



Voltalia

Public limited company with share capital of €279.177.193,50

Registered office: 84 boulevard de Sébastopol – 75003 PARIS

485 182 448 R.C.S. Paris

REGISTRATION DOCUMENT 2018



This Registration Document was filed with the French Financial Markets Authority (AMF) on 29 March 2019, in compliance with Article 212-13 of its General Regulation. It may be used in support of a financial transaction when it is accompanied by a transaction note approved by the AMF. The issuer prepared this document and the signatories are responsible for the information contained herein.

Copies of the Registration Document are available free of charge at the registered office of the company. The Registration Document is also available on the company's website (www.voltalia.com) and on the website of the French Financial Markets Authority (www.amf-france.org).

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GENERAL REMARKS

Definitions

In this Registration Document (the "Registration Document"), unless otherwise indicated:

- a) "Voltalia" or "Company" means the company Voltalia SA;
- b) "Group" designates the group of companies constituted by the company Voltalia SA and its subsidiaries (see Section 6.2 of the Registration Document); and
- c) "Martifer Solar" designates the company Voltalia Portugal (formerly Martifer Solar SA, which Voltalia acquired in 2016) and the companies of which it holds a significant interest share of the capital and voting rights;
- d) Pursuant to Article 28 of Regulation 809/2004/EC of the European Commission, the following information is incorporated by reference into the Registration Document:
 - the consolidated financial statements for the financial year ended 31 December 2016 and the corresponding Statutory Auditors' report, shown respectively in Sections 20.1 and 20.2 of the Registration Document filed with the Financial Markets Authority (AMF) on 23 June 2017 under number R.17-047 (the "2016 Registration Document"), and
 - the consolidated financial statements for the financial year ended 31 December 2017 and the corresponding Statutory Auditors' report, shown Chapter 6 of the Registration Document filed with the French Financial Markets Authority (AMF) on 24 April 2018 under number D.18-0376 (the "2017 Registration Document"), and
 - the elements of the management report relating to the financial statements for the financial years ended 31 December 2016 and 2017 contained in Chapter 9 of the 2016 Registration Document and Chapter 5 of the 2017 Registration Document.

The parent company financial statements for the financial year ended 31 December 2018 contained in Section 7 of the Registration Document. The Statutory Auditor's report on the parent company financial statements for the financial year ended 31 December 2018 is contained in Section 7.4 of Registration Document.

Market Information

The Registration Document contains information related to the markets in which the Group and its competitors operate, in particular in Chapter 1 "The Voltalia Group". This information comes from studies carried out by external sources. However, publicly available information, which the Company believes to be reliable, has not been verified by an independent expert and the Company cannot guarantee that a third party using different methods to gather, analyse or calculate the market data would obtain the same results. The Company and the direct and indirect shareholders of the Company neither make any commitment nor provide any warranty as to the accuracy of such information.

Risk Factors

Investors should carefully consider the risk factors described in Chapter 2 “Risk Factors” before making their investment decision. The realisation of any or all of these risks may have a negative effect on the activities, the position, the financial results of the Company or its objectives. Furthermore, other risks not yet identified or considered immaterial by the Company at the date of the Registration Document could have the same negative effect and investors could lose all or part of their investment.

Forward-looking Information

The Registration Document contains forward-looking statements and information about the Group's objectives, particularly in Chapter 1 “The Voltalia Group” Section 5.13 “Trends”, which are sometimes identified by the use of future or conditional verb tenses and terms of a prospective nature, such as “estimate”, “consider”, “aim”, “expect”, “intend”, “should”, “hope”, “could”, in their affirmative or the negative forms, or any similar terminology. This information is based on data, assumptions and estimates considered reasonable by the Company. The forward-looking statements and objectives contained in the Registration Document may be affected by known and unknown risks, uncertainties related in particular to the regulatory, economic, financial and competitive environment, and other factors that could cause the future results, performance and achievements of the Company to differ materially from the expressed or implied goals. These factors may include, in particular, the factors presented in Chapter 2 of the Registration Document “Risk factors”.

Dear Shareholders,

2018 was a year of very solid progress regarding non-financial performance. For example, we further developed our approach to involve our stakeholders. On our sites, our strengthened health and safety actions have helped to reduce the frequency of accidents. We will further intensify these efforts in 2019 and we will continue to work on reducing our environmental footprint across all of our operating and construction sites.

The 2 TWh produced by Voltalia's renewable power plants enabled 981 kT of CO2 equivalent to be avoided, or 8.5 million kilometres travelled by car! This contribution to the fight against climate change is a great source of pride for all employees, who are faithful to Voltalia's mission of improving the global environment and promoting local development.

A fast-growing company, Voltalia secured its 2020 target of 1 gigawatt of installed capacity in 2018. This milestone marks the beginning of a new phase of development for the Group, built on quality assets which are profitable over the long term. In 2018, we significantly increased our portfolio of projects under development, which reached 6.2 GW at the end of 2018. Our ability to develop this project portfolio year after year is a major competitive advantage against other market players, along with our agility, technical expertise and commitments to our stakeholders.

This project portfolio is the basis of our future growth, both for our own production capabilities and for our service activities. Voltalia's future is bright!

Laurence Mulliez,
Chairwoman of Voltalia's Board of Directors

In 2018, we posted a record financial performance that demonstrates the relevance of two key differentiating factors. Firstly, our efforts to relaunch Services is now contributing to an increased profitability that underlines the synergies generated with our Energy Sales business. Secondly, by targeting unsubsidised markets we have again been able to seize value-creating opportunities, allowing for a sharp increase in our sales prices in Brazil.

Thus, net profit (Group share) reached a record high of €8.5 million. 2018 marked a new stage in our profitable growth trajectory, which has seen our revenues and EBITDA grow, respectively, by an average of 58% and 70% per year since the end of 2013.

I want to thank and congratulate our teams who created this performance at the service of our noble mission of improving the global environment and promoting local development!

Sébastien Clerc,
Voltalia Chief Executive Officer

1. THE VOLTALIA GROUP

1.1 Selected financial information

The selected financial information presented in this section have been taken from the Group's consolidated financial statements for the financial years ended on 31 December 2016, 2017 and 2018 shown respectively in Section 20.1 of the 2016 Registration Document, Section 20.1 of the 2016 Registration Document and Chapter 6 of this Registration Document.

This financial information must be read in parallel with the review of the result, the financial position, the cash and the capital of the Group presented in Chapter 5 of the Registration Document.

Selected financial information from the consolidated income statement:

€ million	2018	2017	2016
Revenues	180.7	181.2 ¹	127.0
EBITDA	76.2	71.6	50.0
Operating profit (EBIT)	47.2	45.7	34.2
Net profit (Group share)	8.5	0.6	1.6

Selected financial information from the consolidated balance sheet:

€ million	2018	2017	2016
Intangible and tangible assets	750.7	734.7	772.4
Net cash and cash equivalents	108.6	71.2	101.4
Other assets	127.3	106.3	93.1
Total Assets	986.6	912.2	966.9
Equity	372.4	389.2	424.8
Debt	506.0	417.4	432.2
Other liabilities	108.3	105.6	109.9
Total Liabilities	986.6	912.2	966.9

Investments made :

€ million	2018	2017	2016
Intangible assets and property, plant and equipment	105.1	80.4	130.2

¹ Revision of 2017 revenues due to comparability reasons.

1.2 History and development of the company

Registered name of the Company

The registered name of the Company is: Voltalia SA.

Place of registration and registration number of the Company

The Company has been registered with the Paris Trade and Companies Registry since 24 September 2014 under the number 485 182 448.

Date of incorporation and duration

The Company was incorporated on 28 November 2005 for a period of 99 years ending on 28 November 2104, unless subject to early dissolution or extension.

Registered office of the Company, legal form, legislation governing its activities

The registered office of the Company is located at 84, boulevard de Sébastopol, 75003 Paris. The Company is a *société anonyme* (public limited company) incorporated under French law with a Board of Directors, governed by the particular provisions of the French Commercial Code.

The full contact details of the Company are:

Voltalia SA

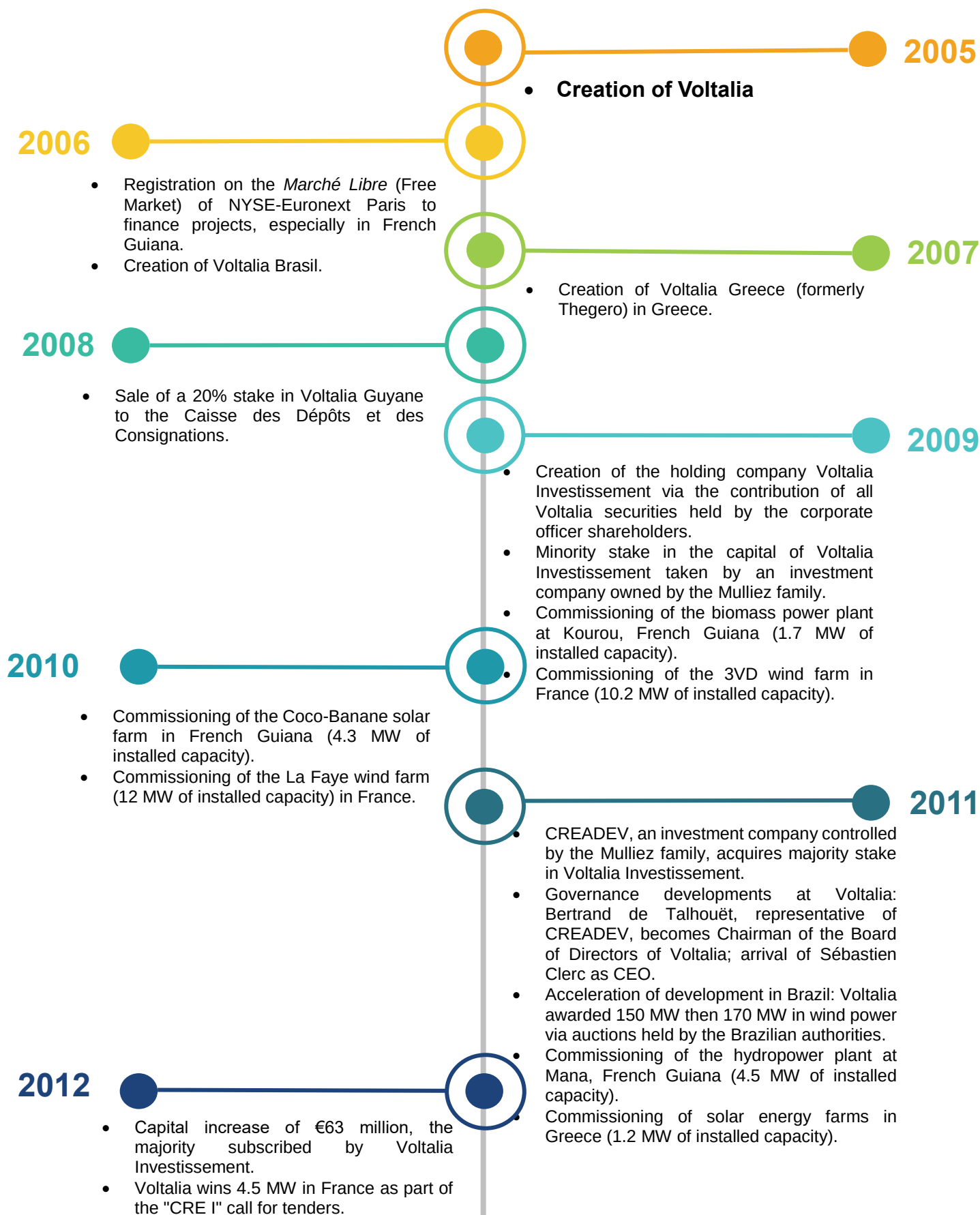
84, boulevard de Sébastopol

75003 Paris

France

Tel: +33 (0)1 81 70 37 00

Significant events in the development of the Company



2013

- Commissioning of solar power projects in Greece (1.5 MW of installed capacity).
- Commissioning of the Montmayon solar energy power plant in France (2.8 MW of installed capacity).
- Commissioning of the Castellet solar energy power plant in France (4.5 MW of installed capacity).
- Voltalia awarded 120 MW in wind power via auctions held by the Brazilian authorities.

2014

- Governance developments at Voltalia: Laurence Mulliez becomes Chairwoman of the Board of Directors of Voltalia. The company The Green Option, represented by Philippe Joubert, joins the Board of Directors.
- Transfer of Voltalia securities on the regulated market of NYSE-Euronext and capital increase of €100.1 million.
- Voltalia signs its first electricity sale contract on the open market in Brazil, covering the provision of 60 MW of power.
- Signing of a partnership with the Brazilian company Copel that controls 49% of the project Sao Miguel do Gostoso (SMG).
- Signing of a partnership with WWF France.
- Commissioning of the Adriers wind farm in France (10 MW of installed capacity).
- Commissioning of the Molinons wind farm in France (10 MW of installed capacity).
- Voltalia won 31.8 MW of contracts for the purchase of electricity in France for solar projects in public calls for tenders launched by the Energy Regulation Commission (CRE II).

2015

- Capital increase of €15 million by private investment.
- Launch of Voltalia business in Morocco.
- Change in Voltalia's governance within the Board of Directors: (i) Bertrand de Talhouët resigns as a director; (ii) the company Creadev, represented by Chantal Toulas, is appointed director.
- Voltalia wins the grand prix of growing companies in France.
- Commissioning of the wind farm Areia Branca in Brazil (90 MW of installed capacity).
- Commissioning of the SMG power plant in Brazil (108 MW of installed capacity).
- Commissioning of the first unit (12 MW of installed capacity) of the Oiapoque mixed power plant in Brazil.
- Acquisition of a portfolio of wind power projects in development with a capacity of 379 MW from Maia Eolis in France.
- The Company wins 27 MW of wind power in the national auctions held by ANEEL in Brazil.
- Voltalia wins solar projects in the national CRE III call for tenders in France launched by the French Energy Regulation Commission for 14.5 MW of installed power.

2016

- Acquisition of Martifer Solar, a major player in the photovoltaic market worldwide. With that acquisition, addition of new capacities in solar energy in Portugal (1 MW of installed capacity) and the United Kingdom (7.3 MW of installed capacity).
- Capital increase of €170 million with free allocation of warrants (BSA) to shareholders of the Company.
- Voltalia and the private Moroccan operator Green of Africa announced their partnership during the COP 22 in Marrakech.
- Early start to the production of nearly half of the turbines of the Vila Pará wind power complex in Brazil (total installed capacity of 99 MW).
- Commissioning of the Vamcruz wind power complex (93 MW of installed capacity) in Brazil and development of the Serra Branca cluster with potential of approximately 2 GW in the state of Rio Grande do Norte.

2018

- Construction begins on Voltalia's largest wind project in Brazil, VSM (163 MW)
- Construction begins on the first Voltalia hydropower plant in Taconnaz, France (4.5 MW)
- Construction begins on the Râ Solar solar power plant in Egypt (32 MW)
- Construction begins on two new wind farms in France: Sarry (22 MW) and Echauffour (10 MW)
- Construction begins on the Cacao biomass power plant in French Guiana (5.1 MW)
- Construction begins on the Tresques and Parroc solar power plants in France (8 MW)
- Commissioning of the PAGAP solar power plant in Metropolitan France (5.0 MW of installed capacity)
- Commissioning of the Canadel wind farm in Metropolitan France (10.4 MW of installed capacity).
- Voltalia wins a total of 16.9 MW in solar projects in the framework of the CRE IV French national solar call for tenders, launched by the French Energy Regulation Commission, and 4.4 MW in hydropower projects during the CRE's second Hydro call for tenders
- Voltalia wins 10-year contracts for two battery storage units, representing a total installed capacity of 10 MW in French Guiana
- Voltalia signs an electricity sales contract for a 50 MW project in Kenya.
- Voltalia wins 64 MW in the wind power call for tenders in August in Brazil and then signs a 64 MW contract in the open market. The VSM 2 power plant will be operational by 2020.
- Signing of a first Voltalia energy supply contract for a Telecom client in Myanmar.
- Signature of a partnership for the sale of up to 500 MW in ready-to-build projects to Actis, an international player in renewable energy, and sale of 252 MW
- Voltalia receives authorisation for two hydropower plants in Morocco (9.8 MW and 7.2 MW)
- Voltalia shares are included in the *Gaïa* index of socially responsible securities

2017

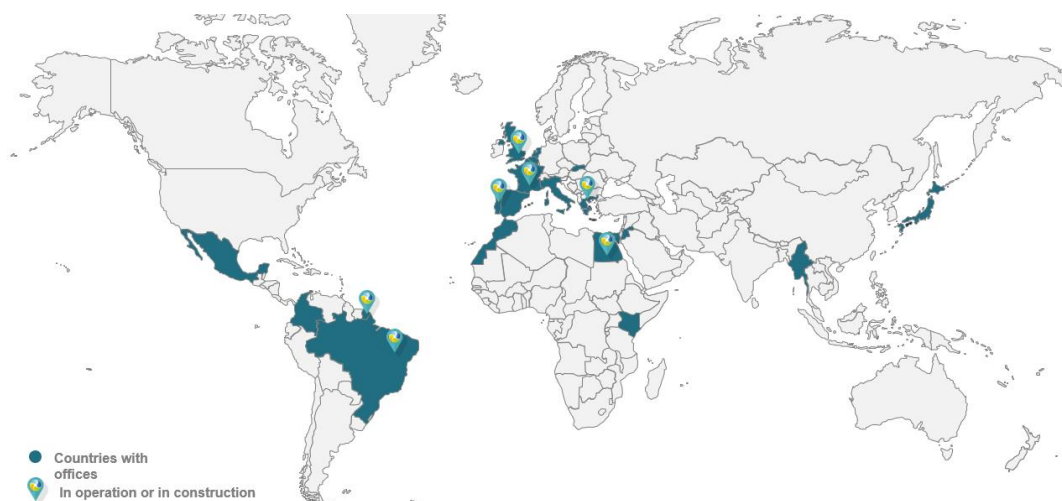
- Voltalia joins the Enternext Tech 40 and CAC Mid&Small indices.
- Construction of two new solar power plants in France (Canadel and Carrière-des-Plaines).
- Early commissioning of the wind power plant in Vila Acre in Brazil (27 MW of installed capacity).
- Commissioning of the first solar power plant of Voltalia in Brazil, Oiapoque 2, that joins the Oiapoque mixed power plant (4.0 MW of installed capacity).
- Commissioning of the Castellet 2 power plant in France (3.8 MW of installed capacity).
- Voltalia wins a new biomass power plant project in French Guiana (Cacao).
- Voltalia wins two solar power plant projects in metropolitan France in the CRE IV national call for tenders (Tresques and Parroc).
- First success in Africa: Voltalia wins a solar power plant project in Egypt (Râ Solar, 32 MW of installed capacity).

2019

- Construction begins on VSM 2 in Brazil (128 MW).
- Construction begins on Savane-des-Pères in French Guiana: a 3.8 MW solar power plant coupled with a 2.6 MW / 2.9 MWh battery storage system
- Construction begins on a very high-voltage power line with a 2 GW capacity in the Voltalia cluster of Serra Branca in Brazil

1.3 Overview of the Group

Voltalia is an international player in the renewable energy market. The Group has almost 550 employees and is present in 18 countries on 4 continents and is able to act worldwide on behalf of its clients.



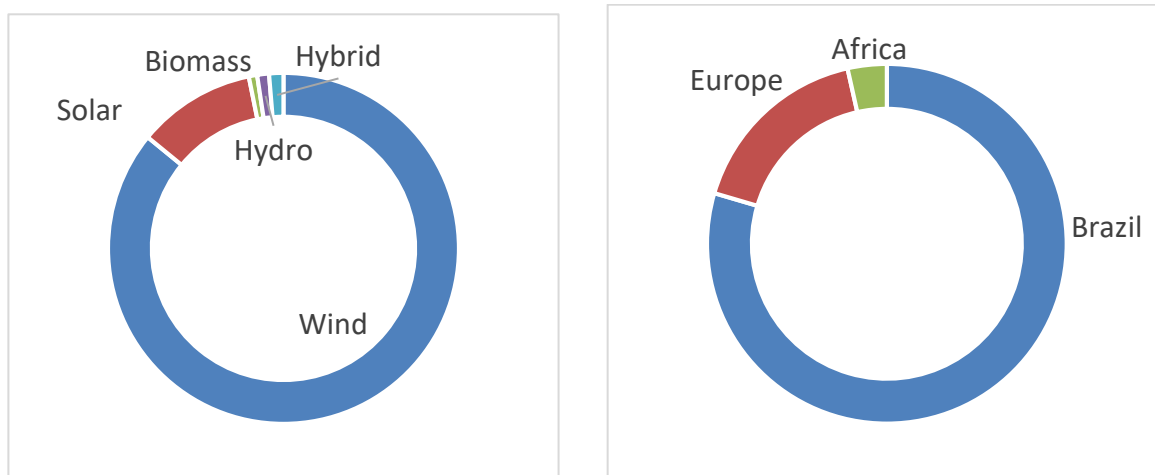
The Group's main business activity is the production and sale of energy generated by the wind, solar, hydropower, biomass and storage plants that it owns and operates. The electricity production is either sold to public operators at prices set by regulation or defined in calls for tenders or to public or private customers on the open market. In 2018 the Group thus sold 2.1 TWh of renewable energy, generating revenues of €131.7 million.

The Group also provides services linked to the development, construction and operation-maintenance of commissioned power plants. It does this on its own behalf and that of third parties (investors, power plant owners, etc.). Voltalia is thus present throughout the power plant life cycle. In 2018, service activities generated revenues of €117.2 million.

At 31 December 2018, the Group had an installed capacity of 0.5 GW plus 0.4 GW under construction. It also operates 0.5 GW on behalf of third parties.

It also has a portfolio of projects under development representing a total capacity of 6.2 GW.

Breakdown of the capacity in operation and under construction held by Voltalia by type of energy/region



Consolidated installed capacity at 31 December 2018

Installed capacity by area and source of energy in MW	Wind	Solar	Biomass	Hydro	Hybrid	31 Dec. 2018
Brazil	417.3				16.0(*)	433.3
France	42.2	23.7				65.9
French Guiana		4.5	1.7	5.4		11.6
United Kingdom		7.3				7.3
Greece		4.7				4.7
Portugal		1.0				1.0
Total	459.5	41.2	1.7	5.4	16.0	523.8

(*)12 MW in thermal power and 4 MW in solar power

Capacity under construction at the date of the Registration Document

Installed capacity by area and source of energy in MW	Wind	Solar	Biomass	Hydro	Storage	Total
Brazil	291.0					291.0
France	32.0	16.2		4.5		52.7
French Guiana		4.0	5.1		2.0	11.1
Egypt		32.0				32.0
Total	323.0	52.2	5.1	4.5	2.0	386.8

Annual electricity production at 31 December 2018

2018 power production by area and by source of energy (in GWh)	Wind	Solar	Biomass	Hydro	Hybrid	Total 2018
Brazil	1,873.1				40.2(*)	1,913.4
France	93	19.9				112.9
French Guiana		4.6	10.6	24.1		39.3
UK		7.8				7.8
Greece		6.9				6.9
Portugal		1.2				1.2
Total	1,966.1	40.4	10.6	24.1	40.2	2,081.4

(*) Thermal + solar

Breakdown of Company revenues by business and by geographical region over the last three financial years

<i>€ million</i>	2018	2017	2016
Energy Sales	131.7	145.5	102.1
Services	117.2	60.4	32.8
Eliminations and corporate	(68.2)	(24.8)	(7.9)
Total	180.7	181.1	127.0

<i>€ million</i>	2018	2017	2016
Latin America	125.4	133.5	89.7
Europe	53.5	42.7	31.6
Asia, Africa	1.7	4.9	5.6
Total	180.7	181.1	126.9

1.3.1 Integrated positioning throughout the value chain

M³ positioning

Voltalia enjoys a unique positioning (i) as an integrated industrial player with *complementary business models*, (ii) it is endowed with multi-energy expertise, and (iii) a multi-country presence. This positioning encourages synergies between activities, enables the Group to maintain an extended geographical coverage (due in particular to the services activities with lower capital needs) and to keep an open-minded approach in terms of technology.



our positioning



Multi-energy and multi-country expertise

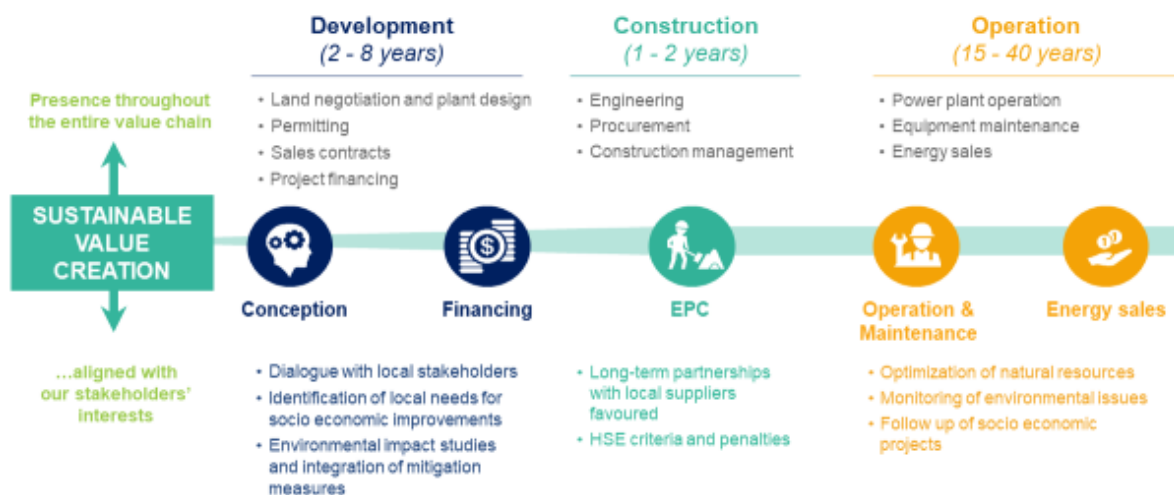
A competent operator in all renewable energy production technologies, Voltalia is able to best use locally available natural resources, which distinguishes it from other players in the sector that are generally concentrated in one or two energy resources.

The multi-country approach allows it to select the countries with the best potential and notably those in which renewable energy is already competitive independently of support policies.

An integrated and sustainable business model



a fully integrated sustainable business model



Voltalia's teams are involved at every stage of project **development** from evaluation of potential and securing of the best land to launching construction after obtaining the required permits and authorisations.

The **construction** teams are in charge of designing power plants, selecting suppliers and subcontractors as well as constructing the electricity production infrastructures (power plants and transmission lines if necessary). They supervise the work sites and conduct the connection tests all the way to the commissioning of the power plant;

Operation-maintenance teams optimise the performance of power plants and undertake preventive and corrective maintenance. They can also offer administration for power plants (adaptation to regulatory changes, electricity invoicing, etc.).

The work done both on the Group's assets and on behalf of third-party clients enables economies of scale and contributes to the optimisation of the sustainable value creation of power plants, in the common interest of the Group, its shareholders and its customers.

1.3.2 A growing portfolio of assets

Electricity production activity

Electricity production activities in France

Voltalia has been established in metropolitan France since 2006. At the date of this Registration Document, capacity in operation and under construction in France was 118.6 MW.

Plants in operation

Site	Energy	Installed power (MW)
La Faye	Wind	12.0
Le Bois	Wind	10.2
Castellet	Solar	4.5
Adriers	Wind	10.0
Molinons	Wind	10.0
Castellet II	Wind	3.8
Pagap	Solar	5.0
Canadel	Solar	10.4
Total		65.9

Plants under construction

Site	Energy	Installed power (MW)
Taconnaz	Hydro	4.5
Sarry	Wind	22.0
Echauffour	Wind	10.0
Carrière des Plaines	Solar	8.2
Tresques	Solar	3.0
Parroc	Solar	5.0
Total		52.7

Electricity production activities in French Guiana

Voltalia has been active in French Guiana since 2005. The main holding company for Voltalia's activities in French Guiana is Voltalia Guyane SAS, which is an 80% subsidiary of Voltalia and a 20% subsidiary of the Caisse des Dépôts et Consignations (CDC).

At the date of this Registration Document, capacity in operation and under construction in French Guiana was 22.7 MW.

Plants in operation at the date of the Registration Document

Site	Energy	Installed power (MW)
Kourou	Biomass	1.7
Kourou	Solar	0.2
Saut Maman Valentin	Hydro	5.4
Coco-Banane	Solar	4.3
		11.6

Plants under construction

Site	Energy	Installed power (MW)
Cacao	Biomass	5.1
Savane des Pères	Solar + Storage	6.0
		11.1

Electricity production activities elsewhere in Europe

Plants in operation at the date of the Registration Document

Site	Energy	Installed power (MW)
Greece	Solar	4,7
UK	Solar	7.3
Portugal	Solar	1.0
		13.0

Electricity production activities in Brazil

Voltalia's representative in Brazil is Voltalia Do Brasil, a 100% owned subsidiary of Voltalia SA. At the date of this Registration Document, capacity in operation and under construction in Brazil was 724.3 MW.

Plants in operation at the date of the Registration Document

Site	Energy	Installed power (MW)
Areia Branca	Wind	90.0
Sao Miguel do Gostoso	Wind	108.0
Vamcruz	Wind	93.0
Oiapoque 1	Hybrid (thermal)	12.0
Vila Para	Wind	99.0
Vila Acre	Wind	27.3
Oiapoque	Hybrid (solar)	4.0
		433.3

Plants under construction

Site	Energy	Installed power (MW)
VSM	Wind	163
VSM 2	Wind	128
		291.0

Electricity production activity in Africa

Plants under construction at the date of the Registration Document

Site	Energy	Installed power (MW)
Egypt (Râ Solar)	Solar	32.0
		32.0

Storage activities in French Guiana

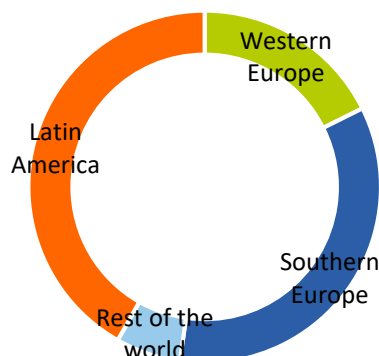
The Group has also developed expertise in storage, winning the first projects in French Guiana. Some of these projects, aimed notably at improving production stability and predictability, may be linked to Voltalia assets in operation, while some are independent.

Services activities

The acquisition of Martifer Solar enabled the Group to considerably develop the services activity that previously was limited to the development and sale of certain ready-to-build projects and a number of operation-maintenance contracts for solar power plants in Greece. Today, the services proposed concern all steps in the chain of value, including design, construction and operations.

Concerning operation-maintenance services in particular, Voltalia operated 0.5 GW for third-party clients at the end of 2018, mainly in Europe, the Middle East and Asia, in addition to the 0.5 GW owned by the Group.

Breakdown of operated capacity by region



Development by region and source of energy

While a significant share of Voltalia's plant portfolio is located in Brazil, the Group is making rapid progress in its asset diversification strategy. The acquisition of Martifer Solar thus enabled the portfolio of projects to be rebalanced to solar power and to expand Voltalia's opportunities in new regions. The re-balancing of the asset portfolio will be reflected in a drop in the Latin American share of the Group's total installed capacity (69% in 2020 vs. 84% in 2016) and will benefit the African continent (12% vs. 0% in 2016) and Europe (19% vs. 16% in 2016).

Furthermore, at 31 December 2018, the Group had a portfolio of projects of 6.2 GW. All these projects meet the following criteria:

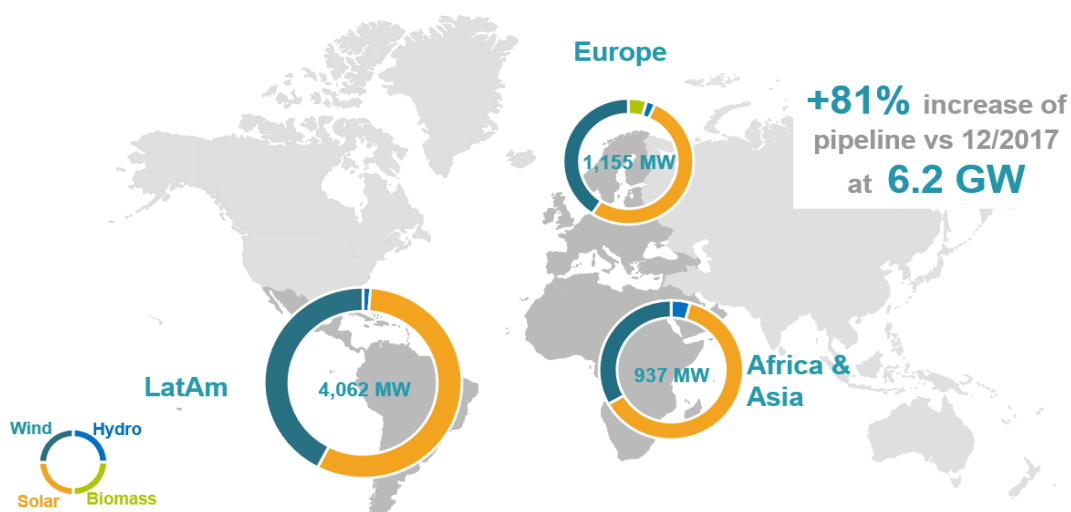
- visibility with respect to land access (obtaining a lease agreement and favourable environmental impact studies);
- visibility of authorisations (filing of administrative records and high probability of obtaining permits);
- feasibility of connection to the grid;
- project profitability.

This portfolio of projects in development thus represents many significant opportunities, both for the long-term development of renewable energy generation activity and for the services activity.

Breakdown of the 6.2 GW of projects included in the portfolio of Voltalia's projects in development at 31 December 2018



beyond 2020: balanced pipeline, focused on 3 regions



1.4 Presentation of the renewable energy market markets and the Group's competitive environment

1.4.1 A growing market driven by secular growth factors

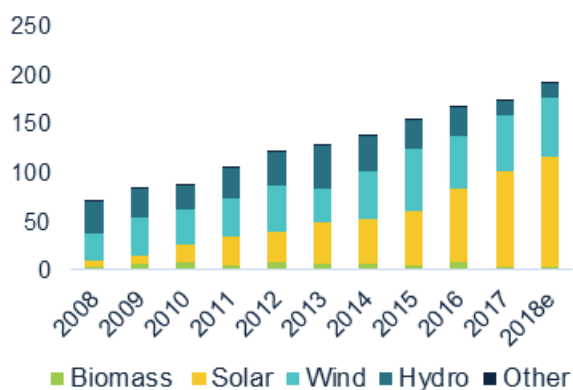
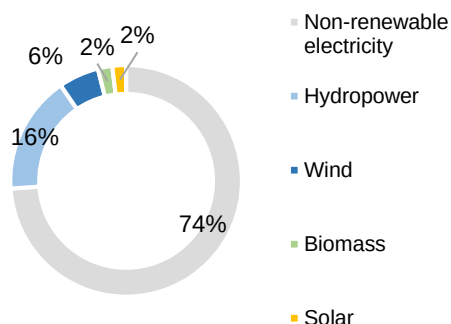
The global renewable energy sector is undergoing major growth: its installed capacity has grown by more than 8% per year from 2008 to 2018 effectively doubling the number of gigawatts installed worldwide over the last decade, to reach approximately 2,300 GW in 2018.

Among renewable energy sources, hydro is the largest provider, covering 16% of electricity production worldwide, followed by wind and biomass. Solar represents about 2% of global production, but is the fastest growing technology. In 2019, new solar installations are expected to exceed 100 GW on an annual basis, benefiting from the continuing cost reduction trend.

In 2018, the global installed capacity of wind and solar generation reached the record number of 1 TW (1,000 GW).

In 2017, renewable energies accounted for 26% of electricity production worldwide

New installed capacities of renewable energy by source worldwide between 2008 and 2018e, in GW²

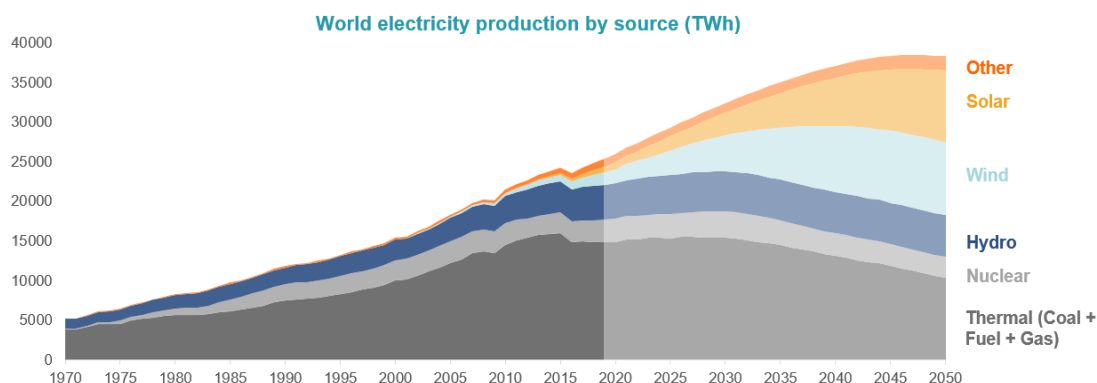


Source: Ren 21, BNEF

In the future, 50% of global electricity production could come from renewable sources, over a 2035 (McKinsey) to 2050 (BNEF) horizon. This implies, over the 2018-2050 period, a production multiplied by 15 for solar, by 7 for wind and by 1.2 for hydroelectricity.



renewables: 50% of electricity production by 2050



Source : Bloomberg New Energy Finance, *New Energy Outlook 2018*

Source: BNEF scenario

The evolution of the global electricity mix in favour of renewables is supported by many long-term drivers, including:



Competitiveness

Production costs are steadily falling, making renewables one of the cheapest ways to produce electricity



Growing needs for electricity

Renewables (solar / wind) are well-proven technologies and are much faster to deploy than any conventional energies



Geostrategic independence

Renewables are local by definition: they reduce imports and the associated geostrategic dependence



Fight against climate change

Faced with the growing awareness of climate change and the risks involved, many countries are establishing policies to combat it.

1.4.2 Market trends by energy sources



Solar PV continues to be the fastest growing renewable technology worldwide, supported by a rapid decline in costs.

Between 2008 and 2018, global installed solar capacities went from less than 15 to over 500 GW, representing an annual growth rate of more than 40%.

In 2018 alone, around a 100 GW of solar PV capacities were installed.

Long-term predictions from the IEA estimate that by 2040, photovoltaic power will be the largest source of low-carbon energy production.



Since 2008, onshore wind power has grown rapidly and continuously throughout the world, from 110 GW of installed capacity worldwide to more than 570 GW at the end of 2018, representing an annual growth rate of 17%.

In 2018, some 50 GW of new capacities were installed, a constant trend since 2015.

BNEF expects the installed capacity each year to reach about 60 GW between 2019 and 2022.



Hydropower is a well-controlled, mature technology providing also major storage capacity. Historically, it has been the largest source of renewable electricity and represents the second largest source of power generation in the world, behind fossil fuels.

The installed capacity of 1,155 GW could nearly double and reach 2,000 GW from now to the year 2050.

Voltalia focuses on small Hydro, a niche market with 191 GW installed globally as of end 2017.



Global biopower capacity more than doubled during 2006–2018.

The cumulative capacity grew at a compound annual growth rate of 8% from 54.3 GW in 2006 to 132.7 GW in 2018.

Governments worldwide are investing in biopower technologies to ensure stability and security of energy supply.



Batteries are increasingly used in power plant design and operation. In remote areas, they have boosted the development of off-grid power solutions, ranging from captive power plants for industrial use to mini-grids developed for small towns.

Annual energy storage deployments doubled from 2017 to 2018, from 2 GW to 4 GW. The market for storage is still concentrated in a few regions, namely North America, Europe and Australia. In September 2018, the World Bank announced \$1 billion for boosting investments in battery storage technology in power systems in developing and middle-income countries.

As per the International Renewable Energy Agency's (IRENA) Renewable Energy Roadmap 2030, 475 GW of energy storage solutions would be required to meet the target of 45% renewable in the energy mix by 2030.

Addressing needs in remote areas

Although storage solutions are supporting the development of reliable renewable power solutions in off-grid areas, the sector is also moving towards the expansion of “hybrid power generation”, which is the combination of different sources/technologies for electricity generation in the same area, providing reliable power to a client or to a distribution grid. Hybrid power usually includes thermal generation from diesel, HFO or gas, as a flexible source of power to compensate the intermittency of renewables. A growing number of power projects in remote areas include a renewable source (solar PV), storage capacities and/or flexible thermal generation.

Mining companies are a good example of hybrid systems deployment. Mines need a constant and reliable power 24/7 and highly depend on expensive and uncertain fossil fuels procurement for their gensets. A growing number of mining companies, mostly in regions with poor grid development like Africa, have turned to hybrid power solutions in 2018.

As of 2018, only a few hybrid projects have been commissioned, whether for industrial or domestic needs, but the market is expected to boom in the next years.

1.4.3 Increased competitiveness of renewables: compelling driver for growth

A rapidly plummeting cost of installations further accentuated by the development of reverse bidding mechanisms make renewables more and more competitive.

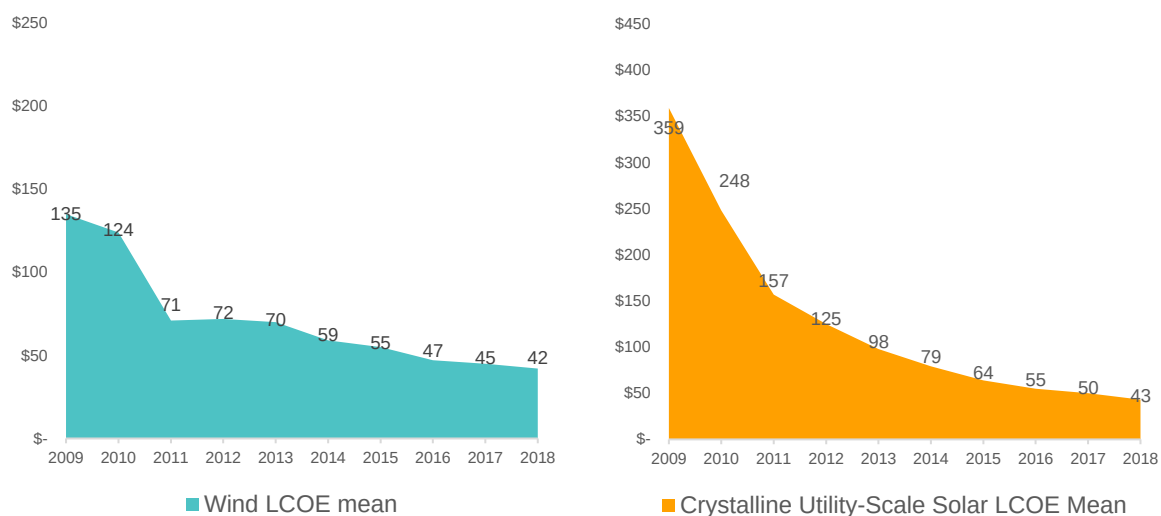
This trend is expected to continue in upcoming years supported by the following

- continuing improvement of technology (higher performance solar equipment, larger wind farms);
- the industrialisation of the manufacturing processes allowing economies of scale and efficiency gains in supply chains;
- calls for tender whose transparency enables developers of all backgrounds to compete;
- growing appetite of financial markets for renewable assets;
- the progressive digitalization of operations and maintenance of power plants.

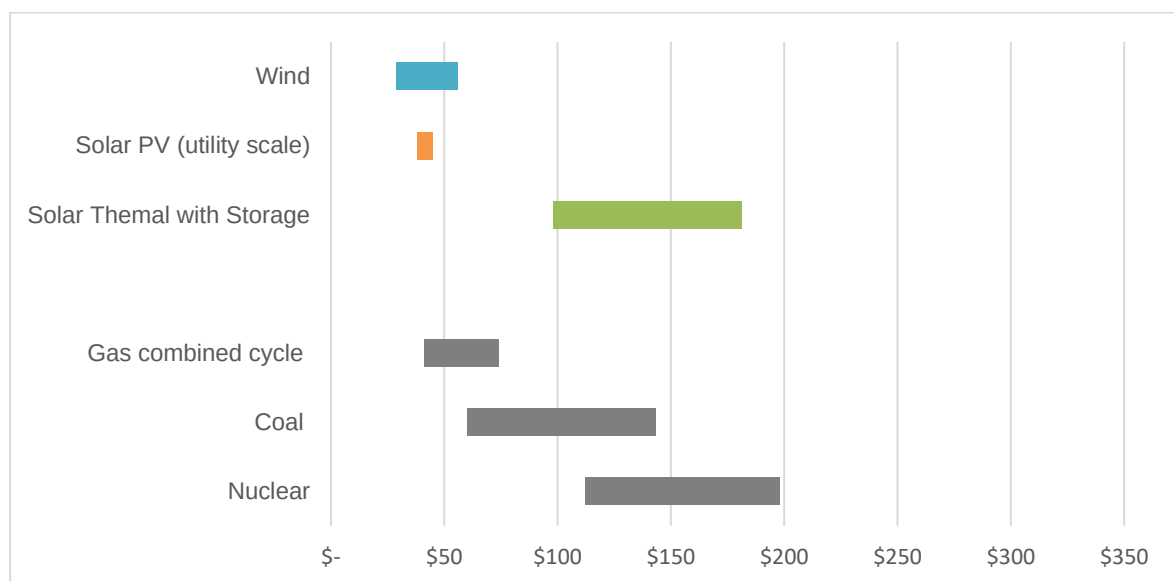
The Levelized Cost of Electricity (LCOE) is a method of evaluating the cost of energy generation. The LCOE thus represents the ratio of all generation costs over the duration of a power plant (from development and construction to operations and maintenance) to the quantity of energy that it generates. A discount rate is applied to the costs and quantity of energy generated to obtain the present value of future flows. Calculating the LCOE is especially useful for comparing the costs of different technologies for the production of electricity.

In its latest annual Levelized Cost of Energy Analysis (LCOE 12.0) the bank, Lazard, shows a continued decline in the cost of generating electricity from alternative energy technologies, especially in the utility-scale production of solar and wind.

In 2018, the mean levelized cost of energy of utility-scale PV technologies is down approximately 13% from 2017 and the mean levelized cost of energy of onshore wind has declined by almost 7%.



Source : Lazard, 2018. Note: Lazard's LCOE study is the most used worldwide, although based on the US market characteristics.



Source : Lazard, 2018

In some scenarios, alternative energy costs have decreased to the point that they are now at or below the marginal cost of conventional generation. The low end of the range of the levelized cost of onshore wind-generated energy is \$29/MWh, compared to an average illustrative marginal cost of \$36/MWh for coal. The levelized cost of utility-scale solar is nearly identical to the illustrative marginal cost of coal, at \$36/MWh.

1.4.4 Market structure and remuneration

The production of renewable electricity is generally structured around three main remuneration mechanisms:

- Regulated Feed-in tariffs: benefiting from the support of public authorities, these contracts require the historical operator (national electricity company) to purchase energy generated from renewable sources. The tariff, generally above market prices, is guaranteed over a long period (between 15 and 20 years) and may be inflation-linked or decrease over time;
- Calls for tenders: in calls for tenders, projects are selected by public authorities based on factors such as the purchase price proposed by the bidders. The call for tenders procedure allows the authorities to determine the number of projects and the volume of production that will benefit from public subsidies (if any); the rate awarded to the candidate, if selected, is the one submitted in the tender.
- Sale of electricity in the open market: in this configuration, the operator of the renewable power plant sells the electricity produced outside of any public intervention. Electricity will be sold to other players such as market operator, in market conditions (i.e. fluctuating on the basis of supply and demand) or private companies through “private PPAs”.

Broadening customer base: Private PPAs

Commercial and Industrial (C&I) power demand represents a growing market for renewable energy developers. Large consumers face increasing risks related to conventional power procurement, among which high and volatile costs. In the last years, the declining costs of renewables have pushed corporates to see them as a solution to reduce power procurement costs, in addition to getting a more sustainable reputation. As a result, corporate consumers have become potential customers/offtakers for Independent Power Producers looking for long-term agreements (PPAs), even more in markets where renewable energy is unsubsidized and traded on wholesale marketplaces. The implementation of compulsory or voluntary renewable energy targets for companies has also accelerated the trend in some jurisdictions. In areas where the power grid is absent or unreliable (mostly developing countries), renewable energy procurement can also bring a cheaper and more reliable source of electricity than the sole generation through conventional diesel generator sets.

As many corporate buyers of energy are starting to think about renewable energy procurement strategies, “corporate PPAs” are appreciated for their simplicity and effectiveness. And, for the producer, they enable bringing new renewable energy onto the grid. In a corporate PPA, a generator and a consumer agree on the conditions for the sale of electricity within a medium to long term timeframe from (a) specific project(s) to the consumer’s facilities. Corporate PPAs usually bring “additional capacity” to the grid, as they support new projects – but they can also be a solution for power plants whose long-term PPAs are ending.

Corporations have signed long-term agreements for more than 32GW of clean energy globally since 2008. In 2018, a record 13.4 GW of PPAs were signed, shattering 2017’s deal volume of 6.1GW.

The USA still represent 60% of the market, but the diversification is ongoing, in Latin America or Europe. In those markets, PPAs are complex instruments negotiated through the wholesale market, and most of them are “offsite” PPAs (which means that the electricity is wheeled from the plant to the facilities through the grid).

1.4.5 Competitive environment

The renewable energy market remains extremely open and fragmented, composed in all countries of players of all sizes:

- incumbent domestic operators;
- global energy companies;
- numerous medium-sized operators usually positioned in a single sector and/or covering a limited geographical area. This category includes renewable investors / asset managers active in the renewable space, which usually own and operate a portfolio of assets concentrated in one region;
- countless small single-project operators.

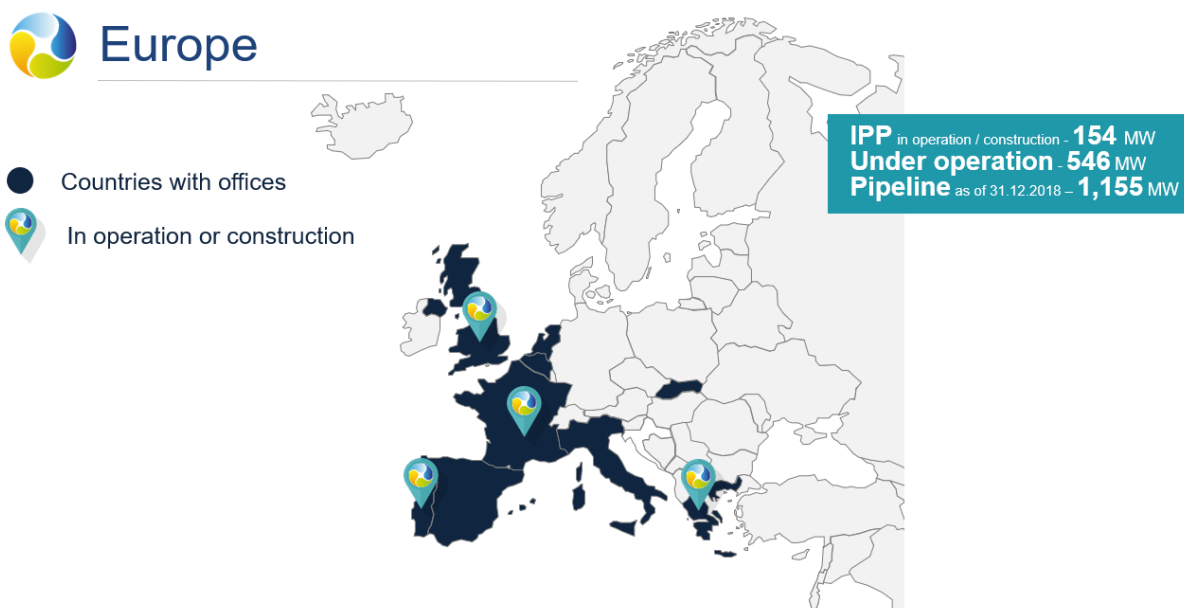
However, the presence of small players declines as a result of more stringent regulations or the introduction by public authorities of new criteria for the admissibility of applications (such as the measures adopted in Brazil since 2008), or the implementation of one-off measures (such as the moratorium on solar projects in France in late 2010). This trend is accompanied by a general move towards consolidation of the sector also related to the ambitions for rapid growth of the historical energy players. The many transactions carried out by the historical operators in France in recent years are an illustration of this trend.

Overall, the development of the renewable energy sector is favourable for groups such as Voltalia that are positioned on a significant number of medium-sized projects and possess adequate skills and resources. Among medium-sized operators, few have Voltalia's ability to pursue projects across the five technologies in which the Group operates; only the historic and the international operators are following such a strategy, while generally focusing on larger projects.

Regarding Services, and in an international context of increased competition and market consolidation, the Group's focus on providing services to third parties is motivated by a double logic to focus on internal skills and economies of scale. In operations and maintenance, the Group has excellent monitoring and optimisation systems for operation and maintenance; offering them to external customers enables the Group to reduce its internal operating cost per MW.

1.5 The Group's markets

1.5.1 Europe



Western Europe

Over the last two decades, renewable energy production assets have expanded in Europe and now account for 17%³ of final consumption in the 28 EU Member States. In 10 years, primary production of renewable energy in the EU has increased 64% (representing annual average growth of 5.1%).

The European market is evolving in a binding legal framework that aims to increase the share of energy from renewable sources as set out in Directive 2009/28/EC on the promotion of the use of energy from renewable sources. EU Member States are required to adopt national action plans to achieve the overall target of increasing the share of energy from renewable sources in gross final consumption of energy to 20% by 2020.

Historically, the rapid development of renewable energy is due to the implementation of support mechanisms, particularly feed-in tariffs (FiT).

While this mechanism still applies to assets already in operation and for small-scale projects – in general, in the case of installed capacity lower than 500 kW – the European Commission has imposed a new framework in order to benefit from State aid for the production of renewable energy.

In the guidelines on State aid for environmental protection and energy 2014-2020⁴ the Commission requires that "from 1 January 2016, for all new aid schemes and measures, the aid is granted as a premium in addition to the market price at which the producers sell their electricity directly in the market." These support mechanisms are called feed-in premiums (FiP).

In France, the Additional Compensation mechanism was set up to meet the conditions of the FiP (see insert below).

Italy has also set up an equivalent system because renewable energy power plants with installed capacity above 1 MW must sell their electricity on the market. Producers receive the difference between the FiT and market prices as a monthly average.

³ https://ec.europa.eu/eurostat/statistics-explained/index.php/Renewable_energy_statistics#Renewable_energy_produced_in_the_EU_increased_by_two_thirds_in_2007-2017

⁴ [https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=CELEX:52014XC0628\(01\)](https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=CELEX:52014XC0628(01))

The UK has introduced the “Contracts for Difference” (CfD) scheme, where low-carbon renewable energy or storage technologies for example are paid based on a long-term fixed exercise price (strike price) defined by the government.

Spain is a pioneer in this area, since a FiP scheme exists since 1998, well before the European guidelines were issued. The applicable tariff has a cap and a floor above and below which the FiP is adjusted.

In all these countries, projects are selected in calls for tenders.

Corporate PPA (Power Purchase Agreements) are also developing in European countries where Voltalia has operations. Historically, most Corporate PPA have been in the UK and Scandinavia, as their regulations are adapted to this type of contract. After Spain, where several PPAs have been signed, France and Italy seem to be the next markets where these contracts are going to develop.

But the steady drop in renewable energy production costs is bringing about market parity, the principle whereby the LCOE of a renewable energy can compete with electricity prices on the market. Moreover, the largest global companies, including Wal-Mart, Google, Facebook, etc. have set themselves stringent environmental targets – One Planet Summit, RE-100, etc. – which encourage them to commit to renewable energy over the long term.

After Spain, where several Corporate PPA have been signed, France and Italy appear to be the next markets where these contracts will develop.

COUNTRY FOCUS: FRANCE

The Law on Energy Transition for Green Growth set a target of 40% renewable energy in national output by 2030, up from 17% today.

The recent Multiannual Energy Programme (MEP) has set the targets to be achieved in terms of the development of renewable energy: taking the installed capacity from 48.6 GW at the end of 2017 to 74 GW in 2023 and between 102 to 113 GW in 2028. Priority is given to photovoltaic solar and terrestrial wind initiatives as these are currently the most competitive energies; a call for tenders calendar has been set to achieve these targets.

All the projects selected in these calls for tenders will be able to benefit from the *Complément de Rémunération* (Additional Compensation) mechanism, pursuant to the FiP in France.

At the same time, some of the largest French consumers (SNCF, Orange...) have publicly stated they want to sign Corporate PPA contracts in order to source renewable energy directly from producers, such as Voltalia, from 2021.

Rest of Europe

Eastern and Southern European countries still rely mostly on conventional sources for their electricity generation, but there are signals of liberalization and incentives for energy producers focusing on renewable energy. Poland has already started shifting its support policy to an auction scheme, while Ukraine has recently made announcements about an upcoming process. Balkan countries, like Albania, Montenegro, Croatia have also launched tenders for solar plants, while small hydro still represents a high potential in the region.

1.5.2 Latin America



Latin America

IPP in operation / construction – **724.3** MW
 Under operation – **432** MW
 Pipeline as of 31.12.2018 – **4,062** MW

- Countries with offices
- In operation or construction

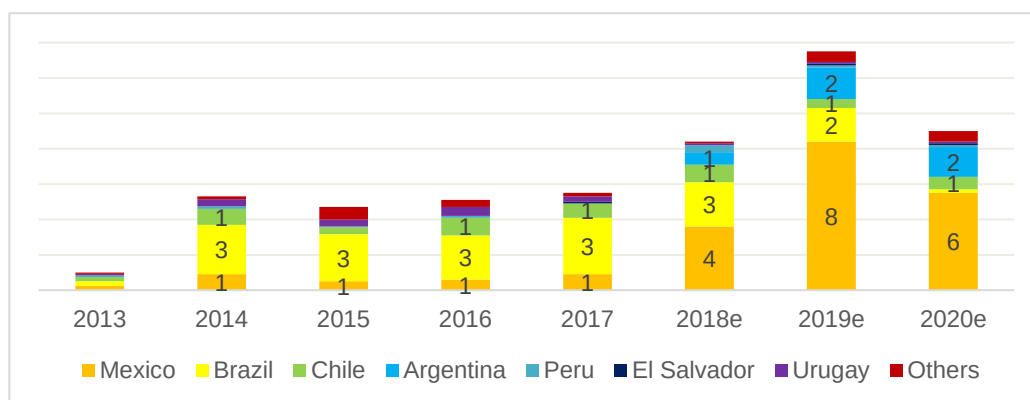


Renewable energies are entering a mature phase in Latin America. The development of wind and solar energy seems resilient to both macroeconomics ups and downs and a less predictable political environment of the region. In Brazil, Mexico or Argentina, long-term confidence from investors remains due to the cost-effectiveness of renewables. While Brazil used to lead renewable investments and capacity additions until 2017, the year 2018 has been marked both by the takeover of Mexico (3.6 GW installed) and the emerging contribution of Argentina. Over 2018-20, BNEF expects about 15 GW of new wind and solar capacities respectively, driven by Mexico with about 17 GW.

Auctions have historically been the main mechanism for new capacity procurement in this region and continue to be so. The last country to have launched renewable energy auctions is Argentina with the RenovAr program: in total, 4.4 GW of wind, solar, small hydro and biomass have been contracted in three rounds. Colombia should be the next country to organize tenders, with the first one planned for 2019. The actual realization of auctions in the region, however, still depends on fluctuating political majorities and economic downturns: in the last two years, developers have had to face the postponing of competitive processes in Brazil, Mexico and Argentina.

On the other hand, driven by initiatives in Chile and Mexico, the main markets in the region have implemented regulatory frameworks that allow large corporate energy consumers to buy electricity from power producers through long-term PPAs, either directly or through the wholesale market. In Argentina as in Mexico, large consumers must even comply with renewable energy targets in their global consumption. This has created a whole new market for greenfield projects targeting the private sector.

Breakdown of cumulative net production of solar and wind energy in Latin America by country



Source: BNEF, 2018

COUNTRY FOCUS: BRAZIL

Brazil is the largest power market in Latin-America and belongs to the top ten worldwide. Hydro has always retained the lion 'share of the global energy matrix, making Brazil energy sector one of the least carbon-intensive in the world. However, a series of blackouts and low rainfalls in the years 2000's prompted the country to look for other energy sources, which could be quickly implemented. The country turned to wind power, exploiting the potential of the North-East part of the country, where wind blows constantly and in one direction. This development and the fact that most of Brazil's hydro generation capacity is located in the Amazon basin, north of most urban load centers, which are located in the southeast, contributes to the complexity of Brazil's transmission and distribution system.

The renewables power production industry has been structured by the national market regulator ANEEL around national reverse auctions. They were first only opened to wind power -as a support mechanism- in the early 2000's before they became general energy auctions in 2011. The contracts being auctioned include an irrevocable commitment from the purchasers to purchase electricity over a period of 20 years. There are two types of contracts, which either involve the Brazilian Chamber of Commerce for Electrical Energy (CCE) or multiple regional distributors (between 25 and 35 distributors from a variety of regions) under contracts administrated by the CCEE. The different type of contracts are described in Section "1.8 - significant contracts" of this registration document.

The growth of the sector was also the result of the support of the Brazilian Development Bank (BNDES - National Bank for Economic and Social Development), which has been financing the electricity segment since 2012. Today other players are active in the financing of projects, such as Banco do Nordeste (BNB), offering very attractive conditions.

Wind power has become a major contributor to the energy matrix, representing 9% today and an installed capacity of 14GW, ranking 8th worldwide. Wind is clearly the most competitive source of electricity after hydro, with prices dropping as low on average during 2018 auctions. Prices for solar also hit a record low in 2018. However, solar auctions only started in 2018, and the price remains higher than Wind, so despite a very good solar resource, there is only 2GW currently in operation.

Going forward, faced with an expected rise in demand, the country has set ambitious targets in terms of power production, with 28 GW of new wind capacities and 8 GW of solar energy to be added by 2026.

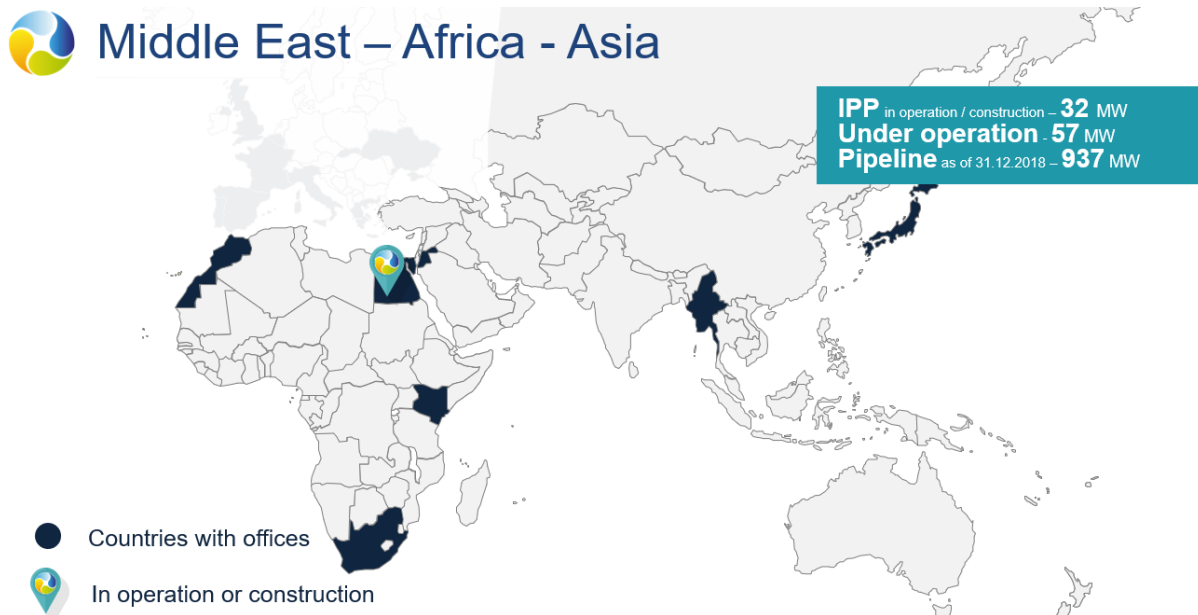
Key Brazil data for 2018

The "TJLP" rate of the BNDES national bank was 6.98% in December 2018.

The short term "SELIC" rate serving as the basis for short-term loans by commercial banks was 6.4% (on an annual basis).

Inflation, to which the prices of the Group's electricity sales contracts are indexed, was 3.74% (on an annual basis).

1.5.3 Other regions

**Middle-East, North Africa**

In the Middle East & North Africa, most of the electricity is still generated through conventional sources. Although the power sector has historically benefited from the regional oil industry and subsequent low power tariffs, the instability of prices in the last years - confirmed in 2018 - has pushed Governments to explore new generation sources to meet the rising demand and free up oil and gas for exports. State-owned utilities with strong financial capacities still dominate the sector, and are considered as quite solid off-takers, but a liberalization process is going on at different paces in all the countries of the region, leaving space to new industry players. Electricity tariffs have increased significantly in 2018, mainly for commercial and industrial consumers, with the curbing of subsidies from Governments under economic pressure.

The interest from renewable energy players is mostly related to the strong solar resource potential, as well as wind opportunities in countries like Morocco, Tunisia, Egypt or Saudi Arabia. A common feature of the region is the rise of competitive bidding auctions as the privileged mechanism for the procurement of new wind and solar capacities. In 2018, large tenders have been launched in Morocco, Tunisia, Egypt, Jordan or Saudi Arabia, attracting local and international players. High competition has continued driving prices down, with record-low bids registered in Egypt (27.5 \$/MWh for PV), Saudi Arabia (23.4 \$/MWh for PV and 21.3 \$/MWh for wind), which represents a challenge for small and medium developers.

Some countries (Jordan, Egypt), in addition to large-scale bids, have developed market mechanisms allowing final consumers to self-generate electricity through agreements with IPPs. Local companies are starting to look at renewable energy solutions, opening new opportunities for developers with greenfield project strategies to offer lower tariffs than the grid.

COUNTRY FOCUS: EGYPT

Egypt's generating capacity mix remains strongly fossil-fuel-focused, with more than a 90% share. This is principally because the government has sought to build out capacity quickly after the electricity shortages a few years ago. As part of this strategy, Siemens completed in 2H 2018 its 'Egypt megaproject' to build three combined-cycle gas turbine plants totaling 14.4GW. As a result, gas-fired generating capacity has expanded by 200% over 2010-17 and is expected to continue as the government seeks to exploit its recently discovered domestic reserves.

Partly unbundled, Egypt's power sector is concentrated into the hands of the Egyptian Electricity Holding Company (EEHC) and its subsidiaries – in charge of generation and regional distribution. A separate state-owned entity, Egyptian Electricity Transmission Company (EETC), holds a monopoly over transmission, acts as single buyer for IPP projects, and sells electricity to high-voltage clients and regional distributors.

Since 2014, Egypt has implemented multiple renewable energy support schemes. After the successful two rounds of the FiT programme, which procured nearly 1.8 GW of PV projects (including the 1.2 GW Benban complex), Egypt is now privileging build-own-operate (BOO) contracts through the organization of competitive bidding tenders and auctions. In addition to IPP projects, a state-owned renewable energy agency called NREA also invests in wind and solar projects with low-cost financing from DFIs and organizes EPC tenders opening to international competition.

