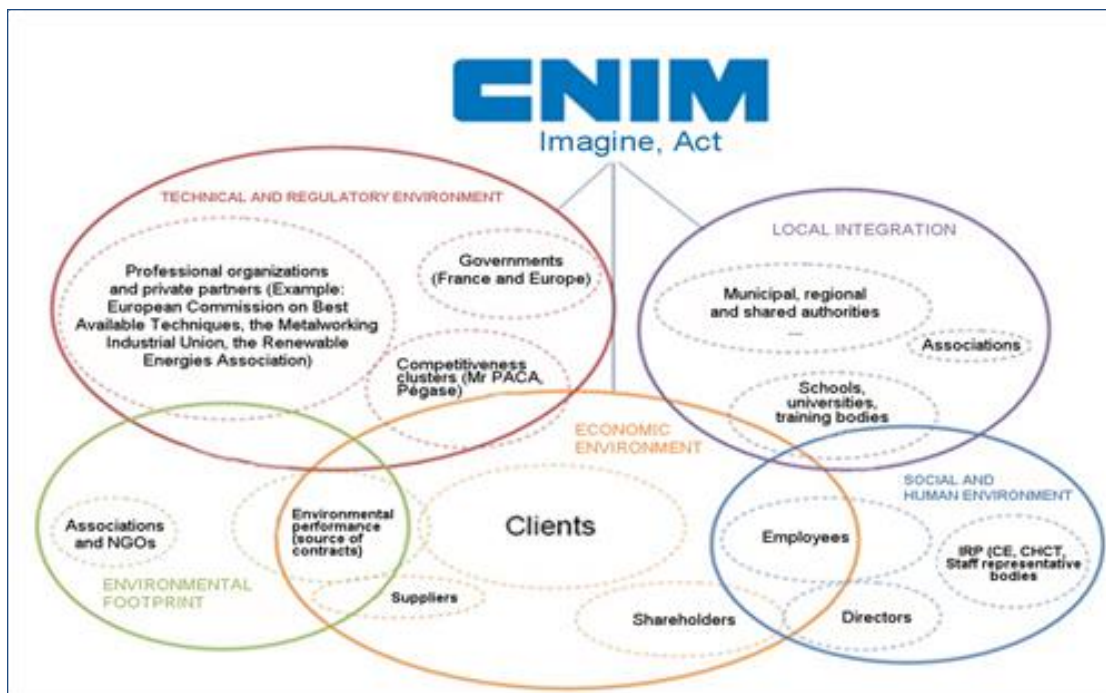
3.7.6 Measures taken to conserve biodiversity and soil

All construction or extension projects involving industrial waste-to-energy conversion or energy production sites undergo prior environmental assessments to identify the preventive measures to be taken to reduce the new site's environmental footprint. These assessments systematically include biodiversity analysis and conservation.

3.8 CNIM's social engagement

3.8.1 Map of stakeholders

Based on its strategic goals, in 2013 the CNIM Group embarked on the identification and ranking² of its stakeholders. This map, which is supplemented by the identification of the forms of dialogue, the level of influence and the mutual expectations of all of the stakeholders, should allow the Group to more effectively prioritize its listening and communication efforts with regard to those with the largest impact.



3.8.2 Impact of the Company's activity on the local economy

Due to its positioning in high-tech, innovative industrial markets, the CNIM Group buys few standard or catalogue products. A limited number of suppliers are able to meet all of our technical and quality requirements and these suppliers operate on a national or international scale.

The strong construction site focus, whether this means the installation of complex systems on site for CNIM Industrial Systems, the construction of waste-to-energy facilities or flue gas treatment plants for the Environment & Energy Sector, or the service activities of CNIM Babcock Services, also makes it necessary to have local subcontractors.

Based on the scope of the 2017 CSR report, the local economic and social impact of the CNIM Group, including purchases, salaries, taxes and duties (taken from the financial accounts of 18 companies) is €606.2 million, spread across seven countries (France, the UK, Germany, China, Azerbaijan, Morocco and Singapore), 87% of which relates to France and the UK.

Of the €606.2 million total:

- €166.7 million relates to wages and salaries, including social security and similar charges;
- €10.6 million relates to taxes and duties;
- €428.9 million relates to purchases.

² The size of the bubbles reflects this ranking.

In addition, SUNCNIM's business created 68 indirect jobs (68 of them in France) in addition to 32 direct jobs in 2017.

A Civic Trust Award for the Ipswich plant

The waste-to-energy plant in Ipswich in the county of Suffolk (United Kingdom), developed by CNIM in partnership with Lagan and delivered to SITA UK in 2014, received a Civic Trust Award in 2017, an award that recognizes exceptional projects in terms of architecture and local integration.

3.8.3 Consideration of subcontractors and suppliers from a social and environmental viewpoint

Based on the scope of reporting, the Group's purchases were €428.9 million in 2017.

For the reasons given above, the CNIM Group has decided to adopt a purchasing policy by subsidiary and/or business sector, according to a sector-based approach. This micro-economic approach was preferred to a global, Group-wide one, which would have lost some of its effectiveness owing to the consolidation of businesses and subsidiaries that are too different in size.

Each business sector and/or subsidiary defines its supplier approval process according to the nature of its business:

- the supplier pre-approval questionnaire used by CNIM SA and LAB SA contains questions about the company's quality, safety and environmental certification and, for service providers, about the accreditation of staff or the verification of equipment that may present a safety risk;
- LAB has also set up an end-of-construction evaluation process for its main suppliers which has taken into account Health, Safety and Environment criteria as well as their ISO 14001 and OHSAS 18001 certification.

All of these criteria are considered when selecting a supplier, which is a process that is adapted to the variety of the Group's businesses and the size of the organizations that must implement it.

3.8.4 Contribution to competitiveness clusters

The CNIM Group and its subsidiaries are fully involved with competitiveness clusters, which aim to structure the R&D activities within a region around specific themes. The Group is represented in a number of clusters, in particular:

- the Capenergies cluster, whose purpose is to control energy consumption and work on the shift toward non-greenhouse-gas-generating energy sources;
- the Mer Méditerranée cluster;
- the Mer Bretagne Atlantique cluster;
- the Optitech cluster, which is at the cutting edge of optics, photonics and image processing;
- the Safe Cluster, which covers security and aerospace;
- the Systematic cluster, which aims to connect participants in the software, digital and industrial sectors around future technologies.

3.8.5 Involvement in trade associations and unions

The CNIM Group is very actively involved in numerous trade and environmental associations and unions. It is represented in the following bodies, in which it plays an active part:

- SNIDE (French National Union of Designers and Builders in the Waste Industries);
- ESWET (European Suppliers of Waste-to-Energy Technology);
- SVDU (National Syndicate for Treatment and Recovery of Urban and Similar Waste);
- FNADE (French Federation for Pollution Control and Environmental Activities);
- FEAD (European Federation for Pollution and Environmental Activities);
- CEWEP (Confederation of European Waste-to-Energy Plants);
- AMORCE (National Association of Communities, Associations and Businesses for Waste, Energy and Heating Network Management);
- SER (Authority on Renewable Energy);
- FBE (France Biomasse Énergie);
- ASTEE (Scientific and Technical Association for Water and the Environment);
- ISWA (International Solid Waste Association);
- the ADEME International Club (ADEME: French Environment and Energy Management Agency);
- MEDEF (MEDEF: French employers' federation);
- CNIM UK and MES Environmental are also members of the ESA (Environmental Services Association).

The Group is also active

within the context of its shipbuilding activities:

- in GICAN (French Marine Industries Group).

within the context of its defense and terrestrial security activities:

- in GICAT (French Defense and Land and Air/Land Security Industries Group).

within the context of its nuclear activities:

- in PFCE (China-France Electricity Partnership). PFCE aims to promote the long-term involvement of French midcaps and SMEs in the construction of the Chinese nuclear program;
- in the PFME (France Global Electricity Partnership), which promotes French industrial companies in countries with a nuclear program.

within the context of its NBC threat detection activities:

- in the Défense NBC consortium, which brings together the main French businesses active in the CBRNE (nuclear, radiation, biological, chemical and explosive) sector;

within the context of its cybersecurity activities:

- in HexaTrust, an association of experts in IT security, cybersecurity and digital trust which responds to the needs of companies, governments and public and private organizations seeking to benefit from innovative French solutions for the full range of their IT security requirements;
- in CLUSIF (French IT Security Club);
- in CECyF (French Centre of Expertise on Cybercrime);
- in CICS (French Trust and Security Industry Council);
- in the SystemX IRT (technological research institute).

in associations that promote research and innovation:

- in the ANRT (French National Association for Research and Technology);
- in the ASRC (French Association of Contractual Research Structures);
- in France Innovation.

The ADEME International Club celebrates its 20-year anniversary in Paris

LAB, SUNCNIM and BERTIN in the CNIM Group are members of the ADEME International Club, which celebrated its 20-year anniversary in 2017. The CNIM Group was honored at these celebrations with a trophy given to its subsidiary, LAB, as a long-standing member of the Club.

Created by ADEME and sponsored by the French ministries for Ecology, Industry and External Trade, the ADEME International Club brings together 120 French SMEs and mid-cap companies and innovative eco-businesses active on the worldwide sustainable development market. The ADEME Club businesses offer techniques and services that respond to environmental and climatic challenges.

3.8.6 Local integration

3.8.6.1 Action to promote integration

CNIM Insertion

Since 2009 and the creation of the Thiverval Grignon (Yvelines, France) sorting centre, whose operating contract was awarded to CNIM, CNIM Insertion has offered social support and employment to people in difficulty to facilitate their integration into the economy. The undertaking is a company for the integration of workers through economic activity whose status has been accredited by the State. The people in question are hired for a maximum of 24 months, trained as sorting operators and helped with their social difficulties, and especially with their search for employment, as this activity is only one stage in their journey and is a stepping stone on the path to long-term employment. CNIM Insertion's mission comprises numerous positive outcome objectives, as the reintegration process can be counted a success only when the person has been able to find a job or take a training course that matches their aspirations and skills.

Since obtaining State certification in 2009, CNIM Insertion received AFAQ EI/ETTI approval in 2013: it is the first integration enterprise in Ile-de-France to obtain AFNOR certification, which aims to validate the social practices of sheltered employment companies.

In 2017, 54 people benefited from a contract with CNIM Insertion, 8 of whom left the organization with a positive outcome: these were people who successfully obtained a fixed-term or permanent job or training leading to a qualification.

Paris chooses CNIM for its new city-based waste sorting centre

In 2015, a CNIM-led consortium involving several partners was selected to design, build and run (for a two-year period) a waste sorting plant to be sited in the Clichy-Batignolles industrial zone. The plant will enter service in 2019 and employ 80 staff, of whom 35 will be employed under reintegration contracts, almost twice as many than at Thiverval-Grignon. The process will incorporate the latest in automated sorting technology, such as the optical sorting of plastics and paper and mechanical fractioning, so as to limit the amount of work done by hand and allow operatives to focus on quality control. The centre will have a capacity of around 40,000 tonnes per year and will process the “clean and dry” waste of 900,000 residents.

Businesses that promote the employment of disabled persons

The CNIM Group has also signed a number of contracts with businesses that promote the employment of disabled persons: these are businesses at least 80% of whose employees are disabled, or on a professional rehabilitation programme.

3.8.6.2 Collaboration with teaching establishments

“My Camera Meets the Pros”

CNIM participated, for the fifth year, in the “My Camera Meets the Pros” programme and introduced year 10 students on the DP Pro stream at the Marie France Lycée in Toulon to automated business lines at the waste-to-energy plants operated by CNIM worldwide. This exercise gave them an insight into the role of engineer and process technician responsible for overseeing all automated processes in the various projects on which CNIM works. The students also learnt about the workings of audiovisual productions: designing a script, filming and editing. The pupils at the Marie France Lycée won the prize for the best documentary. Introduced by the SFR foundation of the Ministry of National Education in 2010, the “My Camera Meets the Pros” programme aims to enable year 10 students on the professional stream to plan for their education in future business sectors and areas in their local regions, by giving them the opportunity to work with local businesses.

“Teachers in Business” initiative

In November 2017, CNIM's Engineering team welcomed 13 teachers from the national education sector to its “Teachers in Business” event. The programme offered them the chance to learn about the different stages of a project and then visit a design office and workshops. The “Teachers in Business” initiative is run by Fondation CGénial and aims to promote technical professions.

Trainees and apprentices

Number of interns, trainees and apprentices hired on completion of their training in 2017:

	Consolidation
Interns recruited during the year	21
Career development contracts offered during the year	1
Apprentices recruited during the year	1

CNIM is also on the Board of Directors of the SeaTech school of engineering.

3.8.6.3 Partnership initiatives

Industry week: CNIM renews its partnership with UIMM

During the 7th Industry Week, CNIM renewed its partnership with UIMM for the fourth consecutive year and welcomed middle school, high school and university students from the Var region to its La Seyne-sur-Mer site. This national event run by the French Ministry of the Economy and Finance, via the Directorate-General for Enterprise (<http://www.entreprises.gouv.fr/>), aims to raise the profile of business activities and change young people's perception of industry. At the regional level, UIMM was keen to demonstrate the vibrancy of industrial activity, its competitiveness and the dynamism of businesses in the metalworking sector.

3.9 Ethics and fair practices

3.9.1 Action taken to prevent corruption

3.9.1.1 The Group's ethics charter

The Management Board has decided to introduce a Group-wide ethics charter to formalize the values that each Group employee must observe in their work. Its purpose is to cover the following issues:

- respect for individuals and their work;
- respect for health, safety and the environment;
- respect for laws and regulations;
- fairness and integrity;
- transactions involving CNIM shares;
- use of the Company's property.

3.9.1.2 Group Purchasing Policy

The purpose of the purchasing policy is to set out the duties and objectives of the purchasing teams, the commitments they make, in particular in terms of ethics and corruption and the Group's expectations for suppliers of goods and services. In order to be completely transparent with the Group's various stakeholders, the purchasing policy is public and is available on the Group's website.

3.9.1.3 The Group's purchasing code of conduct

The CNIM Group drew up and implemented its purchasing code of conduct in 2013.

This code of conduct:

- concerns buyers and all of the Group's employees likely to have an influence on purchasing;
- defines the behavioral rules and ethical standards to be complied with during purchasing;
- draws employees' attention to the impact that their relationships with suppliers and partners may have on the Group's image;
- clarifies the concept of conflicts of interest.

3.9.1.4 Raising staff awareness to the risk of fraud

Since 2013, the CNIM Group has been committed to raising staff awareness to the risk of fraud. Initially aimed at managers, it was then extended to purchasers and clients and, since 2015, has been included in the Management training programme. In total, over 500 employees have undergone training or familiarization.

To reflect changes to laws, in particular the Sapin II law, an action is currently under way to incorporate new awareness-raising and training sessions in 2018.

3.9.1.5 Whistleblowing procedure

If any of the charters referred to above are breached, employees and the Group's external stakeholders may report the matter using the whistleblowing procedure.

While ensuring that the report and the whistleblower's identity remain confidential, the person responsible for implementing the Charter takes care, when recording and later processing the alert, to only communicate the data and information required to verify and process the alert.

After assessing the alert, the person responsible for implementing the charter notifies the relevant line managers. They carry out the appropriate investigations and decide on the follow-up to be given to any breaches of the charter.

3.9.1.6 Management of agents and consultants

Finally, the CNIM Group also has a procedure for selecting and monitoring agents and/or consultants, which covers the following aspects:

- selection criteria;
- search for applicants, which is based, amongst other things, on an information questionnaire to be completed by the agent;
- approval of the choice of agent;
- drafting of the agent's contract;
- monitoring and archiving of the documentation.

Due to changes of law, in particular the introduction of the Sapin II law, an action plan has been put together to amend the documents for all these areas, and introduce new processes.

3.10 Respect for human rights

3.10.1 Our Values

The Company's 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.

3.10.2 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, the Group has implemented an action plan in its various Procurement Departments that aims specifically to ensure that suppliers and subcontractors show respect for human rights. This action plan underlines the Group's commitment to honor the principles and rights proclaimed under the 1998 Declaration of the International Labor Organization, which promotes dignity in labor 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;

In 2017, given the nature of their activities, CNIM SA, Lab SA and Bertin Technologies published an annual declaration under the Modern Slavery Act.

3.10.3 Other action taken to promote human rights

Furthermore, the substantive work on:

- health and safety conditions in the workplace;
- respect for dialogue between employees and management;
- combating discrimination;
- entitlement to teaching and training;
- and the duty of care exercised by the Group with regard to the payment of social security contributions by its suppliers;

described in previous reports was continued in 2017.

3.11 Methodology of the CNIM Group's CSR report for 2017; External opinion on fairness

To ensure the transparency and reliability of the data disclosed, the CNIM Group engaged DNV GL Business Assurance to audit its corporate, environmental and social information. The scope is fixed as at December 31 of the financial year.

Change in the scope of analysis:

21 legal entities are covered in the 2017 report.

	2012	2013	2014	2015	2016	2017
BERTIN IT					o	o
BERTIN PHARMA						o
BERTIN TECHNOLOGIES	o	o	o	o	o	o
CNIM AZERBAIJAN				o	o	o
CNIM Babcock Maroc				o	o	o
CNIM Centre France		o	o	o	o	o
CNIM Biomass Energy		o	o	o	o	o
CNIM Insertion			o	o	o	o
CNIM Ouest Armor	o	o	o	o	o	o
CNIM SA	o	o	o	o	o	o
CNIM Singapore			o	o	o	o
CNIM Terre Atlantique				o	o	o
CNIM Thiverval Grignon	o	o	o	o	o	o
CNIM Transport Equipment			o	o	o	o
ESTRÉES MONS Biomass Energy		o	o	o	o	o
LAB SA	o	o	o	o	o	o
LAB WASHINGTON*					o	o
MES Environmental Ltd		o	o	o	o	o
SAPHYMO GmbH						o
SUNCNIM					o	o
VECSYS			o	o	o	o

Note: the white area identifies the scope of the consolidation area each year.

*Environmental matters only are included in respect of LAB Washington. Other data for this company is immaterial.

Entities selected for reporting consolidate the performance and impact of the industrial facilities where they are responsible for operational technical control, including facilities operated on behalf of third parties.

As a result of the disposal by the CNIM Group of part of the business of Bertin Pharma, only those activities carried out by the CNIM Group are taken into account.

These companies account for 97% of the Group's consolidated revenues and cover 95% of its headcount over 37 sites. The companies in the analysis are covered from one year to the next, in order to enable the full consolidation of all subsidiaries in the long term.

The list of entities to be covered by the Group CSR Report is put forward by the Group CSR Manager and approved by the Management Board and General Management of the subsidiaries concerned. The Group CSR Manager is responsible for collecting and consolidating data, writing the report and coordinating the action plans implemented within each Sector or subsidiary.

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

Under Article L-225-102-1, "where subsidiaries or controlled companies have locations in France and constitute classified facilities subject to authorization or registration, the information provided shall relate to each of them where

this information is not of an aggregatable nature.” Given the impossibility of aggregating all of the sites, the choice has consequently been made to publish detailed data in accordance with the law.

Numerical environmental data (section 3.7) is thus presented as follows:

- detailed data for the CNIM La Seyne-sur-Mer site;
- aggregate data for French facilities classified under the A2771 régime: CNIM Centre France, CNIM Ouest Armor Pluzunet, CNIM Terre Atlantique, CNIM Thiverval Grignon Waste Processing Centre;
- detailed data for French facilities classified under the A2910-A-1 régime: the CNIM Biomass Energy and Estrées-Mons Biomass Energy sites;
- aggregate data for the other sites, namely the sites outside France and the facilities based in France that do not contain classified facilities subject to authorization or registration. Bertin IT, Bertin Technologies, Bertin Pharma, CNIM Azerbaijan, CNIM Babcock Maroc, CNIM Insertion, CNIM SA (all sites except La Seyne-sur-Mer), CNIM Singapore, CNIM Transport Equipment, LAB SA, LAB Washington, MES Environmental, SAPHYMO GmbH, SUNCNIM, Vecsys.

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

- for 2017, methods of estimation were defined for data that were not available, to ensure that all of the information required could be delivered within the specified deadlines. Unknown water consumption figures for certain third-party sites were therefore estimated based on the consumption figures for sites of a similar size. These estimates account for less than 1% of the total;
- The CNIM Group is concerned about what happens to the waste material produced by its activities and can provide indicators about the recovery of its waste. To this end, it relies on the definitions of 'waste' and 'recovery' established by the local regulations;
- CO₂ 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;
- given that the Group subcontracts all inbound and outbound transportation and that hauliers and freight forwards do not publish figures for the CO₂ 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 CO₂ eq./tonne for the incineration of household waste (excluding transport, which is outside the scope) and 128 kg CO₂ eq./tonne for the landfill disposal of hazardous industrial 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.CO₂/kg (based on stoichiometric ratios).
- calculation of uncertainty: as most emissions are due to the incineration of household waste, all these emissions depend directly on the household waste incineration emission factor. These values are not independent, as in previous years the uncertainties were added together.
- When calculating its direct greenhouse gas emissions, the CNIM Group includes the CO₂ from the vehicles owned, leased or hired by the Group and used within the context of its industrial and business activities.

On the next few pages you will find the table of correspondence between the forty-two questions contained in Law No. 2012-557 of April 24, 2012 relating to companies' social and environmental transparency obligations and the CNIM Group's CSR report for 2017.

Topic	Type of information provided by CNIM	With indicator	GRI/EFFAS correspondence	See section:
A. EMPLOYMENT				
1. Total workforce and breakdown of employees by gender and by geographical area	Indicator	Total average workforce and geographical breakdown of employees by gender and by category	LA1/LA13/S03-01	See 3.1.1.1
2. Recruitment and dismissal	Indicator	Turnover with breakdown of employees by age, gender and reason for departure	LA2/S01-01	See 3.1.1.2
3. Remuneration and changes in remuneration	Indicator			See 3.1.1.3
B. ORGANIZATION OF WORK				
1. Organization of working time	Text and indicator	Breakdown of contracts: full-time, part-time		See 3.1.2
2. Absenteeism	Indicator		LA7	See 3.1.2.3
C. Labor relations				
1. Organization of labor relations	Text and indicator	Percentage of salaried employees covered by a collective labor agreement	LA4	See 3.5.2
2. Summary of collective agreements	Text			See 3.5.3
D. Health and Safety				
1. Health and safety conditions in the workplace	Text			See 3.2
	Indicator	Percentage of workforce represented by an HS Committee	LA6/S09-02	See 3.2.1
	Indicator	Sum of expenditure on safety throughout the business	LA6/S09-02	See 3.2.3
2. Summary of agreements with labor unions or personnel representatives on health and safety at work	Text			See 3.5.3
3. Accidents at work, particularly frequency and severity, as well as work-related illness	Indicator	Frequency rate and severity of accidents at work; number of work-related illnesses	LA7/S04-02/S04-04	See 3.2.4
E. Training				
1. Training policies implemented	Text			See 3.3.1
2. Total number of training hours	Indicator	Total number of training hours, hours per employee, employee training rate	LA10/S02-02	See 3.3.2
	Indicator	Proportion of staff benefiting from regular appraisal and career development meetings.	LA12	See 3.3.3
F. Equal treatment				
1. Measures adopted to promote gender equality	Text and indicator	Proportion of women in the workforce	LA13/S10-01/S10-02	See 3.4.1
	Indicator	Median male/female salaries	LA14	
2. Measures to promote the employment and integration of disabled people	Text and indicator	Proportion of disabled workers and number of disabled workers hired during the year		See 3.4.2
3. Policy on combating discrimination	Text			See 3.4.2
G. Promotion and observance of the provisions of the fundamental conventions of the International Labor Organization on:				
1. respecting freedom of association and the right to collective bargaining	Text			See 3.5.1
2. the elimination of discrimination in respect of employment and occupation	Text			See 3.4.2
3. the elimination of forced or compulsory labor	Text			See 3.10
4. the effective abolition of child labor	Text			

Topic	Type of information provided by CNIM	With indicator	GRI/EFFAS correspondence	See section:
A. General policy on the subject of the Environment				
1. Organization of the company regarding environmental issues and the related assessment or certification measures	Text			See 3.6.1
	Indicator	No. of ISO 14 001-certified sites		See 3.2.1
	Indicator	Total amount of material fines due to breaches of environmental legislation	EN28	See 3.6.1
	Indicator	Total non-financial penalties due to breaches of environmental legislation	EN28	See 3.6.1
2. Training and information for employees on environmental protection	Text			See 3.6.2
3. Resources dedicated to the prevention of environmental risks and pollution	Text			See 3.7.6
4. Provisions and guarantees for environmental risks	Indicator			See 3.6.3
B. Pollution				
1. Measures to prevent, reduce or redress emissions in the air, water and ground	Text			See 3.6.1
2. Noise and any other forms of pollution specific to an activity	Text and indicator	Proportion of regulatory-compliant decibel recordings; number of complaints from those in the vicinity		See 3.7.1
C. Circular economy: prevention and management of waste				
1. Measures to prevent, recycle, reuse, recover value from, and eliminate waste	Text and indicator	Total weight of incoming and outgoing waste Proportion of waste usefully reprocessed	EN22/ E104-01	See 3.7.1
2. Policy on combating discrimination	Text			See 3.7.1.3
D. Circular economy: sustainable use of resources				
1. Water consumption and water supply based on local constraints	Indicator	Volume of water consumed, of which recycled	EN8/EN10/ E28-02	See 3.7.3.1
2. Consumption of raw materials and measures taken to use them more efficiently	Text			See 3.7.3.2
3. Energy consumption, measures taken to improve energy efficiency, use of renewable energies	Text and indicator	Direct energy consumption, by primary energy source	EN3/EN4/EN5 /EN6/EN7/ E01-01	See 3.7.3.3 and 3.7.3.4
4. Land use	Text			See 3.7.7
E. Climate change				
1. Major sources of greenhouse gas emissions due to the company's activities, particularly through the use of the goods and services it produces	Indicator	Total direct or indirect emissions of greenhouse gases Emissions avoided	EN16/EN17/E 02-01	See 3.7.2.1
2. Adapting to the consequences of climate change	Text	Initiatives to reduce greenhouse gas emissions; reductions obtained		See 3.7.2.2
F. Protection of biodiversity				
1. Measures taken to conserve or develop biodiversity	Text			See 3.7.7

Topic	Type of information provided by CNIM	With indicator	GRI/EFFAS correspondence	See section:
A. Territorial, economic and social impact of the company's activity:				
1. in relation to employment and regional development	Text and indicator	Impact of the company's activity on the local economy	EC6	See 3.8.2
2. on neighbors and local residents	Text			See 3.8.6
B. Relations with stakeholders such as employment associations, employment organizations, training establishments, etc.				
1. Conditions for dialogue with the above organizations	Text			See 3.8.6
2. Partnership or Sponsorship actions	Text			See 3.8.6
C. Subcontractors and suppliers				
1. Taking social and environmental issues into account through purchasing policy	Text			See 3.10.2
2. Importance of subcontracting and consideration of social and environmental responsibility	Text and indicator	Group Purchasing		See 3.8.3
D. Fair practices				
1. Action taken to prevent corruption	Text and indicator	Number of employees trained in the organization's anti-corruption policies and procedures	S03	See 3.9
2. Measures adopted for consumer health and safety	Text	See chapter on action taken to reduce emissions into the air		See 3.7.2
3. Other action taken to promote human rights	Text			See 3.10

RAPPORT DE VERIFICATION

Avis externe DNV GL - Business Assurance France
Exercice clos le 31/12/2017

A l'attention de la Direction Générale,

Introduction

DNV GL - Business Assurance France, accrédité par le COFRAC sous le numéro 3-1091 (dont la portée est disponible sur le site www.cofrac.fr) a été mandaté suite à la demande du Groupe CNIM pour mener des travaux de vérification des informations présentées dans le rapport de responsabilité sociale, environnementale et sociétale de l'entreprise inclus au rapport financier du Groupe CNIM (ci-après nommé « le rapport »), et exprimer un avis sur la sincérité des données dans le cadre de l'application des dispositions du décret n°2012-557 du 24 avril 2012 (Loi Grenelle II du 12 juillet 2010).

Le Groupe CNIM est responsable de la collecte, de l'analyse, de la consolidation et de la présentation des informations sociales, environnementales et sociétales contenues dans le rapport concerné. Notre responsabilité dans la conduite de notre mission de vérification est uniquement engagée auprès de la Direction du Groupe CNIM, et en accord avec les termes de références acceptés avec celle-ci.

Il nous appartient d'émettre des conclusions sur ces informations, en attestant que les informations sont présentes dans le rapport ou en signalant celles omises et non assorties d'explications ainsi qu'en produisant un avis sur la sincérité des informations présentées.

Notre avis repose sur l'hypothèse que les informations qui nous ont été mise à notre disposition pour conduire notre mission par CNIM SA sont exhaustives, suffisantes et authentiques.

Périmètre de la vérification

Le périmètre de nos travaux de vérification convenu avec le Groupe CNIM inclut les aspects suivant :

- Procéder à l'analyse du contexte et des orientations en matière de développement durable et des conséquences sociales, environnementales et sociétales associées ;
- Vérifier la conformité des informations communiquées au regard des exigences législatives et ré-

glementaires, notamment induites par la loi Grenelle II du 12 juillet 2010 le décret 557 d'application du 24 avril 2012, l'arrêté du 13 mai 2013, et en particulier :

- Attester de la présence, dans le rapport des informations prévues par l'article R 225-105-1 ou, pour les informations omises, d'une explication prévue au troisième alinéa de l'article R225-105 du Code du Commerce.
- Exprimer un avis sur la sincérité des informations notamment en examinant le processus de collecte visant à l'exhaustivité et à la cohérence des informations.

Méthodologie de la Vérification

Les informations qualitatives et données quantitatives contenues dans le rapport ont été examinées en accord avec les exigences du Décret n°2012-557 du 24 avril 2012 et de l'arrêté du 13 mai 2013.

Dans le cadre de la vérification conduite dans les locaux de l'Entreprise du 19 au 23 Février 2018 et complétée par une relecture documentaire hors site de la version finale du rapport RSE (version du 26 Février 2018), nous avons étudié les différents éléments constitutifs du reporting et conduit les travaux suivants :

- Analyse de la fiabilité, du niveau de déploiement et d'appropriation du protocole de reporting des données quantitatives, des flux d'informations et des dispositions de contrôle et de gestion des risques ;
- Etude de la sincérité des données et des sources relatives aux déclarations, constituant les informations contenues dans le rapport ;
- Examen et revue des documents, fichiers et toutes informations transmises et mises à dispositions par l'Entreprise ;
- Conduite de plus de 15 interviews avec des représentants de l'entreprise à différents niveaux hiérarchiques, notamment auprès de personnes en charge du reporting au niveau des entités suivantes :
 - CNIM SA, La Seyne sur Mer
 - CNIM EB, Nesle
 - E.E.B, Estree-Mons
- Ces sites représentent une contribution aux informations consolidées finales de 35% aux informa-

tions sociales et de 25 à 70% pour les informations environnementales.

- Réalisation suivant nos procédures pour les informations les plus importantes.
 - de tests par échantillonnage, de contrôles de cohérence et de vérification des données à partir de preuves documentaires pour les données quantitatives¹ ;
 - de vérifications à partir de preuves documentaires et d'entretiens auprès de leurs auteurs pour les informations qualitatives.

Du fait du recours à l'utilisation de techniques d'échantillonnages 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 les Informations RSE ne peut être totalement éliminé.

Conclusions

Attestation de présence

Nous attestons de la présence dans le rapport du Groupe CNIM de toutes les informations prévues dans la liste établie sous la responsabilité de la Direction du Groupe CNIM, sur la base du décret 557 du 24 avril 2012 et pour le périmètre de vérification qui nous a été confié. Concernant les données pour lesquelles aucun indicateur n'est fourni, les justifications présentées au sein du rapport apparaissent recevables au regard de l'activité de l'entreprise et de ses impacts.

Avis sur la sincérité des informations communiquées dans le rapport de responsabilité sociale, environnementale et sociétale inclut au rapport financier :

- Sur la base de nos travaux, nous n'avons pas relevé d'anomalie significative de nature à remettre en cause le fait que les Informations RSE, prises dans leur ensemble, sont présentées, de manière sincère ;
- Pour les informations qualitatives, les interviews que nous avons pu mener n'ont pas permis d'identifier d'écarts ou d'allégations injustifiées dans la version finale du rapport qui nous a été présentée ;
- Les éventuelles erreurs mineures relevées au cours de la mission ont fait l'objet d'un traitement immédiat avant la publication du rapport final.

Recommandations

Notre rapport de mission contient les observations ainsi que les recommandations restituées au Management de l'entreprise. Toutefois, celles-ci n'affec-

tent pas nos conclusions sur le rapport soumis à vérification.

Compétences et indépendance de DNV GL – Business Assurance France

DNV GL est un leader mondial dans les services relatifs à la contribution au Développement Durable, y compris les prestations de Vérification des rapports.

DNV GL – Business Assurance France n'a pas été impliqué dans la préparation des informations ou des données contenues dans le rapport, sauf celles concernant cet Avis. DNV GL – Business Assurance France assure une totale impartialité concernant les travaux que nous avons menés et une indépendance complète envers les parties interrogées au cours du processus de vérification.

Pour DNV GL,

Frédéric
COFFY
Responsable
de Vérification

Marc-Antoine
HORENFELD
Responsable du Contrôle
de la Vérification

Lyon, le 27/02/2018

¹ DNV GL – Business Assurance France entend par vérification le processus décrit par l'article L.225-102-1 du code de commerce (Loi Grenelle II du 12 juillet 2010), aboutissant à l'émission d'un avis au sens dudit texte.

^{II} Informations sociales : Les rémunérations et leur évolution ; l'organisation du dialogue social ; les conditions de santé au travail ; les accidents du travail, notamment leur fréquence et leur gravité, ainsi que les maladies professionnelles le bilan des accords signés avec les organisations syndicales ou les représentants du personnel en matière de santé et de sécurité au travail ; les politiques mis en oeuvre en matière de formation ainsi que le nombre total d'heures de formation ; les mesures prises en faveur de l'emploi et de l'insertion des personnes handicapées ; la politique de lutte contre les discriminations. Informations environnementales : l'organisation de la société pour prendre en compte les questions environnementales ; les moyens consacrés à la prévention des risques environnementaux ; les mesures de prévention, de réduction ou de réparation de rejets dans l'air, l'eau et le sol affectant gravement l'environnement ; la prise en compte des nuisances sonores et de toute autre forme de pollution ; les mesures de prévention, de recyclage, de réutilisation, d'autres formes de valorisation et d'élimination des déchets ; la consommation d'eau et l'approvisionnement en eau ; la consommation d'énergie, les mesures prises pour améliorer l'efficacité énergétique et le recours aux énergies renouvelables ; les postes significatifs d'émissions de gaz à effet de serre ; les mesures prises pour préserver ou développer la biodiversité. Informations sociétales : l'importance de la sous-traitance et la prise en compte dans les relations avec les fournisseurs et les sous-traitants de leur responsabilité sociale et environnementale ; l'impact territorial de l'activité en matière d'emploi et de développement régional ; les actions engagées pour prévenir la corruption.

3.12 Growth of the Group's average total workforce

	2011	2012	2013	2014	2015	2016	2017
Group workforce	2,660	2,772	2,831	2,914	3,000	2,773	2,477

2017 saw the disposal of part of the business of Bertin Pharma and the acquisition of Exensor.

On a like-for-like basis, the Group's average total workforce increased from 2,354 employees in 2016 to 2,404 in 2017, a rise of 2.12%.