Self-generation is encouraged in Egypt through the implementation of a large-scale net-metering scheme, opening to projects up to 20 MW in the same distribution grid with the consumption site. As per the 2015 electricity law, qualified commercial and industrial consumers can also buy electricity directly from IPPs, as long as wheeling rules are established between grid operators. Industrial electricity tariffs, regulated by EgyptERA, have increased by 42% in July 2018 after a similar rise the year before.

Thanks to these mechanisms, Egypt is on track to reach its 20% renewable power generation target for 2022 and a target of 41% has been set up for 2035.

Sub-Saharan Africa

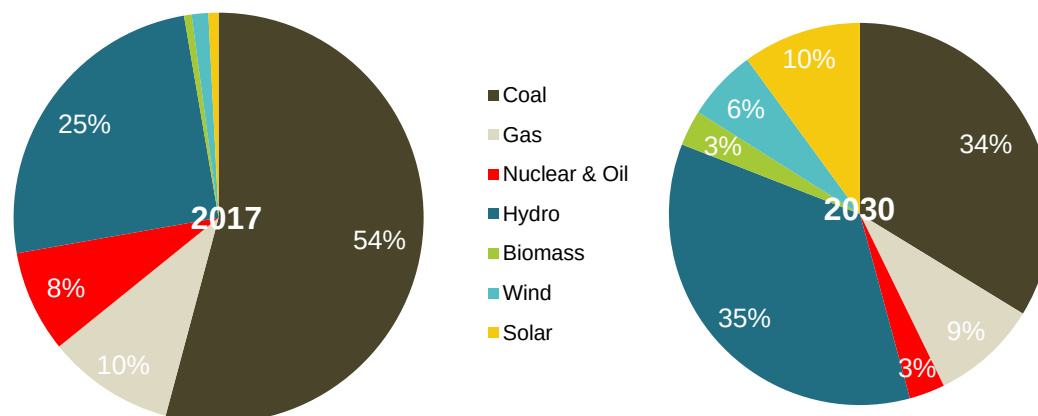
Sub-Saharan Africa is still a very early-stage market for renewable energies. In the exception of South Africa, which has installed about 2 GW of wind and solar respectively in the last years through competitive tenders, Sub-Saharan countries are still heavily relying on large hydro and thermal power for their growing energy consumption. The region presents immense opportunities for the development of renewable energies: about 650 million people still lack access to electricity, and the rapid urban and economic growth creates considerable needs for reliable power (about 6-7 GW needed per year according to the African Development Bank). In addition, most of the countries in the region have opened the power generation sector to private investors, although with different levels of efficiency.

Renewable energy developers still face many challenges in Sub-Saharan Africa, including weak regulations, low-taker solvency, or poor grid infrastructure. Except South Africa, only a few countries have witnessed private developers commissioning wind, solar or small hydro plants: Senegal, Uganda or Kenya are among them. While most renewable projects used to be developed on a bilateral negotiation, Governments now privilege tenders with the aim of getting lower tariffs from projects. Most of these tenders are supported by development finance institutions, whose mandate is to attract investors and lower the development risk and financing costs. Scaling Solar, a program from the International Finance Corporation (IFC), has been launched in four countries (Zambia, Senegal, Ethiopia, and Madagascar), with awarded bidders offering projects as low as \$60.2/MWh in Zambia and \$38/MWh in Senegal. After a successful outcome in Uganda, GET FiT, a program from KfW, has been launched in Zambia in 2018, targeting small hydro and solar projects.

Due to low grid penetration, Sub-Saharan African countries present some interesting opportunities in the development of off-grid solutions, either for remote industries, telecom towers or villages and towns. National regulations in some countries (Nigeria, Tanzania, Senegal) already include the possibility for

private operators to get a concession for the distribution of electricity in remote areas, either for strategic industries or for rural electrification purposes.

Expected development of the energy mix in Sub-Saharan Africa



Source : BNEF, 2018

COUNTRY FOCUS: KENYA

Large hydro and geothermal are the two main sources of the Kenya's generation mix. Renewables account for a third of power generation in the country, but this is expected to increase in coming years as projects come online, including Lake Turkana wind farm.

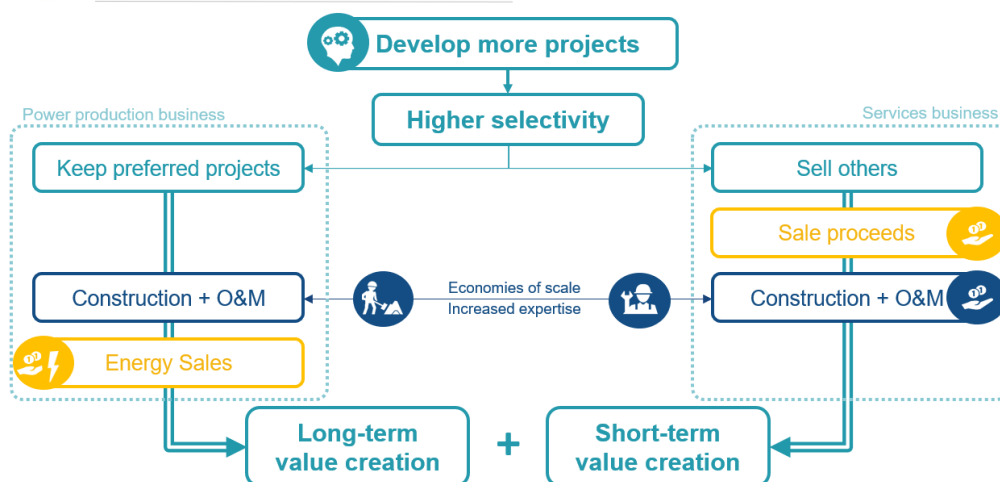
Kenya is one of the most mature power markets in Sub-Saharan Africa. In Kenya, the unbundling of the power sector started in 2006, with the opening of generation to private players and the creation of an independent transmission system operator, Ketraco, responsible for all new transmission lines above 132 kV. Kengen, the state-owned generator, still controls 70% of the market share. Kenya Power (KPLC), the public utility, holds a monopoly over transmission lines not covered by Ketraco's scope, and over distribution/sales, being the sole off-taker for generation projects. Retail electricity prices are fully regulated for all customer segments, under the supervision of Energy Regulatory Commission (ERC). A new electricity law is under discussion since 2018, aiming to liberalize the distribution sector and allowing for direct agreements between generators, independent retailers and consumers.

Kenya is one of the few Sub-Saharan African countries to have implemented, in 2012, a feed-in-tariff scheme for renewable energy projects, which enabled IPPs to sell electricity to KPLC at a fixed price for 20 years. Initially, the fixed tariff of \$0.12/kWh for solar projects above 10MW led to an oversupply in proposed sites, which led to several tariff revisions. As of August 2018, the FiT is no longer available and Kenya is now in the process of transiting to an auction-based one. In May 2018, Voltalia signed a 20-year PPA with KPLC for the Kopere Solar Park (50 MWp), a project that has been developed for the last five years under the FiT scheme.

1.6 Strategy

A power producer and a service provider

...to create value both from asset ownership and services provision



Since 2016 and its accelerated development in Services, Voltalia has a differentiating business model linking Power production and the provision of Services.

Development is the cornerstone of its strategy: significant amounts have been invested in prospection and development in 2017 and 2018 to strengthen its pipeline of projects.

The latter reached 6.2 GW at the end of 2018, multiplied by 3.4 since the launch of the new Services strategy in 2016 with the acquisition of Martifer Solar. By developing more projects at a lower marginal cost, Voltalia is able to make a selection, retaining those that best fit its strategy and selling the others to third-party clients, in association with Equipment Supply / Construction / Operation-Maintenance contracts. Thus, in 2018 the Group sold 252 MW of ready-to-build projects within Voltalia's Serra Branca cluster in Brazil to Actis, as part of a partnership representing 500 MW in total.

Voltalia's know-how in Construction and Operation-Maintenance in five technologies (wind, solar, hydroelectricity, biomass and storage) is essential for the Group to create value in its electricity production business. Working on both Group assets and those for third party clients enables economics of scale to be realized. In 2018, the fact of working on larger construction volumes enabled Voltalia to secure a competitive framework agreement with one of the market's main PV panels manufacturers. Business on behalf of third-party clients also provides an opportunity to explore new countries and new technologies: construction contracts have been signed in various African and European countries and a storage unit using batteries has been installed in the United Kingdom, thus strengthening Voltalia's geographical coverage and technological expertise.

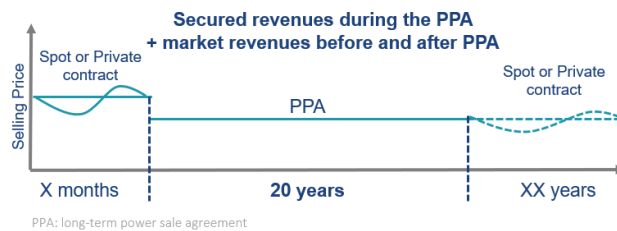
Generating electricity at a competitive price



unsubsidized projects = robustness + extra value

>85%

Share of Voltalia's installed capacity generating electricity at a competitive price



Voltalia offers a unique profile with 85% of its installed capacity producing electricity at a competitive price. With this differentiating strategy focused on unsubsidised markets, Voltalia is able to seize many opportunities to create added value at all stages of a plant's life cycle:

- Before the start of the long-term electricity sales contract, Voltalia can plan for the construction of power plants and sell electricity at attractive prices via private contracts on the open market. This anticipation benefits, for example, the VSM 1 and VSM 2 plants, which will be commissioned before the end of 2020, while their long-term sales contracts start in 2021 (64 MW+64 MW), 2023 (99 MW) and 2024 (64 MW).
- During the long-term electricity sales contract, some opportunities may arise in unsubsidised markets. Thus, the 2018 renewal of the strategy of suspension of contracts initiated in 2017 in Brazil made it possible to sell electricity at a higher price via short-term private contracts on the open market before resuming the normal application of the long-term contract;
- After the long-term electricity sales contract, offering the cheapest electricity on the market will give Voltalia power plants a competitive advantage, while subsidised plants could experience a drastic drop in their revenues.

Today, in the renewable energy sector, almost all long-term electricity sales contracts are concluded with utilities. In markets where renewable energy is competitive compared with fossil fuels, new opportunities are emerging for a new type of customers: companies simply looking for cheaper electricity.

In 2018, Voltalia signed its first long-term contract with BRF, one of the world's largest agro-alimentary companies. With more than 10 years of experience in non-subsidised markets through its activities in Brazil, Voltalia is able to offer attractive proposals to its corporate clients in Europe, Africa and Latin America.

Keeping strict investment criteria for future development

For its investment as part of its electricity production activity, the Group has defined a series of criteria to identify its future international countries in which to establish facilities for the long term, among which

- Multi-energy potential
- Competitiveness of renewable energies
- Growth in electricity consumption (or the replacement of an existing obsolete source)
- Financing by long-term debt in local currency
- The indexing of contracts to inflation

Objectives that match the Group's ambitions

The Group expects by 2020:

- installed capacity of 1 GW;
- total operated capacity of 3 including 2 GW for third parties;
- EBITDA from €140 to €180 million generated in 2020, depending on the phasing of new commissioning in 2020.

To make a long-term commitment with the local communities to support its development

Corporate social responsibility is central to Voltalia's mission to "improve the global environment by fostering local development" and emphasises the important role of each Voltalia employee in making a positive impact on the environment. Access to clean and reliable energy is one of the key responses to the major challenges in the future decades; access to competitive renewable electricity not only facilitates a reduction in greenhouse gas emissions, but also ensures access to indispensable services such as education and health in the most remote regions. Voltalia places the utmost importance on its local and sustainable integration into any region where it has plants in order to provide the most appropriate solutions. Accordingly, our commitment to local populations guarantees mutual and lasting trust in our relations, which in turn guarantees the value created by our projects. The alignment over time of the interests of all stakeholders, including local populations, regulators and public authorities, is a key success factor that not only enables Voltalia to optimise recruitment and retain its teams, but also to develop and construct more rapidly than its competitors.

Finally, Voltalia is proud to show that it is possible to support a business growth objective compatible with our values, while turning our mission into a common driving force and a competitive advantage that continues to prove its worth.

1.7 Operational structure of the Group

A matrix organisation by region and business lines is in place.

3 geographical regions



Geographical structuring:

- in countries with permanent and structured teams, country teams are responsible for managing existing power plants and developing new projects;
- in other countries without a permanent team, the International Development team is responsible for new projects.

The transversal business lines are the following:

- Construction division;
- Operations-Maintenance (O&M) division, which also includes the Group's Centre of Engineering Expertise (CoE);
- New Businesses division, which includes equipment supply activities;
- Financial Engineering division, which primarily covers raising project financing and project acquisitions/disposals;
- The support functions: Health and Safety division, Administration and Finance division, Legal division, Human Resources division, Marketing and Communication division, Information Systems division, General Secretariat and Investor Relations division.

1.8 Significant contracts

1.8.1 Electricity sales contracts

Brazil

Long-term sales contract

The Group has entered into a number of electricity sales contracts, awarded via public auction, of two distinct types:

- Reserve Energy Contracts (CER);
- Electricity Purchase Contracts in a Regulated Environment (CCEAR).

The plants affected by CER contracts are:

- Carcara I (Areia Branca);
- 4 sites located between São Miguel do Gostoso and Touros: Reduto, Carnauba, Santo Cristo and São João (SMG); and
- Vila Acre I.

The plants affected by CCEAR contracts are:

- Carcara II and Terral (Areia Branca);
- the following sites, located at Serra do Mel: Caiçara I, Caiçara II, Junco I, Junco II (Vamcruz), Vila Para I, Vila Para II, Vila Para III, Vila Amazonas V (Vila Para), and VSM 1 and 2.

Nature of the sale contracts and the counterparties

The CER and CCEAR contracts include an irrevocable commitment from the purchasers to purchase a defined volume of electricity over a period of 20 years.

These two contract types include well-defined tolerance and adjustment mechanisms for the volumes and prices of electricity sold, taking account of the intermittency of wind power production.

Special features of the CER contracts

The aim of these contracts is to secure the electricity supply by assigning a specific volume to this reserve. The contract was signed with the Brazilian Chamber of Commerce for Electrical Energy (CCEE) which manages a dedicated reserve fund for regulating the reserve supply of electricity.

Special features of CCEAR contracts

The aim of these contracts is to supply electricity to a group of distributors that have pooled their requirements for the auctions in question. Depending on the auction, the number of distributors may vary but generally ranges between 25 and 35 distributors from a variety of regions. Multiple bilateral contracts are therefore signed with the distributors in relation to each site and the contracts are administered by the CCEE.

Long-term sales contract on the open market

In 2018, Voltalia signed a 10-year private electricity sales contract starting in January 2021 with a new customer, BRF. A 64 MW power plant will open under this contract, part of the VSM 2 wind farm project.

After the 10-year contract expires, Voltalia will sell the output under new short- or long-term electricity sales contracts.

Short-term sale contracts

Short-term contracts in Brazil are designed to allow the electricity produced by the plants to be sold in the event of early commissioning of these plants. Over time, these short-term contracts will be replaced by long-term contracts.

As part of its activities, in 2015, the Group entered into contracts with a private distributor for the sale of electricity originating from the early commissioning of the Carcara II and Terral power plants (a total of 60 MW of installed power). As of 1 January 2016, the electricity produced by these two plants is sold via long-term contracts (see above).

In 2018, in anticipation of the early commissioning of these plants, the Group secured short-term contracts for its VSM 1 (163 MW) and VSM 2 (64 MW) plants.

France

Purchase obligation:

Until the passage of the 2015 Energy Transition Law, the projects developed by the Group in France were solely part of the framework for the purchase obligation for renewable energy ("feed-in tariff"). As such, for each of its operating projects in France, the Group entered into a contract with EDF.

In this arrangement, EDF OA (Purchase Obligation) and the Group signed contracts for the purchase of electricity for 15 to 20 years depending on the source of energy involved. The Group is thus committed to selling to EDF all of the production of the facility at an inflation-indexed sales price.

EDF may terminate the electricity purchase contract in the event of cancellation of the operating licence by court ruling, (ii) in the event of cancellation by court ruling of the certificate establishing the obligation to purchase, (iii) in the event of the abandonment of the project, or (iv) in the event of a permanent cessation of activities or the decommissioning of the production facility.

These contracts do not include a renewal clause (except for contracts relating to hydraulic power plants, for which the electricity sales contracts can be renewed if a certain CAPEX threshold is crossed). At the end of the contract, the electricity may be sold to aggregators on the open market.

The plants in construction and in operation affected by Purchase Obligations are:

- 3VD, Adriers, Molinons, Castellet 1 and 2, La Faye, Pagap, Canadel, Coco-Banane, Kourou, Kourou solar, Mana, Carrières des Plaines, Cacao, Taconnaz, Savane des Pères.

Additional compensation:

Article 104 of Law no. 2015-992 of 17 August 2015 on the energy transition for green growth stipulates a new mechanism for "Additional compensation" applicable since 1 January 2017. The same as for the purchase obligation, EDF OA must purchase all of the production from a producer at a base rate for a duration of between 15 and 25 years defined by ordinance and set in tender offers composed as follows:

- a reference market price defined as the average of prices on the EPEX exchange platform;
- additional compensation corresponding to the difference between the base rate and the market price defined above.

In this new framework, the Group signed a contract for additional compensation with EDF OA and sells the electricity produced on the electricity wholesale market either (i) by itself or (ii) via a third party generally called an "aggregator".

- The plants in operation and under construction affected by additional compensation contracts are: Sarry, Echauffour, Tresques, Parroc.

1.8.2 Service contracts

Construction contracts

The services offered by the Group to its customers include the construction of solar plants on behalf of third parties. The construction takes place when the project is ready to be built, once the development phase has been completed. The construction of solar plants takes an average of one year and commits the Group, as the service provider, to deliver a turnkey plant on the date specified in the service contract. Construction generally includes the following steps: general and detailed studies, equipment purchasing, subcontractor management, equipment assembly, commissioning, and generally managing all activities necessary for the construction of a solar power plant.

As a builder, the Group is committed to the performance of the solar power plants that it builds, which are approved in operating tests. The plant is considered as delivered as soon as the operating tests are successful. The plant can then be operated in the conditions of production and security specified in the contract. The Group must also provide, for a two-year average guarantee period, for replacement of defective materials. This replacement is generally the responsibility of the supplier of the equipment in question.

In the case of the Group's non-compliance with any one of its contractual obligations, the contract specifies penalties for customer compensation. The customer moreover benefits from a bank guarantee or performance bond guaranteeing the execution of contractual obligations or payment of penalties. The construction contracts for solar power plants are signed either with the customers that acquire projects developed by the Group, or customers that develop their own projects and requested a bid only for the service of constructing the solar power plant.

Operation and maintenance service contracts

The Group also provides operation and maintenance services of commissioned power plants, on its own behalf and that of third-party customers.

In this context, the Group has entered into operating and maintenance contracts of photovoltaic power plants for a duration of up to 25 years. Pursuant to these contracts, the Group provides services that can cover all of the needs for operation and maintenance: centralised control and supervision, management of preventive and corrective maintenance and provision of specialised services related to power invertors, remote control or systems for acquiring operating data. The Group also offers its customers central administration, accounting, and tax administration services for their solar power plants.

In most of the contracts, the Group must provide the customer with a minimum rate of availability of the power plant.

1.9 Information from third parties, expert opinions and declarations of interest

None

2. RISK FACTORS AND RISK MANAGEMENT

2.1 Risk management

2.1.1 Risk management and internal control procedures

For the preparation of this section, the Company has drawn on the application guide issued by the AMF on 22 July 2010 covering the reference framework for risk management and internal control within small and midcap companies, as well as the principles of the COSO, the international ⁵reference benchmark for internal control.

Definition and objectives of internal control and risk management

Internal control is a system that applies to the Company, its fully-consolidated subsidiaries and some of its subsidiaries consolidated under the equity method. The objectives are to provide reasonable assurance in relation to the following objectives:

- compliance with the laws and regulations applicable to the Group's subsidiaries and establishments;
- the effective implementation of the strategic guidelines, directives, internal policies, procedures and best practices established by the Group's management;
- safeguarding of the Group's assets;
- the reliability and accuracy of the published financial information and financial statements provided to the corporate bodies;
- prevention and control of identified risks arising out of the Group's activity; and
- optimisation of operational activities.

The internal control system incorporates the management of the risks that could threaten the objectives set by the Group's management and approved by its Board of Directors, namely:

- having, by 2020, 3 GW of operated capacity, of which 1 GW for itself and 2 GW for third parties;
- strengthening its multi-energy and multi-country asset portfolio with its M³ strategy;
- confirming its status as an international operator and energy producer that is integrated and independent by strengthening the different areas of expertise of its value chain;
- maintaining sustained growth through its development capabilities and expertise;
- ensuring employee ownership across the Group of a shared perception of the principal risks and raising employee awareness of the risks inherent to their activities.

Organisation of internal control

The Internal Control department director currently reports to the Administration and Finance Division, itself reporting to executive management. It is the intermediary between operational personnel and executive management regarding the implementation of the Group's policies and procedures, and on reporting on the proper monitoring of the system and key indicators regarding the components of the management of risks incurred. It has direct access to the chairman of the Audit Committee.

⁵ COSO: The Committee of Sponsoring Organizations of the Treadway Commission

Employees involved in control

The internal control system relies on a certain number of identified individuals but remains the concern of all Group employees: raising the awareness of all staff with respect to the values of Valtalia is therefore the first step in the internal control system. This vertical transmission of values is achieved both through seminars (Executive Committee seminars, annual team seminars, etc.) and regular team meetings and through regular communication of news relating to the Group and its strategy. This makes it possible for all employees, whatever their position, to ensure at all times that their actions are consistent with the values and strategy of the Group.

The internal control system involves:

- Board of Directors and Special Committees of the Board of Directors;
- the CEO and the Executive Committee;
- the Administration and Finance Division and each of the functional divisions in its area of expertise.

Board of Directors and Special Committees of the Board of Directors

The Board of Directors approves the strategic direction proposed by the Chief Executive Officer and periodically verifies, on the basis of the work of its Special Committees, the strategy implemented by the CEO. It also verifies that the implementation of the strategy complies with the levels of risk and profitability that it has deemed to be acceptable in collaboration with management. The Board of Directors regularly monitors the Group's operating performance, financial position and project progress.

The Board of Directors, through the Audit Committee, also plays an important role in the monitoring of the risk management system. The Audit Committee annually reviews the risk mapping process and the effectiveness of internal control systems.

CEO

The CEO implements the strategy approved by the Board of Directors and, in this context, is responsible for the proper functioning of the internal control and risk management system, which is progressively implemented in line with the objectives set by the Board of Directors. Over the short-term, the CEO ensures operational performance, monitors the attainment of objectives and prescribes any necessary corrective actions, verifying implementation within the framework of the action plans. Over the longer term, the CEO also plays a key role in guiding the Group's strategy.

Executive Committee

The Executive Committee meets every two weeks in order to monitor key events in the Group's operation. Thanks to the Group's new IT tools, it can also be convened without delay if subjects require it. It also constitutes an entity for analysis, reflection and exchange on cross-departmental subjects with a view to establishing action plans for deployment at divisional level.

The Executive Committee also meets four or five times a year over several days for in-depth discussions on the implementation of the Group's strategy.

Administration and Finance Division

The Administration and Finance Division, which includes regional financial managers and controllers by business, accounting services, treasury management, consolidation & reporting, and internal control, is notably responsible for producing financial and accounting information and for guaranteeing the reliability, accuracy and faithfulness of the said information. In order to take account of legal, tax and financial developments or developments in the context of specific operations, the Administration and Finance Division uses the services of external consulting firms.

The Administration and Finance Division is also responsible for the production of reports shared periodically with the Executive Committee and the Board of Directors and forming the basis of the analysis and ongoing monitoring of activities.

Finally, the Administration and Finance Division plays a decisive role in the implementation of the various procedures linked to its work via the internal control department. Created during 2016, this department's purpose is to strengthen the Group's control activities and to ensure the proper monitoring of actions taken.

Other functional divisions

The other functional divisions are all involved in the implementation of the internal control system. As a result of their day-to-day activities, the following divisions are most closely involved in the internal control process:

- The Operations & Maintenance Division and the Construction Division:
 - by ensuring on a daily basis that the value of the Group's assets is preserved and that people and property remain safe. These two divisions also periodically verify the environmental compliance of operations and the implementation of compliance action plans;
- The Legal Division:
 - by providing support for the operational activities of Energy Sales and Services in the management of contracts and other legal matters, notably in disputes of any nature,
 - by managing, in coordination with the Finance and Financing Division, the general secretarial activities of the legal entities and by providing it support for corporate projects (mergers and acquisitions, opening/closing of legal entities),
 - by ensuring the implementation and monitoring of Group corporate governance (delegations, powers, etc.);
- The Human Resources Division:
 - by defining the HR strategy, in terms of recruitment, training, career management, compensation, etc. in accordance with the strategy defined for the Group as a whole, while complying with legal, regulatory and statutory provisions;
- The IT Division:
 - by ensuring that the Group's information systems provide a level of security that guarantees the integrity, confidentiality and preservation of data, including access to the said data;
- The General Secretariat ensures that the company complies with the regulatory obligations of a listed company and builds regulatory communication.

Risk management system

The Group is exposed to a number of risks during the exercise of its day-to-day activities. The main risk factors facing the Group are described in Section 2.1 of the Registration Document.

The Group attaches fundamental importance to the identification and to the fullest possible appreciation of the various categories of risk to which it is exposed. This understanding enables it to determine the human, technical, legal and financial measures required to address them and prevent occurrence.

In 2014, the Group initiated a formal risk mapping process providing it with a standardised framework for identifying the risks it encounters.

The methodology used is as follows: after defining the Group's medium- and long-term objectives, the mapping

- Identifies and assesses the gross risks⁶ which could threaten the objectives;
- Defines a strategy to manage these risks;
- Assesses the efficacy and efficiency of this management through a criticality criterion;
- Determines the residual risk, after the management actions.

The gross risk, criticality and residual risk criteria are assessed on a scale of 1 (little impact) to 5 (major impact). As at 31 December 2018, the implementation of different processes and control elements enabled all risks with a criticality criteria higher than 4 to be eliminated.

Each risk is therefore assessed in a matrix format through the combination of its financial impact and the probability of its occurrence, thus permitting an assessment of the gross risk, without taking into account the action plans or existing components of control:

- strategic risk: this category encompasses risks such as reputation risk, risk associated with changes in regulations or even exposure to climate risks. It also includes the risks associated with the creation of long-term policies to ensure the sustainability of the business and the organisation;
- financial risks: this classification includes risks that are inherent in cash flows and external financing activities under the control of the Group. It also includes the currency risk, the variable interest rate risk and the fluctuations in electricity prices on open markets;
- operational risks: these are the risks directly related to the implementation of Valtalia's activities identified as being the most significant.

Based on the work of the Audit Committee, the Board of Directors annually reviews the risk mapping to ensure that changes in the Group are taken into consideration and that the action plans implemented are effective.

The risk factors described in Section 2.2 of the Registration Document take into account the risk mapping updated by the Board of Directors in December 2018.

Control Activities and Procedures

Procedures related to managing activities

Standardised information collection and processing notably underpins the preparation of the reports that enable the parties concerned to monitor developments in the Group's operational and financial performance on a month-by-month basis and to develop, implement and adapt any necessary action plans, where applicable, after consulting the Executive Committee steered by the CEO.

The Group has implemented a standardised reporting approach applicable to:

- in technical matters and those related to development, construction and operations (monthly production reports, operations monitoring, reports on construction activities, monitoring of the projects in development portfolio), a health and safety report;
- in legal matters, the establishment of delegations of authority and signatures, monitoring of litigation and the related provisions, the creation of new legal entities, etc.;
- in financial matters, covering procedures related to the production of financial and accounting information (see below) and also to monitor budget expenditure and the Group's commitments, debt and cash, as well as medium-term strategic planning that takes place in connection with the budget process. The Group is currently improving its information reporting procedures.

Within the Administration and Finance Division, the financial managers of the various countries prepare the Group's annual budget and financing plan once a year, on the basis of the information reported by the operating entities and by each Division within the framework of a standardised process.

⁶ A gross risk is evaluated by combining the highest of its impacts (financial, legal, HSE) and its probability of occurrence

The medium-term plan (business plan), the annual budget and the cash flow plan are prepared by the Administration and Finance Division and the Financial Engineering Division. These documents include strategic guidelines proposed by management and are presented and discussed in the Executive Committee. The Board of Directors validates the medium-term plan and the annual budget.

The reporting enables analysis to be performed regularly of the variances between actual and budget by country and by business (in operation, under construction or under development).

Procedures related to projects and to the definition, implementation and monitoring of investments

Since 2011, the Company has been engaged in a process of continuous improvement of its procedures covering investment-related decision-making, implementation and monitoring, so as to make the actions and resources required at each project stage (development, construction or disposal, operation) more effective. This methodology includes milestone meetings as projects progress from one stage to the next. Investment decisions are made only after a standard decision-making cycle interspersed with meetings of the Executive Committee and, ultimately, the Board of Directors. With respect to projects, a project risk control system helps to anticipate any potential impact from the various risks on the forecast internal rate of return and to mitigate these risks where possible to ensure that it continues to meet the objectives set by the Board of Directors.

Procedures related to the preparation of accounting and financial information

Organisation of the Administration and Finance Division

The Administration and Finance Division is responsible, under the responsibility of General Management, for monitoring the accounting and financial processes resulting in the production of financial information. These processes involve the Accounting Division, the Management Control Division, the Consolidation & Reporting Division, as well as the implementation of financial and treasury-specific approaches (monitoring of financial debt, interest rate hedging, cash flow management). The consolidation process is carried out internally with the support of a specialised firm. Both locally and centrally, the Consolidation and Reporting Divisions implement key controls at each stage of preparation of the financial statements.

Accounting standards

The Group uses the same accounting practices for both general accounting of Group operations (general accounting plan) and for analysis (analytical accounting by business segment).

Management Tools

The reports prepared by the Administration and Finance and the Operations & Maintenance Divisions are the main tools used to manage the Group's activities, in terms of both operational performance of the production units, and financial performance. They are the result of the monthly data collection and consolidation process performed in a standardised manner.

The reporting of the Administration and Finance Division is closely related to the production of monthly accounting statements at parent company and consolidated level; these processes contribute to the preparation of financial information. The Group's operational data is entered by the teams in charge of accounting at local level, under the control of the various countries' Financial Managers. The accounts data provisioning process is computerised and shared on a single and specifically regulated platform (restricted access).

The Group produces a consolidated quarterly report for the principal legal entities included in the scope of consolidation (holding companies, companies involved in projects under construction and operating companies). Under the responsibility of the Administration and Finance Division, extraction of the quarterly balances of the main companies in the consolidated scope is used to produce the monthly reporting, which is subject to consistency checks carried out by the Consolidation & Reporting Division.

Checks are applied at several stages of the process in order to ensure that:

- intercompany transactions are correctly eliminated;
- the main consolidation adjustments are consistent;
- the consolidated data is consistent with the budget approved by the Board of Directors;
- consolidated cash balances are verified via bank reconciliations.

The annual company and consolidated financial statements and interim consolidated financial statements are audited (in the case of the former) or revised (in the case of the latter) by a panel of Statutory Auditors and are produced via the same process in accordance with a detailed timetable controlled by the Administration and Finance Division.

Audit Committee

This Committee notably reviews the Company's individual and consolidated financial statements prepared on an annual and semi-annual basis prior to their approval by the Board of Directors, while ensuring the effectiveness of the financial data preparation process. It reviews the risk map annually, depending on the changes in the Group and analyses the actions taken on the risks identified.

Pursuant to European Directive 2014/56/EU on audit reform, the Audit Committee regulation was updated and validated during the ordinary meeting of the Board of Directors held on 31 March 2017. For more information on the Audit Committee, see Section 4.2 4.2the Registration Document.

Role of the Statutory Auditors

The financial and accounting information from subsidiaries included within the scope of consolidation used in the preparation of the consolidated financial statements is subject to a limited review at half-year closing and to an audit at year-end closing by a panel of two independent Statutory Auditors. Within the framework of these procedures, the Finance and Administration Director and the legal representatives of all Group entities provide the Statutory Auditors with a formal undertaking regarding the regularity, accuracy and faithfulness of the financial and accounting information for which they are responsible. Audit assignments are conducted locally by a Statutory Auditor who may or may not be a member of the Company's auditor panel. The financial statements of the subsidiaries are audited annually and then certified by the Statutory Auditors concerned.

2.1.2 Insurance

The Group establishes insurance policies in each of the countries where it operates. At the Group level, the latter has insured the civil liability of the corporate officers of the Group and of its subsidiaries. For each of the companies it comprises, the Group has taken out civil liability insurance and more specific policies depending on the business of the company concerned (primarily: insurance of the premises, damaged property and operating losses insurance, car insurance, company travel insurance, etc.).

For companies involved in power plant projects, the Group identifies the specific risks associated with the technology (wind farm, photovoltaic power plant, biomass power plant, or other), and the local conditions (regions with difficult climate conditions) or countries of installation (special regulatory context).

For the construction business, the company that owns the project subscribes to a comprehensive work-site insurance policy or is covered by such a policy subscribed to by the builder. This policy covers material damage during the construction period of the power plant up to handover. Where banks finance construction by way of project financing, a component specific to operating losses is often included in the policy. This component is usually requested by financial institutions involved in the project; it notably covers operating losses that could be incurred in the event of delays in completion of plant construction due to the occurrence of an accident.

The company that owns the project also subscribes a Civil Liability policy for property owners, when it is not covered by the Group policy.

As soon as the power plant is commissioned, the company owning the project takes out a general liability policy if it is not covered by the Group policy. It also takes out a policy that typically covers machinery

breakdowns, fire and related risks, natural disasters and, in most cases, operating losses. The Group generally also holds contractual guarantees provided by the manufacturers of components and technical equipment of its electricity power plants, covering damage that occurs in the event of the malfunction of such components and equipment (during the warranty period).

However, the Group cannot guarantee that these policies are or will be sufficient to cover the losses that would result from an accident. The financial position and the results of the Group could be substantially impacted if it suffered a serious accident that is not insured, insufficiently insured, subject to a high deductible or exceeding the guarantee ceilings instituted or if there were to be a delay in the payment of the insurance compensation.

2.2 Risk Factors

Investors are invited to take into consideration all the information included in the Registration Document, including the risk factors described in the present section before deciding to acquire or subscribe to the Company's shares. The Company has conducted a review of the risks that could have a material adverse effect on its activities, financial position or results and considers that there are no significant risks other than those presented.

The first risk factor in each section below is, according to the Company's assessment at the date of the Registration Document, the most significant risk factor for that section. Nevertheless, new circumstances might arise, whether internal to the Group, or external, which could change this hierarchy in the future.

2.2.1 Risks related to the Group's environment

Risks related to changes in electricity sales prices

Description

The electricity produced by the power stations owned by the Group is generally sold via long-term contracts (usually 15 to 20 years), in which the price is fixed or indexed to inflation for the entire contract period. The signature of these contracts therefore enables therefore a good visibility on revenues. These fixed or indexed prices over the long term are the result either of a decision by the regulatory authorities in the form of tariffs or of calls for tender issued by the same authorities or by purchasers of electricity.

Accordingly, the Group enjoys a solid contractual and tariff framework established for the long-term in most of the countries where it operates. Nevertheless, it cannot guarantee that long-term rates and market prices in the short and long-term will always remain at a level permitting it to maintain and improve its profit margins and its rates of return on investments.

In particular, it cannot guarantee that:

- contracts and tariffs will not be challenged due to administrative appeals or legislative decisions (in this regard, see the section *Risks related to regulatory changes* of the Registration Document);
- prices applicable to future contracts for projects in development by the Group will not decline;
- electricity sales prices offered by competitors of the Group in calls for tenders will not be lower than those that would allow the Group to cover its expected costs while generating sufficient profitability (in this regard, see the section *Risks related to the competitiveness of renewable energy* section of the Registration Document);
- tariff conditions in the open market will remain advantageous outside of long-term sales contracts, particularly for excess production;
- tariffs will not be revised if production volumes fall below the contractual level (in this regard, see the section *Risks related to the electricity sales business* section of the Registration Document).

This could have a material adverse effect on the development of new projects and on the activities, financial position or results of the Group as well as on its growth and ability to achieve its objectives.

Risk management

The Group is strategically positioned in countries where subsidy mechanisms are weak or non-existent and electricity from renewable sources is already the least expensive, which limits the downward pressure on prices. It actively monitors tariff developments in the countries where it is present and where it could set up in the future.

Risks related to regulatory changes

Description

The Group operates in a highly regulated environment. The Group must therefore ensure that each of its sites (wind farm, hydropower plant, solar power plant or biomass plant) that it develops, constructs and/or operates, on its own behalf or on behalf of customers, must comply with numerous laws and regulations, which differ depending on the country of operation.

In particular, the Group is subject to strict international, national and local regulations concerning the construction of power plants (land acquisition, obtaining construction permits and other authorisations) and their operation, particularly as regards protection of the environment (landscape regulations, noise regulations, biodiversity regulations, etc.). Some provisions, such as the ICPE regulations in France, also involve the decommissioning of installations and turbines at the end of a contract.

If the Group were unable to ensure that its production sites comply with the applicable provisions, including provisions regarding health, safety and the environment, it could face the loss of operating authorisations (licenses, permits, etc.) or the authorisation to connect to the local transmission and distribution networks, or it could be subject to fines.

A stronger regulatory framework or its implementation could lead to new conditions for carrying out the Group's activities, which may increase its capital expenditure (for example, in relation to the adaptation of its power plants), or operating charges (including through the establishment of procedures or additional controls and monitoring), or act as a brake on the Group's development.

More generally, the Group cannot guarantee that rapid and/or significant amendments to the regulations currently in effect will not take place in the future, whether at the initiative of the competent authorities or following legal proceedings initiated by a third party with the intent of invalidating the regulations in effect.

Risk management

The Group conducts rigorous and continuous regulatory monitoring according to countries, regions and technologies in order to comply with local regulations or to protect itself from any legal changes that may affect the construction or operation of its plants.

In addition, the Group earns a margin on the income from sales of equipment or services to better guard against possible regulatory changes. For example, with respect to the decommissioning of plants in relation to known items and work performed by the Group, it is estimated that the cost of the remediation and decommissioning of the sites currently being operated could be covered by the income from the sale of the equipment. However, as it adopts a prudent approach, the Group includes an additional cost in its project profitability calculations.

Risks related to the competitiveness of renewable energy

Description

Demand for electricity from renewable energy sources depends on factors such as the cost of the electricity produced from this type of energy compared to electricity generated from other energy sources (nuclear, oil, coal, gas and other fossil fuels, etc.). The cost of electricity produced from renewable energy sources, especially wind and solar photovoltaic power, primarily varies in line with the

cost of construction (including the price of turbines and solar panels), financing and maintenance of the production site concerned as well as weather conditions.

The Group cannot guarantee that it will always be able to produce electricity at a competitive cost, particularly in view of the effects, combined or not, of a price increase of turbines or solar panels, the implementation of technological advances involving other energy sources, or the discovery of new large deposits of oil, gas or coal leading to a drop in the production costs of energy based on these resources.

Risk management

The Group is aware that the cost of electricity from renewable sources is not only competitive but also steadily decreasing, which is not the case for other sources of energy. Comments on falling costs are available in section 1.4.3 - Increased competitiveness of renewable energy.

Risks related to the sustainability of policies supporting renewable energy

Description

In certain countries, the development of renewable energies depends on national and international policies in support of these energy sources.

This is the case in some countries where Voltalia operates such as France or Greece.

These countries have maintained general policies that actively support renewable energies for several years, particularly through purchasing requirements or mandatory renewable energy quotas imposed on long-established producers and/or distributors, favourable electricity purchasing tariffs, privileged access to the electrical grid and tax incentives. These policies have followed different paths over the last few years depending on the country or the sector involved.

The Group cannot guarantee that these general policies of support will continue or that arrangements will not be reduced in the future. In a context of lower profitability of projects under development, the Group could be restrained or even forced to abandon these projects, or may have to continue them due to contractual obligations.

Risk management

The Group is pursuing a strategy aimed at establishing itself primarily in markets where renewable energy is competitive and is not, or only slightly, dependent on policies of support. At 31 December 2018, Voltalia estimates that over 85% of its installed capacity produces electricity at a competitive price.

Risk related to competition

Description

The Group faces significant competition which could intensify in the future. Some of the Group's competitors (particularly large utilities), have much greater financial, technical and human resources than the Group.

In the renewable energy sales business, competition is mainly encountered in the following areas:

- access to available installation sites that can be connected to the electricity grid;
- prices offered by competitors when access to the electricity market is via tender;
- access to high-performance and low-cost equipment and services from manufacturers and contractors.

In the services business, and particularly in the operation-maintenance business, there is also pressure on the prices of certain services due to the relative weakness of barriers to entry.

No assurance can be given as to whether the Group will be able to surmount this current or future competition.

Risk management

The Group is making significant efforts to maintain its competitiveness and develop its installed capacity. Valtalia's presence in the pre-development phases of project development in particular enables the Group to position itself to gain access to the best sites. Furthermore, the Group's presence throughout the entire value chain facilitates the proper management of its costs and the Group's strong competitiveness in calls for tenders. In terms of operation-maintenance, the Group is developing a differentiated offering and is investing in high-end operation-maintenance IT tools.

Country risks

Description

The Group operates in 18 countries around the world.

This diversity exposes the Group to risks related to the macroeconomic and political conditions in each of these countries. These could pose significant risks to the feasibility of the projects.

The growth level in the countries of operation could have a particular impact on electricity demand and accordingly on the Group's business. The same applies to other more or less interdependent macroeconomic elements such as inflation, access to and/or terms and conditions of, credit, and foreign exchange rates (see note 14 to the consolidated financial statements for the financial year ended 31 December 2018).

The Group has significant exposure to the situation in Brazil, inasmuch as around 80% of its energy sales revenues in 2018 came from this country. The Brazilian economy, like that of many emerging countries, is experiencing substantial fluctuations that are likely to have a significant impact on the Group's business.

Risk management

The Group is increasing its vigilance regarding political risks as well as the macroeconomic stability of the countries where it operates and emphasises these aspects in any potential new countries. Clauses for the indexation of electricity sales contracts to inflation are negotiated in the vast majority of contracts. The current diversification of the countries in which the Group operates will lead to a reduction of the potential dependence it would have on a given country.

Risks related to fluctuations in weather conditions

Description

The Group's business activity is the production of electricity mainly from four renewable energy sources (wind power, solar power, hydropower and biomass power) and storage capacity. Except for biomass and storage, the production of which is ensured at all times except during periods of non-availability (for upkeep, maintenance, etc.), wind, solar and hydropower depend on weather conditions that require forecasting.

The Group may face, particularly due to the physical effects of climate change, a sustained decline in wind conditions over all or part of the installation sites of the Group's wind farms, unfavourable water availability conditions at its hydropower plants or luminosity conditions at its photovoltaic power plants, or the occurrence of natural disasters resulting from exceptional climatic conditions. The occurrence of one or several of these events could result in a reduction in the volume of electricity produced by the Group and, from a broader perspective, may have a negative impact on revenues.

Risk management

The budgets used for investment decisions are based on the assessment of the very long-term potential (20 years) of the selected sites and take into account average production values based on historical weather data for as long as possible or economically relevant, obtained on site, on nearby meteorological stations and/or via satellites.

2.2.2 Non-financial risks

As part of the annual update of the risk factors and following the changes in the French regulatory framework⁷, in 2018, Voltalia identified the main non-financial risks to which the Group is exposed.

The management policies for these main non-financial risks and their results are described in Chapter 3 of the Registration Document.

Reputational risk and risk of non-acceptance of projects

Description

Non-acceptance of projects is likely to have multiple impacts throughout the value chain. In the development phase, for example, this would prevent the Group from securing the land needed for plant construction and/or could delay the issuance of permits due to administrative appeals and thereby delay the entire project. In the construction and operational phases, the non-acceptance of a project could lead to sabotage actions or administrative court proceedings affecting the project concerned (questioning of permits, etc.). The non-acceptance of Voltalia projects by associated stakeholders could have a significant impact on the Group, its performance and its ability to achieve its objectives.

Risk management

In order to reduce its exposure to the risk of non-acceptance of projects, Voltalia ensures a regular and transparent dialogue with its stakeholders from the beginning of the development phase of its projects.

Risks related to Human Resources

Description

The rapid growth and diversification of Voltalia's activities require many skills to support this development, and it is up to Voltalia to unite employees around its business plan. The Group's inability to keep the best employees and retain its teams would result in a loss of skills and expertise that could damage its performance.

Risk management

To reduce its exposure to this risk, Voltalia's HR teams have developed training and talent development programmes, have implemented training programs for team management and are also monitoring the attrition rate of permanent staff.

Risk of breach of business ethics

Description

By diversifying its international footprint, Voltalia is exposed to a number of legal risks, including non-compliance with local laws and the risk of corruption in a growing number of countries, particularly in emerging markets.

Risk management

In order to avoid any action likely to be outside the Group's culture of integrity, which is also expected by its stakeholders, and in compliance with French legislative developments, in 2018 the Group adopted a compliance programme aimed at preventing behaviour that, within the Group or at its partners, whether voluntarily or involuntarily, could incur liability, damage its reputation, and jeopardize its activities. Voltalia's dedicated plan and ambitious targets for business ethics training help reduce its exposure to this risk.

⁷ Law no. 2016-1691 of 9 December 2016 relating to transparency, the fight against corruption and the modernisation of economic life, and law no. 2017-399 of 27 March 2017 relating to the duty of vigilance of parent companies and controlling companies.

Health and safety risk

Description

The construction and the operation and maintenance of electricity generation infrastructure exposes Valtalia, particularly in relation to health and safety risks. Events may jeopardise the safety and/or health of Valtalia's or its service providers' employees in all the sites where it operates and in particular in countries or areas at risk. Any accident occurring at a Valtalia site, whether on a construction site or in an office, could result in delays in the execution of projects and/or additional costs, thus adversely affecting the performance of the company and the attainment of its objectives.

Risk management

The actions carried out by the Group Health and Safety team make it possible to reduce Valtalia's exposure to these risks.

Risks related to climate change and the environment

Description

Climate change is both a risk and an opportunity for Valtalia's business. The Group's activities are likely to be significantly affected by the possible physical effects of climate change. These effects are generally unpredictable and could have an adverse effect on the Group's financial performance, operating results, cash flows or installations. The Group is continuing its geographical diversification strategy but remains very dependent on its electricity production from wind power in Brazil. A weather event in this region could have an adverse effect on the Group's financial performance.

Environmental risks refer to the degradation, either one-time or long-term, of the natural habitats where Valtalia's activities are based. They may include resource depletion in terms of the raw materials necessary to carry out the Group's activities (water, inert materials, fuels, etc.), the degradation of the quality of materials, or pollution. The main causes identified for the occurrence of these risks are the emission of greenhouse gases into the atmosphere, the emission of toxic and/or dangerous substances, the generation and mismanagement of waste, or the overexploitation of some resources. Proper management of these risks is essential in order to prevent any risk of a break in the value chains but also any reputational risk likely to harm the company, its performance and its ability to achieve its objectives.

Risk management

The management policies for these main non-financial risks and their results are described in Chapter 3 of the Registration Document.

2.2.3 Risks related to the business and to transactions

Client risks

Description

Within the framework of their electricity production activities, the Company's subsidiaries generally sell the electricity they produce to major incumbent producers and/or distributors or to public authorities.

These customers may represent a significant portion of revenues. Thus, in Brazil, 9% of revenue from electricity sales in 2018 was generated with the CCEE, which is the clearing house for energy purchases and sales for the national market regulator, the ANEEL.

In addition to the risk of termination in the event of the non-fulfilment of contractual obligations by the Group (*see in this regard the section Risks related to changes in electricity sales prices* of the Registration Document), the loss (especially in the event of termination of a contract) and/or the insolvency of one of these clients could affect the Group's ability to develop, build, maintain and operate its facilities in a cost-effective and timely manner.

Indeed, although most of its clients are well-established incumbent producers and distributors, no guarantee can be given that the Group's clients will comply with their contractual obligations or that they will not be the subject of recovery or liquidation proceedings.

With respect to Services activities such as construction, operation-maintenance, and distribution and the supply of equipment, the Group is hired by various kinds of customers, which represents, in certain cases, a risk of non-recovery or unforeseen contract terminations.

Risk management

In its electricity sales and services activities, the Group opts for a strategy of diversification of its counterparties, in such a way to reduce the individual impact of each customer and to ensure none, taken individually, represents a significant portion of revenues. In the event of a failure of a historical distributor in Brazil or in any other country where it produces electricity at a competitive price, the Group always has the option of selling its production to other counterparties on the open market.

In Services activities, no individual customer represents a significant portion of revenues and the Group does not consider itself to be dependent on any one of them. However, the Group favours back-to-back contracts, or requires payment guarantees for the most important contracts.

Supplier risks

Description

The Group uses various suppliers for the construction and maintenance of its electricity power plants. This requires the delivery and assembly of a large amount of technical equipment such as solar panels, turbines and masts for wind farms, which only a limited number of suppliers can deliver to the Group. This equipment may represent a significant portion of the investment required for the construction of a power plant.

For wind power, as turbines account for the majority of investments, it is important that long-term supply contracts are secured with partners. Certain contracts entered into by the Group contain clauses providing for termination should contractual obligations not be fulfilled. Termination of a contract to supply turbines would affect the group and its operational and financial performance.

For solar power plants, securing the conditions for the purchase of panels as well as for all the equipment necessary for the construction of solar power plants is also required to ensure the competitiveness of the Group.

Moreover, in the particular case of thermal power plants (biomass and diesel power plants), no assurance can be given for the continued and sufficient availability of raw material supplies (wood and other organic products and diesel, respectively).

Any price increase (particularly turbines, solar panels or other essential equipment), or delay by the Group's main suppliers to meet their commitments or any failure to meet their obligations (including operational guarantees and obligations related to operation/maintenance activities), or any situation where it is not possible to order the components and equipment required for the construction or maintenance of power plants or the non-compliance of such components and equipment with Group requirements, could affect the schedule and economic profitability of its projects and therefore have a material adverse impact on the growth of the Group's installed capacity or the profitability of projects already launched and therefore on its activity, financial position or results or on its ability to achieve its objectives.

Voltalia therefore cannot guarantee the availability of equipment, or that the suppliers will not encounter future difficulties in meeting the Group's demand or will not give preferential treatment to other market players, including direct Group competitors.

Risk management

As at the date of the Registration Document, the Group has never been confronted with a shortage of suppliers, the supply comfortably covering demand. For each project, Voltalia organises calls for tenders involving most of the leading suppliers and reviews the offers received from them with the utmost

attention using qualitative and quantitative criteria. To secure the supply of solar panels, the Group may also sign framework agreements, as in 2018 with the Chinese manufacturer Suntech.

Risks relating to partnerships

Description

For some of its power plants in operation, the Group operates in association with financial or local partners. For example, shareholders' pacts were signed for Voltalia Guyane (with the CDC) and for the La Faye plant in Metropolitan France, as well as in Brazil for the Vamcruz and Sao Miguel do Gostoso plants. In addition, the Group forms other partnerships as part of its international development.

Where such partnerships are implemented through the creation of joint entities, the Group does not always exercise control, either economically or legally. The Group is also dependent on the financial capacity of the parties to supply their share of the equity financing if the subsidiary carries out a capital increase. The occurrence of any disagreement with these partners or the inability of said partners to fulfil all or part of their obligations could have a material adverse impact on the Group's activity, financial position and results.

Risk management

The Group's general policy in terms of partnerships is to maintain control of the entities concerned. In addition, the partners are selected on the basis of objective criteria, such as alignment with Voltalia's values, competitiveness and performance.

Each alliance for development, the sale of electricity, or services, is preceded by a full legal and financial due diligence of the partner, thus reducing the risk associated with it.

Risks related to project development

Description

The development business incorporates some uncertainty as to the viability of the projects developed, whether developed for the Group or on behalf of a client. Revenues from this business are non-recurring and may be subject to a certain amount of volatility in revenues.

Indeed, the time needed to develop a power plant project is between two and eight years, to carry out the initial prospecting, impact studies, interactions with the various public authorities and industrial commissioning of the power plants. The Group may incur significant expenses with respect to these elements prior to the commencement of construction and/or the industrial commissioning of the plants. For accounting purposes, these expenses are recognised under intangible assets and are submitted to an impairment test at least once a year. (see Note 11 to the consolidated financial statements for the financial year ended 31 December 2018).

The success of the development phase relies on meeting a number of conditions. If the latter are not met, the viability of the project and therefore its capacity to generate future revenues are threatened. Among these critical conditions are:

- visibility on land access: the Group cannot guarantee that the constraints on installation will not be strengthened and/or it will be able to find available sites needed to develop its electricity power plants;
- connection capacity: the Group cannot guarantee that it will always be possible to implement connection solutions;
- visibility on obtaining operating authorisations and planning permits: the Group cannot guarantee that planning permits and operating authorisations will be obtained for the sites that are currently under development;
- project profitability: profitability being assured by a long-term commitment, the Group cannot guarantee that development work will actually result in a long-term purchase contract.

The Group develops certain projects with the intent of selling them. It cannot guarantee that these developed projects will be sold under satisfactory terms and conditions.

Risk management

In order to limit the risks associated with development activities, the Group regularly assesses the probability of project completion, and those that no longer meet the activation criteria or that are abandoned are subject to full impairment.

In addition, the Group uses a project management process that allows it to avoid committing to significant investments that are not transparent and to halt any project during the upstream phase of the development that no longer fully meets the profitability or risk criteria considered by the Group to be acceptable.

Risks related to the electricity sales business

Description

73% of the Group's 2018 revenues were generated by electricity sales.

In addition to risks related to the non-renewal or the retention of the authorisations required for operations (in this regard, see the section *Risks related to regulatory changes* in the Registration Document) or changes in electricity prices (in this regard, see the section *Risks related to changes in electricity sales prices* in the Registration Document), other risks exist due to certain contractual clauses concerning production volumes.

At times, the Group makes commitments regarding the delivery of a certain volume of electricity and may therefore have to offset insufficient production with electricity purchased on the open market, without any guarantee that these purchases will take place under satisfactory terms and conditions. Moreover, contractual clauses may stipulate penalties or the termination of the contract with or without the payment of indemnities.

Although the Group deploys all its resources to meet its best effort undertakings, it cannot guarantee that it will comply with the obligations incumbent upon it in all cases and that consequently the contracts in question will not be terminated.

Risk management

The risk related to non-compliance with undertakings due to the failure of equipment is transferred to the equipment suppliers. Furthermore, the creation of budgets makes it possible, to some extent, to mitigate the impact of penalties arising due to weather fluctuations (in this regard, see the section *Risks related to fluctuations in weather conditions* in the Registration Document).

Risks related to the construction business

Description

The construction of projects built by the Group covers an average period of 12 to 24 months and is conditional upon obtaining operating authorisations and planning permits. Construction projects may be subject to more or less significant delays and expose the Group to some volatility in revenues.

Regulatory risks in the context of construction activities

The construction business primarily exposes the Group to regulatory risks (see the section *Risks related to regulatory changes* in the Registration Document).

The Company cannot guarantee that the planning permits and operating authorisations will be obtained, renewed or maintained for the sites under construction, or that the project in question will not be subject to any claims that may delay or even block construction.

The Group cannot guarantee that the construction and commissioning phase will take place as initially foreseen

In addition, during the construction and commissioning phase of power plants, particularly taking into account uncertainties regarding the geology of the land, the weather during the construction phase, the isolation of some sites and the complexity of the equipment and the items used, the Group may be faced with various constraints such as, for example, delays and construction cost overruns, difficulties connecting to the power grid (obtaining sufficient power grid connections within the planned deadlines and costs, congestion, incidents or even operation interruptions, non-compliance with contractual obligations from transport or distribution suppliers or termination of the corresponding contracts by the power grid managers, etc.), construction defects, delivery failures on the part of suppliers, a lengthy configuration phase requiring technical adjustments, contractor difficulties operating the equipment, or legal action instigated by third parties.

The Group could be confronted with possible malfunctions during the operating phase

In addition, any malfunctioning of the plants constructed by the Group could entail additional costs in order to review the design and operation of these plants and reduce or even monopolise the technical and financial resources necessary for the development of other Group projects. Moreover, the Group could see its contractual, or even criminal, liability invoked for damage sustained by its clients as a result of manufacturing or operating defects, even if - in the case of equipment - product liability could be transferred to the manufacturers.

In addition, such events could adversely affect the Group's commercial reputation, leading in particular to loss of its customer base.

These events can be the source of significant delays in the construction and commissioning of power plants; they may also generate construction and operating costs overruns, the non-recovery of guarantees, operating losses and, if they were to extend over time, the loss of some electricity sales contracts.

The guarantees granted by the Group to its clients could be implemented

Lastly, for each project, the Group may provide financial guarantees to its clients that may be exercised if the relevant power plant is not commissioned before a specified deadline. When it builds on behalf of a third party client, the Group is also exposed to the payment of penalties to the client in the event of non-compliance with deadlines and budgets. These amounts are guaranteed to the customer in the signed service contract and their payment could have a negative impact on the Group's financial situation.

Risk management

At the date of the Registration Document, plants under construction do not show any significant delay likely to trigger penalties or have a material impact on the Group's financial position.

Furthermore, the Group's policy is to insure itself, to the extent possible, against extra-contractual risks during the construction phase of power plants. The level of insurance is negotiated on a case by case basis according to the specific characteristics of each project.

Risks related to the operation-maintenance business

Description

Voltalia's operation-maintenance business represented 10% of revenues in 2018.

This activity is carried out with a multitude of customers, some of whom have fewer financial resources than traditional electricity sales customers (large producers and/or historical electricity distributors or public authorities), and thus exposes the Group to greater risks in relation to counterparties, including the risk of non-recovery of guarantees, of non-payment or of non-compliance by certain customers with their commitments (in this regard, see the section *Client risks* in the Registration Document).

Risk management

The three largest customers of the operation-maintenance business account for less than 3% of Voltalia's revenues. In addition, customers sign multi-year contracts, limiting the volatility of revenues generated by the operation-maintenance business compared to other service activities.

Risks related to the effect of acquisitions or investments

Description

In recent years, the Group has acquired, and may do so again in the future, power plant projects, project companies or businesses.

Such transactions imply a certain number of risks relating to the integration of the acquired activities or personnel, to maintaining uniform standards, controls, procedures and policies, to the loss of clients, to the emergence of unanticipated liabilities or costs, to the impossibility of achieving the expected synergies, or to the regulations applicable to such transactions.

In addition, these acquisitions could encumber the Group with significant costs. The Group may also have to finance all or a portion of such acquisitions by contracting loans or by issuing equity securities, which may expose it to financial risks or to certain restrictions, or may have a dilutive impact for its shareholders.

Risk management

For this purpose, the Group pays particular attention to the asset and liability guarantees and thus negotiates the most favourable guarantees as part of its acquisitions.

Risks related to the preparation of the financial information

Description

The Group prepares the consolidated financial information based on the statutory financial statements of each of its subsidiaries. Due to the growth of the Group and of the number of its subsidiaries, the preparation of financial information is becoming increasingly complex. In addition, the Group cannot guarantee the absence of errors, involuntary or otherwise, in the financial information it provides to its shareholders and the market.

Risk management

In order to carry out its work, the Group installed *HFM* consolidation software coupled with a *PBCS* reporting software package and started work to change its ERP in Europe.

The Group has also strengthened its financial teams and its procedures for accurate and reliable financial reporting within regulatory deadlines.

The Group remains vigilant as to the soundness of the financial reporting process and the information system implemented.

2.2.4 Risks related to litigation involving the Group

Description

Group subsidiaries are liable to become involved in a certain number of judicial, administrative or arbitration proceedings in the ordinary course of their business (in this regard, see *section 2.3 Legal and arbitral proceedings* in the Registration Document).

By way of example, planning permission issued to the Group for wind farms in France is regularly contested in the courts. Such litigation may result in cancellation of the licence and, in some cases, in the decommissioning of the facilities, although no such sanction has actually ever been imposed on the Group.

Similarly, because of its power plant development activity, the Group may be party to proceedings involving the manufacturers of technical components for the plants.

Moreover, delayed identification or poor monitoring of disputes can lead to additional costs and have an impact on the Group's profitability. These risks may also lead to a failure to comply with deadlines to which the Group has committed.

Risk management

The Group has set up regular monitoring, under the control of the legal department, of all ongoing litigation and pre-litigation, in order to prevent difficulties as soon as possible.

2.2.5 Financial risks

Risk related to access to financing

Description

The Group's growth model consists of developing power plant projects for electricity production, which are financed by successive capital increases, by project financing (bridge loans and long-term debt) and by "corporate" debt and, progressively, by some of the cash flows generated by the power plants in operation and service activities. To successfully complete its projects and to maintain them over the long term, the Group must find the necessary financing.

The Group may have to reinforce its equity once again over the coming years to ensure the share of additional capital for debt financing. Although no particular difficulties are anticipated at this stage, the Group cannot exclude the possibility that the economic environment will make it more difficult to raise financing. In the event of sustained difficulties, the Group could be required to suspend and even to halt its long-term development of future power plants and consider strategic options, including the search for financial or industrial partners for its power plants currently under construction.

Risk management

The Group regularly analyses its need for financing to support its development plan and more specifically analyses the construction sites to be launched in view of the financing.

The Group carried out a specific review of its liquidity risk and considers that it is in a position to meet its future maturities during the next 12 months. The Group thus considers that the debts raised and/or that it expects to raise make it possible to finance the projects underway in Brazil, Egypt and France. These funds, plus the debt raised and that the Group plans to raise, also permit the financing of additional developments: construction of new power plants, launches in new countries, development of the services business.

Risks related to debt and restrictive financing clauses

Description

Virtually all the Group's project financing requires it to comply with certain requirements and commitments such as:

- The limitation on dividend payouts or current account repayments by the operating companies;
- The mandatory early repayment, particularly in the event of non-compliance with the minimum level of coverage of debt servicing by the project company against its revenues, measured by a debt coverage ratio called the "DSCR" (Debt Service Coverage Ratio) or a 'Structure' ratio (debt/debt + equity).

These restrictions could affect the Group's ability to continue its development and limit its ability to react according to market conditions or to seize commercial opportunities that may present themselves.

Non-compliance with these restrictive clauses could result in the Group having to make an early repayment of all or a portion of the loans contracted.

The Group's ability to comply with these restrictive clauses may be affected by events beyond its control (see Section 2.2.2 and mainly *Country risks*, *Risks related to fluctuations in weather conditions*).

Risk management

In 2018, the Group complied with all the commitments made under the terms and conditions of the loans it contracted.

In addition, in order to guarantee the repayment of its loans, the Group has granted a number of pledges on its assets (in this regard, see Note 17 to the consolidated financial statements).

Each of these pledges may be called upon by the beneficiary in the event of a payment default by the Group or the demand for early repayment of the guaranteed loans, notably after a case of default stipulated in the loan contract. The implementation of these pledges may lead to legal proceedings, forced sale or transfer of ownership of the pledged asset to the concerned creditor.

Details on financing are available in Note 14 to the consolidated financial statements.

Interest rate risk

Description

Within the context of its activities, the Group is exposed to interest rate risk mainly through project financing and the financing of its day-to-day operations.

The financing of current activities is done at a variable rate based on monetary indices.

In addition, in the financing of its projects, the Group makes use of significant leverage enabling it to limit its equity contribution, which typically ranges from 20% to 40% of total financing. Project financing implemented by the Group therefore involves significant use of debt at operating company level, this debt being most commonly subject to variable interest rates.

Risk management

In order to protect itself from this risk, the Group has implemented a policy of hedging interest rate risks by encouraging the use of fixed-rate financing or, when rates are variable, of interest-rate swaps to hedge against adverse fluctuations in interest rates. This is the most common scenario in France.

However, the Group cannot guarantee that it will obtain such protection for each of its projects, nor, if it obtains it, that it will be under satisfactory financial conditions. Thus, the Group was unable to obtain such guarantees in Greece at acceptable conditions.

A summary table in Note 14 to the consolidated financial statements presents the exposure to interest rate risk.

The case of Brazil

In Brazil, the long-term rates of the public bank that finances the electricity segment (National Bank for Economic and Social Development) are regulated and can be revised: they are therefore not fixed. Historically, the level of these adjustable Brazilian rates decided by the public authority is correlated with inflation, and therefore with the revenue of the Group's power plants in Brazil. This correlation between the changes in revenue and changes in interest expenses provides a generally effective economic hedge of the interest-rate risk in Brazil, which is not recognised as a hedge. The Group cannot, however, guarantee over the long term that changes in interest rates will continue to be correlated with inflation. Moreover, this long-term historic correlation does not prevent short-term lower Group result, while inflation affects the Group's income until expiry of the Group's long-term sale contracts.

Currency risk

Description

This risk relates to the Group's activities outside the eurozone. In 2018, this risk mainly involved the euro/Brazilian real exchange rate.

The Group is exposed to currency risk (impact on translation reserves in equity) primarily at the level of its Brazilian subsidiaries, which represent 34% of its assets and 49% of its debt. A sharp drop in the Brazilian real would have a significant adverse impact on the Group's consolidated reserves.

The summary table set out in Note 14 to the consolidated financial statements for the financial year ended 31 December 2018 presents the exposure to currency risk.

The Group is also exposed to a currency risk related to purchases made in foreign currencies. This risk results from the purchase of equipment in a currency other than the domestic accounting currency. When the Group considers it necessary to protect itself from a significant change in the foreign exchange rate during the fulfilment of contracts associated with the purchasing of materials, the Group creates hedges in the form of forward currency purchases for periods lasting no longer than the construction period of an installation.

These hedging instruments are described in Note 14 to the consolidated financial statements.

Risk management

For all activities, the Group ensures that revenues, operating expenses, and financial expenses are for the most part expressed in the same currency in order to minimise the currency risk.

For services activities, cash flows generated in each of the currencies are not subjected to any particular type of hedging.

For electricity sales activities mainly exposed to the Brazilian real, net cash flows are dependent on this currency. However, the Group considers that its currency risk is hedged by inflation over the long term (in this regard, see Note 14 of the Registration Document).

Risks related to off-balance sheet commitments

Description

The commitments to suppliers are mainly guarantees of payment granted to suppliers in respect of supply contracts concluded by the Group's subsidiaries.

In addition, commitments to clients consist mainly of guarantees granted by the Group in which the Group acts as joint guarantor for the proper performance of contractual commitments made by the Company or its subsidiaries on contracts relating to studies, design, development, construction, operation and maintenance. These guarantees are generally granted for the duration of the contract in question, with a ceiling amount.

In addition, in the regulatory framework relating to the implementation of financial guarantees for the decommissioning of these wind power assets in France (ICPE regulations), the Group companies affected by this requirement take out surety insurance with a leading insurer.

Lastly, debts contracted by the Group in the framework of project financing are guaranteed as collateral (mortgages, pledge on equipment, pledge of securities and receivables, and reserve accounts) for their repayment. The committed amount represents the outstanding balance on 31 December 2018 of debts for projects that are operating or under construction and are receiving bank financing.

Risk management

Details of off-balance sheet commitments are presented in Note 17 to the consolidated financial statements appearing in Chapter 6 of the Registration Document.

Regular monitoring is conducted by the Group.

2.2.6 Other risks

Risks related to information systems

Description

The Group's business increasingly relies on information systems. The Group sets up surveillance systems at the plants, particularly for its operation-maintenance business, which permit the remote monitoring of the proper operation of the installations. Despite the surveillance of these systems, a malfunction and/or malicious act could alter the service provided to the client and affect the economic performance and/or harm the image of the Group.