4 CORPORATE GOVERNANCE

4.1 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, 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 8 March 2018.

4.1.1 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.

4.1.1.1 The Management Board

The Management Board is composed of Messrs. Nicolas Dmitrieff (Chairman), Philippe Demigné, Stanislas Ancel and Christophe Favrelle. The term of office of the members of the Management Board is four years. The members of the Management Board can be contacted at the registered office of CNIM, 35, Rue de Bassano, 75008 Paris.

It should be noted that with effect from July 2017 the Executive Committee created in March 2016, composed of the Management Board members plus Messrs. François Darpas, Human Resources, Communication and Information Systems Manager, and Éric Chadenier, Legal, Corporate Purchasing and Group SER Manager, was enlarged to include five more Company and Group managers (Messrs. Claude Boutin, Thomas Feilenreiter, Philippe Lazare, Jean Roch and Bruno Vallayer). On this occasion, the Executive Committee was renamed "Group Managers' Committee". Subject to the strategy and general policy defined by the Management Board, the Group Managers' Committee is responsible for steering the various activities and for the Group's organization and operational performance.

4.1.1.2 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	2017	no	Audit and Strategic
François Canellas	2006	2019	no	Audit and Strategic
Lucile Dmitrieff	2009	2017	no	Audit and Strategic
Sophie Dmitrieff	2015	2018	no	Audit and Strategic
Sigrid Duhamel	2016	2019	yes	Audit and Strategic
Frel S.A., rep. by Agnès Herlicq	2002	2020	no	Audit
André Herlicq	2002	2017	no	Strategic
Stéphane Herlicq	2009	2017	no	Strategic
Louis-Roch Burgard	2016	2019	yes	Audit and Strategic
Johannes Martin	2009	2019	no	Strategic

Martin GmbH rep. by Ulrich Martin	2004	2017	no	-
Alain Sonnette	2015	2018	no	-

B. Choice of corporate governance code

Until 31 December 2012, the Company adhered to the AFEP-MEDEF corporate governance code.

Given its status as a mid-cap, in 2013 the Company studied the provisions of the MiddleNext code and considered that it was more suited to its situation and characteristics. It was in these circumstances that in its meeting of 28 March 2013 the Supervisory Board decided to adhere in relation to corporate governance to the MiddleNext corporate governance code for small and mid-caps in its entirety (recommendations R1 to R15), with all of the recommendations contained in said code being followed.

Following the September 2016 revision of the MiddleNext corporate governance code for small and mid-caps, now called the "MiddleNext corporate governance code", in the meeting of the Supervisory Board of 9 March 2017 the Company reviewed the points requiring vigilance as decreed by this code and confirmed that recommendations R1 to R2 and R4 to R19 contained in said code were being followed. With regard to recommendation R3, the Supervisory Board took formal note of the fact that Mrs. 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 Mrs. 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 Articles of Association, 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 45%.

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, and for the reasons referred to in B. above, there are two independent members of the Supervisory Board: Mrs. Sigrid Duhamel and Mr. Louis-Roch Burgard.

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 Articles of Association (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 if applicable as regards the procedures for drawing up and processing accounting and financial information;
- the Statutory Auditor's performance of its responsibilities;
- the independence of the Statutory Auditors, and issues a recommendation on the Statutory Auditors proposed.

More specifically, the Audit Committee is responsible for:

a/ With regard to the financial statements:

- examining the annual and half-yearly financial statements;
- examining the appropriateness and consistency of the accounting methods used to prepare the company financial statements and the consolidated financial statements;
- examining the consolidation scope and, if applicable, the reasons for any controlled companies not being consolidated;
- monitoring the process by which the financial information is prepared.

It should be pointed out that its role in this respect consists not so much in going into the detail of the financial statements as in monitoring the processes involved in their preparation, assessing the validity of the methods chosen for treating significant transactions and making recommendations to ensure the integrity of financial reporting.

b/ With regard to the effectiveness of the internal control and risk management systems:

- taking note of the results of internal and/or external audit work carried out on this subject in order to ensure, where necessary, that appropriate action plans have been put in place.

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), Mmes Christiane Dmitrieff, Lucile Dmitrieff, Sophie Dmitrieff and Sigrid Duhamel, Frel S.A., whose permanent representative is Mrs. Agnès Herlicq, and Mr. Louis-Roch Burgard. All seven are members of the Supervisory Board. The Audit Committee met four times during the 2017 financial year. The following subjects were placed on the agendas of those meetings:

- review of the annual financial statements and consolidated financial statements for the 2016 financial year and the summary consolidated financial statements for the first half of 2016, 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 2016 financial year and their limited review of the consolidated financial statements for the first half of 2016;
- in connection with IFRS 15 Revenue from Contracts with Customers, update on CNIM's approach to IFRS 15 transition and preliminary feedback from impact studies carried out on a selection of contracts representative of the various activities of the Group;
- debriefing by the Statutory Auditors in relation to their work on reviewing internal control in the context of their assignment to certify the annual financial statements and consolidated financial statements for the 2016 financial year;
- presentation by the Statutory Auditors on their approach to auditing the annual financial statements and consolidated financial statements for the 2017 financial year;
- presentation of the main conclusions from the assignments carried out in the context of the annual internal audit plan for 2016/2017; presentation of the annual internal audit plan for 2017/2018 as approved by the Management Board;
- explanation of CNIM's approach to bringing the Group into line with the legislative provisions introduced in the area of anti-corruption by the Sapin 2 law;
- methodology for preparing and reporting the mapping of the Group's major risks;
- progress on action plans relating to the priority risks of the mapping of the Group's major risks;
- approval of a draft procedure relating to the rules and means of approval for the provision of non-audit services that can be entrusted to CNIM's Statutory Auditors and their respective networks;
- analysis of the independence of the Statutory Auditors;
- approval of draft operating charter of the Audit Committee;
- presentation by the Statutory Auditors of the content of the new financial statements certification report.

The Company complies with the recommendations of the AMF, in its "final report on the Audit Committee" of 22 July 2010, with regard to the following points:

- appointment and composition of the Audit Committee;
- definition by the internal regulations of the Supervisory Board of the operating principles of the Audit Committee;
- communication to the Audit Committee, within the time limit, and detailed presentation, in the presence of the Statutory Auditors, of the key elements of financial communication, following approval by the Management Board;
- communication by General Management of the annual audit plans approved by the Management Board, and debriefing, in the presence of the Statutory Auditors, in relation to the internal audit assignments carried out in connection with these annual plans;

The requirement for a report by the Chairwoman of the Supervisory Board on internal control and risk management procedures, which in accordance with the AMF's recommendation was reviewed by the Audit Committee, was abolished by Order No. 2017-1162 of 12 July 2017.

However, the Audit Committee reviewed the management report, which now notably includes the main characteristics of the internal control and risk management procedures put in place by the company for the preparation and processing of accounting and financial information.

b. Strategic Committee

The main task of this Committee is to assist the Supervisory Board in defining the overall strategic direction of the Company and its subsidiaries, in terms of both business lines and geographical coverage. In particular, the Strategic Committee analyses development plans and plans for acquiring holdings in other companies, for making divestments and for establishing partnerships on a long-term or short-term basis.

It is currently composed of Mr. Louis-Roch Burgard, (its Chairman), Mmes Christiane Dmitrieff, Sophie Dmitrieff, Lucile Dmitrieff, Sigrid Duhamel and Messrs. François Canellas, Johannes Martin, André Herlicq and Stéphane Herlicq. The Strategic Committee met four times during the 2017 financial year.

4.1.1.3 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 2017 the Supervisory Board met four times, on 9 March, 7 June (before the AGM), 31 August and 22 November. Ten members of the Supervisory Board had 100% attendance rates; the other two had attendance rates of 75%.

During these meetings, in addition to hearing the report of the Management Board on the operation of the Company, the following points in particular were addressed:

- annual overall authorizations given to the Management Board within the limits set out in the Articles of Association;
- 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;
- report from the Chairwoman of the Supervisory Board on internal control and risk management procedures;
- examination of the financial statements for the first six months of the year;
- examination of the quarterly activity reports;
- examination of regulated agreements;
- report by the Management Board on capital expenditure and financial transactions carried out during the financial year and authorized in advance;
- authorizations to issue guarantees on behalf of subsidiaries.

In accordance with the provisions of Article L. 823-17 of the French Commercial Code, the Statutory Auditors are, in particular, invited to all meetings of the Supervisory Board which examine the annual and half-yearly financial statements.

The representatives of the Works Council are invited to all meetings of the Supervisory Board. They attended all meetings of the Board held during the financial year ended 31 December 2017.

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

In addition to the powers conferred on it by law and by the Company's Articles of Association, the Supervisory Board examines the following transactions, which can only be performed by the Management Board with the prior agreement of the Supervisory Board:

- issues of transferable securities of whatever kind that are likely to entail a change in the share capital;

- material transactions likely to affect the strategy of CNIM or the CNIM Group and to change the financial structure of its sphere of activity, the assessment of materiality being made by the Management Board under its responsibility;
- transactions exceeding an amount set each year by the Supervisory Board regarding:
- any capital spending decisions affecting fixed assets as recorded in the balance sheet;
- any barter or part-exchange transactions relating to goods, stocks or securities;
- involvement in the establishment of any company and subscription to any issue of shares, equity instruments or bonds, excluding treasury transactions;
- granting or obtaining any loans, borrowings, credit or advances.

The sale of real estate, the full or partial sale of holdings in other enterprises and the establishment of sureties and charges, pledges or guarantees is also subject to authorization by the Supervisory Board on the terms set by the French Commercial Code or the Company's Articles of Association.

Members of the Supervisory Board receive attendance fees, both for their participation in the meetings of the Supervisory Board and for their participation in meetings of the Audit Committee and/or the Strategic Committee as the case may be. The annual amount of attendance fees, which is fixed, where appropriate, by the General Meeting of Shareholders, is distributed by the Board among the members of the Supervisory Board in accordance with the level of diligence of the members of the Board and the time that they devote to their duties.

As a reminder, the General Meeting of Shareholders held on 7 June 2017 set the amount of attendance fees to be distributed for the 2017 financial year at €494,000.

In application of the provisions of its internal regulations (Article 4), in its meeting of 8 March 2018 the Supervisory Board resolved to pay attendance fees in respect of the 2017 financial year, of (i) €48,000 to Mmes Christiane Dmitrieff, Sophie Dmitrieff and Lucile Dmitrieff and to Mr. François Canellas, (ii) €46,000 to Mr. Louis-Roch Burgard, (iii) €41,000 to Mrs. Sigrid Duhamel, (iv) €28,000 to Frel S.A. and Messrs. Stéphane Herlicq and André Herlicq and (v) €8,000 to Martin GmbH. Mr. Alain Sonnette informed the Board of his decision to waive his attendance fees.

4.1.1.4 Shareholders' participation in the General Meeting

All shareholders have the right to attend General Meetings and to participate in the deliberations, under the terms prescribed by law.

If the Management Board so resolves at the time of calling a General Meeting, shareholders may participate in that meeting by video conferencing or by any other means of telecommunication (including the internet) enabling them to be identified, insofar as permitted by the applicable regulations. Where applicable, this option shall be mentioned in the notice of the meeting and the invitation.

Shareholders participating in the meeting by video conferencing or by electronic means of communication that enable them to be identified shall be deemed present for the purpose of calculating the quorum and majority.

Any shareholder who fulfils the conditions required to participate in a meeting may have himself represented by a proxy insofar as permitted by law.

Shareholders may also vote by post or, if the Management Board so decides, remotely by electronic means, insofar as permitted and in the manner determined by law and regulations, by sending in their voting and proxy forms for any General Meeting either in paper form or, if the Management Board has so decided, by electronic means of communication, it being specified that this option shall be, where applicable, mentioned in the notice of the meeting and the invitation.

In addition, a double voting right is conferred on all fully paid-up shares for which it is demonstrated that they have been registered in the name of the same shareholder for at least two years, under the terms prescribed by law.

4.1.2 List of offices and positions held in all companies during the year ended 31 December 2017

4.1.2.1 List of offices of the members of the Management Board

- **Mr. Nicolas Dmitrieff**

Born 8 April 1970; French national

Business address: 35, Rue de Bassano, 75008 Paris

Chairman of the Management Board

Date assumed position: 27 July 2009

Term of office expires on the date of the General Meeting approving the 2019 financial statements

Other offices held

France

Chairman, CNIM Transport Holding SAS, CNIM Transport France SAS, EXENSOR Security International AB

CNIM Representative, Manager SCI of 35 rue de Bassano

CNIM Representative, Chairman of SUNCNIM SAS, CNIM1, CNIM2, CNIM3, CNIM4, CNIM6

Director LAB SA, Bertin Technologies SAS, Bertin Pharma SAS

Abroad

Chief Executive Officer CNIM Middle East

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

Manager, Arnina (non-Group)

Permanent CNIM Representative, Member of CNIM Saudi

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

Terms of office that have expired over the last five years

France

Director, Babcock Wanson France

CNIM SA Representative, Chairman of CNIM 5

Abroad

Director, CNIM Technology FZC

- **Mr. Philippe Demigné**

Born 30 April 1961; French national

Business address: 35, Rue de Bassano, 75008 Paris

Member of the Management Board

Date assumed position: September 1, 2009

Term of office expires on the date of the General Meeting approving the 2019 financial statements

Other offices held

France

Chief Executive Officer CNIM Transport France SAS

Chairman, Director Bertin Technologies SAS, Bertin Pharma SAS, Bertin IT, Verbalys SA, Vecsys SA

Vice-Chairman of the Supervisory Board Sitia SA (non-Group)

Permanent representative of Bertin Technologies SAS, Director of WINLIGHT System, WINLIGHT System Finance

Abroad

Chairman, Director CNIM Babcock Maroc, CNIM Canada Inc., Bertin Corp

Chairman, Bertin Vietnam

Chairman, EXENSOR Technology AB

Director CNIM Middle East, CNIM Hong Kong, CNIM Singapore Private Ltd, AMI Enterprise Intelligence Software Ltd, CNIM Transport Equipment, EXENSOR Security International AB

Manager, Go Albert Africa SARL

Terms of office that have expired over the last five years

France

Chairman, Director, Saphymo, Go Albert France SAS

Abroad

Chairman, Director, Go Albert Africa, 9215-7775 Québec Inc.

- **Mr. Stanislas Ancel**

Born 03 May 1974; French national

Business address: 35, Rue de Bassano, 75008 Paris

Member of the Management Board

Date assumed position: 10 March 2016

Term of office expires on the date of the General Meeting approving the 2019 financial statements

Other offices held

France

Chairman, ELlo

Director, LAB SA, SUNCNIM

Abroad

Director CNIM Asia Pacific, CNIM US Corp., CNIM Middle East, LAB Geodur GmbH

Terms of office that have expired over the last five years

France

None

Abroad

Chief Executive Officer CNIM Middle East

- **Mr. Christophe Favrelle**

Born 15 October 1960; French national

Business address: 35, Rue de Bassano, 75008 Paris

Member of the Management Board

Date assumed position: 10 March 2016

Term of office expires on the date of the General Meeting approving the 2019 financial statements

Other offices held

France

Chairman, CNIM Industrie

Director, LAB SA, SUNCNIM, Bertin Technologies SAS, Bertin It, WINLIGHT System Finance, EXENSOR Security International AB, EXENSOR Technology AB

Permanent Representative of Bertin Technologies, Director of Verbalys SA and Vecsys SA

Abroad

Manager, Babcock Services

Director CNIM Middle East, CNIM Azerbaijan, CNIM Engineers FZC, LAB US Corp., CNIM Asia Pacific, CNIM Development, CNIM Netherlands BV, CNIM Industry Netherlands BV.

Director CNIM Hong Kong, CNIM Singapore Private Ltd.

Permanent representative of CNIM SA, Manager of CNIM Babcock Maroc

Terms of office that have expired over the last five years

France

Director, Saphymo, Go Albert France

Abroad

Director, Babcock Wanson UK, Babcock Wanson España, Babcock Wanson Italia, Babcock Wanson Polska, Babcock Wanson Caldeiras, Babcock International

The non-Group companies in which the members of the Management Board hold offices are not listed companies.

4.1.2.2 List of offices of members of the Supervisory Board

- **Mrs. Christiane Dmitrieff**

Born 26 January 1935; French national

Chairwoman of the Supervisory Board as from May 24, 2016

Date assumed position: 28 November 2002

Term of office expires on the date of the General Meeting approving the 2017 financial statements

Other offices held

France

Chairwoman & CEO, Soluni SA (non-Group)

Abroad

Co-manager, SCI Socilas (non-Group), SCI Sonathan (non-Group), SCI Les Granges (non-Group)

Terms of office that have expired over the last five years

France

None

Abroad

None

- **Mr. François Canellas**

Born 20 April 1936; French national

Vice-Chairman of the Supervisory Board

Date assumed position: 22 June 2006

Term of office expires on the date of the General Meeting approving the 2019 financial statements

Other offices held

France

Director, LAB SA

Abroad

Director, CNIM Hong Kong Ltd

Terms of office that have expired over the last five years

France

Director, Babcock Wanson SA

Abroad

Director None

- **Mr. Louis-Roch Burgard**

Born 16 December 1969; French national

Independent member of the Supervisory Board

Date assumed position: 24 May 2016

Term of office expires on the date of the General Meeting approving the 2019 financial statements

Other offices held

France

Chairman, Blue Green European Holdings (BGEH) (non-Group), CISE TP (non-Group), SAUR International (non-Group), STEREAU (non-Group), Holding Infrastructure des Métiers de l'Environnement (HIME) (non-Group), SAUR (non-Group), Collectes Valorisation Énergie Déchets (COVED) (non-Group), CISE TP REUNION (non-Group), CISE REUNION (non-Group), Compagnie Guadeloupéenne de Services Publics (non-Group), Société Martiniquaise de Distribution et de Services (non-Group), SUDEAU (non-Group), Terre des Trois Frères (non-Group)

Permanent representative of Holding Infrastructure des Métiers de l'Environnement (HIME) (non-Group) for the chairmanship of FINASAUR (non-Group), NOVASAUR (non-Group)

Chairman of the Supervisory Board of SAUR Polska (non-Group)

Manager, SAUR Loisirs (non-Group)

Director, APRR (non-Group), AREA (non-Group), EIFFARIE (non-Group), MACQUARIE Autoroutes de France (non-Group), ADELAC (non-Group), Edmond de Rothschild (non-Group)

Member of the Audit Committee, Edmond de Rothschild (non-Group)

Abroad

None

Terms of office that have expired over the last five years

France

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

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

Abroad

Director, Marafiq SAUR Operation & Maintenance Co (MASA) (non-Group), Gestión y Técnicas del Agua (Gestagua) (non-Group)

- **Mrs. 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 2017 financial statements

Other offices held

France

Director, Soluni (non-Group)

Abroad

None

Terms of office that have expired over the last five years

France

None

Abroad

None

- **Mrs. Sophie Dmitrieff**

Born June 21, 1964; French national

Member of the Supervisory Board

Date assumed position: 30 November 2015

Term of office expires on the date of the General Meeting approving the 2018 financial statements

Other offices held

France

Director, Soluni (non-Group)

Abroad

None

Terms of office that have expired over the last five years

France

None

Abroad

None

- **Mrs. Sigrid Duhamel**

Born 1 December 1965; French national

Independent member of the Supervisory Board

Date assumed position: 24 May 2016

Term of office expires on the date of the General Meeting approving the 2019 financial statements

Other offices held

Chairwoman of the Management Board of BNP PARIBAS REIM FRANCE

Director and member of the Audit Committee, Foncière des Régions (non-Group)

Abroad

Director, Urban Land Institute (ULI) (non-Group)

Terms of office that have expired over the last five years

France

Chairman Trustee, Urban Land Institute (ULI France) (non-Group), CBRE Global Investors France (non-Group)

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

Abroad

Member of the Supervisory Board, Selectirente (non-Group)

- **Frel S.A., represented by Mrs. Agnès Herlicq**

Born June 9, 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 Mrs. Herlicq in a personal capacity

France

CEO, Frel S.A. (non-Group)

Director, FRANELI S.A. (non-Group)

Abroad

None

Terms of office that have expired over the last five years

France

Manager, SARL HerBP (non-Group) (until 29 December 2014)

Au Service du Client (non-Group) (until 13 February 2014)

Abroad

None

- **Mr. André Herlicq**

Born 30 April 1961; French national

Member of the Supervisory Board

Date assumed position: 28 November 2002

Term of office expires on the date of the General Meeting approving the 2017 financial statements

Other offices held

France

Co-manager, SCI Phanies (non-Group)

Abroad

None

Terms of office that have expired over the last five years

France

None

Abroad

None

- **Mr. Stéphane Herlicq**

Born 12 May 1962; French national

Member of the Supervisory Board

Date assumed position: September 1, 2009

Term of office expires on the date of the General Meeting approving the 2017 financial statements

Other offices held

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 held

France

None

Abroad

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

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

CEO, Martin Familien GmbH & Co. KG (non-Group), Martin Vermögenswerwaltungs GmbH & Co. KG (non-Group), Josef Martin Feuerungsbau GmbH (non-Group)

- **Martin GmbH für Umwelt- und Energietechnik represented by Mr. Ulrich Martin**

Born 21 November 1984; German national

Member of the Supervisory Board

Date assumed position: 29 January 2004

Term of office expires on the date of the General Meeting approving the 2017 financial statements

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

France

None

Abroad

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

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

Manager, Martin Biopower Pty Ltd, Martin WtE Australia Pty Ltd

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 2018 financial statements

Other offices held

None

Terms of office that have expired over the last five years

None

4.1.3 Biographies of members of the Management Board and Supervisory Board

4.1.3.1 Biographies of members of the Management Board

- **Nicolas Dmitrieff**

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.

- **Philippe Demigné**

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.

- **Stanislas Ancel**

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.

- **Christophe Favrelle**

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.

4.1.3.2 Biographies of the members of the Supervisory Board

- **Christiane Dmitrieff**

The daughter of the founder of CNIM, André Herlicq, Mrs. 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.

- **François Canellas**

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.

- **Louis-Roch Burgard**

Louis-Roch Burgard has spent most of his career in the Vinci Group (2002-2014) where he held various operational posts before being appointed Chairman of Vinci Concessions and becoming a member of the Executive Committee of the Vinci Group. Since 2015 he had been a partner with LBO France. He began his career as an Inspector of Public Finances (1998 to 2002). Louis-Roch Burgard is a graduate of the Paris Institute of Political Studies, ESCP Business School and the École Nationale d'Administration. Louis-Roch Burgard has been Executive Chairman of the SAUR Group since 1 January 2017.

- **Lucile Dmitrieff**

Graduate of ENSBA (Paris Higher National School of Fine Arts). Lucile Dmitrieff works as a therapist.

- **Sophie Dmitrieff**

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.

- **Sigrid Duhamel**

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.

- **André Herlicq**

Mr. André Herlicq has been a member of the Supervisory Board of CNIM since 2002.

- **Stéphane Herlicq**

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 specialising in climate control, and has been its Chairman since then.

- **Johannes Martin**

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.

- **Alain Sonnette**

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).

4.1.4 Convictions, bankruptcies, conflicts of interest and other information

To the best of the Company's knowledge on the basis of the declarations made by the members of the Management and Supervisory Boards of the Company, over the last five years: (i) no conviction for fraud has been pronounced against a member of the Management Board or Supervisory Board of the Company, (ii), no member of the Management Board or Supervisory Board of the Company has been associated with any bankruptcy, sequestration or liquidation, (iii) no accusation and/or sanction of an official public nature has been pronounced against these persons by statutory or regulatory authorities (including designated professional bodies), and (iv) no member of the Management Board or Supervisory Board of the Company has been prohibited by a court from acting in the capacity of a member of a management or supervisory body of an issuer or from being involved in the management or conduct of the business of an issuer.

To the best of the Company's knowledge, on the date of registration of the present registration document, no situation exists which could give rise to a conflict between the duties of the members of the Management Board or Supervisory Board to the Company and their private interests and/or other duties. In addition to the provisions of the Commercial Code that apply with regard to related-party agreements, the Supervisory Board's internal regulations provide that all members of the Supervisory Board are obliged to inform the Supervisory Board of any situation representing a conflict of interests, even a potential one, and must abstain from participating in votes on any deliberations by the Supervisory Board in respect of which he or she would have such a conflict of interests.

No service contract providing for the granting of benefits under the terms of such a contract exists between any member of the Management Board or Supervisory Board and the Company or its subsidiaries. No arrangement or agreement entered into with the principal shareholders exists.

Furthermore, to the best of the Company's knowledge, no restrictions exist that have been agreed by the members of the Supervisory Board in relation to the assignment of any stakes they hold in the share capital of the Company.

Finally, as the composition of the Supervisory Board appropriately reflects the shareholding of the reference shareholder, consisting of the Dmitrieff family group, in the Company, familial connections exist between certain members of the Supervisory Board and of the Management Board:

- Mr. Nicolas Dmitrieff, Chairman of the Management Board, is the son of Mrs. Christiane Dmitrieff, Chairwoman of the Supervisory Board;
- Mrs. Lucile Dmitrieff, a member of the Supervisory Board, is the sister of Mr. Nicolas Dmitrieff;
- Mrs. Sophie Dmitrieff, a member of the Supervisory Board, is also the sister of Mr. Nicolas Dmitrieff;
- Mrs. 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. Agnès Herlicq, André Herlicq and Stéphane Herlicq are cousins of Sophie, Lucile and 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.

4.1.5 Remuneration of the corporate officers paid during the year ended 31 December 2017 (Article L.225-37-3 of the French Commercial Code by reference to Article L.225-68 of the Code)

With a view to complying with the provisions of Article L.225-37-3 of the French Commercial Code, we hereby report, based on the information in our possession, on the total remuneration and benefits of all other kinds paid by the Company to its corporate officers during the year ended 31 December 2017, including in the form of allocation of equity instruments, debt securities or securities giving access to the capital or conferring the right to the allocation of debt securities of the Company or of the companies referred to in Articles L. 228-13 and L. 228-93. The remuneration and benefits shown hereunder include those received from companies that the Company controls within the meaning of Article L.233-16 of the French Commercial Code, and from the company that controls the Company.

- **Summary of remuneration of each executive corporate officer**

Nicolas Dmitrieff (Chairman of the Management Board) Start/end of term of office: 27 July. 2009/AGM approving the financial statements for the financial year ending 31 Dec. 2019	2015 financial year		2016 financial year		2017 financial year	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration ⁽¹⁾	-	€393,039	-	€431,472	-	€448,380
Annual variable remuneration ^{(1) (2)}	-	€648,400	-	€715,820	-	€994,840
Benefits in kind ⁽³⁾	-	€10,413	-	€10,571	-	€10,739
Total	-	€1,051,852	-	€1,157,863	-	€1,453,959

⁽¹⁾ Gross before tax.

⁽²⁾ Variable remuneration, fixed by decision of the Supervisory Board of 7 April 2011, equal to 2% of the consolidated net income of the Group.

⁽³⁾ Contributions for corporate officer's insurance.

Philippe Demigné (member of the Management Board) Start/end of term of office: 1 Sept. 2009/AGM approving the financial statements for the financial year ending 31 Dec. 2019	2015 financial year		2016 financial year		2017 financial year	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration ⁽¹⁾	-	€270,010	-	€300,001	-	€305,396
Annual variable remuneration ^{(1) (2)}	-	€175,000	-	€200,000	-	€200,000
Benefits in kind	-	None	-	None	-	None
Total	-	€ 445,010	-	€ 500,001	-	€ 505,396

⁽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 results of the Group.

Stanislas Ancel (member of the Management Board) Start/end of term of office: 10 March 2016/AGM approving the financial statements for the financial year ending 31 Dec. 2019	2015 financial year		2016 financial year		2017 financial year	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration ⁽¹⁾	-	-	-	€250,003	-	€254,501
Annual variable remuneration ^{(1) (2)}	-	-	-	€150,000	-	€200,000
Benefits in kind ⁽³⁾	-	-	-	€13,619	-	€17,745
Total				€413,622		€472,246

⁽¹⁾ Gross before tax.

⁽²⁾ Variable remuneration granted by the Supervisory Board and linked to Stanislas Amcel'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 results of the Group.

⁽³⁾ Company vehicle and apartment.

Christophe Favrelle (member of the Management Board) Start/end of term of office: 10 March 2016/AGM approving the financial statements for the financial year ending 31 Dec. 2019	2015 financial year		2016 financial year		2017 financial year	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration ⁽¹⁾	-	-	-	€200,005	-	€220,012
Annual variable remuneration ^{(1) (2)}	-	-	-	€50,000	-	€50,000
Benefits in kind ⁽³⁾	-	-	-	€6,523	-	€8,765
Total				€256,528		€278,777

⁽¹⁾ Gross before tax.

⁽²⁾ Variable remuneration granted by the Supervisory Board and linked to Christophe Favrelle's individual performance, specific financial transactions carried out during the year and the results of the Group.

⁽³⁾ Company apartment.

- Attendance fees and other remuneration received by non-executive corporate officers

Non-executive corporate officers	Amounts paid during the 2015 financial year	Amounts paid during the 2016 financial year	Amounts paid during the 2017 financial year
François Canellas			
Attendance fees	€8,000	€8,000	€8,000
Other remuneration	€190,000	€190,000	€190,000
Total	€198,000	€198,000	€198,000
Christiane Dmitrieff			
Attendance fees	€8,000	€8,000	€8,000
Other remuneration	None	€185,838	€290,000
Total	€8,000	€193,838	€298,000
Lucile Dmitrieff			
Attendance fees	€8,000	€8,000	€8,000
Other remuneration	None	None	€40,000
Total	€8,000	€8,000	€48,000
Sophie Dmitrieff			
Attendance fees	N/A	None	€8,000
Other remuneration	N/A	None	€40,000
Total			€48,000
André Herlicq			
Attendance fees	€8,000	€8,000	€8,000
Other remuneration	€20,000	€20,000	€20,000
Total	€28,000	€28,000	€28,000
Stéphane Herlicq			
Attendance fees	€8,000	€8,000	€8,000
Other remuneration	€20,000	€20,000	€20,000
Total	€28,000	€28,000	€28,000
Frel S.A.			
Attendance fees	€8,000	€8,000	€8,000
Other remuneration	€20,000	€20,000	€20,000
Total	€28,000	€28,000	€28,000
Johannes Martin			
Attendance fees	€8,000	€6,000	€8,000
Other remuneration	None	None	€20,000
Total	€8,000	€6,000	€28,000
Martin GmbH für Umwelt – und Energietechnik			
Attendance fees	€8,000	€8,000	€8,000
Other remuneration	None	None	None
Total	€8,000	€8,000	€8,000
Sigrid Duhamel			
Attendance fees	None	None	€4,800
Other remuneration	None	None	€40,000
Total			€44,800
Louis-Roch Burgard			
Attendance fees	None	None	€4,800
Other remuneration	None	None	€40,000

Total			€44,800
Alain Sonnette			
Attendance fees	None	None	None
Other remuneration	(1)	(1)	(1)
Total			
TOTAL	€314,000	€497,838	€801,600

⁽¹⁾ The salary paid to the member of the Supervisory Board who represents the employee shareholders, who has an employment contract with the Company or one of its subsidiaries, is not disclosed.

- **Summary of indemnities or benefits of corporate officers**

Executive corporate officers	Employment contract ⁽¹⁾		Supplementary pension plan	
	Yes ⁽²⁾	No	Yes	No
Nicolas Dmitrieff Chairman of the Management Board		X	X	
Philippe Demigné Member of the Management Board	X		X	
Stanislas Ancel Member of the Management Board	X			X
Christophe Favrelle Member of the Management Board	X			X

⁽¹⁾ The Chairman of the Management Board does not have an employment contract with the Company. The other members of the Management Board have retained the benefit of their employment contracts which pre-date their appointment.

⁽²⁾ No end-of-service indemnity is specifically provided for in the employment contracts of the members of the Management Board who have retained the benefit of their employment contracts or for the Chairman of the Management Board, who has no employment contract with the Company. The only end-of-service indemnities that would be due under an employment contract are those provided for in the National Collective Bargaining Agreement for the Metal Industry, which applies to the Company.

No options to subscribe for or purchase shares have been granted to the corporate officers by the issuer or by any company in the Group. Therefore, no options to subscribe for or purchase shares were exercised during the financial year.

No options to subscribe for or purchase shares have been granted to employees who are not corporate officers by the issuer or by any company in the Group.

Lastly, no shares have been allocated free of charge to the corporate officers by the issuer or by any company in the Group.

4.1.6 Remuneration of executive corporate officers and proposed resolutions (Articles L.225-82-2 and L.225-100 of the French Commercial Code)

4.1.6.1 Approval of the principles and criteria for determining, allocating and attributing the fixed, variable and exceptional components of the total remuneration and benefits of all kinds attributable to the Chairman of the Management Board, the members of the Supervisory Board and its committees, and the Chairwoman and Vice-Chairman of the Supervisory Board

In accordance with Article L. 225-82-2 of the French Commercial Code as updated to reflect the provisions of the law of 9 December 2016 on transparency, the fight against corruption and modernization of the economy (known as the "Sapin 2" law), we present to you the remuneration policy for executive corporate officers, namely the principles and criteria for determining, apportioning and allocating the fixed, variable and exceptional components of the total remuneration and benefits of all kinds attributable to the Company's executive corporate officers in their capacity as officers, which is the subject of a resolution submitted for approval by the Ordinary General Meeting of Shareholders to be held on 24 May 2018.

The remuneration of members of the Management Board, namely Messrs. Philippe Demigné, Stanislas Ancel and Christophe Favrelle, does not fall within the scope of Article L 225-82-2 of the French Commercial Code, since they are remunerated solely in respect of their employment contracts with the Company in their respective capacities as Chief Executive of the CNIM Innovation & Systems division, Chief Executive of the Environment & Energy sector and Group Chief Financial Officer.

However, the remuneration of members of the Management Board in respect of their employment contracts is reported in part 4.1.5 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.

In application of the principles adopted by the General Meeting of Shareholders of 7 June 2017, the Chairman of the Management Board's fixed remuneration, which was increased at the Supervisory Board meeting held on 8 March 2018 in accordance with the aforementioned criteria, will amount to €462,852 gross.

Annual variable remuneration

The Chairman of the Management Board also receives variable remuneration with the purpose of correlating his remuneration with the Group's business results. This amount is determined depending on the Group's net income and is equal to 2% of the consolidated net income of the Group for the 2018 financial year. Payment of the variable components of remuneration described in the remuneration policy submitted for the approval of the General Meeting in 2018 by ex-ante vote will be subject to the approval of the ordinary Annual General Meeting of the shareholders to be held in 2019.

Lastly, Mr. Nicolas Dmitrieff is entitled to repayment of expenses incurred in the performance of his duties, upon presentation of receipts.

- **Benefits of all kinds**

Loss of office - unemployment insurance

The Chairman of the Management Board benefits from a directors' and officers' unemployment insurance policy that the Company has entered into to cover him in the event of his dismissal, enabling Mr. Nicolas Dmitrieff to benefit from the necessary social security coverage in such an event.

This insurance, from which the Chief Executive already benefited, was kept in favor of Mr. Nicolas Dmitrieff and authorized by the Supervisory Board at its meeting of 22 October 2009 as a related party agreement. It was approved by the General Meeting of Shareholders on your statutory auditor's special report pursuant to Article L. 225-86 of the French Commercial Code.

Supplementary defined benefit pension plan

The Chairman of the Management Board benefits from a defined benefit pension plan (Article 39 of the General Tax Code) meeting the characteristics of schemes mentioned in Article L 137-11 of the French Social Security Code and subject to the provisions of Article L 225-90-1 of the French Commercial Code.