Voltalia could be the target of cyber crimes (phishing, ransomware, fraud, virus, etc.) that could result in a temporary inability to access certain data, or even the impossibility to continue certain activities. This could also affect the economic performance and/or harm the image of the Group.

In addition, in its ordinary activities, the Group has to manage data of a personal nature, whether of its customers, subcontractors or its own employees. The regulations concerning this type of data underwent a major change in May 2018 with the entry into force of the General Regulations of the European Union on Data Protection. Several initiatives have been conducted internally to comply with these new regulations, but it cannot be guaranteed they are sufficient, which could ultimately lead to financial penalties and/or harm the image of the Group.

Risk management

In order to strengthen the protection of its data and reduce the risks of non-availability, the Group has chosen to store its data mainly in Cloud architectures. Simultaneously, and in order to reduce the risks associated with on-site servers, geographic replication solutions for backups are in place to limit the risk of data loss.

Risks related to shareholding structure

Description

Voltalia is currently controlled by Creadev, which holds the majority of the Company's shares and voting rights. Consequently, Creadev wields significant influence on the Group's strategic guidelines and is able to obtain the approval of all resolutions submitted to the General Meeting. It cannot be excluded that Creadev could find itself in a position where its own interests are not aligned with those of other shareholders.

Furthermore, as part of its incentive policy for management and employees, the Company has issued and allocated company creator share subscription warrants (BSPCE warrants), free shares and stock options (see Note 13 of the Notes to the consolidated financial statements for the financial year ended 31 December 2018 in Section 6.2 of the Registration Document).

The Company may in future carry out capital increases, particularly in order to finance the Group's activities or as part of an acquisition, or to grant new financial instruments giving access to the capital as part of its incentive policy for its managers and employees. Any complementary allocation or issue would be likely to result in additional dilution for the shareholders of the Company.

Risk management

The presence of three independent directors on the Board of Directors (out of a total of seven directors), including one on the audit committee, makes it possible to guard against the misuse of control over the Company. In addition, as of the date of this Registration Document, the maximum potential dilution resulting from the exercise of all the dilutive instruments would be 0.7%, based on the capital existing at the balance sheet date of the financial year.

2.3 Legal and arbitral proceedings

As of the date of the Registration Document, the principal legal proceedings identified by the Company are:

- 3VD litigation – project under operation: individuals sued the company 3VD for devaluation of their property, as well as for noise and visual pollution. By decision dated 26 April 2017, 3VD was ordered to pay an amount of 80 thousand euros plus expert's fees and costs. 3VD filed a partial appeal statement in July 2017; 3VD made a last filing of conclusions in September 2018 and the proceedings are ongoing.
- Voltalia Greece litigation: a partner in a development company issued 600 thousand euros of unsubstantiated invoices, for which it is demanding payment from Voltalia Greece. In the first instance, the court dismissed the plaintiff, who had appealed by claiming €380 thousand. The plaintiff was also dismissed on appeal in 2018. In February 2019, the plaintiff brought criminal proceedings against Voltalia Greece and its local representative and Voltalia SA and its legal representatives for forgery (signature falsification); but, in practice, this proceeding has no chance of succeeding, as it is unfounded;
- Voltalia Spain litigation: Canaverosa Fotovoltaica SLU sued Martifer Solar Sistemas Solares SA regarding the construction contract for the Photovoltaic Power Plant of Moratalla due to defective panels. An amicable settlement for a replacement of the panels is being finalised, following the withdrawal of the claim by the client;
- Kigoma litigation: Voltalia Portugal initiated arbitration proceedings against a client at the International Chamber of Commerce for unpaid bills under a contract to build a solar power plant in Tanzania. Proceedings in local courts are also underway to preserve Voltalia's rights over the equipment delivered and not paid pending the implementation of the arbitration clause in the contract. The arbitrator appointed by the International Chamber of Commerce must first decide on their own competence before they can adjudicate on the merits of the case.

There are no other government, legal or arbitral proceedings, including any proceedings of which the Company is aware, whether pending or threatened, that may have or have had significant effects during the past twelve months on the financial position or the profitability of the Company and/or the Group.

3. CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

3.1 Our commitments and organisation

Social and environmental responsibility is central to Voltalia's mission, "improve the global environment, foster local development." It underscores the importance that all of Voltalia's employees place on their positive impact on the environment. Access to clean, reliable and inexpensive energy is one of the key responses to the major challenges in the future decades; access to competitive renewable electricity not only helps reduce greenhouse gas emissions, it also ensures access to indispensable services such as education and healthcare in the most remote regions.

Voltalia focuses on establishing itself locally and sustainably where it has power plants in order to provide the most suitable solutions for every region. Accordingly, our commitment to local populations guarantees mutual and lasting trust in our relationships, which in turn guarantees the long-term value created by our projects. The alignment over time of the interests of all stakeholders, including local populations, regulators and public authorities, is a key success factor that not only enables Voltalia to optimise recruitment and retain its teams, but also to develop and construct more rapidly than its competitors. This approach is incorporated in the Company's business model, which is detailed in Chapter 1 of the Registration Document.

Directly reporting to the Chief Administrative Officer, the sustainable development team operates cross-functionally with all of Voltalia's teams. The policy is designed in line with the operating objectives of the company, which aim to support a growth plan that is compatible with its values and to make its mission into a competitive advantage.

A dedicated team leads and coordinates Voltalia's various business lines in order to make sure that the company's environmental and social commitments align with its stakeholders' expectations. As such, the Health and Safety, Compliance, Purchasing and Human Resources teams are closely involved in implementing the company's CSR initiatives.

The transposition of Directive 2014/95/EU, known as the "CSR directive," which entered into force in 2018, stipulates a new framework for disclosing non-financial information: the Statement on Non-Financial Performance (DPEF). Its approach is based on the materiality of non-financial issues.

As part of the annual update of the risk mapping and following the changes in the French regulatory framework⁸, in 2017 Voltalia undertook to identify the main non-financial risks to which the Group is exposed. The five risks listed below are described in detail in Chapter 2 of the Registration Document.

⁸ French Law no. 2016-1691 of 9 December 2016 on transparency, fighting corruption and modernising economic life, and French Law no. 2017-399 of 27 March 2017 on the duty of vigilance of parent companies and principals.

Non-financial risks identified by Voltalia in 2018:

Topic	Issue / related risk	Related indicator	2018 Registration Document reference
Reputation	Non-acceptance	Dialogue with and involvement of the related stakeholders	Erreur ! Source du renvoi introuvable.
Corruption	Compliance with applicable laws, risk of corruption	Percentage of employees trained in the ethics and compliance measures	Erreur ! Source du renvoi introuvable.
Environment and climate change	Impact of the business on the environment Impact of climate change on the business	Tons of CO ₂ equivalent avoided thanks to Voltalia's production	Erreur ! Source du renvoi introuvable.
Human resources	Talent development and employee support	Percentage of employees who received at least one training during the year Attrition rate of permanent employees	Erreur ! Source du renvoi introuvable.
Health and safety	Prevent an increase in the number of accidents related to higher business volume	Accident frequency rate Accident severity rate Percentage of employee training focused on health and safety	Erreur ! Source du renvoi introuvable.

3.2 Improving the global environment

Preservation of the environment is a key priority for Valtalia and its mission is to "improve the global environment, foster local development". Valtalia's employees are not only concerned with reducing greenhouse gas emissions and combating climate change, they also seek to minimise the impact the company's activities have on the local environment.

3.2.1 Incorporation of environmental considerations

Impact of projects and environmental risks

"Environmental risks" refer to the one-off or sustained degradation of the environment on which Valtalia's business is based. These risks may include loss of raw materials resources needed to conduct the Group's business (water, inert materials, fuels, etc.), the deterioration in the quality of materials, and pollution. The main causes identified for the occurrence of these risks are the emission of greenhouse gases into the atmosphere, the emission of toxic and/or dangerous substances, the generation and mismanagement of waste, or the overexploitation of some resources. Proper management of these risks is essential in order to prevent any risk of a break in the value chains but also any reputational risk likely to harm the company, its performance and its ability to achieve its objectives.

As part of its business, Valtalia mainly faces issues related to the availability of natural resources, land use and protection of biodiversity. Environmental studies are carried out to ensure that impact reduction measures are identified at the very early stages of development and are implemented at each plant. The development teams take particular care in their choice of land and the carbon footprint of the projects. The Group has the technical expertise and multi-energy experience to optimise the areas used and existing installations, as it does in Kourou (French Guiana) and Oiapoque (Brazil) where the plants in operation combine several sources of renewable energy.

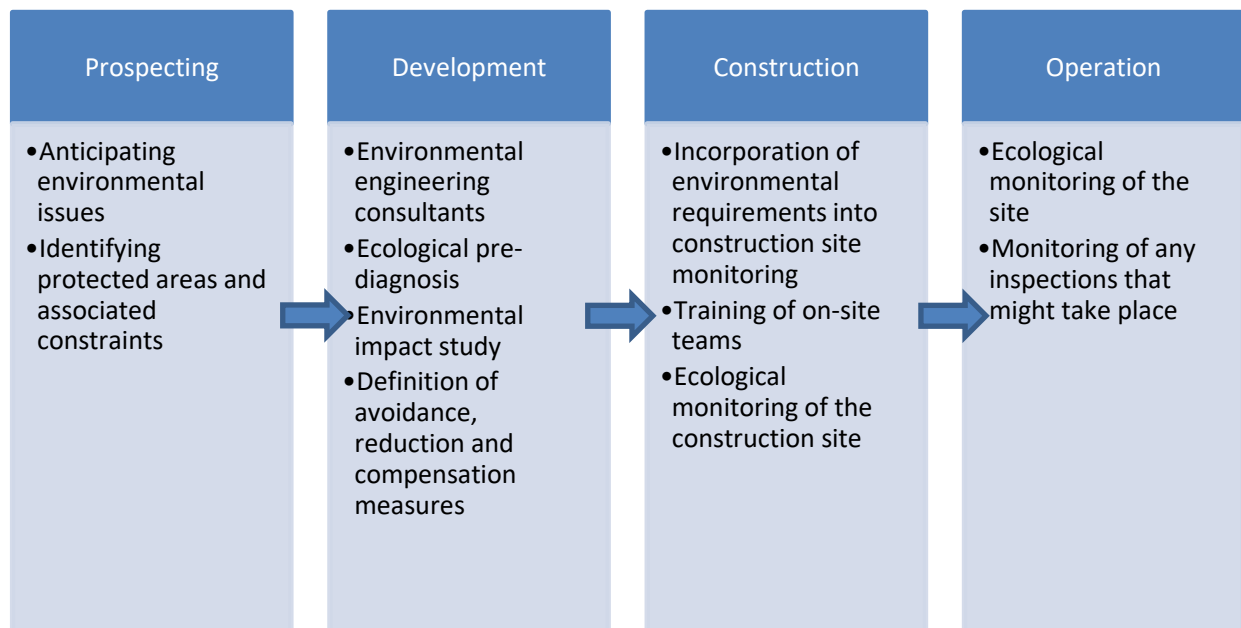
Starting from the development phase, environmental management plan costs are included into the budgets and the business model of each project. In France, "ICPE" (facilities classified for environmental protection) regulation require the provision of financial guarantees of €50 thousand per wind plant and €30 thousand per installed megawatt for certain solar plants. At the date of the Registration Document, and notably following implementation of ICPE regulations for wind farms, the rehabilitation and dismantling costs for wind and solar sites are covered by provision in the financial statements as at 31/12/2018 in the amount of €1,291 thousand. This provision is included in the overall cost of planned projects. It should be noted, however, that in view of the known factors and the work undertaken by the Group, it is estimated that the refurbishment and dismantling costs of solar farms currently in operation could be completely covered by the proceeds from the sale of the equipment.

Environmental monitoring

Structure

The Environment department includes people who are part of the local development teams and are responsible for overseeing environmental issues (impact studies, compliance). At 31 December 2018, there were three people in Brazil and one person in France who were tasked with monitoring the environmental impact of Valtalia's projects. In the new countries, specialised engineering and design departments assist the international development teams.

The development, construction and operation teams, which are coordinated by environmental managers, are directly connected to the environmental management of the power plants:



- in prospecting projects, Voltalia's staff use internal tools to select land that is least exposed to environmental risks and least likely to be negatively affected by the project. In France, calls for tenders by the Energy Regulation Commission (ERC) apply a bonus to participants that reuse land, as Voltalia was able to do for its winning projects;
- during the development phase, the teams call on the design and engineering departments to perform environmental impact studies. These departments are generally located in the project's host region and are required to comply with the specifications drawn up by Voltalia. Following the local laws, they perform an environmental analysis and issue a report that includes measures to implement in order to limit the project's environmental impact. They also determine environmental management and monitoring measures for the entire duration of the project. Thus, the plans to monitor the protection of biodiversity and/or protected species and to engage in dialogue are formulated upstream at this stage. Whenever possible, Voltalia also includes environmental considerations in the plant design and the protocol applied at the Group's construction sites includes environmental measures;
- during the construction phase, the Health and Safety staff is responsible for monitoring the environmental impact of the construction site. As Voltalia uses subcontractors for some construction operations, such as civil engineering, electrical engineering and wind turbine assembly, these teams ensure that the standards imposed by the Group on its service providers are followed;
- once the project is commissioned, the Environment teams take over the project monitoring for the entire operation phase.

These provisions are also in place for the plants developed for and/or sold to customers of the Group. Voltalia offers to monitor these items for its customers.

Preventing pollution

Voltalia's business does not generate significant or hazardous waste. Nonetheless, the Group is concerned with properly managing waste across its sites that are under construction and in operation, and in 2018 it implemented procedures that systematise waste management.

In 2018, Voltalia committed to minimising its use of plastic on all its sites, including offices. In addition to education campaigns led by the HSE and sustainability teams, many actions were instituted. For instance, on the construction sites, water fountains have been installed to replace individual water bottles, and subcontractors participate directly in reducing plastic use. At the Râ Solar plant construction site in Egypt, staff routinely pick up any waste that arrives on the site. The inauguration of the PAGAP (5 MW) solar power plant in France was the company's first eco-friendly inauguration, underscoring the staff's zero plastic, zero waste initiative. In the offices, an outside service provider has been hired to sort and recycle waste, and eco-friendly supplies are the first choice.

In order to better integrate the circular economy into all of the Group's activities, systematic waste sorting and recovery by an external service provider has been implemented in the countries with available infrastructures. Similarly, for the maintenance of the land hosting its solar power plants, Voltalia enters into agreements with local shepherds so that their herds help maintain the sites.



Noise pollution

Noise from the wind farms is the nuisance that local residents most often mention. Committed to the efficient integration of its power plants into the local environment, the Group thus pays particular attention to potential noise pollution from its wind farms.

In France, Voltalia complies with the various regulations (such as planning restrictions and ICPE regulations) combating noise pollution and pollution of any type that may disrupt the lives of local residents and local populations. The applicable regulations mainly concern the new wind farms. Such farms must notably be located at a minimum distance from homes, in addition to meeting a variety of noise standards. Consequently, starting from the design phase of its wind farms, Voltalia now defines protection areas and undertakes acoustic studies to determine the measures to be put in place in order to minimise noise pollution, as was the case for the Molinons wind farm (France). During the commissioning of its new wind farms, the Company also carries out compliance measurements that it submits to the public authorities. In addition, for its wind farms in service before the entry into force of the new regulations, Voltalia had taken measures ahead of the new ICPE NFS 31-114 standards. The noise level measurements then taken confirmed that the Group's wind farms already complied with the new acoustic limits, including neighbourhood noise, in addition to the existing ICPE standards.

In Brazil, the Group takes a similar approach to that used in France. Wind farms are located in low-population areas and are installed at a minimum distance of 500 metres from houses in line with best practices. Preliminary studies carried out by Voltalia for the construction of its wind farms in Brazil include a protection perimeter and acoustic measurements conducted before and after construction to verify the absence of any significant impact.

Atmospheric emissions

Total emissions into the air, water and soil are monitored by Voltalia technicians in charge of operating the plants and by the competent authorities. This monitoring helps to anticipate risks and to implement all necessary measures to avoid or minimise accidental pollution during maintenance operations.

With installed thermal power of less than 10 MW, Voltalia's biomass power plant in Kourou (French Guiana), is not subject to the obligation to carry out annual analyses of atmospheric emissions imposed by French law. In-depth inspections and investigations are performed at the request of DREAL. In 2018, the appropriate authorities did not carry out any inspection tests. However, Voltalia has fitted sensors to

its biomass plant to monitor combustion and emissions to constantly monitor in order to optimise production. To limit the pollution emitted from the plant, the water used is treated in a hydrocarbon separator before being routed to the local waste water system. The ash produced is removed by an external service provider or stored on site to be re-used in farming.

3.2.2 Our responsible use of resources and the environment

Because of its strong environmental protection commitment, Voltalia adopts the most environmentally-friendly practices possible in the course of its activities. Its employees use their resourcefulness to find the best solutions to minimise and optimise their use of natural resources on site.

The Group is therefore committed not only to complying with applicable environmental regulations, but also to use the technical expertise of its employees to improve its impact reduction systems. This environmentally-friendly approach also creates value by enabling Voltalia to make the best possible use of available resources and to limit its environmental impact.

With this in mind, the environmental performance monitoring approach was strengthened in 2018 in France, Portugal, Brazil and Greece (i.e. covering 77% of its employees and 98% of its installed capacity).

The first stage involves gathering information on the following indicators:

- raw materials consumption (water, electricity, fuels);
- waste generation;
- waste recycling.

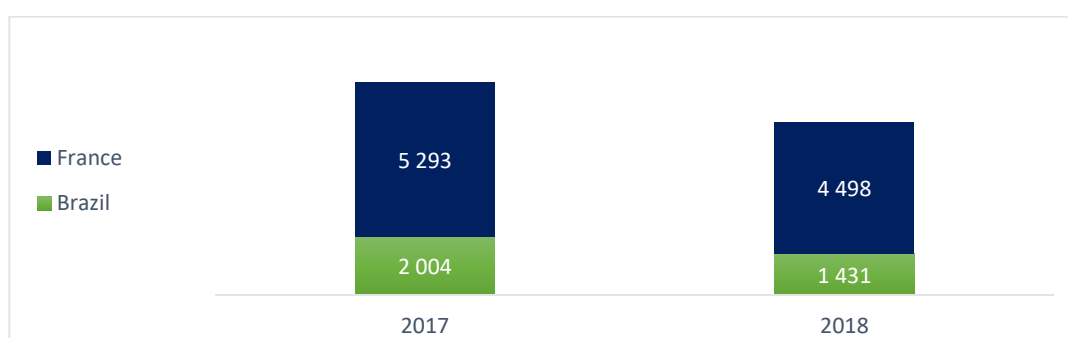
This approach encompasses all of Voltalia's sites (construction sites, sites in operation and offices) and aims to assess raw materials consumption, related greenhouse gas emissions and the recycling effort.

Raw materials consumption

Water consumption from Voltalia's activities in France and Brazil

In 2018 water consumption from Voltalia plants in France and Brazil was 5,929 m³. This is the quantity of water used at the Kourou site and all the Brazilian wind farms in operation. Consumption fell by 19%, due mainly to the lower volume of construction in Brazil in 2018.

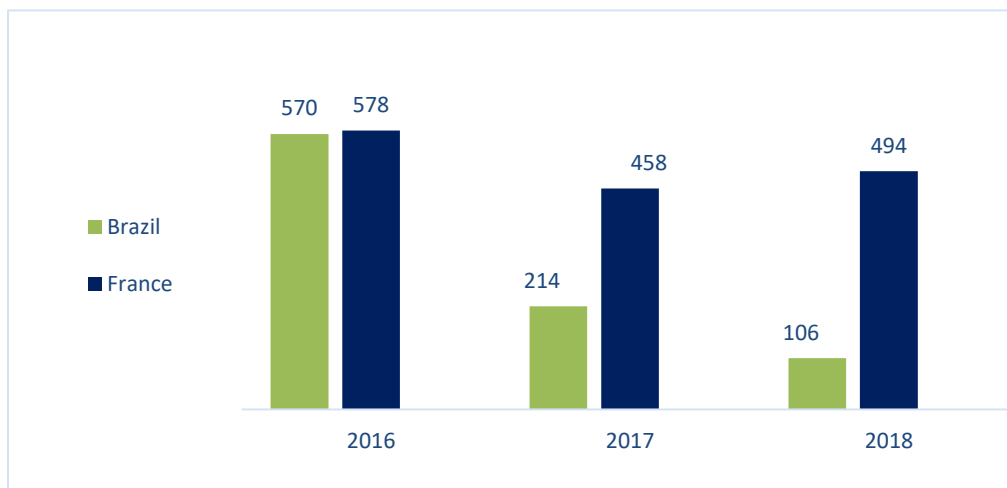
Evolution of water consumption from Voltalia's activities in France and Brazil (in m³)



Electricity consumption from Voltalia's activities in France and Brazil

Voltalia uses electricity produced by its own plants to operate monitoring facilities. The Group uses electricity from the grid when the plants are on shutdown (for maintenance, for example) or to meet the needs of its construction sites. This approach sharply reduces its electricity consumption and the related costs.

Evolution of electricity consumption from Voltalia's activities in France and Brazil (in MWh)



The volume of electricity consumption varies based on Voltalia's construction activities. Every construction site requires electricity to operate the machines and for the infrastructure used by the staff, and the supply depends on local conditions: access to the grid, generators, solar panels, etc. Electricity consumption in France and Brazil fell by 11% in 2018 due mainly to reduced construction activity in Brazil, while the first year of operation of new power plants in France caused a slight increase (+8%) in electricity consumption.

Whenever possible, Voltalia teams use renewable energy to minimise their consumption of conventional energy. To further reduce fossil fuel use at the Oiapoque site, the teams supplemented the hybrid installation with 4 MW of solar panels in 2017. This initiative will over time increase its clean electricity production, 90% compared to 85% from the initial facility, and is also of economic interest for the Group.

Wood consumption

Industrial raw material consumption only concerns the Kourou biomass plant and the Oiapoque hybrid plant. Wood waste (sawdust, pallets) constitutes the main raw material used; in 2018, the Group recycled 28.6 tons of wood waste to run its biomass power plant in French Guiana. In addition to the ongoing control of plant hydrometry and combustion, the annual maintenance operations are also an opportunity to further improve plant processes in order to optimise and manage wood waste consumption.

Fossil fuel consumption

Diesel consumption at the Oiapoque site dropped by 10% in 2018 due to the commissioning of the solar power plant in late 2017. As a reminder, the Oiapoque plant won an electricity sales contract in 2015: it was the only hybrid project proposed to supply the city, which was previously powered completely by thermal generators.

Land use

Voltalia pays special attention to the selected land. To optimise land use and minimise its footprint, it strives to select equipment that will offer good surface yield, and it seeks to identify supporting structures that will help limit the surface used for a plant project.

In Metropolitan France, the Group promotes wherever possible the reuse of some old quarries and factories and integrates as much use as possible of the natural landscape and existing infrastructure. When conducting studies for the installation of solar panels, Voltalia ensures that land use is kept to the absolute minimum. As such, in 2018, Voltalia France's development teams entered into a partnership with the Laboratory of Innovative Land and Territorial Initiatives (LIFTI) to participate in land rehabilitation, especially abandoned land in France. LIFTI's goal is to support the implementation of a resource centre for the rehabilitation of abandoned land by helping public and private players reinforce their expertise on the issue. Voltalia belongs to several working groups, including the group on biodiversity.

The Group is also involved in the development of innovative solutions promoting soil co-use: in February 2018, Voltalia was selected for the installation of a 3 MW agrivoltaic project as part of the first solar call for tenders on innovative technologies. By combining agricultural and electricity production, the Saint Etienne du Grès project will thus promote dual land use whilst optimising agricultural production.

In Brazil, any infrastructure for the production of wind, solar or small-scale hydraulic energy must meet two requirements: the first is the legal requirement to preserve untouched land (between 30% and 90% of the land depending on the States and the owners), and the second is the requirement to maintain a certain distance between the site and Permanent Protection Areas (APP). In compliance with local Brazilian requirements, the Group also ensures that a minimum of land is cleared and replants vegetation in the local ecosystem to compensate for the areas cleared for site construction purposes only. In the event that the land is cleared permanently, the Group replants in another area in order to offset the clearing of vegetation on the project site.

As part of the operation-maintenance of solar power plants, whenever possible Voltalia gives farmers the opportunity to bring their herds to graze at these solar farms. This is notably the case in Portugal, the United Kingdom and France, where 77 MW of solar power plants covering 177 hectares are involved in these eco-maintenance solutions. Thus, the areas used for the project also benefit local farming.

Protection of biodiversity

Voltalia's activities operate over long cycles and directly impact the natural environment. In order to protect natural environments, starting from the project design phase, the Group strictly applies regulatory procedures and/or procedures recommended by the applicable international standards that require biodiversity protection. Specific studies on the natural environment are therefore conducted as part of the project validation process, including:

- plant and wildlife studies;
- bird studies;
- bat studies;
- reptile and amphibian studies;
- insect studies.

Thanks to these upstream studies, Voltalia applies the principles of the "avoid, reduce, compensate" ("ERC" in French) approach. Actions implemented to prevent and reduce the impacts on the natural environment and measures to offset residual effects are analysed and implemented in partnership with the main stakeholders, notably in terms of the project, site, species and ecosystems concerned.

Biodiversity protection measures decided upon within the framework of the ERC doctrine are implemented during the construction and operational phases of Voltalia projects. They can take several forms, including:

- prohibiting the movement of construction vehicles within certain protected areas;
- demarcation and physical protection for certain sensitive species;
- periods of prohibition on construction works in order to respect nesting and/or reproductive periods;
- replanting hedgerows to create ecological corridors;
- installing permeable fences for species with low dispersal capabilities;
- creation of fallow land to provide suitable areas in which the species can hunt;
- scientific monitoring of habitats or protected species.

The Biodiversity protection measures are regularly monitored by the competent authorities. In 2018, the development teams in France hired a fully-dedicated employee to monitor the environmental impact of the projects, from the development phase to operations. This role, reporting directly to the France country manager, is to ensure the consistency of the environmental protection actions taken by the teams throughout the lifespan of the power plant.

A shutdown protocol for turbines promoting the migration of grey cranes in Metropolitan France

Classified as a facility with a low environmental impact, the Molinons wind farm (10 MW) in France benefits from a strict monitoring protocol for birds and bats, as well as a turbine shutdown programme developed in partnership with the League for the Protection of Birds of Yonne (LPO), the French Federation of Wind Energy (FEE) and DREAL.

Intended not to hinder the migration of grey cranes, this programme provides for Voltalia to suspend wind turbine activity on the basis of the LPO notice. This approach is to be applied to other Voltalia sites that may be affected by this migratory corridor.

3.2.3 Climate change

Management of climate risk

Climate change is both a risk and an opportunity for Voltalia's business. While it offers a solution for reducing greenhouse gas emissions, the Group's business is also likely to be affected strongly by the potential physical effects of climate change. These effects are generally unpredictable and could have an adverse effect on the Group's financial condition, operating results, cash flows or installations. As such, Voltalia is continuing its geographic diversification strategy, but currently remains highly dependent on its wind electricity production in Brazil. A weather event in this region could have an adverse effect on the Group's financial position.

To make the electricity production infrastructure more resilient, it is crucial to adapt by anticipating the negative impacts of climate change, such as floods, landslides, drastic temperature changes, storms, etc. To withstand the physical risks associated with climate disruption, Voltalia ensures that its installed equipment resists drastic temperature changes and high wind speed.

Our contribution to reducing greenhouse gas emissions

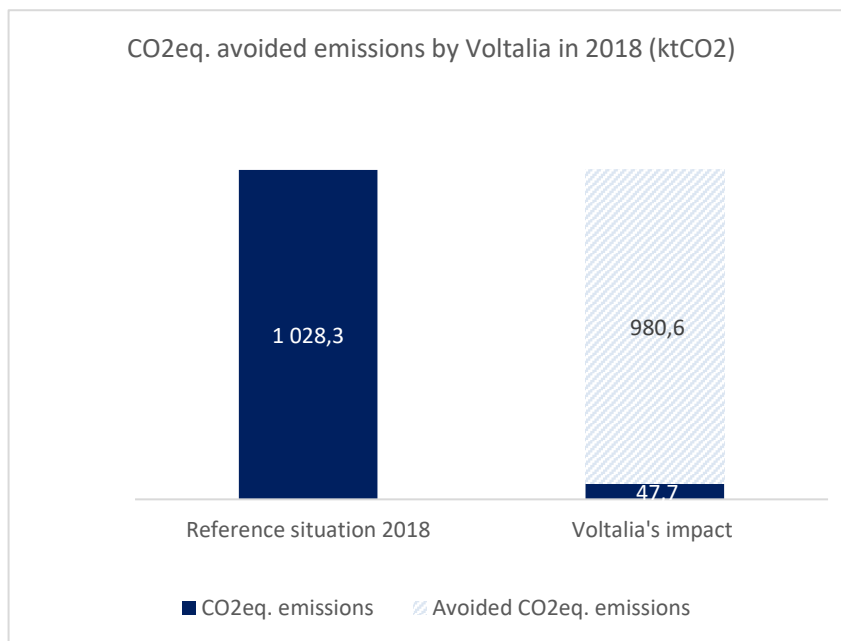
Voltalia's renewable electricity production is part of the global effort to combat climate change, as it contributes to reaching the carbon neutrality targets set by the Paris Agreement in 2015⁹. Reducing the use of fossil fuels (coal, gas, oil) worldwide, our plants avoid global greenhouse gas emissions, contributing to the goal of balancing anthropogenic emissions with carbon sink removals.

The operation of biomass and hybrid power plants combining combustible fossil fuel and renewable energy are likely to have an impact on the climate due to atmospheric emissions from the burning of the raw materials used (waste wood or diesel, for example). Only the biomass power plant of Kourou in French Guiana (1.7 MW) and the thermal unit of the Oiapoque hybrid plant (12 MW) in Brazil emit greenhouse gases as part of the electricity generation. As of 31 December 2018, these power plants respectively accounted for 0.3% and 2.3% of the Group's installed capacity.

In 2018, all of Voltalia's plants worldwide helped avoid 981 kilotons of CO₂ eq, which corresponds to 95% of the carbon dioxide that would have been discharged into the atmosphere if the Group's installed capacity reflected the current energy mix in the countries where it operates.

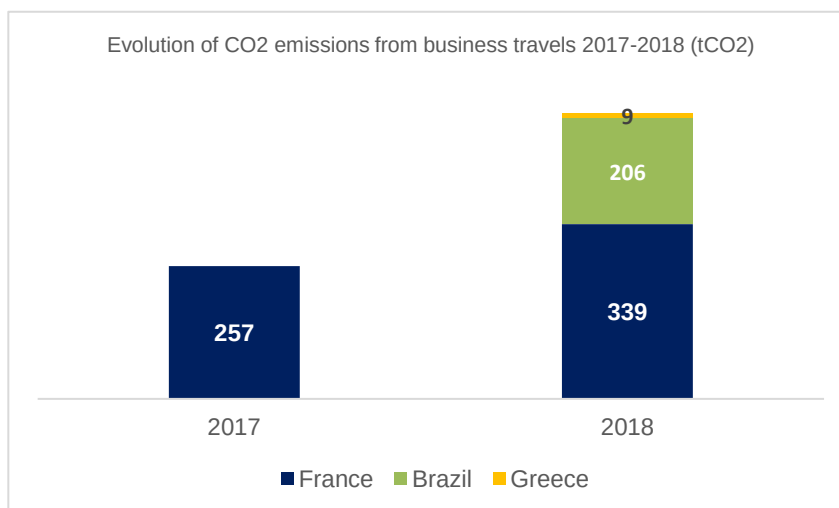
⁹ Carbon neutrality is understood as follows in Article 4.1 of the Paris Agreement adopted in December 2015: "a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century, on the basis of fairness, and in the context of sustainable development and efforts to eradicate poverty (...)"

Avoided emissions were down 5.6% from 2017, mainly due to the drop in recorded Brazilian production, whose impact on Voltalia's avoided emissions could not be offset by the increase in production in Metropolitan France and French Guiana.



Note: the reference situation takes into account the CO2 emissions which would have been emitted if the installed production capacity reflected the energy mix of the country in question.

Finally, because its teams are in different locations throughout the world, the highest carbon dioxide emissions are due to air travel. In 2018, Voltalia enlarged the monitoring scope for carbon dioxide emissions from employee travel in Brazil and Greece. This expansion of the scope accounts for the doubling of emissions, which were 533 tons of CO₂, versus 257 tons of CO₂ in 2017. On a constant scope, these emissions rose by 31.6%, primarily because of the air travel of the teams based in Paris (construction, international development, among others).



To reduce this figure, Voltalia has installed a videoconferencing system that has already helped limit CO₂ emissions from employee business travel.

3.3 Fostering local development

Wherever it is present, the Group commits to constructing sustainable relationships with its partners from civil society. To this end, the Group maintains regular dialogue with stakeholders, seeks to raise awareness about sustainable development and offers its support to various socio-economical initiatives.

3.3.1 Our local impact

Contribution to the local economy

Considering the nature of its activities, Valtalia plays a leading role in supplying energy to the regions in which it operates, thereby contributing to their economic development and helping them meet their environmental objectives.

Whereas in Europe Valtalia is responding to growing demand for renewable production capacity to supplement or replace existing capacities, the Group's projects in Africa and Latin America are contributing directly to the electricity required for the countries' economic development. For instance, the Râ Solar solar power plant (32 MW), which construction started in 2018, will not only help improve access to a reliable electricity supply but will also help the Egyptian Government meet the renewable capacity targets it set itself as part of the 2015 Paris Agreement. In Kenya, the Kopere solar power plant (50 MW) will contribute significantly to improving the country's electricity supply: once operating, the plant's production is expected to represent 1% of the grid's current consumption. Moreover, the project will be located in a region where energy supply is particularly weak and where in recent years the Kenyan grid operator has had to import high-cost electricity from Uganda.

The Kopere plant in Kenya

With an expected GDP growth rate of 5 to 7% over the next five years, Kenya is facing a growing demand for electricity. The country's goal is to increase its electrification rate from 55% currently to 65% in 2022, and connect millions of inhabitants to the electricity grid. This will also make it possible to support the electricity needs of growing and priority industrial sectors, such as the manufacturing sector. This economic dynamism, coupled with a stated will to reduce dependence on energy imports, creates a strong need for new alternative electricity generation capacity for the country, paving the way for projects such as the Kopere solar power plant.

The Kopere solar power plant will provide cleaner, cheaper energy while improving supply reliability in a region where electricity demand includes agri-food industry players such as Eldoret (dairy farms, processing plants, dairy products) or the tea plantations of the Nandi hills. Kopere Solar is one of the first large-scale grid-connected solar projects in the region. It is an example of the benefits of solar energy as a clean, reliable and cost-effective solution to improve access to electricity in western Kenya and Nandi County.

During the development phase of its projects, Valtalia works in partnership with local design offices, architects and environmental experts. On each of its construction sites Valtalia prioritises local suppliers and service providers, at equivalent skills. For the maintenance and operation of its wind and solar parks, Valtalia encourages the recruitment of people from surrounding regions and provides them with in-house training.

In Brazil, the local workforce hired for construction receives technical training on handling electrical equipment, electrical system safety and working at heights. For the construction in the *Serra do Mel* cluster, regulation requires that at least 30% of the labour must be local, to the extent possible given the candidate pool. Valtalia sends hiring instructions to the selected construction and assembly companies.

In French Guiana, where Valtalia has operated since 2005, the Group is particularly involved in developing the biomass sector. Biomass power plants enable local populations to have access to cleaner and cheaper energy than that generated by the fossil fuels traditionally used. To this end, the Cacao biomass power plant (French Guiana) will reduce the dependence on imports of fossil fuels and

will also help structure the region's biomass sector. In fact, the creation and consolidation of several dozens of jobs for construction, operations and supplying the power plant will help develop the region's economy.

Tax measures

As part of its mission, the Group wants to promote local development. To this end, taxes and duties constitute a vector of development. This is why Voltalia adopts a professional and ethical attitude towards all taxes and duties.

Thus, the Group complies with the regulations in force and pays its taxes and duties in the countries where it operates, while benefiting from the tax breaks and other favourable provisions put in place by the tax authorities when the conditions are met.

In view of the diversity of the countries where it operates, and of the set of transactions giving rise to taxes and duties, Voltalia:

- establishes teams trained in the various countries, accompanied by tax experts, under the responsibility of the Finance Division;
- ensures that the methods of calculation are controlled, that they are correctly carried out, and that the declarations and payments are made within the established deadlines;
- uses external consultancy services which are reputable and sufficiently qualified when a transaction involves a new tax treatment, or when it is setting up operations in a new country;
- systematically analyses the tax options and tax breaks that could benefit the Group, in compliance with the legislation in force.

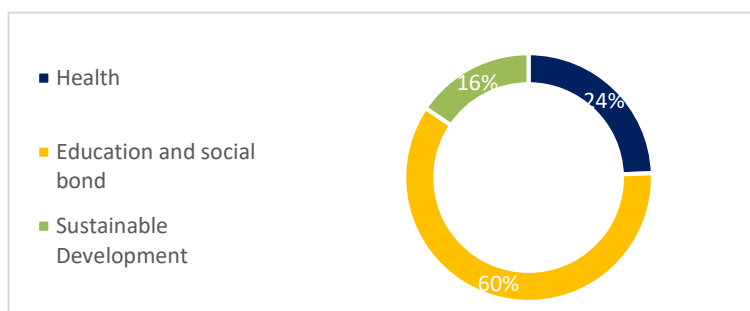
Our local initiatives

Voltalia plays a decisive role in the daily lives of the surrounding populations by promoting the creation of a sustainable local economy, not only thanks to the activities generated by the construction sites and by the operation of the power plants, but also by developing sustainable access to clean energy. Voltalia enhances its impact in Brazil through its related socio-economic actions.

Voltalia's expertise in the development, construction and operation of power plants in isolated locations enables it to provide access to electricity to populations which are not connected to the national grid. These populations have access to cleaner and more affordable energy than that generated by the fossil fuels traditionally used.

Our action in Brazil

In Brazil, Voltalia chose to establish a team dedicated to socio-economic projects to implement the local development initiatives required as part of the financing obtained from the Brazilian National Development Bank (BNDES). These socio-economic development campaigns help to establish mutual trust over the long-term between the Group and the local communities near its installations. The themes address healthcare, education and sustainable development, in line with Voltalia's mission: "improve the global environment, foster local development." At 31 December 2018, Voltalia's socio-economic team managed a portfolio of 45 socio-economic projects that break down as follows:



For example, in the Vamcruz region, Voltalia has contributed to the "*Quintais Produtivos*" ("Productive Plots") project, which installs wastewater treatment systems that can then irrigate agricultural crops. The intention is to install over 60 systems, train local farmers and provide environmental education in schools nearby. As for each of the projects to which it contributes, the company ensures the sustainability of its actions by providing training for local communities and promoting the creation of economic sectors. It is also on this basis that the Group is contributing to the restructuring of the beekeeping sector as part of its development of the Vila Para wind plant.

In the Areia Branca region, in Rio Grande do Norte State, Voltalia and the local NGO *Obras Sociais Dom Bosco* have joined forces to promote the "Start for the Future" project. This project creates a space for vocational training and inclusion of teenagers in situations of high social vulnerability. Through courses ranging from food processing to refrigeration installation to computer repair, this initiative has trained 120 young people aged 16 to 24. The young people benefiting from this program have also been able to take part in technical tours of Voltalia's wind farms.

"The Home for the Elders" is a group home that takes care of elderly people who are financially insecure and/or whose condition of dependence requires long-term care. Because the home's original infrastructure was dilapidated, Voltalia helped to renovate and expand it. It now has capacity for 40 elderly people. The Group also donated furniture and equipment needed to improve the living conditions in the home.

3.3.2 Our stakeholders

Forging long-term relationships with our main partners

Wherever Voltalia is present, the establishment of long-term relationships with stakeholders based on mutual trust is a priority. These stakeholders play an essential role at each stage of a project's design and development. Trust forged and maintained by the Group's local teams help foster acceptance of the projects and reduce Voltalia's exposure to operational risks. Group initiatives to establish a dialogue in each of the countries where it is developing power plant projects are designed to listen to and to understand the expectations of the parties involved in order to offer the most suitable solutions. This approach enables the project and its challenges to be better understood by all parties involved and requires significant work disseminating information from the initial development phases through to construction and operation.

In 2017, Voltalia's Board of Directors incorporated into its rules of procedure the notion of acknowledging stakeholders in its missions. In 2018, the Executive Committee completed and approved an initial mapping of the Group's stakeholders. This approach will continue in 2019.

Dialogue with local populations

In France, the dialogue with stakeholders is conducted by Voltalia's local teams, which are responsible for ensuring optimal communication with local residents and non-profits. Accordingly, information sessions are organised to enable local residents to ask any questions they may have regarding the project. In 2018, the wind development teams organized several meetings to present projects and workshops for dialogue. They also created two websites focused on two projects to ensure that as many stakeholders as possible access to information on the projects. Local residents can use these websites to read the technical documentation, find out who the partners in the project are, view the schedule of meetings organised by Voltalia and directly contact the relevant teams to submit their proposals.

In Brazil, dialogue with the neighbouring populations has been supplemented by a complaint management tool that logs any questions or complaints regarding a project and responds quickly. Finally, as part of the development of its projects in Africa, Voltalia has consulted with the local populations on numerous occasions so it can incorporate their expectations and needs into the project, such as job creation, contribution to local initiatives, training, etc.

Contribution to the development of renewable energy

Voltalia actively promotes renewable energy and is a member of several professional networks which promote the development of the industry. This enables the Company to offer its expertise and work

hand-in-hand with the various players in the sector to ensure the long-term development of solar energy, in France and subsequently abroad. For instance, Voltalia is particularly active within the French "Federation for renewable energy" (SER), the "French photovoltaic solar professionals' grouping" (SOLER), the "Federation of solar energy professionals" (ENERPLAN), "France Wind Energy (FEE)" and "AMORCE", the French network providing information, experience sharing and support for local authorities and other local players on regional Energy-Climate policies.



Finally, in an effort to help educate younger generations about sustainable development issues, in 2018 Voltalia held its first "sun day" a learning event for students from the Montfuron school in the Alps of Haute Provence. The children were able to visit a solar power site, observe and study the flora and fauna there, and learn from the local development teams and their partner engineering and design department how a solar plant works.

Subcontracting and suppliers

As part of its construction activities, Voltalia frequently hires subcontractors for a variety of tasks: wind turbine assembly, civil engineering, electrical engineering, etc. Voltalia may also subcontract some occasional maintenance operations for its wind farms when the staff does not have the required expertise.

Incorporation of social and environmental issues within the Company's purchasing policy

Voltalia endeavours to conduct its business sustainably, ethically and responsibly. As such, it requires its subcontractors and suppliers to enforce Voltalia's commitments when they are providing their services. The pre-approval and approval process for subcontractors and suppliers includes an assessment of the partners' health, safety and environmental performance. Voltalia requires some suppliers to complete carbon assessments in addition to providing information on their innovation policy and on the performance of the technologies they use.

Importance of subcontracting and integration of social and environmental responsibility within supplier and subcontractor relationships

In 2015, the Group instituted standard regulations for HSE procedures that must be complied with on all sites under construction and in operation. Compliance with these rules is an integral part of new contracts signed by the Group and its suppliers and subcontractors. Before providing its services, each subcontractor is trained on the health, safety and environmental issues that are specific to the concerned site.

Voltalia's subcontractors, which are directly interested in the health and safety performance of the sites, are contractually bound to report hours worked and accidents to the company. In addition, Voltalia's health and safety teams conduct regular scheduled and unscheduled audits to the site to check the subcontractor's performance and the site's compliance. In the event of non-compliance with contractual obligations on health and safety, Voltalia may penalise the subcontractor by dismissing the relevant individuals from the site or even by terminating the contract in the event of widespread or repeated fault. The Group then also imposes financial penalties. These measures are applied to all of the Group's construction sites.

Subcontractors are also responsible for properly enforcing the environmental measures specific to each construction site and for collecting and tracking their own waste. Waste management clauses are therefore generally included in construction and maintenance contracts. Any failure to comply with this requirement exposes the contractor to being prohibited from the site and/or financial penalties.

Ethics commitments

The Group and its staff are committed to going beyond regulatory requirements in terms of combating corruption. Since integrity and transparency have been identified as two values for which Voltalia's employees are recognised, their work ethic contributes to making the Group a trusted partner.

By diversifying its international footprint, Voltalia is exposed to a number of legal risks, including non-compliance with local laws and the risk of corruption in a growing number of countries, particularly in emerging markets. In order to avoid any action leading to a controversy that harms the Group's image, and in compliance with French legislative developments, in 2018 the Group adopted a compliance programme aimed at preventing behaviour that, within the Group or its partners, whether voluntarily or involuntarily, could incur liability, damage its reputation, and jeopardize its activities.

Voltalia's ethics and compliance measures include:

- a Code of Conduct, which includes an Ethics Code, must be signed by all Group employees, partners, customers and suppliers;
- a whistleblowing mechanism to report any inappropriate conduct;
- a programme of regular training.

The Compliance team, which reports directly to the Deputy Chief Executive Officer, has instituted a training programme for all Voltalia employees. Employees are trained in order of exposure to the risk of corruption. To formalise and disseminate its longstanding culture of integrity across all its businesses around the world, the Group has ethics and compliance procedures that are uniform among all the functions and regions. As of 31 December 2018, 24.5% of employees attended training sessions, which began in November, on these new compliance and business ethics measures.

Voltalia's whistleblowing procedure

The whistleblowing procedure aims to establish a tool to complement standard alert mechanisms on malfunctions within the company, making it possible to report wrongful behaviour as defined below and to organise the collection and verification of these alerts. This procedure is open to Voltalia employees and interns as well as its subcontractors and service providers. It must be triggered by physical persons.

Any Voltalia employee is thus able to send an Alert to the Deputy Chief Executive Officer or the Group Legal Director, when the purpose of this Alert is to report one of the following cases: a crime or offence, a serious and evident breach of the law or a regulation, a behaviour or situation contrary to the Voltalia Code of Conduct as regards bribery and trading in influence, or a threat or serious prejudice to the public interest. The whistleblower is treated confidentially and is not communicated to anyone (even to the person concerned) within Voltalia unless the law or regulations provide otherwise.

3.4 Our staff, the source of our success

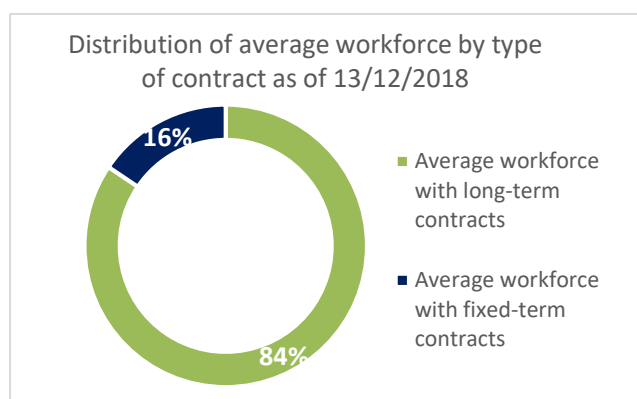
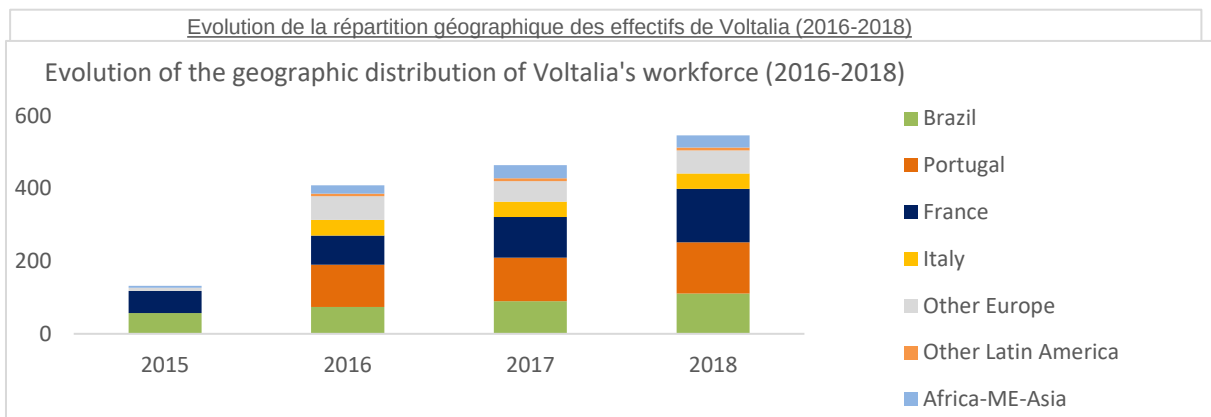
The Company's strategy is regularly shared with all employees. These exchanges ensure the cohesion of the teams around Voltalia's mission and strategy. This commitment is essential to the Group's performance.

Considering the company's growth, Voltalia's human resources management is a major driver of the development of its business, and guarantees the ability of the Company to achieve its goals. The HR team therefore supports business growth and ensures the commitment of all employees.

3.4.1 Our employees

The workforce numbers stated in this section take into account the number of employees on permanent contracts (CDI) and those on fixed-term contracts (CDD) as well as temporary employees. It excludes employees on replacement fixed-term contracts, on Overseas Volunteering Secondments (*Volontariat International en Entreprise* (VIE)), professional training contracts, apprentices and interns.

With a presence in Portugal, France, Brazil, Italy and 15 other countries (see details regarding geographical regions in the note on methodology), Voltalia had 547 employees as of 31 December 2018. Employee numbers have grown +18% since 31 December 2017. This is the result of ongoing recruitment campaigns which aim to support the Group's transformation and Voltalia's strong business growth.



Voltalia strives to provide its employees with a stable work environment and gives priority to fixed, long-term jobs that are in line with the changes in its business. In 2018, 84% of the company's workforce benefitted from a long-term contract (permanent contract or equivalent), and 62% of new employees were hired on this basis.

In 2018, Voltalia hired 212 new employees in 11 countries. The Group relies on this cultural diversity and varied expertise to offer the best renewable electricity production services and infrastructure.

Attracting top talent is a priority for Voltalia, which strengthened its recruitment process in 2018. The Group posts regularly on social networks to promote its business and culture, thus gaining visibility and appeal for its employer brand.

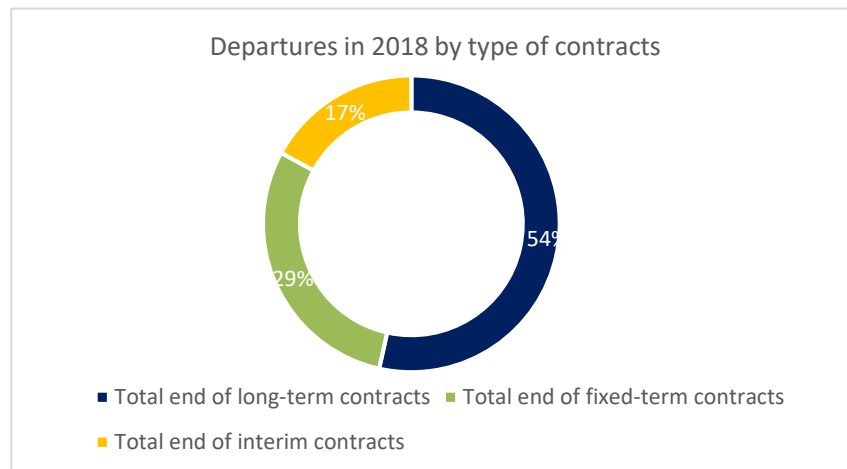
Job openings are advertised internally to promote employee mobility, and then are advertised more widely externally on social networks to be accessible to as many people as possible.

Onboarding new hires is a key step to introduce to company's values, strategic priorities and work methods. To this end, the human resources staff has instituted an onboarding programme in the form of a customised module prepared by the HR manager and team to introduce Voltalia, each business line and the company's priorities, such as health and safety and business ethics. In addition to favoring new comers' integration, this new programme helps new hires get to work faster and become familiar with the challenges that are specific to each team, thus promoting Voltalia's teamwork.

2018 arrivals and departures

	2018		2017	
	Arrivals	Departures	Arrivals	Departures
France	97	60	54	27
Brazil	27	6	28	9
Portugal	42	26	32	25
Italy	10	10	6	6
Other Europe	18	12	13	20
Other Latin America	2	1	6	6
Africa-ME-Asia	16	14	16	4
Total	212	129	155	97

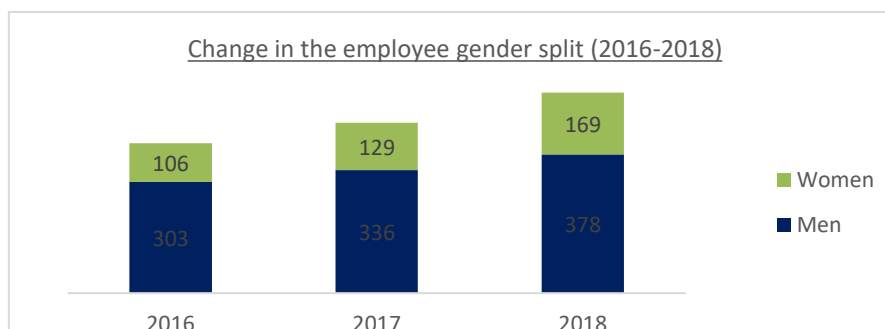
In 2018, 129 employees left the Group; 47% of those departures were at the end of fixed-term or temporary contracts. At 31 December 2018, the attrition rate among Voltalia's permanent workforce was 16.4%.

**Diversity and equality of treatment**

Through its recruitment policy and Ethics Code, Voltalia is committed to combating all forms of discrimination and sees diversity as a source of dynamism and creativity, competitive assets it will require to support its development. Voltalia encourages diversity and equal professional opportunity: it offers equal employment opportunities without regard for age, gender, sexual orientation, disability, race, religion, citizenship, marital status, family status, country of origin or any other factors.

Gender diversity

At 31 December 2018, Voltalia's workforce broke down as follows:

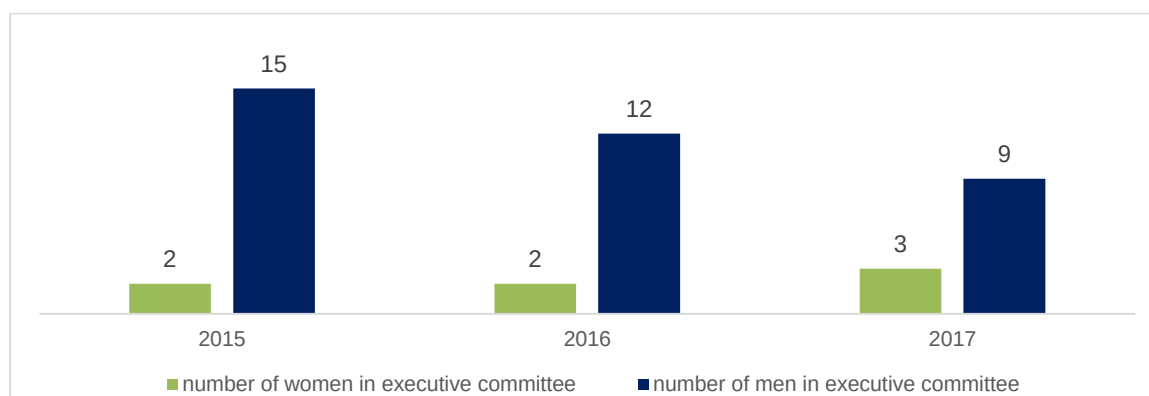


As it believes that diversity is a valuable performance driver, Voltalia promotes diversity among its staff. In 2018 the number of women on Voltalia's workforce reached 31%, while the number of men increased by 13%. Since 2016, the number of women employed by the company has grown by 59%. In 2018, the Group hired 88 women, i.e. 41.5% of new employees.

The Group ensures that women are represented throughout the organisational structure. Three women are currently members of the Executive Committee: Céline Blachère, head of Human Resources and Corporate Functions; Marie de Lauzon, the Chief Administrative Officer; and Marie-Odile Lavenant, Voltalia's Chief Financial Officer.

	Women	%	Men	%	Category total
Executive Committee members	3	25%	9	75%	12
Executives	65	29%	163	71%	228
Non-executives	100	33%	206	67%	306
Group total	168	31%	378	69%	546¹⁰

Change in the composition of Voltalia's Executive Committee



¹⁰ The Chairman of Voltalia's Board of Directors is not included.

This incentive to achieve a gender balance aligns with the composition of the company's Board of Directors, which consists of four women and three men (see Section 4 of the Registration Document).

Generational diversity

At 31 December 2018, the average age of Voltalia's employees was 36.8 years. Voltalia's age pyramid remains stable: the proportion of employees aged 30 to 39 is the largest, given the experience required for guiding the company's growth. The average age of the Excom members is 49.5 years.

The majority of 18 to 39 year-olds encourages the company to incorporate both professional and personal growth prospects into its human resources management policy.

Measures to combat disability

In France, in order to compensate for the low number of disabled candidates applying for Group vacancies, Voltalia has decided to instigate a programme of outsourcing services to companies in the protected and adapted sectors.

3.4.2 Skills development

The rapid growth and diversification of Voltalia's activities require many skills to support this development, and it is the Company's duty to bring teams together around its project. The Group's inability to keep the best employees and retain its teams would result in a loss of skills and expertise that could affect its performance. To retain talent, the Human Resources Division continues to enhance the skills that are suited to the Group's labour challenges (mobility, hiring) in order to formalise professional development within Voltalia.

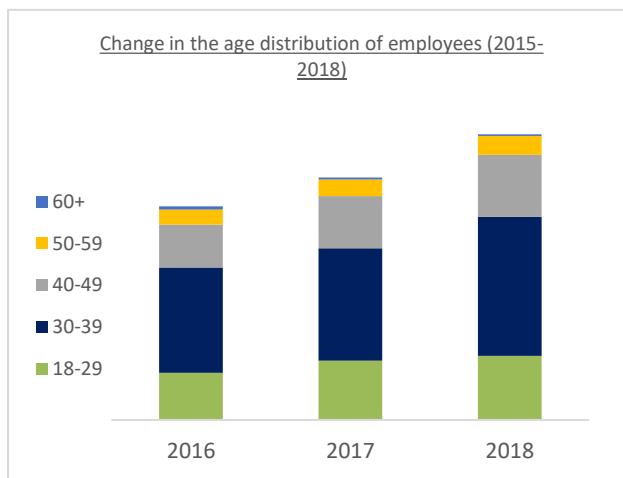
Voltalia believes that the professional and personal development of each employee is an essential prerequisite for its growth. The annual performance review is also an opportunity for all employees to review their training requirements in light of their past performance against set objectives. The professional development review was instituted in 2015 to supplement the annual performance review. This initiative reflects Voltalia's ambition to promote intra-group development and enables Human Resources to offer employees training that matches their performance and their professional aspirations.

The scale and speed of the Group's transformation also require support for managers and employees in order to make the company's fast growth a development opportunity for everyone. Accordingly, the Human Resources Division has set itself the following priorities in 2019:

- continue its commitment to promote skills development and sharing expertise in-house;
- promote diversity internally and when hiring;
- promote well-being at work and dialogue with employees on issues that affect their daily lives.

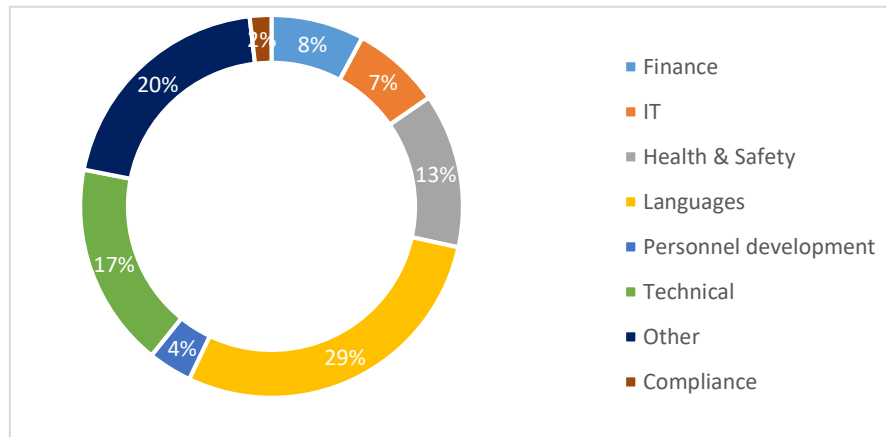
Appeal and talent retention

Voltalia has the objective of increasing the number of people receiving training to promote the professional and personal development of the largest number of employees. As of 31 December 2018, 89.5%¹¹ of employees had received at least one training session during the year, compared to 56% in 2017, which is a +68% increase in the number of employees trained in the company.



¹¹ Number of employees who received training divided by the average workforce

In 2018, 20,078 hours of training were delivered to Voltalia employees; 84% were delivered by external partners of the company. In doubling the number of training hours in 2018, the Group underscored its commitment to supporting all employees during the company's transformation. To this end, training on mastering in-house tools, classified under the category "IT Tools and IT-Specific Software", represented 5.1% of the total training hours. Languages, technology and health and safety remain the most important training subjects for Voltalia.



In 2018 Voltalia also continued its training programme for managers in order to improve the skills of employees who were taking on managerial responsibilities for the first time and also to develop good management practices among existing managers.

iVolt

In 2018, Voltalia acquired a human resources management tool known as iVolt. The purpose of this digital solution is to make the main HR processes easier: administration of employees, performance reviews, training, talent management and recruitment. Designed for all Group employees, iVolt optimises employee growth and the support provided to staff. All the modules will become operational in all countries in 2021.



Finally, mobility is a key component of Voltalia's human resources policy. In 2018, 70 employees were transferred, including 49 for promotions and 12 for a different role (new position in a new department). The share of the average workforce that transferred internally during the year was 12% in 2018 (8% in 2017).

Well-being

Employee well-being is crucial for Voltalia. In addition to being committed to providing its employees with a work environment free of health and safety risks, the Group is aware that its mission and ambitions cannot be fulfilled without its employees' skills and commitment.

The local staff maintains a sense of teamwork in each country through activities and events in which employees participate. Thanks to the introduction of IT resources that enable remote collaborative work, employees have flexibility in how they work, and can even telework depending on their job requirement.

Due to the growth in Voltalia's workforce, the staff at the Paris office needed to move in 2018. Wishing to ensure the well-being of the affected employees, the "Move" team that was in charge defined search parameters that would add no more than 10 minutes to the commute of each employee. The Workplace Hygiene, Health and Safety Committee of the employee representative body (*Délégation Unique du Personnel*, DUP) and all the employees at the corporate headquarters were consulted on the arrangement and decoration of the new site.

Voltalia's offices in Paris are more spacious and bright, and foster collaboration and dialogue.

Voltalia's new offices in Paris

In July 2018, Voltalia Paris teams moved to new premises specially designed to foster collaborative work. The teams now enjoy a flexible working environment: employees can choose to occupy different work spaces and different places depending on the projects in progress. Computer and telephone equipment has been adapted to this new configuration, which promotes flexibility.

The new offices also have social spaces offering several activities: table football, piano, guitar and board games. A gym is also available to employees.

3.4.3 Working conditions

Organisation of working time and social dialogue

Labour relations bodies

Voltalia works hard to maintain respectful, constructive labour relations with all of its employees. Furthermore, Voltalia's expanded human resources team has enabled it to increase employee dialogue within the company in a quest to forge a bond between employees and encourage their support of its mission. Voltalia SA has an employee representative body (*Délégation Unique du Personnel*, DUP) in accordance with the regulatory obligations stipulated in France. This body, which comprises eight employees from the Paris and Aix-en-Provence offices, improves communication with management and between the teams. Elected for two years, its members include employee representatives and members of the works council and of the Health, Safety & Working Conditions Committee. Voltalia's employees in Italy have also elected a safety representative.

Collective agreements

Only Voltalia SA (more than 50 employees) is subject to the obligation to have employee representative bodies. No collective bargaining agreement has been signed. Executive-grade employees in the French companies are bound by the *Convention nationale de la métallurgie des cadres et ingénieurs* (bargaining agreement for executives and engineers in the metallurgy industries) and non-executive grade employees are covered by regional versions of the *Convention collective des ouvriers employés techniciens agents de maîtrise de la métallurgie* (collective bargaining agreement for non-executive grades in the metallurgy industries).

In 2018, Voltalia do Brasil (VDB) renewed its collective bargaining agreement signed in March 2017 with the Brazilian energy trades' union.

Promotion of and respect for human rights

Respect for the freedom of association and the right to collective bargaining

As mentioned in Section 3.5 of this document, Voltalia strives to sustain respectful and constructive labour relations for the benefit of its employees.

Eradication of forced or compulsory labour and effective abolition of child labour

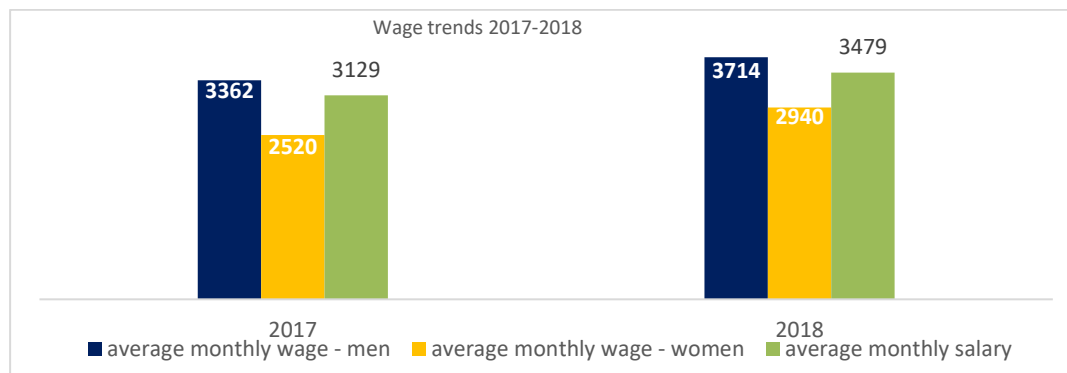
Voltalia condemns forced or compulsory labour, and such labour is not used in any of its activities. The Group also does not employ children, and no children work in any of its businesses.

Compensation

The Group develops its compensation policy based on the conditions of the local labour market, on internal consistency and on applicable legislation. Valtalia's compensation policy is consistent with individual responsibilities and results, with team performance and with the Group's financial results. All employees benefit from variable compensation. This compensation is defined by a Group policy set up in 2018.

Variable compensation depends on the achievement of Group (15%), team (30%) and individual (55%) targets, except for France and French Guiana where the weighting is as follows: 35% for country and team targets, and 65% for individual targets (profit-sharing agreement signed in 2017 to share Group performance in France).

In 2018 the average gross monthly salary of Valtalia's employees was €3,479, up 11% from €3,135 in 2017. The average monthly salary of female employees rose 17% to €2,940. Consequently, the gap between average monthly salary for men and women fell from 25% in 2017 to 21% in 2018.



The increase in the average monthly salary for the category stems from the large number of executives recruited for middle or senior management positions in 2018.

Absenteeism

In 2018, the total number of days of absence at Valtalia dropped 38%, from 2,849 to 1,754 days. The largest reductions were in Italy (-66%) and Portugal (-64%), due mainly to fewer days of maternity and paternity leave.