This supplementary pension confers a right to a pension equal to 0.80% of the benchmark remuneration per year of service; it is capped at 15% of the benchmark remuneration in the event of liquidation at 60 years of age, increased by 0.8% a year from the age of 60, without ever exceeding 25% of the benchmark remuneration.

The benchmark remuneration used for calculating the supplementary pension is the average of the three highest gross annual salaries earned over the last seven civil years of employment, adjusted according to changes in the ICHT-IME index (hourly labor cost index for the metal-working and engineering industries).

This benefit was reiterated at the meeting of the Supervisory Board on 10 March 2016 after it resolved to renew Mr. Nicolas Dmitrieff's term of office as Chairman of the Management Board and it was approved at the Ordinary General Meeting of Shareholders on 24 May 2016 in application of the combined provisions of Articles L.225-86 and L.225-90-1 of the French Commercial Code.

The annual increase in the conditional rights from which Mr. Nicolas Dmitrieff has benefited since the renewal of his term of office as Chairman of the Management Board as decided by the Supervisory Board therefore depends on the observed performance of at least two of the following Group key indicators (determined on the basis of the Group's consolidated financial statements, in accordance with applicable accounting standards):

- increase in revenues of at least 5% compared with the average for the last three years;
- increase in order intake of at least 5% compared with the average for the last three years;
- increase in current operating income of at least 5% compared with the average for the last three years;

Before the Ordinary General Meeting called to approve the financial statements for the last financial year is held, the Supervisory Board carries out an annual check to determine whether the stipulated conditions have been met and, where applicable, determines the increase, for the said financial year, in Mr. Nicolas Dmitrieff's conditional rights.

Defined contribution pension plan

The Chairman of the Management Board also benefits (in the same manner as "Unclassified" employees as defined by the National Collective Bargaining Agreement for the Metal Industry) from a defined contribution pension scheme (Article 83 of the General Tax Code).

This plan, financed by the Company until June 2014, is based on an 8% contribution of gross annual remuneration, capped at 8 times the French annual social security ceiling, which is paid into an individual account with Generali.

The beneficiary selects the management profile for this account (dynamic, balanced, euro funds, European equities, international bonds, etc.).

The employee retains entitlement to the amounts invested even if he or she leaves the company in the meantime. It is possible to exit in the form of a 60% or 100% joint and survivor pension entitlement.

Lastly, it is specifically noted that, as Chairman of the Management Board, Mr. Nicolas Dmitrieff is not the beneficiary of any indemnity for cessation of duties or of any share subscription or purchase options or free allocation of shares.

B. Remuneration of the members of the Supervisory Board

The remuneration policy for members of the Supervisory Board is decided upon by the Ordinary General Meeting of Shareholders, at the proposal of the Supervisory Board.

The remuneration policy for members of the Supervisory Board committees and for the Chairwoman and Vice-Chairman of the Supervisory Board is decided upon by the Supervisory Board.

In accordance with Article L. 225-82-2 of the French Commercial Code as updated to reflect the provisions of the law of 9 December 2016 (known as the “Sapin 2” law), these policies will be submitted for the approval of the Ordinary General Meeting of Shareholders to be held on 24 May 2018.

- **Attendance fees**

The General Meeting of Shareholders can allocate attendance fees to members of the Supervisory Board.

The Supervisory Board distributes these attendance fees among the Board members.

The total allocation for attendance fees is voted on each year by the Ordinary General Meeting of Shareholders. The annual amount of attendance fees set, if any, by the General Meeting of Shareholders is distributed by the Supervisory Board according to Board members' level of attendance at meetings of the Supervisory Board, Audit Committee and Strategic Committee and the time that they devote to their duties, in accordance with the provisions of Article 4 of the internal rules of the Supervisory Board.

Attendance fees due in respect of one financial year are paid during the next financial year.

The members of the Supervisory Board each receive an overall sum of €8,000 in attendance fees for participating in the meetings of the Supervisory Board for the previous financial year. This sum is calculated on a pro-rata time basis, according to their participation in meetings of the Supervisory Board.

Members of the Supervisory Board attending meetings of the Audit Committee and/or the Strategic Committee also each receive an overall sum of €20,000 in attendance fees for participating in the meetings of one or other or both of these committees. This sum is calculated on a pro-rata time basis, according to their participation in meetings of either of these committees.

Members of the Supervisory Board do not receive any variable remuneration.

- **Remuneration of the Chairman and Vice-Chairman of the Supervisory Board**

The Chairman and Vice-Chairman of the Supervisory Board receive an annual fixed remuneration, the amount of which is determined by the Supervisory Board. The Supervisory Board may decide to increase the annual fixed remuneration of the Chairwoman of the Supervisory Board by the same proportion as the potential increase for the Company's “non-classified” executives.

The annual fixed remuneration of Mrs. 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.

4.1.6.2 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 2017

In application of Article L.225-100 of the French Commercial Code, and in view of the resolution of the AGM of 7 June 2017 on the remuneration policy envisaged for the year ended 31 December 2017, 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 (13th resolution),
- and to Mrs. Christiane Dmitrieff, in respect of her office as Chairwoman of the Company's Supervisory Board (14th resolution),

in respect of the year ended 31 December 2017, 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 2017 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 2017 (Art. R.225-56-1 Com. Code)	Amounts	Remarks
Annual fixed remuneration	€462,852	
Annual variable remuneration	€440,420	The variable remuneration corresponds to 2% of the consolidated net profit attributable to owners of the Group
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 Commercial Code	No annual increase in conditional rights in the context of the defined benefits pension scheme for 2017	Having examined the consolidated financial statements for the year ended 31 December 2017, the Supervisory Board, in its meeting of 8 March 2018, concluded that the performance conditions required for an increase in the conditional pension entitlements of Mr. Nicolas Dmitrieff had not been met for financial year 2017.
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	None	

same Article, or any company under common control with it within the meaning of the same Article		
Any other item of remuneration attributable by reason of the office	None	
Benefits of any nature granted by reason of the corporate office	None	

- **Mrs. Christiane Dmitrieff, Chairwoman of the Supervisory Board**

Items of remuneration attributed in respect of the year ended 31 December 2017 (Art. R.225-56-1 Com. Code)	Amounts	Remarks
Annual fixed remuneration	€250,000	
Annual variable remuneration	None	
Multi-annual variable remuneration	None	
Exceptional remuneration	None	
Attendance fees linked to the exercise of the office	€48,000	
Allocation of options to subscribe or purchase shares	None	
Allocation of free shares	None	
Remuneration, indemnities or benefits due or likely to be due by reason of taking up the post	None	
Commitments referred to in sections 1 and 6 of Article L. 225-90-1 of the 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	

4.1.7 Agreements referred to by Article L. 225-37-4 2 of the French Commercial Code

Please refer to chapter 6.5 of the Company's 2017 Registration document.

4.1.8 Items likely to have an impact in the event of a public offer

4.1.8.1 Capital structure

Please refer to chapter 2 of the Company's 2017 Registration document.

4.1.8.2 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.

4.1.8.3 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 2 and 7.2.7 of the Company's 2017 Registration document.

4.1.8.4 List of holders of any securities having special control rights and description of these

None.

4.1.8.5 Control mechanisms provided for in any employee shareholding system when control rights are not exercised by the latter

None.

4.1.8.6 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

4.1.8.7 Rules applying to the appointment and replacement of members of the Supervisory/Management Board and amendments to the Company's Articles of Association

Please refer to chapter 7.2.2 of the Company's 2017 Registration document and to the applicable legal provisions.

4.1.8.8 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.

4.1.8.9 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.

4.1.8.10 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.

4.1.9 Summary table of the delegations in force granted by the General Meeting of Shareholders in the area of capital increases, in application of Articles L.225-129-1 and L.225-129-2

Attached to this report in accordance with the provisions of Article L.225-37-4, 3 of the French Commercial Code, is a summary table of the delegations in force granted by the General Meeting of Shareholders in the area of capital increases, in application of Articles L.225-129-1 and L.225-129-2 and showing the use made of these delegations over the course of the year.

Nature of the delegation of authority or powers to the Company's Management Board in application of Articles L.225-129-1 and L.225-129-2 of the French Commercial Code	Date of General Meeting	Validity period Expiry	Nominal amount of capital increased authorized	Increase(s) carried out during the year	Remaining amount at the date of preparing this table
None	None		None	None	-

4.1.10 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 Articles of Association in order to report to you on the situation and the activity of our Company during the year ended 31 December 2016 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 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, the Supervisory Board considers that these documents do 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

4.2 Internal control and risk management

Risk management aims to cover all activities, processes and assets of the Company. It comprises a set of tools, behaviors, procedures and actions that are tailored to the Company's own characteristics and those of all of its subsidiaries which are aimed at allowing managers to keep risks at an acceptable level.

Internal control is a system that is defined and implemented by the Company and which aims to ensure:

- the application of the instructions and policies laid down by the Management Board;
- the proper functioning of the Company's internal processes, in particular of the processes aimed at safeguarding its assets;
- the reliability of the financial information;
- compliance with laws and regulations.

And which, in general terms, contributes to control of the Company's activities, to the effectiveness of its operations and to the efficient use of its resources.

The systems for risk management and internal control thus complement each other with regard to controlling the activities of the Company.

Nevertheless, however well-designed and applied the systems for risk management and internal control are, like any control system they cannot provide an absolute guarantee that these risks will be completely eliminated.

4.2.1 Risk evaluation and risk management processes

4.2.1.1 Risk mapping

Risk mapping has been carried out, in three stages:

- survey of the main internal or external risks that may constitute an obstacle to reaching the Group's goals;
- analysis and evaluation of the risks in accordance with a qualitative scale of how critical they are, taking into account their financial, human or reputational impact and how likely they are to occur;
- dealing with risks in a manner that seeks to keep them within acceptable limits by removing them, reducing them, transferring them or accepting them.

4.2.1.2 Risk management

Risk mapping has allowed the main risk factors specific to the Group to be specified. These risks can be divided into five main families:

- industrial and environmental risks;
- general business risks;
- legal risks;
- financial risks;
- IT and asset risks.

If one or more of these risks should materialize, this could affect the business, the financial situation, the profits and the development of the Group. All of the risk factors are set out in detail in Chapter 1.3.1.3 of the Management Board's report.

4.2.1.3 Internal control procedures

A. Parties involved in internal control

a. Management Board

The Management Board ensures the existence of an internal control system for accounting and finance, and organizes its supervision. This system aims to produce reliable accounting and financial information and to provide a true and fair representation of the profits and financial situation of the Company on a timely basis. To this end, the Management Board ensures that the system addresses the following points:

- the organization and the scope of responsibilities of the accounting and finance functions so that the Group is equipped with systems for risk identification and control that are capable of guaranteeing the reliability of the accounting and financial information published by the parent company;
- the formalization and circulation of accounting rules and procedures (standards and procedures manuals);
- duties regarding the retention of information, data and IT operations that directly or indirectly contribute to the compilation of accounting and financial statements;
- the existence of measures aimed at ensuring the retention and security of information, data and IT operations that directly or indirectly contribute to the compilation of accounting and financial statements (continuity plans, in particular as regards IT, archiving in compliance with regulatory obligations, etc.);
- regular examination of the appropriateness of the above systems and the resources available to the accounting and financial functions (in terms of personnel, of IT and other resources, etc.).

The Management Board ensures that a management system is in place to analyse and control the main identifiable risks potentially impacting the preparation of the accounting and financial information published by the Company.

Specifically, it ensures that the standards and procedures circulated within the Company take account of changes in the Group's needs and in its environment (in particular, its regulatory environment).

It oversees the defining and ensures the implementation of a management control system meeting the reliability requirements for published accounting and financial information, namely:

- it ensures that any non-accounting IT system that may be used for business management purposes is reconciled with the accounting IT system;
- it also ensures the quality of forecasts that are published or used for the valuation of assets or liabilities or for any other published accounting or financial information.

This requires the management control system to be organized in such a way that it is adequate to meet these needs and ensures the quality of those information and forecasts.

The Management Board supervises the definition of processes for recording major transactions, such as acquisitions or disposals of businesses, restructuring, or the conclusion of key contracts, in the accounts and for validating such entries, and ensures that they are implemented.

It ensures that year-end procedures exist in respect of accounts regarded as sensitive (accounting treatment of revenues, valuation of key assets).

The Management Board compiles the year-end financial statements (including the note thereto). To this end, it:

- specifies and explains the main year-end options and estimates where it is required to take a view;
- discloses changes in accounting principles and informs the Supervisory Board thereof;
- analyses key financial indicators (leverage ratios, liquidity, available funds, hedging) and identifies and explains factors affecting changes in earnings;
- prepares the company and consolidated year-end financial statements, with accompanying commentary and analyses by the Finance Department;
- establishes the financial communications strategy (indicators, methods, etc.) and suggests or prepares the wording of financial press releases.

As the body responsible for preparing the financial statements and implementing accounting and financial internal control systems, the Management Board holds discussions with the Statutory Auditors:

- It ensures that the Statutory Auditors have reviewed the accounting principles chosen and any accounting options that have a material impact on the presentation of the financial statements;
- It takes note of the scope and methods employed by the Statutory Auditors. It is also informed of the conclusions of the Statutory Auditors' work on the financial statements and their work on reviewing the internal control in so far as it relates to the operational and IT processes that contribute to the production of the accounting and financial information;
- Where applicable, it ensures that the Statutory Auditors are informed of major internal control weaknesses identified during the year that may potentially have a material impact on published accounting and financial information.

b. The Supervisory Board

The Supervisory Board permanently oversees the Management Board's management of the Company. In so doing, it verifies in particular with the Management Board that management and control systems are adequate to ensure the reliability of the financial information published by the Company and provide a true and fair representation of the earnings and financial position of the Company and Group.

To exert this control:

- preparatory work is carried out by the Audit Committee;
- the Board is informed of the essential characteristics of the Company's and the Group's management systems, in particular risk monitoring systems, management control systems and financial and cash monitoring systems;
- where applicable, it is informed of changes in accounting policies and accounting elections made by the Company where these have a material impact on the presentation of the financial statements;
- it ensures the adequacy of the process for selecting the Statutory Auditors, in particular as regards their competence and independence;
- it is informed of material events occurring in connection with the business and of its cash position;
- furthermore, it is informed of any major plans for capital expenditure or investment, disposal or financing;
- the Supervisory Board also receives assurance from the Statutory Auditors that they have had access to all information necessary for the fulfilment of their duties;
- it is informed of the manner in which the Statutory Auditors performed their work and of the conclusions of that work;
- it receives assurance from the Statutory Auditors that they have carried out sufficient work by the year end to be in a position to communicate all material observations.

B. Processes for managing accounting and financial information

This management is provided by the Finance Department and by the Management Board.

a. Principles

In order to ensure overall cohesion in this process, the Company ensures that:

- the separation of functions is designed so as to allow independent checks to be made. This separation of functions demands the separation of tasks and functions relating to operational matters, the safeguarding of assets and their recording in the financial statements;
- the names of persons who may enter contractual commitments on behalf of the Company and the required approval levels for commitments of each type are listed and made available to the persons in charge of accounting entries so that they may ensure that the transactions have been properly approved.

With respect to the preparation of the consolidated financial statements, the Company ensures that an organized and documented process exists to ensure the consistency of published consolidated financial and accounting data.

- documentation exists 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 kept consistent;
 - o the operation of these information flows is subject to controls;
 - o a timetable for preparing accounting and financial information is circulated within the Group for the purposes of the parent company's published financial statements;
 - o 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;
 - o the Finance Department has the authority to enforce accounting rules;
 - o procedures exist to verify that the controls put in place are followed;
 - o a manual of accounting procedures specifies the accounting rules and principles used within the Group;
 - o compliance monitoring enables changes in the Company's environment to be identified and anticipated;
 - o specific controls are established in areas identified as sensitive from an accounting perspective.

b. Organization and security of IT systems

The following processes serve to control the components of the accounting information resource:

- the accounts are maintained using IT systems with a clear and structured organization in which systems and data are physically and virtually secure;
- the organization and functioning of the entire IT system is subject to specific rules regarding access to the approval system for accounting entries and year-end procedures, data storage and the approval of individual entries;
- procedures and controls exist to ensure the proper and secure use, maintenance and updating of accounting and management systems (and the scope thereof) and of systems feeding directly or indirectly into them;
- key controls exist in the IT system (blocking of duplicated entries, entry limits and restricted access for certain transactions);
- the Company is in a position to meet specific obligations towards the tax authorities;
- the storage of processed data is performed by IT applications which are used to establish accounting records or to support events transcribed in documents which are reviewed by the tax authorities;
- in terms of documentation, a description exists of the administration rules for data and files used in the IT systems which have an effect on the compilation of the accounting and tax profits and tax declarations.

c. Organization of the accounting and management function

Organization of the accounting and management function is based on the precision and completeness of the information available to all parties within the business. This relies in particular on the simultaneous recording of data in general and analytical (i.e. management) accounts: external expenses, receipts and the allocation of labor costs in proportion to the time spent on different contracts.

- **Accounting and management reporting**

Timing and organization of closing of accounts

The Group and its parent company are organized so as to publish half-yearly financial statements as at 30 June and 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, forecasts 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.

In advance of the preparation of the Group's consolidated financial statements, each company communicates with each other company in order to eliminate all intra-Group supplies.

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 analyses 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 behavior 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 specifically relate to them;
- 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;
- giving an opinion 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 defenses or appeals before the relevant judicial bodies, whether courts or arbitration tribunals;
- periodically examining the various legal cases, developments therein, risks incurred, and the adequacy of insurance cover and accounting provisions.

The Group's Legal Department relies on external counsel whenever it considers it to be appropriate.

Furthermore, a specific meeting, involving the CFO and, where necessary, the Sector Chief Executive concerned, is held several times a year to analyse developments in losses and legal disputes and their consequences at Group level and also, where appropriate, to determine the accounting provisions to be recorded as well as the preventive or corrective measures required.

Particular attention is paid to risks relating to competition law, representation or business introduction contracts, and anti-corruption law.

The Legal Department is also responsible for ensuring that each subsidiary complies with all legal filing requirements.

E. Information and communication

In order to be effective, the internal control system must be the subject of adequate communications for the purposes of its implementation by all of the Group's staff. Internal control is all the more important given that it is based on conduct and integrity rules that are upheld by the governing bodies and communicated to all employees. Specifically, it cannot be reduced to a purely formalistic system that could allow serious failures in the Group's ethical standards, principles of internal control and values to occur at the margins.

4.3 Share buy-back programme

Please refer to 2.1.1.3 of this registration document.

5 FINANCIAL STATEMENTS

All amounts shown are in thousands of euros, unless otherwise stated.

5.1 Consolidated financial statements at December 31, 2017(AFR)

5.1.1 Consolidated Balance Sheet

5.1.1.1 ASSETS

(in € thousands)

ASSETS	NOTE	Dec. 31, 2017	Dec. 31, 2016
Intangible assets	11	29,806	25,095
Goodwill	12	73,845	45,912
Land		8,139	8,604
Buildings		21,131	22,756
Technical facilities, equipment and tooling		16,373	19,698
Other		6,190	6,250
Assets in progress		13,972	5,935
Advances and down payments received		29	0
Property, plant and equipment	13	65,832	63,242
Financial assets	14	13,083	12,852
Investments in equity-accounted associates	15	51,455	46,160
Non-current financial assets		64,538	59,012
Deferred tax assets	9.C	14,114	10,582
NON-CURRENT ASSETS		248,135	203,843
Inventories and work in progress	16	28,917	24,476
Advances and down payments made on orders		8,273	6,154
Trade and other receivables	17	156,633	174,273
Accrued income from contracts in progress	17	45,076	46,905
Other receivables	17	78,746	61,800
Cash	19	146,609	183,704
Prepaid expenses	17	6,033	5,198
CURRENT ASSETS		470,286	502,509
TOTAL CONSOLIDATED ASSETS		718,421	706,352

5.1.1.2 Equity and liabilities

(in € thousands)

EQUITY AND LIABILITIES	NOTE	Dec. 31, 2017	Dec. 31, 2016
Share capital	20	6,056	6,056
Additional paid-in capital		7,237	7,237
Retained earnings		141,402	116,239
Net income for the period		22,021	49,742
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		176,716	179,274
Non-controlling interests - Retained earnings		6,646	8,160
Non-controlling interests - Net income (loss)		(2,329)	(1,660)
NON-CONTROLLING INTERESTS		4,317	6,500
Borrowings and debt	21	42,571	15,853
Provisions for retirement and other employee benefits	23	27,166	30,879
Non-current provisions	22	26,857	36,274
Deferred tax liabilities	9.C	1,644	231
NON-CURRENT LIABILITIES		98,238	83,237
Advances and down payments received from customers	18	11,585	20,725
Trade accounts payable	19	137,682	118,499
Social security and tax payables (excl. current inc. tax payable)		67,320	64,320
Current tax liabilities		2,670	2,300
Current financial liabilities	21	11,916	10,117
Current provisions	22	42,470	59,384
Other liabilities		4,906	4,109
Deferred income	18	160,600	157,888
CURRENT LIABILITIES		439,150	437,341
TOTAL CONSOLIDATED EQUITY AND LIABILITIES		718,421	706,352

5.1.2 Consolidated income statement

(in € thousands)

	NOT E	Dec. 31, 2017	Dec. 31, 2016
Revenues	5	634,941	539,860
Change in semi-finished and finished goods		2,031	(3,719)
Operating grants		13,190	13,673
Other operating income		4,485	9,597
Purchases and change in inventories		(347,255)	(252,450)
Other external expenses		(110,199)	(96,420)
Taxes other than income taxes		(6,900)	(6,594)
Personnel expenses		(177,142)	(167,604)
Depreciation and amortization expense		(18,763)	(16,265)
Change in provisions		34,380	9,159
Other operating expenses		(9,020)	(6,996)
RECURRING OPERATING INCOME		19,748	22,241
Non-recurring operating income (expense)	7	2,360	(3,154)
OPERATING INCOME	5	22,109	19,088
Share of net income of equity-accounted associates	15	3,600	2,572
OPERATING INCOME AFTER SHARE OF NET INCOME OF EQUITY-ACCOUNTED ASSOCIATES		25,709	21,659
Cost of net debt	8	926	(22)
Foreign exchange differences	8	(2,196)	(335)
Other financial income (expense)	8	(233)	(267)
FINANCIAL INCOME (EXPENSE)		(1,504)	(624)
PRETAX INCOME		24,205	21,035
Income tax expense	9	(4,513)	(7,075)
NET INCOME FROM CONTINUING OPERATIONS		19,691	13,960
NET INCOME FROM DISCONTINUED OPERATIONS		-	34,121
TOTAL NET INCOME		19,691	48,081
Attributable to non-controlling interests		(2,329)	(1,660)
Attributable to owners of the parent		22,021	49,742
Earnings per share attributable to owners of the parent	10	7.7	17.3
Earnings per share from continuing operations		6.9	4.9
Earnings per share from discontinued operations		0.0	11.9

* In 2016, operations of Babcock Wanson subsidiaries and gains on the disposal of these subsidiaries.

5.1.3 Consolidated statement of comprehensive income

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Net income for the period	19,691	48,081
Remeasurement of defined benefit liability (asset)	(358)	(1,108)
Income tax relating to other comprehensive income items that may not be reclassified to net income	146	(323)
Other comprehensive income items that may not be reclassified	(212)	(1,431)
Foreign operations - foreign currency translation differences	(2,346)	(5,749)
Effective portion of changes in fair value of cash flow hedging instruments	(382)	2,020
Tax on the effective portion of changes in fair value of cash flow hedging instruments	77	(737)
Other comprehensive income items that may be reclassified	(2,651)	(4,466)
Equity-accounted associates - share of other comprehensive income items that may be reclassified to net income	86	412
Other comprehensive income items from discontinued operations	-	634
TOTAL COMPREHENSIVE INCOME	16,914	43,230
Attributable to non-controlling interests	(2,310)	(1,551)
Attributable to owners of the parent	19,225	44,781

* In 2016, operations of Babcock Wanson subsidiaries.

5.1.4 Consolidated statement of changes in equity

(in € thousands)

	Equity attributable to owners of the parent									Non-controlling interests	TOTAL
	Share capital	Additional paid-in capital	AFS revaluation	Hedging reserve	Provisions for retirement benefits	Other reserves	Foreign currency translation	Net income for the year	Total		
At Jan. 1, 2016	6,056	7,237	158	(493)	(8,344)	110,017	1,586	35,791	152,007	7,820	159,826
Appropriation of 2015 net income						35,791		(35,791)	-		-
Dividend distribution						(16,963)			(16,963)		(16,963)
Net income for the period								49,742	49,742	(1,660)	48,081
Other comprehensive income				1,702	(1,552)		(5,111)		(4,961)	109	(4,852)
Comprehensive income	-	-	-	1,702	(1,552)	-	(5,111)	49,742	44,781	(1,551)	43,230
Change in consolidation scope						(601)			(601)	230	(371)
Cancellation of treasury share transactions						50			50		50
At Dec. 31, 2016	6,056	7,237	158	1,209	(9,896)	128,294	(3,525)	49,742	179,274	6,500	185,774
At January 1, 2017	6,056	7,237	158	1,209	(9,896)	128,294	(3,525)	49,742	179,274	6,500	185,774
Appropriation of 2016 net income						49,742		(49,742)	-		-
Dividend distribution						(19,280)			(19,280)	(186)	(19,466)
Net income for the year								22,021	22,021	(2,329)	19,691
Other comprehensive income				(202)	(212)		(2,382)		(2,796)	19	(2,777)
Comprehensive income	-	-	-	(202)	(212)	-	(2,382)	22,021	19,225	(2,310)	16,914
Change in consolidation scope									-	313	313
Cancellation of treasury share transactions						(2,503)			(2,503)		(2,503)
At Dec. 31, 2017	6,056	7,237	158	1,007	(10,108)	156,254	(5,907)	22,021	176,716	4,317	181,033

* Change in SUNCNIM equity interests

5.1.5 Consolidated statement of cash flows

(in € thousands)

	NOTE	Dec. 31, 2017	Dec. 31, 2016
Net income		19,691	48,081
Less: Net income from discontinued operations ⁽¹⁾		-	(34,121)
Net income from continuing operations		19,691	13,960
Share of net income of equity-accounted associates	15	(3,600)	(2,572)
Depreciation, amortization and provisions		(11,340)	13,450
Gains or losses on disposals		(3,118)	125
Income from dividends		(135)	(0)
Net cash from operations before changes in working capital and after cost of debt and income tax		1,497	24,963
Income tax expense	9	4,513	7,075
Cost of net debt		(919)	82
Net cash from operations before changes in working capital and before cost of debt and income tax		5,092	32,120
Inventories		(1,171)	4,545
Advances and down payments made		(2,068)	(2,538)
Trade and other receivables		3,864	(33,923)
Advances and down payments received		(10,337)	13,902
Trade accounts payable and other current operating liabilities		20,545	41,661
Total change in working capital requirements (including personnel expenses)		10,833	23,648
Income tax paid (incl. French value-added business tax (CVAE))		(5,964)	(9,105)
Other cash flow from discontinued operations ⁽¹⁾		-	2,287
Net cash flow from operating activities (A)		9,961	48,950
Acquisition of companies/operations net of cash acquired ⁽²⁾		(36,717)	(686)
Acquisition of property, plant and equipment and intangible assets		(25,077)	(21,265)
Acquisition of financial assets		(62)	(698)
Disposal of financial assets		-	503
Net change in advances and loans granted		(3,733)	1,451
Disposal of property, plant and equipment and intangible assets		8,018	1
Dividends received from equity-accounted associates and unconsolidated entities		2,180	4,353
Net cash flow from discontinued operations		-	43,013
Net cash flow from (used in) investing activities (B)		(55,390)	26,672
Dividends paid by the parent company		(19,280)	(16,963)
Dividends paid to minority shareholders		(186)	
Proceeds (payments) arising from the sale (purchase) of treasury shares		(2,737)	(77)
Proceeds from borrowings	21	31,450	2,932
Repayment of borrowings	21	(2,517)	(11,181)
Interest paid		932	(181)
Other financing transactions	21	(117)	(3,490)
Net cash flow from discontinued operations		-	59
Net cash flow from (used in) financing activities (C)		7,545	(28,901)
Effect of movements in exchange rates (D)		1,262	(1,997)
Effect of movements in exchange rates of discontinued activities ⁽¹⁾ (E)		-	(317)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS A+B+C+D+E		(36,622)	44,407
Cash equivalents		39,793	20,718
Cash		106,816	162,986
Cash and cash equivalents		146,609	183,704
Bank overdrafts		(1,884)	(2,357)
Closing cash and cash equivalents		144,725	181,348
Continuing operations		144,725	181,348
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(36,622)	44,407

(1) In 2016, operations of Babcock Wanson subsidiaries.

(2) In 2017, impact of the acquisition of the Exensor Group (€27,473 thousand) and the Winlight Group (€8,187 thousand).

5.1.6 Notes to the consolidated financial statements

On March 5, 2018, the Management Board approved and authorized publication of the consolidated financial statements of CNIM Group for the year ended December 31, 2017. 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 May 24, 2018.

CNIM (parent company) is a listed public limited company (Société anonyme) registered with the Paris Trade and Companies Register (RCS) under number 662043595. The registered office is located at 35, rue de Bassano, Paris, France.

The consolidated financial statements are presented in thousands of euros rounded to the nearest thousand. As a result of rounding, there may be immaterial differences in the totals and sub-totals in the tables.

The notes are an integral part of the consolidated financial statements for the year ended December 31, 2017.

NOTE 1 Basis of preparation and significant accounting policies

A. Applicable standards

CNIM's consolidated financial statements for the year ended December 31, 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union at December 31, 2017.

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, 2017, have been prepared on the same basis as at December 31, 2016, with the exception of the newly-adopted standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2017, which are described below in section a):

a. New standards applicable as of January 1, 2017

Amendment to IAS 7 "Disclosure Initiative"

These amendments are part of an initiative to improve the effectiveness of disclosures in financial reports. They require entities to provide additional disclosures to explain changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

Therefore, the Group has provided a reconciliation between the opening and closing balances in Note 21 of the notes to the financial statements.

Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"

These amendments do not have a material impact on the Group's consolidated financial statements.

b. New IFRS adopted by the European Union but not yet mandatory

CNIM has not opted for the early adoption of the new standards and amendments adopted by the European Union mentioned below, which were not mandatory at January 1, 2017:

- IFRS 15 – Revenue from Contracts with Customers
- Amendments to IFRS 15 – Clarifications to IFRS 15
- IFRS 9 – Financial Instruments
- IFRS 16 – Leases

IFRS 15 "Revenue from Contracts with Customers"

This standard replaces IAS 11 "Construction Contracts", and IAS 18 "Revenue", and the associated interpretations, and introduces new revenue recognition accounting principles.

The Group has opted to apply the full retrospective approach at January 1, 2018. The restatement will enable the Group to provide consistent historical data, as consolidated financial data for year-end 2017 will be restated in accordance with IFRS 15 to enable comparison with year-end 2018 data.

To prepare for implementation of the standard, the Group performed a detailed analysis and identified the main differences in revenue accounting and recognition methods for its main operations.

The analysis was performed on a selection of contracts representing the Group's operations and accounting methods.

The analysis concluded that implementation of IFRS 15 does not have a material impact on the Group's annual revenue, or on cash flows and overall profitability of contracts:

- Current contract segmentation is not called into question: the majority of the Group's contracts still include a single performance obligation. Current contract segmentation is justified under IFRS 15;
- The current method of revenue recognition is not called into question: for the majority of the Group's contracts, the transfer of control of goods and services to the customer is progressive and revenue is recognized on a percentage-of-completion basis;
- The current method for recognizing percentage of completion is not called into question: for the majority of the Group's contracts, percentage of completion is recognized based on costs incurred. Recognizing revenue based on progress billing is justified under IFRS 15.

At January 1, 2017, the implementation of IFRS 15 resulted in an increase in consolidated equity of approximately €1 million, excluding deferred tax, to a total of €179 million.

The increase was due exclusively to a difference in the timing of revenue recognition.

The new standard introduces the notion of revenue recognized when an outstanding performance obligation is satisfied. The information must be disclosed in the notes to the consolidated financial statements, and reflects the notion of "backlog", which the Group traditionally discloses in its Management Report. The Group has decided to bring its backlog recognition criteria into line with IFRS 15, resulting in an increase in backlog of approximately €120 million at January 1, 2017 (€108 million at December 31, 2017) and a decrease in order intake in 2017 of approximately €22 million.

At present:

- The Group's backlog only includes the share of revenue relating to operating contracts for waste-to-energy processing plants for the current period, and not for the remaining contractual period;
- Orders for operating plants are recognized at the beginning of the reporting period, but only for the amount of revenue to be recognized during the reporting period.

IFRS 9 "Financial Instruments"

This standard replaces IAS 39 "Financial Instruments: Recognition and Measurement" and the associated interpretations, and introduces new principles on the classification, measurement and impairment of financial instruments.

IFRS 9 includes, in particular:

- New principles for the classification and measurement of financial assets, based on the company's business model and the contractual terms of the financial assets;
- A new financial asset impairment approach, now based on expected credit losses;
- A new approach to hedge accounting for individual exposures aimed at harmonizing Group accounting with risk management policy.

The Group has chosen to apply the provisions of the standard regarding the classification, measurement and impairment of financial instruments retrospectively, without adjusting comparative figures when first applying the standard on January 1, 2018.

In accordance with IFRS 9, the Group will also apply retrospectively the provisions specifically relating to hedge accounting at January 1, 2018.

To prepare for implementation of the standard, the Group has undertaken a detailed review of its:

- financial assets and liabilities, and business models,
- trade receivables and their potential credit risk, and
- hedging strategies for existing risk.

IFRS 9 has no material impact on the Group's consolidated financial statements.

IFRS 16 "Leases"

This standard replaces IAS 17 "Leases" and the associated interpretations, and introduces a single lease accounting method for lessees.

IFRS 16 removes the distinction in IAS 17 between operating leases and finance leases. The lessee is now required to recognize all leases in a similar way to finance leases under IAS 17, and therefore to recognize an asset and liability corresponding to the rights and obligations created by the lease.

The standard is applicable as of January 1, 2019.

The Group has started collecting the information required to assess the effects of the standard and determine the appropriate transition method.

c. Standards not yet adopted by the European Union

- Amendment to IFRS 9 “Prepayment Features with Negative Compensation”
- Amendment to IAS 28 “Long-term Interests in Associates and Joint Ventures”
- IFRIC 22 “Foreign Currency Transactions and Advance Consideration”
- IFRIC 23 “Uncertainty over Income Tax Treatments”
- Annual improvements (2014-2016 cycle)
- Annual improvements (2015-2017)

The Group is not expecting the implementation of these standards to have a material impact on the consolidated financial statements.

B. Accounting policies and bases of measurement

a. Consolidation rules

Consolidation scope

Subsidiaries are entities over which the Group exercises exclusive control.

Control exists when the Group (i) has power over an entity, (ii) is exposed or has rights to variable returns from its involvement with the entity (iii) has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated.

Joint arrangements (joint ventures or joint operations) are entities over which the Group has joint control. A joint venture is a joint arrangement whereby the Group has a right over the net assets of the entity.

Joint control is established when decisions involving the entity’s main operations require the unanimous consent of the parties sharing control.

Interests in joint ventures are accounted for using the equity method.

An associate is an entity over which the Group exercises significant influence.

Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Significant influence is presumed to exist if the Group holds between 20% and 50% of the entity’s voting rights.