Breakdown of days of absence by reason in 2018 (number of days worked) in the countries that make up 81% of the Group's workforce:

Grounds	France		Brazil		Portugal		Italy	
	2018	2017	2018	2017	2018	2017	2018	2017
Illness	295	301	132	77	266	139	47	166
Workplace accident	23	44	117	2	0	0	25	2
Family events	56	1	5	10	0	56	8	0
Maternity/paternity	289	317	261	135	211	1,291	35	258
Parental leave	0	36	3	3	67	10	31	0
Total days of absence	663	699	401	227	544	1,496	146	428
Average workforce	133.36	90.09	99.12	85.57	128.44	127.21	44.02	42.83

3.4.4 Health and safety

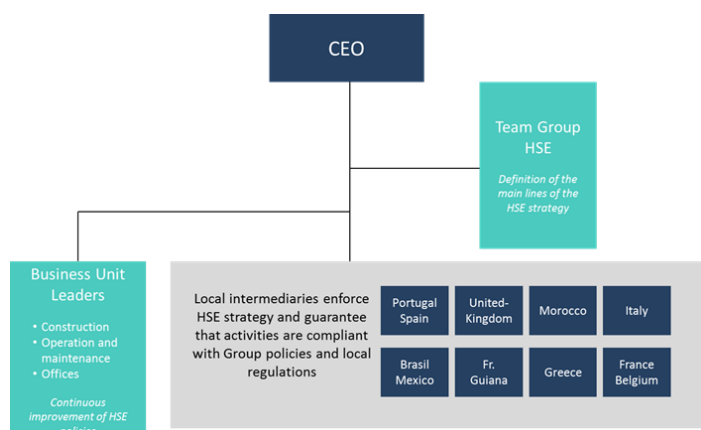
The construction and the operation and maintenance of electricity generation infrastructure exposes Voltalia to heightened health and safety risks. Events may jeopardise the safety and/or health of Voltalia's employees in all the sites where it operates and in particular in countries or areas at risk. Any accident occurring at a Voltalia site, whether on a construction site or in an office, could result in delays in work on projects and/or additional costs, thus adversely affecting the performance of the company and the attainment of its objectives.

Structure

Protecting employees' health and guaranteeing their safety is the Group's top priority; these issues are as much of a concern for employees as performance requirements. The Health and Safety policy and measures developed by Voltalia since 2015 aim to provide all company employees with a work environment that is free of accident risk.

The Health and Safety organisation, which reports directly to the Chief Executive Officer, comprises 15 dedicated employees and includes employees from different business lines to guarantee that the entire workforce is involved.

As such, in addition to local HSE officers responsible for reporting accidents and ensuring compliance



with local regulations, additional representatives were identified in the various departments and charged with promoting best practices. These key contact people, who are representative of the Group's businesses and regional presence, are directly responsible for the proper enforcement of the directives.

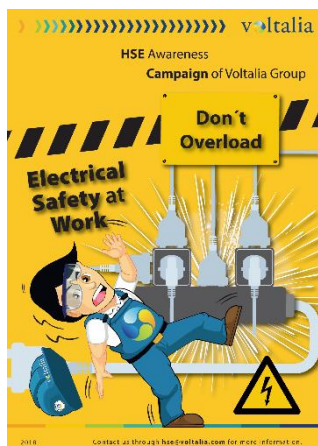
Progress is tracked by the Executive Committee through a quarterly review of the health and safety performance indicators; this process ensures that the decisions needed for the continual improvement of the measures are made.

The OHSAS 18001 certification of Voltalia's sites in Portugal, Greece and Italy ensures that the safety risks related to the service activities are also rigorously managed.

Training and prevention

In 2018, 2,622 training hours, or 13% of training delivered during the year to all employees, focused on health and safety.

The Group's health and safety team also handle prevention campaigns. In 2018, the programme addressed the following topics: prevention of falls, electric risks, identifying risks and near misses, and a campaign spotlighting the golden rules of health and safety. Educational booklets have also been provided to employees at every company site, along with training tailored to the relevant activity (construction, operation) and the type of facility (solar, wind, biomass or small hydro plant).



Employees receive on-site training (an induction) before any construction begins. These sessions are mandatory for Voltalia's construction staff as well as for subcontractors, whose health and safety performance is incorporated into that of the Group. This training covers all aspects of the project related to health, safety, hygiene and the environment. Safety cards are provided to Voltalia's staff and the subcontractors working on the construction sites, and the Group's HSE policy and performance are posted at the entrance to each construction site.

All the documentation needed to properly enforce Voltalia's HSE policy is available to all employees through the Group's intranet, launched in 2018. Risk assessment forms, information on the country risk with regard to travel, and all related procedures and materials are freely accessible and translated into the main languages spoken by the employees.

Finally, a Workplace First-Aid Provider training programme was instituted in France in 2018; to date, 30 people have received training and been authorised to respond to a workplace accident as part of their duties and at their workplace.

Performance

In 2018, Voltalia continued its efforts to improve its health and safety performance. The frequency rate decreased by 37% from 2017. However, the severity rate increased by 60% due to accidents among Voltalia subcontractors.

	VOLTALIA		SUB CONTRACTORS		CONSOLIDATION	
	2018	2017	2018	2017	2018	2017
Frequency rate	2.067	6.069	9.257	8.83	4.643	7.423
Severity rate	0.012	0.059	0.228	0.053	0.090	0.056
Hours worked	967,632	823,849	540,126	792,733	1,507,758	1,616,582
Number of accidents	2	5	5	7	7	12
Number of working days lost	12	49	123	42	135	91

In response to these results, the following measures have been planned and will be rolled out in 2019:

- additional site audits have been performed by the Group HSE manager, particularly in new countries of Group operation such as Egypt and Kenya, in order to ensure that the facilities comply with the company's requirements. These measures will be tightened in 2019 given that

construction is set to begin in several countries (Brazil, Metropolitan France, French Guiana, Egypt, Kenya, etc.);

- subcontractors are now subject to a policy of penalties that are systematically applied in the event of fault, and the worst performing subcontractors in terms of health and safety will be blacklisted by Voltalia. The weighting of the health and safety performance of potential suppliers and subcontractors as part of their pre-approval has been increased;
- a health and safety module will be delivered during onboarding days for new employees, and training and education actions will be strengthened across all regions and businesses.

In February 2019, Voltalia's Executive Committee reviewed the Group's health and safety assessment method. Consequently, the reference used to calculate attainment of the frequency rate and severity rate will take into account (1) the best performance accomplished to date, and (2) the target for the given year.

The references used to calculate the attainment of the Group's HSE targets in 2019 will be as follows:

Voltalia's track record of health and safety performance

	VOLTALIA			SUBCONTRACTORS			CONSOLIDATED VOLTALIA		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Frequency rate	2.07	6.07	5.7	9.26	8.83	4.29	4.64	7.42	4.9
Severity rate	0.01	0.06	0.03	0.23	0.05	0.06	0.09	0.06	0.05

2019 calculation method

2019 point of reference		2019 Target
Frequency rate	4.64	2.019
Severity rate	0.05	0.024

3.5 Report by the independent third party on the consolidated non-financial statement included in the management report

For the year ended December 31st 2018

This is a free translation into English of the Independent third party's report 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 standards applicable in France.

To the shareholders,

In our capacity as independent third party, certified by COFRAC number 3-1058 (scope available at www.cofrac.fr), and member of the Mazars network of one of the Valtalia's Statutory Auditors, we hereby report to you on the non-financial statement for the year ended December 31st 2018 (hereinafter the "Statement"), included in the management report pursuant to the legal and regulatory requirements of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are available on request from the entity's head office.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*.

Our procedures allowed us to assess the compliance of the Statement with regulatory requirements and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and, where applicable, the impact of this activity on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III: as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified that the Statement includes an explanation for the absence of the information required under article L. 225-102-1 III, 2 of the French Commercial Code;
- we verified that the Statement presents the business model and the key risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as its their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II of the French Commercial Code;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement includes a clear and reasoned explanation for the absence of policy concerning one or more of those risks;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes¹² that we considered to be the most important, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was

¹² **Human Resources Risks:** Percentage of employees with at least one training session during the year; Attrition rate for permanent employees; **Business Ethics Risks:** Percentage of employees trained in compliance and business ethics; **Health and Safety Risks:** Occupational injury frequency rate; Occupational injury severity rate; Percentage of training courses dedicated to Health and Safety; **Climat change and Environment Risks:** Avoided CO2 emissions

carried out on a selection of contributing entities¹³ and covers between 44% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;

- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important¹⁴;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of 3 people between January 2019 and March 2019 and took a total of 2 weeks.

We conducted around 10 interviews with the people responsible for preparing the Statement, representing in particular Executive Management, Human Resources, Health Safety and Environment Departments.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respect.

Comments

Without modifying our conclusion and in accordance with article A. 225-3 of the French Commercial Code, we have the following comments:

- The policy regarding Human Resources Risks was drawn up in 2018. It was formalised and deployed in January 2019 and will be integrated to the Group's CSR Policy during the year 2019.
- The Climate Change and Environment Risk is not covered by a formalised policy. In 2018, an environmental performance program was deployed with the identification of key performance indicators, the implementation of a dedicated organization and a collection and reporting process of the environmental information. This risk will be addressed by the Group's CSR Policy defined and deployed during the year 2019.

¹³ Voltalia France, Voltalia Guyane and Voltalia Portugal entities.

¹⁴ **Reputational and projects acceptability Risks:** Stakeholders engagement and consultation actions.

4. GOVERNANCE

The company is a French *société anonyme à conseil d'administration* (public limited company with a board of directors)

Laurence Mulliez assumed her duties as the non-executive chairwoman of the Company on 5 May 2014. Her term of office was renewed for a period of three years during the General Shareholders' Meeting on 24 May 2018. Sébastien Clerc assumed his duties as CEO in November 2011; his term of office was renewed on 12 May 2016 for a period of four years.

4.1 Corporate governance

4.1.1 Governance rules

In the interests of transparency and public information, especially since the admission of its shares to trading on the regulated market of Euronext Paris, the Company has undertaken a comprehensive review of corporate governance practices.

In order to comply with the requirements of Article L. 225-37 of the French Commercial Code, the Company has designated the Corporate Governance Code published in September 2016 by MiddleNext (the "**MiddleNext Code**") as reference code to which it will refer.

The Company seeks to comply with all recommendations of the MiddleNext Code. The table below lists the various recommendations of the MiddleNext Code and specifies whether the Company complies with the recommendations.

Recommendations of the MiddleNext Code	Compliance	Non-compliance
Supervisory "powers"		
R1 - Board members' ethics		X (1)
R2 - Conflicts of interests	X	
R3 - Composition of the Board – Presence of independent members	X	
R4 - Information of Board members	X	
R5 - Organisation of Board and committee meetings	X	
R6 - Establishment of committees		X (2)
R7 - Establishment of the Board's rules of procedure	X	
R8 - Choice of each Board member	X	
R9 - Term of office of Board members		X (3)
R10 - Compensation of Board members	X	
R11 - Evaluation of the Board's work	X	
R12 - Relationship with "shareholders"	X	
Executive powers		
R13 - Definition and transparency of the compensation of executive corporate officers	X	
R14 - Preparation of succession plan for "managers"	X	
R15 - Combined employment contract and corporate term of office	X	
R16 - Retirement benefits	X	
R17 - Supplementary pension plans	X	
R18 - Stock options and free share allocation	X (4)	
R19 - Review of vigilance points	X	

- 1) The Chairman of the Board of Directors holds the office of director with companies outside the Group, including three listed companies, it being stipulated that he has no executive function within the Group. The Middennext governance code considers that this number should be limited to two.
- 2) Any independent director(s) the Company appoints to the Board of Directors may, depending on their specific skills and expertise, be appointed chairman of certain committees. Details on the composition of the special committees are available in section 4.2.2.
- 3) Directors' terms of office were renewed on 24 May 2018 at the General Meeting to approve the financial statements for 2017. The terms of office of the directors Laurence Mulliez; The Green Option, represented by Philippe Joubert; Creadev, represented by Chantal Toulas; André-Paul Leclercq and Robert Dardanne, were re-appointed for different periods to stagger the ends of their terms of office.
- 4) Allocations of options and shares to executive corporate officers since 2012 are subject to performance conditions in line with the company's medium-term objectives.

4.1.2 Organisation of governance at Voltalia

Chief Executive Officer

Sébastien Clerc, as CEO, is responsible for the executive management of the Company.

Board of Directors

The Board of Directors is composed of seven members:

- Laurence Mulliez, Chairwoman of the Board of Directors;
- Creadev, represented by Chantal Toulas;
- Robert Dardanne;
- André-Paul Leclercq;
- The Green Option, represented by Philippe Joubert; and
- Solène Guéré;
- Evelyne TALL.

In order to further improve the Board's diversity, a new female director was recommended and appointed during the General Meeting of 24 May 2018, bringing the Board composition to four women and three men, and three independent members out of seven, placing the Company above the legal requirements. The Company thus complies with the legal requirements and 57% of the Board of Directors are women.

Sébastien Clerc, in his capacity as CEO of the Company, attends all Board meetings except closed proceedings.

Restrictions on the powers of the Chief Executive Officer

At its meeting of 28 March 2018, the Board of Directors decided that the Chief Executive Officer would not be permitted to undertake the following without the prior consent of the Board:

- i. approval of the Company's consolidated strategic plan;
- ii. approval of the Company's annual budget and Groupe Voltalia's consolidated annual budget comprising: an operating account, an investment and disinvestment plan, a financing plan;
- iii. fulfilment of an individual investment commitment, by the Company or one of its subsidiaries, in an electricity production or storage power plant representing an equity investment on the part of the Voltalia Group without the prior consent of the Board of Directors. This provision also applies if the commitment amount exceeds €10,000,000; or if the electricity power plant is in a country where the Voltalia Group does not yet operate; or if the risk/return profile of the project is lower than the thresholds approved by the Board of Directors;

- iv. fulfilment of an individual investment commitment, by the Company or one of its subsidiaries, or a disbursement commitment not provided for in the annual consolidated budget, if the annual cumulative value exceeds either of these budgets by 10%, with the exception of expenditure required for emergency health and safety measures;
- v. conclusion of a loan agreement or negotiation of any source of finance by the Company which is not included in the approved financing plan if the cumulative annual amount exceeds €30,000,000;
- vi. amendment of the accounting methods applied by the Company to the individual or consolidated financial statements;
- vii. any significant changes to the business activities (new sector of activity, new country for electricity generation, etc.) of the Company or its subsidiaries that is not provided for in the strategic plan adopted;
- viii. granting by the Company to third parties of any sureties or guaranties on its assets;
- ix. any planned strategic partnership by the Company or one of its subsidiaries which has capital implications, it being specified that the joint ventures for electricity plant projects are not considered to be strategic in nature;
- x. introduction of a profit sharing plan by the Company and/or its subsidiaries for employees of the Company and/or its subsidiaries;
- xi. acquisition by the Company and its subsidiaries from third parties of rights of ownership, operating licences, business premises, a building of any type or a tangible or intangible asset representing a value and/or firm commitment in excess of €10,000,000 (acquisition of electricity power plants) or €1,000,000 (other acquisitions) for the Valtalia Group or the taking or granting of a management lease on a third party's business premises;
- xii. disposal (or transfer of assets by the Company or its subsidiaries to third parties, and any third-party transactions on the capital of subsidiaries, such as mergers, divisions, partial contributions of assets) if the value exceeds €10,000,000 (sale of electricity power plants under development, under construction or in operation) or €1,000,000 (other disposals);
- xiii. equity investments by the Company in a legal entity, a joint venture or an incorporated or unincorporated company, whose partners or members have unlimited and/or joint and several liability or are held responsible for all or a portion of the social liabilities;
- xiv. any planned increase of the Company's capital, or any capital increase by one of the subsidiaries, which does not have an electricity power station, that is likely to dilute the Company capital, or any capital increase by one of the subsidiaries with an electricity power plant under development that is likely to dilute the Company's capital by at least €5,000,000, or any capital increase of a subsidiary with an electricity power plant under construction or in operation if the Group's share of the capital increase exceeds (excluding exchange rate fluctuation effect or the consequences of contractual commitments) the maximum amount authorised per point iii) above by at least €5,000,000;
- xv. an agreement or commitment of any type (other than an employment contract) between the Company and one of its directors or employees acting directly or indirectly, through an intermediary in particular;
- xvi. recruitment by the Company or one of its subsidiaries of persons with a compensation package in excess of €350,000, if the Appointments and Compensation Committee has not been informed.

In addition, a contract to build an electricity power plant for a third party with a value in excess of €75 million must be submitted to the Board of Directors prior to being signed.

Special committees

The functioning of the Appointments and Compensation Committee is detailed in Section 4.2.2 4.2.2the Registration Document

4.2 Board of Directors and special committees

4.2.1 Board of Directors

The composition and information about members of the administrative and management bodies are the subject of the developments presented in Sections 4.1 "Corporate governance" and 8.14 "Memorandum and Articles of Association" of the Registration Document.

Directors are appointed for a period of between one and three years. By way of an exception, the term of office of Robert Dardanne was renewed by the Company's General Meeting on 24 May 2018 for a period of one year.

The directors, especially the independent directors, may be remunerated by means of attendance fees based on their attendance at meetings of the Board of Directors and their participation in special committees, and depending on the time they devote to their duties (see Section 4.6.2 of the Registration Document).

The Board of Directors adopted new rules of procedure at its meetings of 31 March and 20 October 2017. This document is available on the Company's website¹⁵.

These rules of procedure notably include the principles of conduct and the obligations of the members of the Board of Directors of the Company. The new rules of procedure incorporate the notion of stakeholders in its missions. As a result, the Board "determines the strategy of the Company and oversees its implementation. Subject to the powers expressly conferred to shareholders' meetings and within the limit of the Company purpose, it shall deal with any issue affecting the Company's efficient operation and make business decisions within its remit. In doing so, it defends the long-term interests of the Company with respect for all stakeholders". Each member of the Board of Directors undertakes to maintain their independence of analysis, judgement and action and to actively participate in the activities of the Board of Directors. The member shall inform the Board of Directors of any conflict of interests he or she may face and draw consequences therefrom in respect of the exercise of his/her term of office. In addition, each member of the Board of Directors is bound by an obligation of non-competition and attendance. In addition, the rules of procedure reiterate applicable regulations concerning the dissemination and exploitation of insider information and specify that its members must refrain from trading in the securities of the Company when they have access to insider information. Each member of the Board of Directors must notify the Company and the AMF of any direct or indirect transactions they perform in the Company's securities.

As of the date of the Registration Document, the Board of Directors recognises that the company, The Green Option, and its permanent representative, Philippe Joubert; and Robert Dardanne and Evelyne Tall, are independent members within the meaning of the provisions of the MiddleNext Code.

Neither The Green Option nor its permanent representative, Philippe Joubert, nor Robert Dardanne, nor Evelyne Tall:

- have been, over the last five years, or are, employees or executive corporate officers of the Company or of a Group company;
- has been, during the last two years, and is not, in any significant business relationship with the Group (customer, supplier, competitor, service provider, creditor, banker, etc.);
- is a major shareholder or holds a significant percentage of the Company's voting rights;
- have a close relationship or close family ties with a corporate officer or major shareholder; or
- have been a Statutory Auditor of the Company over the last six years.

The number of meetings held by the Board of Directors is a function of the various events that mark the life of the Company. Consequently, the Board of Directors meets as frequently as warranted by the Company's current situation.

In accordance with its rules of procedure, the Board of Directors reviews its mode of operation and the preparation of its output once a year; at least every three years it conducts a formal assessment with

¹⁵ See the following link: http://www.voltalia.com/uploads/investor/financial_info/Voltalia_-_Reglement_interieur_du_CA_-_20_octobre_2017-VF.pdf

the assistance, as necessary, of an external consultant. In addition, once a year, the Board of Directors reviews known conflicts of interest. Each director informs the Board, as necessary, of the change in his/her situation.

During the financial year ended 31 December 2018, the Company's Board of Directors met ten times and the attendance rate of the members of the Board of Directors was 90% (94% excluding meetings held over the telephone).

4.2.2 Special committees

By decision of the Board of Directors on 13 June 2014, the Company established an Audit Committee and an Appointments and Compensation Committee. The same Board approved the rules of procedure of each of these two committees. An update of these rules was approved by the Board of Directors on 31 March 2017 and 20 October 2017

Audit Committee

The main provisions of the rules of procedure of the Audit Committee are set out below.

Composition

The members of the Audit Committee are chosen from among the members of the Board of Directors and at least one must be an independent member according to the criteria defined by the MiddleNext Code, to which the Company refers.

If possible, the Committee comprises at least two members appointed by the Board of Directors on recommendation of the Appointments and Compensation Committee.

In choosing the members of the Committee, the Board of Directors ensures their independence and that at least one independent member of the Committee has specific financial and accounting skills.

The Chairman of the Committee is appointed by the Board of Directors from amongst its members for the duration of his term of office on the Committee, whenever possible by the independent directors.

It is specified as necessary that no director holding management positions within the Company and its affiliates may be a member of the Committee.

The members of the Audit Committee may only receive attendance fees payable in respect of their directorship and as members of the Committee, from the Company and its subsidiaries, in addition to reimbursement of any expenses. Any other compensation must be exceptional and must have been previously authorised by the Board of Directors.

The term of office of the members of the Audit Committee coincides with that of their directorship. The term of office of a Committee member may be renewed at the same time as the directorship.

However, the Board of Directors may at any time change the composition of the Committee.

As of the date of the Registration Document and further to a decision taken by the Board of Directors on 22 July 2015, the members of the Audit Committee are:

- André-Paul Leclercq (Chairman);
- the company Creadev, represented by Chantal Toulas; and
- the company The Green Option, represented by Philippe Joubert, independent member.

André-Paul Leclercq has specific expertise in finance and accounting. The expertise of the members of the Audit Committee is detailed in Section 4.3.

Responsibilities

Under the exclusive and collective responsibility of the members of the Company's Board of Directors, the Audit Committee is responsible for monitoring matters relating to the preparation and control of accounting and financial information. To this end, it shall be responsible, in particular, for:

- monitoring the financial reporting process and, where appropriate, making recommendations or proposals to ensure their integrity;
- monitoring the effectiveness of the internal control and risk management systems as far as the procedures relating to the preparation and processing of accounting and financial information are concerned, including in particular, a periodic review of major disputes; ensuring that the main risks are identified, managed and brought to its attention as part of the annual review of the risk map (including the environmental risks);
- monitoring the statutory audit of the annual and consolidated financial statements by the Statutory Auditors, which now includes monitoring of derivatives and their use. The Audit Committee takes into account any observations made by the French auditors' supervisory body (Haut Conseil du Commissariat aux Comptes - H3C);
- ensuring compliance with the procedure for the selection of Statutory Auditors and the rules for the rotation of firms and key signatories, in accordance with legal provisions;
- issuing a recommendation on the proposed appointment of the Statutory Auditors as put forward by the General Meeting and reviewing their terms of compensation;
- monitoring the independence of the Statutory Auditors, in particular with regard to the basis of the provision of non-audit services to the entity, its parent companies and the controlled subsidiaries. As of today, the Audit Committee delegates prior authorisation to the Chief Executive Officer and the Chief Financial Officer for any service other than the certification of financial statements (SACC) by the Statutory Auditors and the members of their networks at Voltalia SA and entities controlled by the company. The SACCs are listed in the appendix to the rules of procedure of the Audit Committee. This delegation covers the services contracted in addition to certification of the financial statements and for which the fees will not exceed 70% of the average total annual fees over the last three years for certification of the Voltalia Group financial statements. The use of this delegation will be presented to the Audit Committee at least once a year. For other services, with the exception of prohibited services, prior authorisation should be requested on the basis of an analysis of the compatibility of the mission by the Statutory Auditors;
- to receive at least once a year the person responsible for the internal audit who will present the annual audit plan.

Functioning

The Committee meets at least four times a year, according to a schedule set by its Chairman, in order to discuss the annual, half-yearly and, if applicable, quarterly (in each case consolidated if applicable) financial statements, on an agenda drawn up by its Chairman and sent to the members of the Committee. The Audit Committee may also ask to review the Company's financial statements outside the half-yearly and annual financial statements. It shall also meet at the request of its Chairman, or of two of its members or of the Chairman of the Board of Directors of the Company.

The Committee may interview any director of the Company and carry out any internal or external audit on any subject it deems appropriate to its mission. The Chairman of the Committee shall inform the Board of Directors in advance of any such requirement. The Committee is notably empowered to interview those involved in preparing and verifying the financial statements (CFO and senior managers in the Finance Division).

The Committee shall interview the Statutory Auditors in the absence of any representative of the Company at least twice per year.

If they deem it necessary for the accomplishment of their mission, Committee members may request any accounting, legal or financial document to be sent to them.

The Committee's proposals are submitted to the Board of Directors.

During the 2018 financial year, the Voltalia Audit Committee met five times.

Reports

The Chairman of the Committee shall ensure that the minutes of the Committee, forwarded to the Board of Directors, enable it to be kept fully informed, thus supporting its deliberations.

The annual report shall include a presentation on the activities of the Committee during the year.

Should the Committee detect a material risk, which does not appear to be adequately addressed during the course of its work, its Chairman shall immediately alert the Chairman of the Board.

Appointments and Compensation Committee

The main provisions of the rules of procedure of the Appointments and Compensation Committee are set out below.

Composition

Whenever possible, the Appointments and Compensation Committee shall consist of at least two members of the Board of Directors designated by the Board itself.

As of the date of the Registration Document and further to a decision taken by the Board of Directors on 22 July 2015, the members of the Appointments and Compensation Committee are:

- the company Creadev, represented by Chantal Toulas (as Chairwoman); and
- André-Paul Leclercq.

Responsibilities

Regarding appointments:

- presenting to the Board of Directors recommendations on the composition of the Board of Directors and its committees; as part of this mission, the committee will do its utmost to ensure the expertise of the individuals on the Board of Directors is commensurate with the long-term interests of the company;
- each year, proposing to the Board of Directors a list of its members who may be classified as "independent members" under the criteria defined by the MiddleNext Code;
- establishing a succession plan for executives of the Company and assisting the Board of Directors in the selection and evaluation of members of the Board of Directors;
- preparing a list of persons whose appointment to the Board of Directors may be recommended; and
- preparing a list of members of the Board of Directors whose appointment as a member of a special committee of the Board of Directors may be recommended.

Regarding compensation:

- reviewing the main objectives proposed by management for the compensation of non-executive corporate officers of the Company, including bonus share plans and stock options or warrants;
- reviewing the compensation of non- executive corporate officers, including bonus share plans and stock options or warrants, pension and insurance plans and benefits in kind;
- establishing recommendations and proposals for the Board of Directors concerning:

- compensation, pension and insurance plans, benefits in kind, other pecuniary entitlements, including in the event of cessation of functions, for corporate officers. The committee proposes compensation amounts structures, notably the rules for calculating the variable element taking into account the strategy, objectives and results of the Company and market practices, and
- plans for free shares, stock options or warrants and other similar profit-sharing mechanisms and, in particular, individual allocations to the corporate officers eligible for such mechanisms;
- examining the total amount of attendance fees and the system of allocation between the directors, including the conditions for reimbursement of any expenses incurred by members of the Board of Directors;
- preparing and submitting any reports required under the rules of procedure of the Board of Directors; and
- preparing any other recommendations as may be requested by the Board of Directors with regard to compensation.

For its work, the Committee may base itself on the work carried out by the company's human resources department and can contact this department directly to obtain any information it deems useful.

And more generally, the Committee provides advice and makes appropriate recommendations in the aforementioned areas.

Functioning

The Appointments and Compensation Committee shall meet at least twice a year in accordance with a schedule defined by its Chairman, with the agenda being prepared by its Chairman and forwarded to the members of the Appointments and Compensation Committee. It shall also meet at the request of its Chairman, or two of its members or the Chairman of the Board of Directors.

Non-executive directors who are not members of the Appointments and Compensation Committee may freely participate in its meetings.

The Chairman of the Company's Board of Directors, if not a committee member, may be invited to attend meetings of the committee. The committee invites the Chairman of the Board of Directors to submit proposals. The Chairman of the Board of Directors may not vote or attend deliberations concerning their own situation.

The Appointments and Compensation Committee may ask the Chairman of the Board of Directors for the assistance of any senior executive of the Company whose expertise could help to further discussions on an agenda item. The Chairman of the Appointments and Compensation Committee or the chairman of the meeting shall draw the attention of anyone participating in discussions that they are bound by confidentiality obligations.

During the 2018 financial year, the Voltalia Appointments and Compensation Committee met four times.

Reports

The Chairman of the Appointments and Compensation Committee shall ensure that the minutes of the committee, forwarded to the Board of Directors, enable it to be kept fully informed in support of its deliberations.

The annual report shall include a presentation on the activities of the committee during the year.

The Compensation Committee shall notably examine the Company's draft report on executive compensation.

4.2.3 Terms for the participation of the shareholders in the General Meeting

The General Meeting consists of all shareholders, regardless of the number of shares they own.

General Meetings, whether ordinary, extraordinary or special, depending on the purpose of the proposed resolutions, may be held at any time of year. General Meetings are convened under the formal requirements and time limits established by law.

The meetings are held at the registered office or any other address indicated in the notice of meeting.

All shareholders have the right to obtain the necessary documentation to enable them to make an informed decision and judgement on the management and operations of the Company.

Regardless of the number of shares they hold, all shareholders may attend General Meetings in person or via a representative by issuing a proxy to another shareholder or their spouse, or to the Company without stipulating the direction of their vote, or by postal vote according to the legal and regulatory conditions in force.

An Ordinary General Meeting is a meeting called to make all decisions that do not amend the Articles of Association.

Only an Extraordinary General Meeting is authorised to amend the Articles of Association and all of the provisions contained therein. Unless unanimously approved by the shareholders, it may not, however, increase the commitments of the shareholders, with the exception of transactions resulting from an exchange or a reverse stock split that has been decided and carried out in a due and proper manner.

Special Meetings ratify the decisions of General Meetings that amend the rights attached to a class of shares.

Ordinary, Extraordinary and Special General Meetings deliberate under the conditions of quorum and majority required under the respective legal provisions by which they are governed.

4.3 Administrative, management, supervisory and general management bodies

Summary of the composition of the Board of Directors and specialised committees:

Last name	Title	Date of appointment or renewal	Expiry of the term of office	Audit Committee	Appointments and Compensation Committee	Experience and expertise
Laurence Mulliez	Chairwoman Board of Directors	24-05-18	2021	-	-	Energy, renewable energies, international development, governance
Creadev, represented by Chantal Toulas	Director	24-05-18	2021	Member	Chairman	Finance, human resources, company development
Robert Dardanne	Independent director	24-05-18	2019	-	-	Renewable energies, entrepreneurship
André-Paul Leclercq	Director	24-05-18	2020	Chairman	Member	Finance, international development
The Green Option represented by Philippe Joubert	Independent director	24-05-18	2021	Member	-	Energy, industry, governance, corporate social responsibility (CSR), Brazil, finance
Solène Guéré	Director	01-06-17	2020	-	-	Renewable energies, environment, entrepreneurship
Evelyne Tall	Director	24-05-18	2020	-	-	International development (Africa), governance

4.4 Managers and directors

4.4.1 Managers

Sébastien Clerc, as CEO, is responsible for the management of the Company.

Name	Age	Nationality	Position in the Company	Date of appointment or renewal	Year of next renewal	Number of shares held(1)
Sébastien Clerc	54	French	Chief Executive Officer	12-05-16	2020	9,329

(1) As of 31 December 2018

Sébastien Clerc's management expertise and experience are the result of the variety of posts and management positions previously held (see Section 4.4.3 "Biographies of the managers and directors" of the Registration Document).

4.4.2 Composition of the Board of Directors

At the date of the Registration Document, the composition of the Company's Board of Directors is as follows:

Name	Age	Nationality	Position in the Company	Date appointed	Year of reappointment	Number of shares held(1)	Independent member (6)
Laurence Mulliez	53	French	Chairwoman of the Board of Directors	11-06-15	2021	(2)	No
Creadev, represented by Chantal Toulas	47	French	Director	11-06-15	2021	-	No
Robert Dardanne	63	French	Director	11-06-15	2019 ⁽⁵⁾	(3)	Yes
André-Paul Leclercq	55	French	Director	11-06-15	2020	(4)	No
The Green Option represented by Philippe Joubert	63	French	Director	11-06-15	2021	6.517	Yes
Solène Guéré	30	French	Director	01-06-17	2020	-	No
Evelyne Tall	59	Senegalese	Director	24-05-18	2020	-	Yes

(1) As of 31 December 2018. Note that the directors are not obliged to hold Voltalia shares, either directly or indirectly.

(2) The number of Soparvoltalia shares held by Laurence Mulliez increased each year through the reinvestment of a portion of the attendance fees she received.

(3) Robert Dardanne holds indirect interests amounting to 0.85% of the capital of the Company through Voltalia Investissement. The number of Soparvoltalia shares held by André-Paul Leclercq increased in 2015 and 2016 through the reinvestment of a portion of the attendance fees he received.

(4) The Combined General Meeting of 24 May 2018 re-appointed Robert Dardanne as a director for an exceptional period of one year.

(5) The independent members satisfy the MiddleNext Code criteria.

(6) The independent members satisfy the MiddleNext Code criteria.

The management expertise and experience of these individuals are the result of the variety of posts and management positions previously held (see Section 4.3 of the Registration Document). It should be noted that Sébastien Clerc, as CEO of the Company, attends most Board meetings.

As of 31 December 2018, the Board of Directors comprised three men and four women. As such, the Company is in compliance with article L.225-18-1 of the French Commercial Code.

4.4.3 Other directorships

Other current directorships

Name	Office held	Company
Directors		
Laurence Mulliez	Chairwoman of the Board of Directors	Voltalia Investissement SA
	Chairwoman	Globeleq
		Aperam
		SBM offshore
	Director	Morgan Advanced Materials Arcus Infrastructure Partners LLP NTR Wind Fund LLP
Creadev	Director	Yes Holding SAS Helexia Développement SA Helexia SA Voltalia Investissement SA Groupe Maisons de Famille SA Actility SA Innovafeed SAS
	Member of the Supervisory Board	Groupe Acticall SAD Abilways SAD Recommerce Solutions SAD
	Member of the Strategy Committee	Agorize SAS
	Manager	Crea-Five SC
	Chairman of the Company	Creadev Mezzanine SAS
	Permanent representative of Creadev SAS, Director	Voltalia Investissement SA
	Permanent representative of CREADEV SAS, Member of the Supervisory Board	Abilways SAD

Robert Dardanne	Chairman of the Board of Directors	Eurofinance Travel SA
		Voltalia Investissement SA
		Le Noble Age SA
		DRC SA
	Director	KD Développement Aéronautiques SA (KD subsidiary)
		Travel Technology Interactiv (TTI SA)
		SA Résidence le Point du jour – Belgian company
	Chairman Manager	Fidexi SAS FGD SPRL
	Chairman of the Supervisory Board	Enterprise Promotion SAD
	Manager	BERAND SC Ancre SC
André-Paul Leclercq	Director	Mobilis Banque SA Picardie Investissement SA
	Director appointed to the Board of Directors by the Regional Council	BPI Banque Publique Lille Inovam Tourcoing SAS Finorpa Financement Lens
	Chairman of the Board of Directors representing the Chairman of the Regional Council	Finorpa Conseil Lens
	Director appointed to the Board of Directors to represent the Chairman of the Regional Council	Finorpa – PP Lens Finorpa – SCR Lens FRG Finorpa Lille
	Regional Adviser - Commission Chairman	Région Hauts de France
	Member of the Supervisory Board	Acanthe SCA Cimofat SCA Valorest SCA Soderec SC

The Green Option (representative: Joubert) Philippe	Director	Fondation Nexans Eneo Electricity of Cameroon Client Earth
	Executive Chairman	Global Electricity Initiative* (GEI) (linked to the World Energy Council)
	Chairman	HRH The Prince of Wales's Corporate Leaders Group on Climate Change
	Member of the Advisory Board	A4S (Accounting for Sustainability)
Solène Guéré	-	-
Evelyne Tall	Executive Director	E&S Partners SAS
	Independent Director	AMSCO B.V. The South Centre Fagace
CEO		
Sébastien Clerc	Deputy CEO	Voltalia Investissement SA
	Member of the Advisory Board	Ciel et Terre

As the Company is not controlled by a Company whose securities are admitted to trading on a regulated market, the information specified in Article L. 225-37-3 of the French Commercial Code does not appear in the Registration Document.

Directorships held during the past five financial years but not currently held

Name	Office held	Company
Directors		
Laurence Mulliez	Director	Green Investment Bank
Creadev	Director	Mauna Kea Technologies SA
		Greenland SA
		Voltalis SA
	Member of the Supervisory Board	Tradholding SAD Groupe Acticall SAD
	Vice Chairman of the Supervisory Committee	Groupe Maisons de Famille SAS
Robert Dardanne	Manager	E.Genius SARL
		SNC Guadev
		Elda SARL
	Member of the Supervisory Board	Travel Technology Interactive SA
	Director	Antillaise de Participations
André-Paul Leclercq	Chairman of the Board of Directors	Enterprise Promotion Auchan Polska Auchan Roumania
The Green Option (representative: Philippe Joubert)	Director	Nexans
Solène Guéré	Observer	Voltalia Investissement SA
	Company Chair	Fresh Square SAS
Evelyne Tall	Director representing the Ecobank Group holding company	Ecobank Côte d'Ivoir
		Ecobank Ghan
		Ecobank Cameroun
		Ecobank Kenya
		Ecobank Nigeria
		Ecobank Zimbabwe Holding OTI
CEO		
Sébastien Clerc	None	None

Company Statements regarding the managers and directors

Three directors have family ties:

- Laurence Mulliez (by marriage);
- André-Paul Leclercq; and
- Solène Guéré.

Apart from the above, there is no other relationship between the corporate managers.

To the best of the Company's knowledge, during the last five years none of the managers and directors listed in Sections 4.4.1 and 4.4.2 of the Registration Document has been:

- convicted of fraud;
- associated in their capacity as a manager, director or member of the Supervisory Board in a bankruptcy, receivership or liquidation;
- subject to an official public indictments or sanction by a statutory or regulatory authority; and
- disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or running of the affairs of an issuer.

Biographies of the managers and directors

Chief Executive Officer

Sébastien CLERC:

Sébastien Clerc, 54 years old, has specialised in the infrastructure sector, and notably renewable energies, for over 25 years. He also has proven expertise in change management and in company creation and development. Following 10 years in project financing at Crédit Lyonnais in Canada, then in New York, he returned to France in 1999 to join Ixis, then a subsidiary of Caisse des dépôts, where he created and developed three activities: project financing consulting, management of infrastructure investment funds, then project financing. In 2007 he actively participated in the merger of Ixis and Natexis, notably by managing the fusion of the two banks' project financing teams in France and abroad. Sébastien Clerc was president of Natixis Environnement & Infrastructures (formerly IXIS Environnement & Infrastructures) from 2000 to 2011. From September 2009 he also managed Natixis Alternative Assets. He is a graduate of IEP Paris and the University of Paris X.

Chairwoman of the Board of Directors

Laurence MULLIEZ:

Laurence Mulliez, 53 years old, has an Economics & Finance degree from ESC Rouen and an MBA from the University of Chicago Booth (US), majoring in finance and strategy. Laurence's professional career began at BNP Paribas and, after her MBA, she was briefly with M&M Mars in Chicago (US) and subsequently held various roles, mainly in general management, over 16 years with Amoco and BP in the US, Switzerland and the UK. Her areas of expertise include strategy and M&A, but mainly in employee management and enhancing financial performance as a CEO in Chemicals, Gas, Electricity, Renewable Energies and Industrial Lubricants. Her last role at BP was Global CEO for Castrol Industrial Lubricants. From January 2010 to November 2013 she was CEO of Eoxis, an independent electricity producer owned by Platina Partners and active in the renewable energies sector (wind and solar) in Spain, Italy and India. She also spent 10 years on the Board of Directors of the Leroy Merlin Groupe (until 2010), following which she was an independent director at companies such as Aperam, the independent stainless steel group listed on the Luxembourg, Amsterdam and Paris stock exchanges (and formerly a subsidiary of the Arcelor Mittal Group). Laurence was elected Chairwoman of the Company's Board of Directors on 5 May 2014. She was re-appointed on 11 June 2015 and then on 24 May 2018.

Directors

Chantal TOULAS:

A graduate of ESSEC and SFAF, Chantal Toulas, 47 years old, joined Creadev at the end of 2013, bringing with her 18 years of experience in M&A. Chantal began her career at KPMG Corporate Finance, where she specialised in medium-sized cross-border transactions and was co-director of M&A. She then moved to Gimar & Cie, a Parisian firm specialising in bancassurance. Passionate about entrepreneurship and the “people” elements of her work, she is also a certified coach.

Robert DARDANNE:

Founder and former Chairman and Chief Executive Officer of Voltalia, Robert Dardanne, 63 years old, is the co-founder of Fidexi and Travel Technology Interactive, a subsidiary of Eurofinance Travel and director of the Le Noble Age group.

André-Paul LECLERCQ:

André-Paul Leclercq, 55 years old, is Chairman of the economic commission for the Hauts de France region and serves on corporate boards. He has held the position of Director of international development for Auchan, CEO Poland and CFO France for Immochan, and management controller for Décathlon in Asia.

Philippe JOUBERT:

A French-Brazilian and a graduate of ESSEC, Philippe Joubert, 64 years old, has worked for almost 25 years in Brazil, mainly within the Alstom Group. He then returned to France in 2000 to assume management of Alstom T&D and later Alstom Power. He was Deputy CEO of Alstom until 2012. Philippe is now Senior Advisor to the World Business Council on Sustainable Development and Executive Chair of the Global Electricity Initiative with the World Energy Council.

Solène GUÉRE

A director of Immochan Ukraine since 2016 and an observer at Voltalia Investissement since 2015, Solène Guéré was responsible for the commercial development of Adionics (a desalination startup) from 2012 to 2014, prior to founding Fresh Square, a company specialising in urban agriculture. Solène is a graduate of the Ecole Normale Supérieure de Paris (2012), and holds a Master's degree from AgroParisTech-IFP in the Economics of Sustainable Development, the Environment and Energy (2011), and has an MBA from the Collège des Ingénieurs (2012).

Evelyne TALL

A Senegalese national, Evelyne Tall is a graduate of the Paris Ecole d'Administration et de Direction des Affaires. She began her career at Citibank in Senegal in 1981, before joining Ecobank, the largest Pan-African bank, in 1998, where she held several management positions. Since 2017, she has been Chairwoman of the consultancy firm that she founded, E.& Partners. Her appointment as an independent director of Voltalia, which has an ongoing strategy of establishing itself on the African continent, brought the company business development experience in Africa.

Executive Committee

Composition

The members of the Executive Committee are:

- Yoni Ammar, Head of Asset sales, Investment and Funding (ASIF);
- Céline Blachère, Head of Human Resources and Corporate Functions;
- Sébastien Clerc, Chief Executive Officer;
- Michel Crémieux, Deputy Chief Executive Officer, Strategy and Organisation;
- Marie de Lauzon, Chief Administrative Officer;
- Patrick Delbos, Director - France and Belgium;
- Pierre-Jérôme Demarquest, Head of Operation and Maintenance;
- Gustavo Fernandes, Head of International Development;
- Alexis Goybet, Head of Hydro and Hybrid Project Development;
- Robert Klein, Director - Brazil, Mexico and Morocco;
- Marie-Odile Lavenant, Chief Financial Officer; and
- Henri-François Prat, Head of Construction.

Responsibilities - Functioning

The Executive Committee meets every two weeks to monitor the important events in the life of the Group and responds rapidly, as required. It also constitutes an entity for analysis, reflection and exchange on cross-departmental subjects with a view to establishing action plans for deployment at divisional level.

The Executive Committee also meets four or five times a year over several days for in-depth discussions on the implementation of the Group's strategy.

4.5 Conflicts of interest within management bodies

Certain directors are shareholders, directly or indirectly, of the Company (see Section 4.4.2). Some related-party agreements are in place, which are described in Section 4.9 of the Registration Document, specifically:

- a service agreement with the company Forest Initiative managed by Robert Dardanne for supplying wood to the Biomass power plants in French Guiana, for a duration of three years and an amount of €300 thousand, excluding specific additional services subject to a ceiling;
- monthly remuneration of €2,500 (excluding taxes) under a service agreement with the company FGD S.P.R.L, of which Robert Dardanne is the manager;
- quarterly fixed remuneration of €5,000 (excluding VAT) under the service agreement with The Green Option SAS, of which Philippe Joubert is the representative; and
- unemployment insurance taken out in favour of Sébastien Clerc, the cost of which was €13,000 in 2018.

With the exception of the above, the Company is not aware of any current or potential conflicts of interest between the duties vis-à-vis the Group and personal interests and/or other duties of directors and the general management of the Company, as referred to in Section 4.3 of the Registration Document.

To the best of the Company's knowledge, there are no arrangements or agreements with any shareholders, customers, suppliers or other persons under which any of the persons referred to in Section 4.3 of the Registration Document have been appointed.

To the best of the Company's knowledge, at the date of the Registration Document there are no restrictions accepted by the persons referred to in Section 4.3 of the Registration Document concerning the disposal, within a certain period of time, of their interest in the Company's capital.

4.6 Compensation of directors and managers

4.6.1 The principles and rules for the determination of the compensation granted to the Chairman of the Board of Directors and the Chief Executive Officer

The following paragraphs constitute the compensation policy for the Chairman of the Board of Directors and CEO of Voltalia drawn up pursuant to Article L. 225-37-2 of the French Commercial Code. This policy sets out the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to Chairman of the Board of Directors and the CEO of Voltalia. It is specified that the payment, in 2019, of the variable and exceptional components of the compensation for financial year 2018, as set out below, is subject to the approval of the components of compensation of the corporate officers in question by the Ordinary General Meeting pursuant to the provisions of Article L. 225-100 of the French Commercial Code.

The compensation policy for corporate officers is prepared by the Appointments and Compensation Committee, which makes a proposal approved by the Board of Directors. The Board refers to the MiddleNext Code to which Voltalia refers, for the determination of the compensation and benefits granted to corporate officers and executive corporate officers.

Compensation policy for the Chairman of the Board of Directors

The compensation for the Chairman of the Board of Directors comprises only the following two elements: fixed compensation paid monthly and a component subject to the fulfilment of the medium-term performance conditions consisting of free shares, the details of which can be found below.

The Chairman of the Board of Directors does not benefit from the Voltalia pension scheme or any benefits upon departure. Nor is he subject to a non-compete undertaking.

The Chairman of the Board of Directors does not receive attendance fees.

Share-based payment

Share-based payment for the Chairman is subject to the achievement of performance conditions in line with the targets announced by the Group to the market. Thus, the criteria used for the allocation in 2018 relate to Voltalia's EBITDA and ROCE in 2020 and 2021, as well as the intrinsic valuation of the Group by 2021. Each allocation granted to the Chairman takes into account his previous allocations and total compensation. The valuation of free shares allocated is calculated on their date of allocation.

Once the vesting period is over, the allocations are also followed by retention obligations for the Chairman.

CEO's compensation policy

General principles

Voltalia's compensation policy seeks consistency with market and industry practices to ensure competitive compensation levels, a strong link with the company's performance and maintenance of a balance between short-term and medium/long-term performance. Its objective is to align compensation with shareholders' interests both in the short term and over the longer term.

The compensation of the Chief Executive Officer is determined by the Board of Directors on the recommendation of the Appointments and Compensation Committee in accordance with market practices.

Compensation structure

The Group's objective is to establish and maintain a balanced compensation structure between the fixed portion, the benefits in kind, the short-term variable portion in cash and the medium-term variable portion in the form of shares.

The amounts of the fixed and the annual variable compensation are reviewed annually by the Appointments and Compensation Committee.

Voltalia's compensation policy is designed to motivate and reward performance by ensuring that a significant portion of the compensation is subject to the achievement of the financial, operational and social criteria reflecting the Company's interest and the creation of shareholder value. The two main levers of action are variable compensation in cash and share-based payment.

Annual variable compensation

The annual variable compensation ranges between 0 and 69% of the fixed compensation. It is based on quantitative and qualitative criteria, set annually by the Board of Directors and in line with the medium-term objectives announced by the Group.

As with other Voltalia employees, at least 5% of the annual variable compensation of the Chief Executive Officer depends on the achievement of health and safety objectives within the Group.

Share-based payment

Share-based payment to the Chief Executive Officer is an important component aimed at aligning the interests of the beneficiary and those of the shareholders, and at strengthening attachment to the Group. This can represent the equivalent of up to one year of the fixed compensation determined at the time of attribution. 50% is allocated in the form of Voltalia SA shares and 50% in the form of the shares of Voltalia Investissement, the reference shareholder.

On the recommendation of the Appointments and Compensation Committee, the Board of Directors determines the performance conditions attached to share-based payment for all beneficiaries of Voltalia and its subsidiaries, which encourages the achievement of targets based on the consolidated performance of the Voltalia Group. The shares allocated by Voltalia Investissement have performance conditions similar to the shares allocated by the Company.

The performance conditions defined are in line with the targets announced by the Group to the market. Thus, the criteria used for the allocation of free shares of Voltalia Investissement in 2018 relate to Voltalia SA's EBITDA and ROCE in 2020 and 2021, as well as the intrinsic valuation of the Group by 2021.

The valuation of free shares allocated is calculated on their date of allocation.

Each allocation granted to the CEO takes into account his previous allocations and total compensation.

Once the vesting period is over, the allocations are also followed by retention obligations for the Chief Executive Officer.

In the event of end of the term of office

The Chief Executive Officer benefits from the same pension plan as the Group's French employees, as well as a GSC insurance (unemployment insurance for managers and company executives).

Non-compete undertaking

If the CEO leaves the Company, he undertakes not to join as employee or corporate officer of, or perform services for, or cooperate with, a competitor of the Company. The Board of Directors fixes the duration of this undertaking as well as the amount and terms of payment of the compensation that the Chief Executive Officer receives in return for this undertaking.

If the Chief Executive Officer leaves the Company, the Board of Directors may nevertheless decide to release him from this undertaking, for all or part of the period covered by the undertaking. In this event, the non-compete compensation is not due for the period waived by the Company.

Consequences of the Chief Executive Officer's departure on share-based payments

If the Chief Executive Officer leaves Voltalia before the end of the vesting period of the shares, he irrevocably loses the shares not yet vested, irrespective of any partial or full discharge of his non-compete undertaking under his term of office as CEO, which may be decided by the Board of Directors.

In the event of retirement before the end of the vesting period of the free shares, the Chief Executive Officer also loses the benefit of the shares allocated initially.

Chief Executive Officer 2018 compensation

The CEO received a fixed gross compensation of €260,000 in 2018.

His variable compensation was approved by the Board of Directors on 18 March 2019 upon recommendation of the Appointments and Remuneration Committee and in accordance with principles approved by the General Meeting on 24 May 2018.

Variable compensation is based on a set of quantitative and qualitative criteria:

- The quantitative targets (for more than 50% of the variable compensation) set for the year related to the company's performance in terms of revenue growth (operating performance of power plants, signing of new electricity sales contracts through calls for tenders or over-the-counter, development of service activities) and profitability at the EBITDA and net profit level;
- the qualitative objectives set for the 2018 financial year included in particular the structuring of the Company's human resources management, developing a strategy for future trends in the sector and the role of digitalisation within the Group;
- 5% of the Chief Executive Officer's annual variable compensation was related to health and safety performances which failed to reach 2018 objectives.

In total, the Chief Executive Officer attained 80% of these 2018 objectives and his variable compensation for the year was set at €144,000.

The Chief Executive Officer benefited from the free attribution of 37,757 Voltalia S.A. shares and 1,477,273 Volatalia Investissement shares during the 2018 financial year. This free-share allocation is subject to the beneficiary's presence within the Company and performance conditions (EBITDA and ROCE 2020 and 2021 of Voltalia SA, as well as the intrinsic valuation of the Group in 2021).

4.6.2 Principles and rules for the payment of attendance fees to directors

The Chairman of the Board of Directors receives compensation for his role as Chairman but does not receive attendance fees for his office of director.

The directors, particularly the independent directors, are remunerated by means of attendance fees based on their attendance at meetings of the Board of Directors and their participation in Special committees, and on the time, they devote to their duties. In accordance with the 18th resolution of the Combined General Meeting of 1 June 2017, the annual budget for attendance fees is set at €150 thousand.

The Appointments and Compensations Committee is in particular responsible for examining the total amount of directors' fees and their distribution system among directors, as well as the conditions for the reimbursement of any expenses incurred by members of the Board of Directors.

4.6.3 Compensation paid to corporate officers of the Company during the last two financial years

Compensation received by the managers and by all corporate officers of the Company was as follows:¹⁶

Table 1: Summary of compensation, options and shares granted to each executive corporate officer

Executive corporate officer	2017 financial year (euros)	2018 financial year (euros)
Laurence Mulliez – Chairwoman of the Board of Directors		
Compensation for the financial year (1)	110,000	110,000
Valuation of multi-year variable compensation granted during the financial year	-	-
Valuation of options, BSPCEs and BSAs granted during the financial year	-	-
Valuation of free shares granted during the financial year	-	-
Sébastien CLERC – Chief Executive Officer		
Compensation for the financial year (1)	400,051	417,060
Valuation of multi-year variable compensation granted during the financial year	-	-
Valuation of options, BSPCEs and BSAs granted during the financial year	-	-
Valuation of free shares granted during the financial year	-	-

1) Detailed in table no. 2

¹⁶ The information in this section was prepared by reference to the MiddleNext Code. The tables shown in Appendix 2 of AMF position-recommendation no. 2014-14 are presented below.

Table 2: Summary of compensation of each executive corporate officer

Executive corporate officer	2017 financial year		2018 financial year	
	Amounts payable ^(*) (euros)	Amounts paid (euros)	Amounts payable ^(*) (euros)	Amounts paid (euros)
Laurence Mulliez – Chairwoman of the Board of Directors				
Fixed compensation (1)	80,000	80,000	110,000	110,000
Annual variable compensation				
Multi-year variable compensation				
Exceptional compensation				
Attendance fees				
Benefits in kind				
Total	80,000	80,000	110,000	110,000
Sébastien Clerc – Chief Executive Officer				
Fixed compensation (2)	260,000	260,000	260,000	260,000
Annual variable compensation (3)	128,000	150,000	144,000	128,000
Multi-year variable compensation				
Exceptional compensation				
Attendance fees				
Benefits in kind (4)	12,051	12,051	13,060	12,051
Total	400,051	422,051	417,060	400,051

(*) attendance fees and variable compensation due for year N are paid during year N+1

(1) Laurence MULLIEZ receives fixed compensation of €80,000 per year as Chairwoman of the Board of Directors

(2) Sébastien Clerc receives fixed compensation of €260,000 per year as Chief Executive Officer.

(3) The annual variable compensation of Sébastien Clerc was approved by the Board of Directors on 18 March 2019, on the proposal of the Appointments and Compensation Committee and in accordance with the principles approved by the General Meeting of 24 May 2018. This variable compensation is subject to the achievement of qualitative targets (human resources management, digitalisation of the company) and quantitative targets (operational performance of power plants, success in tenders, development of the service activities) predetermined by the Company's Board of Directors. It is paid on or before 30 April of the following year. The achievement of the 2019 objectives was confirmed by the Board of Directors on 18 March 2019.

(4) The benefits in kind for Sébastien CLERC correspond to unemployment insurance for company managers and executives (GSC).

The principles and rules for the determination of the compensation granted to the Chairman and the Chief Executive Officer are detailed in 4.6.14.6.1 of the Registration Document.

Table 3: Attendance fees and other compensation received by non-executive corporate officers

Corporate officers	2017 financial year		2018 financial year	
	Amounts payable* (euros)	Amounts paid* (euros)	Amounts payable* (euros)	Amounts paid* (euros)
André-Paul Leclercq - Director				
Attendance fees	26,563	15,875	23,180	26,563
Other compensation	-	-	-	-
Robert Dardanne (1) - Director				
Attendance fees	-	-	-	-
Other compensation	30,000	30,000	30,000	30,000
The Green Option (2) - Director				
Attendance fees	30,000	30,000	30,000	30,000
Other compensation	20,000	20,000	20,000	20,000
Creadev - Director				
Attendance fees	-	-	-	-
Other compensation	-	-	-	-
Solène Guéré - Director				
Attendance fees	2,650	N/A	4,920	2,650
Other compensation	-	N/A	-	-
Evelyne Tall (3) - Director				
Attendance fees	N/A	N/A	15,205	N/A
Other compensation	N/A	N/A	-	N/A
Total in euros	109,213	95,875	123,305	109,213

(*) attendance fees and variable compensation due for year N are paid during year N+1

(1) Robert Dardanne receives indirect compensation in his capacity as manager of FGD S.P.R.L. under the terms of a service agreement (see Section 4.9 of the Registration Document).

(2) Philippe Joubert receives indirect compensation in his capacity as manager of The Green Option under the terms of a service agreement between The Green Option and the Company (see Section 4.9 of the Registration Document).

(3) Evelyne Tall was appointed director of the Company on 24 May 2018. She receives compensation of €25,000.

Table 4: Company founder warrants (BSPCEs), stock warrants (BSAs) and stock options allocated to each executive corporate officer by the Company or any Group companies during the financial years ended 31 December 2017 and 2018

None.

Table 5: Company founder warrants (BSPCEs), stock warrants (BSAs) and stock options exercised by each executive corporate officer during the financial years ended 31 December 2017 and 2018

None.

Table 6: Free shares allocated to each corporate officer during the financial year.

Regarding the Company: none.

Regarding Voltalia Investissement, the company controlling the Company within the meaning of Article L. 233-16 of the French Commercial Code, see the table below:

Name of executive corporate officer	Date of allocation	Number of shares allocated during the financial year	Vesting date	Availability date	Performance conditions
Laurence Mulliez	26 Sept. 2018	312,500	31-07-22	31-07-24	[1]
Sébastien Clerc	26 Sept. 2018	1,477,273	31-07-22	31-07-24	[1]
Total	-	1,789,773	-	-	-

(1) The shares will be definitively acquired by their beneficiaries on 31/07/2022, subject to performance conditions linked to the Company's results (such as EBITDA, ROCE or IRR on an investment in securities of the Company).

Table 7: Free shares allocated to each corporate officer, now vested.

None.

Table 8: History of allocations of Company founder warrants (BSPCEs), stock warrants (BSAs) and stock options to executive corporate officers

Regarding the Company, see note 13.5 of Chapter 6 of the Registration Document.

Regarding Voltalia Investissement, the company controlling the Company within the meaning of Article L. 233-16 of the French Commercial Code, see the table below:

	Stock warrants	Options
Date of Voltalia Investissement's General Meeting	29-06-12	29-06-12
Date of the Board of Directors' meeting of Voltalia Investissement	29-06-12	29-06-12
Number of BSAs/Options authorised	1,086,957	6,111,112
Total number of BSAs/Options awarded	1,086,957	6,111,112
Total number of Voltalia Investissement shares that may be subscribed, including the total number that may be subscribed by corporate officers	1,086,957	6,111,112
<i>Sébastien Clerc</i>	1,086,957	6,111,112
Number of non-officer beneficiaries	0	0
Starting date of BSA stock warrants/options exercise period	30 June 2016	30 June 2016
BSA stock warrants/options expiry date	30 July 2020	30 July 2020
Voltalia Investissement single share option price (euros)	0.18	0.18
Conditions of exercise	(1)	(2)
Number of Voltalia Investissement shares subscribed at the date of the Registration Document	1,086,957	2,505,554
Cumulative number of BSAs/Options cancelled or exercised	0	0
Remaining BSAs/Options at the date of the Registration Document	0	3,605,558
Total number of Voltalia Investissement shares that may be subscribed at the date of the Registration Document	0	3,605,558

(1) The "BSA" stock warrants in force on the date of the Registration Document are all exercisable from 30 June 2016.

(2) The stock "Options" in force on the date of the Registration Document are all exercisable from 30 June 2016.

Table 9: Company founder warrants (BSPCEs), stock warrants (BSAs) and stock options granted to, and exercised by, the top ten non-corporate officer employee beneficiaries

BSPCEs, BSAs and Options granted to and exercised by the top ten non-corporate officer employee beneficiaries	Total number of BSPCEs, BSAs and Options allocated/shares subscribed	Average weighted price	BSPCE April 2009	BSPCE August 2009
BSPCEs, BSAs and Options granted during the financial year by the Company and any company included in the scope of allocation of securities, to the ten employees of the Company and any company included in this scope with the highest number of securities thus granted (overall information).	0	0	N/A	N/A
BSPCEs, BSAs and Options held in the Company and companies referred to previously, exercised, during the financial year, by the ten employees of the Company and employees of these companies with the highest number of securities thus exercised (global information).	6,140	8.38	0	0

Table 10: History of free shares allocated

Regarding the Company, see note 13.5 of Chapter 6 of the Registration Document.

Regarding Voltalia Investissement, the company controlling the Company within the meaning of Article L. 233-16 of the French Commercial Code, see the table below:

Free share allocation				
Date of the General Meeting of Voltalia Investissement that authorised the allocation	16-12-16	16-12-16	16-12-16	16-12-16
Date of allocation by the Board of Directors of Voltalia Investissement	16-12-16	22-09-17	26-09-18	26-09-18
Number of Voltalia Investissement shares that can be allocated	14,758,807	9,056,519	8,156,519	7,070,787
Total number of Voltalia Investissement shares granted	5,702,288	900,000	1,085,732	2,860,834
<i>of which the total number of shares granted to corporate officers of the Company</i>	3,320,100	900,000	0	1,789,773
<i>Laurence Mulliez</i>	301,830		0	312,500
<i>Sébastien Clerc</i>	3,018,270	900,000	0	1,477,273
Number of non-officer beneficiaries	8	0	3	5
Number of Voltalia Investissement shares currently awaiting vesting	5,702,288	900,000	1,085,732	2,860,834
Vesting date	31-07-20	31-07-20	31-07-2021	31-07-2022
Vesting conditions	[1]	[2]	[3]	[3]
Number of Voltalia Investissement shares vested at the date of the Registration Document	-	-	-	-
Number of Voltalia Investissement shares cancelled or lapsed	-	-	-	-
Length of holding period	-	-	-	-

- (1) The shares will be definitively acquired by their beneficiaries after a vesting period of four years, subject to performance conditions linked to the Company's results (such as EBITDA, ROCE or IRR on an investment in securities of the Company).
- (2) The shares will be definitively acquired by their beneficiaries on 31/07/2020, subject to performance conditions linked to the Company's results (such as EBITDA, ROCE or IRR on an investment in securities of the Company).
- (3) The shares will vest on 31/07/2022, subject to performance conditions linked to the Company's results (such as EBITDA, ROCE or IRR on an investment in securities of the Company).

Executive corporate officers	Employment contract	Supplementary pension plan	Compensation or benefits due or likely to be due on termination or change of function	Compensation due under a non-competition clause
Laurence Mulliez Chairwoman of the Board of Directors	No	No	No	No
Start of term of office	11 June 2015 General Meeting held to approve the financial statements for the financial year ended 31 December 2020			
End of term of office	Ordinary			
Date of renewal of term of office	Ordinary General Meeting held to approve the financial statements for the financial year ended 31 December 2020			
Sébastien Clerc Chief Executive Officer;	No	no	No	Yes ⁽¹⁾
Start of term of office	10 November 2011			
Date of renewal of term of office	12 May 2016			
End of term of office	Ordinary General Meeting held to approve the financial statements for the financial year ended 31 December 2019			

(1) See Section 4.9 of the Registration Document.

In addition, Sébastien Clerc benefits from unemployment insurance for managers and company executives; see Sections 4.6.1 and 4.9 of the Registration Document.

4.7 Pensions and other benefits

There is no contract between the members of the Board of Directors and the Company or its subsidiaries providing for benefits or allowances due or likely to be due on the termination or change of functions within the Company or its subsidiaries, other than the unemployment insurance of the CEO and collective supplementary pension plans.

As part of the corporate officer's agreement that binds him to the Company, Sébastien CLERC undertakes not to compete with the Company on conclusion of his term. In such an event he would benefit from a monthly allowance corresponding to his compensation during the period of non-competition, for a maximum period of six months. However, the Company has reserved the right to waive this clause.

4.8 Summary of transactions by managers and Persons mentioned in Article L.621-18-2 of the French Monetary and Financial Code

Person concerned	Transaction type	Transaction date	Transaction amount (euros)	Number of shares
Voltalia Investissement (Creadev)	Acquisition	21 February 2018	11,491.0	1,219.0
Voltalia Investissement (Creadev)	Acquisition	22 February 2018	395,092.8	40,735
Voltalia Investissement (Creadev)	Acquisition	23 February 2018	67,077.5	7,000.0
Voltalia Investissement (Creadev)	Acquisition	26 October 2018	10,558.1	1,200.0
Voltalia Investissement (Creadev)	Acquisition	29 October 2018	2,764.8	311.0
Voltalia Investissement (Creadev)	Acquisition	30 October 2018	5,390.0	602.0
Voltalia Investissement (Creadev)	Acquisition	31 October 2018	3,459.8	387.0
Voltalia Investissement (Creadev)	Acquisition	2 November 2018	2,491.0	2,500.0
Voltalia Investissement (Creadev)	Acquisition	15 November 2018	241.1	250.0
Voltalia Investissement (Creadev)	Acquisition	16 November 2018	2,241.1	2,250.0
Voltalia Investissement (Creadev)	Acquisition	22 November 2018	1,491.6	1,500.0
Voltalia Investissement (Creadev)	Acquisition	27 November 2018	27,991.6	28,000.0
Voltalia Investissement (Creadev)	Acquisition	28 November 2018	7,145.7	7,154.0

4.9 Service contracts linking members of the administrative, management or supervisory bodies of the issuer

The following agreements concluded in previous years were renewed during the financial year ended 31 December 2018:

Corporate officer agreement concluded with Sébastien Clerc

Sébastien Clerc concluded a corporate officer agreement with the Company dated 10 November 2011. Under this agreement, the Company paid Sébastien Clerc €260,000 in compensation during the financial year ended 31 December 2017.

Under this agreement, Sébastien CLERC undertakes in particular not to compete with the Company on conclusion of his term of office. In such an event he would benefit from a monthly allowance corresponding to his compensation during the period of non-competition, for a maximum period of six months. However, the Company has reserved the right to waive this clause.

The Board of Directors of 12 May 2016 authorised the renewal of Sébastien Clerc's term of office as Chief Executive Officer.

Service agreement signed with Creadev

VOLTALIA SA established a service agreement with Creadev, a director of VOLTALIA SA.

This service agreement, signed on 26 November 2018, is for the provision of assistance and collaboration in preparing and executing VOLTALIA's financial management, external growth, capital raising and purchasing policy.

This agreement, which was initially for a 6-month period from 1 June 2018 to 31 December 2018, is automatically renewed on 1 January of the renewal year.

Compensation is set at €70,000 a year, or €17,500 per quarter, payable within fifteen days of the invoice being submitted.

The Board of Directors authorised this service on 7 November 2018.

For the financial year ended on 31 December 2018, services invoiced to Valtalia SA amounted to €41,000, excluding tax.

Service agreement concluded with the company FGD S.P.R.L. (represented by Robert DARDANNE as manager)

VOLTALIA SA established a service agreement with FGD S.P.R.L., represented by Robert Dardanne, a Director of VOLTALIA SA.

This service agreement is for the provision of support and advice to VOLTALIA SA to obtain authorisations and build electricity generation plants in French Guiana.

The Board of Directors authorised the service agreement with FGD S.P.R.L on 10 November 2011. This agreement was signed on 10 November 2011 for a fixed period of one year. It has been renewed every year since 2012.

It was amended to extend the contract for one year, which was signed on 10 January 2016 and approved by the General Meeting of Shareholders on 2 June 2017. Wishing to continue to grow its business in French Guiana, on 20 October 2017, the Board of Directors authorised a posteriori renewal for 2018 and 2019.

VOLTALIA SA was invoiced €56,000, excluding tax, for the financial year ending on 31 December 2018,

Service agreement signed with Forest Initiative

VOLTALIA SA established a service agreement with The Forest Initiative. Robert Dardanne, director of VOLTALIA SA, is the Chairman of this Company.

This service agreement is intended to secure wood supplies for the future biomass power plants. It was signed for a three-year term from the signature date. Total compensation is set at €300 thousand plus the invoicing of additional specific tasks for a maximum annual amount of €0.15 thousand. The agreement also includes an option for Valtalia SA to purchase The Forest Initiative.

Since sourcing wood is key for Biomass power plants, this agreement was authorised in advance by the Board of Directors on 31 March 2017, signed on 7 April 2017 and approved by the General Meeting of 1 June 2017.

For the year ended 31 December 2018, the amount (excluding taxes) of services invoiced, excluding expenses, by The Forest Initiative was €119 thousand.

Service agreement concluded with the company The Green Option SAS

VOLTALIA SA established a service agreement with The Green Option. Philippe Joubert, director of VOLTALIA SA, is the Chairman of this Company.

This service is for the provision of strategic monitoring and targeted business relationships in new countries to VOLTALIA SA. The service also includes strategic advice on growing Valtalia business in Brazil and internationally. €20,000 is invoiced on a quarterly basis. The agreement was signed on 15 September 2014 for a one-year term and is automatically renewed.

The renewal of the agreement for an additional year with effect from 19 December 2016 was approved by the General Meeting of Shareholders held on 2 June 2017. On 10 October 2017 the Board of Directors authorised the agreement's renewal for an additional year with effect from 9 December 2017.

For the year ended 31 December 2018, the amount (excluding taxes) of services invoiced, excluding expenses, by The Green Option was €20 thousand.

Unemployment insurance for Sébastien Clerc

VOLTALIA SA took out unemployment insurance for Sébastien Clerc, Chief Executive Officer.

The Board of Directors approved this unemployment insurance cover when his re-appointment was approved by the Board of Directors' meeting on 2 June 2017

Voltalia SA paid €13 thousand for the unemployment insurance for the financial year ended 31 December, 2018.

The agreements concluded between the Company and FGD S.P.R.L. and The Green Option SAS respectively, as well as the executive unemployment insurance purchased for Sébastien Clerc, are mentioned in the special report of the Statutory Auditors (see Section 4.13 of the Registration Document).

4.10 Human resources

4.10.1 Organisation chart as of 31 December 2017

The organisational structure of the Group is presented in Section 1.7 of the Registration Document.

4.10.2 Number and distribution of employees

A breakdown of the Group's distribution of employees as well as any changes is provided in Section 3.1 of the Registration Document.

To the best of the Company's knowledge, there are no agreements stipulating indemnities for members of the Board of Directors or employees if they resign or are terminated without real or serious cause or their employment ends due to a takeover bid or public exchange offer.

4.11 Interests and stock options of directors and officers

As of 31 December 2018, the direct and indirect interests of the members of the Board of Directors and the CEO are set out in Section 4.5 of the Registration Document.

4.12 Employee shareholdings in the Company

In accordance with Article L. 225-102 of the French Commercial Code, at 31 December 2018, the Company's employees did not hold any interests in the capital of the Company within the framework of collective management.

In addition, to the Company's knowledge, at 31 December 2018, and pursuant to Article L. 225-197-1 of the French Commercial Code, Voltalia SA employees held 0.08% of the Company's share capital¹⁷.

As of 31 December 2018, there is no Group employee savings scheme.

¹⁷with respect to free shares awarded in 2014 (fully vested) and free shares awarded in 2016 (still subject to holding period)

4.13 Statutory Auditors' special report on related party agreements and commitments

This is a translation into English of the statutory auditors' special report on related party agreements and commitments issued in French and it is provided solely for the convenience of English speaking users.

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 of Voltalia SA,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions and interest for the company of the agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain if any other agreements and commitments exist. It is your responsibility, in accordance with article R225-31 of the French code of commercial law, to evaluate the benefits resulting from those agreements and commitments prior to their approval.

In addition we are required, where applicable, to inform you, in accordance with article R225-31 of the French code of commercial law, of any agreements and commitments previously approved by shareholders which were executed during the year.

We performed the procedures which we considered necessary to comply with the professional guidance applicable in France to this type of engagement. The procedures consisted of verifying that the information provided to us was consistent with the documentation from which it was extracted.

4.13.1 AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE GENERAL MEETING OF SHAREHOLDERS

4.13.1.1 Conventions et engagements autorisés et conclus au cours de l'exercice écoulé

Agreements and commitments authorized and signed in 2018

In accordance with article L225-40 of the French code of commercial law, we were advised of the following agreements and commitments signed during the year which were previously approved by your Board of Directors.

Agreement for services provided by FGD S.P.R.L

<i>Contracting party :</i>	FGD S.P.R.L
<i>Director concerned:</i>	Robert Dardanne, representing FGD S.P.R.L and a director of Voltalia SA
<i>Nature and purpose:</i>	Your Board has authorised the signature on January 10, 2018 of an addendum to the agreement for services with FGD S.P.R.L, extending the contract for two years, i.e. until December 31, 2019. Through this service agreement, FGD S.P.R.L. provides Voltalia SA with assistance and advice for the purposes of obtaining the requisite authorisations and engaging in the construction of electricity generating plant in French Guyana for a service fee of €2,500 net of VAT per month plus the rebilling of travel and entertaining expenses.
<i>Amounts involved:</i>	The service charge net of VAT and expenses amounted to €30,000 for 2018. The rebilling of travel and entertaining expenses amounted to €25,922.
<i>Date of the applicable Board meeting:</i>	October 20, 2017
<i>Motivation:</i>	With regard to article L225-38 of the French code of commercial law, the renewal of the agreement was motivated by the company's wish to continue to have the benefit of advice in the framework of its activities in Guyana.

Agreement for services provided by THE GREEN OPTION

<i>Contracting party:</i>	THE GREEN OPTION
<i>Director concerned:</i>	THE GREEN OPTION, represented by Philippe Joubert, a director of VOLTALIA SA.
<i>Nature and purpose:</i>	Under the agreement signed on September 15, 2014 for a period of one year subject to tacit renewal, The Green Option performs strategic watch on behalf of VOLTALIA SA and proposes targeted business relationships for the company in new countries.
<i>Amount involved:</i>	The service charge, net of VAT and expenses, recognised by VOLTALIA SA amounted to €20,119 for 2018.
<i>Date of the applicable Board meeting:</i>	On October 20, 2017, the Board of Directors authorized the agreement's renewal for an additional year with effect from December 19, 2017.
<i>Motivation:</i>	With regard to article L225-38 of the French code of commercial law, the signature of the agreement was motivated by the company's desire to reap the benefit of strategic watch and targeted business relationships in new countries.

Agreement for services provided by CREADEV

<i>Contracting party:</i>	CREADEV
<i>Director concerned:</i>	CREADEV a director of VOLTALIA SA
<i>Nature and purpose:</i>	Under the service agreement signed on November 26, 2018, CREADEV provides VOLTALIA with assistance and collaboration in the development and execution of its business in terms of strategy, sales, finance, human resources and management. This agreement had an initial duration of 6 months starting June 1 st , 2018 until December 31, 2018. It is subject to tacit renewal on January 1 st of each year. The service fee amounts to €70,000 per year, or €17,500 per quarter, to be paid within 15 days of receipt of the service invoice.
<i>Amount involved:</i>	The service charge net of VAT and expenses amounted to 41 thousand euros for 2018.
<i>Date of the applicable Board meeting:</i>	November 7, 2018
<i>Motivation:</i>	With regard to article L225-38 of the French code of commercial law, your Board of Directors decided to authorize this agreement, wishing that VOLTALIA SA benefits from the experience and services provided by CREADEV.

4.13.1.2 Agreements and commitments authorised and signed since the year-end

We were not informed of any agreement or commitment authorised by your Board of Directors and signed since the year-end.

4.13.1.3 Agreements and commitments not authorised in advance by your Board of Directors

In accordance with articles L225-42 and L823-12 of the French code of commercial law, we hereby inform you that the following agreements and commitments were not authorised in advance by your Board of Directors.

We are required to inform you of the reasons for which the requirement for prior authorisation was not met.

Agreement for a specific cash advance to Voltalia Guyana

Contracting party: VOLTALIA GUYANA

Director concerned: Sébastien Clerc, Chief Executive Officer of VOLTALIA SA and a director of VOLTALIA GUYANA.

Nature and purpose: VOLTALIA SA concluded a specific cash advance with VOLTALIA GUYANA designed to finance Voltalia's subsidiary VOLTALIA BIOMASSE AMAZONE INVESTISSEMENT. It provides for a maximum advance of €15 million up to December 31, 2017, remunerated at 5% per annum. An additional financing on this project was granted through addendum 2 to the specific cash advance agreement, signed on August 2, 2018. This addendum was not authorised in advance by the Board.

Amounts involved: As at December 31, 2018 Voltalia SA had granted a total advance of €2,817,425 and recorded interest income for the year of €65,393.

Date of the applicable

Board meeting: July 18, 2017

The failure of your Board of Directors to authorise the specific cash advance agreement's addendum 2 for 2018 in advance was the result of a material error.

Current account financing agreement with VOLTALIA GUYANA

Contracting party: VOLTALIA GUYANA

Director concerned: Sébastien Clerc, Chief Executive Officer of VOLTALIA SA and a director of VOLTALIA GUYANA.

Nature and purpose: On August 2, 2018, the last addendum to the current account financing agreement dated December 23, 2014 was signed, under which the amount from the loan was raised to 34,394 thousand euros.

Amounts involved: As at December 31, 2018 VOLTALIA SA had granted a total advance of €15,136,569, including accrued interest for €554,031. VOLTALIA SA recorded interest income for €674,590 in 2018.

The failure of your Board of Directors to authorise the addendum in advance was the result of a material error.

4.13.1.4 Agreements and commitments of previous financial years not approved by the general meeting of shareholders

We hereby inform you that we were not advised of any agreements or commitments authorized and signed by the Board of Directors during prior years not approved by the general meeting of shareholders.

4.13.2 Agreements and commitments already approved by the general meeting of shareholders

In accordance with Article R225-30 of the French code of commercial law, we were informed that the following agreements and commitments, previously approved by General Meetings of Shareholders of previous financial years, continued to be executed during the year.

These agreements and commitments have not been reviewed by your Board of Directors in 2018.

4.13.2.1 Agreements and commitments approved during previous financial years:

Agreement for services provided by Forest Initiative

Contracting party : FOREST INITIATIVE

Director concerned: Robert Dardanne, Chairman of Forest Initiative and a director of Voltalia SA

Nature and purpose: The service agreement was signed on April 7, 2017 for a period of 3 years.

It covers:

- The performance of a procurement plan feasibility review for consideration of €230 thousand including €123 thousand to be paid on remittance of the review and €100 thousand to be paid on commencement of construction of the generating plant;
- Technical assistance in respect of another biomass generating plant amounting to €100 thousand including €50 thousand to be paid on signature of the agreement and €50 thousand to be paid on September 30, 2017;
- The performance of other assignments pertaining to securing procurement for future biomass plants, in the maximum amount of €150 thousand per annum to be billed monthly on the basis of the assignments performed.

The agreement also includes an option for Voltalia SA to purchase Forest Initiative.

Amount involved: The service charges, net of VAT, recognised by Voltalia SA for 2018 amounted to €118,730.

Date of the applicable Board meeting: March 31, 2017

Motivation: With regard to article L225-38 of the French code of commercial law, the signature of the agreement was motivated by the company's desire to strengthen its cooperation with Forest Initiative whose vocation is to develop agricultural, forestry and pastoral activity in Guyana.

Commitments for the benefit of the company's Chief Executive Officer

Date of the applicable Board meeting: May 12, 2016. The commitments were approved by the General Meeting of Shareholders held on June 1, 2017.

Director concerned: Sébastien Clerc, Chief Executive Officer of VOLTALIA SA.

Nature and purpose: In accordance with paragraph 4 of article L.225-42-1 of the French code of commercial law, the following commitments have been made by the company for the benefit of Sébastien Clerc whose appointment as Chief Executive Officer of Voltalia SA was renewed by decision of the Board of Directors on May 12, 2016: (i) the subscription of unemployment insurance cover; (ii) the payment, for 6 months in the event of cessation of his functions, of a non-competition benefit equating with 1/12th per month of his most recent fixed annual remuneration (it being noted that the company has the faculty of waiving its requirement for a non-competition undertaking).

Amount involved: Voltalia SA paid €13,016.20 of unemployment insurance premium for 2018.

Treasury management agreement dated January 8, 2007

- Contracting party :* VOLTALIA KOUROU, LA FAYE ENERGIES SAS
- Director concerned:* Sébastien Clerc, Chief Executive Officer of VOLTALIA SA and a director of VOLTALIA KOUROU and LA FAYE ENERGIES SAS
- Date of the applicable Board meeting:* January 8, 2007
- Nature and purpose:* The treasury management agreement was set up on January 8, 2007 for future subsidiaries such as VOLTALIA KOUROU and for LA FAYE ENERGIES SAS; the specific ensuing agreement with LA FAYE ENERGIES SAS was signed on February 26, 2007. The agreement, which is for an indefinite period, covers the organisation, coordination and optimisation of Voltalia Group's treasury management. The interest charged on the central bank accounted opened in the name of VOLTALIA SA is rebilled to subsidiaries on the basis of their use of the facilities available and of the average annual rate of interest charged by banks for floating rate business loans with initial durations in excess of two years.
- Amounts involved:* The applicable amounts of principal and interest for 2018 and for the central bank accounted opened in the name of VOLTALIA SA were as follows:
- VOLTALIA KOUROU: €20,769 and €294 euros of interest;
 - LA FAYE ENERGIES SAS: €987,007 and €44,415 of interest.

Agreement for project development assistance provided by VOLTALIA GUYANA

- Contracting party:* VOLTALIA GUYANA
- Director concerned:* Sébastien Clerc, Chief Executive Officer of VOLTALIA SA and a director of VOLTALIA GUYANA
- Date of the applicable Board meeting:* December 19, 2014
- Nature and purpose:* Under the 6-year agreement signed on December 23, 2014 with retroactive effect from July 1, 2014, Voltalia SA undertook to bear the totality of the costs and risks associated with the development of projects in Guyana, which are billed quarterly on the basis of time spent.
- Amount involved:* The development charge net of VAT billed by VOLTALIA GUYANA to VOLTALIA SA amounted to €688,729 for 2018.

Agreement for project development assistance provided by VOLTALIA GUYANA's subsidiaries, not subject to any performance in 2018

- Contracting party:* VOLTALIA GUYANA's subsidiaries
- Date of the applicable Board meeting:* December 19, 2014
- Directors concerned:* Sébastien Clerc, Chief Executive Officer of VOLTALIA SA and a director of certain subsidiaries of VOLTALIA GUYANA
- Robert Dardanne a director of VOLTALIA SA and of some subsidiaries of VOLTALIA GUYANA

Nature and purpose: Under the 6-year agreement (tacitly renewable for a maximum of 3 successive one year periods) signed on December 23, 2014 with retroactive effect from July 1, 2014, VOLTALIA SA undertook to bear the totality of the costs and risks associated with the development of projects in Guyana.

Amount involved: VOLTALIA GUYANA did not rebill any development costs in respect of its subsidiaries in 2018

Treasury management agreement with the company's Guyana subsidiaries dated January 8, 2007

Contracting party: IRACOUBO BIOMASSE ENERGIE, BELLE ETOILE ENERGIE GUYANE, BON ESPOIR ENERGIE GUYANE, HYDRO REGINA 2 INVESTISSEMENT, VOLTALIA SAUT MAPAOU INVESTISSEMENT, VOLTALIA ORGANABO INVESTISSEMENT

Directors concerned: Sébastien Clerc, Chief Executive Officer of VOLTALIA SA and a director of IRACOUBO BIOMASSE ENERGIE ;

Robert Dardanne, a director of VOLTALIA SA and of BELLE ETOILE ENERGIE GUYANE, BON ESPOIR ENERGIE GUYANE, HYDRO REGINA 2 INVESTISSEMENT, VOLTALIA SAUT MAPAOU INVESTISSEMENT, VOLTALIA ORGANABO INVESTISSEMENT.

Nature and purpose: The treasury management agreement was set up on January 8, 2007 for future subsidiaries such as IRACOUBO BIOMASSE ENERGIE, BELLE ETOILE ENERGIE GUYANE, BON ESPOIR ENERGIE GUYANE, HYDRO REGINA 2 INVESTISSEMENT, VOLTALIA SAUT MAPAOU INVESTISSEMENT, VOLTALIA ORGANABO INVESTISSEMENT. The agreement, which is for an indefinite period, covers the organisation, coordination and optimisation of Voltalia Group's treasury management. The interest charged on the central bank accounted opened in the name of Voltalia SA is rebilled to subsidiaries on the basis of their use of the facilities available and of the average annual rate of interest charged by banks for floating rate business loans with initial durations in excess of two years.

Amounts involved: The applicable amounts of principal and interest for 2018 and for the central bank accounted opened in the name of VOLTALIA SA were as follows:

- IRACOUBO BIOMASSE ENERGIE : €1,835 and €27 of interest
- BELLE ETOILE ENERGIE GUYANE : €0
- BON ESPOIR ENERGIE GUYANE : €0
- HYDRO REGINA 2 INVESTISSEMENT : €0
- VOLTALIA SAUT MAPAOU INVESTISSEMENT : €0
- VOLTALIA ORGANABO INVESTISSEMENT : €0

Date of the applicable

Board meeting: January 8, 2007

In addition, on July 6, 2018, your board of Directors decided to consider three agreements as standard agreements entered into on normal terms.

We do not share the analyse that concluded these agreements were entered into of normal terms, given that they are remunerated through a flat rate.

It this context, the three agreements should be maintained as regulated agreements, given the presence of a common director being Sébastien Clerc.

- **Agreement for administrative services rendered to LA FAYE ENERGIES SAS (director concerned : Sébastien Clerc)**

Under the agreement signed on June 9, 2010 for a period of one year from January 1st, 2010 to December 31, 2010, subject to tacit renewal, VOLTALIA SA rebills to its subsidiary LA FAYE ENERGIES SAS the administrative, accounting, personnel, legal and fiscal services required for the company's functioning, on the basis of €4 thousand of fixed annual remuneration payable in two half-yearly instalments of €2 thousand each. Any direct costs borne by VOLTALIA SA on behalf of LA FAYE ENERGIES SAS are rebilled without mark-up.

The service charge net of VAT billed by VOLTALIA SA to LA FAYE ENERGIES SAS amounted to €4,000 for 2018.

- **Agreement for administrative services rendered to VOLTALIA KOUROU (director concerned: Sébastien Clerc)**

Under the agreement signed on December 23, 2014 for a period of 5 years with effect from July 1, 2014, VOLTALIA SA provides VOLTALIA KOUROU with administrative services in the areas of accounting, personnel management, tax and legal affairs, computer maintenance.

The agreement also covers the remuneration for a guarantee provided to VOLTALIA KOUROU by VOLTALIA SA. Services are billed twice per year for a fixed half-yearly charge of €30,050 for administrative services and on the basis of time devoted to operating services.

The service charge net of VAT billed by VOLTALIA SA to VOLTALIA KOUROU amounted to €90,965 for 2018.

- **Agreement for administrative services rendered to CHSMV (director concerned: Robert Dardanne)**

Under the agreement signed on December 23, 2014 for a period of 5 years with effect from July 1, 2014, VOLTALIA SA provides CHSMV with administrative services in the areas of accounting, personnel management, tax and legal affairs, computer maintenance.

The agreement also covers the remuneration for a guarantee provided to CHSMV by VOLTALIA SA. Services are billed twice per year for a fixed half-yearly charge of €15,025 for administrative services and on the basis of time devoted to operating services.

The service charge net of VAT billed by VOLTALIA SA to CHSMV amounted to €103,709 for 2018.

4.13.2.2 Agreements and commitments approved during the year

We were informed of the implementation during the year of the following agreements and commitments, already approved by the June 2, 2018 Annual General Meeting, as indicated in the

Statutory Auditors' special report of April 23, 2018.

Current account financing agreement with VOLTALIA GUYANA

Contracting party: VOLTALIA GUYANA

Directors concerned: Sébastien Clerc, Chief Executive Officer of VOLTALIA SA and a director of VOLTALIA GUYANA;

Nature and purpose: On July 21, 2017, an addendum to the account financing agreement with VOLTALIA GUYANA was signed, under which VOLTALIA SA raised the amount of the loan granted from €200 thousand to €2 million, with a remuneration at the rate of 5% per annum and repayment at the latest by August 31, 2031.

Amounts involved: As at December 31, 2018 VOLTALIA SA had granted a total advance of €0 and recorded interest income for the year of €58,504.

Date of the applicable

Board meeting: July 18, 2017

Motivation: With regard to article L225-38 of the French code of commercial law, the signature of the agreement was authorised by the Board of Directors for VOLTALIA GUYANA to be able to cope with any unforeseen operating problems. The addendum has been approved by the General Meeting of Shareholders held on June 2, 2018.

Paris La Défense and Levallois, March 28, 2019

The statutory auditors

MAZARS

H3P REAL ASSETS

Juliette DECOUX

Eric HINDERER

5. MANAGEMENT REPORT

5.1 General presentation of net profit and the financial position

Key figures

(In millions of euros)	2018	2017	Change	
			At actual rates	At constant rates
Revenues	180.7	181.2 ¹⁸	(0)%	+13%
EBITDA	76.2	71.6	+6%	+29%
EBITDA margin	42%	40%	+2.7pts	+5.5pts
Net profit (Group share)	8.5	0.6	15x	23x

Overview of activities

In 2018, revenues were broadly stable compared to 2017, as strong growth in operational activities offset the 16% decline in the Brazilian real against the euro. EBITDA was up 29% at constant exchange rates thanks to the positive contribution of Services, high Energy sales prices and good cost control. Higher EBITDA and a higher EBITDA margin (+5.5 points) lead to a strong rebound in net profit (Group share), which reached a record high of €8.5 million.

Energy sales: improvement in the EBITDA margin

(In millions of euros)	2018	2017	Change	
			At actual rates	At constant rates
Before eliminations of services provided internally				
Revenues	131.7	145.6	(10)%	+5%
EBITDA	87.9	94.2	(7)%	+8%
EBITDA margin	67%	65%	+2.0pts	+2.1pts
Production (in GWh)	2,081	2,123	(2)%	(2)%
Installed capacity in MW	524	508	+3%	+3%

At constant exchange rates, 2018 revenues increased by 5% and EBITDA increased by 8% compared to 2017. High sales prices over the year and good cost control more than offset a 2% drop in production:

- in Brazil, the renewal of the strategy of contract suspension initiated in 2017 resulted in another year of sales prices at excellent levels, largely offsetting the fall in production (-3%) related to poorer winds despite improving availability rates;
- Growth in other countries was mainly driven by increased production (+15%), thanks to France and the commissioning of new solar power plants.
- growth in other countries was mainly driven by increased production (+15%), thanks to France and the commissioning of new solar power plants.

¹⁸ Revision of 2017 revenues due to comparability reasons.

Good cost and expense control associated with contract suspensions had a positive impact on the EBITDA margin, which increased by 2.1 points at constant exchange rates.

Services: doubling of revenues and positive EBITDA for the first time (6% margin)

(In millions of euros)	Change			
	2018	2017	At actual rates	At constant rates
Before eliminations of services provided internally				
Revenues	117.2	59.2	2.0x	2.1x
EBITDA	6.7	(9.8)	n/a	n/a
EBITDA margin	6%	(17)%	n/a	n/a

Revenues from service activities doubled compared to 2017, leading to a strong rebound in profitability.

- Revenues and EBITDA from Development, Construction & Equipment Procurement activities significantly improved thanks to i) the sale of ready-to-build projects to Actis, which more than offset the increase in prospecting expenses related to the intensification of development efforts, and ii) a return to profitability of Construction & Equipment Procurement activities, in line with an intense activity in relation to Valtalia's own power plants.
- Operation-Maintenance revenues were down due to the end of contracts, with this decrease partially mitigated at the EBITDA level by additional work billed to third-party clients.

Sustained marketing efforts to stimulate Services are beginning to bear fruit, with a 6% EBITDA margin.

Other items of P&L: net profit at record high

(In millions of euros)	2018	2017	At actual rates	At constant rates
Before eliminations of services provided internally				
EBITDA before eliminations and corporate	94.6	84.5	12%	31%
Eliminations and corporate	(18.3)	(12.9)	42%	43%
EBITDA	76.2	71.6	6%	29%
Depreciation, amortisation, impairment and provisions	(29.1)	(27.1)	6%	21%
Other financial income and expenses	0.1	1.3	(93)%	(99)%
Operating profit (EBIT)	47.2	45.7	3%	30%
Financial profit (loss)	(29.9)	(36.5)	(18)%	(2)%
Taxes and net income of equity affiliates	(11.3)	(5.8)	x2.0	x2.3
Minority interests	2.6	(2.9)	n/a	n/a
Net profit (loss) (Group share)	8.5	0.6	15x	23x

In 2018, the intense activity of Services provided internally for the Group's own assets was reflected in an increase in revenue eliminations, amounting to €68.2 million. Eliminations and general expenses (corporate expenses) amounted to €18.3 million of EBITDA, a 43% increase compared to 2017.

Depreciation, amortisation and provisions increased by 21% at constant exchange rates, mainly due to the full-year contribution of the SMG plant (+€2.7 million), whose turbines were in conservation mode until June 2017, the commissioning of new power plants (+€1.4 million) and increased provisions (+€1.6 million), partially offset by a positive currency effect (€3.9 million).

EBIT reached €47.2 million in 2018, up €13.6 million at constant exchange rates, an increase of 30% compared to 2017.

Financial profit (loss), mainly financing expenses related to long-term project financing, improved by €6.5 million to €(29.9) million in 2018, mainly due to the devaluation of the Brazilian real.

Taxes increased by €5.5 million, driven by Valtalia's higher taxable profits.

Minority interests recorded a loss of €2.6 million. The power plants with minority partners are those affected by a slower rise in income, and, unlike in 2017, they do not benefit from the suspension of contracts in 2018. Net profit (Group share) reached €8.5 million, a record high. As expected, Valtalia benefited from a considerable catch-up effect in the second half of the year (+€14.1 million), mainly due to the seasonal nature of wind and solar power production.

Simplified balance sheet

(In millions of euros)	31/12/2018	31/12/2017
Goodwill	46.0	46.1
Other intangible assets	96.4	70.1
Property, plant and equipment	608.2	618.6
Cash and cash equivalents	108.6	71.2
Other assets	127.4	106.3
Total assets	986.6	912.2
Equity, Group share	317.6	322.0
Minority interests	54.7	67.2
Financial debt	506.0	417.4
Other liabilities	108.3	105.6
Total liabilities	986.6	912.2

The Group's balance sheet reflects its dynamic investment strategy.

In 2018, property, plant and equipment and intangible assets amounted to €750.6 million. At 31 December 2018, 89% of property, plant and equipment were plants in operation. The change since 31 December 2017 is mainly due to the contribution of new power plants (+€71 million), more than offset by the straight-line depreciation of plants in operation (-€26 million) and a negative exchange rate impact (-€53 million). Intangible assets mainly correspond to operating assets (€28 million) or projects that are secured or under construction (€64 million).

The Group's financial structure is robust: 77% of Valtalia's financial debt at the end of 2018 corresponded to power plant financing, via long-term, local currency-denominated project debt.

As of 31 December 2018, Valtalia held €108.6 million in cash and cash equivalents, up €37.4 million compared to 31 December 2017.

5.2 Highlights and events after the closing date

The highlights and events after the closing date for the period are set out in Section 6.2 of the Registration Document.

5.3 Information on the capital, the liquidity and sources of financing

Capital and liquidity

At 31 December 2018, the capital of the Company totalled €279,177,193.50. At 31 December 2017, the amount of cash and cash equivalents held by the Group amounted to €108,608 thousand, versus €71,247 thousand at 31 December 2017.

Financing

To finance its Service activities, the Group has also taken out credit lines with the banks. At 31 December 2018, €109,000 thousand was drawn down out of a total of €120,000 thousand of negotiated credit lines.

To finance plants built on its own behalf, the Group uses bank loans taken out by the project company leading the project.

Such bank loans, which may take the form of finance leases, are taken out for terms generally of less than 20 years, with no recourse, limited recourse or benefiting from guarantees from the parent company, and secured against the project company and its assets (pledging of project company shares, mortgage on land, assignment of insurance payments, assignment of trade receivables, three to six month cash guarantee of loan instalments, etc.).

Operating companies that have taken out loans to finance their assets must comply with bank covenants. Depending on the terms of the financing agreement, failure to comply with these ratios may constitute a default situation with the bank which requires the full repayment of a loan and/or a restriction on dividends or current account payments by the operating companies.

In 2018 financial year, all the covenants were complied with.

In some cases, in order to meet the construction schedule, bridging loans can be set up and then repaid through a long-term loan. At 31 December 2018, the Group had a total of €10,000 thousand in bridging loans for a construction project in French Guiana, while all other construction projects underway were financed via long-term loans or equity.

For more information, please refer to the various sections in the Registration Document:

- Section Note 12 Cash and cash equivalents;
- Section 6.2 Note 14.3 Current and non-current financial liabilities;
- Section 6.2 Note 17 Off-balance sheet commitments;
- Chapter 8 Information on the Company and the Share Capital.

5.4 Cash flow

See Note 12 to the consolidated financial statements

5.5 Information on the borrowing conditions and financing structure

See Note 14 to the consolidated financial statements.

5.6 Restrictions on the use of capital

Bank financing without recourse or with limited recourse includes restrictive clauses on project companies transferring cash to shareholders based on financial ratios for the financial year. Such financing also provides for a cash security through the reserve account equal to three to six months of loan instalments to be frozen at the project company until the loan matures.

Some of the credit agreements signed by the Group have restrictive clauses on project companies transferring cash to their shareholders. They usually provide for a restriction on cash transfers until an annual certificate of compliance with financial ratios has been issued (within six months of the end of the financial year), notably the Debt Service Coverage Ratio (after-tax operating cash flow over debt service) and the capital structure ratio (equity or quasi-equity over total investment).

In addition, banks generally require the creation of a reserve account, generally covering one or two debt service instalments. On a case-by-case basis, such reserve accounts can be funded either on commissioning of the project via equity or bank debt, or during the first months or years of operation via the operating cash flows from the power plants. Cash transfers to shareholders are restricted until the reserve account has been fully constituted.

5.6.1 Sources of financing for future development

In order to obtain the financial resources necessary for its growth and the achievement of the target installed capacity of one gigawatt in 2020 (see 5.135.14 of the Registration Document), the Group increased its equity by carrying out a capital increase of €170 million in November 2016. These funds were used to finance current projects, including 387 MW in power plants under construction at the date of this Registration Document and which are expected to be commissioned by 2020.

As of 31 December 2018, Voltalia thus had cash amounting to €108,608 thousand and €11,000 thousand in unused "corporate" bank credit lines.

5.7 Balance sheet analysis

On this topic, the reader is invited to refer to the Notes detailing the different items in the Notes to the consolidated financial statements for the financial year ended 31 December 2018 contained in Section 6.2 of the Registration Document:

- Note 11: Intangible and tangible fixed assets;
- Note 12: Cash and cash equivalents and cash flows;
- Note 13: Equity and earnings per share;
- Note 14: Financing and financial instruments;
- Note 15: Current and non-current provisions;
- Note 16: Operating data on working capital requirement.

5.8 Real estate assets and facilities

Significant property, plant and equipment - existing or planned

The equipment owned by Group companies consists of wind farm installations, photovoltaic power plants, biomass power plants and hydropower plants. The main tangible assets held by the Company are described in Note 11 to the consolidated financial statements.

The Group also consolidates the companies set up under the Girardin Law that hold assets in French Guiana.

The Group also has property leases, mainly in France and Brazil. In Portugal, the Group owns its offices at Oliveira de Frades.

Other property, plant and equipment

The other tangible assets held by the Company are described in Note 11 to the consolidated financial statements.

The Group owns all the assets necessary for its operations, except for assets held under finance leases and those financed within the framework of mechanisms similar to those provided under the Girardin Law. The Group will become the owner of the assets under finance leases on exercise of the purchase option under the lease agreement and after a period of five years for assets with financing of the type provided for under the Girardin Law.

5.9 Intangible assets

The other intangible assets held by the Company are described in Note 11 to the consolidated financial statements.

5.10 Environmental constraints that could influence the Group's use of its tangible assets

Environmental issues that could have an influence on the various facilities owned and/or operated by the Group are described in Sections 1.4 and 2.2.2

The provisions for decommissioning under the ICPE regulations are set out in note xvii of the Notes to the consolidated financial statements for the financial year ended 31 December 2018 contained in Section 6.2 of the Registration Document.

5.11 Main investments

The main investments made by the Group relate to project development and the construction of power plants.

The total amount of investments made by the Group amounted to €105.1 million in 2018, versus €80.4 million in 2017 and €130.2 million in 2016.

In 2019, the Group continues its investments in project development and the construction of power plants, mainly in Brazil (VSM projects), French Guiana (Cacao), Africa (Egypt, Kenya), and in metropolitan France.

5.12 Trends

The targets and trends presented below are based on data, assumptions and estimates deemed reasonable by the Company as of the date of the Registration Document. These targets, based on the Group's strategic plan, should not be taken as Group forecasts or profit data. The data and assumptions on which these targets are based are subject to change in response to economic, financial, competitive, regulatory and fiscal developments and/or other factors of which the Company was not aware as at the date of the Registration Document.

In addition, should certain risks materialise as described in Chapter 2 of the Registration Document entitled "Risk Factors", they could have an impact on the activities, financial position, results and outlook of the Group and thereby affect its ability to meet the targets presented below. Furthermore, the attainment of objectives presupposes the success of the Group's strategy; the Group therefore makes no commitment or guarantee regarding the attainment of the objectives presented in this section.

2019: priority given to 1 GW target

In Energy Sales, as there was no suspension of contracts in Brazil, prices will remain within the long-term framework of secured prices, indexed to inflation. The first contribution of new plants in France and Egypt is expected mainly in the second half of the year.

In Services, as most teams are being mobilised in Voltalia's own power plants to reach the 1 GW target, ongoing contracts with third-party clients are currently limited.

In 2019, the Group will continue to benefit from economies of scale and maintain a disciplined approach to cost control.

Strong medium-term visibility: more than 1 GW in 2020 with €4 billion in secured revenues by 2044

In 2018, the projects won in France, Brazil and on the African continent increased the portfolio of Voltalia's secured projects to 1,048 MW, securing the 1 GW target set in 2016¹⁹. 387 MW are under construction, and the remaining MW will also soon be under construction.

Since 2016, Voltalia has implemented a strategy that aims to develop its position in solar energy and in new countries, which was accelerated by the acquisition of Martifer Solar.

Between the announcement (in September 2016) and the achievement of its 1 GW target, Voltalia's installed capacity will have more than doubled (2.3x) and will be more diversified: in particular, solar power plant capacity will have increased by more than 10x and will represent 19% of the GW of installed capacity. Moreover, when Voltalia's installed capacity exceeds the GW target, it will be 69% located in Brazil (versus 84% in 2016), 19% in Europe (versus 16% in 2016) and 12% in Africa (versus 0% in 2016).

This major success supports the achievement of the EBITDA targeted by the Group in 2020.

A large portfolio of projects under development (+81% in 2018), representing a growth reservoir post-2020

Post-2020, Voltalia can rely on a large portfolio of projects at an advanced stage of development to support its future growth. To be included in this portfolio, projects met a set of criteria concerning land ownership, network connection possibilities, administrative authorisations and permissions, and financial profitability.

At the end of 2018, this pipeline reached 6.2 GW, up 81% compared to the end of 2017. This growth is mainly related to solar projects whose capacity was increased 2.4x to reach 3.7 GW (60% of the total pipeline) across all regions. Growing all the time, this portfolio of projects under development reinforces Voltalia's potential regarding strategic options, both as an electricity producer and as a service provider.

5.13 Earnings projections or estimates

The Company does not intend to make any earnings forecasts or estimates.

5.14 Known trends, uncertainties, commitments or events reasonably likely to influence the company's outlook

The Group expects by 2020:

- Installed capacity of 1 GW;
- Total operated capacity of 3 GW, including 2 GW for third parties; and
- EBITDA of €140 to €180 million generated in 2020, depending on the phasing of new commissionings in 2020.

5.15 Significant change in the issuer's financial or trading position

There were no changes in the Group's economic or legal organisation during the financial year ended 31 December 2018.

¹⁹ Press release of 19 September 2016

6. GROUP CONSOLIDATED FINANCIAL STATEMENTS

6.1 Financial statements

6.1.1 Statement of comprehensive profit or loss²⁰

(In thousands of euros)	Note	As of 31 December 2018	As of 31 December 2017	Change	%
Revenues		180,660	181,188	(528)	(0)%
Purchases and sub-contracting	7	(27,282)	(37,701)	10,419	(28)%
External expenses	7	(54,873)	(49,296)	(5,577)	11%
Payroll expenses	8	(20,384)	(21,438)	1,054	(5)%
Other operating income and expenses		(1,913)	(1,153)	(760)	66%
Total operating expenses		(104,452)	(109,588)	5,136	(5)%
EBITDA		76,209	71,600	4,609	6%
% EBITDA		42%	40%		
Other financial income and expenses		103	1,279	(1,176)	(93)%
Allocations and reversals of depreciation, amortisation and provisions	7	(29,078)	(27,132)	(1,946)	6%
Operating profit (EBIT)		47,234	45,747	1,486	3%
% EBIT		26%	25%		
Gross loan expenses	14	(32,020)	(34,361)	2,341	(7)%
Other financial income and expenses	14	2,076	(2,124)	4,200	(1)x
Income tax and other taxes	10	(11,480)	(5,970)	(5,511)	92%
Income from companies at equity	5	151	203	(52)	(25)%
Net profit (loss)		5,960	3,495	2,465	71%
% Net profit (loss)		3%	2%		
Group Share		8,525	566	7,959	14.4x
Minority interests		(2,565)	2,929	(5,494)	(0.9)x
Earnings per share (in euros):					
Before dilution		0.174	0.012	0.163	n/a
After dilution		0.173	0.011	0.162	n/a

²⁰ The presentation of revenues from the disposal of projects was modified in 2018, the sale price and the carrying amount previously being presented net in revenues. The comparable was adjusted accordingly.

6.1.2 Other items of comprehensive income

(In thousands of euros)	Note	As of 31 December 2018	As of 31 December 2017	Change	%
Net profit (loss)		5,960	3,495	2,465	71%
Currency conversion adjustments resulting from the conversion of foreign		(30,840)	(40,565)	9,741	24%
Actuarial gains/(losses) on pension commitments	8	17	(254)	271	(0.1)x
Gross change in value of hedging instruments	14	(797)	2,720	(3,533)	(0.3)x
Deferred taxes related to changes in value of hedging instruments		(46)	(91)	45	49%
Other items of comprehensive income		(31,666)	(38,191)	6,525	17%
Comprehensive income		(25,706)	(34,696)	8,990	(26)%
Comprehensive income:					
Group Share		(14,322)	(26,338)	12,016	(46)%
Minority interests		(11,384)	(8,359)	(3,025)	36%

6.1.3 Statement of financial position

(In thousands of euros)	Note	As of 31 December 2018	As of 31 December 2017	Change	%
Goodwill	11	46,033	46,080	(47)	(0)%
Intangible assets	11	96,418	70,053	26,365	38%
Property, plant and equipment	11	608,228	618,575	(10,347)	(2)%
Equity affiliates	5	2,303	748	1,555	3.1x
Non-current financial assets	14	22,012	18,008	4,004	22%
Deferred tax assets	10	367	616	(249)	(40)%
Other non-current assets	16	226	949	(722)	(76)%
Non-current assets		775,588	755,028	20,560	3%
Inventories, work in progress and supplier advances	16	30,868	14,197	16,670	2.2x
Trade receivables	16	41,439	44,974	(3,535)	(8)%
Other current financial assets	14	3,055	6,757	(3,702)	(55)%
Other current assets	16	25,706	18,928	6,778	36%
Current tax assets	10	1,359	1,113	246	22%
Net cash and cash equivalents	12	108,608	71,247	37,362	52%
Current assets		211,034	157,217	53,817	34%
Total Assets		986,622	912,245	74,377	8%
Group equity		317,624	321,964	(4,340)	n/a
Non-controlling interests		54,747	67,232	(12,485)	(19)%
Equity	13	372,371	389,197	(16,826)	(4)%
Non-current provisions	15	5,308	10,457	(5,149)	(49)%
Provisions for post-employment benefits	8	805	664	140	21%
Deferred tax liabilities	10	1,658	1,776	(118)	(7)%
Long-term borrowings	14	435,342	339,177	96,166	28%
Other non-current financial liabilities	14	3,665	13,164	(9,499)	(72)%
Non-current liabilities	16	1,464	3,494	(2,030)	(58)%
Non-current liabilities		448,242	368,732	79,510	22%
Current provisions	15	12,876	6,142	6,734	2.1x
Short-term borrowings	14	70,654	78,199	(7,545)	(10)%
Trade and other payables	16	48,677	45,623	3,054	7%
Other tax liabilities	16	11,427	8,586	2,841	33%
Other current liabilities	16	22,374	15,764	6,610	42%
Current liabilities		166,008	154,316	11,692	8%
Total Liabilities		986,622	912,245	74,377	8%

6.1.4 Statement of cash flows

(In thousands of euros)	Note	As of 31 December 2018	As of 31 December 2017
Operating income (EBIT)		47,234	45,747
Depreciation, amortisation and provisions of non-current assets	7	29,078	27,132
Other operating income and expenses		(103)	(1,279)
EBITDA		76,209	71,600
Income and expenses not affecting cash and cash equivalents		2,049	(91)
EBITDA Cash		78,258	71,509
Change in working capital requirement		(12,045)	1,685
Tax paid		(6,999)	(5,702)
Cash and cash equivalents from operating activities, excluding non-current items		59,214	67,492
Cash flows generated by exceptional items		338	(1,941)
Other operational cash flows		-	319
Net cash flow from operating activities		59,522	65,870
Net flow from financial investments	12	(4,130)	393
Net flow from tangible investments	12	(72,164)	(61,604)
Net flow from intangible investments	12	(32,946)	(18,800)
Other flows from investments	12	-	1,235
Subsidies		-	185
Dividends received		-	55
Net cash flow from investing activities		(109,240)	(78,536)
Capital increase		77	-
Financial income and expenses	14	(1,491)	(2,941)
Other financial items	14	11,300	(439)
Interest paid to non-controlling interests	14	(1,025)	(1,277)
Interest paid to banks	14	(28,963)	(28,951)
Repayments on leasing loans	14	(2,179)	(645)
Bond issues	14	164,273	168,639
Borrowing repayments	14	(48,149)	(147,540)
Dividends paid to non-controlling interests		-	2,976
Dividends paid to shareholders of the Parent Company		-	-
Net cash flow from financing activities		93,844	(10,177)
Impact of changes in accounting principles		-	-
Change in cash flows		44,156	(22,843)
Opening cash and cash equivalents	12	71,247	101,353
Impact of changes in currency prices		(6,765)	(7,308)
Impact of scope changes		(28)	46
Closing cash and cash equivalents	12	108,608	71,247

6.1.5 Statement of changes in equity

(In thousands of euros)	Share capital	Additional paid-in capital	Conversion reserves	Consolidated reserves	Net profit for the year	Shareholders' equity - Group share	Total minority interests	Equity
As of 1 January 2017	278,976	96,439	(8,196)	(19,035)	1,635	349,819	74,934	424,753
Appropriation of earnings	-	-	-	1,635	(1,635)	0	-	0
Net profit (loss)	-	-	-	-	566	566	2,929	3,495
Other items of comprehensive income	-	-	(29,193)	2,290	-	(26,903)	(11,288)	(38,191)
Comprehensive income	-	-	(29,193)	3,925	(1,069)	(26,338)	(8,359)	(34,696)
Change in equity	35	16	-	-	-	51	330	381
Dividends	-	-	-	-	-	-	-	-
Scope changes	-	-	-	(1,549)	-	(1,549)	15	(1,534)
Other movements	0	0	-	(18)	-	(18)	312	294
As of 31 December 2017	279,011	96,455	(37,389)	(16,679)	566	321,965	67,232	389,196
Appropriation of earnings	-	-	-	566	566	-	-	-
Net profit (loss)	-	-	-	-	8,525	8,525	(2,565)	5,960
Other items of comprehensive income	-	-	(21,496)	(1,352)	-	(22,847)	(8,819)	(31,666)
Comprehensive income	-	-	(21,496)	(1,352)	8,525	(14,322)	(11,384)	(25,706)
Change in equity	166	25	-	-	-	191	-	191
Dividends	-	-	-	-	-	-	(591)	(591)
Scope changes	-	-	(6,258)	13,349	-	6,200	(512)	5,689
Other movements	-	-	52	3,538	-	3,590	1	3,591
As of 31 December 2018	279,177	96,482	(65,091)	(1,469)	8,525	317,624	54,747	372,371

6.2 Notes to the consolidated financial statements

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Note 1 Formation, development and business of the Group

The Voltalia company was founded on 28 November 2005. Its registered office is located at 84 Boulevard de Sébastopol 75003 - Paris, France, as of 2 July 2018. Its development, initiated in French Guiana, continued in Brazil, France, Greece, and Morocco. In August 2016, Voltalia acquired the Portuguese company Martifer Solar, resulting in an extension of the Group's geographical presence. Voltalia now operates, in addition to the aforementioned countries, in 12 other countries mainly in Europe and on the African continent. The Company has been listed on Compartment B of Euronext since July 2014.

The attached annual consolidated financial statements as of 31 December 2018 report the operations of Voltalia and its subsidiaries (together referred to as the "Group") and the Group's proportionate share in associates and joint ventures.

Note 2 Group's Business

Voltalia is an independent player in the renewable energy market. An integrated industrial player, the Group develops, constructs and operates renewable energy power plants, on its own behalf and on behalf of third parties.

Voltalia is present in the main renewable energy production areas: wind, solar, small hydro and biomass.

As of 31 December 2018, the principal source of revenue for the Group comes from the sale of renewable electricity produced by its power plants. Such sales are predominantly governed by long-term contracts with full transparency of the volumes and prices of the electricity sold. The Group also generates income from the sale of projects developed in-house or of services, such as the construction or operation and maintenance of power plants owned by third-party clients.

Social and environmental responsibility is at the heart of the Company: Voltalia's mission to "improve the global environment, foster local development" highlights the importance that the Group attaches to having a positive local and social impact.

Throughout its history, Voltalia has established lasting relationships with many partners. The Caisse des Dépôts et des Consignations (CDC) has been a shareholder of Voltalia Guyane since 2008. COPEL and CHESF, Brazilian leaders in power production, are shareholders of Voltalia's major power plants in Brazil. Proparco has been a shareholder of Voltalia S.A since November 2016. Other partners in the areas of capital, banking, and operations, as well as public partners, have also contributed to the development of Voltalia since its inception.

Note 3 Highlights of the period and subsequent events

Note 3.1 Governance

Appointment of a new director

The appointment of Evelyne Tall as a third Voltalia independent director was approved by the Voltalia shareholders at the General Meeting of 24 May 2018. A Senegalese national, Evelyne Tall is a graduate of the Ecole d'Administration et de Direction des Affaires de Paris. She began her career at Citibank in Senegal in 1981, before joining Ecobank in 1998, the largest Pan-African bank, where she held several management positions. Since 2017, she has been Chief Executive Officer of the consultancy firm that she founded, E.& Partners. Her appointment as an independent director of Voltalia brought experience of Africa to Voltalia, which is continuing to establish itself on the African continent.

Note 3.2 Highlights of the year

Continued organic growth

Voltalia wins the CRE IV solar call for tenders

On 13 February 2018, Voltalia announced it had won two new solar projects in France:

The winning project, Talagard (5 MW), located in Provence-Alpes-Côte d'Azur (PACA), will consist of a fixed photovoltaic installation and will benefit from a 20-year²¹ additional compensation contract. The commissioning of the Talagard power plant is expected at the latest for Q1 2020.

Voltalia was also selected for the installation of an agrivoltaic project of 3 MW as part of the first solar call for tenders in innovative technologies. The date of commissioning for this installation will depend on obtaining the last authorisations.

Two hydropower plants authorised in Morocco

On 15 February 2018, Voltalia announced that it had obtained the authorisations, from the Ministry of Energy, for two hydropower plants of 9.8 MW and 7.2 MW in the Middle Atlas region in Morocco. The electricity produced by the plants will be sold as part of long-term over-the-counter contracts currently being negotiated with private customers.

Signature of a first energy supply contract for a Telecom customer in Myanmar

On 21 February 2018, Voltalia announced that it had been selected by MNTI as an energy services company (ESCO) for the energy supply of an initial batch of 171 telecom towers. As part of a 10-year contract, Voltalia will continuously supply 2kW of electricity to each site.

Launch of the construction of the Sarry wind farm in Metropolitan France

On 8 March 2018, Voltalia announced the start of the construction of the Sarry wind farm (22 MW), in the Yonne department (89).

It will benefit from secured revenues (additional compensation contract²²) for 15 years from the date of commissioning, planned for the second half of 2019.

²¹ Introduced by the Law on Energy Transition for Green Growth of 2016, the additional compensation is a mechanism enabling the producer to compensate the difference between the revenue from the direct sale of electricity on the market and the level of benchmark remuneration set by the tariff ruling or the provisions of the call for tenders.

²² Introduced by the Law on Energy Transition for Green Growth of 2016, the additional compensation is a mechanism enabling the producer to compensate the difference between the revenue from the direct sale of electricity on the market and the level of benchmark remuneration set by the tariff ruling or the provisions of the call for tenders.

Voltalia launches the construction of a new biomass power plant in French Guiana

On 20 March 2018, Voltalia announced the launch of construction of the Cacao biomass power plant (5.1 MW). With installed power of 5.1 MW, this biomass power plant was designed by Voltalia, who will also carry out the construction and operation-maintenance. The work will take around 30 months, with commissioning planned for the first half of 2020.

As announced in April 2017²³, the plant will benefit from a 25-year guaranteed rate contract.

Voltalia launched construction on the Echauffour wind farm in Metropolitan France

On 12 April, Voltalia announced the launch of construction on the Echauffour wind farm in Normandy, France (10 MW). The project will be built and operated by Voltalia and will benefit from secured revenues for 15 years (additional compensation contract). The commissioning of the plant is expected during 2019.

Signature of a first electricity sales contract for a solar power plant project in Kenya

On 23 May 2018, Voltalia announced it had signed an electricity sales contract for a solar power plant in Kenya. With a 50 MW capacity, the Kopere power plant benefits from a 20-year electricity sales contract signed with the Kenya Power and Lightning Company (KPLC). Commissioning of the plant is expected by the end of 2020.

Commissioning of the Canadel solar power plant (10.4 MW) in Metropolitan France

Less than a year after the announcement of the start of construction in the third quarter of 2017, the Canadel solar power plant was commissioned on 13 June 2018. Won during the national CRE III call for tenders, the power plant is located in Brignoles in the Provence-Alpes-Côte d'Azur region.

Partnership signed with Suntech

On 15 May 2018, Suntech and Voltalia signed a framework agreement until June 2019 for the purchase of up to 304 MW of solar panels. This agreement will allow Voltalia to benefit from high-performance panels at an attractive price for the construction of its future solar power plants, for its customers or on its own account.

Voltalia launches construction of its largest wind project in Brazil, VSM (163 MW)

On 25 June 2018, Voltalia announced the signature of a purchase agreement with Siemens-Gamesa for 47 wind turbines, thus launching the construction of the Ventos de Serra do Mel (VSM) project, a 163 MW project in Brazil.

Voltalia expects the commissioning of the power plant, with a gradual commissioning of the turbines, during the first three quarters of 2020. The early production of the Group's power stations will be sold on the open market, mainly under short-term private contracts, which have already been secured.

The VSM project is located in the Serra Branca cluster in the State of Rio Grande do Norte.

Commissioning of the PAGAP (5 MW) solar power plant in France

On 23 July 2018, Voltalia announced the completion of the construction of the Parc d'Activité de Grenoble Air Parc (PAGAP) solar power plant in Metropolitan France. With a 5 MW capacity, the plant is located in the department of Isère (38). Winner of the CRE III call for tenders, it benefits from a 20-year electricity purchase contract and makes it possible to regenerate a degraded site.

Two new solar projects in France won during the CRE 4.4 call for tenders

On 7 August 2018 Voltalia announced it had won two new solar projects in Metropolitan France, for a total installed capacity of 8.9 MW. They are the Laspeyres (5 MW) project in the Occitane region and the Jonquières photovoltaic shelters project (3.9 MW) in the Provence-Alpes-Côte d'Azur region, which will benefit from 20-year electricity sales contracts with an additional compensation clause. They should be commissioned in 2020 and 2019, respectively.

²³ See press release dated 21 April 2017

Voltalia wins two hydroelectric projects during CRE's second hydropower call for tenders

On 28 August 2018, Voltalia announced it had won two new run-of-the-river hydropower plant projects during CRE's hydropower call for tenders. The two winning projects are the Croix et Jorasse hydropower project (2.4 MW) in Haute-Savoie and the Merderel project (2 MW) in Savoie. These two high-head plants, installed by a river, will require no water retention. Both will benefit from a 20-year purchase contract as of their commissioning, scheduled no later than the end of 2022 according to the terms of the call for tenders.

Construction begins on the first Voltalia hydropower plant in Metropolitan France, Tacconnaz (4.5 MW)

On 29 August 2018, Voltalia announced construction had begun on its run-of-the-river hydropower plant in Tacconnaz in Haute-Savoie. The commissioning of the power plant is scheduled for the end of 2019 and the electricity sales contract signed with the *Régie électrique des Houches* is for a 20-year period.

Securing the Gigawatt target

On 4 September, when securing a new wind power project in Brazil, Voltalia announced it had met its 2020 Gigawatt target for installed capacity, set in 2016.

New contract in Brazil

Eight months after winning the VSM project (163 MW²⁴); Voltalia secured a new 64 MW wind project called VSM 2 (Ventos da Serra do Mel 2). This new sales contract was won at the national auction held on 31 August by the Brazilian regulator ANEEL. It has a term of 20 years beginning on 1 January 2024. As with most Voltalia projects in Brazil, the construction phase will be fast. Between commissioning, expected for the second half of 2020, and the start of the long-term electricity sales contract in 2024, production will be sold on the open market, mainly through short-term private electricity sales contracts already secured at a price over 60% higher than the 20-year contract price.

Partnership with Actis

On 11 September 2018, Voltalia announced it had sold 197 MW of developed and ready-to-build wind projects to Echoenergia, a subsidiary of Actis, as part of a broader partnership of up to 500 MW (including 197 already sold). The wind projects concerned are located in the Voltalia cluster of Serra Branca. Echoenergia is responsible for securing an energy sales contract and financing the construction of these projects.

The sale of these projects generates new Services revenues and economies of scale that will also benefit Voltalia's projects within the cluster. This partnership is also a way for Voltalia to share the cost of a new transmission line that will be available for all future projects at Serra Branca.

Purchase of Encalso stake in Envolver in Brazil

On 27 September 2018, Voltalia bought Encalso's 49.8% stake in Envolver. After this transaction Voltalia became the sole shareholder. It should be remembered that Envolver is the parent company (51%) of the Vamcruz wind farm.

Voltalia secures a storage contract in French Guiana

On 15 October Voltalia won 10-year contracts for two battery storage units, representing a total installed capacity of 10 MW. The commissioning of this project, called Storage Mana, and located near other Voltalia projects in French Guiana, is expected at the end of 2019.

Voltalia signs private electricity sales contract with BRF

On 14 November, Voltalia signed a 10-year private electricity sales contract ("corporate PPA") with BRF, one of the world's leading agri-food companies. This new contract increases the size of Voltalia's VSM 2 wind project from 64 MW to 128 MW. As with most Voltalia projects in Brazil, the construction of the 64 MW will be fast. The turbines should be commissioned gradually during 2020, producing electricity that will be sold on the open market before the start of the contract with BRF in January 2021.

²⁴ 155 MW from auctions, quickly optimised to 163 MW.

Additional 54.6 MW of ready-to-build projects sold to Actis

At the end of November, Voltalia sold an additional 54.6 MW of ready-to-build projects to Actis. This sale is part of a partnership involving a total of 500 MW. After six months of the partnership, Voltalia has already sold 252 MW to Actis, which demonstrates the quality of the projects developed within its Serra Branca cluster.

Construction begins on Râ Solar in Egypt

On 8 November, Voltalia began the construction of the Râ Solar (32 MW) solar power plant in Egypt, part of the world's largest photovoltaic solar complex. The project will benefit from a 25-year electricity sales contract with the national electricity distribution company EETC, which will come into force from the commissioning of the plant, expected for the second half of 2019.

Construction begins on Tresques and Parroc in France

On 20 December, Voltalia began the construction of the Tresques and Parroc solar power plants in France, for a total installed capacity of 8 MW. The two power plants are should be operational by no later than the third quarter of 2019, and will benefit from a 20-year electricity sales contract.

Note 3.3 Subsequent events**Construction begins on the Savane-des-Pères project in French Guiana**

On 17 January 2019 Voltalia announced construction had begun on the Savane-des-Pères project in French Guiana, a 3.8 MW solar power plant combined with a 2.6 MW / 2.9 MWh battery storage system, to cover household demand at peak times. It will benefit from a 25-year secured-rate contract that will begin with the commissioning of the plant, expected in the second half of 2019.

Construction begins on VSM 2

On 24 January 2019, Voltalia announced it had signed a contract with Siemens Gamesa for the purchase of 36 wind turbines to start the construction of the VSM 2 power plant (128 MW).

Construction begins on a very high-voltage power line in Brazil

On 7 February, construction began on a second 50 km electricity transmission line with 500 kV voltage, intended to connect new projects at the Serra Branca cluster for total of 2 GW of power. It is scaled according to the needs of existing and future projects, some of which are owned by Voltalia, such as the VSM 1 (163 MW) and VSM 2 (128 MW) power plants currently under construction, while others will be sold to partners such as the 252 MW already sold in 2018 to Actis.

Note 4 Accounting rules and methods

Note 4.1 Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union and applicable on 31 December 2018.

The standards applied are available at the following address:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en

The consolidated financial statements of the Valtalia Group were approved by the Board of Directors of Valtalia SA on 18 March 2019.

Note 4.2 Basis for the preparation and presentation of the financial statements

Preparation basis

In the consolidated financial statements for the year ended 31 December 2018, the Group applied the same accounting principles and valuation methods as those used on 31 December 2017, with the exception of the new standards applied as described in Note 4.3.

As of 31 December 2018, the financial statements were prepared in accordance with the principles of operational continuity and historical cost, with the exception of financial or hedging instruments held for trading, which were measured at fair value.

Pursuant to the AMF's recommendations, the Group presents in each note to the consolidated financial statements the applicable accounting rules and methods.

Presentation of the financial statements

The Group presents a "Statement of Comprehensive Income" by type, showing revenues, EBITDA, other operating income and expenses, operating income (EBIT), net profit (loss), income from equity-accounted companies and net income, Group share.

Following the recommendation of the French Accounting Standards Authority no.2013-03 of 7 November 2013, relating in particular to the income statement format under IFRS, the Group decided to include in its comprehensive income statement and "EBITDA" ²⁵ calculated from the difference between "Operating income (EBIT)," ²⁶ "Depreciation, amortisation and provisions" and "Other income and expenses".

"Other income and expenses" corresponds to unusual, abnormal or infrequent events of a significant material nature that could make current operating performance more difficult to interpret. This may include the following:

- gains or losses on disposal or significant and unusual impairment of non-current tangible or intangible assets²⁷;
- certain restructuring expenses: These are solely restructuring costs that would be likely to make the interpretation of recurring operating income more difficult as a result of their unusual nature and size;
- other operating income and expenses, such as a provision for litigation, are of very significant materiality.

For the presentation of the statement of financial position, the distinction between current and non-current items results from the application of IAS 1.

²⁵ EBITDA is defined as Earnings Before Interest, Taxes, Depreciation and Amortisation. It is calculated by restating current operating income for allocations and reversals of depreciation and provisions.

²⁶ EBIT is the English equivalent of Operating income.

²⁷ It should be noted that the sale price of development assets is recognised as revenues, and that the net book value of the assets sold is recognised as an operating expense. (see Note 7)

Note 4.3 **New standards****New standards and application interpretations adopted by Europe and applicable as of 1 January 2018**

As of 31 December 2018, the Group applied the standards, interpretations, principles and accounting policies effective at the time of the financial statements for the 2017 financial year, with the exception of the new standards and interpretations adopted by Europe and applicable as of 1 January 2018:

- IFRS 9 "Financial Instruments":
IFRS 9 applicable from 1 January 2018 deals with the classification, measurement and derecognition of financial assets and liabilities.
- IFRS 15 "Revenue from Contracts with Customers":
IFRS 15, including the amendment "Clarifications to IFRS 15", applicable as of 1 January 2018, establishes the principles that an entity applies when recognising revenue from contracts with customers. It replaces IAS 11 and IAS 18;
- Amendments to IAS 40, IFRS 2 and IFRS 4:
- IAS 40 has been amended to clarify "transfers of investment property". IFRS 2 has been amended to clarify the "classification and measurement of share-based payment transactions". IFRS 4 has been amended to clarify the application of IFRS 9 with IFRS 4 "Insurance Contracts".
- IFRIC 22 "Foreign currency transactions and advance consideration".
- "Annual Improvements to IFRS Cycle 2014 - 2016".

New standards and application interpretations already adopted by Europe and applicable in advance as of 31 December 2018

The Group has chosen not to apply the following texts in advance to the accounts closed as of 31 December 2018:

- IFRS 16 "Leases":
IFRS 16, applicable as of 1 January 2019, establishes the principles of recognition, measurement and presentation of lease contracts, with the aim of ensuring that lessors and lessees provide relevant information that fairly represents these transactions. It replaces IAS 17 and the corresponding interpretations. The impact of IFRS 16 on the Group's financial statements is presented in Note 4.4.

New standards and application interpretations not yet adopted by Europe but applicable in advance as of 31 December 2018

The Group has chosen not to apply the following texts in advance to the accounts closed as of 31 December 2018:

- Amendments to IFRS 10 and IAS 28 "Sales or contributions of assets between an investor and its associate/joint venture";
- IFRIC 23 "Uncertainty over revenue tax treatments";
- IAS 28: measurement of investments at fair value through profit or loss by investment.

Note 4.4 Estimated impact of first application of IFRS 16

The Group has analysed the potential impact of the application of IFRS 16 on its consolidated financial statements.

As of 1 January 2019, the Group will recognise the rights of use and the associated debts in relation to:

- leases on land for future or existing power plants;
- real estate leases;
- leases of IT equipment;
- leases of cars used by employees.

As of 1 January 2019, an asset of about €31,800 thousand and a debt of around €30,500 thousand will be recognised in the balance sheet.

This valuation is based on all leases, excluding contracts under 12 months, of low value or maturing in 2019.

Note 4.5 Impact of first application of IFRS 15

As of 31 December 2018, the application of IFRS 15 had no material impact on the Group's consolidated financial statements. The implementation of this new standard did not result in a change in the revenue recognition method previously used by the Group. As a result, the presentation of the statements of comprehensive income, financial position and cash flows have not been affected by its application.

As part of the application of IFRS 15, the accounting rules and methods, as published in the 2017 Registration Document, have been reviewed and clarified by the Group (see Note 7.1).

Note 4.6 Impact of first application of IFRS 9

The impact in relation to the provisions of IFRS 9 "Financial Instruments", mandatory from 1 January 2018, is not significant for the Group. The changes to IFRS 9 relate to:

- **recognition of credit risk** linked to financial assets on the basis of the principle of "expected losses", instead of the principle of "losses incurred". The main impact of this change is the obligation to recognise impairment on trade receivables that are not yet due.

As of 31 December 2018, the Group carried out a review, based on the quality and solvency of its customers, of its portfolio of trade receivables and, in view of the nature of its business and its customers, no significant "expected loss" was identified given the nature of the portfolio receivables;

- **hedging accounting**, the main categories used for the classification of assets and liabilities hedged with financial instruments, as well as the rules for calculating and assessing the effectiveness of the instruments.

As of 31 December 2018, given the type of transactions existing within the Group, there was no impact related to the application of IFRS 9;

- **investments in non-consolidated companies**, with the introduction of a fair value measurement through the income statement and optionally through other items of comprehensive income.

As of 1 January 2018, the Group opted for the alternative method of recognition at fair value through other items of comprehensive income for all non-consolidated equity investments in its portfolio (see Note 18);

- moreover, IFRS 9 introduces a **new classification of financial assets and liabilities** which has been used in this report. The Group applied this new presentation to comparative items as of 31 December 2017.

The accounting rules and methods relating to IFRS 9 are reviewed and clarified by the Group in Note 5.1, Note 14.1 and Note 16.1.

Note 4.7 Functional and presentation currency

The consolidated financial statements are presented in thousands of euros, the reporting currency and functional currency of the parent company.

Note 4.8 Use of estimates

As part of the process of drawing up the consolidated financial statements, the valuation of certain balance sheet items requires the use of assumptions, estimates and assessments. This includes the valuation of the intangible assets and, in particular, the assets related to projects in development, the determination of provisions, the recognition of revenues, impairment tests, and the valuation of financial instruments.

These assumptions, estimates or assessments are made based on information or situations existing at the financial statement preparation date and that may differ from the actual situation in the future.

In addition, at each reporting date, the Group identifies assets whose sale is in progress and assesses whether the sale is highly probable. If applicable, it applies IFRS 5, which requires an entity to classify a non-current asset (or group of assets held for sale) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Finally, most of the Group's operating entities have multi-year contracts with significant clients. During the course of these contracts and on the occasion of their termination and/or renewal, discussions may take place between these entities and their clients about the conditions, including financial, from the past performance of these contracts.

Note 5 Scope of consolidation

Note 5.1 Accounting rules and methods

Consolidation methods

Full Consolidation

In accordance with IFRS 10 “Consolidated Financial Statements”, the consolidated financial statements include the accounts of all entities that the Group controls directly or indirectly, whatever its level of participation in the capital of these entities. An entity is controlled when the Group has power over this entity, when it is exposed to or has rights to variable returns because of its involvement in this entity, and when it has the ability to use its power over the entity to influence the amount of these returns. The determination of control takes into account the existence of potential voting rights if they are significant, i.e. if they can be exercised on a timely basis when decisions about the relevant activities of the entity must be taken.

The consolidated entities of the Group are classified as “subsidiaries”. The entities that the Group controls by means other than voting rights are described as “consolidated structured entities”.

Reciprocal receivables and liabilities, as well as reciprocal income and expenses related to fully consolidated companies, are eliminated in full. The internal margins between these companies are eliminated.

Joint activities and companies at equity

The Group applies IFRS 11, which supersedes IAS 31 “Interests in joint ventures” and SIC 13 “Jointly controlled entities - non-monetary contributions by venturers”. This new standard defines how a joint arrangement is to be treated.

Under this standard, partnerships through which two or more parties have joint control are accounted for on the basis of rights and obligations of each party to the partnership, taking particular account of the structure, the legal form of the agreements, the rights granted to each party by the agreements, as well as the facts and circumstances, where appropriate:

- assets and liabilities (income and expenses) of joint activities that give each of the co-participants direct rights in the assets and obligations reported as liabilities shall be recognised using the interest in the joint activity;
- joint ventures that confer rights in net assets should be recognised using the equity method, because the proportional consolidation method is no longer permitted.