Interests in associates are recognized in the consolidated financial statements using the equity method.

Entities are consolidated or deconsolidated from the date on which control is effectively obtained or relinquished.

Transactions with minority interests (non-controlling interests), with no impact on control, are considered as transactions with the Group’s shareholders and recorded in equity.

Reporting date

All the companies have been consolidated on the basis of their financial statements at December 31, 2017.

b. Accounting for business combinations

Business combinations occurring since April 1, 2010, have been recognized in accordance with the provisions of IFRS 3R.

At the acquisition date, which is the date on which the Company obtains control of the acquiree, the Group uses the acquisition method to account for the business combination.

The identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date.

The acquisition cost corresponds to the sum of:

- fair value of the consideration transferred by the acquirer;
- share of non-controlling interests, measured either on the basis of the share of net assets of the acquiree measured at fair value, or on the basis of its acquisition date fair value (choice made on a case-by-case basis for each business combination); and
- fair value of any previously held equity interests.

Contingent consideration is measured at fair value even if it is unlikely that an outflow of resources will be required to settle the obligation.

Acquisition-related costs are expensed in the period in which they are incurred and the services are received.

Goodwill from a business combination is equal to the difference between:

- the fair value of the acquisition cost; and
- the fair value of net assets acquired and liabilities assumed at the acquisition date.

For control obtained through step acquisitions, the share of equity interest held by the Group, prior to the acquisition of control, is remeasured at fair value on the date on which control is acquired, 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 in section s).

e. Property, plant and equipment

Property, plant and equipment is recognized at amortized cost, equivalent to historical or production cost, less accumulated depreciation and impairment.

Borrowing costs directly attributable to the acquisition, construction or production of property, plant and equipment are capitalized.

In accordance with IAS 17, assets financed by a lease contract which, in substance, transfers virtually all risks and rewards incidental to ownership of the asset to the lessee are accounted for as finance leases. At the inception of the lease, they are capitalized in property, plant and equipment with a matching liability in borrowings and debt. The asset is recognized at the lower of the fair value of the leased property and the present value of the minimum future lease payments. Lease payments are broken out into principal and interest expense over the term of the lease in order to obtain a constant periodic rate of interest on the outstanding balance.

Property, plant and equipment is broken down by main component and depreciated on a straight-line basis over the expected useful life of each asset. Assets classified as buildings are deemed to have a residual value equivalent to 10% of their historical cost.

Assets held under finance leases are depreciated over their expected useful lives if ownership is certain to be transferred to the Group at the end of the lease. Otherwise, they are depreciated over the shorter of their useful life and the lease term.

The main useful lives are:

	Term (in years)
Buildings and roads	20 - 30
Fixtures, large plant and equipment	10
Small plant and equipment, furniture and other	2 - 10

f. Intangible assets

Intangible assets are carried at fair value, historical cost or production cost, depending on how they are acquired.

Borrowing costs directly attributable to the acquisition, construction or production of intangible assets are capitalized.

The carrying amount is net of accumulated amortization and impairment.

Intangible assets principally comprise patents, IT software and research and development costs.

Intangible assets are amortized on a straight-line basis over their expected useful lives.

The main useful lives are:

- concessions, patents and licenses: 5-10 years;
- software: 3-5 years;
- development costs: 5 years.

The useful lives of concessions, patents and licenses is the shorter of the legal protection period and their economic lives.

Research and development costs

Research and development costs are expensed when incurred.

Development costs:

- that cannot be separated from contracts are not capitalized. They are included in the cost of the contract;
- that can be separated from contracts may be capitalized if they meet the six criteria set out in IAS 38, notably the criterion that the expected future economic benefits attributable to the project will flow to the entity.

g. Goodwill impairment tests

Goodwill is not amortized but is tested for impairment at least once a year or more if events or changes in circumstances indicate that there is a risk of impairment. For impairment testing purposes, goodwill is allocated to Cash-Generating Units (CGUs), defined as the smallest group of identifiable assets that generates cash inflows that are largely independent of the cash inflows of other groups of assets.

A CGU represents the lowest level within the entity at which goodwill is monitored for internal management purposes.

The Group has identified the following cash-generating units:

- Four CGUs for the Environment & Energy operating segment, comprising “Environment-Construction”, “Environment-Operations”, “CNIM Babcock Services” and “Solar Energy”;
- Three CGUs for the Innovation & Systems operating segment, comprising “CNIM Industrial Systems”, “Bertin Systems & Advisory” and “Bertin IT”.

Impairment testing entails comparing the recoverable amount of each CGU to which goodwill has been allocated with its carrying amount. The recoverable amount is the higher of value in use, calculated by discounting future cash flows to present value, and fair value, which is calculated using the following method:

- Expected future cash flows from operating activities for the current and subsequent two years, plus projected normative cash flows for years four and five, net of normative income tax;
- The discount rate reflects the weighted average cost of capital per CGU; factoring in the risk-free rate, a market risk premium, a size premium and a premium for the low liquidity of the related shares.
- The discount rate is an after-tax rate and is applied to after-tax cash flows, which results in the same amount as if a pre-tax discount rate were applied to pre-tax operating cash flows, as required under IAS 36;
- The recoverable amount is the sum of the discounted operating cash flows and discounted terminal value, calculated on the basis of normative cash flows representing long-term business activity using a perpetual growth rate.

If the resulting recoverable amount of a CGU is less than its carrying amount, the carrying amount is written down to the recoverable amount and the corresponding impairment loss is recognized immediately in the income statement, first as a reduction in goodwill and subsequently as a reduction in other assets in proportion to their respective carrying amounts.

Goodwill impairment may not be reversed.

h. Non-current financial assets

The accounting principles for recognizing, measuring and presenting financial assets and liabilities are defined by IAS 39, IAS 32 and IFRS 7.

Financial assets include available-for-sale financial assets, held-to-maturity investments, financial assets measured at fair value through the income statement, and loans and receivables. Derivatives are classified as financial assets at fair value through profit or loss and guarantee deposits on derivative instruments are recognized as loans and receivables at amortized cost.

Available-for-sale financial assets

Available-for-sale financial assets mainly comprise non-consolidated equity investments and are recognized at fair value.

However, if their fair value cannot be determined reliably and if no impairment risk has been identified, they are recognized at cost.

Changes in fair value are recorded directly in equity unless there is an indication that there is a significant or prolonged decline in fair value, in which case an impairment loss is recognized in the income statement.

An impairment loss is recognized if the enterprise value or equity investment value is less than the carrying amount.

Loans and receivables

These include loans and receivables related to non-consolidated equity investments.

On initial recognition, loans and receivables are measured at fair value plus any directly attributable transaction costs.

At each reporting date, loans and receivables are measured at amortized cost using the effective interest rate method.

An impairment loss is recognized in the income statement when the estimated recoverable amount of the loan or receivable is less than its carrying amount.

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

The revenue arising from a given transaction is generally determined by the contract signed with the client. Revenue is measured at the fair value of the consideration received or receivable.

The Group's operating activities, a description of which is provided in section V, comprise two main accounting categories: sales of goods and services, and construction contracts.

Revenue from sales of goods and services is accounted for using the principles described in section I) below.

Revenue from construction contracts is accounted for using the percentage-of-completion method, described in section k) below.

k. Construction contracts

The business activities involving construction contracts relate to the environment, and include the construction of waste-to-energy processing plants, flue gas treatment systems, and thermodynamic solar plants.

Revenue from construction contracts in progress is accounted for using the percentage-of-completion method, in accordance with IAS 11.

Stage of completion is determined by measuring the contract costs incurred to date over estimated costs at completion.

The difference between revenue measured based on percentage of completion and revenue recognized for prior reporting periods constitutes revenue for the current reporting period.

Profit for the reporting period is calculated as the difference between revenue for the period and costs incurred for the period.

Revenue at completion includes the initial contract price plus any modifications, claims and other contractually substantiated adjustments.

If contract profit or loss at completion cannot be determined reliably, but is most probably assumed to be a profit, revenue is recognized using the percentage-of-completion method, but profit at completion is reduced to zero.

A provision is recognized in non-current liabilities for all estimated losses at completion when identified, less any losses already recorded.

While a construction contract is in progress, obligations arising from the contract are used to measure profit or loss at completion and are presented as follows on the balance sheet:

- Amounts received from the customer, before the related work is performed, are presented in balance sheet liabilities as "Advances and down payments received";
- Revenue recognized on a percentage-of-completion basis less progress billings is reported:
 - in assets as "Accrued income from contracts in progress" if the amount is positive;
 - in liabilities under "Deferred income" if the amount is negative.

On contract completion, these obligations are recognized under liabilities as distinct line items, if they meet IAS 37 recognition criteria. The obligations are presented as provisions if their maturity or amount is uncertain. As soon as maturity or amount are known, the obligations are presented as trade accounts payable or other current liabilities.

I. Sales of goods and services

Revenue from the sale of goods and services is recognized in accordance with IAS 18, which is mainly when the entity has transferred to the buyer the significant risks and rewards of ownership, generally upon delivery. Revenue from service contracts is recognized when the services are rendered or based on the stage of completion of the service.

The costs relating to the service rendered are expensed when the associated revenue is recognized.

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. Other current receivables and payables

On initial recognition, receivables and payables (excluding financial assets and liabilities) are measured at fair value, plus any transaction costs directly attributable to the acquisition or issue of the asset or liability. They are subsequently measured at amortized cost. Fair value corresponds to face value when discounting is not material.

In accordance with IAS 39, at each reporting date, the Group assesses whether there is any objective indication that a financial asset or group of financial assets are impaired.

If there is an objective indication of impairment, the amount of the loss is calculated as the difference between the carrying amount of the asset(s) and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred), which are discounted at the financial asset's original effective interest rate. An impairment loss is recognized in the income statement when the recoverable amount of the loan or receivable is less than its carrying amount.

o. Cash and cash equivalents

In accordance with IAS 7 criteria, cash and cash equivalents comprise:

- Cash at bank (bank accounts, petty cash, etc.);
- Investments maturing in less than three months, held for the purpose of meeting short-term cash commitments that are not subject to a significant risk of change in value. Such investments include funds classified as euro money market funds by the French securities market regulator (AMF) with a return approximating capitalized Eonia.

p. Provisions

In accordance with IAS 37, obligations are provisioned when the following criteria are met:

- the Group has a current legal or constructive obligation toward a third party resulting from a past event;
- it is likely that an outflow of resources will be required to settle the obligation without a corresponding inflow of economic benefits; and
- the amount of the obligation can be reliably estimated.

Provisions mainly comprise the following:

- provisions for ongoing litigation and disputes established on the basis of the Group's best estimate of the risk of an outflow of resources;
- provisions for guarantees given to customers measured on a statistical basis in view of expenses incurred in the past in similar circumstances;
- provisions for losses at completion;
- provisions for outstanding expenses on completed contracts;
- provisions for defined benefit pension plans.

Provisions for expenses on contracts in progress are classified as current liabilities. Other provisions are recognized as non-current liabilities.

q. Income tax

The Group calculates current income tax expense in accordance with tax legislation enacted or substantially enacted at the reporting date in countries where Group subsidiaries and partners do business and generate taxable income. Management periodically reviews the tax positions taken in light of applicable tax regulations if they are open to interpretation, and where necessary determines what amounts they expect to pay to tax authorities.

Temporary deductible differences between the carrying amount of assets and liabilities and their tax value, tax losses and tax credit carry-forwards are identified in each taxable entity (or tax group, if applicable). The corresponding deferred taxes are calculated at the tax rate enacted or substantially enacted for the reporting period during which the asset was realized or the liability was settled, using the liability method.

Identified deferred tax assets are only recognized if the Group deems it probable that the temporary deductible differences, tax losses and tax credit carry-forwards can be utilized against future taxable profit. To assess this probability, the Group takes into consideration:

- historical tax results;
- forecast tax results; and
- non-recurring expenses included in past tax losses.

The carrying amount of deferred tax assets is reviewed at each reporting date.

Deferred tax assets and liabilities are offset when the following two conditions are met:

- the Group has the legal right to offset current assets and liabilities; and
- the deferred tax assets and liabilities are under the same tax jurisdiction.

Deferred tax is recognized in the income statement, unless it relates to items directly recognized in other comprehensive income. In the latter case, the deferred tax is also directly recognized in other comprehensive income.

The CNIM Group classifies French value-added business tax (CVAE) as income tax, in accordance with IAS 12. Consequently, this tax is presented in the line item "Income tax expense", along with the related deferred tax assets and liabilities.

r. Retirement and other employee benefits

In compliance with the local laws and customs adopted by each subsidiary, the Group offers its employees various post-employment benefits such as pensions, early retirement, retirement benefit plans and long-service awards.

Defined post-employment benefit plans

For defined benefit plans for a single employer, the Group uses the projected unit credit method to determine the present value of its benefit obligations and related present and past service costs. Each period of service gives rise to an additional unit of benefit entitlement, with each unit measured separately to calculate the final obligation. The method factors in best estimates stemming from actuarial assumptions such as number of years of future service, final salary at employment termination, estimated life expectancy, discount rates and return on plan assets.

Qualifying plan assets are measured at fair value at the end of the reporting period and are presented as a deduction from the obligation.

The Group periodically reviews its measurement of retirement benefit obligations and the assets of each plan. Effects of changes in actuarial assumptions are assessed, along with differences between actual data and the assumptions used. These actuarial gains and losses are recognized as "Other comprehensive income items that may not be reclassified to net income", in accordance with amended IAS 19.

The estimated costs of benefits paid out to employees under defined benefit plans is provisioned over the period of employee service under operating income.

Defined post-employment contribution plans

For defined contribution plans similar to social security, the contributions paid are recognized under operating expenses. As the Group's obligation is limited to the contributions paid in each reporting period, no provisions are recognized for these plans.

Other long-term benefits

The accounting method used to recognize obligations for long-service awards and other long-term benefits is comparable to that used for defined benefit plans. The difference is that actuarial gains and losses arising on provisions for long-service awards are immediately recognized in the income statement.

s. Derivative financial instruments and hedge accounting

The Group uses derivatives to:

- hedge its exposure to risk from fluctuations in exchange rates on firm commitments and highly probable forecast transactions, through currency forward contracts;
- hedge its variable-rate borrowings at fixed rates using interest rate swaps if the Company's exposure to the associated risks is deemed to be material.

Both types of derivatives are cash flow hedges that minimize the impact of changes in future cash flows on net income.

Derivatives are initially recognized at fair value. They are subsequently remeasured at fair value at each reporting date, with any changes in fair value recognized in the income statement.

When the derivative instruments qualify for hedge accounting, changes in fair value of the effective portion of the hedge are recognized in other comprehensive income that may be reclassified to the income statement; while the ineffective portion of the hedge is recognized in the income statement in net financial income or expense. Cash flow hedge reserves are reclassified to the income statement in the period in which the hedged item affects income.

For certain contracts, exchange rate risk may be hedged by matching cash inflows and cash outflows in the same currency (i.e., natural hedging). In such cases, the cash and other net monetary assets allocated to the contract denominated in a given foreign currency and used to finance future expenditure denominated in the same currency, may qualify as foreign currency cash flow hedges. Any foreign exchange gains or losses on the remeasurement of these monetary assets at the reporting date exchange rate are recognized in other comprehensive income and reclassified to the income statement when the hedged items affect income.

t. Treasury shares

Purchases of treasury shares are recorded as a deduction from equity on the basis of their acquisition cost.

Proceeds from the disposal of treasury shares are recognized directly in equity and do not affect net income for the period.

u. Earnings per share

Basic earnings per share are calculated by dividing net income attributable to the owners of the parent by the weighted average number of shares outstanding in the period.

Diluted earnings per share are obtained by dividing net income attributable to the owners of the parent by the weighted average number of shares outstanding in the period, adjusted for the effects of all dilutive equity instruments.

v. Segment information

In accordance with IFRS 8, the Group's operating segments are the following:

Environment & Energy

This segment includes the following product and service lines:

- construction of waste-to-energy processing plants for household waste and biomass;
- installation of flue gas treatment systems;
- operation and renovation of waste processing plants;
- design and construction of thermodynamic solar plants.
- maintenance and refurbishment of industrial boilers, household waste processing plants, installation and refurbishment of boiler houses, and upgrading to standards through CNIM Babcock Services (CBS).

Innovation & Systems

This segment includes the following product and service lines:

- technological study services and provision of technical expertise on projects (involving high-level engineers);
- provision of services for pharmaceutical research and development and distribution of biotechnology products;
- provision of on-board mechanical and electronic services;
- advanced systems: complex systems, advanced equipment and technology for the defense and space industries and scientific research;
- transport: design, manufacturing, installation and maintenance of heavy and conventional escalators.

Each operating segment manufactures products and provides services with technical, industrial and commercial synergies. The segments are composed of the CGUs described in section g).

The Chairman of the Management Board, who is the chief operating decision maker, analyzes the Group's performance based on information prepared by the operating segments. The Chief Operating Officers of the operating segments are members of the Management Board.

w. Contingent liabilities

An obligation is a contingent liability if the amount cannot be estimated with sufficient reliability or if it is unlikely that it will give rise to an outflow of resources. Contingent liabilities are not recognized unless they are identified in a business combination as part of the acquiree's identifiable assets and liabilities.

x. Non-current assets held for sale and discontinued operations

At the reporting date, when it is highly probable that non-current assets or groups of related assets and liabilities will be sold, they are designated as non-current assets or groups of assets held for sale. They are then presented on a separate line of the balance sheet.

Their disposal is deemed to be highly probable if, at the reporting date, there is a firm plan to actively market the assets for sale at a sales price that is reasonable in relation to their fair value in order to locate a buyer and finalize the sale within one year.

In accordance with IFRS 5, non-current assets or groups of assets held for sale are:

- measured at the lower of their carrying amount and fair value less costs to sell; and
- cease to be depreciated/amortized.

When non-current assets to be sold or classified as held for sale correspond to a separate main line of business or geographical area of operations and their sale is part of a single, coordinated plan, they are classified as discontinued operations. The related cash flows are presented separately in the income statement.

y. Service concession arrangements

IFRIC 12 on Service Concession Arrangements deals with public service concession arrangements where:

- the grantor controls or regulates the services to be supplied by the operator, determines to whom they should be supplied and at what price;
- the grantor has control over the licensed infrastructure at the end of the agreement.
- In exchange for constructing the infrastructure, the operator receives:
 - either a financial asset when it is in possession of an unconditional right to receive cash amounts;
 - or an intangible asset representing the right to invoice users of the licensed service, when it has no guarantee of the total amount to be received.

The Group entities concerned by IFRIC 12 are the UK companies HWS, DWS and WWS, which have built household waste incineration plants and are remunerated by public authorities (local councils) based on a processing price per metric ton and minimum contractual tonnage.

As these contracts are hybrid, the minimum contractual tonnage component is recognized as a financial asset and 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.

NOTE 2 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 transactions concerning construction contracts (profit margin at completion), the assessment of the Group's potential exposure to litigation with third parties, estimates of the recoverable amounts of goodwill and the assessment of deferred tax assets arising from tax losses carried forward.

In terms of estimates for construction contracts, profit at completion is forecast and monitored for each contract, with profit recognized on a percentage-of-completion basis in relation to profit at completion.

In terms of litigation, the Group regularly monitors and analyzes main ongoing litigation and recognizes the provisions it deems necessary.

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.

NOTE 3 Consolidation scope

A. Change in consolidation scope

During the reporting period, the Group acquired the following companies, which have been included in the Innovation & Systems operating segment (see Notes 4 and 12):

- Exensor on July 31, 2017, and
- Winlight on December 29, 2017.

B. Fully consolidated companies at December 31, 2017

COMPANY	HEADQUARTERS	% CONTROL
Environment & Energy		
Babcock International	Belgium	100%
CEB-Kogeban	France	100%
CNIM Asia Pacific	Hong Kong	100%
CNIM Azerbaijan	Azerbaijan	100%
CNIM Bahrein	Bahrein	100%
CNIM Centre France	France	100%
CNIM CZ Sro	Czech Republic	100%
CNIM ECS	United Kingdom	100%
CNIM Engineers	United Arab Emirates	100%
CNIM India Private Ltd ⁽¹⁾	India	100%
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 RUS	Russia	100%
CNIM Saudi	Saudi Arabia	98%
CNIM SWIRE Ltd	Hong Kong	58%
CNIM Switzerland GmbH ⁽¹⁾	Switzerland	100%
CNIM Terre Atlantique	France	100%
CNIM Thiverval Grignon	France	100%
CNIM UK	United Kingdom	100%
CNIM US Corp	United States	100%
EKOMZ	Russia	70%
Estrées Mons Énergie Biomasse	France	85%
LAB SA	France	100%
LAB Geodur GmbH	Germany	100%
LAB Geodur UK	United Kingdom	100%
LAB GmbH	Germany	100%
LAB USA Holding	United States	100%
LAB Washington	United States	100%

COMPANY	HEADQUARTERS	% CONTROL
MES Environmental	United Kingdom	100%
SUNCNIM	France	58.8%
Babcock Services	Morocco	100%
CNIM 6 (ex BWH)	France	100%
CNIM Babcock Services	Algeria	100%
Innovation & Systems		
AMI Enterprise Intelligence Software Ltd (Go Albert UK)	United Kingdom	100%
ARKONIA Holdings ⁽²⁾	United Kingdom	100%
CNIM Babcock Morocco	Morocco	99.86%
Bertin Corp	United States	100%
Bertin IT	France	100%
Bertin Pharma	France	100%
Bertin Technologies	France	100%
Bertin Vietnam	Vietnam	100%
CNIM Canada	Canada	100%
CNIM Hong-Kong	Hong Kong	99.99%
CNIM Singapore	Singapore	100%
CNIM Transport Equipment	Chine	100%
CNIM Transport France	France	100%
CNIM Transport Holding	France	100%
Go Albert Africa	Morocco	99.90%
Exensor Security International AB ⁽²⁾	Sweden	100%
Exensor Technology AB ⁽²⁾	Sweden	100%
Exensor Technology GmbH ⁽²⁾	Germany	100%
Exensor Technology Ltd ⁽²⁾	United Kingdom	100%
Saphymo GmbH	Germany	100%
Saphymo Italia srl	Italy	63%
Vecsys	France	99.38%
Verbalys	France	100%
Winlight System Finance ⁽²⁾	France	100%
Winlight Optics ⁽²⁾	France	100%
Winlight System ⁽²⁾	France	100%
Winlight X ⁽²⁾	France	100%
Other		
SCI du 35 rue de Bassano	France	100%

(1) Companies created

(2) Acquisitions in the reporting period

C. Equity-accounted associates at December 31, 2017

COMPANY	HEADQUARTERS	% CONTROL
Environment & 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%
MES SELCHP	United Kingdom	50%
SELCHP	United Kingdom	24.38%
Wolverhampton Waste Services Ltd (WWS Ltd)	United Kingdom	33.33%
Innovation & Systems		
Technoplus Industries	France	34.79%

All equity-accounted associates are jointly controlled, except for Technoplus Industries, over which the Group exercises significant influence.

NOTE 4 Significant events of the period

On July 31, August 31, and December 21, 2017, respectively, the CNIM Group issued three press releases on the transactions outlined below:

- Bertin Technologies acquired Swedish company Exensor, the world leader in networked unattended ground sensor systems (UGS) for homeland security;
- Bertin Pharma sold its service businesses (excluding assay kits):
- pharmaceutical development was sold to Amatsigroup (Artigues-près-Bordeaux and Martillac sites), and;
- the clinical and pre-clinical trials business was sold to Oncodesign.
- Bertin Technologies bought French company Winlight, which specializes in the design and manufacture of high performance optical systems.

With these changes in consolidation scope (following the acquisition of Saphymo in 2015), in 2017 the Group further strengthened Bertin Division's product portfolio of instrumentation and surveillance for defense and security applications, and high-performance mechanical and optical systems for the Big Science industry.

NOTE 5 Segment information

IFRS segment information reviewed by the Group's chief operating decision maker is presented below.

(in € thousands)

	Environment & Energy		Innovation & Systems		Total	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Revenues	416,690	331,551	218,251	208,310	634,941	539,860
Operating income	9,234	12,764	12,875	6,324	22,109	19,088
Share of net income from equity-accounted associates	3,527	2,572	72	-	3,600	2,572
Operating income after share of net income of equity-accounted associates	12,761	15,336	12,948	6,324	25,709	21,660

	Environment & Energy		Innovation & Systems		Total	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Intangible assets	9,118	9,072	20,688	16,024	29,806	25,095
Goodwill	31,171	31,171	42,674	14,741	73,845	45,912
Property, plant and equipment	35,306	28,300	30,526	34,942	65,832	63,242
Non-current financial assets	11,354	11,093	1,729	1,759	13,083	12,852

	Dec. 31, 2017				Dec. 31, 2016			
	France	United Kingdom	Rest of the world	Total	France	United Kingdom	Rest of the world	Total
Revenue*	307,365	210,533	117,043	634,941	244,853	197,688	97,318	539,860

*Geographical breakdown is based on the country in which contracts are performed.

	Dec. 31, 2017				Dec. 31, 2016			
	France	United Kingdom	Rest of the world	Total	France	United Kingdom	Rest of the world	Total
Intangible assets	21,477	193	8,137	29,806	21,824	163	3,108	25,095
Property, plant and equipment	40,845	728	24,260	65,832	44,825	712	17,706	63,242
Non-current financial assets	11,636	780	666	13,083	12,153	257	441	12,852

NOTE 6 Research and development costs

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Expensed research and development costs ⁽¹⁾	13,748	12,593
Capitalized research and development expenses ⁽²⁾	13,841	11,062

(1) Including amortization of capitalized development programs

(2) See Note 11

NOTE 7 Non-recurring income (expenses)

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Gain on the disposal of Bertin Pharma business	2,874	-
Goodwill impairment*		3,000
Other	(514)	(154)
Total non-recurring income (expense)	2,360	(3,154)

* Impairment of the Bertin IT CGU

NOTE 8 Financial income (expense)

A. Cost of net debt

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Interest income from cash equivalents	57	77
Other interest and similar income*	1,748	441
Total financial income	1,804	518
Interest and financial expense	(879)	(540)
Total cost of debt	(879)	(540)
Total cost of net debt	926	(22)

*In 2017, includes moratorium interest on income following the French Constitutional Court's ruling invalidating the 3% contribution on dividends, amounting to €611 thousand.

B. Other financial income and expense

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Foreign exchange gains	8,224	10,122
Foreign exchange losses	(10,421)	(10,457)
Net foreign exchange gains (losses)⁽¹⁾	(2,196)	(335)
Other ⁽²⁾	(233)	(267)
Total other financial income and expense	(2,430)	(602)

(1) Foreign exchange losses in 2017 were mainly due to USD financing for the development of bottom ash treatment and metals recovery business in the United States.

(2) Equity investment income and allowances/reversals of provisions for impairment of financial assets.

NOTE 9 Income tax expense

A. Breakdown of current/deferred tax

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Current tax expense	(5,978)	(5,681)
Deferred tax income (expense)	1,464	(1,393)
Total income tax	(4,513)	(7,075)

B. Reconciliation of effective and theoretical income tax expense

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Operating income	22,109	19,088
Financial income (expense)	(1,504)	(624)
Consolidated pretax income	20,605	18,463
Theoretical income tax expense at the tax rate effective in France (34.43%)	(7,094)	(6,357)
Effect of differences in local income tax rates	827	116
Impact of tax loss carry-forwards	(2,808)	(3,119)
Taxes not levied on a specific tax base ⁽¹⁾	(1,477)	(1,681)
Research tax credits ⁽²⁾	4,704	4,472
Non-deductible taxes ⁽³⁾	3,708	(654)
Other permanent differences ⁽⁴⁾	(2,312)	148
Other	(61)	-
Effective income tax expense	(4,513)	(7,075)
Effective income tax rate	21.90%	38.32%

(1) Mainly French value-added business tax (CVAE).

(2) Impact of tax credits recognized in operating income and exempt from tax.

(3) Including income from the 2017 invalidation by the French Constitutional Court of the 3% contribution on dividends.

(4) Impact of the disposal of Bertin Pharma businesses (reversal of goodwill) and additional tax contributions.

C. Breakdown of deferred taxes

a. Deferred tax assets

(in € thousands)

	Dec. 31, 2017			Dec. 31, 2016
	< 1 year	> 1 year	TOTAL	TOTAL
Temporary differences between tax and accounting base of assets and liabilities	4,452	1,447	5,900	9,759
Provisions for retirement benefits	118	7,372	7,490	8,647
Recognition of tax loss carry-forwards	2,426	227	2,652	934
Other*	160	770	930	1,827
TOTAL	7,156	9,817	16,972	21,167
Reclassification of equity-accounted investments			652	233
Impact of offsetting assets/liabilities by entity			(3,511)	(10,818)
TOTAL deferred tax assets			14,114	10,582

*Mainly includes deferred tax assets relating to finance leases, French value-added business tax (CVAE) and harmonization adjustments.

Tax losses carried forward: Deferred tax assets are recognized for tax losses carried forward when their use in subsequent reporting periods is deemed probable. Potential tax savings from unrecognized tax losses are estimated at €16.2 million.

b. Deferred tax liabilities

(in € thousands)

	< 1 year	> 1 year	TOTAL	TOTAL
Temporary differences between tax and accounting base of assets and liabilities	(158)	-	(158)	(561)
Temporary differences between items recognized on a percentage-of-completion basis and upon contract completion	(714)	-	(714)	(771)
Elimination of internal margins	(2,050)	-	(2,050)	(7,294)
Tax-driven provisions	-	(1,117)	(1,117)	(1,527)
Other	(771)	(344)	(1,115)	(896)
TOTAL	(3,693)	(1,461)	(5,154)	(11,049)
Impact of offsetting assets/liabilities by entity			3,511	10,818
TOTAL deferred tax assets			(1,644)	(231)

NOTE 10 Earnings per share

Basic earnings per share

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Net income attributable to owners of the parent	22,021	49,742
Weighted average number of ordinary shares*	2,873,475	2,875,328
Earnings per share	7.66	17.30

*Number of shares excluding treasury shares (see Note 20.E). There are no dilutive equity instruments.

Diluted earnings per share

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Net income attributable to owners of the parent	22,021	49,742
Weighted average number of ordinary shares*	2,873,475	2,875,328
Weighted average number of ordinary shares used to calculate diluted earnings per share	2,873,475	2,875,328
Diluted earnings per share	7.66	17.30

*Number of shares excluding treasury shares (see Note 20.E). There are no dilutive equity instruments.

NOTE 11 Intangible assets

(in € thousands)

	Capitalized development costs	Concessions, patents and licenses	Other intangible assets	Intangible assets in progress	TOTAL Dec. 31, 2017	TOTAL Dec. 31, 2016
Gross value at Jan. 1	37,124	10,365	20,599	7,747	75,835	73,193
Acquisitions and increases	3,263	233	442	2,974	6,911	6,935
Disposals and retirements	(628)	(69)	(373)	-	(1,071)	(125)
Reclassifications	1,523	(26)	478	(1,591)	385	(28)
Change in consolidation scope*	5,633	123	4,096	-	9,853	(4,013)
Foreign currency translation adjustments	(175)	(76)	(189)	(10)	(449)	(127)
Gross value at Dec. 31	46,740	10,550	25,054	9,121	91,464	75,835
Accumulated amortization at Jan. 1	26,062	9,197	15,074	408	50,740	48,888
Additions	4,634	229	4,093	-	8,956	5,535
Reversals	-	(69)	(345)	-	(414)	-
Reclassifications	-	(15)	45	-	31	-
Change in consolidation scope*	2,280	123	200	-	2,604	(3,594)
Foreign currency translation adjustments	(77)	(61)	(119)	-	(257)	(88)
Accumulated amortization at Dec. 31	32,899	9,404	18,948	408	61,659	50,740
Carrying amount at Jan. 1	11,062	1,168	5,525	7,339	25,095	24,305
Carrying amount at Dec. 31	13,841	1,146	6,106	8,713	29,805	25,095
Impairment losses	-	-	-	-	-	-
Reversals of impairment	-	-	-	-	-	-

*In 2017, the acquisition of Exensor and Winlight. In 2016, the sale of the Babcock Wanson subsidiaries.

NOTE 12 Goodwill

A. Change in carrying amount

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
At January 1 (carrying amount)	45,912	51,874
Goodwill impairment ⁽¹⁾	-	(3,000)
Changes in consolidation scope ⁽²⁾	31,017	(2,963)
Assets sold ⁽³⁾	(3,084)	-
At December 31 (carrying amount)	73,845	45,912

(1) Including Bertin IT goodwill impairment.

(2) In 2017, goodwill of the newly acquired companies Exensor and Winlight. In 2016, goodwill of the sold Babcock Wanson subsidiaries.

(3) Disposal of Bertin Pharma businesses.

a. Acquisition of the Exensor companies

On July 31, 2017, the Group acquired all the shares and voting rights of the Swedish company Exensor Security International AB and its subsidiaries (hereinafter "Exensor"), and obtained control of Exensor.

Exensor is the world's top supplier of networked unattended ground sensor systems (UGS) for homeland security. Based in Lund, Sweden, Exensor has subsidiaries in the United Kingdom and Germany. Its clients are global leaders in Defense and Security.

This acquisition will bolster and accelerate Bertin Technologies' strategy to develop its global market for instruments and surveillance for defense and security, one of the key areas of the Group's development strategy.

Over the five-month period from the acquisition date to December 31, 2017, Exensor contributed to Group performance as follows:

- revenue: €8,971 thousand
- operating loss: €626 thousand
- EBITDA: €2,277 thousand

The operating loss includes the effect of reducing profit on contracts in progress to zero at the acquisition date, in accordance with IFRS 3 Revised.

Management believes that if the acquisition had taken place on January 1, 2017, revenue included in the consolidated financial statements would have been €10.5 million, operating loss for the period would have been €0.5 million (before reducing profit on contracts in progress to zero), and EBITDA would have been €0.8 million. To determine these amounts, Management assumed that the fair value adjustments made at the acquisition date, determined on a provisional basis, would have been the same if the acquisition had taken place on January 1, 2017.

The consideration transferred for this transaction was a cash payment of €28,755 thousand.

The Group entered into an earnout agreement with Exensor shareholders selling their shares. The earnout mechanism will be triggered when Exensor's cumulative firm orders for the 18 months after the acquisition exceed €20 million. Management believes that the fair value of this contingent consideration at the acquisition date was nil.

The Group incurred acquisition related costs, namely consulting and legal fees and due diligence costs amounting to €330 thousand.

At the acquisition date, the fair value of assets acquired and liabilities assumed, determined on a provisional basis, along with initial goodwill resulting from the acquisition, was as follows:

	Exensor
Purchase price of shares	28,755
Of which amount paid	28,755
Assets	
Non-current assets	7,440
Deferred tax assets	1,441
Inventories	2,301
Trade and other receivables	735
Other current assets	1,794
Net cash	1,375
Liabilities	
Non-current financial liabilities	-
Non-current provisions	151
Deferred tax liabilities	1,055
Trade accounts payable	2,656
Other current financial liabilities	92
Social security and tax payables	4,640
Other current liabilities	1,654
Net assets acquired (including non-controlling interests)	4,839
Share of net assets acquired attributable to non-controlling interests	-
Share of net assets acquired attributable to owners of the parent	4,839
Goodwill	23,916

The gross contractual value of trade receivables is €735 million, which Management believes is the fair value at the acquisition date.

If new information on the facts and circumstances prevailing at the acquisition date were obtained within one year from the acquisition date, and the information resulted in adjustments to the amounts above or to the recognition of additional provisions existing at the acquisition date, the acquisition accounting would be modified.

Goodwill mainly concerns Exensor know-how and technical expertise on a range of products that complement those already offered by Bertin Systems & Advisory, as well as the synergies expected from Exensor's inclusion in the Group. Goodwill recognized is not tax deductible.

b. Acquisition of Winlight companies

On December 29, 2017, the Group acquired all the shares and voting rights of the French company Winlight System Finance and its subsidiaries (hereinafter "Winlight"), and obtained control of Winlight.

Winlight mainly operates in the astronomy, Big Science, aerospace and defense industries. It is a world leader with cutting-edge technical expertise in designing and manufacturing high-performance optical systems. The company has also unique technologies in polishing (e.g. molecular adhesion and precision optical polishing), assembling and testing.

This acquisition strengthens CNIM's and Bertin Technologies' offers in high-performance mechanical and optical systems for state-of-the-art scientific instruments (research reactors, synchrotrons, and telescopes) and for major defense and space programs with clients in Europe, the United States and Asia.

Following the acquisition of Saphymo, the French leader of nuclear instrumentation, in 2015, and the acquisition of the Swedish company Exensor in July 2017, the acquisition of Winlight further consolidates the position of Bertin Technologies among the world leaders of high-technology sensors and instrumentation systems.

Over the period between the acquisition date and December 31, 2017, Winlight did not contribute to Group revenue or income.

Management believes that if the acquisition had taken place on January 1, 2017, revenue in the consolidated financial statements would have amounted to €5 million, operating income for the period would have amounted to €1.8 million, and EBITDA would have amounted to €2.2 million. To determine these amounts, Management assumed that the fair value adjustments determined on a provisional basis at the acquisition date, would have been the same if the acquisition had taken place on January 1, 2017.

The consideration transferred for this transaction was a cash payment of €12,600 thousand.

The Group incurred acquisition related costs, namely legal fees and due diligence costs amounting to €63 thousand.

At the acquisition date, the fair value of assets acquired and liabilities assumed, determined on a provisional basis, along with initial goodwill resulting from the acquisition, was as follows:

(in € thousands)

	Winlight
Purchase price of shares	12,600
Of which amount paid	12,600
Assets	
Non-current assets	627
Deferred tax assets	
Inventories	1,792
Trade and other receivables	1,180
Other current assets	777
Net cash	4,413
Liabilities	
Non-current financial liabilities	192
Non-current provisions	32
Deferred tax liabilities	
Trade accounts payable	1,138
Other current financial liabilities	
Social security and tax payables	362
Other current liabilities	1,565
Net assets acquired (including non-controlling interests)	5,500
Share of net assets acquired attributable to non-controlling interests	-
Share of net assets acquired attributable to owners of the parent	5,500
Goodwill	7,100

If new information on the facts and circumstances prevailing on the acquisition date were obtained within one year from the acquisition date, resulting in adjustments to the amounts above or to the recognition of additional provisions existing at the acquisition date, the acquisition accounting would be modified.

Goodwill recognized is not tax deductible.

B. Breakdown by CGU

(in € thousands)

	Gross amount	Impairment	Carrying amount
Environment – Construction CGU	31,171	-	31,171
Environment – Operation CGU			-
CNIM Babcock Services (CBS) CGU			-
Solar CGU			-
Environment & Energy	31,171	-	31,171
Bertin Systems & Advisory CGU	39,216		39,216
Bertin Pharma CGU	-	-	-
Bertin IT CGU	4,158	3,000	1,158
Industrial Systems Division CGU	2,300		2,300
Innovation & Systems	45,674	3,000	42,674
TOTAL	76,845	3,000	73,845

C. Impairment tests

Impairment testing methods and the related assumptions are described in Note 1.B.g).

The main assumptions used for measuring value in use were as follows:

- weighted average cost of capital of 11.9% for the “Environment-Construction” CGU, 10.4% for the “Industrial Systems Division” CGU, 10.9% for the “Bertin Systems and Advisory” CGU and 13.3% for the “Bertin IT” CGU;
- perpetual growth rate of 2%.

Goodwill for the “Bertin Pharma” CGU was derecognized after the business assets relating to pharmaceutical and biotech services were sold during the reporting period. Business relating to the supply of assay kits and biological reagents for Defense and Life Sciences was maintained and included in “Bertin Systems & Advisory”.

For all CGUs (except for the Bertin IT CGU), no goodwill impairment would be recognized, if value in use were calculated using:

- a discount rate increased by 100 basis points;
- a growth rate reduced by 100 basis points;
- forecast normative operating income in year five reduced by 5%.

For the “Bertin IT” CGU, applying one of the above-mentioned assumptions would result in full impairment of net goodwill.

NOTE 13 Property, plant and equipment

(in € thousands)

	Land	Buildings	Technical facilities, equipment and tooling	Other PP&E	PP&E in progress and advances and down payments	TOTAL 2007	TOTAL 2016
Gross value at January 1	8,875	54,572	80,439	30,707	5,935	180,528	206,503
Acquisitions and increases	25	1,014	2,148	1,852	12,127	17,166	15,033
Disposals and retirements	(200)	(509)	(16,216)	(2,744)	-	(19,670)	(1,017)
Reclassifications	-	161	2,271	688	(3,505)	(385)	16
Change in consolidation scope*	-	11	2,791	1,448	29	4,278	(38,983)
Foreign currency translation adjustments	(283)	(317)	(1,434)	(127)	(586)	(2,746)	(1,024)
Gross value at December 31	8,417	54,931	70,000	31,823	14,000	179,171	180,528
Accumulated depreciation at January 1	271	31,816	60,741	24,457	-	117,286	135,649
Additions	7	2,229	5,826	2,334	-	10,396	11,471
Reversals	-	(77)	(14,742)	(2,197)	-	(17,016)	(889)
Reclassifications	-	-	(23)	(8)	-	(31)	-
Change in consolidation scope	-	3	2,367	1,146	-	3,516	(28,161)
Foreign currency translation adjustments	-	(172)	(543)	(98)	-	(813)	(783)
Accumulated depreciation at December 31	278	33,800	53,627	25,633	-	113,338	117,286
Carrying amount at January 1	8,604	22,756	19,698	6,250	5,935	63,242	70,855
Carrying amount at December 31	8,139	21,131	16,373	6,190	14,000	65,832	63,242
Impairment losses	0	0	0	0	0	0	0
Reversals of impairment	0	0	0	0	0	0	0

* In 2017, acquisition of Exensor and Winlight. In 2016, sale of the Babcock Wanson subsidiaries.

NOTE 14 Non-current financial assets

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Gross value	20,784	20,304
Impairment	(7,702)	(7,453)
Carrying amount	13,083	12,852

	Dec. 31, 2017						Dec. 31, 2016
	Equity investments				Current account shareholder advances with indefinite repayment term ⁽¹⁾	Total	Total
	Gross value	Impairment	Carrying amount	% direct or indirect interest			
SMA	63		63	3,00%	-	63	63
Vocapia Research	804		804	20,00%	-	804	804
Foster Wheeler Fakop	1,051		1,051	8,41%	-	1,051	890
Kogeban	1,867	445	1,422	10,87%	3,344	4,766	4,766
Cogénération Biomasse d'Estrées-Mons	613	613	-	7,00%	2,281	2,281	2,281
Other	6,571	5,684	887		-	887	157
Total available-for-sale financial assets	10,967	6,741	4,226		5,625	9,851	8,959
Loans	1,892	-	1,892		-	1,892	2,408
Other non-current financial assets⁽²⁾	1,382	42	1,340		-	1,340	1,484
Total	14,241	6,783	7,458		5,625	13,083	12,852

(1) Amount of the Cogénération Biomasse d'Estrées-Mons current account, net of impairment amounting to €918 thousand.

(2) Mainly deposits and guarantees

NOTE 15 Investments in equity-accounted associates

A. Year-on-year change

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
At January 1	46,160	52,419
Share of net income of equity-accounted associates	3,600	2,572
Foreign currency translation adjustments	(656)	(3,877)
Dividends	(2,045)	(4,353)
Change in consolidation scope ⁽¹⁾	312	369
Reclassifiable reserves	87	446
Other ⁽²⁾	3,997	(1,416)
At December 31L	51,455	46,160

(1) Change in consolidation scope – ELLO (% control)

(2) Change in the CNIM Development participating loan recognized by CNIM Netherlands BV, the SUNCNIM loan to ELLO, and restatement of the internal gain on disposal of SUNCNIM to ELLO.

B. Revenues – Net income

(in € thousands)

	Dec. 31, 2017					Dec. 31, 2016				
	Carrying amount of investments in equity-accounted associates	Revenues (100% interest)	Net income (loss) (100% interest)	% interest	Share of net income (loss)	Carrying amount	Revenues (100% interest)	Net income (loss) (100% interest)	% interest	Share of net income (loss)
CNIM Développement ⁽¹⁾	25,952	-	3,124	50.00%	1,562	26,532	-	2,969	50.00%	1,485
CCUAT	294	-	432	49.88%	215	78	-	(11)	49.88%	(5)
CSBC	3	-	(6)	50.00%	(3)	6	-	-	50.00%	-
Dudley Waste Services Ltd (DWS Ltd)	2,892	10,452	375	33.33%	125	2,869	10,465	233	33.33%	78
Hanford Waste Services Holding Ltd (HWS Ltd)	5,830	18,008	(640)	34.75%	(222)	6,141	17,776	(457)	34.75%	(159)
MES SELCHP	595	-	(5)	50.00%	(3)	599	-	(6)	50.00%	(3)
SELCHP	2,355	44,136	7,425	24.38%	1,810	1,641	45,656	5,329	24.38%	1,299
Technoplus Industries	4,763	6,850	208	34.79%	72	4,691	12,877	(255)	34.79%	(89)
Wolverhampton Waste Services Ltd (WWS Ltd)	2,734	11,152	354	33.33%	118	2,713	11,143	(55)	33.33%	(19)
Ello ⁽²⁾	6,037	-	(147)	30.00%	(75)	889	-	(50)	30.00%	(15)
Total	51,455				3,600	46,160				2,572

(1) Including receivables relating to investments in DWS Ltd, HWS Ltd, and WWS Ltd.

(2) Including the SUNCNIM loan to ELLO.

CNIM Development, which manages the investments and subordinated loans of the companies it owns, generated financial income of €2,975 thousand in 2017 and €2,584 thousand in 2016.

Dividends received from CNIM Development in 2017 amounted to €2.6 million.

C. Balance sheet – Debt

(in € thousands)

	Dec. 31, 2017			Dec. 31, 2016		
	Carrying amount of equity-accounted associates	Total balance sheet (100% interest)	Debt (100% interest)	Carrying amount of equity-accounted associates	Total balance sheet (100% interest)	Debt (100% interest)
CNIM Development ⁽¹⁾	25,952	53,178	38,030	26,532	59,770	43,903
CCUAT	294	915	-	78	727	-
CSBC	3	36	23	6	1,698	23
Dudley Waste Services Ltd (DWS Ltd)	2,892	9,346	7,803	2,869	11,129	10,180
Hanford Waste Services Holding Ltd (HWS Ltd)	5,830	24,153	15,399	6,141	27,735	19,967
MES SELCHP	595	1,277	-	599	1,335	-
SELCHP	2,355	48,447	24,989	1,641	53,967	31,659
Technoplus Industries	4,763	26,256	3	4,691	26,048	3
Wolverhampton Waste Services Ltd (WWS Ltd)	2,734	9,486	8,510	2,713	11,297	10,889
Ello ⁽²⁾	6,037	52,953	37,755	889	24,450	12,066
Total	51,455			46,160		

(1) Including receivables relating to investments in DWS Ltd, HWS Ltd, and WWS Ltd.

(2) Including the SUNCNIM loan to ELLO.

NOTE 16 Inventories

(in € thousands)

	Raw materials	Purchased goods	Finished goods	Work in progress	Total at Dec. 31, 2017
Gross value	15,149	1,276	2,354	16,100	34,879
Impairment	5,543	257	162	-	5,962
Carrying amount	9,605	1,020	2,191	16,100	28,917

	Raw materials	Purchased goods	Finished goods	Work in progress	Total at Dec. 31, 2016
Gross value	14,688	991	1,610	13,106	30,395
Impairment	5,550	207	163	0	5,919
Carrying amount	9,138	785	1,446	13,106	24,476

NOTE 17 Trade and other receivables

A. Trade and other receivables

(in € thousands)

	Note	Dec. 31, 2017	Dec. 31, 2016
Trade accounts receivable, not yet due		70,299	71,932
Trade accounts receivable past due by:			
less than one month		9,322	15,875
between 1 and 3 months		9,473	12,324
between 3 and 6 months		4,990	7,465
between 6 and 12 months		5,936	6,569
more than 1 year		5,060	13,165
Gross trade accounts receivable		105,081	127,331
Impairment		(2,208)	(6,006)
Net trade accounts receivable		102,874	121,324
Accrued revenue		53,759	52,949
Trade and other receivables		156,633	174,273
Accrued income from contracts in progress	18	45,076	46,905
TOTAL		201,709	221,178

Receivables more than six months past due are provisioned, unless there is specific evidence that there is no collection risk (generally, a technical issue to be settled).

B. Other operating receivables

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Amounts due from personnel	517	426
Amounts due from government and other public authorities	73,456	57,239
Miscellaneous receivables	3,912	2,416
Derivative financial instruments	890	1,751
Impairment of other receivables	(29)	(32)
SUB-TOTAL	78,746	61,800
Prepaid expenses	6,033	5,198
TOTAL RECEIVABLES	84,779	66,998

NOTE 18 Construction contracts

(in € thousands)

	Note	Construction contracts	Other	Total Dec. 31, 2017
Revenue		368,994	265,947	634,941
Advances and down payments received ⁽¹⁾		9,768	1,817	11,585
Retentions ⁽²⁾		511	-	511
Accrued income ⁽³⁾	17	19,163	25,913	45,076
Deferred income ⁽³⁾		130,183	30,417	160,600
Provisions for losses at completion		5,048	-	5,048

(1) Down payments received from customers.

(2) Progress billings whose payment is conditional on the performance of contractual conditions.

(3) For incomplete contracts: percentage-of-completion revenue recognized to date less progress billings. The amount is an asset if positive and a liability if negative.

	Note	Construction contracts	Other	Total Dec. 31, 2016
Advances and down payments received ⁽¹⁾		10,340	10,385	20,725
Retentions ⁽²⁾		578		578
Accrued income ⁽³⁾	17	14,328	32,577	46,905
Deferred income ⁽³⁾		122,916	34,972	157,888
Provisions for losses at completion		7,113		7,113

(1) Down payments received from customers.

(2) Progress billings whose payment is conditional on the performance of contractual conditions.

(3) For incomplete contracts: percentage-of-completion revenue recognized to date less progress billings. The amount is an asset if positive and a liability if negative.

NOTE 19 Financial instruments

A. Financial assets

(in € thousands)

	Note	Dec. 31, 2017	Dec. 31, 2016
Available-for-sale financial assets	14	9,851	8,959
Loans and receivables at amortized cost			
Other non-current financial assets (deposits and guarantees, loans)	14	3,232	3,892
Trade and other receivables	17	156,633	174,273
Accrued income from contracts in progress	17	45,076	46,905
Financial assets at fair value through net income			
Cash		106,816	162,986
Cash equivalents		39,793	20,718
Cash and cash equivalents		146,609	183,704
Derivatives (forward sales)	17	890	1,751
Total		362,290	419,484

B. 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 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.

C. Financial liabilities

(in € thousands)

	Note	Dec. 31, 2017	Dec. 31, 2016
Borrowings and debt	21	42,571	15,853
Current derivatives (forward sales)		3	181
Trade accounts payable		137,682	118,499
Other current financial liabilities	21	11,916	10,117
Total financial liabilities		192,172	144,650

Except for derivatives recognized at fair value, financial liabilities are measured using the amortized cost method. Other current financial liabilities correspond to 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 measurements or pricing models based on data available at the reporting date.

NOTE 20 Equity

A. Share capital

At December 31, 2017, share capital amounted to €6,056,220 divided into 3,028,110 fully paid shares with a par value of €2. There were no changes over the 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, 2017, there were 2,413 310 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 7, 2017, the Company renewed a liquidity agreement with Exane.

Treasury share data for 2017 are presented in the following table:

	CNIM	Exane	Total
Number of shares at January 1, 2017	145,618	6,299	151,917
Number of shares purchased in 2017	14,983	20,106	35,089
Average purchase price	136,06	132,30	133,91
Number of shares sold in 2017		16,783	16,783
Average sales price		130,85	130,85
Number of treasury shares at December 31, 2017	160,601	9,622	170,223
Weighted average number of treasury shares			154,635
Weighted average number of ordinary shares			2,873,475
Total number of shares			3,028,110

F. Dividends proposed

A dividend of €5.25 per share will be proposed at the Annual General Meeting on May 24, 2018.

A dividend of €6.70 per share, approved at the Combined Annual and Extraordinary General Meeting on June 7, 2017, was paid on July 4, 2017.

NOTE 21 Loans and borrowings

A. Breakdown of current and non-current financial liabilities

(in € thousands)

	Dec. 31, 2017			Dec. 31, 2016		
	Non-current financial liabilities	Current financial liabilities	Total	Non-current financial liabilities	Current financial liabilities	Total
Loan to invest in the Exensor Group	30,000		30,000			-
Loan to fund work at SCI Bassano	2,256	1,108	3,363	3,363	1,094	4,457
Loan to fund R&D projects in Saphymo France	1,321	586	1,908	1,593	427	2,021
Loan to invest in the Estrées-Mons project company	203	597	800	800	600	1,400
Loan for investments in AMI France	220	80	300	360	20	380
Loan to fund R&D projects in Bertin Technologies	910		910			
Refundable advances	4,966	868	5,834	5,059	789	5,848
Sales of receivables	1,918	6,657	8,575	4,037	4,664	8,701
Adjustments to finance leases, other	778	137	914	640	164	804
Sub-total	42,571	10,032	52,604	15,853	7,758	23,611
Bank overdrafts and short-term bank loans		1,884	1,884		2,360	2,360
Total	42,571	11,916	54,487	15,853	10,117	25,970

Borrowings and debt due in less than one year are recorded under current financial liabilities.

The Group has a syndicated credit line (multi-currency) of €120 million, which was renewed in December 2017 for a five-year period (with the possibility of two one-year extensions). The credit line had not been drawn down at December 31, 2017. It is subject to a covenant calculated based on the consolidated financial statements, limiting the net debt to EBITDA ratio to 2.5. The covenant conditions were met at the reporting date.

In December 2017, when renewing the €120 million syndicated credit line, the Company took out a €30 million floating-rate loan repayable over six years (that is rendered fixed rate via an interest rate swap) to refinance the July 2017 acquisition of Exensor. This loan is subject to the same covenant as the 2017 syndicated credit line.

In 2015, the Company took out a €5 million fixed rate loan, repayable over five years, to finance renovation work at the Group's headquarters (SCI Bassano). It had been fully drawn down at December 31, 2017. This loan is subject to the same covenant as the 2017 syndicated credit line.

The loan to invest in Estrées Mons was taken out in April 2013 at a floating rate, repayable over five years. It is subject to two six-monthly covenants based on the consolidated financial statements. The covenant conditions were met at the 2017 reporting date as the net debt to equity ratio was below 0.80 and the net debt to EBITDA ratio was below 2.

B. Breakdown of foreign currencies and maturities

(in € thousands)

	Dec. 31, 2017			Dec. 31, 2016
	Total	Euros	Foreign currency	
Less than one year	11,916	11,139	777	10,117
1-5 years	35,951	35,894	57	14,456
More than 5 years	6,621	6,621	-	1,397
TOTAL	54,487	53,653	834	25,970

Foreign currency	Equivalent value (in € thousands)	
Moroccan dirhams	MAD	741
US dollars	USD	93
TOTAL		834

C. Change in liabilities arising from financing activities

	Dec. 31, 2016	Cash flow*	Change in consolidation scope	Foreign currency translation adjustment	Other changes	Dec. 31, 2017
Borrowings and debt, excluding bank overdrafts and short-term bank loans	23,611	28,851	192	(54)	3	52,604

*Amounts analyzed in the Statement of Cash Flows

	31.12.2017
Opening financial liabilities	23,611
Proceeds from borrowings*	31,450
Repayment of borrowings*	(2,517)
Cash flows from other financing transactions*	(117)
Other changes	177
Period-end financial liabilities	52,604

*Amounts analyzed in the Statement of Cash Flows

NOTE 22 Provisions (excluding retirement and other employee benefit obligations)

(in € thousands)

	Provisions at Dec. 31, 2016	Additions	Reversals (utilizations)	Reversals (surplus)	Foreign currency translation adjustments	Reclassifications	Change in consolidation scope	Provisions at Dec. 31, 2017
Provisions for litigation	8,799	576	(1,237)	(356)	(8)	-	22	7,796
Provisions for losses at completion and losses on contracts	12,026	2,497	(5,604)	-	(209)	-	151	8,861
Other contingency provisions	15,333	2,200	(3,633)	(3,661)	(50)	(184)	79	10,084
Other liability provisions	116	-	-	-	-	-	-	116
Total non-current provisions	36,274	5,273	(10,474)	(4,017)	(267)	(184)	252	26,857
Provisions for guarantees	19,868	8,606	(5,087)	(5,077)	(75)	-	16	18,252
Accruals on completed contracts	39,516	12,910	(18,520)	(9,660)	(212)	184	-	24,219
Total current provisions	59,384	21,516	(23,607)	(14,736)	(287)	184	16	42,470
Total	95,658	26,789	(34,081)	(18,753)	(554)	0	268	69,327

A. 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 percentage of completion and the loss beyond percentage of completion is accrued under "Provisions for losses at completion".

B. Other contingency provisions

"Other contingency provisions" mainly include provisions for penalties and customer claims.

C. 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 used.

For the main business activity generating provisions for guarantees (the construction of new plants in the Environment & Energy 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 among 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.

D. 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 used within 12 months of contract completion.

NOTE 23 Retirement and other employee benefit

(in € thousands)

	Provision at Dec. 31, 2016	Additions	Reversals (utilizations)	Actuarial differences	Reclassifications*	Foreign currency translation adjustments	Provision at Dec. 31, 2017
Provisions for long-service awards	432	18	0				449
Provisions for retirement benefits	30,447	1,124	(5,877)	358	684	(20)	26,717
Total	30,879	1,142	(5,877)	358	684	(20)	27,166

* Amount recognized under financial assets.

A. Retirement benefits

a. Overview of Group pension plans

The Group has the following pension plans:

France

- A plan providing for a lump-sum payment upon retirement based on the number of years of service and final salary at retirement.
- A supplementary defined contribution plan for senior executives. Contributions are expensed in the reporting period. As there is no commitment for the Group beyond the contributions made, no provisions are recognized.
- A supplementary defined benefit plan for employees retiring in senior executive positions after 60 years of age. A provision is accrued for the resulting benefit obligation.

United Kingdom

- Employees are members of a defined benefit pension plan.

Morocco

- Employees are entitled to a retirement benefit paid by the employer at retirement.
- Former employees are also covered by a healthcare insurance policy.

The amounts recognized in the balance sheet are determined as follows:

(in € thousands)

	Dec. 31, 2017				Dec. 31, 2016
	France	United Kingdom	Other	Total	Total
Value of obligation	26,400	4,834	317	31,551	36,205
Fair value of plan assets	(0)	(5,510)	-	(5,510)	(5,758)
Liability recognized at reporting date	26,400	-	317	26,717	30,447
Asset recognized at reporting date	-	676	-	676	-

Changes in obligations over the reporting period relating to defined benefit plans are detailed below:

(in € thousands)

	Dec. 31, 2017				Dec. 31, 2016
	France	United Kingdom	Other	Total	Total
Value of the obligation at the beginning of the reporting period	31,058	4,814	335	36,208	52,078
Change in consolidation scope ⁽¹⁾	-	-	-	-	(17,106)
Foreign currency translation adjustments	-	(171)	(18)	(189)	(2,471)
Current service costs	2,348	116	-	2,465	2,879
Interest cost	438	116	-	554	776
Tax	(870)	-	-	(870)	(120)
Employee contributions	-	16	-	16	16
Benefits paid	(7,069)	(128)	-	(7,196)	(1,621)
Actuarial gains and losses	494	70	-	564	1,773
Value of the obligation at reporting date	26,400	4,834	317	31,551	36,205

*In 2016, disposal of the Babcock Wanson subsidiaries.

Changes in plan assets over reporting period are detailed below:

(in € thousands)

	Dec. 31, 2017				Dec. 31, 2016
	France	United Kingdom	Other	Total	Total
Value of plan assets at beginning of reporting period	996	4,762	-	5,758	16,524
Foreign currency translation adjustments	-	(178)	-	(178)	(1,880)
Change in consolidation scope	-	-	-	-	(10,320)
Expected return on plan assets	22	123	-	145	147
Employer contributions	3,625	695	-	4,320	943
Employee contributions	-	-	-	-	-
Plan settlements/benefits paid	(4,571)	(128)	-	(4,699)	(85)
Administrative costs	(73)	-	-	(73)	-
Actuarial gains and losses	-	236	-	236	430
Value of plan assets at reporting date	(1)	5,510	-	5,509	5,758

*In 2016, disposal of the Babcock Wanson subsidiaries*In 2016, disposal of the Babcock Wanson subsidiaries

Components of expense recognized in the income statement were as follows:

(in € thousands)

	Dec. 31, 2017				Dec. 31, 2016
	France	United Kingdom	Other	Total	Total
Current service cost	2,348	-	116	2,465	2,882
Interest cost	438	-	116	554	776
Return on plan assets	(22)	-	(123)	(145)	(147)
Administrative costs	73	-	-	73	-
Expense for the period	2,837	-	110	2,947	3,510

The average weighted term of the obligation is 18 years.

The Company estimates that it will pay €0.3 million in retirement benefits in 2018.

In France, defined benefit contributions for 2018 are estimated at €0.5 million.

b. Actuarial assumptions

The main assumptions used to calculate the provisions for Group pension plans are as follows:

	Dec. 31, 2017		Dec. 31, 2016	
	France	United Kingdom	France	United Kingdom
Discount rate	1.50%	2.35%	1.50%	2.50%
Future salary increase rate	3.00%	3.25%	3.00%	3.35%
Inflation rate	2.00%	RPI: 3.25%	2.00%	RPI: 3.35%
Mortality table	INSEE TGH05-TGF05 table	S2PXA, CMI_2015	INSEE TGH05-TGF05 table	S1PXA, CMI_2015

c. Breakdown of plan assets

The main asset categories and expected returns are as follows:

	Dec. 31, 2017	Dec. 31, 2016
Equities	0%	73%
Bonds	5%	3%
Diversified growth funds	36%	0%
Other*	59%	24%
Total	100%	100%

*Including liquid assets and in 2017, 18% multi-assets credit and 40% liability-driven investments.

The allocation of assets only concerns the United Kingdom.

d. Sensitivity of the retirement obligation to changes in discount rate

An overall 0.25% decrease in the discount rate would increase the retirement obligation by 3% in France and 3% in the United Kingdom.

B. Obligations for long-service awards

years of service in the company. The provision at December 31, 2017 amounted to €449 thousand.

The provision for long-service awards at December 31, 2017 was calculated using actuarial methods based on assumptions regarding the age of employees when they are granted the long-service bonuses, mortality (INSEE table TGH-TGF 2005), the number of years of service and personnel turnover. An inflation rate of 2% and discount rate of 1.5% (including inflation) were used.

NOTE 24 Leases

A. Finance leases

Non-current assets held under finance leases that are similar to a purchase combined with a loan are recognized as assets.

The amounts relating to finance lease arrangements were as follows:

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Gross value	6,101	6,101
Depreciation/amortization	(5,392)	(5,140)
Carrying amount	708	960
Lease payments	114	116
Interest expense	(10)	(7)
Depreciation and amortization expense	(252)	(137)
Net impact	(147)	(28)

(in € thousands)

Dec. 31, 2017	Lease payments for the period	Liabilities	< 1 year	1-5 years	More than 5 years
Property, plant and equipment	114	261	116	145	-
TOTAL	114	261	116	145	-

Dec. 31, 2016	Lease payments for the period	Liabilities	< 1 year	1-5 years	More than 5 years
Property, plant and equipment	116	374	113	261	-
TOTAL	116	374	113	261	-

B. Operating leases

(en milliers d'euros)

31.12.2017	Loyers de l'exercice	Paiements minimaux futurs	- 1 an	1 à 5 ans	+ 5 ans
Constructions	4 468	16 919	4 424	12 495	-
Matériel Informatique	83	66	33	33	-
Matériel de transport	815	1 781	794	987	-
Matériel et mobilier de bureaux	54	112	35	77	-
TOTAL	5 420	18 878	5 286	13 592	-

31.12.2016	Loyers de l'exercice	Paiements minimaux futurs	- 1 an	1 à 5 ans	+ 5 ans
Constructions	2 334	6 204	1 710	4 494	-
Matériel Informatique	-	-	-	-	-
Matériel de transport	336	550	303	248	-
Matériel et mobilier de bureaux	349	215	144	71	-
TOTAL	3 020	6 970	2 157	4 813	-

NOTE 25 Off-balance sheet commitments

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Commitments given:		
Contract bank guarantees	368,060	350,125
Commitments received:		
Bonds received from suppliers	167,464	145,390

NOTE 26 Contingent liabilities

There were no material contingent liabilities at December 31, 2017.

NOTE 27 Related parties

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
1) Sales of goods and services		
* Equity-accounted associates	20,761	23,659
2) Purchases of goods and services		
* Equity-accounted associates	2,726	2,779
3) Operating receivables and payables		
§ Amounts due from related parties:		
* Equity-accounted associates	3,088	3,118
§ Amounts due to related parties:		
* Equity-accounted associates	421	432
4) Loans granted		
* Equity-accounted associates	25,731	26,734

5) Senior management

(in € thousands)

	Management bodies			
	Dec. 31, 2017		Dec. 31, 2016	
	Executive Committee and Management Board	Supervisory Board	Management Board	Supervisory Board
Financial commitments	-	-	-	-
Retirement benefit commitments	4,627	-	7,370	-
Advances and loans granted	-	-	-	-
Short-term benefits	3,188	766	3,139	642

All managers with senior executive status over 60 years of age are entitled to a supplementary defined benefit pension plan.

Senior executives do not have any stock options.

Transactions with related parties were carried out under normal market conditions.

A. Financial risk

a. Foreign exchange risk

- **Operational foreign exchange risk**

Exposure

Foreign exchange risk on tender offers corresponds to the financial risk borne by Group companies when tendering in currencies other than their functional currency. Although this risk arises when the bid is submitted and persists throughout its validity period, it only materializes when the offer is accepted and forms the basis of a contract. The risk becomes real (or certain) when the contract is signed.

Risk mitigation

In compliance with the Group's operating risk management policy with regard to transactional foreign exchange risk in the tendering and contract phases:

- The Group carries out a comprehensive analysis of foreign exchange risk for each project during the tendering phase, taking into account forecast cash inflows and outflows in each currency;
- All commercial efforts are made to hedge the amounts naturally by balancing out forecast receipts and disbursements by foreign currency;
- Where there is residual foreign exchange exposure during the tender phase, any hedging based on the estimated probability of winning the tender and market conditions is carried out using specific export insurance policies (with insurers such as Coface), or by using derivative instruments in the form of options;
- For each contract booked, the foreign exchange exposures are hedged using forward purchases/sales of foreign currency. These derivatives are used to hedge highly probable or certain future cash flows;
- Group companies' foreign currency hedges are contracted by the Group Financing and Treasury Department, under the responsibility of the Group Chief Financial Officer, based on forecast foreign currency receipts and disbursements on completion as reported by the project manager or finance director of the entity 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, 2017, 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 8 to the 2017 consolidated financial statements.

b. Interest rate risk

- **Debt**

Variable-rate loans that are not certain to be drawn down are not hedged.

At December 31, 2017, the amount of variable-rate debt was not material (see Note 21 to the consolidated financial statements).

- **Cash and cash equivalents**

The Group's cash management policy aims to obtain a return on investment slightly above that of the money market, while preserving a high degree of liquidity in terms of assets managed, which are mostly invested in short-term interest rate products.

The Group does not have any investments in equities or bonds.

B. Counterparty risk

a. Exposure

Counterparty risk is the risk of losses that the Group may bear in the event that a counterparty defaults on its contractual obligations.

The Group is exposed to counterparty risk in its ordinary operations:

- risk relating to trade receivables from customers;
- risk related to partners, sub-contractors and suppliers;
- in its investment and hedging activities.

The concentration of the customer portfolio is affected by the percentage of completion of the Group's main contracts and therefore changes from year to year.

b. Risk mitigation

- **Credit risk relating to trade receivables**

According to the country risk assessment, turnkey contracts for export may be guaranteed to cover:

- the risk of early contract termination due to a breach of contract by the buyer, a political event, or a natural disaster;
- the risk of non-payment;
- the risk of first demand bank guarantees issued to the buyer being called, whether:
- unfairly, or;
- fairly, but without any breach of contract by the Contractor, due to a political event preventing the Contractor from continuing to execute the contract.

In the case of private sector contracts:

Prior to signing contracts, the Group analyzes credit risk, notably by consulting information from companies specialized in providing commercial data. During the contract phase, non-payment risk is mitigated by:

- the negotiation of appropriate payment forms, i.e., standby letters of credit and/or irrevocable documentary letters of credit, in some cases confirmed by a leading financial institution;
- the negotiation of payment terms to minimize the potential negative discrepancy between the amounts disbursed irrevocably and the amounts received throughout contract execution;
- obtaining guarantees from the customer's parent company.

Trade receivables that are past due are followed up systematically and progressively based on their due dates and the aged trial balance.

During the 2017 reporting period, and at the date of this Registration Document, the Group did not recognize any material non-payment(s) from any of its clients.

- **Counterparty risk relating to partners, sub-contractors and suppliers**

CNIM performs a risk analysis during the process of selecting partners, sub-contractors and suppliers, the results of which may lead to:

- a refusal to contract with a given partner, sub-contractor or supplier;
- a request for the third party concerned to provide bank guarantees or parent-company guarantees;
- an adjustment of the payment terms in line with the risks borne.

Despite this process, the technical failure or financial default of a partner, sub-contractor or supplier could occur, resulting in additional obligations that may have an impact on the Group's earnings.

- **Counterparty risk relating to investment and hedging activities**

The Group is exposed to counterparty risk on its cash investments and the derivative financial instruments used to hedge foreign exchange and interest rate risk. In the case of derivative financial instruments, counterparty risk corresponds to the fair value of the instruments contracted with a counterparty, where the fair value is positive.

The Group mitigates counterparty risk by systematically restricting the choice of banking counterparties to leading financial institutions.

C. Liquidity risk

Liquidity risk is the risk that the Group will have insufficient financial resources to meet its obligations.

The Group has carried out a specific review of its liquidity risk and believes that it is able to meet its future obligations as they fall due.

Accordingly, the Group deems that it is not significantly exposed to liquidity risk. At December 31, 2017:

- consolidated net cash (cash and cash equivalents less net debt) totaled €92.1 million compared with €157.7 million at December 31, 2016;
- the Group had a €120 million medium-term credit facility that had not been drawn down at December 31, 2017, or at the date of filing this Registration Document. With cash and cash equivalents of €146.6 million (€183.7 million at December 31, 2016), the Group's theoretical liquid resources totaled €266.6 million at December 31, 2017, compared with €303.7 million at December 31, 2016;
- as mentioned in Note 21 of the 2017 consolidated financial statements, the above-mentioned medium-term credit facility is subject to the following default clause that applies to the consolidated financial statements: net debt to EBITDA ratio less than or equal to 2.5. The Group was in compliance with the covenant at December 31, 2017.