In addition to the case of joint ventures indicated above, and pursuant to IAS 28, the equity method is applied to associates in which the Group has significant influence (generally over 20%), i.e. when it has the power to participate in financial and operating policy decisions, but cannot control or exercise exclusive or joint control over those policies.

This method of consolidation consists of retaining the net assets and net income of a company in proportion to the interest held by the parent company in the capital and the goodwill relating thereto, as appropriate.

Receivables and payables to associates are considered as outside of the Group and are therefore not eliminated.

Consequently, IFRS standards require consolidation under the equity method of the following:

- associates, companies over which the Group has significant influence;
- and joint ventures, companies over which the Group has joint control.

As of 31 December 2018, the Group has not identified any companies classified as joint ventures.

Business combinations

Business combinations are recognised by applying the acquisition method on the date the control is transferred to the Group.

Up to now, the Group has always evaluated the goodwill on the acquisition date according to the full goodwill method. It corresponds to the difference between:

- the acquisition cost of the business combination;
- the proportionate share of the fair value of the net identifiable asset acquired.

Goodwill does not include goodwill related to minority interests.

When the difference is negative, a profit in view of the acquisition under favourable conditions is immediately recognised in income.

Acquisition costs, other than those related to the issue of a debt or capital securities, that the Group bears due to a business combination, are recorded as expenses when they are incurred.

Any potential consideration to be paid is assessed at fair value on the acquisition date. Any potential consideration that has been classified as shareholders' equity is not reassessed, and its settlement is recognised under shareholders' equity. However, future changes in the fair value of this consideration will be recognised in income.

It should be noted that acquisitions of project company (SPV) securities, in view of the fact that (i) the substance of the acquisition is a purchase of assets, and that (ii) the acquired company does not have employees, nor a process, the transaction is not considered a business acquisition (IFRS 3, B7). This acquisition is therefore considered as the acquisition of a set of assets and liabilities, to be treated under IAS38, and not as a business combination under IFRS3.

Assets and liabilities held for sale

In accordance with IFRS 5, when the Group has decided to sell an asset or group of assets, it classifies it as an asset held for sale if:

- the asset or group of assets is available for immediate sale in its present condition subject only to the conditions that are usual and customary for sales of such assets; and
- its sale is likely within one year.

Furthermore, an activity is classified under "discontinued operations" when:

- all the criteria for classification as non-current assets held for sale or discontinuation are met; and if
- one of the additional criteria below is also satisfied: (a) represents a main and separate business line or geographical region, or (b) it forms an integral part of a unique plan to dispose of a business line or of the activities in a geographic area, or (c) is a subsidiary acquired for the purpose of being resold or abandoned.

As of 31 December 2018, no assets or group of assets have been recognised under assets held for sale.

Investments in non-consolidated companies

Investments in non-consolidated companies are, by default, recognised at fair value through the income statement.

However, when initially recognised, the Group may opt, for entities not held for trading purposes, for the irrevocable application of the alternative fair value accounting method, through other items of comprehensive income.

If the Group opts for the alternative method, other gains and losses recorded in other items of comprehensive income may not be recycled in the income statement, including on disposal.

The choice and application of these methods is made on an investment by investment basis.

At 31 December 2018, the Group opted for the alternative method for all its investments.

Foreign currency transactions

Foreign currency transactions are translated into euros using the exchange rate in effect on the transaction date. Monetary items and, where appropriate, non-monetary items measured at fair value in a foreign currency are translated using the closing rate.

Financial statements denominated in foreign currencies

The functional currency of the foreign subsidiaries of the Group always corresponds to the local currency of these entities. On this basis, the assets and liabilities of the companies included in the scope of consolidation and denominated in foreign currencies are translated into euros using the exchange rate at the balance sheet date. The income and expenses of these companies are converted into euros using the average exchange rate over the period.

All currency translation differences arising from the conversion of the financial statements are recognised in other items of comprehensive income. All currency translation differences from foreign currency transactions are recognised in income over the period.

Net investments in an overseas business

Translation differences relating to intragroup assets and liabilities are also recognised in income. On an exceptional basis, such translation differences are temporarily recognised in other comprehensive income when the monetary asset or liability forms an integral part of the net investment in a foreign company. Such is effectively the case of loans and receivables in foreign currencies for which settlement is neither planned nor probable in the foreseeable future.

Note 5.2 Exchange rates used within the Group

Code	Currency	As of 31 December 2018		As of 31 December 2017	
		Closing rate	Average rate	Closing rate	Average rate
AED	UAE Dirham	4,20375	4,33781	4,39983	4,14932
BRL	Brazilian Real	4,44028	4,30483	3,96830	3,60686
CLP	Chilean Peso	794,28118	757,00227	737,16430	729,52056
EGP	Egyptian Pound	20,49684	21,03403	21,29626	20,12959
GBP	Pounds sterling	0,89864	0,88485	0,88785	0,87640
INR	India Rupee	79,54817	80,61916	76,40327	73,45730
JOD	Jordanian Dinar	0,81144	0,83747	0,85015	0,79915
JPY	Japanese Yen	125,94458	130,34411	134,96980	126,68874
MAD	Moroccan Dirham	10,93948	11,08144	11,19804	10,82787
MXN	Mexican Peso	22,49112	22,68860	23,58153	21,32419
SGD	Singapore Dollar	1,56045	1,59257	1,60127	1,55843
TZS	Tanzanian Shilling	2631.57895	2688.17204	n/a	n/a
USD	US Dollar	1.14449	1.18100	1.19795	1.12991

Note 5.3 Scope of consolidation

The lists of consolidated and non-consolidated companies, changes in scope of consolidation, associates and partnerships are detailed in Note 18.

Consolidated companies

As of 31 December 2018, 167 companies were consolidated (excluding Voltalia SA, the consolidating entity), including 156 through full consolidation and 11 through the equity method.

Non-consolidated companies

As of 31 December 2018, 54 companies were majority-held by the Group but were not consolidated, as these were not significant.

Change in scope

In 2018, the Group created and acquired new companies in France, Myanmar, Brazil, Spain, Kenya, Colombia and South Africa.

Partnerships and associates

The 11 equity-accounted associates correspond to companies without notable influence. No partnerships were signed in respect of the reported periods.

As of 31 December 2018, shares in equity associates contributed to the Group's consolidated financial statements as follows:

(In thousands of euros)	Total
As of 1 January 2017	523
Net profit (loss)	203
Translation reserve	-5
Other	27
As of 31 December 2017	748
Net profit (loss)	151
Translation reserve	-55
Other	1,459
As of 31 December 2018	2,303

The other changes, amounting to €1,459 thousand, are related to a balance sheet reclassification.

Note 6 Operating segments

Note 6.1 Accounting rules and methods

Segment reporting is presented in accordance with the internal reporting system of the Group, which is used by the General Management to measure performance and allocate resources.

Segment reporting by business segment is favoured by the Group, because the risks and returns depend mainly on the Group's activities rather than the type of energy to which they refer.

The segmentation used by the Group includes two operating segments:

- the "Energy sales" business: which brings together the owned, operating power plants;
- the "Services" business, which comprises the activities of:
 - "Development, Construction and Procurement", which comprises: the development and sale of projects, and the construction of power plants and procurement of equipment for solar power plants,
 - "operation – maintenance", a service provision activity.

These Services activities are carried out on behalf of the Group's own power plants or on behalf of third-party clients.

The business segments described above are presented by the Group in a "stand-alone" manner, i.e. considering the business segment as a truly autonomous whole and as one of the components contributing to the Voltalia consolidated entity. This presentation enables revenues and the service costs from internal services to be identified and isolated under the item "Eliminations and Corporate".²⁸

This presentation complies with the needs identified by the General Management and enables the Group to (a) measure the individual performance of the identified operating segments, (b) compare the level of services provided internally, for Voltalia, to the cost of identical services available outside of the Group, and lastly, (c) as part of the financing of its activities, to present the performance of the financed entity, consistent with the business of the said entity.

In 2018, the presentation of information by business segment was revised to present the current strategic vision within the company and used by the General Management.

²⁸ They are corporate items, to which are added the effects of intra-group eliminations corresponding to internal re-invoicing of services carried out within the Group.

Note 6.2 Segment reporting by business**Items from the income statement by business**

(In thousands of euros)	Energy Sales	Services		Eliminations and corporate	As of 31 December 2018
		Development, construction and procurement	Operation-Maintenance		
Revenues	131,675	98,688	18,524	(68,277)	180,66
EBITDA	87,882	6,122	554	(18,349)	76,209
<i>EBITDA margin (in %)</i>	67%	6%	3%	27%	42%

(in thousands of euros)	Energy Sales	Services		Eliminations and corporate	As of 31 December 2017
		Development, construction and procurement	Operation-Maintenance		
Revenues	145,555	38,938	21,247	(24,552)	181,188
EBITDA	94,249	(11,407)	1,601	(12,843)	71,6
<i>EBITDA margin (in %)</i>	65%	29%	8%	52%	40%

Items of the financial position by business

The Group cannot reliably report comparative information on financial position items as of 31 December 2017, without incurring disproportionate costs. Moreover, the Group's management does not have balance sheet indicators by activity available. However, the Group aims to provide and present significant and representative items of its financial position in the future.

Note 6.3 Segment reporting by region

(In thousands of euros)	Europe	America Latin	Asia and Africa	As of 31 December 2018
Revenues	53,554	125,382	1,725	180,660
EBITDA	(8,628)	85,202	(365)	76,209
<i>EBITDA margin (in %)</i>	(16)%	68%	(21)%	42%

(in thousands of euros)	Europe	America Latin	Asia and Africa	As of 31 December 2017
Revenues	42,724	133,545	4,920	181,188
EBITDA	(13,016)	84,901	(285)	71,600
<i>EBITDA margin (in %)</i>	(30)%	64%	(6)%	40%

The "Services "business and Corporate activity are mainly located in Europe, while installed capacity is mainly located in Brazil. These two factors explain the differences in revenues and profitability between these two regions.

In 2018, Latin America's contribution was impacted by the devaluation of the Brazilian real, with, moreover, an improvement in the Ebitda margin rate.

Note 7 Operating income

Note 7.1 Accounting rules and methods

Revenues

Revenues include (i) income from activities based on customer contracts (revenue), and (ii) income from the disposal of development projects and power plants.

Revenues comprise of:

- "Energy sales" from the Group's production units;
- "Services sales" from:
 - the completion of power plant construction contracts;
 - the supply of equipment;
 - the supply of power plant operation and maintenance services.

Pursuant to IFRS 15, revenues are recognised when each performance obligation is met, i.e. when control of the good or service is transferred to the customer

Revenue

Revenue corresponds to the fair value of the consideration received or receivable for goods and services sold, net of discounts and rebates, in the normal course of the Group's activities. Income is recognised in the income statement when the control of goods or services rendered has been transferred.

Energy sales revenue corresponds to the sale of electricity produced by each power plant and sold to the operator in accordance with various contracts which guarantee in particular the sales prices in relation to volumes produced and sold. Revenue is calculated on the basis of the MWh actually delivered, which constitutes the service performance obligation, over the period concerned.

15- to 20-year contracts for the sale of energy generally include tolerance and adjustment mechanisms for the volumes actually sold relative to those contracted. These adjustments are estimated on the basis of actual production and taking into account forecasts (contractual period of up to 4 years in certain Brazilian contracts) and recognised as production progresses.

In the case of early commissioning of power plants or suspension of long-term contracts, the Group can sign short-term contracts with a private distributor or sell on the open market.

Services sales mainly comprise power plant construction for which Valtalia is the general contractor (design, building site supervision, supplier and sub-contractor selection) and all power-plant construction (turnkey contracts) and maintenance activities, as well as sales of development projects:

- construction revenue is based on the contract, which can take the form of a turnkey contract or a service contract (assistance, project management);
- maintenance revenue is based on multi-year contracts with duration of between 5 and 15 years in general and up to 25 years. These contracts can include clauses related to availability or performance;
- the transfer price of development projects or production units. This is through the sale of assets that are an integral part of the operational activity.

Note 7.2 Operating expenses

(In thousands of euros)	As of 31 December 2018	As of 31 December 2017
Purchases and sub-contracting	(27,282)	(37,701)
Equipment rental	(3,098)	(4,005)
Maintenance and repairs	(6,711)	(8,278)
Cost of external services	(17,161)	(15,724)
Operating expenses	(17,128)	(12,185)
Non-revenue based taxes	(10,775)	(9,105)
Operating expenses	(82,154)	(86,997)

Operating expenses are presented excluding payroll expenses (see Note 8), and are net of activations.²⁹

Note 7.3 Allocations and reversals of depreciation**Depreciation, amortisation and provisions**

The rules and methods applicable to depreciation, amortisation, impairments and provisions are detailed in Note 11.1 and Note 15.1.

(In thousands of euros)	As of 31 December 2018	As of 31 December 2017
Additions	(28,199)	(27,771)
Reversals	171	-
Depreciation and amortisation of intangible fixed assets and property, plant and equipment	(28,028)	(27,771)

Depreciation and amortisation reflect the depreciation of power plants in operation. The €257 thousand increase is mainly attributable to plants commissioned in the second half of 2017 in Brazil (Vila Acre and the solar power plant in Oiapoque) and the inifull year effect of depreiation of the Sao Miguel de Gostoso wind farm. However, this increase is almost entirely offset by the devaluation of the Brazilian Real.

Note 7.4 Impairments, reversals and provisions

(In thousands of euros)	As of 31 December 2018	As of 31 December 2017
Additions	(10,050)	(7,094)
Reversals	9,000	7,734
Impairment and provisions	(1,050)	639

Depreciation, amortisation and provisions presented in the table below relate to the current and non-current asset groups, presented in the statement of financial position.

As of 31 December 2018, out of a total of €9,000 thousand in reversals, the portion relating to provisions amounted to €7,237 thousand.

The changes in provisions are presented in Note 15.

²⁹ See "Acquisitions" in Notes 11.4 and 11.5.

Note 8 Employee benefits and expenses

Note 8.1 Accounting rules and methods

Payroll expenses

Payroll expenses allocated to development and construction projects on behalf of the Group are recorded as assets, when projects meet the activation criteria. Other personnel expenses are included in the revenue statement.

Employee benefits

These benefits may be offered through defined contribution plans or defined benefit plans. Within the framework of defined contribution plans, the Group has no obligation other than to pay contributions; the charge corresponding to the contributions paid is recognised directly in the profit for the year.

Post-employment benefits

Defined benefit plans are subject to actuarial measurement using the projected unit credit method. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to measure the final obligation. This final obligation is then discounted.

These actuarial calculations include demographic and financial assumptions defined across each of the entities concerned and taking into consideration their local macro-economic environment. All actuarial differences are recognised under other items of comprehensive income.

Such regimes only concern the following countries, within the Group: Metropolitan France, French Guiana, Greece, Italy, Slovakia and Mexico.

Termination benefits

Where necessary, employment contract termination benefits may be reviewed, and provisions are made up to the amount of the resulting commitment. Benefits that fall due more than 12 months after the balance sheet date are discounted.

Share-based compensation expense

Stock options granted to corporate officers and certain key executives are measured at fair value at the grant date by the Board of Directors. This measurement is not subsequently revised. Based on the estimated number of options that will vest at the end of the vesting period, the Group recognises the overall charge spread equally across this period. These expenses are offset by charges in equity under reserves.

Note 8.2 Payroll expenses

As of 31 December 2018, payroll expenses in the income statement amounted to €(20,563) thousand compared to €(21,438) thousand as of 31 December 2017 and are shown net of activations (See Notes 11.4 and 11.5).

Payroll increased by 7% in 2018 compared to 2017. However, in the income statement, the amount is offset by the capitalisation effect in relation to development.

Note 8.3 Workforce

Average total workforce as of 31 December 2018 was 499 employees in 18 countries. Most of the workforce is located in four countries: Brazil (Rio de Janeiro and Natal), France (Paris and Aix in Provence and Cayenne), Italy (Milan) and Portugal (Oliveira de Frades).

Actual workforce as of 31 December 2018 totalled 547 people. The increase in headcount is mainly explained by the reinforcement of teams in France and Brazil to support the Group's growth.

Actual Workforce	Brazil	France & French Guiana	Italy	Portugal	Other	As of 31 December 2018	As of 31 December 2017
Executive managers	1	10	1	2	5	19	19
Managers	25	108	3	52	32	220	173
Employees	85	22	39	87	68	301	272
Temporary employees		7				7	1
Total	111	147	43	141	105	547	465

Average workforce	Brazil	France & French Guiana	Italy	Portugal	Other	As of 31 December 2018	As of 31 December 2017
Executive managers	1	10	1	2	4	18	18
Managers	24	97	3	50	27	199	172
Employees	74	23	40	75	64	277	250
Temporary employees		5		1		6	1
Total	99	133	44	128	95	499	442

Note 8.4 Employee benefits

Change in the net carrying amounts of pension and other benefit commitments to personnel

Pensions and other employee benefits only apply, within the Group, to the following countries: Metropolitan France, French Guiana, Greece, Italy, Slovakia and Mexico.

(In thousands of euros)	Post-employment benefits
Commitments as of 31 December 2017	664
Net cost for the period	163
<i>Cost of services rendered</i>	155
<i>Discount effect</i>	8
<i>Other items</i>	-
Acquisition/disposal	-
Net amount recognised in comprehensive income	(9)
<i>Experience effects</i>	9
<i>Changes in demographic assumptions</i>	-
<i>Changes in economic assumptions</i>	(18)
Net employer contribution	(15)
Translation reserve	2
Commitments as of 31 December 2018	805

(In thousands of euros)	Post-employment benefits
Defined obligation benefits	805
Fair value of the plan	-
Total amount of commitment	805
Commitments as of 31 December 2018	805

Main actuarial assumptions

	France, French Guiana & Greece	Italy	Mexico	Slovakia
Discount rate	1.62%	1.16%	8.75%	1.62%
Wage increase rate	2.00%	3.40%	4.40%	2.00%

Note 9 Statutory Auditors' fees

(In thousands of euros)	MAZARS	H3P	As of 31 December 2018	MAZARS	H3P	As of 31 December 2017
Voltalia SA	299	201	500	253	193	446
Statutory audit	286	201	486	243	193	436
SACC	13	1	14	10	-	10
Subsidiaries	522	190	712	464	107	571
Statutory audit	519	190	709	456	100	556
SACC	2	-	2	8	7	15
Total fees	820	391	1211	717	300	1,017

As of 31 December 2018, the Statutory Auditors' fees amounted to €1,211 thousand.

The increase in the statutory audit fees is mainly due to the increase in the Group's scope.

The Group presents "Services other than the certification of the financial statements" (SACC) provided based on a legal document, such as the audit of the reports of the Board of Directors or of the regulated agreements, in the legal audit fees to ensure a better comparability of advertised fees.

Note 10 **Income tax****Note 10.1** **Accounting rules and methods****Income tax and other taxes**

Income tax (expense or income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income). Tax is recognised in the income statement unless it relates to items recognised directly in equity, in which case it is recognised in other items of comprehensive income.

Current tax is (i) the estimated amount of tax payable on the taxable income of a period, determined using tax rates that have been enacted or substantively enacted by the balance sheet date, and (ii) any adjustment to the amount of tax payable in respect of previous periods.

Tax consolidation scopes have been established within the Group. Each of the areas is treated as a taxable entity under IAS 12 and is accordingly the subject of corresponding deferred taxation compensation.

Deferred taxes

Deferred taxes are recognised in the income statement and statement of financial position to reflect the temporary differences between the carrying amounts and tax bases of assets and liabilities.

Deferred taxes are accounted for using the balance sheet approach of the liability method. Deferred taxes are measured taking into account known changes in tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The impact of possible changes in tax rates on deferred taxes previously recognised on the income statement or in equity is recognised on the income statement or in equity during the year in which these rate changes become effective.

Deferred taxes are recognised in the statement of net income or in other items of comprehensive income or in equity during the year in which they relate to the items themselves recognised in profit or loss or in equity.

Deferred tax assets are recognised if and only if it is probable that taxable profits will be available against which the deferred tax asset can be utilised. In the absence of a high degree of probability, such assets are not recognised. The carrying amount of deferred tax assets is reviewed at each balance sheet date to determine whether this value should be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Conversely, any such reduction must be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are not discounted.

Note 10.2 **Income tax and other taxes**

(in thousands of euros)

	As of 31 December 2018	As of 31 December 2017
Current tax	(11,480)	(6,553)
Deferred taxes	-	583
Income tax and other taxes	(11,480)	(5,970)

As of 31 December 2018, income tax and other taxes of €(11,480) thousand mainly comprised the current tax payable by the Brazilian SPVs that fall under the "lucro presumido" and "lucro real" tax regimes, amounting to €(7,520) thousand, the tax on the sale of development assets €(2,418) thousand, and to a lesser extent the tax on operating entities which are not tax-consolidated.

The increase compared to 2017 results from the sale of development assets and from a less favourable tax regime for one of the Brazilian farms.

Note 10.3 Tax rationalisation

(in thousands of euros)	As of 31 December 2018	As of 31 December 2017
Net profit (loss) from consolidated companies	5,960	3,495
Net income of equity affiliates	151	203
Net income from consolidated companies excluding companies at equity	5,809	3,292
Income tax expense	(7,964)	(2,605)
Tax liability of entities outside of the IAS 12 scope of application	(3,516)	(3,365)
Profit before taxes (excluding equity-accounted companies)	17,289	9,262
Standard tax rate applicable to the parent company (%)	0	0
(Expenses) Income from theoretical tax	(4,841)	(2,593)
Impact:		
- Of differences between the tax rate of the parent company and that of its subsidiaries	(1,586)	(808)
- Of entities excluded from the scope of IAS 12	1,295	3,762
- Effect of non-recognition of deferred tax assets on deductible temporary differences	(2,285)	(481)
- Of non-recognition of deferred tax assets on tax loss carryforwards	(3,632)	(7,917)
- Of consumption of tax income on other deductible temporary differences not recognised previously	0	311
- Consumption of tax income on tax loss carryforwards	1,618	767
- Of permanent differences	(805)	989
- Of profit before taxes	(1,244)	
(Expenses) / Income from effectively recognised tax	(11,480)	(5,970)

Companies outside the scope of IAS 12 are Brazilian SPVs subject to the "lucro presumido" tax regime.

The rationalisation of the tax expense is carried out on the basis of pre-tax profit including entities outside the scope of IAS 12, and amounted to €15,448 thousand. As a result, the impact of entities excluded from the scope of IAS 12 of €(1,295) thousand differs from the actual expense recognised in the financial statements, of €(3,516) thousand.

Note 10.4 **Deferred taxes**

Deferred tax assets and liabilities leading to a net position of zero per entity were recognised within the Group. They correspond to deferred tax assets and liabilities on temporary differences, in the amount of, respectively, €1,700 thousand and €4,900 thousand, as well as deferred tax assets on loss carryforwards of €3,200 thousand.

Deferred taxes mainly relate to the value of assets (projects in development or in operation) as shown in the statement of financial position. Deferred tax assets recognised as of 31 December 2018 amounted to €367 thousand.

Deferred tax assets, and deferred tax income, as shown respectively in the Group's statement of financial position and statement of comprehensive income, relate exclusively to French subsidiaries outside the tax consolidation arrangement or foreign entities that pay current tax.

The stock of available loss carryforwards amounted to €154,101 thousand as of 31 December 2018.

Note 11 **Goodwill, intangible and tangible fixed assets****Note 11.1** **Accounting rules and methods****Business combinations - Goodwill**

Business combinations are recognised in compliance with the instructions of IFRS 3. According to these standard, acquired assets, liabilities and possible liabilities are assessed at their fair value.

The valuation differences arising on consolidation are allocated to the assets and liabilities concerned, including the share attributable to non-controlling interests.

Goodwill corresponds to the difference between the purchase price paid during a business combination and the amount of assets and liabilities acquired, net of the liabilities and contingent liabilities assumed. The positive difference between the acquisition cost and the proportionate share of the acquirer in the fair value of identifiable assets and liabilities acquired is recognised as goodwill in the balance sheet. If this difference is negative, it is recognised directly in income at the date of acquisition.

Goodwill is not amortised but is subject to impairment tests at least once a year.

Intangible assets

Intangible assets are initially recognised at their cost or fair value if they are acquired in the context of a business combination.

Intangible assets correspond to the capitalised costs of projects under development.

Expenses for each project are capitalised as soon as all of the following criteria are met:

- visibility with respect to access to land, such as obtaining a lease agreement and favourable environmental impact studies;
- visibility of authorisations, e.g., filing of administrative records and high probability of obtaining permits;
- feasibility of the grid connection; and
- project profitability.

Such capitalised costs include external costs (corresponding to commitments to outside vendors or service providers (invoices, invoices receivable, status reports, etc.) and internal costs (measured based on the time allocated to these projects).

All projects are reviewed at each reporting date. Projects in development that no longer meet the capitalisation criteria or which are abandoned are depreciated up to the capitalised expenses.

Depreciation is recognised in expense using the straight-line method over the useful lives of the intangible assets, unless such lives are indefinite. Intangible assets with finite useful lives are

amortised as soon as they are brought into service. Intangible assets with an indefinite useful life and intangible assets not yet in service are subject to an annual impairment test and/or each time there is an indication of impairment.

It should be noted that projects undergoing disposal whose value is less than the carrying amount will be impaired in the amount of the disposal price, if this can be reliably measured.

In the case of the acquisition of development assets through the purchase of securities with a price supplement clause, the price supplement and any subsequent variations are recorded as intangible assets in progress in consideration of the debt. (see Note 5.1 - IFRS 3 Business Combinations)

Property, plant and equipment

Property, plant and equipment consist mainly of electricity generation facilities. They are recognised at cost (purchase price plus ancillary costs).

Property, plant and equipment under construction correspond to the capitalised costs of projects under construction.

When the components of an asset have different useful lives, they are accounted for separately and depreciated over their own useful lives. Significant spare parts are capitalised and depreciated over the useful life of power plants.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental thereto. These finance lease contracts are then recognised at the lower of the fair value of the asset and the present value of the minimum payments under the lease. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to the various periods during the lease term so as to produce a constant periodic effective rate of interest on the remaining balance of the liability under each period.

The straight line amortisation method, which leads to a constant expense over the useful life of the assets, is normally used by the Group.

The Group may opt for amortisation using production units in the specific case where the power plants in production face technical, operations or regulatory constraints. The absence of connection to the power grid, and therefore an absence of production, results in no amortisation expenses.

The useful lives used for the main components are the following:

- for wind power plants: 25 years;
- for solar power plants: 25 years;
- for hydro-power plants: infrastructure from 5 to 40 years; equipment from 8 to 20 years;
- for biomass power plants: infrastructure from 15 to 30 years; equipment from 5 to 30 years.

Other fixed assets are amortised on a straight-line basis over periods of between 2 and 10 years.

The Group conducts an annual review of useful lives.

Land is not depreciated.

Decommissioning obligations were recognised as an asset component against a provision in the same amount. Decommissioning obligations are amortised based on the life of the underlying assets concerned.

In the absence of multi-year maintenance expenses, expenses for routine maintenance of power plants to keep them in good working order are recorded as expenses as they arise.

The carrying amount of an asset is written down immediately to its recoverable amount when the carrying amount of the asset exceeds its estimated recoverable amount.

Production facilities are amortised on a straight line basis over their estimated useful lives, (or actual use if a contract provides for a transfer of ownership), as of the date on which the asset is put into use, i.e. once it is in place and in the condition necessary to be capable of operating in the manner intended by management.

Impairment of goodwill, intangible assets and property, plant and equipment

The Group uses estimates and must use certain assumptions designed to (i) assess the expected useful life of the assets in order to determine their amortisation period; and (ii) recognise impairment, if necessary, on the balance sheet value of any asset.

In order to ensure the correct valuation of its assets on the balance sheet, the Group regularly reviews certain indicators that would lead to the performance of an impairment test, if necessary.

Impairment of assets with fixed life spans

Assets with fixed life spans are subject to an impairment test if an indication of impairment is identified.

Impairment of assets with indefinite life spans

The net carrying amount of Goodwill and assets under construction is subject to review at least once a year, or in the presence of an indication of impairment.

To test impairment, goodwill is allocated to the CGUs (Cash Generating Units) or to CGU groups likely to benefit from business combination synergy, corresponding to the level at which goodwill is monitored by the Group.

The CGUs defined by the Group correspond to homogeneous groups of assets belonging to the same cash generating division, largely independent from the flows generated by other CGUs and broken down as follows:

- the "Energy sales business" CGU;
- the "Development, Construction and Procurement business" CGU;
- the "Operation – Maintenance business" CGU.

The "Energy Sales" business is divided into as many CGUs as there are farms or clusters in operation. The two "Development, Construction and Procurement" and "Operation-Maintenance" businesses are broken down by region.

The impairment tests are carried out for all intangible assets and property, plant and equipment, as well as for assets and liabilities making up the CGUs' working capital requirement. When the net carrying amounts for all the elements exceed their recoverable value, impairment is recognised and allocated in priority to Goodwill.

The recoverable value is the higher of the fair value of the asset (or group of assets) net of disposal costs, and its value in use. The value in use is thus exclusively determined from the discounted future cash flows expected from assets (or group of assets) and involve management judgements notably concerning elements such as weather conditions, inflation, operating costs, and costs of investments in projects in development.

Cash flows used as the basis for the calculation of the values in use of the CGUs (or groups of CGUs) is from the Medium Term Plan and the budgets prepared by the Group's management for the next five financial years.

An assumption of zero growth and inflation is applied to determine normative flows, which are extrapolated for the "Energy Sales" CGU over the following 20 years, i.e. the life of the plants operated within the CGU; and for the "Development, Construction and Procurement" and "Operation - Maintenance" CGUs to infinity.

The discount rate used is the average weighted cost of capital. These are established based on rates by region and by business and weighted by the weight of the activity in the region.

Note 11.2 Merger with the Martifer Solar sub-group

On 18 August 2016, Voltalia acquired 100% of the securities of the sub-group Martifer Solar (MTS) for a price of €9 million. The Martifer Solar entities were consolidated into the Voltalia scope from 1 August 2016 at their carrying amount.

The definitive goodwill (difference between the sale price and the adjusted net book value) is €46.1 million and has been allocated as follows:

• Energy sales	€25.1 M
• Development, Construction and Procurement	€17.5 M
• Operation-Maintenance	€3.5 M
• Total	€46.1 M

Note 11.3 Goodwill

At 31 December 2018, the net book value of goodwill and assets in progress was not impaired.

As of the closing date of the Group's financial statements, no evidence of impairment of tangible and intangible assets, as well as assets and liabilities contributing to the Working Capital Requirement of the CGU to which goodwill is allocated, was recorded.

(in thousands of euros)	Gross value	Depreciation	As of 31 December 2018	Gross value	Depreciation	As of 31 December 2017
Paracatu Energia	-	-	-	47	-	47
Sapeel	595	(595)	-	595	(595)	-
Voltalia Greece	435	(435)	-	435	(435)	-
Energen SA	11	(11)	-	11	(11)	-
Voltalia Portugal, S.A.	46,033	-	46,033	46,033	-	46,033
Goodwill	47,074	(1,041)	46,033	47,121	(1,041)	46,080

(in thousands of euros)	As of 31 December 2017	Scope changes	As of 31 December 2018
IPP	25,104	-	25,104
<i>Of which Martifer Solar</i>	<i>25,104</i>	-	<i>25,104</i>
Development, Construction & Procurement	17,497	(47)	17,450
<i>Of which Paracatu Energia</i>	<i>47</i>	<i>(47)</i>	<i>(0)</i>
<i>Of which Martifer Solar</i>	<i>17,450</i>	-	<i>17,450</i>
Operation-Maintenance	3,479	-	3,479
<i>Of which Martifer Solar</i>	<i>3,479</i>	-	<i>3,479</i>
Goodwill	46,080	(47)	46,033

Discount rate

The discount rates used as of 31 December 2018 by CGU are:

- Energy sales: between 3.4% and 16.0%;
- Development, Construction & Procurement: between 8.6% and 19.5%;
- Operation-Maintenance: between 8.6% and 19.5%.

Sensitivity analysesIPP

	WACC -10pts	WACC	WACC +10pts
Zero growth	167	-	(144)
Growth of -10%	15	(135)	(264)

The discount rate used in this analysis is 8.84%. At a zero growth rate, the threshold for an impairment is a WACC of 10.9%.

Development, Construction & Procurement

	WACC -10pts	WACC	WACC +10pts
Zero growth	4	-	(3)
Growth of -10%	(35)	(37)	(39)

The discount rate used in this analysis is 11.69%. At a zero growth rate, the threshold for an impairment is a WACC of 24.2%.

Operation-Maintenance

	WACC -10pts	WACC	WACC +10pts
Zero growth	1	-	(3)
Growth of -10%	(12)	(37)	(39)

The discount rate used in this analysis is 10.32%. At a zero growth rate, the threshold for an impairment is a WACC of 20.1%.

Note 11.4 Intangible assets

(in thousands of euros)	Gross value	Amort. & Depr. and Impairment	As of 31 December 2018	Gross value	Amort. & Depr. and Impairment	As of 31 December 2017
Intangible assets in progress	75,040	(10,905)	64,135	43,808	(10,702)	33,106
Intangible assets	41,010	(9,895)	31,114	41,229	(7,905)	33,323
Other intangible assets	1,854	(685)	1,169	4,087	(463)	3,624
Intangible assets	117,903	(21,485)	96,418	89,124	(19,070)	70,053

(in thousands of euros)	Other intangible assets	Intangible assets in progress	Intangible assets	Total
As of 1 January 2017	1,770	22,568	40,316	64,654
Acquisitions	99	19,422	40	19,562
Disposals	-	-	(762)	(762)
Scope changes	-	(34)	-	(34)
Depreciation and amortisation	(238)	(216)	(2,666)	(3,121)
Impairment	-	-	-	-
Translation reserve	(45)	(1,539)	(1,693)	(3,277)
Other	2,036	(7,095)	(1,911)	(6,970)
As of 31 December 2017	3,623	33,106	33,323	70,053
Acquisitions	225	31,817	61	32,103
Disposals	-	(1,868)	-	(1,868)
Scope changes	-	(95)	(202)	(297)
Depreciation and amortisation	(201)	-	(2,247)	(2,448)
Impairment	-	(270)	174	(96)
Translation reserve	(38)	(1,167)	(1,035)	(2,240)
Other*	(2,441)	2,613	1,040	1,212
As of 31 December 2018	1,169	64,135	31,114	96,418

(*) "Other" corresponds to reclassifications between assets in progress and assets as well as between property, plant and equipment and intangible assets.

"Intangible assets in progress" correspond to the capitalised costs of projects under development or under construction. As of 31 December 2018, these amounted to €64,135 thousand and the €31,029 thousand increase was mainly due to the arrival of new development projects and the completion of existing projects in the portfolio. 46% of these intangible assets belong to secured or under construction projects.

"Intangible assets" correspond to the development costs of plants in operation and are amortised on the same basis as property, plant and equipment (see Note 11.1).

"Scope changes" and "disposals" correspond to sales of development projects to third parties.

Note 11.5 Property, plant and equipment

(in thousands of euros)	Gross value	Amort. & Depr. and Impairment	As of 31 December 2018	Gross value	Amort. & Depr. and Impairment	As of 31 December 2017
Land	6,779	(2,002)	4,776	6,840	(1,867)	4,973
Buildings	566,150	(83,097)	483,053	611,253	(64,756)	546,497
Materials, equipment and tooling	79,918	(23,897)	56,021	67,054	(22,389)	44,665
Property, plant and equipment in progress	62,916	-	62,916	20,829	-	20,829
Other property, plant and equipment	1,548	(86)	1,462	1,884	(274)	1,610
Property, plant and equipment	717,311	(109,083)	608,228	707,859	(89,285)	618,575

Land development and land are presented under the heading "Land". All amortisation and depreciation presented under this heading relates to land development and follows the provisions described in Note 11.1.

(in thousands of euros)	Land	Buildings	Materials, equipment and tooling	Property, plant and equipment in progress	Other property, plant and equipment	Total
As of 1 January 2017	598	642,748	3,655	4,566	10,809	662,377
Acquisitions	-	11,560	1,439	28,971	19,926	61,896
Disposals	-	(12)	(213)	(66)	-	(291)
Scope changes	-	-	-	-	-	-
Depreciation and amortisation	(244)	(23,123)	(2,261)	-	(163)	(25,791)
Impairment	-	125	70	-	25	220
Translation reserve	(10)	(75,941)	(320)	(667)	(518)	(77,456)
Other	4,630	(8,862)	42,295	(11,974)	(28,469)	(2,380)
As of 31 December 2017	4,973	546,497	44,665	20,829	1,610	618,575
Acquisitions	3	1,981	2,285	65,362	1,370	71,001
Disposals	-	(258)	(1,420)	-	-	(1,678)
Scope changes	(57)	1	(7)	(37)	(2)	(101)
Depreciation and amortisation	(190)	(22,969)	(2,583)	-	-	(25,742)
Impairment	-	-	2,556	-	25	2,581
Translation reserve	(7)	(51,763)	(345)	(738)	(8)	(52,860)
Other*	54	9,564	10,870	(22,501)	(1,534)	(3,548)
As of 31 December 2018	4,776	483,053	56,021	62,916	1,462	608,228

(*) "Other" corresponds to reclassifications between assets in progress and assets as well as between property, plant and equipment and intangible assets.

Acquisitions of assets correspond to the construction costs of the power plants operated on its own account.

Note 12 Cash and cash equivalents and cash flows**Note 12.1 Accounting rules and methods**

Cash and cash equivalents comprise cash on hand and demand deposits. They also include UCITS that meet the definition of IAS 7. UCITS that do not meet the definition of cash and cash equivalents are classified as other current financial assets.

Any bank overdrafts repayable on demand that are an integral part of the Group's cash management are a component of cash and cash equivalents for purposes of the statement of cash flow.

The concept of net cash used by the Group corresponds to the total of cash and cash equivalents less bank overdrafts. These bank overdrafts are not intended to be financing elements for the company.

An instrument is classified as an investment at fair value through profit or loss if it is held for trading or designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. On initial recognition, directly attributable transaction costs are recognised in income as incurred. Financial instruments at fair value through profit or loss are measured at fair value and any resulting change is recognised in income.

Note 12.2 Cash and cash equivalents**Change in net cash and cash equivalents**

(in thousands of euros)	As of 31 December 2018	As of 31 December 2017
Cash assets	80,557	58,375
Marketable securities	28,122	13,103
Cash and cash equivalents	108,679	71,478
Bank overdrafts	(70)	(231)
Net cash and cash equivalents	108,608	71,247

At 31 December 2018, the Group's cash position improved by 52%. Cash assets blocked for a covenant or placed in marketable securities represent 62% of cash. This mainly corresponds to obligations related to financings in Brazil.

The equity funds injected for the launch of new Brazilian projects in the second half of the year represent 12.7% of cash.

The revenues generated by power plants in operation make it possible to finance the Group's prospecting and growth activities. The use of corporate and project debt supports investment transactions including projects under development and those under construction.

For investment transactions and changes in debt, see Note 11 and Note 14.

(in thousands of euros)	As of 31 December 2018	As of 31 December 2017
Net cash flow from operating activities	59,552	65,870
Net cash flow from investing activities	(109,240)	(78,536)
Net cash flow from financing activities	93,844	(10,177)
Change in cash flows	44,156	(22,843)
Opening cash and cash equivalents	71,247	
Impact of changes in currency prices	(6,765)	
Impact of scope changes	(28)	
Change in cash flows	44,156	
Closing cash and cash equivalents	108,608	

Note 13 Equity and earnings per share

Note 13.1 Accounting rules and methods

Share capital

Ordinary shares are classified as equity instruments. Supplementary costs directly attributable to the issue of new shares or options are recognised in equity as a reduction of income from the issue.

Earnings per share

The earnings for the period (Group share) relative to the weighted average number of ordinary shares outstanding during the period, after deduction of treasury shares held during the period. The average number of ordinary shares in circulation is an adjusted annual weighted average of the number of ordinary shares bought back or issued during the period and calculated based on the date of issue of shares during the period.

Diluted earnings per share

Earnings for the period (Group share) and the weighted average number of shares outstanding, used to calculate the earnings per share, are adjusted for the effects of all potentially diluting ordinary shares: stock options, free shares and other diluting instruments (BSPCE warrants).

Note 13.2 Equity and dividends

During the 2018 financial year, capital increases were recorded for €166 thousand, bringing total share capital to €279,177 thousand. These capital increases were carried out by the Chief Executive Officer, on the authority of the Board of Directors, on 30 June 2018 and 31 December 2018.

No dividends have been paid since the Company's creation.

Note 13.3 Earnings per share

(in thousands of euros)	As of 31 December 2018	As of 31 December 2017
Net earnings attributable to the parent company in the period	8,525	566
Net earnings taken into account to calculate earnings per share	8,525	566
Weighted average number of outstanding shares	48,900,667	48,915,591
Earnings per share (in euros)	0,1743	0,0116
Retrospective adjustment		
Weighted average number of outstanding shares	48,900,667	48,915,591
Basic earnings per share (in €)	0,1743	0,0116

Note 13.4 Diluted earnings per share

(in thousands of euros)	As of 31 December 2018	As of 31 December 2017
Net earnings attributable to the parent company in the period	8,525	566
Net earnings taken into account to calculate diluted earnings per share	8,525	566
Weighted average number of outstanding shares	48,900,667	48,915,591
Number of shares resulting from the conversion of dilutive instruments	346,245	1,257,672
Weighted average number of outstanding shares used to calculate diluted earnings per share	49,246,912	50,173,263
Diluted earnings per share in euros - after consolidation	0,1731	0,0113
Retrospective adjustment		
Weighted average number of outstanding shares	49,246,912	50,173,263
Basic earnings per share (in €)	0,1731	0,0113

As of 31 December 2018, dilutive instruments include:

- 153,995 exercisable BSPCE warrants giving rights to 16,580 shares;
- 201,451 stock options (for employees) giving rights to the same number of shares;
- 33,000 free shares (2016 allocation);
- 27,750 free shares (2016 allocation, in respect of 2017);
- 67,494 free shares (2018 allocation).

The potential dilution from these instruments would be 0.71%.

Note 13.5 Dilutive instruments**Stock warrants**

BSA warrants allocated in connection with an equity financing facility.

The stock warrants issued on 9 October 2015 expired on 14 October 2018 without having been exercised.

BSPCE warrants

	BSPCE April 2009	BSPCE August 2009
Date of General Meeting	2 April 2008	2 April 2008
Date of the Board of Directors' meeting	1 April 2009	3 August 2009
Maximum number of BSPCE warrants authorised	312,454	312,454
Total number of BSPCE warrants awarded	150,000	162,454
Number of Voltalia shares to which the BSPCE warrants were likely to give rights at the date of their allocation	150,000	162,454
<i>of which the total number of shares that may be subscribed by corporate officers</i>	0	0
Number of non-officer beneficiaries	2	18
Starting date of the BSPCE warrant exercise period	1 May 2009	(1)
BSPCE warrant expiration date	1 April 2009	3 August 2019
Single Voltalia share option price	€2.21 ^{(2) (3)}	€2.89 ^{(2) (3)}
Conditions of exercise	(4)	(4)
Number of Voltalia shares subscribed at 31 December 2017	42,105	-
Cumulative number of BSPCE warrants cancelled or lapsed at 31 December 2017		116,354
Remaining BSPCE warrants at 31 December 2017	107,895	46,100
Total maximum number of Voltalia shares that may be subscribed at 31 December 2017 (given the exercise conditions of the BSPCE warrants)	11,619 ^{(2) (3)}	4,961 ^{(2) (3)}
Total maximum number of shares that may be subscribed during the financial year for all outstanding BSPCE warrants at 31 December 2017 (that are assumed to meet all the conditions for the exercise of the said BSPCE warrants)	11,619 ^{(2) (3)}	4,961 ^{(2) (3)}

(1) The starting date of the BSPCE warrant exercise period depends on the identity of the beneficiary of said BSPCEs, with the specification that in all cases, it begins on 1 June 2013 at the latest.

(2) The number of shares takes into account the Company's reverse stock split at the rate of ten old shares for one new share decided by the Combined General Meeting on 13 June 2014. Accordingly, each BSPCE holder must exercise ten BSPCEs in order to subscribe to one Voltalia share.

(3) Taking into account the adjustment in the subscription price and the number of shares that may be subscribed through the exercise of the BSPCE decided upon following the Company's November 2016 capital increase, in accordance with the provision of Article L. 228-99 of the French Commercial Code.

(4) The BSPCE warrants in circulation on the date of the Registration Document are all exercisable. Their exercise is not conditional on any performance criteria.

Free share allocation

	Free share allocation 2016	Free share allocation 2018	Free share allocation 2014
Date of the meeting that authorised the allocation	12 May 2016	12 May 2016	12 May 2016
Date of allocation by the Board of Directors	16-Dec-16	26-Sept-18	26-Sept-18
Number of shares that can be allocated	1,200,000	1,200,000	1,200,000
Total number of shares allocated	52,500 ⁽¹⁾	27,750	73,119
<i>of which the total number of shares granted to corporate officers</i>	0	1	2
Number of non-officer beneficiaries	5	2	4
Number of shares being vested	33,000	27,750	67,494
Vesting date	31-Jul-20	31-Jul-21	31-Jul-22
Vesting conditions	(2)	(3)	(2)
Number of shares vested at 31 December 2017	0	0	0
Number of shares cancelled or lapsed	19,500	0	5,625
Length of holding period	0	0	0

(1) Taking into account the number of free shares allocated decided upon following the Company's November 2016 capital increase, in accordance with the provisions of Article L. 228-99 of the French Commercial Code.

(2) The shares will vest at the end of a four-year period.

(3) Period of 3 years instead of 4 years; these allocations should have been made in 2017

Stock options

	Stock options
Date of the General Meeting	11 June 2015
Date of the Board of Directors' meeting	6 August 2015
Maximum authorised number of shares that can be issued	800,000
Number of stock options allocated	201,204
Number of Voltalia shares to which the options were likely to give rights at the date of their allocation	216,811 ⁽¹⁾
<i>of which the total number that may be subscribed by corporate officers of the Company</i>	0
<i>of which the total number that may be subscribed by corporate officers of Group subsidiaries</i>	77,896 ⁽¹⁾
Number of non-officer beneficiaries	3
Starting date of option exercise period	7 August 2017
Stock option expiry date	7 August 2022
Single Voltalia share option price	€8.38 ⁽¹⁾
Conditions of exercise	(2)
Number of Voltalia shares subscribed at 31 December 2017	15,360 ⁽³⁾
Cumulative number of options cancelled or lapsed at 31 December 2017	0
Outstanding stock options at 31 December 2017	201,451
Total maximum number of Voltalia shares that may be subscribed at 31 December 2017 (given the exercise conditions of the options)	201,451 ⁽¹⁾
Total maximum number of shares that may be subscribed during the financial year for all outstanding options at 31 December 2017 (that are assumed to meet all the conditions for the exercise of the said options)	201,451 ⁽¹⁾

(1) Taking into account the adjustment in the subscription price and the number of shares that may be subscribed through the exercise of the options decided upon following the Company's November 2016 capital increase, in accordance with the provision of Article L. 228-99 of the French Commercial Code.

(2) The exercise of stock options is subject to Group performance conditions and conditions of employment within the Group.

(3) Subscription of 9 220 shares by the exercise of share subscription options in 2018.

Note 14 Financing and derivative instruments**Note 14.1 Accounting rules and methods****Financial assets and liabilities**

Financial assets consist of term deposits, loans, non-consolidated securities, investments and cash equivalents and derivative instruments with a positive value.

Sufficiently liquid investments are considered to be trading assets and are classified as “assets at fair value through profit or loss”.

Non-consolidated investments and other assets available for sale are recognised at fair value, and the consideration for these variations is included in other comprehensive income.

Guarantee deposits and term deposits are recorded using the amortised cost method at the effective interest rate. This method does not result in significant differences with the nominal value of receivables that is used. In case of difficulties in debt recovery, impairments are recognised on the basis of collection estimates.

Despite the possible negative value of financial instruments, financial liabilities recognised by the Group are recognised using the amortised cost method at the effective interest rate.

Financial result

The cost of net financial debt includes interest payable on borrowings calculated using the effective interest rate method, net of interest receivable on investments and other financial income.

Income from interest is recognised in the income statement as it accrues, using the effective interest rate method.

Net financial income includes both the cost of debt and other financial revenues and expenses.

Derivative instruments

Derivative instruments are recorded at fair value and recognised as derivative instrument assets or liabilities in the statement of financial position.

If the instrument is designated as a fair value hedge of assets or liabilities recognised in the balance sheet, its changes in value, like those of the underlying hedged item, are recorded in the income statement over the same period.

If the derivative instrument is designated as a hedge of future cash flows, changes in the fair value of its effective portion are recognised in other items of comprehensive income and will be recycled to the income statement when the underlying hedged item itself is recognised in the income statement.

Changes in the fair value of the ineffective portion of hedging instruments, as well as changes in the fair value of derivative instruments that are not eligible for hedge accounting, are recognised in the income statement for the period, in EBIT or financial income, depending on the type of underlying item concerned.

In the case where the underlying item is linked to an asset under construction, the impacts of changes in derivative instruments on the income statement are capitalised as part of the underlying asset.

Loans

Loans are recognised using the amortised cost method, based on the effective interest rate.

Hierarchy of fair value measurement of financial assets and financial liabilities

The Voltalia Group distinguishes three categories of financial instruments based on the two valuation methods used (listed prices and valuation techniques), and uses this classification, in accordance with international accounting standards, to present the characteristics of financial instruments recognised on the balance sheet at fair value through income or other comprehensive income at the reporting date. The three categories are defined as follows:

- Level 1: Financial instruments listed on an active market;
- Level 2: Financial instruments measured at fair value using valuation techniques based on observable market parameters;
- Level 3: Financial instruments measured at fair value using valuation techniques based on non-observable parameters (parameters whose value results from assumptions not based on observable transaction prices in markets in the same instrument or observable market data available at closing) or which are only partially observable.

Note 14.2 Current and non-current financial assets

(in thousands of euros)		Gross value	Impairment	As of 31 December 2018	Gross value	Impairment	As of 31 December 2017 ³⁰
Deposits and guarantees		7,360	-	7,360	6,553	-	6,553
Investments in non-consolidated companies		3,788	(1,995)	1,793	2,543	(2,520)	23
Other financial assets		17,244	(1,331)	15,913	18,261	(71)	18,190
Total assets	financial	28,392	(3,326)	25,066	27,357	(2,592)	24,765

Other financial assets are mainly loans with non-consolidated companies or companies accounted for with the equity method.

(in thousands of euros)		Deposits and guarantees	Investments in non-consolidated companies	Other financial assets	Total financial assets
Non-current assets	financial	4,988	23	12,997	18,008
Other current assets	financial	1,565	-	5,193	6,757
As of 31 December 2017²³		6,553	23	18,190	24,765
Non-current assets	financial	5,622	1,793	14,596	22,012
Other current assets	financial	1,738	-	1,317	3,055
As of 31 December 2018		7,360	1,793	15,913	25,066

³⁰ "Impairments of investments in non-consolidated companies" were presented in the line "Other financial assets" in the 2017 Registration Document. The comparable at 31 December 2017 was corrected in this document.

Note 14.3 Current and non-current financial liabilities

(in thousands of euros)	Borrowings from credit establishments	Finance lease liabilities	Other bank financing	Bank overdrafts (debts) (revolving loans)	Accrued interest on borrowings	Total financial liabilities
As of 1 January 2017	392,047	13,775	17,301	31	9,022	432,177
Repayments	(109,542)	(1,531)	(3,34)	(31)	(29,517)	(143,961)
New loans	135,31	-	1,243	7,992	24,057	168,601
Capitalised interest	2,214	-	-	-	(2,465)	(251)
Scope changes	-	-	-	-	-	-
Translation reserve	(39,731)	-	(2,196)	-	(527)	(42,454)
Other	1,719	374	431	-	740	3,264
As of 31 December 2017	382,017	12,619	13,438	7,992	1,31	417,376
Repayments	(38,792)	(1,605)	(1,365)	(7,992)	(22,689)	(72,442)
New loans	164,158	-	-	105	23,115	187,378
Capitalised interest	180	-	-	-	(180)	-
Scope changes	-	-	-	-	-	-
Translation reserve	-26,844	-	(1,4)	(3)	(106)	(28,353)
Other	1,729	-	426	-	(118)	2,037
As of 31 December 2018	482,449	11,014	11,099	102	1,332	505,996

As of 31 December 2018, the total financial liabilities for the Group amounted to €505,996 thousand, a net increase of €88,620 thousand. This change is mainly due to:

- an increase of €164,262 thousand corresponding to new loans
 - for project companies, for €98,363 thousand,
 - from amounts drawn from Corporate credit lines for €65,900 thousand;
- a decrease of €(41,762) thousand, corresponding to repayments of principal;
- a reduction in debt, of €(28,353) thousand, related to the 12% devaluation of the Brazilian real compared to 31 December 2017;
- The decrease in bank overdrafts for €(7,890) thousand.

Analysis by maturity

(in thousands of euros)	Less than one year	From 1 to 5 years	Over 5 years	As of 31 December 2018
Borrowings from credit establishments	66,897	198,197	217,355	482,449
Finance lease liabilities	1,682	7,518	1,813	11,014
Other bank financing	640	1,494	8,965	11,100
Bank overdrafts (Liabilities)	102	-	-	102
Accrued interest on borrowings	1,332	-	-	1,332
Total financial liabilities	70,654	207,209	228,133	505,996

(in thousands of euros)	Less than one year	From 1 to 5 years	Over 5 years	As of 31 December 2017
Borrowings from credit establishments	66,222	104,466	211,329	382,017
Finance lease liabilities	1,419	7,200	4,000	12,619
Other bank financing	1,256	12,182	-	13,438
Bank overdrafts (Liabilities)	7,992	-	-	7,992
Accrued interest on borrowings	1,310	-	-	1,310
Total financial liabilities	78,199	123,848	215,329	417,376

The average maturity of our debt is over 5 years and is consistent with the long-term nature of our project financing.

Analysis by type of rate and currency

The analysis is performed excluding accrued interest and bank overdrafts

(in thousands of euros)	Less than 1 year	From 1 to 5 years	5 years and over	As of 31 December 2018
Fixed	7,166	22,134	10,526	39,826
Variable	46,089	122,282	48,826	217,197
Adjustable	15,965	62,793	168,782	247,539
Total Outstandings	69,220	207,209	228,133	504,562

(in thousands of euros)	Less than 1 year	From 1 to 5 years	5 years and over	As of 31 December 2018
EUR	53,255	144,416	59,352	257,023
BRL	15,965	62,793	168,782	247,539
Total Outstandings	69,220	207,209	228,133	504,562

Variable-rate and adjustable-rate loans represent 92% of the Group's debt; They include €247,539 thousand in financing raised in Brazil, most of which was granted by the BNDES at an inflation-adjustable rate. The risk on these Brazilian loans is limited, as energy production revenues are also adjusted for inflation and denominated in the same currency.

Note 14.4 Financial result

(in thousands of euros)	As of 31 December 2018	As of 31 December 2017(*)
Interest on borrowings	(30,491)	(31,196)
Interest on lease contracts	(574)	(645)
Interest on other borrowings	(956)	(2,520)
Gross loan expenses	(32,020)	(34,361)
Translation losses net of the impact of hedging instruments	(8,093)	(7,299)
Translation gains	7,777	2,588
Other financial income and expenses	2,392	2,587
Other financial income and expenses	2,076	(2,124)
Financial result	(29,945)	(36,486)

(*) In order to facilitate comparability, line-to-line reclassifications were carried out for 2017

Borrowing costs decreased by €2,341 thousand, mainly due to the devaluation of the Brazilian real.

Translation losses and gains, mainly from foreign exchange effects on inter-company flows, are balanced.

Other financial income and expenses correspond to the interest generated by the cash of the Brazilian entities, minus the interest expense on the current accounts of the minority shareholders.

Note 14.5 Derivative financial instruments

As of 31 December 2018, the only financial instruments recognised at fair value are interest rate and currency hedging liabilities for a total net amount of €(3,047) thousand.

Hedging instruments eligible for hedging accounting

Hedge Counterparty/ Company	Notional	Notional	Start date	Duration (years)	Expiry	Fair value as of 31 December 2017	Fair value as of 31 December 2018	Change in fair value Impact on earnings	Change in fair value Impact on equity
Interest rate hedging instruments:									
La Faye Energies	EUR12.9m	€12,964k	27-07-10	14	30-06-25	(937)	(752)	-	185
Molinons wind farm	EUR14.0m	€13,996k	02-10-14	15	15-10-29	(1,013)	(952)	-	61
Adriers Energies	EUR13.4m	€13,383k	31-03-15	15	28-09-29	(460)	(479)	-	(19)
Pagap	EUR4.3m	€4,320k	31-08-18	20	31-08-38	-	(231)	-	(231)
Castellet 2	EUR4.8m	€4,800k	02-01-18	20	01-01-38	-	(119)	-	(119)
Canadel	EUR11.5m	€(11,950)k	30-09-18	20	30-06-38	-	(513)	-	(513)
Currency hedging instruments									
Voltalia SA (*)	BRL96m	BRL96,000k	04-05-17	1	28-09-18	1,139	-	(1,139)	-
Voltalia SA	GBP8.5m	GBP8,500k	29-06-17	1	20-12-18	(30)	-	30	-
Voltalia Do Brasil	EUR19.5m	€19,529k	21-12-17	1	14-08-18	138	-	-	(138)
Voltalia Do Brasil	USD14.0m	USD13,980k	21-12-17	1	14-08-18	22	-	-	(22)
Total						(1,141)	(3,047)	(1,109)	(797)

(*) As of 31 December 2017, a derivative instrument with identical characteristics for a notional amount of BRL108m was recognised in the Group's financial statements.

In order to hedge exposure to rising interest rates that impact interest flows related to the variable rate financing of the La Faye, Molinons, Adriers, Pagap, Castellet 2 and Canadel wind farms, Voltalia subsidiaries entered into an interest rate swap whose characteristics in terms of nominal amount and fixing dates exactly match the characteristics of the hedged item.

Consequently, these financial instruments are accounted for as fully effective.

In order to hedge its future cash flows against changes in exchange rates, the Group has subscribed to financial instruments in Pounds, US Dollars and Brazilian Reals. All these instruments were settled during 2018.

Hedging instruments not eligible for hedging accounting

As of 31 December 2018, the Group does not have any derivative instruments not eligible for hedging accounting.

Note 14.6 Hierarchy of fair value measurement of financial assets and financial liabilities**Hierarchy of fair value measurement of financial assets and financial liabilities**

The tables below present the financial assets and liabilities as recorded on the balance sheet ("balance sheet value"), broken down according to their IFRS classification, as well as their "fair values". The valuation methods (see Note 14.1) are:

- for "derivative assets and liabilities", which are interest rate and currency hedging instruments: Prices based on observable data (Level 2);
- for "cash and cash equivalents": Quoted prices in an active market for identical assets (Level 1);
- for other financial assets and liabilities: Prices based on unobservable data (Level 3).

The main difference between fair value and balance sheet value relates to the treatment of borrowing costs.

Categories of financial assets and financial liabilities – As of 31 December 2018

(in thousands of euros)	Fair value through income	Fair value through OCI	Assets and liabilities at amortised cost	Balance sheet value	Fair value
Non-current assets					
Non-current financial assets		1,793	20,218	22,012	22,012
Other non-current assets			227	227	227
Current assets					
Inventories and work in progress			30,868	30,868	30,868
Trade receivables			41,439	41,439	41,439
Other current financial assets			3,055	3,055	3,055
Other current assets			1,042	1,042	1,042
Derivative assets				-	-
Cash and cash equivalents	108,679			108,679	108,679
Total Assets - As of 31 December 2018	108,679	1,793	96,849	207,321	207,321
Non-current liabilities					
Long-term borrowings			435,342	435,342	455,456
Non-current liabilities			1,464	1,464	1,464
Current liabilities					
Trade and other payables			48,677	48,677	48,677
Short-term borrowings			70,654	70,654	72,366
Other current financial liabilities			457	457	457
Derivative liabilities	-	3,047		3,047	3,047
Total Liabilities - As of 31 December 2018	-	3,047	556,594	559,641	581,467

Categories of financial assets and financial liabilities – As of 31 December 2017

(in thousands of euros)	Fair value through income	Fair value through OCI	Assets and liabilities at amortised cost	Balance sheet value	Fair value
Non-current assets					
Non-current financial assets			18,008	18,008	18,008
Other non-current assets			949	949	949
Current assets					
Inventories and work in progress			14,197	14,197	14,197
Trade receivables			44,974	44,974	44,974
Other current financial assets			6,757	6,757	6,757
Other current assets			17,628	17,628	17,628
Derivative assets	1,139	160		1,299	1,299
Cash and cash equivalents	71,478			71,478	71,478
Total Assets - As of 31 December 2017	72,617	160	102,513	175,290	175,290
Non-current liabilities					
Long-term borrowings			339,177	339,177	356,374
Non-current liabilities			3,494	3,494	3,494
Current liabilities					
Trade and other payables			45,623	45,623	45,623
Short-term borrowings			78,199	78,199	79,607
Other current financial liabilities			160	160	160
Derivative liabilities	31	2,410		2,441	2,441
Total Liabilities - As of 31 December 2017	31	2,410	466,653	469,094	487,699

Note 14.7 Currency risk

The table below summarises the exposure to currency risk on the Group's balance sheet and net income:

2018	Impact on revenue		Impact on the EBITDA		Pre-tax impact on equity	
	Appreciation of 10%	Impairment of 10%	Appreciation of 10%	Impairment of 10%	Appreciation of 10%	Impairment of 10%
BRL	13,813	(11,301)	9,461	(7,741)	65,895	(53,914)
Other (all)	1,868	(53)	(338)	277	(2,750)	2,250
Total	15,681	(11,355)	9,123	(7,464)	63,145	(51,664)

The other main currencies to which the Group's equity is exposed are: GBP and JOD.

The impact on equity depends on the net position of each company.

Note 14.8 Interest rate risk

Position regarding borrowings	As of 31 December 2018	As of 31 December 2017
Fixed-rate loans	39,826	38,388
<i>of which project</i>	31,576	28,888
<i>of which corporate</i>	8,250	9,500
Variable-rate loans	217,197	117,268
<i>of which project subject to an interest rate swap</i>	69,156	48,716
<i>of which project</i>	39,546	17,560
<i>of which corporate</i>	108,495	50,992
Adjustable-rate loans	247,539	260,410
<i>Of which project</i>	247,539	260,410
<i>Of which corporate</i>		
Borrowings	504,562	416,066
<i>Maturity ≤ 1 year</i>	69,220	76,889
<i>Maturity 1 to 5 years</i>	207,209	123,848
<i>Maturity ≥ 5 years</i>	228,133	215,330
Total by maturity	504,562	416,066

The table below summarises the net exposure to interest-rate risk before and after hedging:

As of 31 December 2018	Financial liabilities before hedging		Financial liabilities after hedging	
	Fixed rate	Variable rate	Fixed rate	Variable rate
Less than one year	7,166	62,053	11,343	58,000
From 1 to 5 years	22,134	185,075	41,798	165,322
More than 5 years	10,526	217,607	55,841	172,258
Total	39,826	464,736	108,982	395,580

As of 31 December 2018, 57% of the Group's debt consisted of variable or adjustable rate loans exposed to interest rate risk. The Corporate portion represents 23% of the Group's total debt.

Adjustable-rate loans amounting to €247,539 thousand represent 49% of the Group's total debt and correspond to loans contracted in Brazil for which the change in rates is considered to be naturally hedged.

Fixed rate or variable rate project financing subject to interest rate swaps represents 20% of the Group's total debt.

An increase of 100 basis points on loans taken out in the Group (unhedged adjustable or variable-rate loans) before 31 December 2018 would represent approximately €4,100 thousand of additional costs in 2019 and a cumulative amount of approximately €28,640 thousand over the life of the loans.

Note 15 **Current and non-current provisions****Note 15.1** **Accounting rules and methods**

The Group recognises provisions when:

- it has a present obligation as a result of a past event;
- it considers it probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- it can reliably estimate the amount of the obligation.

For wind farms, the Voltalia Group has an obligation to decommission and restore sites at the end of the production period. This obligation includes the decommissioning of production facilities, the excavation of a part of the foundations, the restoration of land unless the owner wishes it to remain as its is, the disposal or recycling of waste from decommissioning or dismantling, which for example in France falls under the remit of Decree no. 2011-652.

A provision for decommissioning the farm is established with an offsetting entry for decommissioning the asset, the cost of which is the subject of an estimate each year and which is amortised on a straight-line basis over the useful life of the asset. In case of a change in estimate that leads to an increase in the provision, the net value of the asset being decommissioned will be increased accordingly. Conversely, if the change in estimate leads to a decrease in the provision, the asset being decommissioned will be depreciated.

In rare cases, maintenance obligations assumed by the Group that meet the provisioning requirements summarised above have been recorded as a liability. As with all reserves, the Group regularly reviews these provisions, which must in any case reflect the best estimate at the close of the period.

In this context, operating experience has led the Group to break down these assets in more detail and consequently to revise the depreciation schedule of the most vulnerable components of the production units; some provisions are thus no longer applicable.

The Group's construction business requires guarantees that are the subject to provisions. These construction contracts entail risks of additional costs or penalties, which are the subject to provisions for risks.

Note 15.2 **Statement of provisions**

<i>(in thousands of euros)</i>	Provisions for contingencies (disputes & litigation on business)	Provisions for guarantees	Provisions for social and tax risks	Other provisions	Total
As of 1 January 2017	407	12,731	4,963	2,406	20,507
Provisions	2,842	1,074	694	32	4,642
Reversals used	(275)	(3,769)	(150)	(859)	(5,052)
Unused reversals	(708)	(220)	-	-	(928)
Scope changes	-	-	-	-	-
Translation reserve	(29)	(756)	(159)	(1)	(946)
Other	818	631	(3,199)	125	(1,625)
As of 31 December 2017	3,055	9,691	2,149	1,704	16,599
Provisions	1,560	6,973	400	24	8,957
Reversals used	-	(3,445)	-	(76)	(3,522)
Unused reversals	(263)	(3,283)	(156)	(13)	(3,714)
Scope changes	-	-	(260)	-	(260)
Translation reserve	23	(44)	(176)	1	(196)
Other	(198)	220	(9)	305	320
As of 31 December 2018	4,177	10,113	1,950	1,945	18,184

<i>(in thousands of euros)</i>	As of 31 December 2018	As of 31 December 2017
Non-current provisions	5,308	10,457
Current provisions	12,876	6,142
Total Provisions	18,184	16,599

As of 31 December 2018, Valtalia's balance sheet shows total provisions of €18,184 thousand:

- provisions for business-related contingencies and litigation amounting to €4,177 thousand, mainly for the Kigoma dispute³¹;
- provisions for guarantees for €10,113 thousand, mainly for fencing of construction projects in the United Kingdom, and panel defects in Spain³²;
- compared to the situation in 2017, certain project closures made it possible to reverse existing provisions without expense. The situation regarding certain projects that were already under guarantee as of 31 December 2017 required an additional provision. During 2018, there was no provision for new projects;
- provisions for social and tax risks amounting to €1,950 thousand, mainly in Brazil;
- other provisions for €1,945 thousand, mainly due to legal and/or contractual decommissioning and refurbishment obligations.

Note 16 Operational data on working capital requirement

Note 16.1 Accounting rules and methods

Inventories and work in progress

Replacement part inventories are valued at historical cost and in application of the FIFO method. Impairment exists when the fair value is below the purchase cost.

Trade receivables

Trade receivables are recognised at their fair value, in the statement of financial position. Impairment is recognised by the Group when an "expected credit loss" is identified.

Note 16.2 Operating working capital requirement

<i>(in thousands of euros)</i>	As of 31 December 2018	As of 31 December 2017
Inventories, work in progress and supplier advances	30,868	14,197
Trade receivables	41,439	44,974
Trade and other payables	(48,677)	(45,623)
Operating working capital requirement	23,629	13,548

³¹ Valtalia Portugal began arbitration proceedings against a client at the International Chamber of Commerce for unpaid invoices under a contract to build a solar power plant in Tanzania. Proceedings in local courts are also underway to preserve Valtalia's rights over the equipment delivered and not paid pending the implementation of the arbitration clause in the contract. The arbitrator appointed by the International Chamber of Commerce must first decide on their own competence before they can adjudicate on the merits of the case.

³² Canaverosa Fotovoltaica SLU sued Martifer Solar Sistemas Solares SA regarding the construction contract for the Photovoltaic Power Plant of Moratalla due to defective panels. An amicable settlement for a replacement of the panels is being finalised, following the withdrawal of the claim by the client.

Note 16.3 Non-operating working capital requirement³³

<i>(in thousands of euros)</i>	As of 31 December 2018	As of 31 December 2017
Other current assets	25 706	18,927
Other tax liabilities	(11,427)	(8,586)
Other current liabilities	(21,917)	(15,604)
Non-operating working capital requirement	(7,638)	(5,263)

Note 17 Off-balance sheet commitments**Note 17.1** Commitments given**Commitments given relating to operating activities**

<i>(in thousands of euros)</i>	As of 31 December 2018	As of 31 December 2018
Commitments given by the Group to its suppliers	146,851	1,923
Commitments given by the Group to its customers	275,748	269,279
Guarantees relating to the decree ensuring the safety of installations classified for the protection of the environment (ICPE)	1,254	1,254
Commitments given relating to operating activities	423,852	272,456

The commitments given by the Group to its suppliers in the course of its activities are mainly payment guarantees granted under the terms of the supply contracts entered into by the subsidiaries.

The €146,632 thousand increase in commitments given to suppliers mainly derives from the start of construction of the new VSM 1 and VSM 2 projects in Brazil.

The commitments given by the Group to its customers mainly comprise guarantees, where the Group is the guarantor and backs the performance of the contractual commitments, made on the basis of research, design, development, construction, operation and maintenance contracts. These guarantees are generally granted for the duration of the contract in question, with a ceiling amount. They constitute the majority of the Group's commitments to its customers.

As part of the remediation guarantee for facilities classified for environmental protection (ICPE), the Group companies affected by this requirement benefit from a grandfather provision and took out surety insurance with a top-tier insurer in July 2016. The dismantling obligation is recognised as a dismantling asset. The decommissioning insurance coverage is €1,254 thousand.

Commitments given in relation to financing activities

As part of the implementation of project financing, the Group is required to give financial guarantees to its bank partners. As of 31 December 2018, these commitments amounted to €175,023 thousand (of which 80% are denominated in Brazilian real and relate to the Group's Brazilian activities).

Pledges

Debts contracted by the Group in the framework of project financing are guaranteed by sureties (mortgages, pledge on equipment, pledge of securities and receivables, and reserve accounts) as collateral, in the amount of €410,946 thousand. This amount represents the outstanding balance on 31 December 2018, of debts for projects that are in operation or under construction or receiving bank financing. The furthest maturity of these debts is in 2033.

³³ The presentation of the non-operating working capital requirements was revised in 2018 and the comparable was adjusted accordingly.

Note 17.2 Commitments received**Commitments received relating to operating activities**

(in thousands of euros)	As of 31 December 2018
Commitments received by the Group from suppliers	49,455
Subsidies - commitments received	7,209
Commitments received relating to operating activities	56,665

The commitments received from suppliers are mainly performance/completion guarantees or even advance payments in favour of the Group under supply contracts concluded by subsidiaries with these suppliers. 90% of the commitments received relate to Brazil's operational activities.

The Greek State has committed to pay the Group investment subsidies totalling €1,292 thousand. These subsidies enable early repayment of loans contracted for the construction of projects. Given the estimated counterparty risk with the Greek State, these subsidies are not recognised in the Group's statement of financial position.

In 2018, as part of projects in French Guiana, the French State committed to pay €5,917 thousand in tax credits or subsidies.

Confirmed Corporate financing lines

As of 31 December 2018, the Group had:

- €80,000 thousand in syndicated credit lines due in December 2022: €69,000 thousand of this line has been drawn down;
- Confirmed bilateral credit lines, €40,000 thousand of which is used.

In 2018, Voltalia's Corporate financing lines were increased by a cumulative amount of €27,000 thousand thanks to the signature of two short-term credit lines with Banco Do Brazil and Natixis in the form of a club deal.

These new confirmed lines of credit will finance the Group's continued development as well as the construction of new projects while awaiting long-term refinancing, e.g. as in the case of Brazil.

In February 2019, Voltalia SA took out new bilateral credit lines for a total amount of €42,000 thousand.

Note 17.3 Related party disclosures**Loans to associates**

As of 31 December 2018, there were no loans to key Group executives.

Related party transactions

The transactions made by the Group with its non-consolidated or equity associates are included in the consolidated financial statements.

As of 31 December 2018, the Company had no balance sheet commitments vis-à-vis related parties.

Note 18 List of companies - scope of consolidation

The percentages presented in the tables below correspond to the Group's percentage interest at the closing dates of the financial years.

Note 18.1 List of fully-consolidated companies

Country	Entity	At 31/12/2018	At 31/12/2017
Parent Company	Voltalia SA	100%	100%
Belgium	Voltalia Belgium NV	100%	100%
Spain	Voltalia Renovables España S.A.U.	100%	100%
	Solar Parks Construcción Parques Solares ETVE S.A. ES	100%	100%
France	Parc Solaire du PAGAP	100%	100%
	Home Energy France SAS	100%	100%
	MTSFR PARROC	100%	100%
	Anelia	100%	100%
	Parc Eolien Argenteuil	100%	100%
	Parc Eolien Laignes	100%	100%
	Parc Eolien Sarry	100%	100%
	Adriers Energies	100%	100%
	La Faye Energies	62.71%	62.71%
	Echauffour Energies	100%	100%
	Parc Eolien Coulmier	100%	100%
	3VD	100%	100%
	Taconnaz Energie	100%	100%
	Molinons wind farm	100%	100%
	Parc solaire de Montclar	100%	100%
	Parc solaire du Castellet (formerly Peyrefuguede)	100%	100%
	Parc solaire de Piboulon	100%	100%
	Parc Solaire de Mana	100%	100%
	Parc Solaire Puy Madame II	100%	100%
	Parc Solaire Puy Madame III	100%	100%
	Parc Solaire Puy Madame IV	100%	100%
	Parc solaire Carrière des plaines	100%	100%
	Parc solaire de Tresques	100%	100%
	Parc solaire du Castellet 2	100%	100%
	Parc solaire de Grignan	100%	100%
	Parc Solaire du Canadel	100%	100%
	PEP Energie France	100%	100%
	GEP Energie France	100%	100%
	ECM Energie France	100%	100%
	SVNC Energie France	100%	100%
	Voltalia Energie	100%	100%
	Parc Eolien de Marly	100%	100%
	Parc Solaire du Seranon	100%	100%
	Parc Solaire du Talagard	100%	100%
	Parc Solaire de Laspeyres	100%	100%
	Croix et Jorasse Energie	100%	100%
	Jalandre Energie	100%	100%
	Champs Agrivolaïque du cabanon	100%	100%
	Merderel Energie	100%	100%
	Ferme Eolienne de Pouligny Saint Pierre: formerly Isère Energie	100%	100%

French Guiana	Le Guil Energie	100%	100%
	Parc Solaire du Domaine des Selves	100%	100%
	Voltalia Guyane	80%	80%
	SIG Mana	99.9%	99.9%
	SIG Kourou - manager	80.07%	80.07%
	SIG Cacao	100%	100%
	Voltalia Kourou	80.07%	80.07%
	Voltalia Caraïbes	100%	100%
	Centrale Hydroélectrique de Saut Maman Valentin (CHSMV)	80%	80%
	Belle Etoile energie Guyane	80%	80%
	VLT saut Mapaou Investissement	80%	80%
	Voltalia Organabo Investissement	80%	80%
	Hydro Régina 2 Investissement	80%	80%
	Bon Espoir energie Guyane	80%	80%
	Voltalia Biomasse Amazone Investissement	80%	80%
	Tamanoir energie Guyane	80%	80%
	Voltalia Saut Mapaou Exploitation	80%	80%
	Coco-Banane solar park	100%	100%
	Saut Dalles Energie Guyane	80%	80%
	Maripasoula Energie Guyane	80%	80%
UK	Roura Bois Energie	80%	100%
	Cr'Eole	100%	100%
Greece	Iracoubou Biomasse Energie	100%	100%
	Voltalia UK Ltd	100%	100%
	MTS Tonge Solar Limited	100%	100%
	Voltalia Greece	100%	100%
	Energiaki Agionoriou	100%	100%
	Energeiaki Aggelokastrou Korinthias SA	100%	100%
	Energiaki Sesklou Magnisias	100%	100%
	Cluster Holding SA	80%	80%
	Energen SA	100%	100%
	Rougero Holding SA	51%	51%
	Lakka Kokkini Aioliki SARL	100%	100%
	Energiaki Sesklou 1 Ltd	100%	100%
	Xenakis Yorgos SCS	98%	98%
	Sarafadis SNC	100%	100%
	Fotovoltaiki Systimata Katerin	100%	100%
	Fotovoltaiki Parka Pieras	100%	100%
	Fotovoltaiki Katerinis SNC	100%	100%
	Kalaitzidis St - Ofidis AR	100%	100%
	GSolar Energiaki	64%	64%
Italy	Gerovolt Ltd	100%	100%
	Forgero Holding SA	65%	65%
The Netherlands	Voltalia Solar Hellas SA	100%	100%
	Voltalia Italia SRL	100%	100%
Portugal	MTS1 S.R.L.	100%	100%
	MTS2 S.R.L.	100%	100%
The Netherlands	Martifer Solar Investments B.V.	100%	100%
	Khepri Solar B.V.	100%	100%
	Osiris Solar Holding B.V.	100%	100%
Portugal	Voltalia Portugal, S.A.	100%	100%
	MPrime Solar Solutions, S.A.	100%	100%
	Sol Cativante	100%	100%

	Greencoverage Unipessoal Lda.	100%	100%
	Believe in Bright Unipessoal LDA	100%	100%
Slovakia	Voltalia Central & Eastern Europe s.r.o.	100%	100%
Brazil	Martifer Solar S.A. Brazil branch	100%	100%
	Voltalia Do Brasil	100%	100%
	Sapeel	95%	95%
	Junco 1	51%	25.6%
	Junco 2	51%	25.6%
	Caiçara 1	51%	25.6%
	Caiçara 2	51%	25.6%
	Terral	100%	100%
	Carcara 1	100%	100%
	Carcara 2	100%	100%
	Usina de Energia Eolica Reduto S.A	51%	51%
	Usina de Energia Eolica Santo Cristo S.A	51%	51%
	Usina de Energia Eolica Carnauba S.A	51%	51%
	Usina de Energia Eolica Sao João S.A	51%	51%
	Envolver	100%	50.2%
	Areia Branca I	100%	100%
	Areia Branca II	100%	100%
	Vila Para I	100%	100%
	Vila Para II	100%	100%
	Vila Para III	100%	100%
	Vila Amazonas V	100%	100%
	Voltalia Sao Miguel Do Gostoso Participacoes S.A	51%	51%
	Voltalia SMG I	51%	51%
	Oiapoque Energia	100%	100%
	Vamcruz Participacoes SA	51%	25.6%
	Vamcruz 1 Participacoes SA	51%	25.6%
	Serra Pará I Participações S.A	100%	100%
	Serra Pará Participações S.A	100%	100%
	Usina de Energia Eólica Vila Acre I S.A	100%	100%
	Alameda Acre Participações S.A	100%	100%
	Voltalia do Brasil Comercializadora de Energia Ltda	100%	100% ³⁴
	Ventos de Vila Paraíba I spe S.A	100%	0%
	Ventos de Vila Paraíba II spe S.A	100%	0%
	Ventos de Vila Ceará I spe S.A	100%	0%
	Ventos de Vila Ceará II spe S.A	100%	0%
	Ventos de Vila Acre II spe S.A	100%	0%
	Voltalia Serviços do Brasil LTDA	100%	0%
	EOL Potiguar B141 SPE S.A	100%	0%
	EOL Potiguar B142 SPE S.A	100%	0%
	EOL Potiguar B143 SPE S.A	100%	0%
	EOL VENTOS DE VILA PARAIVA IV (Vila Ceará I)	100%	0%
Chile	Voltalia Solar Chile Holding Limitada	100%	100%
Mexico	VLT Proyectos y Sistemas Solares	100%	100%
	Voltalia Servicios Mexico	100%	100%
	Voltalia Mexico Renovables SA de CV	100%	100% ³⁵
India	Inspira Solar	51%	51%
Japan	Martifer Solar Japan KK	100%	100%
	VX Solar	100%	100%
Singapore	Martifer Solar Singapura PTE. LTD.	100%	100%
Egypt	Eshu Energy Egypt LLC	100%	100%
	RA Solar S.A.E.	100%	100%

³⁴ Not consolidated as of 31 December 2017

³⁵ Not consolidated as of 31 December 2017

Morocco	Voltalia Maroc	99.97%	99.97%
	Alterrya Maroc	100%	100%
	VMA Sahara	100%	100%
Tanzania	Mahale Renewable energy	100%	100%
United Arab Emirates	Martifer Solar Middle East	100%	100%
Jordan	Voltalia Portugal SA (Jordânia branch)	100%	100%

Note 18.2 List of consolidated companies accounted for by the equity method

Country	Entity	At 31/12/2018	At 31/12/2017
Spain	Parque Solar Sesena I, S.L.	37.48%	37.48%
France	3LE	40%	40%
	Fangas 1	40%	40%
	Fangas 2	40%	40%
	4 Termes 1	40%	40%
	4 Termes 2	40%	40%
Chile	Maria del Sol Norte S.A.	49%	49%
	MSN SOLAR UNO SPA	49%	49%
	MSN SOLAR DOS SPA	49%	49%
Mexico	Mire Solar, SA de CV	35%	35%
	Mire Solar SPV1	34.9%	34.9%

Note 18.3 List of non-consolidated companies

Country	Entity	At 31/12/2018	At 31/12/2017
France	Parc Solaire de Bayol	100%	100%
	Parc Solaire du Clos de la Blaque	100%	100%
	Ombrières Solaires de Jonquières SAS	100%	0%
	Southeast Africa Energy Invest 1	100%	0%
	Southeast Africa Energy Invest 2	100%	0%
	Ombrières Solaires du Castellet N	100%	0%
	Ombrières Solaires du Castellet S	100%	0%
	Parc solaire du Clap	100%	0%
	Kopere Energy Investment	100%	0%
	AVENERGIE	100%	0%
	Parc Solaire du Mattas	100%	0%
	Parc Solaire du Gamadou	100%	0%
	Parc Solaire de Terres Salées	100%	0%
	Parc Solaire La Faye 2	100%	0%
	Parc Eolien des Groies	100%	0%
	Parc Eolien des Grands Buissons	100%	0%
	Ombrières Solaires d'Ambares	100%	0%
	Ombrières Solaires d'Andancette	100%	0%
	Ombrières Solaires de Certines	100%	0%
French Guiana	Sinnamary Biomass Energie	100%	100%
	Mana Biomasse Energie	100%	0%
	Mana Energie Guyane	100%	0%
	Parc Solaire de Macouria	100%	0%

	Parc Solaire FLottant de Petit Saut	100%	0%
	Soleil de Grand Santi	100%	0%
	Soleil de Montsinery	100%	0%
Spain	Voltalia Holding Colombia, S.L.	100%	0%
UK	MTS Exbury Solar Limited	100%	100%
	MTS Stud Farm Solar Limited	100%	100%
	South Farm Solar Limited	100%	0%
	Higher Stockbridge Limited	100%	0%
	Clifton Solar Limited	100%	0%
Greece	Greek Wind Power	7%	7%
	EVIVA SOLAR 1 LTD	100%	100%
	EVIVA SOLAR 2 LTD	100%	100%
Italy	PVGlass Itàlia, SRL	100%	100%
	Solar Spritehood S.R.L.	100%	100%
	MTS6 S.R.L.	100%	100%
Brazil	VLT Solar Ltda	100%	100%
	Paracatu Energia	100%	100%
	Voltalia Energia do Brasil Consultoria e Participações S.A	100%	100%
Chile	MSN SOLAR CUATRO SPA	49%	49%
	MSN SOLAR CINCO SPA	49%	49%
Colombia	SOLAR HERMANAS S.A.S. E.S.P.	100%	0%
	KAI VERDE BT S.A.S. E.S.P.	100%	0%
	KVM ALPHA S.A.S. E. SP.	100%	0%
Morocco	Alterrya Wind Solar	50%	50%
Malawi	Voltalia Kanengo Dzuwa Ltd	100%	0%
Mozambique	Martifer Solar MZ, S.A.	51%	51%
Kenya	Kopere Solar Park	100%	0%
	Voltalia Kenya Services	100%	0%
South Africa	Voltalia South Africa	100%	0%
Myanmar	Voltalia Esco Co. Limited	100%	0%
Turkey	Martiper Solar Initiative Enerji Uretim Dagitim Sanayi Ve Ticaret Ltd Sirketi	80%	80%
	Martimak Solar Initiative Enerji Uretim Dagitim Sanayi Ve Ticaret Ltd Sirketi	80%	80%

Note 18.4 Change in the list of Group companies³⁶

Country	Entity	Consolidation method as of 31 December 2018	Consolidation method as of 31 December 2017	
Senegal	Société de Développement Local S.A.	-	NC	Sold
Kenya	Kopere Solar Park	NC	-	Acquisition
Kenya	Voltalia Kenya Services	NC	-	Creation
Malawi	Voltalia Kanengo Dzuwa Ltd	NC	-	Creation
South Africa	Voltalia South Africa	NC	-	Creation
United Kingdom	MTS Penderi Solar Limited	-	NC	Liquidated
United Kingdom	South Farm Solar Limited	NC	-	Creation
United Kingdom	Higher Stockbridge Limited	NC	-	Creation
United Kingdom	Clifton Solar Limited	NC	-	Creation
France	MTSFR LASOUT	-	IG	Sold
France	MTSFR PARROU	-	IG	Sold
France	Ombrières Solaires de Jonquières SAS	NC	-	Creation
France	Southeast Africa Energy Invest 1	NC	-	Creation
France	Southeast Africa Energy Invest 2	NC	-	Creation
France	Ombrières Solaires du Castellet N	NC	-	Creation
France	Ombrières Solaires du Castellet S	NC	-	Creation
France	Parc Solaire du Clap	NC	-	Creation
France	Kopere Energy Investment	NC	-	Creation
France	AVENERGIE	NC	-	Creation
France	Parc Solaire du Mattas	NC	-	Creation
France	Parc Solaire du Gamadou	NC	-	Creation
France	Parc Solaire de Terres Salées	NC	-	Creation
France	Parc Solaire La Faye 2	NC	-	Creation
France	Parc Eolien des Groies	NC	-	Creation
France	Parc Eolien des Grands Buissons	NC	-	Creation
France	Ombrières Solaires d'Ambares	NC	-	Creation
France	Ombrières Solaires d'Andancette	NC	-	Creation
France	Ombrières Solaires de Certines	NC	-	Creation
Spain	Voltalia Holding Colombia, S.L.	NC	-	Creation
Ukraine	Martifer Solar Ucraina	-	NC	Sold

³⁶ IG (Full Consolidation), NC (Non-consolidated), Equity associate

French Guiana	Mana Biomasse Energie	NC	-	Creation
French Guiana	Mana Energie Guyane	NC	-	Creation
French Guiana	Parc Solaire de Macouria	NC	-	Creation
French Guiana	Parc Solaire FLottant de Petit Saut	NC	-	Creation
French Guiana	Soleil de Grand Santi	NC	-	Creation
French Guiana	Soleil de Montsinery	NC	-	Creation
Japan	Solariant Portfolio GK One	-	FC	Liquidated
Brazil	VLT Solar Ltda	NC	IG	Deconsolidation
Brazil	Paracatu Energia	NC	IG	Deconsolidation
Brazil	Voltalia Energia do Brasil Consultoria e Participações S.A	NC	IG	Deconsolidation
Brazil	Voltalia do Brasil Comercializadora de Energia Ltda	FC	NC	Creation
Brazil	Ventos de Vila Paraíba I spe S.A	FC	-	Creation
Brazil	Ventos de Vila Paraíba II spe S.A	FC	-	Creation
Brazil	Ventos de Vila Ceará I spe S.A	FC	-	Creation
Brazil	Ventos de Vila Ceará II spe S.A	FC	-	Creation
Brazil	Ventos de Vila Acre II spe S.A	FC	-	Creation
Brazil	Voltalia Serviços do Brasil LTDA	FC	-	Creation
Brazil	EOL Potiguar B141 SPE S.A	FC	-	Creation
Brazil	EOL Potiguar B142 SPE S.A	FC	-	Creation
Brazil	EOL Potiguar B143 SPE S.A	FC	-	Creation
Brazil	EOL VENTOS DE VILA PARAIVA IV (Vila Ceará I)	FC	-	Creation
Mexico	Voltalia Mexico Renovables SA de CV	IG	NC	Consolidation
Chile	MSN SOLAR TRES SPA	-	EM	Sold
Colombia	SOLAR HERMANAS S.A.S. E.S.P.	NC	-	Creation
Colombia	KAI VERDE BT S.A.S. E.S.P.	NC	-	Creation
Colombia	KVM ALPHA S.A.S. E. SP.	NC	-	Creation
Myanmar	Voltalia Esco Co. Limited	NC	-	Creation

6.3 Statutory auditors' report on the consolidated financial statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the annual general meeting of Voltalia Company,

Opinion

In compliance with the engagement entrusted to us by your company's annual general meeting, we have audited the accompanying consolidated financial statements of Voltalia for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2018, 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 January 1, 2018 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.

Emphasis of Matter

We draw attention to notes 4.5 and 4.6 to the consolidated financial statements which sets out the effects of the first application of IFRS 15 and IFRS 9 standards on the consolidated financial statements. Our opinion is not modified in respect of this matter.

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 and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Recognition and measurement of projects under development and generating plants under construction

Notes 11.1, 11.4 et 11.5 of the consolidated financial statements

Key audit matter

As at December 31, 2018 the carrying amount for the Group's projects under development and generating plants under construction amounted to €127,197 thousand (2017: €53,936 thousand) or 13% of total consolidated assets.

Development projects comprise non-amortisable intangible assets, with a carrying amount of €64,281 thousand as at December 31, 2018, meeting the criteria for recognition as assets of costs committed. As described in note 11.1 to the consolidated financial statements, capitalised project development costs must meet the following criteria: visibility as to land access, visibility as to administrative authorisations, feasibility of power network connection and profitability. Following completion of each development project, power plants enter their construction phase (€62,916 thousand of construction in progress as at December 31, 2018) if the development projects have not been sold as such.

Management verifies at each reporting date, or in the event of any indication of impairment, that the carrying amount for these assets do not exceed the corresponding recoverable amounts and performs impairment testing at the level of each CGU equating with the applicable assets or asset clusters.

The recoverable amount for a development project or generating plant under construction is defined as the higher of the asset's fair value and value in use. The determination of value in use requires significant exercise of judgement and formulation of assumptions by management with regard in particular to future operating cash flows (climatic conditions, inflation, investment costs for the applicable development or construction projects and the appropriate discount rates).

We considered the recognition and measurement of projects under development and generating plants under construction as a key audit matter given:

- The degree of management judgement required for estimating development costs and complying with the applicable capitalisation criteria; and
- The sensitivity for those estimates of the main data and assumptions retained by management.

Our audit response

Our audit procedures consisted, on the basis of the documentation communicated by the company, in:

- Examining the compliance of the company's methodology for determining the recoverable amounts of projects under development and generating plants under construction with the applicable accounting standards;
- Analysing the compliance of the capitalisation criteria for development projects with the applicable accounting standards, notably by interviewing management and vouching the Group's work in progress file to supporting documentation (business plan, administrative authorisations, building permits...);
- Examining on a test basis, for projects under development and generating plants under construction, the impairment testing performed:
 - In reconciling the carrying amount of each project under development and generating plant under construction with the amounts recorded as assets;
 - In assessing the reasonableness of the main underlying data and assumptions for the estimates performed (of discount rates and long-term growth rates in particular), by interviewing management and with assistance from our specialists;
 - In analysing management's sensitivity tests.

Measurement of energy sales***Notes 6.2 and 7.1 of the consolidated financial statements****Key audit matter*

Voltalia recognised €131,675 thousand of energy sales in 2018.

Energy sales contracts are generally signed for periods of 15 to 20 years. In Brazil, the Group has signed contracts including annual and four-year tolerance and volume adjustment mechanisms with regard to the overall contractual volumes. When the tolerance limits are exceeded in either direction, MWh sales price adjustments have to be calculated and recorded. In the event of early launch of a power plant, or of suspension of a long-term contract, the Group may have occasion respectively to sign short-term contracts with a private distributor or to sell electricity on the open market.

We have considered energy revenue recognition a key audit matter given:

- The diversity of contracts;
- The management judgements required for the estimation of energy production and any applicable penalties and price adjustments in respect in particular of multiannual energy sales contracts in Brazil.

Our audit response

To assess energy revenue recognition, we:

- Analysed the Group's energy sales contracts;
- Obtained supporting documentation for the quantities produced;
- Compared the applicable selling prices to the contract documentation and verified the calculation and recording of the contractual adjustments.

As required by laws and regulations and in accordance with professional standards applicable in France we have also verified the information pertaining to the Group presented in the management report of the Board of Directors'.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement provided for by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the information pertaining to the Group presented in the management report, it being specified that, in accordance with the provisions of Article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the financial statements of the information contained in this statement which must be subject to a report by an independent third party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Voltalia by your company's annual general meeting held on November 9, 2011 for Mazars and June 13, 2014 for H3P Real Assets.

As at December 31, 2018, Mazars was in its eighth year of total uninterrupted engagement and H3P Real Assets in its fifth year of total uninterrupted engagement, including five years for both firms since securities of the Company were admitted to trading on a regulated market, respectively.

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 of Directors.

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.
- (i)
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the 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.

Levallois Perret and Paris La Défense, March 28, 2019

The statutory auditors

H3P REAL ASSETS

ERIC HINDERER

MAZARS

JULIETTE DECOUX

7. ANUAL FINANCIAL STATEMENTS OF VOLTALIA SA

7.1 Balance sheet as of 31 December 2018

Balance sheet assets

(in thousands of euros)	Gross amount	Amort. Prov.	Net 31/12/2018	Net 31/12/2017
INTANGIBLE ASSETS				
Software	1,083,261	452,409	630,852	610,785
Other intangible assets	283,300	133,931	149,369	93,401
Intangible assets in progress	2,197,037		2,197,037	67,365
PROPERTY, PLANT AND EQUIPMENT				
Facilities and equipment	25,496	12,208	13,287	17,739
Other property, plant and equipment	909,927	273,107	636,820	282,428
Property, plant and equipment in progress	1,787		1,787	
Prepaid expenses	59,224		59,224	5,585
FINANCIAL ASSETS				
Other investments	333,792,943	12,316,275	321,476,668	266,066,159
Receivables related to equity investments	78,885,297	2,882,370	76,002,926	66,321,814
Loans	20,000		20,000	
Other fixed financial assets	3,353,801		3,353,801	2,384,976
FIXED ASSETS	420,612,072	16,070,301	404,541,771	335,850,251
INVENTORIES AND WORK IN PROGRESS				
Production of goods in progress	23,734,743	2,877,200	20,857,543	14,480,003
Advances and prepayments on orders	8,268,085		8,268,085	2,763,539
ACCOUNTS RECEIVABLE				
Trade receivables and related accounts	24,486,376		24,486,376	7,465,452
Other receivables	59,132,484	4,693,865	54,438,619	74,912,821
MISCELLANEOUS				
Cash assets	6,952,119		6,952,119	4,059,755
ACCRUED INCOME				
Prepaid expenses	7,766,589		7,766,589	146,098
CURRENT ASSETS	130,340,396	7,571,065	122,769,331	103,827,667
Debt issuance costs to be amortised	407,753		407,753	793,491
Translation reserve - assets	113,696		113,696	5,003,270
GENERAL TOTAL	551,473,917	23,641,365	527,832,551	445,474,679

Balance sheet liabilities

(in thousands of euros)	31/12/2018	31/12/2017
Share capital or individual capital	279,177,194	279,011,084
Issue, merger and contribution premiums	96,481,550	96,456,840
Legal reserve	58,367	58,367
Retained earnings	(19 434 847)	(14,839,623)
INCOME FOR THE YEAR (profit or loss)	2,463,798	(4,595,224)
Tax-regulated provisions	1,010,596	617,728
EQUITY	359 756 657	356,709,172
Provisions for contingencies	2,232,529	4,291,156
Provisions for expenses	200,507	170,147
PROVISIONS	2,433,036	4,461,303
FINANCIAL LIABILITIES		
Borrowings and liabilities at credit establishments	117,190,812	60 520 060
Other borrowings and financial liabilities	6,614,513	4,348,970
OPERATING DEBTS		
Trade accounts payable and related accounts	14,093,897	7,064,948
Tax and employee-related expenses	8,054,847	6,103,820
OTHER LIABILITIES		
Fixed asset liabilities and related accounts	235,252	163,781
Other debts	1,328,974	3,540,407
ACCRUED INCOME		
Deferred income	18,019,874	2,562,216
LIABILITIES	165,538,169	84,304,203
Translation reserve - Liabilities	104,689	
GENERAL TOTAL	527 832 551	445,474,679

7.2 Income statement as of 31 December 2018

Headings	2018 financial year			Financial year 2017
	France	Exports	Total	
Sale of goods		3,318	3,318	
Production of goods sold				
Production of services sold	60,261,986	229,470	60,491,456	19,252,538
NET REVENUE	60,261,986	232,788	60,494,774	19,252,538
Production transferred to inventory			7,127,471	4,169,542
Capitalised production			1,271,578	
Operating subsidies				
Reversals on imp., prov. (and depr. & amort.), transfer of expenses			362,029	669,453
Other income			110	9
OPERATING INCOME			69,255,962	24,091,542
Other purchases and external expenses			61,265,890	21,216,025
Taxes and similar payments			411,150	654,742
Wages and salaries			8,915,468	6,921,448
Social charges			3,891,070	3,119,855
Operating allowances:				
On fixed assets: depreciation and amortisation			526,864	261,007
On fixed assets: impairment charges				162,531
On current assets: impairment charges			749,930	139,149
Provisions			881,118	190,276
Other expenses			63,112	83,946
OPERATING EXPENSES			76,704,602	32,748,981
OPERATING PROFIT/LOSS			(7,448,641)	(8,657,439)
FINANCIAL INCOME			23,197,025	16,097,883
Financial income from investments			12,766,076	8,591,425
Income from other securities and receivables from fixed assets				939,406
Other interest and similar products			6,357,265	3,601,740
Reversals on provisions and transfer of expenses			2,161,018	2,528,308
Positive currency differences			1,912,666	437,004
FINANCIAL EXPENSES			11,478,737	12,943,005
Financial depreciation, amortisation and provisions			1,225,968	3,311,047
Interest and similar expenses			994,542	8,100,697
Negative currency differences			9,258,227	1,531,261
FINANCIAL PROFIT (LOSS)			11,718,288	3,154,878
CURRENT EARNINGS BEFORE TAXES			4,269,648	(5,502,561)
NON-RECURRING INCOME			856,310	1,368,275
Non-recurring income from management operations			836,257	167,607
Non-recurring income from capital transactions			20,053	1,200,667
Reversals on provisions and transfer of expenses				
NON-RECURRING EXPENSES			1,974,896	460,938
Non-recurring expenses on management operations			1,306,931	13,341
Non-recurring expenses on capital transactions			275,097	54,728
Non-recurring depreciation, amortisation and provisions			392,868	392,868
NON-RECURRING INCOME (EXPENSES)			1,118,586	907,337
Employee profit-sharing				
Income taxes			687,264	
TOTAL INCOME			93,309,296	41,557,700
TOTAL EXPENSES			90,845,498	46,152,924
PROFIT OR LOSS			2,463,798	(4,595,224)

7.3 Appendices

Note 1 Highlights of the year

The reporting period is 12 months, beginning on 1 January 2018 and ending on 31 December 2018.

The Notes indicated below are an integral part of the annual financial statements.

These financial statements were approved by the Company's Board of Directors on 18 March 2019.

Governance

Appointment of a new independent director

The appointment of Evelyne Tall as a third Voltalia independent director was voted by the Voltalia shareholders at the General Meeting of 24 May 2018. A Senegalese national, Evelyne Tall is a graduate of the Ecole d'Administration et de Direction des Affaires de Paris. She began her career at Citibank in Senegal in 1981, before joining Ecobank in 1998, the largest Pan-African bank, where she held several management positions. Since 2017, she has been Chief Executive Officer of the consultancy firm that she founded, E.& Partners. Her appointment as an independent director of Voltalia brought experience of Africa to Voltalia, which is continuing to establish itself on the African continent.

Highlights of the year

Continued organic growth

Voltalia wins the CRE IV solar call for tenders

On 13 February 2018, Voltalia announced it had won two new solar projects in France:

The winning project, Talagard (5 MW), located in Provence-Alpes-Côte d'Azur (PACA), will consist of a fixed photovoltaic installation and will benefit from a 20-year additional compensation contract³⁷. The commissioning of the Talagard power plant is expected at the latest for Q1 2020.

Voltalia was also selected for the installation of an agrivoltaic project of 3 MW as part of the first solar call for tenders in innovative technologies. The date of commissioning for this installation will depend on obtaining the last authorisations.

Launch of the construction of the Sarry wind farm in Metropolitan France

On 8 March 2018, Voltalia announced the start of the construction of the Sarry wind farm (22 MW), in the Yonne department (89). It will benefit from secured revenues (additional compensation contract³⁸) for 15 years from the date of commissioning, planned for the second half of 2019.

³⁷Introduced by the Law on Energy Transition for Green Growth of 2016, the additional compensation is a mechanism enabling the producer to compensate the difference between the revenue from the direct sale of electricity on the market and the level of benchmark remuneration set by the tariff ruling or the provisions of the call for tenders.

³⁸Introduced by the Law on Energy Transition for Green Growth of 2016, the additional compensation is a mechanism enabling the producer to compensate the difference between the revenue from the direct sale of electricity on the market and the level of benchmark remuneration set by the tariff ruling or the provisions of the call for tenders.

Voltalia launches the construction of a new biomass power plant in French Guiana

On 20 March 2018, Voltalia announced the launch of construction of the Cacao biomass power plant (5.1 MW). With installed power of 5.1 MW, this biomass power plant was designed by Voltalia, who will also carry out the construction and operation-maintenance. The work will take around 30 months, with commissioning planned for the first half of 2020.

As announced in April 2017³⁹, the plant will benefit from a private contract with a guaranteed price over a 25-year period, leading to annual electricity sales revenues of between €10 and 15 million.

Voltalia launched construction on the Echauffour wind farm in Metropolitan France

On 12 April, Voltalia announced the launch of construction on the Echauffour wind farm in Normandy, France (10 MW). The project will be built and operated by Voltalia and will benefit from secured revenues for 15 years (additional compensation contract).

Commissioning of the Canadel solar power plant (10.4 MW) in Metropolitan France

Less than a year after the announcement of the start of construction in the third quarter of 2017, the Canadel solar power plant was commissioned on 13 June 2018. Won during the national CRE III call for tenders, the power plant is located in Brignoles in the Provence-Alpes-Côte d'Azur region.

Partnership signed with Suntech

On 15 May 2018, Suntech and Voltalia signed a framework agreement until June 2019 for the purchase of up to 304 MW of solar panels. This agreement will allow Voltalia to benefit from high-performance panels for the construction of its future solar power plants, for its customers or on its own account.

Commissioning of the PAGAP (5 MW) solar power plant in France

On 23 July 2018, Voltalia announced the completion of the construction of the Parc d'Activité de Grenoble Air Parc (PAGAP) solar power plant in Metropolitan France. With a 5 MW capacity, the plant is located in the department of Isère (38). Winner of the CRE III call for tenders, it benefits from a 20-year electricity purchase contract and makes it possible to regenerate a degraded site.

Two new solar projects in France won during the CRE 4.4 call for tenders

On 7 August 2018 Voltalia announced it had won two new solar projects in Metropolitan France, for a total installed capacity of 8.9 MW. They are the Laspeyres (5 MW) project in the Occitane region and the Jonquières photovoltaic shelters project (3.9 MW) in the Provence-Alpes-Côte d'Azur region, which will benefit from 20-year electricity sales contracts with an additional compensation clause. They should be commissioned in 2020 and 2019, respectively.

Voltalia wins two hydroelectric projects during CRE's second hydropower call for tenders

On 28 August 2018, Voltalia announced it had won two new run-of-the-river hydropower plant projects during CRE's hydropower call for tenders. The two winning projects are the Croix et Jorasse hydropower project (2.4 MW) in Haute-Savoie and the Merderel project (2 MW) in Savoie. These two high-head plants, installed by a river, will require no water retention. Both will benefit from a 20-year purchase contract as of their commissioning, scheduled no later than the end of 2022 according to the terms of the call for tenders.

Construction begins on the first Voltalia hydropower plant in Metropolitan France, Tacconnaz (4.5 MW)

On 29 August 2018, Voltalia announced construction had begun on its river-based hydropower plant in Tacconnaz in Haute-Savoie. The commissioning of the power plant is scheduled for the end of 2019 and the electricity sales contract signed with the Régie électrique des Houches is for a 20-year period.

³⁹ See press release dated 21 April 2017

Purchase of Encalso stake in Envolver in Brazil

On 27 September 2018, Voltalia bought Encalso's 49.8% stake in Envolver. After this transaction Voltalia became the sole shareholder. It should be remembered that Envolver is the parent company (51%) of the Vamcruz wind farm.

Voltalia secures a storage contract in French Guiana

On 15 October Voltalia won 10-year contracts for two battery storage units, representing a total installed capacity of 10 MW. The commissioning of this project, called Storage Mana, and located near other Voltalia projects in French Guiana, is scheduled for the end of 2019.

Construction begins on Tresques and Parroc in France

On 20 December, Voltalia began the construction of the Tresques and Parroc solar power plants in France, for a total installed capacity of 8 MW. The two plants are should be operational by the third quarter of 2019 at the latest, and will benefit from a 20-year electricity sales contract.

Significant events since the end of the year**Construction begins on the Savane-des-Pères project in French Guiana**

On 17 January 2019 Voltalia announced construction had begun on the Savane-des-Pères project in French Guiana, a 3.8 MW solar power plant combined with a 2.6 MW / 2.9 MWh battery storage system, to cover household demand at peak times. It will benefit from a 25-year secured-rate contract that will begin with the commissioning of the plant, expected in the second half of 2019.

Note 2 Accounting rules and methods

The annual financial statements have been prepared in accordance with generally accepted accounting principles in France and in particular with the provisions of the latest version of the Accounting Plan and regulation 2018-01 of 20 April 2018, amending regulation 2014-03.

Basis for preparation of the financial statements

In the separate financial statements to 31 December 2018, the Company applied the following rules:

- going concern;
- consistency of methods;
- independence of fiscal years.

Use of estimates

The preparation of the financial statements requires management to make assumptions and estimates affecting the financial statements. The main estimates made by the Group notably relate to the assumptions used to:

- value and depreciate property, plant and equipment and intangible assets;
- value equity investments;
- constitute provisions.

These estimates are based on the best information available to the management on the date of the financial statements. They include, for example, the assessment on that date of the state of the markets in which the Company operates. Considering the uncertainties inherent to the sector, the countries and the economic and financial conditions that impact the business of Voltalia SA and its subsidiaries, these estimates may need to be revised if the circumstances on which they were based change or as a result of new information. Actual results may therefore differ from these assumptions and estimates.

Intangible assets

Purchased software is recognised as an intangible asset and is amortised over its useful life of between three and five years. Tax derogations allowing accelerated amortisation of such software may also be applied and are recognised in regulated provisions.

In the specific case of mergers, the accounting cost of assets received under the merger is the contribution value.

Property, plant and equipment

The gross amount of property, plant and equipment corresponds to its historical acquisition cost. This cost includes expenses directly attributable to bringing the asset to the location and the cost of enabling to be operated in the manner intended by management. Amortisation of fixed assets is calculated on a straight-line basis over the estimated useful life.

Table of estimated useful lives:

Type of asset	Method	Duration
Fixtures and fittings	L	8 to 10 years
Vehicles	L	4 years
Office and computer equipment	L	3 years
Office equipment	L	10 years

Equity investments and other financial assets

The gross value of financial assets corresponds to their acquisition cost excluding ancillary costs. Securities acquired in foreign currencies are recorded at the acquisition price converted into euros using the exchange rate of the transaction date.

When the value in use is lower than the carrying amount, impairment exists. The value in use is determined by taking into account the share of the net position or the profitability outlook (present value of future cash flows) in relation to the position and nature of the Company.

The present value of future cash flows is relative to the profitability outlook with regard to the historical, present and projected market conditions resulting from the actual data and the strategic plans of the subsidiaries.

Inventories and work in progress

Production costs are re-invoiced to subsidiaries when the construction of the project begins.

Production work in progress represented the costs capitalised for generation plants under development. Expenses for each power plant project are capitalised as soon as all of the following criteria are met:

- visibility with respect to access to land, such as obtaining a lease agreement and favourable environmental impact studies;
- visibility of authorisations, e.g., filing of administrative records and high probability of obtaining permits;
- feasibility of connection to the grid;
- project profitability.

Capitalised costs include the internal and external costs recorded for each power plant project:

- external costs correspond to commitments to suppliers or external service providers (invoices, invoices receivable, status reports, etc.); and
- internal costs are measured on the basis of overhead expenses applicable to the projects and the time allocated to these projects.

All projects are reviewed at each reporting date, with the implementation of individual impairment tests. The net carrying amount of the fixed asset is then compared to its present value. The present value is the highest value of the market value or the value in use. Value in use is based on discounted cash flow analysis of the project's future operating cash flows and implies the significant exercise of judgement by management in respect of items such as climatic conditions, inflation and the operating and investment costs for the development projects concerned. If the present value is lower than the net carrying amount, the projects in development are fully impaired.

It should also be noted that projects undergoing disposal whose value is less than the carrying amount will be impaired in the amount of the price specified in the contract of sale.

Power plant projects under consideration continue to be recognised in expenses.

Abandoned projects are recognised as losses.

Accounts receivable

Accounts receivable are recognised at face value. They are depreciated according to the risk of non-recovery, assessed on a case-by-case basis.

Debt issuance costs to be amortised

Debt issuance costs are spread over the duration of the subscribed loan.

Marketable securities

Investment securities are valued at the lower of acquisition value and market value.

Tax-regulated provisions

Regulated provisions consist of excess depreciation and amortisation; associated provisions and reversals are constituted in accordance with the tax rules.

Foreign currency transactions

The accounts are prepared in euros. Income and expenses denominated in foreign currencies are recognised at their equivalent value in euros at the transaction date. Liabilities, receivables and cash in foreign currencies are recognised using the exchange rate on the transaction date.

Receivables, liabilities, loans and borrowings in foreign currencies are converted on the balance sheet based on the exchange rate in effect on the balance sheet date to offset the "Translation reserve - Assets/Liabilities" items on the balance sheet. Unrealised translation gains are not used in calculating accounting income. A provision for risks is made for unhedged unrealised losses. If there is a hedge, the provision only covers the unhedged risk.

Voltalia SA, as the parent company, establishes financing to support the development and construction of power plants until long-term local bank financing can be obtained and set up. These short- or long-term financings can involve Company cash or inter-company borrowings in foreign currencies by the Company, thereby exposing it to a currency risk.

The Company uses foreign exchange derivatives for the loans granted to the companies within the Group. Translation gains and losses associated with these derivatives are recognised under financial result symmetrically to the hedged items. When the maturity of the derivatives is not aligned with the schedule of hedged cash flows, the results from the derivatives, based on the spot rate, are stored in a suspense account on the balance sheet, and symmetrically recycled on the hedged risk.

On the balance sheet, the translation differences generated by the revaluation of the hedging derivatives are recognised symmetrically to the translation differences originating from the revaluation of the receivables and liabilities in foreign currencies at the closing rate.

Litigation and provisions

In general, each of the known legal cases in which the Company is involved has been reviewed by management as at the balance sheet date and, where applicable, on the advice of outside counsel, any provisions deemed necessary have been made to cover the estimated risks.

Retirement benefits

Pursuant to French law, Voltalia SA has an obligation to pay a pension to employees on retirement. The corresponding liabilities are calculated annually using the projected unit credit method based on final salary. Such calculations are made based on the applicable collective agreement.

Contingent liabilities are calculated and recognised in provisions. Any differences resulting from changes in actuarial assumptions are immediately recognised in profit and loss. Retirement benefits are recognised as an expense when actually incurred.

Revenue

The revenue of Voltalia SA mainly consists of:

- services related to the development and monitoring of projects at the development phase on behalf of its various subsidiaries: services are recognised in revenue as and when they are provided, i.e. at the time of sale;
- Services related to the construction of power plants on behalf of its various subsidiaries: revenue is recognised based on progress and corresponds to the technical progress of the construction site, along with construction monitoring services, which are recognised as revenue in accordance with the stage of completion;
- services related to the operation of power plants on behalf of its various subsidiaries: services are recognised in revenue as and when they are provided;
- various services (administrative services, etc.) on behalf of its various subsidiaries: services are recognised in revenue as and when they are provided.

Note 3 Notes to the balance sheet

Intangible assets and property, plant and equipment

Figures expressed in euros	At 31/12/2017	Acquisitions	Transfers between items and corrections +/-	Disposals/ Scrapped	At 31/12/2018
Software	734,148		349,113		1,083,261
Other intangible assets	177,746	105,554			283,300
Intangible assets in progress	67,365	2,478,785	(349,113)		2,197,037
Total 1 Intangible assets	979,259	2,584,339	0	0	3,563,598
General installations and fixtures and fittings	351,247	210,048		314,518	246,777
Facilities and equipment	25,496				25,496
Office and computer equipment, furniture	323,717	346,121	(6,688)		663,150
Total 2 Property, plant and equipment	700,460	556,169	(6,688)	314,518	935,423
Property, plant and equipment in progress		1,787			1,787
Total 3 Outstanding amount of property, plant and equipment	0	1,787	0	0	1,787
Advances	5,585	46,950	6,688		59,224
TOTAL	1,685,304	3,189,246	0	314,518	4,560,032

The main change in fixed assets concerns the development of the following software and IT solutions: consolidation software, project management software, HRIS, finance and accounting ERP, and Group IS Share Point.

To a lesser extent, fixtures and fittings correspond to the development of the new registered office premises in Paris.

Depreciation, Amortisation and Impairment

Figures expressed in euros	At 31/12/2017	Additions	Reductions and reversals	At 31/12/2018
Software	123,364	329,046		452,409
Other intangible assets	84,345	49,586		133,931
Total 1	207,709	378,632	0	586,340
General installations and fixtures and fittings	250,356	31,996	263,211	19,142
Facilities and equipment	7,757	4,452		12,208
Office and computer equipment, furniture	142,180	111,785		253,965
Total 2	400,293	148,232	263,211	285,315

Fixed financial assets

Figures expressed in euros	Gross value at 31/12/2017	Acquisitions and transfers between items	Disposals and transfers between items	Gross value at 31/12/2018	Provision	Net value at 31/12/2018
Equity investments	277,831,383	55,971,560	10,000	333,792,943	12,316,275	321,476,668
Loans and receivables related to equity investments	69,837,743	76,410,755	67,363,202	78,885,296	2,882,370	76,002,926
Loans and other fixed financial assets	2,384,976	5,061,247	4,072,422	3,373,801		3,373,801
TOTAL	350,054,102	166,653,101	100,655,162	416,052,041	15,198,645	400,853,395

The main changes to the investments and related receivables of Voltalia during the 2018 financial year can be broken down into the following items:

- the €55,972 thousand increase in equity investments was mainly linked to the equity stakes taken in the Brazilian subsidiaries and to the capital increases of the subsidiaries Voltalia Portugal and Envolver to meet the cash requirements of projects under construction;
- borrowings to finance construction companies.

Subsidiaries and investments

Financial information for subsidiaries and investments at 31/12/2018 (in euros)	Capital	Equity other than capital	Share of capital held as a percentage	Acquisition costs	Carrying amount of securities + acquisition costs	Loans granted by the Company at 31/12/2018	Advances/ current account liabilities at 31/12/2018	Revenue excl. taxes - non-Group at 31/12/2018	Dividends received in 2018	Net income (profit or loss) at 31/12/2018
France										
Anelia Holding	40,000	(638,343)	100%		20,041		390,722			(101,404)
La Faye Energies	59,000	2,052,401	63%		29,601	987,007	44,415	2,234,721		187,443
Adriers Energies	336,380	33,639	100%		582,680		3,613,843	2,377,718	250,176	443,467
Echauffour Energies	37,000	(136,240)	95%		35,150	2,412,607	45,519			(15,289)
3V Développement	39,000	(629,343)	100%	11,550	1,061,551	2,237,659	33,553	1,526,564		(160,417)
3L Energies	3,000	(292,546)	40%		1,200	979,979		1,176,138		(55,203)
Taconnaz Energie Renouv.	37,000	(161,321)	100%		37,000	3,170,640	23,055			(14,056)
Molinons wind farm	37,000	3,702	100%		37,000		3,072,966	2,225,929	323,188	356,008
Parc solaire de Montclar	37,000	(27,463)	100%		37,000		377,831			(7,150)
Parc solaire du Castellet	37,000	3,700	100%		37,000		1,596,117	1,020,090	113,111	40,240
Parc solaire de Piboulon	5,000	(36,350)	100%		5,000		38,375			(3,189)
Parc Solaire de Mana	5,000	(285,986)	100%		5,000		339,414			(7,501)
Parc solaire Puy Madame II	5,000	(290,555)	100%		5,000		346,360			(10,589)
Parc solaire Puy Madame III	5,000	(286,406)	100%		5,000		339,091			(6,915)
Parc solaire Puy Madame IV	5,000	(290,159)	100%		5,000		349,959			(11,302)
Parc éolien d'Argenteuil	37,000	(206,130)	0.05%		11		538,571			(10,518)
Parc éolien de Laignes	37,000	(225,444)	0.05%		11		456,888			(9,428)
Parc éolien de Coulmier	37,000	(415,803)	0.05%		11		387,469			(8,402)
Parc éolien de Sarry	37,000	(285,284)	0.05%		11	12,154,119	173,258			(4,724)
MTSFR Parroc	1,000	(57,677)	51%		510		242,058			(27,797)

Financial information for subsidiaries and investments at 31/12/2018 (in euros)	Capital	Equity other than capital	Share of capital held as a percentage	Acquisition costs	Carrying amount of securities + acquisition costs	Loans granted by the Company at 31/12/2018	Advances/current account liabilities at 31/12/2018	Revenue excl. taxes - non-Group at 31/12/2018	Dividends received in 2018	Net income (profit or loss) at 31/12/2018
Parc solaire de Carrière des plaines	10,000	45,433	100%		10,000	7,415,642	639,000			961,958
Parc solaire de Tresques	10,000	(35,508)	100%		10,000		152,011			(4,152)
Ombrière Solaire du Marché	10,000	(44,713)	100%		10,000		43,689			(2,955)
Parc solaire Castellet 2	10,000	(74,034)	100%		10,000	1,375,367		379,411		234,922
Parc Solaire du Canadel	10,000	(8,863)	95%		9,500	3,407,729	48,223	627,147		201,782
GEP Energie France	10,000	(5,179)	100%		10,000					(2,347)
PEP Energie France	10,000	(5,279)	100%		10,000		67,841			(3,356)
ECM Energie France	10,000	(6,131)	100%		10,000		356,458			(8,659)
SVNC Energie France	10,000	(6,863)	100%		10,000		884,637			(12,495)
Parc solaire Le Fangas 1	5,000	(339,572)	40%		2,000		399,704			(1,077)
Parc solaire Le Fangas 2	5,000	(341,018)	40%		2,000		401,171			(1,491)
Parc solaire Les 4 Termes 1	5,000	(340,260)	40%		2,000		403,491			(3,886)
Parc solaire Les 4 Termes 2	5,000	(340,597)	40%		2,000		401,367			(1,462)
Voltalia Energie	10,000	(597,068)	100%		10,000		751,122			(59,482)
Parc éolien de Marly	1,000	(9,357)	100%		328,215		36,045			18
Parc solaire du Seranon	5,000	(2,396)	100%		5,000		946			(2,317)
Parc solaire du Talagard	5,000	(2,396)	100%		5,000		946			(2,227)
Parc solaire de Laspeyres	5,000	(2,396)	100%		5,000		946			(4,976)
Croix et Jorasse Energie	5,000	(3,396)	100%		5,000		946			(2,227)
Jalandre Energie	5,000	(3,396)	100%		5,000		946			(2,112)
Arpettaz Energie	5,000	(2,782)	100%		5,000		1,151			(2,450)
Merderel Energie	5,000	(3,696)	100%		5,000		946			(2,227)

Financial information for subsidiaries and investments at 31/12/2018 (in euros)	Capital	Equity other than capital	Share of capital held as a percentage	Acquisition costs	Carrying amount of securities + acquisition costs	Loans granted by the Company at 31/12/2018	Advances/current account liabilities at 31/12/2018	Revenue excl. taxes - non-Group at 31/12/2018	Dividends received in 2018	Net income (profit or loss) at 31/12/2018
Ferme Eolienne de Pouligny St Pierre	5,000	(2,396)	100%		5,000		946			(2,317)
Le Guil Energie	5,000	(3,696)	100%		5,000		946			(2,227)
Parc Solaire du Domaine des Selves	5,000	(2,396)	100%		5,000		946			(2,111)
Parc solaire de Bayol	5,000		100%		5,000		212			(2,496)
Parc solaire Clos de la Blaque	5,000		100%		5,000		212			(2,496)
Ombrières Solaires de Jonquières	5,000		100%		5,000		242			(2,426)
Southeast Africa Energy Invest 1	5,000		100%		5,000		237			
Southeast Africa Energy Invest 2	5,000		100%		5,000		237			
Ombrières Solaires du Castellet N	5,000		100%		5,000		237			
Ombrières Solaires du Castellet S	5,000		100%		5,000		237			
Parc solaire du Clap	5,000		100%		5,000		179			(2,463)
Kopere Energy Investment	5,000		100%		5,000	94,368				
Avenergie	5,000		100%		5,000					
Parc solaire du Mattas	5,000		100%		5,000					
Parc solaire du Gamadou	5,000		100%		5,000					
Parc solaire Terres salées	5,000		100%		5,000					
Parc éolien La Faye 2	5,000		100%		5,000					
Parc éolien Groies	5,000		100%		5,000					

Parc Eolien des Grands Buissons	5,000		100%		5,000				
Ombrières Solaires d'Ambares	5,000		100%		5,000				
Ombrières Solaire d'Andancette	5,000		100%		5,000				
Ombrières solaires de Certines	5,000		100%		5,000				
French Guiana									
Voltalia Caraïbes	37,000	(35,487))	100%		37,000		1,494		(2,414)
Voltalia Guyane	1,043,841	(7,619,116)	80%		835,051	15,136,569	3,039,955	1,043,629	(283,444)
Parc solaire de Coco Banane	1,325	7,760,506	100%		4,591,600			2,065,952	264,605
SIG Cacao	1,000	(1,202,772)	100%		1,000		137,248		(5,640)
Voltalia Kourou	300,000	(1,797,199)	0.33%		1,000		20,769	3,752,889	(387,456)
Cr'Eole	174,000	(8,403)	100%		200,100		12,915		(3,131)
Iracoubo Biomasse Energie	5,000	(3,494)	100%		5,000		1,835		(2,130)
Sinnamary	5,000		100%		5,000		96		(2,269)
Mana Biomasse Energie	5,000		100%		5,000				
Mana Energie Guyane	5,000		100%		5,000				
Mana Energie Services	5,000		100%		5,000				
Parc solaire Macouria	5,000		100%		5,000				
Parc Solaire Flottant de petit saut	5,000		100%		5,000				
Soleil de Grand Santi	5,000		100%		5,000				
Soleil de Montsinery	5,000		100%		5,000				
Greece									
Voltalia Greece	9,180,815	(2,098,538)	99.85%	77,407	19,263,346	7,556,972	1,985,519	2,741,803	(571,019)
Martifer Solar Hellas	1,130,000	(1,631,458)	100%		1,130				(25,079)

Financial information for subsidiaries and investments at 31/12/2018 (in euros)	Capital	Equity other than capital	Share of capital held as a percentage	Acquisition costs	Carrying amount of securities + acquisition costs	Loans granted by the Company at 31/12/2018	Advances/current account liabilities at 31/12/2018	Revenue excl. taxes - non-Group at 31/12/2018	Dividends received in 2018	Net income (profit or loss) at 31/12/2018
Brazil										
Voltalia Do Brasil	23,943,784	(4,879,292)	100%		1,359	4,088,034	280,767	22,640,469		16,536,510
Envolver	40,316,623	(2,902,381)	100%		33,579,234					(3,413,763)
Voltalia Areia Branca I Participações	36,641,874	10,989,282	90%		51,300,533				2,171,436	11,304,494
Oiapoque Energia	262,578	5,150,355	0.03%		16		50	18,086,569	32	5,169,047
Voltalia Sao Miguel Do Gostoso I Particip.	52,699,878	(1,989)	23.43%	2,929	15,318,346					(1,878,889)
Serra Para I	64,312,591	(2,813,219)	97.73%	57,268	69,806,842				498,007	7,232,066
Alameda Acre Participações	17,755,481	(1,389,230)	100%	37,433	18,466,647	4,451,928	4,469,604		379,051	1,393,010
Voltalia Energia Do Brasil Consultoria	6,808	(6,786)	0.02%		1					0
Voltalia Do Brazil Commercializa de Energia	347,145	(10,681)	100%		373,476					3,008
Vila Paraiba I	6,481,185	(198,245)	67%		4,922,033			442		17,784
Vila Paraiba II	6,481,138	(198,259)	67%		4,921,994			442		18,070
Vila Ceara I	7,405,226	(226,047)	67%		5,771,065			442		5,182
Vila Ceara II	5,831,302	(178,298)	67%		4,449,745			442		13,765
Vila Acre II	5,624,110	(172,067)	67%		4,332,343					16,668
Tourinho 1			95%		292					
Tourinho 2			95%		292					

Financial information for subsidiaries and investments at 31/12/2018 (in euros)	Capital	Equity other than capital	Share of capital held as a percentage	Acquisition costs	Carrying amount of securities + acquisition costs	Loans granted by the Company at 31/12/2018	Advances/ current account liabilities at 31/12/2018	Revenue excl. taxes - non-Group at 31/12/2018	Dividends received in 2018	Net income (profit or loss) at 31/12/2018
Other countries										
Eshu (Egypt)	9,717	2,068	1%		97	908,929	20,290	437,199		7,240
Voltalia Maroc	548,629	(1,415,709)	100%		547,760	3,660,139	61,667			(2,941)
Alterrya Maroc	125,759	(235,977)	100%		40,737	181,873	3,635			(11,952)
Voltalia Maroc Sahara	9,146	(12,978)	100%		37,924					(11,364)
Ojuelos Del Sol (Mexico)	2,204	(1,481)	95%		2,322	1,138,098				(170,848)
Voltalia Portugal	50,000,000	(85,209,833)	100%	1,866,712	61,263,400		6,215,000	4,698,927		(4,942,643)
Mahale (Tanzania)	8,742	(188,904)	1%		4,332	859,902				(153,609)
TOTAL	331,829,282	(94,786,625)		2,053,299	333,792,943	72,224,561	33,256,520	67,036,925	3,999,606	31,666,156

Receivables related to equity investments⁴⁰

Figures expressed in euros	Gross value at 31/12/2017	Acquisitions and Transfers between items	Disposals and Transfers between items	Gross value at 31/12/2018	Impairment	Net value at 31/12/2018
Voltalia Guyane loan	11,519,329	3,617,240		15,136,569		15,136,569
3VD loan	2,106,320	131,339		2,237,659		2,237,659
3LE loan	1,019,979		40,000	979,979		979,979
La Faye loan	943,940	43,067		987,007		987,007
Voltalia Greece loan	5,571,453	1,985,519		7,556,972	2,760,200	4,796,772
Voltalia Do Brasil loan	3,785,398	302,636		4,088,034		4,088,034
San Miguel de Gostoso loan	1,713,197	469,311	2,182,508	0		0
Vila Acre 1 loan	23,792,131	4,595,737	28,387,868	0		0
Mahale loan	668,146	191,756		859,902		859,902
Castellet 2 loan	5,594,730	480,637	4,700,000	1,375,367		1,375,367
Canadel loan	7,256,418	9,155,729	13,004,419	3,407,728		3,407,728
Alameda loan		4,489,256	37,328	4,451,928		4,451,928
Eshu Energy Egypt loan		908,929		908,929		908,929
Parc éolien de Sarry loan		12,154,119		12,154,119		12,154,119
Echauffour Energies loan		4,162,607	1,752,000	2,412,607		2,412,607
Taconnaz Energie loan		3,170,640		3,170,640		3,170,640
Parc solaire Carrière des plaines loan		7,415,642		7,415,642		7,415,642
Voltalia Maroc loan		3,660,139		3,660,139		3,660,139
Alterrya Maroc loan		181,873		181,873	122,170	66,703
Voltalia Mexico Renovables loan		1,138,098		1,138,098		1,138,098
Kopere Solar Park loan		94,368		94,368		94,368
Other receivables related to equity investments	599,058	4,034,001	4,360,997	272,062		272,062
Accrued interests on loans	3,650,530	6,421,592	7,438,800	2,633,322		2,633,322
TOTAL	68,220,629	68,811,236	61,901,920	75,129,945	2,882,370	71,247,575

⁴⁰ As of 31 December 2017, the amount of related receivables from indirect investments amounted to €1,617 thousand, including €856 thousand in foreign currencies.

Schedule of receivables related to equity investments

Figures expressed in euros	Gross value at 31/12/2018	< 1 year	At more than one year
Voltalia Guyane loan	15,136,569		15,136,569
3VD loan	2,237,659		2,237,659
3LE loan	979,979		979,979
La Faye loan	987,007		987,007
Voltalia Greece loan	4,796,772		4,796,772
Voltalia Do Brasil loan	4,088,034		4,088,034
San Miguel de Gostoso loan	0		0
Vila Acre 1 loan	0		0
Mahale loan	859,902		859,902
Castellet 2 loan	1,375,367		1,375,367
Canadel loan	3,407,728		3,407,728
Alameda loan	4,451,928	4,451,928	
Eshu Energy Egypt loan	908,929		908,929
Parc éolien de Sarry loan	12,154,119		12,154,119
Echauffour Energies loan	2,412,607		2,412,607
Taconnaz Energie loan	3,170,640		3,170,640
Parc solaire Carrière des plaines loan	7,415,642		7,415,642
Voltalia Maroc loan	3,660,139		3,660,139
Alterrya Maroc loan	66,703		66,703
Voltalia Mexico Renovables loan	1,138,098		1,138,098
Kopere Solar Park loan	94,368		94,368
Other receivables related to equity investments	272,062		272,062
Accrued interests on loans	2,633,322		2,633,322
TOTAL	71,247,575	4,451,928	67,795,647

Other fixed financial assets

Figures expressed in euros	Net value at 31/12/2017	Acquisitions and transfers between items	Disposals and transfers between items	Gross value at 31/12/2018
Loans to personnel	20,000			20,000
Deposits	1,228,218	933,564	103,532	2,058,250
BPI loan guarantee retention	250,000			250,000
BPI loan guarantee retention	250,000			250,000
Other long-term receivables	323,607	220,769	323,607	220,769
Treasury shares	313,149	978,374	716,741	168,639
TOTAL	2,384,974	2,132,707	1,143,880	3,373,801

Production in progress

Figures expressed in euros	Gross amount	Impairment	Balance at 31/12/2018
Production of goods in progress	23,734,743	2,877,200	20,857,543

As of 31 December 2018, projects are recognised in Voltalia SA's financial statements as being under construction. As they are at different stages of development and have differing development costs, they were analysed individually.

As of the balance sheet date, projects under development are reviewed and, where necessary, fully impaired.

Current accounts receivable

Figures expressed in euros	Gross amount	Within one year	At more than one year
Customers	24,486,376	24,486,376	
Personnel and related receivables	20,375	20,375	
Social security bodies	5,007	5,007	
State: Taxes other than on income	889,019	889,019	
Group and associates	56,411,746	56,411,746	
Supplier advances and credit notes	989,900	989,900	
Miscellaneous receivables	818,436	818,436	
Debt issuance costs to be amortised	407,753	385,738	22,015
Prepaid expenses	7,766,589	7,766,589	
TOTAL	91,793,201	91,771,186	22,015

Trade receivables: trade receivables are mainly composed of internal invoices for development, construction and maintenance costs to special purpose vehicle (SPV) subsidiaries.

Group and associates: the amount recognised under current accounts includes cash contributions made by Voltalia SA to its subsidiaries. These current accounts were written down in the amount of €3,973 thousand to reflect the negative net assets of subsidiaries.

The "Miscellaneous receivables" item primarily includes short-term advances to Group companies, the accrued interest on these advances, as well as the option to purchase fully impaired shares of La Faye Energies for €721 thousand.

Prepaid expenses: prepaid expenses mainly relate to billings on construction projects.

Cash and cash equivalents

Figures expressed in euros	At 31/12/2017	At 31/12/2018
Cash assets	2,854,802	6,700,544
Cash instruments	1,204,953	251,575
TOTAL	4,059,755	6,952,119

Available cash as of 31 December 2018 stood at €6,701 thousand, including €1,365 thousand in foreign currencies. The cash instrument relates to a cash balance to be received.

Changes in equity

Figures expressed in euros	At 31/12/2017	Appropriation of earnings	Capital increase	Change in regulated provisions	At 31/12/2018
Capital	279,011,084		166,110		279,177,194
Issue premium	96,456,840		24,710		96,481,550
Legal reserve	58,367				58,367
Retained earnings - debit	(14,839,623)	(4,595,224)			(19,434,847)
Income for the year	(4,595,224)	4,595,224			2,463,798
Special depreciation allowances	617,728			392,868	1,010,596
TOTAL	356,709,172	0	190,820	392,868	359,756,658

As of 31 December 2018, the share capital of Voltalia SA totalled €279,177,194, consisting of 48,978,455 shares worth €5.70 each.

Pursuant to the meeting of the Board of Directors of 5 August 2015, 9,220 stock options were exercised during the first half of 2018. By decision of the Chief Executive Officer dated 30 June 2018, consequently, the share capital was increased by €52,554, with an issue premium totalling €24,710.

Pursuant to the meeting of the Board of Directors of 24 July 2014, beneficiaries vested in 19,922 free shares according to the predefined schedule. By decision of the Chief Executive Officer dated 31 December 2018, consequently, the share capital was increased by €113,556. The 19,922 shares were issued at par.

The free float amounted to 27.21% of the capital.

Liquidity contract

As of 31 December 2018, the following positions featured in the liquidity account:

- 56,202 securities representing a value of €574,782;
- liquidity in the amount of €220,769.