The complete analysis of loans and borrowings is presented in Note 21 to the 2017 consolidated financial statements.

NOTE 29 Statutory auditors' fees

The following table presents the fees of CNIM SA's statutory auditors and members of their respective networks, recognized for the 2017 and 2016 reporting periods.

(in € thousands)

		Deloitte				PwC			
		Dec. 31, 2017		Dec. 31, 2016		Dec. 31, 2017		Dec. 31, 2016	
		Amount	%	Amount	%	Amount	%	Amount	%
Statutory audit, certification, review of parent company and consolidated financial statements:	CNIM	166	39.1%	162	37.6%	166	39.9%	162	38.3%
	Consolidated subsidiaries	206	48.7%	247	57.3%	214	51.5%	188	44.4%
	Total	372	87.9%	410	94.9%	379	91.4%	350	82.7%
Other services category 1 ⁽¹⁾	CNIM	-	-	1	0.1%	-	-	-	-
	Consolidated subsidiaries	-	-	-	-	-	-	2	0.4%
	Total	-	-	1	0.1%	-	-	2	0.4%
Other services category 2 ⁽²⁾	CNIM	38	9.0%	2	0.5%	36	8.6%	5	1.1%
	Consolidated subsidiaries	13	3.1%	19	4.5%	-	-	67	15.8%
	Total	51	12.1%	21	4.9%	36	8.6%	72	16.9%
Other services	CNIM	38	9.0%	3	0.6%	36	8.6%	5	1.1%
	Consolidated subsidiaries	13	3.1%	19	4.5%	-	-	69	16.3%
	Total	51	12.1%	22	5.1%	36	8.6%	73	17.3%
Total	CNIM	204	48.1%	165	38.2%	201	48.5%	167	39.4%
	Consolidated subsidiaries	220	51.9%	267	61.8%	214	51.5%	257	60.6%
	Total	423	100.0%	431	100.0%	415	100.0%	424	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.

NOTE 30 Subsequent events

None

5.3 Parent company financial statements at December 31, 2017(AFR)

5.3.1 Balance sheet

5.3.1.1 Assets

(in € thousands)

	Notes	Dec. 31, 2017			NET Dec. 31, 2016
		GROSS	Acc. depr., amort. & prov.	NET	
NON-CURRENT ASSETS					
Intangible assets	4	47,149	18,872	28,277	29,106
Land		2,903	278	2,624	2,607
Buildings		32,153	23,858	8,295	9,053
Technical facilities, equipment and tooling		36,849	31,712	5,137	7,576
Other		13,620	10,796	2,823	2,299
Assets in progress		4,235	0	4,235	2,845
Property, plant and equipment	5	89,760	66,644	23,115	24,379
Non-consolidated equity investments		135,355	45,140	90,215	108,203
Receivables related to equity investments		40,243	3,688	36,555	16,479
Other non-current financial assets		24,312	6,743	17,568	16,402
Non-current financial assets	6	199,909	55,571	144,338	141,083
Total non-current assets		336,818	141,088	195,730	194,568
Inventories and work in progress		5,872	4,163	1,709	7,303
Advances and down payments made on orders		5,547	5	5,541	2,364
Operating receivables:					
Trade and other receivables	7	112,375	668	111,707	127,518
Other receivables	7	194,563	34,451	160,112	111,416
Marketable securities	8	3,917	60	3,857	21,162
Cash		104,737	0	104,737	133,274
Prepaid expenses	9	17,425	0	17,425	17,548
Total current assets		444,436	39,347	405,089	420,584
Expenses to be allocated to future reporting periods	9	1,003	0	1,003	862
Unrealized exchange losses	15	1,071	0	1,071	161
TOTAL		783,328	180,435	602,893	616,175

5.3.1.2 Equity and liabilities

(in € thousands)

EQUITY AND LIABILITIES	Notes	Dec. 31, 2017	Dec. 31, 2016
Equity			
Share capital		6,056	6,056
Additional paid-in capital		7,237	7,237
Legal reserve		606	606
Retained earnings		65,936	66,002
Net income for the period		39,084	19,214
Tax-driven provisions	11	4,111	4,869
Equity	10	123,030	103,984
Provisions for contingencies and liabilities	12	35,200	56,922
Borrowings and debt			
Bank borrowings and debt	13	34,175	5,922
Other borrowings and debt	13	161,790	212,169
Total borrowings and debt		195,965	218,092
Advances and down payments received		9,768	10,340
Operating liabilities			
Trade accounts payable	13	85,932	88,738
Social security and tax payables	13	39,698	40,554
Total operating liabilities		125,631	129,292
Other liabilities	13	604	829
Total liabilities		136,003	140,461
Deferred income	14	111,338	95,855
Unrealized exchange gains	14	1,358	861
TOTAL		602,893	616,175

5.3.2 Income statement

(in € thousands)

	Notes	Dec. 31, 2017	Dec. 31, 2016
OPERATING INCOME			
Revenue	17	377,521	319,832
Capitalized production		133	206
Change in semi-finished and finished goods		(5,508)	(4,967)
Operating grants		3	314
Reversal of depreciation, amortization and provisions		39,751	26,361
Expense transfers	17	897	6,743
Other operating income		829	361
TOTAL OPERATING INCOME		413,626	348,849
OPERATING EXPENSES			
Purchases and change in inventories		(244,869)	(168,007)
Other external expenses		(48,048)	(50,023)
Taxes other than income taxes		(6,108)	(5,645)
Personnel expenses			
Wages and salaries		(58,509)	(56,007)
Social security contributions		(26,658)	(24,685)
Depreciation and amortization expense		(7,402)	(8,278)
Change in provisions		(14,898)	(27,326)
Other operating expenses		(5,804)	(4,962)
TOTAL OPERATING EXPENSES		(412,298)	(344,931)
OPERATING INCOME		1,328	3,918
FINANCIAL INCOME			
Income from marketable securities		265	202
Income from loans and receivables and other financial income		2,908	1,454
Reversals of provisions and expense transfers		17,588	2,348
Foreign exchange gains		5,089	6,956
Income from equity investments		37,149	16,550
TOTAL FINANCIAL INCOME		62,999	27,510
FINANCIAL EXPENSE		0	
Amortization allowances and provisions for financial items		(22,969)	(7,827)
Interest and financial expense		(1,223)	(944)
Foreign exchange losses		(4,473)	(7,035)
TOTAL FINANCIAL EXPENSE		(28,665)	(15,806)
NET FINANCIAL INCOME	18	34,334	11,704
PRETAX INCOME		35,662	15,622
Non-recurring income		21,328	59,445
Non-recurring expenses		(20,892)	(61,503)
NON-RECURRING INCOME, NET	19	436	(2,058)
Employee profit sharing expense		(390)	23
Income tax	20	3,377	5,627
NET INCOME		39,084	19,214

5.3.3 Statement of cash flows

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Net income	39,084	19,214
Depreciation, amortization and provisions	(14,653)	10,317
Gains or losses on disposals	(240)	303
Net cash from operations	24,191	29,834
Inventories and work in progress	5,594	4,680
Advances and down payments made	(3,178)	(1,736)
Change in trade and other receivables	15,811	(27,349)
Other receivables and adjustment accounts	(7,034)	(5,210)
Advances and down payments received	(572)	9,496
Change in operating liabilities	16,435	27,096
Change in other liabilities	(271)	(5,151)
Change in working capital	26,785	1,826
Net cash flow from operating activities (A)	50,977	31,660
Acquisition of non-current assets	(10,860)	(58,283)
Change in loans to subsidiaries	2,623	524
Disposal of non-current assets	380	56,801
Net cash flow used in investing activities (B)	(7,857)	(958)
Dividends paid	(19,280)	(16,963)
Investment grants	64	0
Proceeds from borrowings	30,257	2,200
Repayment of borrowings	(1,694)	(3,895)
Change in receivables factoring	(1,387)	(3,332)
Disposal (acquisition) of treasury shares	(2,039)	0
Net cash flow from (used in) financing activities (C)	5,921	(21,990)
NET INCREASE IN CASH AND CASH EQUIVALENTS A+B+C	49,040	8,713
Closing cash and cash equivalents		
Marketable securities and treasury shares	38,927	21,162
Cash	69,727	133,274
Bank overdrafts	(12)	(65)
Current accounts with subsidiaries	(13,795)	(108,563)
	94,848	45,808
NET INCREASE IN CASH AND CASH EQUIVALENTS	49,040	8,713

5.3.4 Notes to the parent company financial statements

NOTE 1 Consolidation scope

CNIM SA is the parent company of the CNIM Group.

NOTE 2 Accounting policies and methods

The financial statements for the year ended December 31, 2017 have been prepared and presented in accordance with French generally accepted accounting principles and the provisions of Regulation 2016-07 of November 4, 2016 of the French accounting standards board on the new Chart of Accounts. They also comply with the principle of prudence, and have been prepared on an accrual basis, assuming that the company is a going concern. Items have been recorded in the accounts on the basis of the historical cost method.

A. Intangible assets and property, plant and equipment

Intangible assets are recognized at acquisition cost.

a. Business goodwill and accounting loss recognized for business combinations

Following the July 2015 amendment of the French Commercial Code, to transpose the 2013 European Union Accounting Directive into French law, the French accounting standards board (ANC) issued Regulation 2015-06 and an accompanying information note in order to:

- set forth the requirements relating to goodwill amortization and impairment in the parent company's financial statements;
- change the accounting treatment for business combination accounting loss in the parent company's financial statements.

These new rules are mandatory for accounting periods beginning on or after January 1, 2016.

Consequently, goodwill can be allocated:

- to a group of assets, if it is only attributable to the group of assets and no synergies are expected from other groups of assets;
- to several groups of assets, if it can be allocated on a reasonable, consistent and permanent basis;
- to a combined group of asset groups, if it cannot be allocated on a reasonable, consistent and permanent basis among asset groups.

Goodwill that is not amortized is tested for impairment on an annual basis.

- When unamortized goodwill is allocated to a group of assets, it is tested for impairment at each asset group level.
- When goodwill can only be allocated to a combined group of asset groups: initially, each asset group to which goodwill is allocated is tested; subsequently, an impairment test is performed on the combined group of asset groups to which goodwill is allocated.

An impairment loss is recognized for each group of assets or combined group of asset groups if the carrying amount of the group exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use, calculated using the discounted cash flow method.

b. Intangible assets

	Term
Capitalized R&D costs	5 years
Concessions, patents, licenses	5-10 years
Software	3 years

Concessions, patents and licenses are amortized over a period that is shorter than their legal protection period.

c. Property, plant and equipment

- **Measurement**

Property, plant and equipment is recognized at acquisition cost. Property, plant and equipment acquired in foreign currency is converted into euros based on the exchange rate effective at the transaction date. In accordance with the component approach, the Company uses different depreciation periods for each major component of an asset whenever the useful life of a component differs from that of the main asset to which it relates.

- **Depreciation**

Depreciation is calculated using the straight-line method based on the assets' useful lives as indicated below.

The Company uses the following useful lives for depreciation purposes:

Depreciation periods

	Term		Term
Civil engineering buildings ⁽¹⁾	30 years	Control equipment	8 years
Building improvements	10 years	Transport equipment (vehicles)	4 years
Roads	20 years	Small handling equipment	4 years
Equipment and tooling	10 years	Furniture and office equipment	5-10 years
Movable equipment (gantry cranes, bridges, cranes)	5-10 years	Safety equipment	4 years
Small equipment	8 years	IT equipment	2-5 years
Tooling	5 years		

(1) Residual value: 10% of gross value.

B. Non-current financial assets

Non-current financial assets are carried at their acquisition cost, excluding ancillary expenses.

a. Equity investments

Equity investments and other non-current financial assets are estimated at their value in use, which is assessed based on Management's most recent profitability forecasts, the Company's share of the net assets, and the revalued net assets at the reporting date. If their value in use exceeds their carrying amount, the latter is not modified. However, if their carrying amount exceeds their value in use, an impairment provision is recognized. When net equity is negative and CNIM SA has undertaken to provide financial support to the subsidiary, a provision equal to the share of net equity is recorded.

b. Receivables related to equity investments

Receivables relating to equity investments are recognized on the balance sheet at their historical cost. An allowance is recognized for impairment when there is collection risk.

c. Portfolio investments

Portfolio investments are recognized on the balance sheet at their acquisition cost. They may be impaired based on their net asset value and business outlook.

C. Measurement of inventories and work in progress

a. Inventories

Inventories are carried at their weighted average cost. An impairment loss is recognized when their carrying amount exceeds their estimated net realizable value or when the Company believes that it may not be able to use part of the inventories.

b. Work in progress

The carrying amount of work in progress includes all components of their cost except for selling, general, administrative and finance costs, which are expensed as incurred.

D. Construction contracts

Revenue and profit on construction contracts in progress are accounted for using the percentage-of-completion method.

Revenue is recognized on the basis of percentage completion, which is calculated using the latest estimate of the total contract price multiplied by the actual stage of completion of the contract.

Stage of completion is determined by measuring the contract costs incurred to date over estimated costs at completion.

When contract margins are expected to be negative, a provision for loss at completion is recorded in non-current liabilities.

On contract completion, only outstanding expenses remain on the balance sheet, as a provision in current liabilities.

Amounts received before construction contract work is performed are presented in "Advances and down payments received".

Costs incurred are calculated plus profit recognized and less progress billings. 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, which are recognized in assets.

E. Receivables and payables

Receivables and payables are carried at their nominal amount.

Doubtful receivables are written down, as appropriate, based on collection risk.

F. Marketable securities

Marketable securities are recorded at cost. Their fair value is determined based on their average price in the last month of the reporting period for publicly traded securities, the most recent known purchase price for money market funds, and the most recent net asset value for securities held in mutual funds. A provision for impairment is recognized for unrealized losses; unrealized gains are not recognized.

Accrued interest is recognized only if it can be identified (i.e., on fixed rate treasury bonds, certificates of deposit or term accounts).

G. Provisions for contingencies and liabilities

Provisions mainly comprise the following:

a. Provisions for contingencies

- 1) Provisions for ongoing litigation and disputes established on the basis of the Group's best estimate of the risk borne.
- 2) Provisions for guarantees given to customers are recognized either based on a statistical analysis of expenses incurred in the past on similar projects, or by applying a percentage of the sales price.
- 3) When a loss at completion is expected on a construction contract, the loss to date is recognized as an expense based on percentage of completion, and the loss beyond percentage of completion is accrued in "Provisions for losses at completion".
- 4) Other provisions for contingencies: this line item includes provisions for subsidiaries' negative net assets, other than impaired assets such as current accounts and trade receivables. The line item also includes provisions for foreign exchange risk.

b. Provisions for liabilities

Not all accrued expenses relating to completed contracts are recognized at the delivery date. Any outstanding accrued expenses are recorded under "Provisions for accruals on completed contracts".

Provisions for accruals on completed contracts have a very short maturity and are almost fully utilized within 12 months of the delivery date.

c. Provisions for long-service awards

The company pays a bonus when granting long-service awards. The bonus is based on the number of years of service in the company.

The provision for long-service awards was calculated using actuarial methods based on assumptions regarding the age of employees when they are granted the long-service awards, mortality (INSEE tables TGH-TGF 2005), the number of years of service, personnel turnover, an inflation rate of 2% and a discount rate of 1.5% (including inflation). The provision at December 31, 2017 amounted to €443 thousand.

H. Advances received on contracts in progress

This line item relates exclusively to advances and payments received from customers in relation to contracts in progress.

I. Transactions denominated in foreign currencies

Expenses and income denominated in foreign currencies are accounted for at the exchange rate effective at the transaction date, or at the project contract rate for project-related hedges. Balance sheet items including receivables, payables and cash denominated in foreign currencies are translated at the reporting date exchange rate. Any resulting translation differences are recognized on the balance sheet in unrealized exchange gains or losses.

A provision for contingencies is recognized for unrealized exchange losses on unhedged transactions.

J. Research and development costs

Research and development costs are expensed when incurred.

Development costs are recognized as intangible assets when they meet the following recognition criteria:

- technical feasibility of completing the asset for sale or use has been established;
- intention to complete the asset and use or sell it;
- ability to use or sell the asset;
- ability to demonstrate how the asset will generate future economic benefits;
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- ability to reliably measure the expenditure attributable to the intangible asset.

Development costs that cannot be separated from contracts are not capitalized.

K. Consolidated tax group

The consolidated tax group applies the principle of neutrality whereby tax savings accrue to CNIM, as head of the tax group, which has no commitment to return savings to tax-consolidated subsidiaries when they recover profitability.

L. Payroll tax credit (CICE)

A payroll tax credit to promote competitiveness and employment (CICE) was introduced in France in 2013 based on compensation paid during a given year. CNIM SA has recognized the tax credit as a deduction from social security and related payroll contributions.

The Company's use of the tax credit will be decided based on discussions with the works council before July 1 of each year, as provided for by French employment law (Loi de sécurisation de l'emploi). As discussions are underway, we already know that the payroll tax credit will be used to improve the company's competitiveness. It has not been used to increase distributed profit or management compensation.

M. Retirement benefit obligations

Retirement benefits due to all employees on the payroll at December 31, 2017 amounted to €9,759 thousand. The obligation has not been recognized in the parent company financial statements.

Retirement benefits are calculated using actuarial methods, based on retirement age, mortality (INSEE TH00-02-TF00-02 [death] tables), the number of years of service and personnel turnover assumptions. They also take into account a salary increase rate of 1%, an inflation rate of 2% and a discount rate of 1.5%.

All employees with senior executive status over 60 years of age are entitled to a supplementary defined benefit pension plan.

NOTE 3 Significant events of the period

None

NOTE 4 Intangible assets

(in € thousands)

Type of fixed asset	Value at Jan. 1, 2017	Increases due to acquisitions	Inter-account transfers	Changes due to impairment losses (+), Impairment reversals (-)	Value at Dec. 31, 2017
Gross value					
Start-up costs	-				-
Concessions, patents, licenses	3,571				3,571
Other intangible assets	11,927	353	29		12,309
Business goodwill ⁽¹⁾	23,343		(1,000)		22,343
Capitalized development costs	4,833				4,833
Assets in progress	3,285	656	153		4,093
TOTAL GROSS VALUE	46,958	1,008	(818)	-	47,149
Accumulated amortization/impairment					
Start-up costs	-				-
Concessions, patents, licenses	3,174			23	3,197
Other intangible assets	9,388			997	10,385
Business goodwill	457				457
Capitalized development costs	4,833				4,833
TOTAL ACCUMULATED AMORTIZATION/IMPAIRMENT	17,852	-	-	1,020	18,872
CARRYING AMOUNT	29,106	1,008	(818)	(1,020)	28,277

(1) Business goodwill comprises:

Business goodwill - BABCOCK	5,903
Business goodwill - SACOM	347
Business goodwill - ALFA-LAVAL (BE)	457
Business goodwill - Citic merger of assets and liabilities	76
Business goodwill - BTP/BTA merger deficit	1,629
Business goodwill - Maromme Agency	120
Business goodwill - CNIM Environnement asset transfer	12,500
Business goodwill - CNIM Transport France	10
Business goodwill - INVEN	1,300
	22,343

Business goodwill	Carrying amount	Allocated to asset group
Inven	1,300	Thermal engineering
CBS business goodwill	6,447	CBS
Environment & Energy business combination accounting loss	12,500	Environment & Energy
CSI business combination accounting loss	1,639	Innovation & Systems
TOTAL	21,885	

Business goodwill is allocated to a group of assets, which is tested for impairment using the discounted cash flow method. As the recoverable amount of each group was higher than their carrying amount, no impairment loss was recognized.

NOTE 5 Property, plant and equipment

(in € thousands)

Type of fixed asset	Value at Jan. 1, 2017	Increases due to acquisitions	Inter-account transfers	Decreases due to disposals or retirements	Impairment losses (+), Impairment reversals (-)	Value at Dec. 31, 2017
Gross value						
Land and improvements	2,878	25				2,903
Buildings						
- On owned land	18,000					18,000
- On third-party land						
- General facilities, fixtures, building improvements	13,514	479	161			14,154
<i>Buildings</i>	31,514	479	161	0	0	32,153
Technical facilities, equipment and tooling	45,983	633	478	10,245		36,849
Other property, plant and equipment						
- General facilities, fixtures and improvements	0					0
- Transportation and handling equipment	959	61	28			1,048
- Office and IT equipment, furniture	9,247	971	294			10,512
Furniture	1,603	65	392			2,059
- Reusable packaging and miscellaneous						
<i>Other property, plant and equipment</i>	11,809	1,096	714	0	0	13,620
Assets in progress	2,845	2,926	(1,536)			4,235
Advances and down payments	0					0
TOTAL GROSS VALUE	95,029	5,159	(182)	10,245	0	89,760
Accumulated depreciation/impairment						
Land and improvements	271				7	278
Buildings						
- On owned land	13,754				376	14,130
- On third-party land						
- General facilities, fixtures, building improvements	8,708				1,021	9,728
<i>Buildings</i>	22,461	0	0	0	1,397	23,858
Technical facilities, equipment and tooling	38,407				(6,695)	31,712
Other property, plant and equipment						
- General facilities, fixtures and sundry improvements	0					0
- Transportation and handling equipment	912				46	959
- Office and IT equipment, furniture	8,598				1,240	9,837
- Reusable packaging and miscellaneous						
<i>Other property, plant and equipment</i>	9,510	0	0	0	1,286	10,796
TOTAL ACCUMULATED DEPRECIATION/IMPAIRMENT	70,650	0	0	0	(4,005)	66,644
CARRYING AMOUNT	24,379	5,159	(182)	10,245	4,005	23,115

NOTE 6 Non-current financial assets

(in € thousands)

Type of fixed asset	Amount at Dec. 31, 2016	Increases	Decreases	Amount at Dec. 31, 2017
GROSS VALUE				
Equity investments ⁽¹⁾	153,152	1,271	(19,069)	135,355
Receivables related to equity investments ⁽²⁾	20,626	21,394	(1,777)	40,243
Other non-current financial assets				
Portfolio investments ⁽³⁾	3,538			3,538
Other non-current investments	5,637	62		5,699
Loans ⁽⁴⁾	2,224	2	(633)	1,593
Treasury shares ⁽⁵⁾	11,194	2,039		13,233
Deposits and guarantees	442		(192)	250
Other non-current financial assets	23,035	2,102	(825)	24,312
TOTAL GROSS VALUE	196,813	24,768	(21,671)	199,909
IMPAIRMENT				
Equity investments	44,950	511	(321)	45,140
Receivables related to equity investments ⁽⁶⁾	4,147	138	(597)	3,688
Other non-current financial assets				
Portfolio investments ⁽⁷⁾	954	272	(161)	1,065
Other non-current investments	5,637			5,637
Loans	0			0
Treasury shares	0			0
Deposits and guarantees	42			42
Other non-current financial assets	6,633	272	(161)	6,743
TOTAL IMPAIRMENT	55,730	921	(1,079)	55,571
CARRYING AMOUNT	141,083	23,847	(20,592)	144,338

(1) Equity investments:

Changes in equity investments include:

- CNIM Energie Biomass capital increase: €510 thousand
- CNIM 6 (formerly Babcock Wanson holding) capital decrease: €19,069 thousand
- Creation of CNIM India: €743 thousand
- Creation of CNIM Switzerland: €19 thousand

(2) Receivables relating to equity investments:

Changes in receivables relating to equity investments comprise the following:

Increase in the SCI Bassano loan: + €1,000 thousand

New loan for Exensor: + €2,900 thousand

New loan for LAB USA: + €17,070 thousand

Additional loans and capitalization of accrued interest with Kogeban: + €272 thousand

Additional loans and capitalization of accrued interest with CBEM: + €138 thousand

(3) Portfolio investments

5,471 Foster Wheeler Fakop shares (€1,051 thousand), accounting for 10.96% of share capital. The shares were written down by €161 thousand.

21,487 Kogeban securities (€1,867 thousand), accounting for 10.87% of share capital.

2,450 CBEM securities (€613 thousand), accounting for 7% of share capital.

(4) Loan: mainly comprising the outstanding balance of the vendor financing of €2,200 thousand granted in connection with the sale of the Babcock Wanson sub-group, which amounted to €1,567 thousand.

(5) Treasury shares:

A total of 160,601 shares were included in non-current financial assets at December 31, 2017, following the repurchase of 14,983 shares in 2017.

(6) Impairment of receivables relating to equity investments mainly comprising:

- Impairment of the loan granted to CNIM Canada: €2,770 thousand

- Impairment of CBEM loan: €918 thousand

(7) Reversal of impairment loss on FAKOP shares: €161 thousand

Impairment of Kogeban shares: €272 thousand

A. Impairment of equity investments

(in € thousands)

	Gross	Impairment	Carrying amount	% interest
CNIM NETHERLANDS	31,000		31,000	100%
CNIM OUEST ARMOR	40		40	100%
CNIM CTG	40		40	100%
CNIM SAUDI	1,328	1,328	0	94%
CNIM RUS	0		0	100%
EKOMZ	2		2	70%
CNIM 6 (formerly BW Holding)	2,453	127	2,327	100%
CNIM Babcock Maroc (formerly BW Maroc)	6,299	5,716	583	98%
CNIM CZ SRO (formerly CBCE)	3,135	3,135	1	92%
CCUAT	82		82	50%
CNIM UK/Martin E. S.	2,371		2,371	100%
BABCOCK INTERNATIONAL	942	677	265	100%
CNIM INDUSTRIE	60	60	0	100%
BABCOCK SERVICES	5,661	694	4,967	100%
CB Services	11	11	0	100%
CTH	23,427	21,064	2,363	100%
CTF	12,302	12,302	0	100%
CTIPE	4	4	0	100%
DAUPHINE	1	1	0	100%
BERTIN Technologies	15,492		15,492	100%
CSBC	1	1	0	50%
LAB	18,500		18,500	100%
Technoplus Industries	4,500		4,500	35%
SCI 35, rue de Bassano	8		8	100%
SMA	63		63	3%
CNIM Babcock Sulamerica	6	6	0	100%
CNIM INSERTION (formerly STOMA)	51		51	100%
CNIM E.C.S	1		1	100%
SOMMUDIMEC	4	4	0	0%
CNIM CENTRE France	40		40	100%
CEB	550		550	100%
CTA	40		40	100%
EMEB	34		34	85%
CNIM ASIA PACIFIC LTD	1		1	100%
CNIM 1 to CNIM 4	10	10	0	100%
SUNCNIM	5,919		5,919	59%
CNIM Middle East	37		37	100%
CNIM US	178		178	100%
CNIM SWITZERLAND	19		19	100%
CNIM INDIA	743		743	100%
TOTAL	135,355	45,140	90,215	

B. Receivables relating to equity investments

(in € thousands)

	Gross	Impairment	Carrying amount
SCI 35, rue de Bassano	10,032		10,032
CNIM Canada	2,770	2,770	0
CNIM Babcock Maroc	915		915
Kogeban	3,344		3,344
CBEM (Estrée Mons)	3,199	918	2,281
LAB USA Washington	9,935		9,935
LAB USA Pope Douglas	2,283		2,283
LAB USA Redwing	4,852		4,852
Exensor	2,900		2,900
Other	14		14
Total	40,243	3,688	36,555

NOTE 7 Total receivables

(in € thousands)

Receivables	Gross amount	Dec. 31, 2017		
		Due date < 1 year	Due date 1-5 years	Due date > 5 years
Receivables on non-current assets				
Receivables relating to equity investments	40,243	8,464	21,032	10,747
Loans	1,593	635	957	
Deposits and guarantees (portion of other non-current financial assets)	250		250	
TOTAL 1	42,085	9,099	22,239	10,747
Trade and other receivables				
Doubtful receivables	0	0		
Trade notes receivable	0	0		
Other trade accounts receivable ⁽¹⁾	112,375	112,375		
TOTAL 2	112,375	112,375	0	0
Other operating receivables				
Amounts due from personnel	332	332		
Amounts due from social security organizations	0	0		
Amounts due from government and other public authorities	47,208	47,208		
Miscellaneous accounts receivable	561	561		
Group and associates	146,461	146,461		
TOTAL 3	194,562	194,562	0	0
Prepaid expenses	17,425	17,425		
TOTAL RECEIVABLES	366,448	333,461	22,239	10,747

(1) Of which related parties:
Accrued income:

€14,511 thousand
€59,671 thousand

NOTE 8 Marketable securities

(in € thousands)

	Dec. 31, 2017 Number of securities	Dec. 31, 2017 Amount	Dec. 31, 2016 Amount
TREASURY SHARES (liquidity agreement)	9,622	1,331	632
HSBC	138	2,167	9,852
BNP PARIBAS MONEY 3M	18	419	886
AMUNDI 6M			9,792
DEPOSIT CERTIFICATES			
TOTAL	9,778	3,917	21,162
Impairment of treasury shares:		60	-
Purchase price of treasury shares		1,331	632
Market value		1,294	721
Unrealized capital gain on marketable securities after tax		0	89

NOTE 9 Adjustment accounts (Assets)

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Prepaid expenses ⁽¹⁾	17,425	17,548
Expenses to be allocated to future reporting periods ⁽²⁾	1,003	862
Unrealized exchange losses	1,071	161
Total	19,499	18,571

(1) Prepaid expenses result chiefly from the percentage of completion of contracts in progress.

(2) Recognition over a five and six-year period of management and service fees paid by the Company in connection with the rollover of its medium-term credit facility.

NOTE 10 Changes in equity

(in € thousands)

	Dec. 31, 2016	Prior year net income appropriation	Dividend distribution	Dividends on treasury shares	Change in tax- driven provisions	Net income for the period	Dec. 31, 2017
Share capital	6,056						6,056
Additional paid-in capital	7,237						7,237
Legal reserve	606						606
Retained earnings	66,002		(1,074)	1,008			65,936
Tax-driven provisions and grants	4,869				(758)		4,111
Equity before net income appropriation	84,770	0	(1,074)	1,008	(758)		83,946
Net income for the period	19,214	0	(18,206)	(1,008)		39,084	39,084
TOTAL	103,984	0	(19,280)	0	(758)	39,084	123,030

At December 31, 2017, share capital amounted to €6,056,220 divided into 3,028,110 fully paid shares with a par value of €2. There were no changes over the year. See Note 18 for details on dividend payments.

NOTE 11 Tax-driven provisions

(in € thousands)

Type	Amount at Dec. 31, 2016	Increases Additions for the period	Decreases Reversals for the period	Amount at Dec. 31, 2017
Accelerated depreciation/amortization ⁽¹⁾	3,334	1,056	1,879	2,512
Investment grants ⁽²⁾	1,535	64		1,599
TOTAL	4,869	1,120	1,879	4,111

(1) Accelerated depreciation/amortization is used mainly for tooling.

(2) Investment grants are mainly used for research and development projects.

NOTE 12 Provisions for contingencies and liabilities, and asset impairment

(in € thousands)

Items	Provisions at Dec. 31, 2016	Reclassifications ⁽¹⁾	Increases in 2017	Reversals in 2017 (utilizations)	Reversals in 2017 (surplus)	Provisions at Dec. 31, 2017
Provisions for contingencies						
Provisions for litigation	8,217		339	777	369	7,410
Provisions for guarantees	12,611		4,117	3,628	2,999	10,102
Provisions for unrealized exchange losses	75		1,070	75		1,070
Provisions for losses at completion	3,489		1,895	2,537		2,847
Other contingency provisions	2,201	175	77	1,226		1,227
Total contingency provisions	26,593		7,500	8,243	3,368	22,657
Provisions for liabilities						
Provisions for long-service awards	426		18			443
Accrued expenses on completed contracts	29,904	(175)	8,324	17,334	8,618	12,100
Total provisions for liabilities	30,329		8,342	17,334	8,618	12,543
Total provisions for contingencies and liabilities	56,922	0	15,841	25,577	11,986	35,200
Provisions for asset impairment						
Intangible assets and PP&E	482					482
Equity investments	49,097		649	918		48,828
Other non-current financial assets	6,633		272	161		6,743
Total financial assets	55,730	0	921	1,079	0	55,571
Raw material inventories	4109		86	31		4,163
Trade accounts receivable	2847		69	2,248		668
Advances and down payments made on orders	15			10		5
Other receivables	29,965		20,791	16,306		34,451
Marketable securities	0		60			60
Total provisions for current assets	36,937	0	21,006	18,596	0	39,347
Total provisions for asset impairment	93,149		21,927	19,675	0	95,400
Total provisions for contingencies, liabilities and asset impairment	150,071		37,768	45,253	11,986	131,082
Operating items	-		13,869		39,778	-
Financial items	-		22,843		17,461	-
Non-recurring items	-		1,056		-	-

Total	-	37,768	57,239	-
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NOTE 13 Loans and borrowings

(in € thousands)

	Gross amount	Maturity of liability		
		Less than 1 year	> 1 year < 5 years	More than 5 years
Bank overdrafts	12	12		
Other bank loans and borrowings ⁽¹⁾	34,163	1,704	32,459	
Bank borrowings and debt	34,175	1,716	32,459	
Miscellaneous non-Group borrowings and debt ⁽²⁾	6,670	2,119	4,551	
Current account liabilities (Group)	155,120	155,120		
Miscellaneous borrowings and debt	161,790	157,239	4,551	
Trade accounts payable	85,751	85,751		
Social security and tax payables	39,698	39,698		
Payables related to asset acquisitions	181	181		
Other liabilities	604	604		
Total	322,199	285,189	37,010	

(1) Breakdown of bank loans and borrowings:

Loan to invest in the Cogénération Biomasse Estrées Mons project company: €800 thousand

Loan to fund work at SCI Bassano: €3,363 thousand

Loan to invest in the Exensor company: €30,000 thousand

(2) Factoring of tax receivables to BPI: €4,037 thousand and repayable advances of €2,594 thousand. The current portion comprises the factoring of the 2014 research tax credit.

NOTE 14 Adjustment accounts (liabilities)

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Deferred income ⁽¹⁾	111,338	95,855
Unrealized exchange gains	1,358	861
TOTAL	112,696	96,716

(1) Mainly for construction contracts.

NOTE 15 Unrealized exchange losses

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Unrealized exchange losses	1,071	161
Provisions for contingencies	(1,070)	(75)
Net	1	86

Provisions are only recognized for unrealized exchange losses relating to unhedged transactions (See Note 2.9).

NOTE 16 Expenses payable

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Trade accounts payable	33,713	29,236
Social security and tax payables	16,965	17,369
Other liabilities	0	0
Total	50,678	46,605

NOTE 17 Revenues – Increase in semi-finished and finished goods

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Revenues (production sold)		
France	187,094	140,345
Export	190,427	179,486
Total revenues	377,521	319,832
Increase in semi-finished and finished goods		
France	(5,508)	(4,967)
Export		
Total increase in semi-finished and finished goods	(5,508)	(4,967)
Total	372,012	314,864

Breakdown of revenues by operating segment

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Environment & Energy	283,151	228,417
Innovation & Systems	94,370	91,415
Total	377,521	319,832

The CNIM Babcock Services (CBS) CGU, which was previously included in the Energy operating segment, is now included in the Environment & Energy operating segment.

Breakdown of revenues by geographic area

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
France	187,094	140,345
United Kingdom	184,162	172,069
Rest of Europe	4,960	970
Asia	301	44
Other	1,004	6,403
Total	377,521	319,832

Expense transfers

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Expense transfers		
Insurance indemnities	897	6,743

NOTE 18 Net financial income

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Dividends received from investments ⁽¹⁾	37,149	16,550
Proceeds from disposals of marketable securities	265	202
Interest on non-current financial assets	1,931	1,370
Interest on receivables	977	84
Reversals of provisions for exchange losses	75	482
Reversals of other provisions	17,513	1,866
Foreign exchange gains	5,089	6,956
TOTAL FINANCIAL INCOME	62,999	27,510
Provisions for exchange losses	1,070	75
Charges to provisions ⁽²⁾	21,899	7,752
Interest on current accounts and short-term investments	1,166	629
Other financial expenses	29	283
Net expenses on disposal of marketable securities	27	32
Foreign exchange losses	4,473	7,035
TOTAL FINANCIAL EXPENSE	28,665	15,806
NET FINANCIAL INCOME	34,334	11,704

(1) Breakdown of "Dividends received from investments"

LAB dividends	3,259
BWH dividends	33,235
CTG dividends	520
SMA dividends	135
	37,149

(2) This line item mainly comprises provision allowances relating to:
 CBEM securities: €138 thousand
 KOGEBAN securities: €272 thousand
 CNIM SAUDI current account: €20,788 thousand
 CNIM CZ securities: €374 thousand (subsidiary currently being liquidated)

NOTE 19 Non-recurring income (expense)

(in € thousands)

	Dec. 31, 2017	Dec. 31, 2016
Reversal of depreciation, amortization and provisions ⁽¹⁾	1,879	1,777
Disposal of property, plant and equipment and intangible assets	380	0
Disposals of financial assets	19,069	57,659
Other	-	9
Total non-recurring income	21,328	59,445
Charges to depreciation, amortization and provisions	1,645	2,762
Carrying amount of property, plant and equipment sold	140	159
Carrying amount of financial assets sold ⁽¹⁾	19,069	57,804
Other ⁽¹⁾	38	779
Total non-recurring expenses	20,892	61,503
NON-RECURRING INCOME (EXPENSE), NET	436	(2,058)

(1) Income and expense on disposal of non-current financial assets mainly relate to the CNIM 6 capital decrease (formerly Babcock Wanson Holding).

NOTE 20 Tax

A. Consolidated tax group

(in € thousands)

	Contribution to consolidated tax group net income (loss)	Contribution to Group tax	Tax due not concerning consolidated tax group
CNIM – head of tax group	13,694	4,690	2,415
Contribution of subsidiaries after use of tax carry-forwards arising prior to tax consolidation: loss-making subsidiaries	(4,406)	(1,517)	
Profit-making subsidiaries	7,167	2,468	2,545
Consolidated net income	16,456		
Consolidated income tax expense		5,641	4,959
Tax savings			(682)

B. Breakdown of income tax expense

(in € thousands)

	Profit (loss) before income tax and employee profit sharing expense		Income tax					Net income		
	Accounting	Tax	Other	Tax on dividends	Tax savings (tax consolidation)	Research tax credit and other	Due	Theoretical	Profit sharing	Accounting
Recurring										
France	35,024	(11,200)	2,504	(4,371)	651	(2,410)	(3,627)	38,651	390	38,261
International	637	3,757	250				250	388		388
Non-recurring	436	447			0	0	0	436	0	436
Total	36,097	(6,996)	2,754	(4,371)	651	(2,410)	(3,377)	39,474	390	39,084
1. France	35,460	(10,753)	2,504	(4,371)	651	(2,410)	(3,627)	39,087	390	38,697
2. International	637	3,757	250				250	388		388
Total	36,097	(6,996)	2,754	(4,371)	651	(2,410)	(3,377)	39,474	390	39,084

C. Taxable and deductible temporary differences

(in € thousands)

Nature of temporary differences	Amount
Taxable temporary differences	
- Accelerated depreciation/amortization	2,512
- Unrealized gains on marketable securities	4
- Unrealized exchange losses	1,071
Total	3,587
Corporate income tax at 34.43% - Deferred tax liability	1,235
Deductible temporary differences	
- Unrealized gains on marketable securities	
Provisions and expenses not deductible in the year of their recognition	
Unrealized gains already taxed	
- Social security compensation tax for 2017	264
- Employee profit sharing accrual for 2017	468
- Other provisions	1,070
- Provisions for losses at completion	2,847
- Unrealized exchange gains	1,358
Total	6,008
- Corporate income tax at 34.43% - Deferred tax asset	2,069

D. Impact of favorable tax treatment on net income

(in € thousands)

Net income for the period	39,084
Charges to tax-driven provisions	1,056
Reversals of tax-driven provisions	(1,879)
Decrease in income tax due to provisions	(364)
Increase in income tax due to provision reversals	647
Net income excluding effect of tax treatment	38,545

NOTE 21 Finance lease commitments

(in € thousands)

Line items	Acquisition cost	Depreciation expense(1)		Carrying amount
		for the period	accumulated	
Equipment and tooling	1,500	150	1,500	0

(1) Depreciation that would have been recognized if the related items had been acquired (on a straight-line basis over 10 years).

NOTE 22 Off-balance sheet commitments

(in € thousands)

Commitments given		Dec. 31, 2017	Dec. 31, 2016
Liability guarantee on future asbestos litigation given to French investment fund (FCDE) on sale of Babcock Wanson sub-group			
Market bonds		322,413	316,586
<i>incl. guarantees given on behalf of subsidiaries</i>	Subsidiaries		
	CCF	-	304
	CNIM Singapore	3,269	3,439
	COA	383	30
	CTE	3,683	6,363
	CTF	26	-
	CTG	112	112
	CNIM Engineers FZC	5,500	5,500
	LAB GmbH	-	-
	LAB SA	9,982	19,992
	LAB USA Corp.	4,169	-
	LAB Washington	653	743
	MESE	7,148	5,612
	SUNCNIM	10,351	14,329
	VECSYS	803	803
Total guarantees given on behalf of subsidiaries		46,078	57,226

Commitments received	Dec. 31, 2017	Dec. 31, 2016
Bonds received from suppliers	152,289	128,350

Reciprocal commitments 2017					
Currency	Type of contract	Amount	Guaranteed rate	Currency	+/- 1 year
Foreign currency forward purchases					
CNH	Forward purchase	9,325,265.00	7.9749	EUR	-1 year
GBP	Forward purchase	608,450.00	0.8856	EUR	+1 year
GBP	Forward purchase	5,713,699.48	0.8814	EUR	-1 year
USD	Forward purchase	476,473.00	1.1679	EUR	-1 year
Forward sale					
DKK	Forward sale	25,924,922.00	7.4387	EUR	-1 year
GBP	Forward sale	7,019,805.00	0.8768	EUR	+1 year
GBP	Forward sale	15,093,759.33	0.8607	EUR	-1 year
USD	Forward sale	7,748,442.00	1.2557	EUR	+1 year
USD	Forward sale	3,677,645.26	1.1801	EUR	-1 year

Reciprocal commitments 2016					
Currency	Type of contract	Amount	Guaranteed rate	Currency	+/- 1 year
Forward purchase					
CNY	Forward purchase	6,350,000.00	7.6507	EUR	-1 year
GBP	Forward purchase	3,200,500.00	0.81159	EUR	-1 year
GBP	Forward purchase	116,250.00	0.85136	EUR	+1 year
SEK	Forward purchase	1,550,000.00	9.7135	EUR	-1 year
USD	Forward purchase	490,827.98	1.1145	EUR	-1 year
Forward sale					
GBP	Forward sale	16,792,253.21	0.7945	EUR	-1 year
GBP	Forward sale	10,170,302.86	0.8505	EUR	+1 year
DKK	Forward sale	56,149,501.50	7.4381	EUR	-1 year
USD	Forward sale	3,141,526.54	1.1083	EUR	-1 year
USD	Forward sale	608,488.00	1.1503	EUR	+1 year
Loans and borrowings with subsidiaries					
CAD	Forward sale	400,000.00	1.45	EUR	-1 year

Post-employment benefits	Dec. 31, 2017	Dec. 31, 2016
Retirement benefits due to all employees in service	17,393	19,308

NOTE 23 Headcount

	Average workforce 2017
Engineers and managerial-grade employees (<i>cadres</i>)	620
Non-managerial grade employees	263
Manual workers	176
Total	1,059

In accordance with Article D 123-200 of the French Commercial Code, the average number of employees in the reporting period is equal to the arithmetic average number of employees at the end of each quarter of the calendar year, or reporting period if the latter is not based on the calendar year.

NOTE 24 Management compensation

(in € thousands)

	2017			2016		
	Total	Management bodies		Total	Management bodies	
		Management Board and Executive Committee	Supervisory Board		Management Board	Supervisory Board
Retirement benefits	4,627	4,627		7,370	7,370	
Remuneration	3,954	3,188	766	3,780	3,138	642

NOTE 25 Subsidiaries and equity investments

(in € thousands)

Financial disclosures Subsidiaries and equity investments	FR/INT	Share capital	Retained earnings & net income (loss) (before net income appropriation)	Net income	Equity interest (%)	Carrying amount of securities held		Outstanding loans and advances granted by the Company	Dividends
						Gross	Net		
A. DETAILED INFORMATION ON SUBSIDIARIES AND EQUITY INVESTMENTS									
1. Subsidiaries (equity interest >50%)									
Babcock Services	INT	5,712	(1,234)	506	100.00	5,661	4,967	1,194	0
Babcock International	INT	62	209	(18)	99.90	942	265	0	0
Bertin Technologies	FR	3,000	30,379	4,054	100.00	15,492	15,492	78,036	0
CNIM 6 (formerly BWH)	FR	50	2,150	127	100.00	2,453	2,327	0	33,235
CB Services	INT	7	(246)	(65)	100.00	11	0	291	0
CNIM CZ SRO (formerly CBCE)	INT	94	(85)	0	91.67	3,135	0	0	0
CNIM Industrie	FR	39	(43)	(7)	100.00	60	0	20	0
CNIM Insertion	FR	38	109	15	100.00	51	51	0	0
CNIM Netherlands	INT	1,500	51,061	7,494	100.00	31,000	31,000	0	0
CNIM Russia	INT	0	4	0	100.00	0	0	5	0
CNIM Saudi	INT	1,112	(16,375)	(1,699)	94.00	1,328	0	26,900	0
CNIM UK	INT	1,809	212	32	100.00	2,371	2,371	0	0
CNIM Ouest Armor	FR	40	955	467	100.00	40	40	0	0
CNIM Transport France	FR	5,794	(18,216)	0	100.00	12,302	0	12,765	0
CNIM Thiverval Grignon	FR	40	3,838	1,342	100.00	40	40	0	520
CNIM Transport Holding	FR	6,710	(4,347)	18	100.00	23,427	2,363	11,242	0
Ekomz	INT	1	0	0	70.00	2	2	0	0
LAB	FR	2,750	14,643	4,110	100.00	18,500	18,500	0	3,259
SCI 35, rue Bassano	FR	8	(796)	351	100.00	8	8	10,572	0
CNIM Centre France	FR	40	(802)	439	100.00	40	40	2,388	0
CNIM Energie Biomasse	FR	40	(0)	554	100.00	550	550	1,528	0
CNIM Terre Atlantique	FR	40	310	259	100.00	40	40	0	0
Estrées Mons Energie Biomasse	FR	12	(0)	119	85.00	34	34	0	0
CNIM ECS	INT	1	988	278	100.00	1	1	0	0
SUNCNIM	FR	213	16,341	(8,279)	58.80	5,919	5,919	0	0

CNIM Babcock Maroc (formerly BWM)	INT	538	(73)	(202)	98.00	6,299	583	3,052	0
CNIM Asia Pacific	INT	1	(16)	(1)	100.00	1	1	80	0
CNIM Middle East	INT	34	44	(7)	100.00	37	37	509	0
CNIM US	INT	167	(38)	19	100.00	178	178	150	0
CNIM 1	FR	3	(2)	(1)	100.00	3	0	1	0
CNIM 2	FR	3	(2)	(1)	100.00	3	0	1	0
CNIM 3	FR	3	(2)	(1)	100.00	3	0	1	0
CNIM 4	FR	3	(2)	(1)	100.00	3	0	1	0
CNIM Switzerland	INT	17	0	21	100.00	19	19	85	0
CNIM India	INT	725	0	(92)	100.00	743	743	0	0
2. Other equity investments (equity interest between 10% and 50%)									
CCUAT	FR	153	4	432	49.88	82	82	0	0
Technoplus Industries	FR	7,012	5,604	208	34.79	4,500	4,500	0	0
GENERAL INFORMATION ON ALL SUBSIDIARIES AND EQUITY INVESTMENTS									
1. Subsidiaries (> 50% equity interest)									
a) French subsidiaries	FR	18,822	44,513	3,564	1,844	78,966	45,403	116,557	37,014
b) Foreign subsidiaries	INT	11,781	34,451	6,266	1,554	51,728	40,167	32,266	0
2. Equity investments									
a) In French companies (all)	FR	7,165	5,609	640		4,582	4,582	0	0
b) In foreign companies (all)	INT	0	0	0		0	0	0	0

Amounts for non-French companies have been converted into euros at the exchange rate effective on December 31, 2017, with the exception of revenues and net income (loss), which were converted at the average exchange rate for the 2017 reporting period.

NOTE 26 Subsequent events

None.

6 2018 GENERAL MEETING

6.1 Report of the Management Board on the resolutions proposed to the Ordinary and Extraordinary General Meeting of 24 May 2018^(AFR)

Ladies and Gentlemen,

We have brought you together in Ordinary and Extraordinary General Meeting in order to submit for your approval, in addition to the approval of the Company and Consolidated Financial Statements for the year ended 31 December 2017 and the other points mentioned in the Management Report on the financial year:

(i) for consideration as an Ordinary Meeting:

- a. the renewal of the term of office as members of the Supervisory Board of Mmes Christiane Dmitrieff, Lucile Dmitrieff and Sophie Dmitrieff, Messrs. André Herlicq and Stéphane Herlicq and Martin GmbH;
- b. a proposal to authorize your Management Board to trade in the Company's shares;
- c. a proposed resolution concerning the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of the total remuneration and benefits of all kinds accruing to the executive corporate officers by virtue of their offices, in application of Article L.225-82-2 of the French Commercial Code;
- d. and some draft resolutions concerning the items of remuneration paid or allocated in respect of the year ended 31 December 2017 to the Chairman of the Management Board and the Chairwoman of the Supervisory Board;

(ii) and for consideration as an Extraordinary Meeting:

- a. a proposal to authorize the Management Board to reduce the share capital by cancelling treasury shares held by the Company in the context of share buy-back programmes.

The formalities for calling the meeting have been duly performed and all the documents prescribed by law have been made available to you in the manner and within the time frames that are applicable.

Shareholders may have the information on the aforementioned candidates as prescribed under Article R 225-83(5) of the French Commercial Code sent to them or provided to them at the Company's registered office at 35, Rue de Bassano, 75008 Paris. They may also access this information on the Company's website.

- **Authorization of the Management Board to trade in the Company's shares up to a limit of 10% of the share capital**

The authorization given to the Management Board to purchase shares in the Company by the General Meeting of 7 June 2017 was for a period of eighteen months. It will therefore expire before the date of the General Meeting which will be called to ratify the financial statements for the current year.

We therefore propose, in order for the Management Board to be able to purchase shares in the Company at any time, that you grant the Management Board a new authorization in accordance with the provisions of Article L. 225-209 of the French Commercial Code, with the power to delegate in the terms provided by law, to have the Company purchase its own shares, with the proviso that this new authorization will supersede any other authorization on the same subject to the extent that it remains unused, and in particular the authorization granted to the Management Board by the eighth resolution of the General Meeting of 7 June 2017.

We propose that you limit this authorization to 302,811 shares.

The Management Board will use this authorization in compliance with the legal and regulatory conditions applicable at the time of exercise, and in particular with the conditions and obligations imposed by Articles L. 225-209 to L. 225-212 of the French Commercial Code, by Regulation (EU) No. 2273/2003 of 22 December 2003, by Article L.451-3 of the French Monetary and Financial Code and by the provisions of the General Regulations of the AMF, (French Financial Markets Authority, hereinafter referred to in the English translation as the "AMF").

This authorization may be used for the purposes of:

- ensuring liquidity and stimulating the market in the shares via an investment services provider acting, completely independently, within the framework of a liquidity agreement which conforms to the principles regarding liquidity agreements detailed in the code of ethics established by the French Financial Markets Association (AMAFI) dated 8 March 2011, as appended to the AMF decision of 21 March 2011 amending the AMF decision of 1 October 2008;
- delivering shares upon the exercise of rights attaching to transferable securities giving access to the Company's capital;
- allocating shares to employees or corporate officers of the Company or companies in its Group under the terms and in the manner provided by law, particularly in the context of profit sharing or stock option programmes, by granting free shares under the terms of Articles L. 225-197-1ff. of the French Commercial Code or under the conditions provided by Articles L.3332-1ff. of the French Labor Code;
- retaining shares for subsequent reissue in payment or exchange in the context of mergers or acquisitions, up to a limit of 5% of the share capital as provided in paragraph 6 of Article L.225-209 of the French Commercial Code;
- cancelling shares, subject to authorization being granted by the Extraordinary General Meeting;
- undertaking any market practice permitted by the AMF, and more generally carrying out any other transaction which complies with the laws and regulations in force.

The purchase, sale or transfer of these shares may be carried out, provided that the law is respected, by any means, on one or several occasions, in the market or outside the market (specifically, over the counter, including by means of derivative financial instruments) and at any time, including during a takeover bid. No limit shall be placed on the portion of the programme that may be conducted via block trades, which portion may represent the entirety of the programme.

Specifically, the Company may in consequence of this authorization purchase its own shares in or outside the market at a maximum price of €200 per share, with the stipulation that this amount may be adjusted by the Management Board in the case of transactions affecting the Company's share capital, in particular where capital is increased by capitalizing reserves by either issuing free additional shares or increasing the nominal value of the shares.

The maximum amount of funds dedicated to carrying out the share buy-back programme will be €60,562,200, and the total number of treasury shares held by the Company may not exceed 10% of the share capital, in accordance with the law.

We propose that you grant this authorization for a term of eighteen months.

We propose that you grant the Management Board all powers to implement this authorization, in particular the power to choose the timing for commencing a buy-back programme and to determine its nature, and also to allocate or reallocate the shares acquired to the various purposes pursued subject to the applicable legal and regulatory conditions, it being specified that the Management Board may, on the terms provided by law, delegate to its Chairman or, with his agreement, to one or more of its other members, the powers necessary to carry out the programme, and in particular the power to place any stock market orders, conclude any agreements regarding in particular the keeping of records of share buy-backs and sales, carry out all formalities, measures and declarations vis-à-vis the AMF and any other body and, in general, to do whatever may be necessary.

The Management Board shall inform the Annual General Meeting of transactions executed, in accordance with applicable regulations.

- **Approval of the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional components of the total compensation and the benefits of all kinds accruing to the Chairman of the Management Board, the members of the Supervisory Board and its committees, and the Chairwoman and Vice-Chairman of the Supervisory Board**

Having taken note of the report of the Supervisory Board prepared in accordance with Article L. 225-82-2 of the French Commercial Code and presented in section 4.1 of the Registration Document, we propose that you approve the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of the total remuneration and benefits of all kinds accruing to them by virtue of their offices, of the Chairman of the Management Board, the members of the Supervisory Board and its committees, and the Chairwoman and Vice-Chairman of the Supervisory Board as described in the above-mentioned report.

- **Approval of the items of remuneration paid or allocated in respect of the year ended 31 December 2017 to Mr. Nicolas Dmitrieff in his capacity as Chairman of the Management Board and to Mrs. Christiane Dmitrieff in her capacity as Chairwoman of the Supervisory Board**

Having taken note of the report of the Supervisory Board prepared in accordance with Article L.225-82-2 of the French Commercial Code and presented in section 4.1 of the Registration Document, we propose that you approve the items of remuneration paid or allocated by virtue of their offices to the Chairman of the Management Board and the Chairwoman of the Supervisory Board as described in the above-mentioned report.

- **Authorization of the Management Board to reduce the share capital by cancelling treasury shares**

Since the authorization for the Management Board to cancel treasury shares was granted by the General Meeting of 7 June 2017 for a period of eighteen months, it will expire before the date of the General Meeting called to ratify the financial statements for the current year.

We therefore propose, in order for the Management Board to be able to cancel these shares at any time, that you grant the Management Board, in accordance with the provisions of Article L.225-209 of the French Commercial Code, a new authorization to cancel, at its sole discretion, on one or more occasions, all or part of the shares that the Company holds or may hold in treasury as a result of the various authorizations to purchase shares granted to the Management Board by the General Meeting, with the proviso that this new authorization will supersede any other authorization on the same subject, to the extent that it remains unused, and in particular the authorization granted to the Management Board by the ninth resolution of the General Meeting of shareholders of 7 June 2017.

This authorization will be limited to 10% of the share capital per twenty-four month period.

We propose that you delegate to the Management Board, with power to sub-delegate in accordance with the law, all powers necessary to carry out the reduction(s) in share capital arising from cancellations thus authorized, to cause the necessary accounting entries to be made, to allocate the difference between the purchase price and the nominal value of the cancelled shares to any balance sheet position for issue premiums or available reserves, to make corresponding amendments to the Articles of Association and, in general, to complete all necessary formalities.

We propose that you grant this authorization for a term of eighteen months.

Your Statutory Auditors will prepare a report in accordance with the provisions of Article L.225-209 of the French Commercial Code.

Lastly, we propose that you grant all powers to accomplish all formalities regarding publication, filing and any other pertinent matters to the bearer of the original, an extract or a copy of the minutes to be drawn up of the General Meeting.

Under the above conditions, we propose that you adopt the resolutions the text of which is submitted for your approval.

The Management Board

6.2 Resolutions proposed to the Ordinary and Extraordinary General Meeting of 24 May 2018^(AFR)

- **For consideration as an Ordinary Meeting**

First resolution:

Approval of the company financial statements for 2017

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the Management Report, the Report of the Supervisory Board, the Report of the Chairwoman 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 2017 and the Report of the Statutory Auditors on the Report of the Chairwoman 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 2017 disclosing net income of €39,084,032, 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 General Tax Code, which amount to €17,808, and the corresponding tax of €6,131, 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 2017

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the Management Report, the Report of the Supervisory Board, the Report of the Chairwoman 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 2017, and the report of the Statutory Auditors on the report of the Chairwoman 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 2017, drawn up in accordance with the provisions of Articles L.233-16ff. of the French Commercial Code, disclosing net income attributable to owners of the parent of €22,021,000, as well as the transactions recorded in those financial statements and summarized in those reports.

Third resolution:

Appropriation of profit

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the Management Report, noting that the legal reserve is fully constituted and that, including retained earnings, distributable profit stands at €44,537,991, resolves: to set the amount of the dividend to be distributed in respect of the year ended 31 December 2017 at €15,897,577.50, that is to say a dividend of €5.25 per share for each of the 3,028,110 shares forming the share capital, it being specified that the amount corresponding to the dividends that the Company cannot collect for shares held in treasury and remaining in treasury on the dividend payment date shall be carried forward as retained earnings; that this dividend be taken from the distributable profit; that an amount of €20,000,000 be appropriated from the distributable profit and allocated to "Other Reserves"; that the remainder of the distributable profit be carried forward as retained earnings; and that the dividend be made payable from 4 July 2018.

The dividend will entitle individuals resident for tax purposes in France to a 40% deduction in accordance with the provisions of Article 158/3/2 of the General Tax Code.

It is recalled that dividends distributed in respect of the previous three financial years were as follows:

(in €)	2016	2015	2014
No. of shares	3,028,110	3,028,110	3,028,110
Dividend	6.7	5.9	5.35

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:

Setting of attendance fees

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having heard the reading of the Management Report, takes note of the attendance fees paid to the members of the Supervisory Board for the last three financial years, which total:

- €92,000 for the 2015 financial year, paid in July 2016;
- €92,800 for the 2016 financial year, paid in July 2017;
- €394,000 for the 2017 financial year, to be paid in July 2018;

approves, insofar as necessary, these amounts, and resolves to set the overall amount of attendance fees that can be paid to members of the Supervisory Board in remuneration for their activity at €494,000, it being specified that this resolution applies to the current financial year and shall be maintained for subsequent years until otherwise resolved.

Sixth resolution:

Renewal of the term of office as member of the Supervisory Board of Mrs. Christiane Dmitrieff

The General Meeting, voting in accordance with the quorum and majority required for ordinary General Meetings, having taken account of the report of the Management Board, resolves to renew the term of office as a member of the Supervisory Board of Mrs. Christiane Dmitrieff, residing at 7, Avenue Princesse Alice, Sun Tower, 9800 Monaco, for a term of four (4) years which shall expire upon the adjournment of the General Meeting called to ratify the financial statements for the financial year ending 31 December 2021.

Seventh resolution:

Renewal of the term of office as member of the Supervisory Board of Mrs. Lucile Dmitrieff

The General Meeting, voting in accordance with the quorum and majority required for ordinary General Meetings, having taken account of the report of the Management Board, resolves to renew the term of office as member of the Supervisory Board of Mrs. Lucile Dmitrieff, residing at 77, Avenue JB Champeval, 94000 Créteil, 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 2021.

Eighth resolution:

Renewal of the term of office as member of the Supervisory Board of Mr. Stéphane Herlicq

The General Meeting, voting in accordance with the quorum and majority required for ordinary General Meetings, having taken account of the report of the Management Board, resolves to renew the term of office as member of the Supervisory Board of Mr. Stéphane Herlicq, residing at 11, Chemin du Castelet, 06650 Le Rouret, 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 2021.

Ninth resolution:

Renewal of the term of office as member of the Supervisory Board of Mr. André Herlicq

The General Meeting, voting in accordance with the quorum and majority required for ordinary General Meetings, having taken account of the report of the Management Board, resolves to renew the term of office as member of the Supervisory Board of Mr. André Herlicq, residing at 21, Rue d'Alembert, 92130 Issy-les-Moulineaux, 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 2021.

Tenth resolution:

Renewal of the term of office as member of the Supervisory Board of Martin GmbH für Umwelt- und Energietechnik

The General Meeting, voting in accordance with the quorum and majority required for ordinary General Meetings, having taken account of the report of the Management Board, resolves to renew the term of office as member of the Supervisory Board of Martin GmbH für Umwelt- und Energietechnik, a limited liability company incorporated under the laws of Germany having its registered offices at 248, Leopoldstraße, 80807 Munich, 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 2021.

Eleventh resolution:

Authorization for the Management Board to trade in the Company's shares

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken account of the report of the Management Board, authorizes the Management Board, with the power to delegate in the terms provided by law, in accordance with Article L.225-209 of the French Commercial Code, to have the Company purchase its own shares up to a limit of 10% of the shares forming the capital at the date of such purchase, complying with the legal and regulatory conditions applicable at the time of its action and in particular with the conditions and obligations imposed by Articles L.225-209 to L.225-212 of the French Commercial Code, by Regulation (EU) No. 2273/2003 of 22 December 2003, by Article L.451-3 of the French Monetary and Financial Code and by the provisions of the General Regulations of the AMF, resolves that this authorization may be used with a view to:

- ensuring liquidity and stimulating the market in the shares via an investment services provider acting, completely independently, within the framework of a liquidity agreement which conforms to the principles regarding liquidity agreements detailed in the code of ethics established by the French Financial Markets Association (AMAFI) dated 8 March 2011, as appended to the AMF decision of 21 March 2011 amending the AMF decision of 1 October 2008;

- delivering shares upon the exercise of rights attaching to transferable securities giving access to the Company's capital;
- allocating shares to employees or corporate officers of the Company or companies in its Group under the terms and in the manner provided by law, in particular in the context of profit sharing or stock option programmes, by granting free shares under the terms of Articles L. 225-197-1ff. of the French Commercial Code or under the conditions prescribed by Articles L. 3332-1ff. of the French Labor Code;
- retaining shares for subsequent reissue in payment or exchange in the context of mergers or acquisitions, up to a limit of 5% of the share capital as provided in paragraph 6 of Article L. 225-209 of the French Commercial Code;
- cancelling shares, subject to authorization being granted by the Extraordinary General Meeting;
- undertaking any market practice permitted by the AMF, and more generally carrying out any other transaction which complies with the law in force;
- resolves that the purchase, sale or transfer of these shares may be effected, provided that the regulations in force are respected, by any means, once or several times, in the market or outside the market (in particular over the counter and including by the means of derivative financial instruments) and at any time, in particular during a takeover bid; that the portion of the programme that may be conducted via block trades shall not be limited and may represent the entirety of the programme;
- resolves to set the maximum purchase price per share at €200, with the stipulation that this amount may be adjusted by the Management Board in the case of transactions affecting the Company's share capital, in particular where capital is increased by capitalizing reserves by either issuing free additional shares or increasing the nominal value of the shares, stock split or reverse split;
- takes due note of the fact that according to the law the total shares held by the Company may not exceed 10% of the share capital;
- resolves that the maximum amount of funds used for this share buy-back programme may not exceed €60,562,200;
- resolves to grant the Management Board all powers to implement this authorization, in particular the power to choose the timing for commencing a buy-back programme and to determine its nature, and also to allocate or reallocate the shares acquired to the various purposes pursued subject to the applicable legal and regulatory conditions, it being specified that the Management Board may, on the terms provided by law, delegate to its Chairman or, with his agreement, to one or more of its other members, the powers necessary to carry out the programme, and in particular the power to place any stock market orders, conclude any agreements regarding in particular the keeping of records of share buy-backs and sales, carry out all formalities, measures and declarations vis-à-vis the AMF and any other body, allocate and where applicable reallocate the shares acquired to the various purposes pursued subject to the terms provided by the law and, in general, to do whatever may be necessary;
- resolves that the Management Board shall inform the Annual General Meeting of transactions executed, in accordance with applicable regulations, resolves that this authorization shall be valid for a term of eighteen months from the date of this Meeting, and that it shall supersede any prior authorization to the same effect, to the extent that it remains unused, and in particular the authorization granted by the eighth resolution of the General Meeting of the Company of 7 June 2017.

Twelfth resolution:

Approval of the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of the total remuneration and benefits of all kinds of the Chairman of the Management Board, the members of the Supervisory Board and its committees, and the Chairwoman and Vice-Chairman of the Supervisory Board

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Supervisory Board prepared in accordance with Article L.225-82-2 of the French Commercial Code and presented in section 4.1 of the Registration Document, approves the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of the total remuneration and benefits of all kinds due to them by virtue of their offices, of the Chairman of the Management Board, the members of the Supervisory Board and its committees, and the Chairwoman and Vice-Chairman of the Supervisory Board as described in the above-mentioned report.

Thirteenth resolution:

Approval of the items of remuneration paid or allocated in respect of the year ended 31 December 2017 to Mr. Nicolas Dmitrieff in his capacity as Chairman of the Management Board

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Supervisory Board prepared in accordance with Articles L.225-82-2 and L.225-68 of the French Commercial Code, approves the fixed, variable and exceptional items forming the total remuneration and benefits of all kinds paid or allocated during the year ended 31 December 2017 to Mr. Nicolas Dmitrieff in his capacity as Chairman of the Management Board as shown in section 4.1 of the Registration Document.

Fourteenth resolution:

Approval of the items of remuneration paid or allocated in respect of the year ended 31 December 2017 to Mrs. Christiane Dmitrieff in her capacity as Chairwoman of the Supervisory Board

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Supervisory Board prepared in accordance with Articles L.225-82-2 and L.225-68 of the French Commercial Code, approves the fixed, variable and exceptional items forming the total remuneration and benefits of all kinds paid or allocated during the year ended 31 December 2017 to Mrs. Christiane Dmitrieff in her capacity as Chairwoman of the Supervisory Board as shown in section 4.1 of the Registration Document, noting that Mrs. Christiane Dmitrieff's remuneration does not include any variable or exceptional items.

- **For consideration as an Extraordinary Meeting:**

Fifteenth resolution:

Authorization for the Management Board to reduce the share capital by cancelling treasury shares

The General Meeting, voting in accordance with the quorum and majority required for Extraordinary General Meetings, having taken account of the Report of the Management Board and the Special Report of the Statutory Auditors:

- authorizes the Management Board, in accordance with the provisions of Article L.225-209 of the French Commercial Code, to cancel, at its sole discretion, on one or more occasions, all or some of the shares that the Company holds or may hold in treasury as a result of exercising the various authorizations to purchase shares granted to the Management Board in General Meeting, up to a limit of 10% of the share capital per twenty-four month period;
- delegates to the Management Board, with power to sub-delegate in accordance with the law, all powers necessary to carry out the reduction(s) in share capital arising from cancellations authorized by this resolution, to cause the necessary accounting entries to be made, to allocate the difference between the purchase price and the nominal value of the cancelled shares to any balance sheet position for issue premiums or available reserves, to make corresponding amendments to the Articles of Association and, in general, to complete all necessary formalities;
- grants this authorization for a term of eighteen months;
- resolves that with effect from this date, this authorization shall supersede any prior authorization to the same effect, to the extent that it remains unused, and in particular the authorization granted by the ninth resolution of the General Meeting of Shareholders of the Company of 7 June 2017.

- **In respect of resolutions passed both as Ordinary and Extraordinary Meeting**

Sixteenth resolution:

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.

6.3 Statutory Auditors' Report on the consolidated financial statements^(AFR)

For the year ended 31 December 2017

To the Shareholders

Constructions Industrielles de la Méditerranée (CNIM)

35 rue de Bassano

75008 PARIS

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements 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.

- **Opinion**

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Constructions Industrielles de la Méditerranée (CNIM) for the year ended 31 December 2017.

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 31 December 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

- **Basis for Opinion**

Audit 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 Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2017 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.

- **Justification of 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 consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Key audit matter no. 1 – Estimates at completion on long-term contracts.

Description of risk

As described in Note 1.B.k to the consolidated financial statements, the Group carries out its activities through long-term construction contracts whose revenue and margin are accounted for using the percentage-of-completion method. The percentage of completion measured at year-end is determined on the basis of the ratio of costs incurred to date and recognized as costs to the estimated costs of the project at completion.

The revenue and margin to be recognized for the year (as well as any provisions for loss on completion) therefore depend directly on the estimated costs of the project at completion and the Company's ability to reliably measure them.

The Company regularly updates these estimates. The operating teams rely on their past experience and on a budget forecasting process subject to controls.

The professional judgment required to arrive at these estimates is nonetheless significant, given the uncertainties necessarily surrounding long or complex operations (such as the construction of a waste processing center in the Environment sector or the manufacture of advanced systems for defense requirements or the space industry) or, in the case of negotiations in progress with customers or subcontractors, changes in the contract scope or cost overrun claims.

In view of these factors, we deemed the monitoring mechanism and the assessment of the reasonableness of the estimated costs of projects at completion to be a key audit matter.

How our audit addressed this risk

We tested the Company's controls relating to revenue and cost forecasts.

We selected projects with the highest risk profiles (according to criteria such as scale, technical complexity and margin or variance in margin at completion) and, for each of these projects, we:

- Analyzed the contractual terms and conditions and commitments of the Company;
- Met with the project managers and obtained an understanding of the project's risks, uncertainties and changes;
- Compared the revenue at completion with the contractual or formal data;
- Corroborated the percentage of completion with the explanations provided or, as applicable, technical documents, written exchanges with the customers concerned or dedicated analyses;
- Examined the estimates of future costs using analyses of variances compared to the initial and/or previous budget and, where applicable, audit evidence such as signed contracts or quotations;
- Assessed the reasonableness of the assumptions used and the provisions recorded in response to the risks and uncertainties surrounding the project, by reviewing the available documentation (scenarios or analyses prepared by the Company, written exchanges with customers or experts, etc.) and by relying on experience gained in previous years.

Key audit matter no. 2 - Measurement of the goodwill allocated to the 'Environment - Construction' (Environment & Energy Sector) and 'Bertin Systems and Consultancy' (Innovation & Systems Sector) Cash Generating Units (CGUs).

Description of risk

As part of the development of its business, the Group has carried out targeted external growth operations and recognized goodwill amounts. The measurement and recognition of these goodwills, which corresponds to the difference between the acquisition cost and the fair value of the assets acquired and liabilities assumed, are described in Note 1.B.b to the consolidated financial statements. Goodwills have been allocated to the CGUs of the businesses into which the acquired businesses have been integrated. As of December 31, 2017, goodwill amounted to €73.8 million, of which €31.2 million corresponded to the 'Environment - Construction' CGU (Environment & Energy Sector) and €39.2 million to the 'Bertin Systems and Consultancy' CGU (Innovation & Systems Sector).

Every year, management verifies that the carrying amount of goodwill is lower than its recoverable amount and that there is no risk of impairment. The recoverable amount is determined according to a calculation method based on projected cash flows discounted over a four-year period and on the determination of a terminal value based on the last year's net cash flows.

Any decline in the expected return on the businesses to which goodwill has been allocated, whether due to internal or external factors related, for example, to the economic and financial environment in which those businesses operate, can have a significant impact on the recoverable amount and can lead to the recognition of an impairment loss.

In these circumstances, the appropriateness of all assumptions used to determine this amount and the reasonableness and consistency of the calculation inputs must be reassessed. The methods used to perform impairment tests are described in Note 1.B.g and details of the assumptions used are provided in Notes 12.A and 12.C to the consolidated financial statements.

We deemed the measurement of the goodwill allocated to the 'Environment - Construction' and 'Bertin Systems and Consultancy' CGUs to be a key audit matter in view of the sensitivity of these measurements to the assumptions and estimates used by management.

How our audit addressed this risk

We assessed the compliance of the methodology applied by the Company with current accounting standards.

We conducted a critical assessment of the procedure for implementing this methodology, and verified the following:

- That the sum of the net assets tested is reconciled with the consolidated financial statements;
- The appropriateness of the method of calculating the value in use and the reasonableness of the financial assumptions associated with this calculation (long-term growth rate and discount rate);
- The reasonableness of the cash flow projections with respect to (i) the economic and financial context of these businesses, (ii) the contracts expected in future years, (iii) cash flows over the year and (iv) the variance between actual and expected cash flows for the same year in the projections made in previous years;
- The consistency of these cash flow projections with management's most recent estimates as presented to the Management Board as part of the budget processes;
- The appropriateness of the disclosures provided in the notes to the consolidated financial statements, and particularly those relating to the goodwill recognized over the year ended December 31, 2017 in the 'Bertin System and Consultancy' CGU, for which the initial recognition was incomplete as of December 31, 2017.

- **Verification of the Information Pertaining to the Group Presented in the Management Report**

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the management board.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

- **Report on Other Legal and Regulatory Requirements**

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Constructions Industrielles de la Méditerranée (CNIM) by your annual general meeting held on 29 May 2013 for PricewaterhouseCoopers Audit and on 19 June 1995 for Calan Ramolino & Associés, member of the Deloitte network.

As at 31 December 2017, PricewaterhouseCoopers Audit, and Deloitte, were in the 5th year and 22nd year of total uninterrupted engagement.

- **Responsibilities of 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 were approved by the Board Management.

- **Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Objectives 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 consolidated 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 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.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated 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 his 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 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 current period 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) N° 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, 8 March 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

Édouard Demarcq

Deloitte & Associés

Stéphane Ménard

6.4 Statutory Auditors' Report on the financial statements^(AFR)

For the year ended 31 December 2017

To the shareholders

Constructions Industrielles de la Méditerranée (CNIM)

35 rue de Bassano

75008 PARIS

This is a free translation into English of the Statutory Auditors' report on the financial statements 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.

- **Opinion**

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Constructions Industrielles de la Méditerranée (CNIM) for the year ended 31 December 2017.

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 at 31 December 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

- **Basis for Opinion**

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under 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 1 January 2017 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.

- **Justification of 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 current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Key audit matter no. 1 – Estimates at completion on long-term contracts.

Description of risk

As described in Note 1.B.k to the consolidated financial statements, the Group carries out its activities through long-term construction contracts whose revenue and margin are accounted for using the percentage-of-completion method. The percentage of completion measured at year-end is determined on the basis of the ratio of costs incurred to date and recognized as costs to the estimated costs of the project at completion.

The revenue and margin to be recognized for the year (as well as any provisions for loss on completion) therefore depend directly on the estimated costs of the project at completion and the Company's ability to reliably measure them.

The Company regularly updates these estimates. The operating teams rely on their past experience and on a budget forecasting mechanism subject to controls.

The professional judgment required to arrive at these estimates is nonetheless significant, given the uncertainties necessarily surrounding long or complex operations (such as the construction of a waste processing center in the Environment sector or the manufacture of advanced systems for defense requirements or the space industry) or, in the case of negotiations in progress with customers or subcontractors, changes in the contract scope or cost overrun claims.

In view of these factors, we deemed the monitoring mechanism and the assessment of the reasonableness of the estimated costs of projects at completion to be a key audit matter.

How our audit addressed this risk

We tested the Company's controls relating to revenue and cost forecasts.

We selected projects with the highest risk profiles (according to criteria such as scale, technical complexity and margin or variance in margin at completion) and, for each of these projects, we:

- Analyzed the contractual terms and conditions and commitments of the Company;
- Met with the project managers and obtained an understanding of the project's risks, uncertainties and changes;
- Compared the revenue at completion with the contractual or formal data;
- Corroborated the percentage of completion with the explanations provided or, as applicable, technical documents, written exchanges with the customers concerned or dedicated analyses;
- Examined the estimates of future costs using analyses of variances compared to the initial and/or previous budget and, where applicable, audit evidence such as signed contracts or quotations;
- Assessed the reasonableness of the assumptions used and the provisions recorded in response to the risks and uncertainties surrounding the project, by reviewing the available documentation (scenarios or analyses prepared by the Company, written exchanges with customers or experts, etc.) and by relying on experience gained in previous years.

• **Verification of the Management Report and of the Other Documents Provided to the Shareholders**

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of Board Management and in the other documents provided to the Shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by 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 controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

- **Report on Other Legal and Regulatory Requirements**

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Constructions Industrielles de la Méditerranée (CNIM) by your annual general meeting held on 29 May 2013 for PricewaterhouseCoopers Audit and on 19 June 1995 for Calan Ramolino & Associés, member of the Deloitte network.

As at 31 December 2017, PricewaterhouseCoopers Audit, and Deloitte, were in the 5th year and 22nd year of total uninterrupted engagement.

- **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.

The financial statements were approved by the Board Management.

- **Statutory Auditors' Responsibilities for the Audit of the Financial Statements**

Objectives 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 his 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 current period 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) N° 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, 8 March 2018

The Statutory Auditors

PricewaterhouseCoopers Audit
Édouard Demarcq

Deloitte & Associés
Stéphane Ménard

6.5 Statutory Auditors' special report on related party agreements and commitments

Constructions Industrielles de la Méditerranée (CNIM)

Annual General Meeting for the approval of the financial statements for the year ended December 31, 2017

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments 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.

To the Shareholders

In our capacity as Statutory Auditors of Construction Industrielles de la Méditerranée (CNIM), 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 the agreements and commitments 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 or commitments. 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 and commitments 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 and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements and commitments authorized during the year

In accordance with Article L.225-88 of the French Commercial Code, we were informed of the following agreements and commitments authorized by the Supervisory Board.

1. Addendum to the employment contract of 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 €23,492, and the variable portion, which was set at €200,000 for the year ended December 31, 2016. This addendum was authorized by the Supervisory Board at its meeting of March 9, 2017.

Reason provided by the Company

This agreement allows CNIM to reward and retain members of the Management Board.

2. Addendum to the employment contract of Stanislas Ancel

Person concerned

Stanislas Ancel (member of the Management Board)

Nature, purpose and conditions

This amendment to the employment contract of Stanislas Ancel modifies the fixed portion of his remuneration, raising it to a gross monthly amount of €19,577, and the variable portion, which was set at €200,000 for the year ended

December 31, 2016. It also grants him a benefit in kind corresponding to the provision of accommodation. This addendum was authorized by the Supervisory Board at its meeting of March 9, 2017.

Reason provided by the Company

This agreement allows CNIM to reward and retain members of the Management Board.

3. Addendum to the employment contract of Christophe Favrelle

Person concerned

Christophe Favrelle (member of the Management Board)

Nature, purpose and conditions

This amendment to the employment contract of Christophe Favrelle modifies the fixed portion of his remuneration, raising it to a gross monthly amount of €16,924, and the variable portion, which was set at €50,000 for the year ended December 31, 2016. It also grants him a benefit in kind corresponding to the provision of accommodation. This addendum was authorized by the Supervisory Board at its meeting of March 9, 2017.

Reason provided by the Company

This agreement allows CNIM to reward and retain members of the Management Board.

4. CNIM's sale of its subsidiary in India

Persons concerned

Martin, Ulrich Martin, and Johannes Martin (members of the Supervisory Board).

Nature, purpose, terms and conditions

At its meeting of March 9, 2017, the Supervisory Board authorized the Management Board to create a subsidiary in India, CNIM India Private Limited.

Given the advantages of involving Martin in the “waste to energy” business in this part of the world, the Supervisory Board authorized the Management Board to sell 49% of the CNIM India Private Limited shares held by the Company to Martin GmbH, once that company has been formally incorporated, and to sign the resulting sale agreement. The shares are to be sold at par value.

Reason for the agreement

This agreement allows CNIP to involve a long-standing partner in the development of the “waste to energy” business in a new geographical region with commercial potential.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements and commitments approved in previous years which remained in force during the year

In accordance with Article R.225-57 of the French Commercial Code, we have been informed that the following agreements and commitments, approved by the Annual General Meeting in previous years, remained in effect during the year.

1. Commercial assistance agreement with LAB S.A. and amendment to the agreement

Persons concerned

Nicolas Dmitrieff, Stefano Costa and Stanislas Ancel (members of the Management Board)

François Canellas (member of the Supervisory Board)

Nature, purpose and conditions

In consideration of the commercial assistance provided by the Company and the exclusive rights granted by the Company to LAB S.A. to process and treat smoke generated by the new plants that the Company has built, it was agreed that LAB S.A. would pay the Company a fee amounting to 6% of revenues for plant compliance procedures and 3% of revenues for new plants.

This agreement was authorized by the Supervisory Board on October 27, 2005.

Subsequent to the signature of this agreement, it became apparent that LAB S.A. could be led to carry out certain of the procedures that were part of the initial agreement through its subsidiary LAB GmbH. In such a case, CNIM and LAB S.A. wished to specify in an amendment to the commercial assistance agreement that the fees paid to CNIM under this agreement would be paid directly by the subsidiary concerned.

The signature of this amendment was authorized by the Supervisory Board on November 24, 2011.

Pursuant to this agreement and its amendment, CNIM received the following fees in 2017:

- pursuant to the commercial assistance agreement with LAB S.A.:
 - revenue recorded (excl. VAT) during the year: €347,000;
 - cash receipts (excl. VAT) during the year: €203,500;
- pursuant to the commercial assistance agreement with LAB GmbH:
 - revenue recorded (excl. VAT) during the year: €0,
 - cash receipts (excl. VAT) during the year: €0.

Reason provided by the Company

This agreement allows CNIM's subsidiaries to benefit from CNIM's commercial expertise to develop and contribute to Group results.

2. Insurance contract covering unemployment on loss of corporate office entered into in favor of Nicolas Dmitrieff

Person concerned

Nicolas Dmitrieff (Chairman and member of the Management Board)

Nature, purpose and conditions

So that Nicolas Dmitrieff, Chairman of the Management Board, may benefit from unemployment insurance on loss of corporate office in the event of his removal, the Company has entered into an insurance contract in favor of Nicolas Dmitrieff to enable him to benefit from the necessary social security coverage in such an event.

The signature of this insurance contract was authorized by the Supervisory Board on October 27, 2005 in favor of the former Chief Executive Officer then in office.

The continuation of this insurance contract in favor of Nicolas Dmitrieff was authorized by the Supervisory Board on October 22, 2009.

The agreement remained in force in 2016, in respect of which the Company recognized and paid a total of €10,738.67.

Reason provided by the Company

This agreement allows CNIM to reward and retain members of the Management Board.

3. Defined contribution and defined benefit pension plans established by your Company in favor of certain "non-classified" executives

Persons concerned

Nicolas Dmitrieff and Philippe Demigné (members of the Management Board)

Nature, purpose and conditions

In 1987, CNIM set up a defined benefit plan for "non-classified" senior executives and salaried managers, as defined by the National Collective Bargaining Agreement for the metal industry, as well as for corporate officers.

This defined benefit plan was modified by removing the benchmark remuneration ceiling and by allowing the retiring employee to choose, at the retirement date, the percentage of the pension to be granted to the surviving spouse.

A supplementary defined contribution plan was subscribed to with an insurance company. This plan was fully financed by the employer with an 8% contribution based on gross annual remuneration, capped at eight times the French annual social security ceiling.

The total amount of the general and specific pension of "non-classified" personnel may not exceed 65% of the benchmark remuneration.

These supplementary retirement plans for "non-classified" executives and corporate officers were authorized in their entirety by the Supervisory Board on October 27, 2005.

These retirement plans remained in force in 2017.

Payments made in respect of the defined benefit plan totaled €3,630,327.28 in 2017.

No payments were made in respect of the defined contribution plan in 2017.

Reason provided by the Company

This agreement allows CNIM to reward and retain members of the Management Board.

4. Cooperation agreement with Martin GmbH für Umwelt und Energietechnik

Company and person concerned

Martin GmbH

Johannes Martin (member of the Supervisory Board)

Nature, purpose and conditions

Since 1970, CNIM has been working with Martin GmbH in the area of household waste incineration plants. The combustion system is provided by Martin GmbH and the rest of the plant by CNIM (including energy recovery, power generation, electrical installation and the control system, as well as the lead contractor services).

A new cooperation agreement was signed on June 9, 2005. It specifies the territories covered under the agreement and the respective responsibilities of CNIM and Martin GmbH (remuneration for engineering and the Martin combustion system).

This new agreement was previously authorized by the Supervisory Board on January 27, 2005 and signed for a ten-year period to take into consideration the terms of customer contracts.

This agreement remained in force in 2017, in respect of which the Company recognized total expenses of €13,481,360 (excl. VAT) and paid a total of €17,112,990 (excl. VAT) to Martin GmbH.

Reason provided by the Company

This agreement allows CNIM to technically ensure its installations' uniform quality thanks to Martin technology.

5. Remuneration paid to members of the Strategy and Audit Committees

Persons concerned

François Canellas, Société FREL (represented by par Agnès Herlicq), Johannes Martin, Stéphane Herlicq, André Herlicq, Lucile Dmitrieff, Sophie Dmitrieff, Christiane Dmitrieff, Sigrid Duhamel, Louis-Roch Burgard (members of the Supervisory Board).

Nature, purpose and conditions

The general principle that remuneration be paid to members of the Strategy and Audit Committees was approved by the Supervisory Board at its meeting of October 28, 2004.

This resolution remained in force in 2016, in respect of which overall remuneration totaling €325,000 was paid.

Reason provided by the Company

The agreement allows CNIM to reward and retain members of its Strategy and Audit Committees.

6. Cross-licensing patent agreements between the Company and LAB S.A.

Persons concerned

Nicolas Dmitrieff, Christophe Favrelle and Stanislas Ancel (members of the Management Board)

François Canellas (member of the Supervisory Board)

Nature, purpose and conditions

As CNIM and LAB S.A. each have a certain number of patents and related trademarks, it became apparent for business reasons that each company could promote and propose to its customers the patents belonging to the other company. Accordingly, CNIM and LAB S.A. decided to sign cross licensing patent agreements. These agreements also provide for the impacts of a decrease in the Company's shareholding in LAB S.A. to below 50%.

These agreements were authorized by the Supervisory Board on April 7, 2011.

No fees will be paid by either company under these agreements.

Reason provided by the Company

This agreement allows CNIM to market technologies developed by its subsidiaries (and vice versa), thereby extending the Group's commercial reach.

7. Terms of tax and social security exemptions for the defined contribution and defined benefit pension plans established by the Company in favor of certain “non-classified” executives

Persons concerned

Nicolas Dmitrieff (Chairman and member of the Management Board)

Nature, purpose and conditions

In order to comply with the circular of September 25, 2013 issued by the Ministry of Social Affairs and Health, it was necessary to reconfirm by way of a resolution of the Supervisory Board that the Board authorized the corporate officer, Nicolas Dmitrieff, to benefit from social benefit, pension and health insurance schemes in the “non-classified” category to which he belongs, in order that the Company may benefit from the tax and social security exemptions applicable to those pension, social benefit, and health insurance plans.

All supplementary retirement plans (defined benefit and defined contribution) for “non classified” managerial staff and corporate officers were authorized by the Supervisory Board at its meeting of October 27, 2005.

At its meeting on November 28, 2013, the Supervisory Board therefore authorized the corporate officer, Nicolas Dmitrieff, to benefit from social benefit, pension and health insurance plans in the “non-classified” category to which he belongs, and authorized the corresponding signature of amendments to the existing policies with the insurance company, Generali.

Reason provided by the Company

This agreement allows CNIM to reward and retain members of the Management Board.

8. Agreement between the Company and CNIM Singapore Private Ltd

Persons concerned

Nicolas Dmitrieff, Philippe Demigné and Christophe Favrelle (members of the Management Board)

Nature, purpose and conditions

The Company decided to entrust the development and marketing of the Innovation & Systems Sector product range in the ASEAN region to its subsidiary, CNIM Singapore Private Ltd, with the goal of drawing on a regional base that, in particular, can provide commercial assistance and ensure the marketing of the Innovation & Systems Sector product range in the region. Under the terms of the service agreement and subsequent addendum entered into with CNIM Singapore Private Ltd, the Company will pay its subsidiary in consideration for the expenses incurred and services rendered to secure contracts signed by the Company. The amount paid will be equal to 9% of the value of the contracts secured.

The signature of this agreement was authorized by the Supervisory Board on March 20, 2014.

Under this agreement in 2017, CNIM Singapore Private Ltd was paid €122,400.

Reason provided by the Company

This agreement allowed CNIM to develop its business in Asia.

9. Amendment to an agreement between your Company and SCI du 35 rue de Bassano for current account advances

Person concerned

Nicolas Dmitrieff (Chairman and member of the Management Board)

Nature, purpose and conditions

Under an agreement dated December 30, 1994, the Company granted SCI du 35 rue de Bassano (“the SCI”) a current account advance of €6,402,858.72 to acquire the building located at 35, rue de Bassano, 75008 Paris, France. Under the terms of an addendum dated July 13, 2007, the parties agreed to modify the repayment methods of the current account advance.

Following a new loan taken out by the SCI to finance the renovation of the building located at 35, rue de Bassano, 75008 Paris, France, the Company and the SCI decided to convert the current account advance balance to a €4 million medium-term loan paying a fixed rate of 2.21%, repayable over 18 years and with a deferred payment period of 29 months, i.e., with effect from September 30, 2016.

The signature of this amendment was authorized by the Supervisory Board on March 20, 2014.

Capitalized interest in respect of 2016 amounted to €192,793.06.

Reason provided by the Company

This agreement funds the renovation of CNIM's headquarters.

10. Group central services agreement with Soluni

Persons concerned

Nicolas Dmitrieff (member of the Management Board)

Christiane Dmitrieff, Lucile Dmitrieff and Sophie Dmitrieff (members of the Supervisory Board)

Nature, purpose and conditions

The purpose of the agreement is to provide Soluni with bookkeeping and cash management services. In consideration of these services, CNIM is paid fees that consist of the rebilling of internal and, if applicable, external costs incurred to carry out said services. Internal costs are billed on a pro rata basis according to time spent plus a 5% service and handling fee. The signature of this agreement was authorized by the Supervisory Board at its meeting of March 19, 2015. Under this agreement in 2017, CNIM was paid €62,685.20

Reason provided by the Company

This agreement allows CNIM to share administrative resources with its parent company.

11. Nicolas Dmitrieff's future conditional rights regarding the defined benefit plan and their adjustment in view of the Company's performance in financial year 2017

Persons concerned

Nicolas Dmitrieff (Chairman and Member of the Management Board)

Nature, purpose, terms and conditions

In accordance with French law no. 2015-990 of August 2015, known as the "Macron law", the General Meeting of May 24, 2016 approved the decision to subject Nicolas Dmitrieff's future conditional rights regarding the defined benefit plan in force in the Company to certain performance conditions and a cap. Each year the Supervisory Board verifies that the performance conditions to which Nicolas Dmitrieff's defined benefit pension plan are subject have been met and, if necessary, adjusts the conditional rights based on the previous year's performance.

Reason for the agreement

This agreement allows CNIM to reward and retain members of the Management Board.

12. Philippe Demigné's future conditional rights regarding the defined benefit plan and their adjustment in view of the Company's performance in financial year 2017

Persons concerned

Nicolas Dmitrieff (Chairman and Member of the Management Board)

Nature, purpose, terms and conditions

In accordance with French law no. 2015-990 of August 2015, known as the "Macron law", the General Meeting of May 24, 2016 approved the decision to subject Philippe Demigné's future conditional rights regarding the defined benefit plan in force in the Company to certain performance conditions and a cap. Each year the Supervisory Board verifies that the performance conditions to which Philippe Demigné's defined benefit pension plan are subject have been met and, if necessary, adjusts the conditional rights based on the previous year's performance.

Reason for the agreement

This agreement allows CNIM to reward and retain members of the Management Board.

Neuilly-sur-Seine, 8 March 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

Édouard Demarcq

Deloitte & Associés

Stéphane Menard

7 ADDITIONAL INFORMATION

7.1 General information

7.1.1 Legal and commercial name of the issuer

Company name: Constructions Industrielles de la Méditerranée (CNIM).

7.1.2 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.

7.1.3 Date of incorporation and lifetime of the issuer

The lifetime of the Company shall be ninety-nine years from July 20, 1966, the date of its incorporation, except in the event of early dissolution or extension.

The Company was registered on October 4, 1966 in the Paris Trade and Companies Register.

7.1.4 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.

7.1.5 Supplementary information in relation to Section 21 of the AMF Regulation

Please refer to 7.2 below.

7.1.6 Details of the auditors

A. Statutory auditors

a. PricewaterhouseCoopers Audit

63 rue de Villiers, 92200 Neuilly-sur-Seine (France).

Member of the Versailles Regional Association of Statutory Auditors.

Appointed by the General Meeting of May 29, 2013.

Expiry date of current engagement: at the end of the General Meeting called to rule on the 2018 financial statements.

Signatory: Édouard Demarcq

b. Deloitte & Associés

185, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine Cedex (France).

Member of the Versailles Regional Association of Statutory Auditors.

Appointed by the General Meeting of May 29, 2013.

Expiry date of current engagement: at the end of the General Meeting called to rule on the 2018 financial statements.

Signatory: Stéphane Ménard

B. Alternate auditors

a. PricewaterhouseCoopers Entreprises

63 rue de Villiers, 92200 Neuilly-sur-Seine (France).

Member of the Versailles Regional Association of Statutory Auditors.

Appointed by the General Meeting of May 29, 2013.

Expiry date of current engagement: at the end of the General Meeting called to rule on the 2018 financial statements.

b. BEAS

7-9 Villa Houssay, 92524 Neuilly-sur-Seine Cedex (France).

Member of the Versailles Regional Association of Statutory Auditors.

Appointed by the General Meeting of May 29, 2013.

Expiry date of current engagement: at the end of the General Meeting called to rule on the 2018 financial statements.

7.2 Bylaws

The Company's bylaws are available on its website (www.cnim.com) and have been updated pursuant to the resolutions of the General Meeting of Shareholders of May 24, 2016.

7.2.1 Object of the Company (Article 2 of the bylaws)

The object of the Company, in France and abroad, comprises:

- the performance of studies, the provision of know-how, and the design, manufacturing, construction, assembly, installation, commissioning, operation and maintenance of equipment, systems and industrial facilities in the fields of the Environment, Energy, Defense and Industry;
- the supply of all services associated with the above types of facilities, equipment and systems;
- the taking of interests, in whatsoever form, in all companies or enterprises with a similar or related object or which are of such a nature as to promote or develop, directly or indirectly, the activities forming the object of the Company;
- and, more generally, the performance of any civil, industrial, commercial or financial transactions or transactions relating to movable property or real estate that are directly or indirectly linked, wholly or partially, to any of the aforesaid activities, or to any similar or related activities that may prove useful to them or likely to facilitate their performance, expansion or development.

7.2.2 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.

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.

7.2.3 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 anybody 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.

7.2.4 Actions required to change shareholders' rights

None.

7.2.5 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 fulfills 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.

7.2.6 Provisions liable to affect control

None.

7.2.7 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.

7.2.8 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.

7.3 Documents on display

Information published or made public over the last twelve months (April 2015 to April 2016).

a. Regulatory information

All regulatory information is published by CNIM Group via a distributor as part of its financial communication and is available on its website, www.cnim.com.

This includes all mandatory financial documents filed with the AMF in accordance with Article L. 451-1-2 (revised) of the Monetary and Financial Code, as resulting from the transposition into national law of the European Transparency Directive (Directive 2004/109/EC):

- Monthly information on the total number of voting rights and shares comprising the Company's share capital;
- Information on operations affecting the Company's securities;
- Information on Auditors' fees;
- Monthly declarations of transactions in own shares;

b. Financial press releases

- Quarterly revenues;
- Half-yearly financial statements;
- Annual financial statements;
- Backlog for the financial year;

c. Financial publications and information

- Registration document;
- Annual financial report;
- Half-yearly financial report;
- Quarterly information;
- Financial calendar.

d. Other documents

- Description of share repurchase programs;
- Report of the Chairman of the Supervisory Board on internal control and risk management;
- Means used to distribute or make available documents issued in advance of General Meetings.

The Company's bylaws are available on its website (www.cnim.com) and have been updated pursuant to the resolutions of the General Meeting of Shareholders of May 24, 2016.

During the period of validity of this registration document, the following documents (or copies thereof) may be consulted at the Company's registered office, 35 rue de Bassano, 75008 Paris:

- the deed of incorporation and the bylaws of the Company;
- all reports, letters and other documents, historical financial information, valuations and opinions issued by an expert at the request of the Company of which any part is included in or referred to in this registration document;
- the historical financial information of the Company and its subsidiaries for each of the two financial years preceding the publication of this registration document.

7.4 Responsible person^(AFR)

7.4.1 Person responsible for the registration document

Mr. Nicolas Dmitrieff, Chairman of the Management Board.

7.4.2 Declaration by the person responsible for the registration document

I declare, having taken all reasonable steps for this purpose, that the information contained in this registration document is true and accurate to the best of my knowledge and contains no omissions that would alter its meaning.

I declare, to the best of my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and provide a true and fair view of the assets and liabilities, the financial position and the income of the Company and of all of the entities included within the consolidation, and that the Management Board's report featuring in Section 1 provides an accurate reflection of the changes in the business, income and financial position of the Company and of all of the entities included within the consolidation, as well as a description of the principal risks and uncertainties with which they are faced.

I have obtained an assignment completion letter from the statutory auditors of the financial statements, in which they state that they have verified the information on the financial position and the financial statements disclosed in this document and that they have read the document in its entirety.

The historical financial information presented in this registration document is the subject of a report by the statutory auditors, featuring in the financial section of this document.

Paris, March 27, 2018

Nicolas Dmitrieff

Chairman of the Management Board

8 HISTORY

CNIM Group has been forged over the course of a long history, which began with the foundation of *Forges et chantiers de la méditerranée* (FCM) in 1856. This history is testimony to the Group's ability to evolve in order to continue to achieve its ambitions without neglecting its long-term commitments.

The various technological, industrial and human milestones in the Group's history are shown below:

1856

Founding of the shipyard at La-Seyne-sur-Mer in the Var. Throughout its existence, the shipyard was to remain at the forefront of shipbuilding techniques, building not only warships and liners for France, Japan and many other countries, but also the first submarine. La-Seyne-sur-Mer is still the Group's main industrial site.

1917

The first tanks rolled out of the La-Seyne-sur-Mer plant and the Renault works at the same time.

1961/1965

CNIM played a part in the construction of the first serially produced missile launch tubes for France's nuclear-powered ballistic missile submarines.

The Group still remains actively involved in this field, and plays a vital role in the modernization of these missile launch systems.

1966

As orders for new ships declined, FCM was taken over by the Herlicq industrial equipment group, and changed its name to *Constructions navales et industrielles de la méditerranée*, or CNIM for short. Activity levels were restored with the construction of specialized vessels such as methane carriers and offshore drilling platforms. The Company continued its diversification into other industrial sectors, which had been ongoing for several years.

1982/1986

The French government merged the shipyards at Dunkirk, La Ciotat and La-Seyne-sur-Mer to form Normed. CNIM, now known as *Constructions industrielles de la méditerranée*, opted to grow its business in energy (waste-to-energy plants and boilers) and mechanical engineering (submarine missile launch systems for the Strategic Ocean Force, pontoon bridging systems for the Engineering Corps, components for the nuclear industry, and escalators for subways, rail stations and airports).

1987

On June 30, CNIM was listed on the Second Market of the Paris Stock Exchange.

It was at that time that CNIM began development work on the new M51 missile launch system and invested a large portion of its equity in equipping itself with the resources needed to work with the new materials used.

1989/1990

CNIM acquired two companies specializing in industrial boilers: Babcock Entreprise (1989) and Wanson (1990), merging them to form Babcock Wanson.

2001/2002/2003

CNIM purchased LAB SA, a European leader in flue-gas treatment, in 2001 and took over Alstom's waste-to-energy business in 2002.

In 2000, France took sole charge of the European assault bridge project, based on a vehicle-mounted bridge developed by CNIM's Eurobridge subsidiary. In 2003, CNIM built three bridges, each with a twelve-meter span, at its own expense to demonstrate the viability and reliability of the project.

In mid-2002, the consortium formed by Thales and CNIM won the general contract to supply and fit equipment to the Megajoule Laser chamber.

2005

CNIM laid the foundation stone of a new 20,000 m² factory in Gaoming, China, near Foshan in the province of Canton.

2008/2009

CNIM acquired Bertin Technologies together with its subsidiaries, as well as healthcare firms Biotec Centre and IDPS. The Group also purchased a shareholding in Technoplus Industries, a subsidiary of Areva TA.

The Group refocused on its core activities and closed the Transport Division, which specialized in escalators and moving walkways.

2010/2011

Ellipse, Spi-Bio, Biotec Centre and IDPS, the four Bertin Technologies subsidiaries specializing in pharmaceutical R&D, merged to form Bertin Pharma. Bertin Technologies purchased Vecsys, a company specializing in automated speech processing with expertise in voice-stream processing, on-board software and industrial IT.

CNIM inaugurated its pilot concentrated solar power plant at the La-Seyne-sur-Mer site.

2012

CNIM was selected as Intermediate-Size Enterprise of the Year for 2012. This award, conferred by *l'Usine Nouvelle* magazine at the *Assises de l'Industrie* conference, was given in honor of our "tenacity, innovation, youthfulness of spirit and successful model of diversification".

In 2012, CNIM completed its 160th waste-to-energy plant. The 160 installations boast a total of 280 thermal waste processing lines.

2013

The Group's Stuttgart-based subsidiary LAB GmbH agreed to purchase a portfolio of ongoing projects, technologies and assets from the Swiss company Geodur Recycling AG. The move enabled LAB to expand its technological portfolio and offer new solutions and services in relation to the stabilization and solidification of fly ash and particulates, bottom ash treatment and the recovery of non-ferrous metals.

2014

The Dmitrieff family's holding company, Soluni S.A., assumed control of CNIM in July 2014 by purchasing the entire shareholdings of CNN and Martin GmbH. This transaction caused Soluni's shareholding to rise from 27.40% at December 31, 2013 to 56.43% at December 31, 2014. CNIM thus now has a strong and stable shareholder base, which will further bolster the implementation of the Group's long-term development strategy. This consolidation is proof of the Dmitrieff family's belief in CNIM.

Bertin Pharma acquired the Aquitaine site of Johnson & Johnson Health & Beauty France (JJHBF), which specializes in the formulation and production of clinical batches of over-the-counter drugs. A partnership agreement was drawn up covering this acquisition, providing for Bertin Pharma to conduct R&D work on behalf of JJHBF. Bertin Pharma thus gained access to a fast-growing market, namely that of over-the-counter drugs.

CNIM acquired the cooling units and absorption heat pumps business of the German company INVEN. This acquisition facilitated the development of a new business centered on the design, production and supply of innovative turnkey systems for recovering heat and energy. INVEN's technology uses low-temperature discharges in order to extract heat from them and produce cold or heat, thereby reducing its users' reliance on fossil 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 (CBRN) threats for the defense and security industries, but also equipment for monitoring levels of ionizing radiation for the nuclear industry. This transaction was finalized on January 1, 2015.

2015

The SPI ("*Sociétés de projets industriels*" - Industrial Joint Ventures) fund, financed by the Investments for the Future program and run by Bpifrance, announced its first investment, alongside CNIM, in the company SUNCNIM in June 2015. SUNCNIM, which is majority-owned by CNIM, develops and builds turnkey thermodynamic solar power plants for export.

Bertin Technologies acquired GO Albert France and its AMI Software brand in May 2015. The company was incorporated into the Bertin IT division. With the digital monitoring and cyberintelligence 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 of 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 centers, combustion and flue gas treatment technologies, renovation services and energy and environmental performance upgrades.

Bertin Pharma sold its pharmaceutical and biotech service operations. Operations relating to the supply of assay kits and biological reagents for Defense and Life Sciences were retained and integrated into Bertin Pharma.

Bertin Technologies acquired the Swedish company Exensor, the world leader in networked unattended ground sensor systems (UGS) for homeland security. This transaction will help to speed up Bertin Technologies' expansion in the global instrumentation and surveillance market for defense and security applications.

Bertin Technologies acquired Winlight, a French company specialized in the design and manufacture of components and systems for high-performance optics. This operation strengthened CNIM's and Bertin Technologies' product portfolio of high-performance mechanical and optical systems for applications such as research reactors, synchrotrons, telescopes and major defense and space programs.

9 CROSS-REFERENCE TABLES

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Incorporation by reference

In accordance with Article 28 of Regulation (EC) No. 809/2004, the following information is incorporated by reference into this registration document:

- the consolidated financial statements and annual financial statements for the years ended December 31, 2016 and December 31, 2015 and the Statutory Auditors' reports in relation thereto as included respectively in registration document No. D.17-0224 and registration document No. D.16-0318, filed with the *Autorité des marchés financiers* on March 24, 2017 and April 11, 2016 respectively;
- the commentary on activities during the years ended December 31, 2016 and December 31, 2015 as included respectively in section 1 of registration document No. D.17-0224 and registration document No. D.16-0318, filed with the *Autorité des marchés financiers* on March 24, 2017 and April 11, 2016 respectively.



Constructions Industrielles de la Méditerranée

Head Office and General Management

35 rue de Bassano 75008 Paris – France

Tel: +33 (0)1 44 31 11 00

Fax: +33 (0)1 44 31 11 30

E-mail: contact@cnim.com

www.cnim.com

Société anonyme having a Management Board and a Supervisory Board

with share capital of €6,056,220

662 043 595 Paris Trade & Companies Register