Provisions

Provisions for risks and charges break down as follows:

Figures expressed in euros	At 31/12/2017	Additions	Reversals	At 31/12/2018
Provisions for litigation	238,495		50,000	188,495
Provisions for translation losses	2,969,660	110,275	2,969,660	110,275
Other provisions for risks and charges	1,083,001	850,758		1,933,759
Provisions for pensions and similar obligations	170,147	30,360		200,507
TOTAL	4,461,303	991,393	3,019,660	2,433,036

The provision for translation losses of €110,275 mainly reflects the risk of unrealised translation losses recorded as of 31 December 2018 on advances in Brazilian reals to the Brazilian subsidiaries.

The provision for risks and charges was discounted; the increase relates to subsidiaries' risk.

As of 31 December 2018, the provision for retirement benefits was adjusted upwards (+€30 thousand). The discount rate used was 1.62%, and the future salary growth rate was 2%.

Financial and operating liabilities

Figures expressed in euros	At 31/12/2017	At 31/12/2018	Change
Borrowings and liabilities at credit establishments			
<i>at maximum 1 year at inception</i>	7,991,000	3,000,000	(4,991,000)
<i>at more than 1 year at inception</i>	52,500,650	114,150,000	61,649,350
Other borrowings and financial liabilities	50,600	2,453,546	2,402,946
Bank overdrafts	28,410	40,812	12,402
Trade payables and related accounts	7,064,947	14,093,897	7,028,950
Personnel and related receivables	1,804,857	1,764,244	(40,613)
Social liabilities	1,366,906	1,475,164	108,258
Tax liabilities	2,932,056	4,815,438	1,883,382
Fixed asset liabilities and related accounts	163,781	235,252	71,471
Group and associates	4,298,371	4,160,967	(137,404)
Other debts	3,540,407	1,328,974	(2,211,433)
Deferred income	2,562,216	18,019,874	15,457,658
TOTAL	84,304,201	165,538,169	81,233,968

Borrowings: new bilateral lines of credit were set up in 2018. They mainly facilitate the financing of the Group's continued development.

Group and associates: the €4,161 thousand corresponds to Voltalia SA subsidiary current account advances.

Tax and employee-related expenses:

- tax liabilities comprise, for the most part, the VAT to be disbursed, amounting to €3,453 thousand, and the VAT collected, amounting to €955 thousand. They are to be included in the SPV billings for development, monitoring and construction costs;
- employee-related expenses of €1,475 thousand representing liabilities to social security bodies.

Deferred income: deferred income relates to the progress of various projects under construction.

Maturity schedule of debts at 31 December 2019

Figures expressed in euros	Gross amount	Less than 1 year	1 to 5 years	More than 5 years
Borrowings and liabilities at credit establishments:				
<i>at maximum 1 year at inception</i>	40,812	40,812		
<i>at more than 1 year at inception</i>	117,150,000	17,900,000	99,250,000	
	2,453,546	2,453,546		
Trade payables and related accounts	14,093,897	14,093,897		
Personnel and related receivables	1,764,244	1,764,244		
Social security and other welfare bodies	1,475,164	1,475,164		
Value added tax	4,522,730	4,522,730		
Other taxes and related accounts	292,708	292,708		
Fixed asset liabilities and related accounts	235,252	235,252		
Group and associates	4,160,967	4,160,967		
Other debts	1,328,974	1,328,974		
Deferred income	18,019,874	18,019,874		
TOTAL	165,538,169	66,288,169	99,250,000	
Borrowings subscribed during the financial year	64,650,000			
Borrowings repaid during the financial year	1,300,600			

Accrued expenses

Amount of accrued expenses included in the following balance sheet items:

Figures expressed in euros	31/12/2018
Borrowings and liabilities at credit establishments	153,866
Trade accounts payable and related accounts	7,904,609
Tax and employee-related expenses	2,909,158
TOTAL	10,967,633

Taxes and tax consolidation scope

The tax profit of the consolidated group for FY 2018 amounted to €889,187. As a result of the loss carryforward from 2017, the cumulative loss carryforward as of 31 December 2018 is €42,469,517 (tax group and prior to joining the consolidated group).

The table below presents the tax consolidation of the Group as of 31 December 2018 and the option start dates:

Scope of the French tax consolidation at 31/12/2018	Option start date	Tax savings
VOLTALIA SA (tax group head)	01/01/2012	
3V DEVELOPPEMENT	01/01/2012	
PARC EOLIEN DE MOLINONS	01/01/2012	159,338
PARC SOLAIRE DU CASTELLET	01/01/2013	42,365
ADRIERS ENERGIES	01/01/2014	194,796
Parc solaire de Coco Banane	01/01/2016	60,740
CR'EOLE	01/01/2016	
PARC SOLAIRE DES CARRIERES DES PLAINES	01/01/2017	269,348
PARC SOLAIRE DU CANADEL	01/01/2017	67,625
PARC SOLAIRE DU CASTELLET 2	01/01/2017	56,938
ECHAUFFOURS ENERGIES 2	01/01/2017	
ANELIA	01/01/2017	
PARC EOLIEN DE SARRY	01/01/2017	
TOTAL		851,150

For the entire tax group, tax savings as of 31 December 2018 stood at €851,150.

The CICE amounted to €113,208 as of 31 December 2018, and was recognised in payroll expenses.

Note 4 Notes to the income statement

Breakdown of revenue by region

Voltalia SA invoices its various subsidiaries for amounts corresponding to the sale of goods and services related to the development, construction and operation of power plants and miscellaneous services. Voltalia may also charge third parties, for example, in connection with transfers of rights relating to power plant projects under development.

Figures expressed in euros	Change (in %)	Change (in €)	2017	2018
Metropolitan France	178%	27,404,387	15,384,501	42,788,888
Brazil	(96)%	(3,314,817)	3,450,711	135,894
Egypt	100%	1,318,574	-	1,318,574
French Guiana	4,279%	15,598,203	364,572	15,962,774
Senegal	100%	93,576	-	93,576
Portugal	270%	142,313	52,755	195,068
Total	214%	41,242,236	19,252,538	60,494,774

Other operating income

Figures expressed in euros	At 31/12/2017	At 31/12/2018
Production transferred to inventory	4,169,542	7,127,471
Capitalised production		1,271,578
Other miscellaneous management and operating subsidy income	9	110
Reversals on depreciation, amortisation and provisions, transfer of expenses	669,463	362,029
TOTAL	4,839,005	8,761,188

Production transferred to inventory totalling €7,127 thousand reflects the capitalisation of project development costs.

Capitalised production amounting to €1,271 thousand represents capitalised IT projects.

Reversals of provisions and expense transfers of €362 thousand comprise the following:

- reversals of provisions for impairment of receivables in the amount of €50 thousand;
- reversals of provisions for impairment of subsidiaries in the amount of €163 thousand;
- the transfers of expenses include reimbursements for claims as well as those associated with personnel (CPAM repayments, benefits in kind, training expenses) totalling €149 thousand.

Purchases and external expenses

Other purchases and external expenses mainly correspond to outsourcing costs related to project development, advertising costs, accountants' fees, auditors' fees, legal expenses and expenses related to personnel costs.

Other operating expenses

Other operating expenses amounting to €(15,439) thousand mainly include the following items:

• Taxes and duties	€(411)k
• Personnel costs	€(12,807)k
• Depreciation and amortisation of fixed assets	€(527)k
• Provisions for inventories and work in progress	€(750)k
• Provisions for risks and charges (1)	€(881)k
• Other expenses	€(63)k

(1) The provision for risks and charges was mainly the result of a supplement to retirement benefits of €(30) thousand and a provision for risks and charges for subsidiaries of €(850) thousand.

Financial result

The financial result in the amount of €11,718 thousand mainly consists of the following elements:

• Net interest income on current accounts	€8,901k
• Dividends received	€4,000k
• Net reversal on impairment of securities and current accounts	€107k
• Net reversal on provision for currency risk	€828k
• Interest on borrowings and bank interest	€(1,384)k
• Net expenses on foreign exchange transactions	€(734)k

Non-recurring income (expense)

The non-recurring income (expense) of €(1,118) thousand was mainly due to the net carrying amount of the fixtures and fittings removed from the former premises amounting to €(214) thousand, and a late-payment on a contract amounting to €(974) thousand.

Income tax

The tax mainly related to the withholding tax on transactions carried out abroad.

Net profit (loss)

The profit for the financial year was €2,463,798 compared to a loss of €(4,595,224) as of 31 December 2017.

Note 5 Other information

Actual workforce	At 31/12/2017	At 31/12/2018
Executive officers	10	10
Executives	62	98
Non-executives	21	16
Temporary employees		4
TOTAL	93	128

Average workforce	At 31/12/2017	At 31/12/2018
Executive officers	9.6	9.7
Executives	61.8	86.5
Non-executives	21	16.2
Temporary employees		4.2
TOTAL	92.4	116.6

Note 6 Off-balance sheet commitments

Figures expressed in euros	Asset (gross value)	Liability	Income statement
Operating and non-recurring income			60,720,618
Trade receivables and related accounts	23,004,871		
Operating and non-recurring expenses			(4,462,830)
Trade accounts payable and related accounts		3,452,236	
Deferred income		18,019,874	

Note 7 Off-balance sheet commitments

Commitments given relating to operating activities

In thousands of euros	At 31/12/2018
Commitments given by Valtalia to suppliers, in favour of its subsidiaries	49,113
Commitments given by Valtalia to customers, in favour of its subsidiaries	98,982
Guarantees relating to the decree ensuring the safety of installations classified for the protection of the environment (ICPE)	135
Commitments given relating to operating activities	148,229

This item mainly involves delivery, due execution, performance or payment guarantees.

The commitments given by Valtalia to its suppliers in the course of its activities are mainly payment guarantees granted under the terms of the supply contracts entered into by the subsidiaries.

The €98,763 thousand increase in commitments given by Voltalia to suppliers mainly derives from the start of construction of the new VSM 1 and VSM 2 projects in Brazil.

The commitments given by the Group to its customers mainly comprise guarantees, where the Group is the guarantor and backs the performance of the contractual commitments, made on the basis of research, design, development, construction, operation and maintenance contracts. These guarantees are generally granted for the duration of the contract in question, with a ceiling amount. They constitute the majority of the Group's commitments to its customers.

Voltalia issued guarantees in the amount of:

- €19,445 thousand in order to respond to calls for tenders in Mexico;
- €10,033 thousand as part of construction projects in the UK until September 2020.

Guarantees and commitments given in relation to project financing

As part of the implementation of project financing, Voltalia is required to give financial guarantees to its bank partners. As of 31 December 2018, these commitments amounted to €157,769 thousand (of which 90% are denominated in Brazilian real and relate to the Group's Brazilian activities).

Pledges

Pledge of all shares held in its French subsidiaries to a bank or banking pool until the financing received is repaid in full. The subsidiaries concerned are 3V Développement, 3L Energies, La Faye Energies, Parc Solaire du Castellet, Parc Eolien de Molinons, Parc solaire de Coco Banane (formerly Volta Guyane), Parc Solaire de Carrière des Plaines, Parc solaire de Canadel and Parc solaire de Castellet 2, Echauffour Energie, Parc Eolien de Sarry and Parc solaire de PAGAP.

Pledge of two loans, as part of €1,763 thousand in project financing for Unifergie, Natixis Energieco and Oséo Financements until the expiration of the finance lease contract of 3V Développement and 3L Energies.

Commitments received relating to operating activities

In thousands of euros	At 31/12/2017	At 31/12/2018
Commitments received by Voltalia from suppliers	49,194	4,918
Subsidies - commitments received	419	0
Commitments received relating to operating activities	49,613	4,918

The commitments received from suppliers are mainly performance/completion guarantees or even advance payments in favour of the Group under supply contracts concluded by subsidiaries with these suppliers.

Confirmed Corporate financing lines

As of December 2018, Voltalia SA had:

- €80,000 thousand in syndicated credit lines due in December 2022. This line has been drawn for €69,000 thousand;
- Three confirmed bilateral credit lines, out of which €40,000 thousand have been drawn.

In 2018, Voltalia's Corporate financing lines were increased by a cumulative amount of €27,000 thousand thanks to the signature of two short-term credit lines with Banco Do Brazil and Natixis in the form of a club deal.

These new confirmed lines of credit will finance the Group's continued development as well as the construction of new projects while awaiting long-term refinancing, e.g. as in the case of Brazil.

In February 2019, Voltalia SA took out new bilateral credit lines for a total amount of €42,000 thousand.

Note 8 Compensation and benefits paid to corporate officers

Note 8.1 Compensation paid to corporate officers of the Company during the last two financial years

Table 1: Summary of compensation, options and shares granted to each executive corporate officer

Executive corporate officer	2017 financial year (euros)	2018 financial year (euros)
Laurence Mulliez – Chairwoman of the Board of Directors		
Compensation for the financial year (1)	80,000	110.000
Valuation of multi-year variable compensation granted during the fiscal year	-	-
Valuation of options, BSPCEs and BSAs granted during the fiscal year	-	-
Valuation of free shares granted during the fiscal year	-	-
Sébastien Clerc – Chief Executive Officer		
Compensation for the financial year (1)	400.051	404.000
Valuation of multi-year variable compensation granted during the fiscal year	-	-
Valuation of options, BSPCEs and BSAs granted during the fiscal year	-	-
Valuation of free shares granted during the fiscal year	-	-

1) Detailed in table no. 2

Table 2: Summary of the compensation of each executive corporate officer

Executive corporate officer	2017 financial year		2018 financial year	
	Amounts payable (*) (euros)	Amounts paid (euros)	Amounts payable (*) (euros)	Amounts paid (euros)
Laurence Mulliez – Chairwoman of the Board of Directors				
Fixed compensation (1)	80,000	80,000	110.000	110.000
Annual variable compensation				
Multi-year variable compensation				
Exceptional compensation				
Attendance fees				
Benefits in kind				
Total	80,000	80,000	110,000	110,000
Sébastien Clerc – Chief Executive Officer				
Fixed compensation (2)	260.000	260.000	260.000	260.000
Annual variable compensation (3)	128.000	150,000	144.000	128.000
Multi-year variable compensation				
Exceptional compensation				
Attendance fees				
Benefits in kind (4)	12.051	12.051	13.060	12.051
Total	400.051	422.051	417.060	400.051

(*) attendance fees and variable compensation due for year N are paid during year N+1

1. Laurence Mulliez receives fixed compensation of €110,000 per year for her office of Chairman of the Board of Directors
2. Sébastien Clerc receives fixed compensation of €260 thousand per year for his office of Chief Executive Officer.
3. The annual variable compensation of Sébastien Clerc was approved by the Board of Directors on 18 March 2019, on the proposal of the Appointments and Compensation Committee and in accordance with the principles approved by the General Meeting of 24 May 2018. This variable compensation is subject to the achievement of qualitative targets (human resources management, integration of Martifer Solar, digitalisation of the company) and quantitative targets (operational performance of power plants, success in calls for tenders, development of the service activities) predetermined by the Company's Board of Directors. It is paid on or before 30 April of the following year. The achievement of the 2018 objectives was confirmed by the Board of Directors on 18 March 2019.
4. The benefits in kind for Sébastien Clerc correspond to unemployment insurance for company managers and executives (GSC).

Table 3: Attendance fees and other compensation received by non-executive corporate officers

Corporate officers	2017 financial year		2018 financial year	
	Amounts payable *	Amounts paid *	Amounts payable *	Amounts paid *
	(euros)	(euros)	(euros)	(euros)
André-Paul Leclercq - Director				
Attendance fees	26,563	15,875	23,180	26,563
Other compensation	-	-	-	-
Robert Dardanne (1) - Director				
Attendance fees	-	-	-	-
Other compensation	30,000	30,000	30,000	30,000
The Green Option (2) - Director				
Attendance fees	30,000	30,000	30,000	30,000
Other compensation	20,000	20,000	20,000	20,000
Creadev - Director				
Attendance fees	-	-	-	-
Other compensation	-	-	-	-
Solène Guéré - Director				
Attendance fees	2,650	N/A	4,920	2,650
Other compensation	-	N/A	-	-
Evelyne Tall (3) - Director				
Attendance fees	N/A	N/A	15,205	N/A
Other compensation	N/A	N/A	-	N/A
Total in euros	109,213	95,875	123,305	109,213

(*) Attendance fees payable for year N are paid in year N+1

(1) Robert Dardanne receives indirect compensation in his capacity as manager of FGD S.P.R.L. under the terms of a service agreement (see Section 4.9 of the Registration Document).

(2) Philippe Joubert receives indirect compensation in his capacity as manager of The Green Option under the terms of a service agreement between The Green Option and the Company (see Section 4.9 of the Registration Document).

(3) Evelyne Tall was appointed director of the Company on 24 May 2018. She receives compensation of €25,000.

Table 4: Company founder warrants (BSPCEs), stock warrants (BSAs) and stock options allocated to each executive corporate officer by the Company or any Group companies during the financial years ended 31 December 2017 and 2018

None.

Table 5: Company founder warrants (BSPCEs), stock warrants (BSAs) and stock options exercised by each executive corporate officer during the financial years ended 31 December 2017 and 2018

None.

Table 6: Free shares allocated to each corporate officer during the financial year

None.

Table 7: Free shares allocated to each corporate officer, now vested

None.

Note 8.2 Pensions and other benefits

There is no contract between the members of the Board of Directors and the Company or its subsidiaries providing for benefits or allowances due or likely to be due on the termination or change of functions within the Company or its subsidiaries, other than the unemployment insurance of the CEO and collective supplementary pension plans.

As part of the corporate officer's agreement that binds him to the company, Sébastien Clerc undertakes not to compete with the Company on conclusion of his term. In such an event he would benefit from a monthly allowance corresponding to his compensation during the period of non-competition, for a maximum period of six months. However, the Company has reserved the right to waive this clause.

Note 9 Dividend distribution policy

Voltalia plans to implement a distribution policy in line with its growth trajectory, financial profile and outlook.

Discussions with investors have suggested that the payment of a dividend is not a priority in a context of strong Company growth. Equally, although the Group is able to pay a dividend in 2019 in respect of the 2018 financial year, such a payment has been postponed in order to further increase the resources invested in the development of new power plants.

The Company has not distributed any dividends in the past three years.

Note 10 **Table of the last five financial years**

	At 31/12/2017	At 31/12/2016	At 31/12/2015	At 31/12/2014	At 31/12/2013
Financial position at year end					
Share capital	279,011,084	278,976,086	149,405,909	139,106,659	72,760,537
Number of shares issued	48,921,173	48,949,313	26,211,563	24,404,677	127,650,065
Total income from current operations					
Revenue excl. taxes	19,252,538	2,745,888	1,195,429	1,968,209	6,495,416
Earnings before taxes, depreciation and provisions	(5,348,187)	3,401,719	40,799	(2,264,523)	(2,369,043)
Income taxes					
Earnings after taxes, depreciation and provisions	(4,595,224)	3,502,850	(749,639)	(2,758,008)	(2,878,327)
Amount of profits distributed					
Earnings per share					
Earnings before taxes, depreciation and provisions	(0.11)	0.07	0	(0.09)	(0.02)
Earnings before taxes, depreciation and provisions	(0.09)	0.07	(0.03)	(0.11)	(0.02)
Dividends paid per share					
Personnel					
Number of employees	92	58	47	34	27
Total payroll	6,921,448	4,414,210	3,431,389	2,321,007	2,295,623
Amount paid in employee benefits	3,119,855	1,942,578	1,525,503	1,060,905	977,519

7.4 Statutory Auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the annual general meeting of Voltalia Company,

Opinion

In compliance with the engagement entrusted to us by your company's general meeting, we have audited the accompanying annual financial statements of Voltalia for the financial year ended December 31, 2018.

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 December 31, 2018, 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 Auditor's Responsibilities for the audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2017 to the date of our report 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 our assessments – Key audit matters

In accordance with the requirements of articles L823-9 and R823-7 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 the risks of material misstatements that, in our professional judgement, 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.

Investments in subsidiaries and associated receivables

Note 2 “Accounting rules and methods - Equity investments and other financial assets” and 3 “Notes to the balance sheet - Fixed financial assets” to the 2018 parent company financial statements

Key audit matter

As at December 31, 2018 Voltalia SA's investments in subsidiaries had a carrying amount of €321,477 thousand (2017: €266,066 thousand) and the associated receivables, a carrying amount of €76,023 thousand (2017: €66,342 thousand). In aggregate, they thus represented 75% of Voltalia S.A.'s total assets.

The company's investments in subsidiaries are recognised for a gross amount reflecting their cost of acquisition net of transaction costs; impairment is subsequently charged with any excess of their carrying amount over value in use.

Value in use is estimated by management, depending on the subsidiary's nature and position, on the basis of the company's share of the subsidiary's net assets or on a discounted cash flow basis reflecting the company's historical, current and future market conditions as per its historical data and strategic forecasts.

The valuation of the company's investments in subsidiaries and associated receivables is regarded as a key audit matter given the inherent uncertainties and in particular, the likelihood of achieving the forecasts included in the fair value measurement

Our audit response

Our procedures involved:

- Comparing the data used for the company's impairment testing of investments in subsidiaries with the entities' source data. In particular, based on the approach used by the group for the valuation we:
 - for approaches based on the share in net equity: compared the carrying amounts of investments in subsidiaries with the entities' net assets;

- for approaches based on the discounted cash flows: assessed the consistency of management's cash flow forecasts for each subsidiary.
- Assessing the recoverability of the receivables associated with the investments in subsidiaries in terms of the overall analysis of the applicable investments;
- Assessing the consistency of the economic assumptions retained with assistance from our specialists;
- Assessing the appropriateness of the additional disclosures on investments in subsidiaries and associated receivables included in the notes 2 and 3 to the company's annual financial statements.

Inventories and work in progress

Note 2 "Accounting rules and methods - Inventories and work in progress" and 3 "Notes to the balance sheet - Current assets under construction" to the 2018 parent company financial statements

Key audit matter

As at December 31, 2018 Voltalia SA's inventories and work in progress had a carrying amount of €20,858 thousand (2017: €14,480 thousand). Production work in progress represented the costs capitalised for generating plants under development, assuming compliance with an exhaustive list of criteria for capitalisation.

The recoverable amount of a development project is defined as the higher of the asset's fair value and value in use. Value in use is based on discounted cash flow analysis of the plant and implies significant exercise of judgement by management in respect of items such as climatic conditions, inflation and operating and investment costs for each development project.

We considered the valuation of inventories and work in progress as a key audit matter given the complexity of the economic models used for the valuation of power plants under development and their sensitivity to the underlying data and assumptions retained by management.

Our audit response

We assessed the achievement of the criteria for capitalisation of development costs, notably in interviewing management on the basis of the Group's work in progress file, in vouching the amounts booked to supporting documentation, and in reviewing the profitability forecasts of the projects.

We verified the bases of determination and consistency of the calculation of internal unit costs.

We verified, on a sample basis, the reality and completeness of the recording of internal costs (including the file of internal time spent on each project) and external costs (commitments towards third party suppliers or service providers).

We had support from our specialists to assess the consistency of the discount rates retained by management.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the other specific verifications required by French law.

Information given in the management report and in the other documents provided to Shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to Shareholders with respect to the financial position and the financial statements.

As required by law, we inform you that the information on payments deadlines specified in Article D.441-4 of the French commercial code (*Code de commerce*) are not presented in the management report. As a consequence, we cannot attest their sincerity and consistency with the financial statements.

Information relating to corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to 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.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have verified their compliance with the source documents communicated to us. Based on our work, we have no observation to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the 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 Voltalia Company by the general meeting held on November 9, 2011 for Mazars and on June 13, 2014 for H3P Real Assets.

As at December 31, 2018, Mazars was in its eighth seventh year of total uninterrupted engagement and H3P Real Assets in its fifth year of total uninterrupted engagement, including five years for both firms since securities of the Company were admitted to trading on a regulated market, respectively.

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 financial statements were approved by the Board of Directors.

Statutory Auditors Responsibilities for the Audit of 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 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.

Levallois Perret and Paris La Défense, March 28, 2019

The statutory auditors

H3P REAL ASSETS

ERIC HINDERER

MAZARS

JULIETTE DECOUX

8. INFORMATION ON THE COMPANY AND THE CAPITAL

8.1 Share capital

At 31 December 2018, the capital of the Company totalled €279,177,193.50. It is divided into 48,978,455 fully paid-up shares, each with a nominal value of €5.70.

8.2 Major shareholders

The table below shows the shareholding structure of the Company as of 28 February 2019:

Shareholder	Number of shares	% of capital	Number of theoretical voting rights ⁽¹⁾	% of theoretical voting rights	Number of voting rights exercisable at the General Meeting ⁽²⁾	% of voting rights exercisable at the General Meeting
Voltalia Investissement	35,570,497	72.62%	70,072,886	83.84%	70,072,886	83.93%
Subtotal other shareholders holding more than 5% of the capital	-	-	-	-	-	-
Treasury shares	82,974	0.17%	82,974	0.10%	-	-
Free float	13,324,984	27.21%	13,419,783	16.06%	13,419,783	16.07%
Total	48,978,455	100%	83,575,643	100%	83,492,669	100%

(1) A double voting right is granted to all fully-paid shares which can be demonstrated to have been registered in the name of the same shareholder for at least two consecutive years.

(2) Number of theoretical voting rights, less the voting rights attached to the 28,480 treasury shares held under the terms of a liquidity contract.

To the best knowledge of the Company, there is no action in concert between shareholders.

To the best knowledge of the Company, no other shareholder, directly or indirectly, alone or in concert, holds more than 5% of the share capital and voting rights.

8.3 Share capital history

The Company was registered with the Trade and Companies Registry on 28 November 2005, with an initial share capital of €37,000.

At the date of the Registration Document the share capital of the Company totals €279,177,193.50, composed of 48,978,455 shares with a par value of €5.70 each.

The following table presents a summary of the change in the share capital over the last three financial years:

Date	Type of transaction	Amount of share capital increase	Amount of increase in issue premium	Number of shares issued	Number of shares comprising the share capital	Nominal value	Share capital
02-08-16	Exercise of stock warrants by Kepler Cheuvreux	€45,600	€28,000	8.000	26.219.563	€5.70	€149,451,509.1
08-11-16	Capital increase through the free allocation of stock warrants	€129,524,577	€39,993,553.6	22.723.610	48.943.173	€5.70	€278,976,086.1
02-02-18 ⁽¹⁾	Capital increase by exercise of stock options	€34,998	€16,455.2	6.140	48.949.313	€5.70	€279,011,084.1
30-06-18	Capital increase by exercise of stock options	€52,554	€24,709.6	9,220	48,958,533	€5.70	€279,063,638.1
31-12-18 ⁽²⁾	Capital increase resulting from the vesting of free shares	€113,555.4	-	19,922	48,978,455	€5.70	€279,177,193.50

(1) The €34,998 capital increase was recorded before 31/12/2017 and recognised at the meeting of the Board of Directors of 2 February 2018.

(2) Allocated by the Board of 25 July 2014 (Free share allocation 2014)

Change in shareholder structure and voting rights over the last three financial years

The following tables show the change in the share capital and voting rights of the Company for the last three financial years:

Changes in shareholder structure

Shareholder	31-12-16	31-12-17	31-12-18
Voltalia Investissement (1)	70.49%	72.48%	72.62%
Korys Investment (2)	5.04%	-	-
Subtotal other shareholders holding more than 5% of the capital	0.00%	0.00%	0.00%
Subtotal other shareholders holding less than 5% of the capital	24.46%	27.52%	27.38%
Total	100%	100%	100%

(1) Voltalia Investissement, a company governed under French law, is owned by investment holding companies controlled by the Mulliez family.

(2) Korys Investments (formerly DHAM), a Belgian company, is controlled by the investment company Korys NV.

Changes in the distribution of voting rights

Shareholder	31-12-16	31-12-17	31-12-18
Voltalia Investissement	79.32%	79.43%	83.84%
Korys Investment	3.93%	-	-
Subtotal other shareholders holding more than 5% of the capital	0.00%	0.00%	0.00%
Subtotal other shareholders holding less than 5% of the capital	16.75%	20.57%	16.16%
Total	100%	100%	100%

During the financial year ended 31 December 2018, the Company received the following notifications regarding the crossing of thresholds:

None

The Company has received no further notifications of the crossing of thresholds from 31 December 2018 until the date of this Registration Document.

8.4 Major shareholders not represented on the Board of Directors

At the date of the Registration Document the company Voltalia Investissement held more than 5% of the capital of the Company and was not represented on the Board of Directors, it being specified, however, that the company Creadev, a director, controls Voltalia Investissement.

8.5 Control of the Company

As of 31 December 2018, Voltalia Investissement (a French *société anonyme* 98.20%-owned by investment holding companies of the MULLIEZ family) held 72.62% of the share capital and 83.84% of the theoretical voting rights of the Company.

Changes in the shareholder structure of Voltalia Investissement

Shareholder	31-12-16	31-12-17	31-12-18
Creadev SA	98.64%	98.44%	98.20%
Subtotal Mulliez Family	98.64%	98.44%	98.20%
Robert Dardanne	0.88%	0.85%	0.85%
SOPARVOLTALIA	0.48%	0.47%	0.47%
Sébastien Clerc	-	0.24%	0.48%
Total	100%	100%	100%

The following measures have been put in place to protect the Company from any risk of control being exercised in an abusive manner:

- the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer, and
- the presence of three independent directors on the Board of Directors, one of whom is on the Audit Committee.

8.6 Agreements which could result in change of control

To the best of the Company's knowledge, there is no agreement whose implementation could result in a change of control of the Company or action in concert between the shareholders of the Company

8.7 Factors likely to have an impact in the event of a public offer

8.7.1 Structure of the capital of the Company

See Section 8.2 of the Registration Document.

8.7.2 Statutory restrictions on the exercise of voting rights and transfers of shares or the clauses of agreements brought to the knowledge of the Company in application of Article L. 233-11 of the French Commercial Code

None.

8.7.3 Direct or indirect investments in the capital of the Company of which it has knowledge by virtue of Articles L. 233-7 and L. 233-12 of the French Commercial Code

See Sections 8.2 and 8.5 of the Registration Document.

8.7.4 List of holders of any security having special rights of control and a description of those rights

The Company has no knowledge of the existence of any special rights of control.

8.7.5 Mechanisms of control specified in an employee shareholder system, when the rights of control are not exercised by the employees

The Company has not put in place an employee shareholder system that could contain mechanisms of control when the rights of control are not exercised by the employees.

8.7.6 Agreements between shareholders of which the Company has knowledge that can lead to restrictions in the transfer of shares and exercise of voting rights

None.

8.7.7 Rules applicable to the appointment or replacement of the members of the Board of Directors as well as to the amendments of the Articles of Association

The rules applicable in this matter are statutory and legally compliant.

8.7.8 Powers of the Board of Directors, in particular concerning share issues or buybacks

The Combined General Meeting of the Company held on 24 May 2018, authorised the Board of Directors, for a term of 18 months from the General Meeting, to implement a share buyback programme on Company shares pursuant to Article L. 225-209 of the French Commercial Code and in compliance with the General Regulation of the French Financial Markets Authority (AMF) (in this regard, see Section 8.9 of the Registration Document).

8.7.9 Agreements entered into by the Company that are amended or that end in the case of a change of control of the Company

The Group has taken out several finance contracts to finance its business. One of these has an early repayment clause in the event of a change in Company control.

8.7.10 Agreements specifying payments for the members of the Board of Directors or employees, if they resign or are laid off without real or serious cause, or if their employment ends due to a public offering

To the best of the Company's knowledge, there are no agreements stipulating indemnities for members of the Board of Directors or employees if they resign or are terminated without real or serious cause or their employment ends due to a takeover bid or public exchange offer.

8.8 Non-equity securities

None.

8.9 Acquisition by the Company of its own shares

The Company's Combined General Meeting, held on 24 May 2018, authorised the Board of Directors, for a period of 18 months from the General Meeting, to implement a share buyback programme on Company shares pursuant to Article L. 225-209 of the French Commercial Code and in compliance with the General Regulation of the AMF, under the terms and conditions stated below.

Maximum number of shares that can be purchased: 10% of the share capital as of the share buyback date. Where shares are acquired in order to promote trading and liquidity, the number of shares taken into account for calculating the 10% limit shall correspond to the number of shares purchased minus the number of shares resold during the term of the authorisation.

Objectives of share buybacks:

- to maintain a liquid market in the Company's shares through a liquidity agreement with an investment services provider, in accordance with a code of ethics recognised by the AMF;
- to honour obligations related to share purchase option programmes, free share allocation programmes, employee savings schemes or other allocations of shares to Company employees and managers or those of related companies;
- to issue shares on the exercise of rights attached to securities giving access to the capital;
- to purchase shares for retention and subsequent use in exchange or as payment for any external growth transactions; or
- to cancel all or part of the repurchased shares;

Maximum purchase price: €25 per share, excluding fees and commissions and any adjustments to take account of transactions concerning the capital.

It is stipulated that the number of shares acquired by the Company to be retained and subsequently delivered in payment or exchange in connection with a merger, demerger or contribution may not exceed 5% of the share capital.

Maximum amount of funds that may be allocated to purchase shares: €15 million.

Repurchased shares may be cancelled.

As part of the aforementioned share buyback programme, the Company tasked Invest Securities with the establishment of a liquidity contract compatible with the Company's trading and liquidity objectives.

During the financial year ended 31 December 2018, the following assets were included in the liquidity account of the share buyback programme with Invest Securities:

- 64,597 Company shares (representing 0.1% of its share capital) with a nominal value of €5.70 per share and a total book value of €549,074.50 valued at the share purchase price; and
- €32,659.90.

These shares were purchased at an average price of €8.8617. During the financial year ended 31 December 2018, 105,741 shares were purchased and 69,783 shares were sold under the terms of this liquidity contract. The average purchase price was €9.14 and the average sale price was €9.68. These shares were not reallocated for any other purposes.

Also in the context of the aforementioned share buyback programme, and as of 18 December 2018, Voltalia has entrusted Natixis with the share buyback mandate intended to cover most of the 2016 and 2018 performance share plans. As part of this mandate, Natixis repurchased 5,542 Company shares at 31 December 2018 at an average purchase price of €7.75.

8.10 Securities conferring a right to a share of the capital

A summary of the securities conferring a right to a share of the capital is available in Note 13.5 "Dilutive instruments" of Chapter 6 "Group Consolidated financial statements" of this Registration Document.

8.11 Summary of dilutive instruments

On the date of the Registration Document, the total number of ordinary shares that may be created through the full exercise of all rights convertible into shares of the Company amounts to 346,275 shares, representing a maximum dilution of 0.71% based on the existing capital. The dilution of voting rights itself stands at 0.41% on the basis of theoretical voting rights as well as on the basis of exercisable voting rights.

8.12 Authorised capital

The resolutions approved by the Extraordinary General Meeting of 24 May 2018 are summarised below:

Subject of the resolutions adopted by the General Meeting of the Company on 24 May 2018	Resolution number	Duration and expiration of the authorisation	Maximum nominal amount (in euros)	Price calculation methods	Date and conditions of use by the Board of Directors during the past financial year
Delegation of authority to be granted to the Board of Directors to increase the capital immediately or in the future by issuing ordinary shares and/or any transferable securities, with preferential subscription rights of the shareholders	Nineteenth resolution	24-07-20 (26 months)	240,000,000 (1)	- _____	The Board of Directors did not make use of this delegation during the past financial year
Delegation of authority granted to the Board of Directors to immediately (or in the future) increase the capital by issuing ordinary shares and/or transferable securities, without preferential subscription rights of the	Twentieth resolution	24-07-20 (26 months)	240,000,000 (1)	(2) _____	The Board of Directors did not make use of this delegation during the past financial year

shareholders by way of public offering

Delegation of authority granted to the Board of Directors to increase the capital by issuing ordinary shares and/or transferable securities, without preferential subscription rights of the shareholders to be issued as part of an offering to qualified investors or a limited number of investors as described in part II of Article L. 411-2 of the French Monetary and Financial Code	Twenty-first resolution	24-07-20	160,000,000 (1) within a limit of 20% of the share capital per 12-month period	(2)	The Board of Directors did not make use of this delegation during the past financial year
		(26 months)			
Delegation of authority granted to the Board of Directors for the purpose of increasing the share capital through the issue of ordinary shares or securities without preferential subscription rights for shareholders for the benefit of a class of persons within the framework of an equity financing facility	Twenty-fourth resolution	24-11-19	160,000,000 (1)	(3)	The Board of Directors did not make use of this delegation during the past financial year
		(18 months)			
Delegation of authority granted to the Board of Directors to increase the number of shares to be issued in case of a capital increase with or without	Twenty-third resolution	24-07-20	within a limit of 15% of the initial issue (1) (4)	Same price as initial issue	The Board of Directors did not make use of this delegation during the past financial year
		(26 months)			

preferential subscription rights					
Delegation of authority granted to the Board of Directors to issue ordinary shares and securities convertible into shares of the Company, in case of public offer with an exchange component initiated by the Company	Twenty-fifth resolution	24-07-20	240,000,000 ⁽¹⁾	-	The Board of Directors did not make use of this delegation during the past financial year
		(26 months)			
Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or any transferable securities, up to a maximum of 10% of the capital, to remunerate in-kind contributions of equity securities or securities giving access to third-party capital outside of a public exchange offering	Twenty-sixth resolution	24-07-20	160,000,000 within a limit of 10% of the share capital as it stood on the date of the transaction under consideration ⁽¹⁾	-	The Board of Directors did not make use of this delegation during the past financial year
		(26 months)			
Delegation of authority granted to the Board of Directors in order to increase the share capital by capitalising premiums, reserves, earnings or other accounting items	Twenty-eighth resolution	24-07-20	2,000,000	-	The Board of Directors did not make use of this delegation during the past financial year
		(26 months)			

Delegation of authority granted to the Board of Directors to issue and allocate stock warrants in favour of (i) members and non-voting directors of the Board of Directors of the Company, who, on the grant date, are not a employees or managers of the Company or one of its subsidiaries or (ii) members of any committee that the Board of Directors has or would set up without the status of employees or managers of the Company or one of its subsidiaries or (iii) natural or legal persons linked to the Company or one of its subsidiaries through a services or consulting contract	Twenty-ninth resolution	24-11-21	500,000 share subscription warrants giving rights to the issue of 500,000 shares with a nominal value of €5.70 each	(5)and (6)	The Board of Directors did not make use of this delegation during the past financial year
		(18 months)			
Delegation of authority granted to the Board of Directors to issue stock and/or redeemable equity warrants (BSAARs) or stock warrants (BSAs), without preferential subscription rights, in favour of the following class of beneficiaries: employees and corporate officers of the Company and its subsidiaries	Thirtieth resolution	24-11-19	€2,850,000 corresponding to the issue of a maximum of 500, 000 shares with a par value of €5.70 each	-	The Board of Directors did not make use of this delegation during the past financial year
		(18 months)			

Delegation of authority to be granted to the Board of Directors with a view to increasing the share capital by issuing shares and securities giving access to the Company's capital to the employees who belong to the group savings plan	Thirty-first resolution	24-11-19 (18 months)	8,369,283	(7)	The Board of Directors did not make use of this delegation during the past financial year
Authorisation granted to the Board of Directors to repurchase by the Company of its own shares	Fourteenth resolution	24-11-19 (18 months)	10% of the share capital	(8)	The Board of Directors repurchased its shares as part of the liquidity contract concluded with
Authorisation granted to the Board of Directors to reduce the share capital by cancelling shares under the authorisation to repurchase its own shares	Eighteenth resolution	24-11-19 (18 months)	10% of the share capital per twenty-four (24)-month period	(8)	The Board of Directors did not make use of this authorisation during the past financial year
Authorisation granted to the Board of Directors, in the event of the issue of ordinary shares and/or securities, without shareholders' preferential subscription right, to set the issue price	Twenty-second resolution	24-07-20 (26 months)	within a limit of 10% of the share capital as it stood on the date of the transaction under consideration	(9)	The Board of Directors did not make use of this authorisation during the past financial year
(1) The maximum aggregate nominal amount of the capital increases that may be carried out pursuant to the delegations conferred by the twenty-sixth resolution, the twenty-seventh resolution, the nineteenth resolution, the twentieth resolution, the twenty-first resolution, the twenty-third resolution, the twenty-fourth resolution, the twenty-fifth resolution, the twenty-sixth resolution and the thirty-first resolution above adopted by the general meeting of shareholders of the Company is set at €350,000,000, it being specified that to this ceiling will be added the additional amount of the shares to be issued to preserve, in accordance with the legal or regulatory provisions and, where necessary, the applicable contractual stipulations, the rights of the holders of securities and other rights giving access to shares. (2) the issue price of the shares will be at least equal to the volume-weighted average market price of the last three trading sessions preceding its setting, reduced, where applicable, by the discount allowed by law (currently 5%), corrected in the event of a difference in the vesting date, it being specified that the issue price of the securities giving access to the capital shall be such that the amount received immediately by the Company, plus, where applicable, the amount likely to be subsequently received by it, is, for each share issued as a result of the issue of such securities, at least equal to the issue price defined above. (3) the issue price of the shares will be at least equal to the volume-weighted average market price of the last three trading sessions preceding its setting, reduced, where applicable, by a maximum discount of 20%, taking into account, if necessary, their vesting date; it being specified that the issue price of the securities giving access to the capital shall be such that the amount received immediately by the Company, where applicable, plus the amount likely to be received by it when said securities are exercised or converted, is, for each share issued as a result of the issue of such securities, at least equal to the aforementioned amount. (4) 15% or any other fraction determined by the regulations in force. (5) the issue price of a stock warrant will be determined by the Board of Directors on the issuance date of said stock warrant based on the characteristics of the latter and will be at least equal to 5% of the volume-weighted average market price of the last five (5) trading sessions on the Euronext Paris regulated market preceding the allocation date of the said stock warrant by the Board.					

- (6) the subscription price of one ordinary share of the Company upon the exercise of a stock warrant, which will be determined by the Board of Directors at the time of allocation of the stock warrant, must be at least equal to the average quoted price of the twenty trading sessions preceding the day of the Board's decision to allocate the stock option.
- (7) the issue price of new shares or securities giving access to the capital will be determined by the Board of Directors under the conditions set out in Article L. 3332-19 of the French Labour Code and may not be higher than the average quoted prices of the twenty trading sessions preceding the day of the decision of the Board of Directors setting the opening date of the subscription nor more than 20% lower than this average or 30% when the vesting period provided for by the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the French Labour Code is greater than or equal to ten years.
- (8) the maximum unit purchase price per share (excluding fees and commissions) is set at €25, with an overall ceiling of €15 million, it being specified that this purchase price will be subject to adjustments if necessary to take account of capital transactions (particularly in the event of the incorporation of reserves and the free allocation of shares, or of the division or consolidation of shares) during the period of validity of this authorisation.
- (9) Within a limit of 10% of the Company's capital (as at the date of the transaction) per 12-month period, to derogate from the price-setting conditions provided for in the above-mentioned resolutions and to set the issue price of ordinary shares and/or securities giving immediate or future access to the issued capital, as follows:
- the issue price of the ordinary shares will be at least equal to the weighted average price of the last three trading sessions preceding its setting, if applicable reduced by a maximum discount of 20%, it being recalled that under no circumstances can it be less than the nominal value of a Company share on the issuance date of the shares concerned; and
 - the issue price of the securities giving access to the capital shall be such that the amount received immediately by the Company, plus, where applicable, the amount that may subsequently be received by it, is, for each share issued as a result of the issue of such securities, at least equal to the issue price defined in the paragraph above.

At the date of the Registration Document, the issuance resolutions approved by the Extraordinary General Meeting of 12 May 2016 and still valid, are summarised below:

Subject of the resolutions adopted by the General Meeting of the Company on 12 May 2016	Resolution number	Duration and expiration of the authorisation	Maximum nominal amount (in euros)	Price calculation method	Date and conditions of use by the Board of Directors during the past financial year
Authorisation given to the Board of Directors to grant stock options or share purchase options of the Company	Twenty-third resolution	12-07-19 (38 months)	4,560,000 corresponding to the issue of a maximum number of 800,000 shares with a par value of €5.70 each ⁽¹⁾	(2)	The Board of Directors did not make use of this authorisation during the past financial year
during the past financial year Authorisation given to the Board of Directors to make bonus allocations of existing or new shares	Twenty-fourth resolution	12-07-19 (38 months)	6,840,000 corresponding to the issue of a maximum number of 1,200,000 shares with a par value of €5.70 each, up to a maximum of 10% of the share capital of the Company ⁽¹⁾	-	The Board of Directors made use of this authorisation on 26 September 2018 by allocating a total of 100,869 free shares to certain Company employees.

1. The sum (i) of the shares that may be issued or acquired upon exercise of the options allocated under the twenty-third resolution above, and (ii) the free shares that may be allocated under the twenty-fourth resolution above, cannot exceed 1,500,000 shares with a par value of €5.70 per share, it being understood that to this ceiling will be added the additional amount of shares to be issued in order to maintain, in accordance with applicable contractual provisions, the rights of holders of securities and other rights giving entitlement to shares.
2. The purchase or subscription price per share will be set by the Board of Directors on the day the option is granted within the limits set by law and this resolution, and may not be less than ninety-five percent (95%) of the average quoted price over the twenty trading days preceding the day of the Board of Directors' decision to award the options, rounded down to the next euro, or, in the case of purchase options, 80% of the average purchase price of treasury shares held by the Company, rounded down to the next euro.

8.13 Information on the capital of any member of the Group that is subject to an option or a conditional or unconditional agreement specifying to place it under option

To the best knowledge of the Company, there is no option to buy or sell or other commitments in favour of shareholders of the Company or made by them involving shares of the Company.

8.14 Memorandum and articles of association

8.14.1 Company purpose

In accordance with Article 3 of its Articles of Association, the purpose of the Company in France and all other countries is:

- all operations relating to energy in the broadest sense and including, but without being limited to, the acquisition and sale and the promotion/construction/operation of wind farms, biomass plants, hydropower stations and any power plants that use renewable energies;
- all transactions in the acquisition, sale and promotion/construction/operation of plants that process, treat, recover and dispose of waste, whether or not associated with the production of energy;
- the production, trading or transactions of any kind relating to energy in the broadest sense of the term, to the treatment of waste and, more generally, all activities related to the environment;
- all operations involving the study, design, development, construction, implementation and execution, direct or indirect operation, maintenance and training, and all consulting services provided for third parties;
- all transactions relating to acquiring direct or indirect interests in any form whatsoever in any French or foreign companies as well as the administration, management and development of such investments and related interventions;
- any use of funds for the creation, management or realising the value of a portfolio that may consist of equity securities of any company, of patents, of licenses of any type, and of securities available to the Company by way of sale or assignment, contribution or option-taking and any other legally admissible means;
- all the above whether directly or indirectly on its own account or on behalf of third parties, and more generally all transactions of any nature whatsoever, whether economic, legal, financial, civil or commercial, which may be related directly or indirectly to this corporate purpose or to all similar, related or complementary purposes.

8.14.2 Provisions under the Articles of Association and other stipulations relating to members of administrative and management bodies

Board of Directors (Articles 11, 12 and 13 of the Articles of Association)

Composition

The Company is managed by a Board composed of natural or legal persons whose number is set within the limits of the law.

Any legal person shall, upon appointment, designate a natural person as permanent representative to the Board. The term of office of the permanent representative shall be the same as that of the legal person represented as director. Should the legal person dismiss its permanent representative, it must immediately provide a replacement. The same applies in the event of the death or resignation of the permanent representative.

Directors are appointed for three-year terms. The term of a director shall end at the close of the Ordinary General Shareholders' Meeting called to approve the previous year's financial statements and held in the year during which the appointment expires.

Directors may be re-elected indefinitely; their appointment may be revoked at any time by the General Shareholders' Meeting.

In the event of a vacancy caused by the death or resignation of one or more directors, the Board of Directors may make appointments on a provisional basis between two General Meetings.

Appointments made by the Board of Directors under the previous paragraph are subject to approval by the next Ordinary General Meeting.

If such appointments are not approved, the deliberations and acts previously carried out by the Board shall nevertheless remain valid.

When the number of directors falls below the legal minimum, the remaining directors must immediately convene the Ordinary General Meeting in order to complement the number of directors.

A Company employee may be appointed director. His/her employment contract must, however, correspond to an actual job. In such cases he/she will retain the benefit of their employment contract.

The number of directors who are tied to the Company by an employment contract may not exceed one third of the directors in office.

The number of directors who are over 70 years of age may not exceed one third of the directors in office. When this limit is exceeded during a term, the oldest director shall be deemed to have resigned from office after the next General Shareholders' Meeting.

Chairman

The Board of Directors shall elect from among its members a chairman, who must be a natural person. It determines his/her term of office, which may not exceed their term as director, and may revoke it at any time. The Board determines any compensation.

The Chairman organises and directs the work of the Board, on which he/she shall report to the General Meeting. He/she ensures the smooth functioning of the Company's management and governance bodies and notably ensures that the directors are able to fulfil their responsibilities.

The Chairman of the Board may not be more than 70 years of age. If the Chairman reaches this age limit during their term as Chairman, they will be deemed to have resigned. However, their term of office shall extend to the next meeting of the Board of Directors, during which a successor will be appointed. Subject to this provision, the Chairman may be re-elected indefinitely.

Observers

The Board of Directors may at any time appoint one or more observers (up to a maximum of three) who may be natural or legal persons and are chosen from outside the members of the Board of Directors.

Observers are appointed for a maximum of three years. The term of observers shall end on conclusion of the Ordinary Annual General Meeting called to approve the previous year's financial statements and held in the year during which their appointments expire. They are eligible for re-election and may be removed from office at any time by decision of the Board of Directors.

Observers are not corporate officers. They may make any observations they deem to be necessary during meetings of the Board of Directors. They are at the disposal of Board and its Chairman to provide their opinions on matters of all types submitted to them, including technical, commercial, administrative or financial matters.

The observers' role is solely advisory and they do not vote at meetings of the Board of Directors, which they are invited to attend, in accordance with applicable regulations and, where applicable, the rules of procedure of the Board of Directors and/or any other agreement adopted by its members. Their interventions are limited to a purely consultative role. They may not intervene in the management of the Company. Their opinions are not binding on the directors or senior management, who are free to determine the course of action to take. They may not, therefore, be entrusted with any management, supervision or control duties and may not, under any circumstances, replace the Company's statutory bodies or functions (Board of Directors, Chairman, senior managers or Statutory Auditors). The observers may be tasked with examining issues submitted by the Board of Directors or Chairman and reporting thereon.

Directors have the option of remunerating observers by passing on part of the attendance fees allocated to them by the General Meeting. Observers may obtain reimbursement from the Company for expenses incurred during the performance of their mission against production of receipts.

Meetings of the Board of Directors

The Board of Directors meets as frequently as warranted by the interests of the Company.

Directors are called to meetings of the Board of Directors by the Chairman. The meeting may be convened by any means, whether in writing or orally.

The Chief Executive Officer may also demand a meeting to be called by the Chairman to discuss a particular agenda.

Where a works council has been established, its representatives, appointed in accordance with the provisions of the French Labour Code, shall be invited to all meetings of the Board of Directors.

The meetings of the Board are held at the registered office or at any other place in France or abroad.

For the decisions of the Board to be valid, the number of members present must be at least half the members.

Decisions of the Board shall be taken by majority vote; in the event of a tie, the Chairman shall have the casting vote.

A rule of procedure may be adopted by the Board of Directors that directors participating in a Board meeting by video conference or other telecommunications system that complies with regulations will be considered present for the purposes of quorum and majority. This provision is not applicable to the adoption of decisions referred to in Articles L. 232-1 and L. 233-16 of the French Commercial Code.

Each director receives the information necessary for the accomplishment of his/her mission and mandate, and may request any documents deemed to be useful.

Any director may, even by letter, telegram, telex or facsimile, authorise another director to represent him/her at a Board meeting, but each director may only have one proxy during a given meeting.

Copies or extracts of the deliberations of the Board may be validly certified by the Chairman, the CEO, a director acting as Chairman or any person duly authorised to this effect.

Powers of the Board of Directors

The Board of Directors shall determine the strategy of the Company and oversee its implementation. Subject to the powers expressly conferred to shareholders' meetings and within the limit of the Company purpose, it shall deal with any issue affecting the Company's efficient operation and make business decisions within its remit.

In dealing with third parties, the Company is bound by acts of the Board of Directors that fall outside the Company purpose, unless it is able to prove that the third party knew that the act exceeded the said purpose or could not have been unaware thereof given the circumstances; the mere publication of the Articles of Association is not sufficient to constitute such proof.

The Board of Directors shall undertake any controls and verifications that it considers appropriate.

In addition, the Board of Directors shall exercise the special powers conferred upon it by law.

Management (extracts from Article 14 of the Articles of Association)

Conditions of exercise

The Company shall be managed either under the authority of the Chairman of the Board of Directors or of another individual appointed by the Board of Directors and having the title of Chief Executive Officer.

The CEO may not be more than 70 years of age. If the CEO reaches this age limit, he/she will be deemed to have resigned. However, his/her term of office shall extend to the next meeting of the Board of Directors, during which the new CEO will be appointed.

When the CEO is also a director, his/her term of office may not exceed their term as director.

The Board of Directors may dismiss the CEO at any time. The CEO may be entitled to damages if he/she is dismissed without just cause, except when the CEO assumes the functions of Chairman of the Board of Directors.

On deliberation by a majority vote of the directors present or represented, the Board of Directors chooses between the two methods of exercising general management. Shareholders and third parties shall be notified of the Board's decision in accordance with the applicable statutory and regulatory conditions.

The choice of the Board of Directors remains in force until otherwise determined by the Board or, at the option of the Board, for the term of office of the CEO.

If the general management of the Company is assumed by the Chairman of the Board of Directors, the provisions applicable to the CEO shall apply to the Chairman.

Pursuant to the provisions of Article 706-43 of the French Code of Criminal Procedure, the CEO may validly delegate to any person of their choice the power to represent the Company in the context of any criminal proceedings that may be instigated against it.

Powers of the Chief Executive Officer

The Chief Executive Officer is vested with the broadest powers to act in the Company's name in all circumstances. The CEO exercises these powers within the limits of the corporate purpose and to the exclusion of those matters which are expressly reserved by law to the shareholders at Shareholders' Meetings or to the Board of Directors.

The CEO shall represent the Company in its dealings with third parties. The Company is bound by acts undertaken by the CEO that fall outside of the corporate purpose, unless it proves that the third party knew that the act went beyond this purpose or could not have been unaware thereof given the circumstances; the mere publication of the Articles of Association are not sufficient to constitute such proof.

On the date of the Registration Document, Sébastien Clerc is the Company's CEO as a result of the renewal of his term of office by the Board of Directors of 12 May 2016.

Deputy Chief Executive Officers (extracts of Article 14 of the Articles of Association)

On the proposal of the CEO, the Board of Directors may appoint one or more natural persons to assist the CEO as Deputy CEO.

In agreement with the CEO, the Board of Directors determines the extent and duration of the powers delegated to any Deputy CEO. The Board of Directors shall determine any compensation of the Deputy CEOs. When a deputy CEO is also a director, their term of office may not exceed their term as a director.

With respect to third parties, Deputy CEOs shall have the same powers as the CEO; Deputy CEOs may notably be a party to legal proceedings.

There may be no more than five Deputy CEOs.

The Deputy CEO(s) may be dismissed at any time by the Board of Directors, at the proposal of the CEO. A Deputy CEO may be entitled to damages if he/she is dismissed without just cause.

A Deputy CEO may not be more than 70 years of age. If an active Deputy CEO reaches this age limit, he/she will be deemed to have resigned. However, their term of office shall extend to the next meeting of the Board of Directors, during which a new Deputy CEO may be appointed.

If the CEO ceases or is unable to perform his/her duties, the Deputy CEOs will retain their functions and powers until the nomination of the new CEO, unless the Board of Directors decides otherwise.

As of the date of the Registration Document, the Company does not have any Deputy CEOs.

8.14.3 Rights, privileges and restrictions attached to shares of the Company

Voting rights

Subject to applicable legal and regulatory provisions, and except for the double voting rights provided for in Article 9 of the Company's Articles of Association, the right to vote attached to the shares is proportional to the amount of capital they represent, and each share is entitled to at least one vote.

Double voting rights were established by decision of the Extraordinary General Meeting of 20 February 2006. Article 9 of the Articles of Association provides for double voting rights compared to those conferred on other shares, taking into consideration the proportion of share capital they represent, to be granted to all fully-paid shares which can be demonstrated to have been registered for at least two consecutive years to the same shareholder.

In the event of a capital increase by capitalisation of reserves, earnings or issue premiums, this right is also conferred on issue to registered shares allocated to a shareholder who already holds the said right in respect of existing shares.

The shares are stripped of their double voting rights if they are converted into bearer shares or transferred, except in the case of the transfer between registered shareholders as part of an inheritance, family gift or liquidation of community property between spouses.

Finally, double voting rights may also be removed by a decision of the Extraordinary General Meeting after ratification by a Special Shareholders' Meeting of beneficiaries benefiting from double voting rights.

Rights to dividends and profits

Each share confers rights to a share in the ownership of the Company's assets and to a share in the profits. This share is in proportion to the number of shares in existence, taking into account the nominal value of the shares.

Period of limitation for dividends

Dividends not claimed within five years from the date of payment will be forfeited to the State (Article L. 1126-1 of the French General Code on the Property of Public Entities).

Right to liquidation proceeds

Each share confers rights to a share in the liquidation proceeds. This share is in proportion to the number of shares in existence, taking into account the nominal value of the shares and rights to shares in different classes.

Preferential subscription right

Shares of the Company all have a preferential right to subscribe to capital increases.

Limitation of voting rights

None.

Identifiable bearer shares

Shareholders may choose to hold their shares in registered or bearer form. When shares are in registered form, an entry is made in an individual account under the conditions and in the manner prescribed by the laws and regulations in force.

Under the conditions prescribed by applicable laws and regulations, at any time the Company may, at its own expense, request the central depository responsible for maintaining its securities issue account to provide information relating to shareholders with immediate or future voting rights at General Meetings and the number of shares held by each of them and, if applicable, any restrictions applicable to such securities.

Repurchase by the Company of its own shares

See Section 8.9 of the Registration Document.

8.14.4 Changes to the rights of shareholders

Shareholder rights as set out in the Articles of Association of the Company may be amended only by the Extraordinary General Meeting of shareholders of the Company.

8.14.5 General Meetings

The General Meeting consists of all shareholders, regardless of the number of shares they own.

General Meetings, whether ordinary, extraordinary or special depending on the purpose of the proposed resolutions, may also be held at any time of year.

General Meetings are convened under the formal requirements and time limits established by law.

The meetings are held at the registered office or any other address stated in the notice of meeting.

All shareholders have the right to obtain the necessary documentation to enable them to make an informed decision and judgement on the management and operations of the Company.

Regardless of the number of shares they hold, all shareholders may attend General Meetings in person or via a representative by issuing a proxy to another shareholder or their spouse, or to the Company without stipulating the direction of their vote, or by postal vote according to the legal and regulatory conditions in force.

An Ordinary General Meeting is a meeting called to make all decisions that do not amend the Articles of Association.

Only an Extraordinary General Meeting is authorised to amend the Articles of Association and all of the provisions contained therein. Unless unanimously approved by the shareholders, it may not, however, increase the commitments of the shareholders, with the exception of transactions resulting from an exchange or a reverse stock split that has been decided and carried out in a due and proper manner. Special Meetings ratify the decisions of General Meetings that amend the rights attached to a class of shares.

Ordinary, Extraordinary and Special General Meetings deliberate under the conditions of quorum and majority required under the respective legal provisions by which they are governed.

8.14.6 Provisions for delaying, deferring or preventing a change in control

The Articles of Association of the Company do not contain any provisions for delaying, deferring or preventing a change in control.

8.14.7 Specific provisions governing changes in share capital

There is no particular stipulation in the Articles of Association of the Company governing changes to its share capital.

8.15 Voting rights of the major shareholders

See Section 8.14.3 of the Registration Document.

8.16 Statement of pledges of Company shares

None.

8.17 Share disposals (Article R. 233-19-2)

There has not been any disposal of shares made by a company in application of Articles L. 233-29 and L. 233-30 in the financial year.

8.18 Intra-group transactions

Intra-group transactions are described in Section 7.22 of the Registration Document. The Statutory Auditors' report on regulated agreements is available in section 4.13 of the Registration Document.

8.19 Related-party transactions

Related-party transactions are described in note 17 of the Notes to the consolidated financial statements for the financial year ended December 31, 2018, contained in Section 6.2 of the Registration Document.

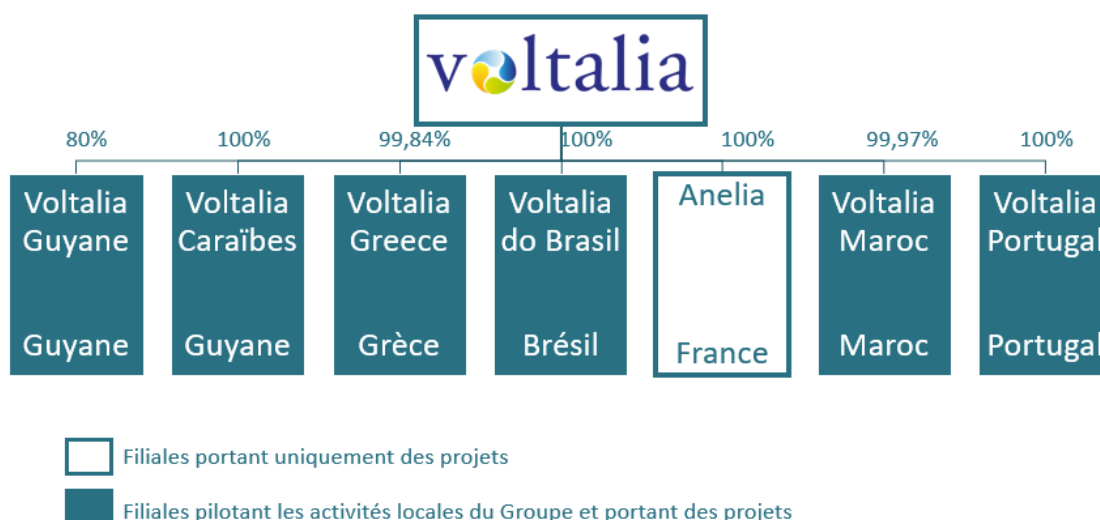
The current related-party agreements existing on the date of the Registration document are referred to in the special reports on the regulated agreements and commitments by the Statutory Auditor, prepared with respect to the financial years ended 31 December 2018 and 2017 shown in section 4.13 of the Registration Document.

Since the issue of the special report of the Statutory Auditor for financial year 2018, no new related-party agreements have been submitted to the Board of Directors for approval.

In addition, pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code, it is specified that, during the financial year ended 31 December 2018, no agreement was concluded, either directly or by proxy, between, on the one hand, one of the Company's corporate officers or one of its shareholders having a fraction of the voting rights greater than 10% and, on the other, another Group company.

8.20 Legal structure

Voltalia is a shareholder in project companies, operating companies, construction companies and finance companies, either directly or through seven subsidiaries:



Capital held in the companies mentioned above reflects the voting rights held.

The remaining capital of Voltalia Guyane is held by the Caisse des Dépôts et Consignations.

The balance of the capital of Voltalia Greece is held by Energiaki Agionoriou.

Sébastien Clerc holds one share in Voltalia Do Brasil.

Voltalia Investissement holds one share in Voltalia Maroc.

At 31 December 2018, Voltalia held direct and indirect investments in 223 companies, including 223 that are consolidated and presented below. The consolidated companies are mainly project / development companies and operating companies.

	Total	Europe	Americas	Asia and Africa
Legal entities dedicated to Engineering Procurement Construction (EPC) and O&M ("Operating") activities	24	12	4	8
Legal entities that are shareholders of vehicle companies ("Holding company")	31	13	15	3
Legal entities dedicated to development activities ("SPV DEV")	111	90	12	9
Legal entities dedicated to development of the energy sales activity ("SPV IPP")	57	29	27	1

The operational organisation of the Group and the main cross-divisional functions are presented in Section 1.7 of the Registration Document.

8.21 Information on holdings

Information on companies in which the Company holds a proportion of the capital likely to have a significant impact on the valuation of its assets, its financial position or its results is found in Chapters 7, 8 and 9 of the Registration Document as well as in Note v-e) to the consolidated financial statements for the financial year ended 31 December 2018 contained in Section 6.2 of the Registration Document.

Overview of the Group's main companies

The entire scope of the Group's consolidated companies is available in Notes v and xviii to the consolidated financial statements for the financial year ended 31 December 2018 found in Section 6.2 of the Registration Document. No equity investment was made in Metropolitan France during the financial year ended 31 December 2018.

8.21.1 SPVs

The Group has created special purpose vehicles (SPVs) that generally carry plants under construction and in operation. These SPVs are either owned directly by the Company through country subsidiaries, or through intermediate holding companies.

8.21.2 Other

As stated in Section 7.1 above, Voltalia is a shareholder in project, operating and finance companies, either directly or through subsidiaries that control the Group's local activities, as described above, or through four subsidiaries whose sole purpose is to carry project companies, notably through co-development activities:

- ANELIA: wholly owned by Voltalia, ANELIA is a co-development company that manages wind energy projects in Metropolitan France. None of these projects are in operation at the date of the Registration Document;
- ENVOLVER: owned by Voltalia (99.999%) and Voltalia Energia do Brasil (0.001%), a civil engineering company of the State of Sao Paulo, Holding Envolver holds 51% of the shares of the subsidiaries responsible for the operation of the Vamcruz wind farms; CHESF, another major player in the Brazilian electricity sector owning 49% of the Vamcruz subsidiaries;
- Voltalia Sao Miguel do Gostoso I Participacoes: owned by Voltalia and Voltalia Energia do Brasil (51%) and COPEL (49%), Voltalia Sao Miguel do Gostoso I Participacoes' sole activity is holding the shares of Voltalia Sao Miguel do Gostoso Participacoes which, in turn, holds all the shares of the subsidiaries responsible for the operation of the Sao Miguel do Gostoso wind farms.

Minority shareholders do not participate in the operational management of SPVs. Shareholders' pacts were signed for Voltalia Guyane (with the CDC) and for the La Faye plant in Metropolitan France, as well as in Brazil for the Vamcruz and Sao Miguel do Gostoso plants.

8.22 Main intra-group transactions

In terms of managing transactions within the Group, based on cash flow forecasts (e.g., financing of working capital requirements or bridging loans), the Company provides the funds required by the various subsidiaries by way of cash supply agreements.

As part of the financing for the construction of power plants, Voltalia SA provides its subsidiaries with the necessary equity, via current account and/or capital advances. Bank financing, for its part, is contained within each of the project companies.

The Services activities (equipment development, construction & supply, operation-maintenance) are carried out by specialised Voltalia subsidiaries. These services are sold to third-party clients as well as to Voltalia's own plants. In the case of power plants owned by Company, contracts are signed with the SPV and the various services are processed intra-group. It should be noted that subsidiaries specialising in the provision of services also invoice the various SPVs for administrative services (mainly bookkeeping and legal secretarial services).

9. PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Sébastien Clerc, CEO of Voltalia S.A.

9.1 Certification of the person responsible

I declare that, having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its scope.

I declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and that they present a true and fair view of the assets, financial position and results of the Company and the consolidated group, and that the management report contained in the Registration Document accurately presents the changes in business, results and financial position of the Company and the consolidated group, as well as describes their principal risks and uncertainties.

I obtained a statement from the Statutory Auditors at the end of their engagement affirming that they had reviewed the entire Registration Document and examined the information about the financial position and the financial statements contained therein. This letter does not contain any comments.

Paris, 28 March 2019

Sébastien Clerc

Chief Executive Officer

9.2 Person responsible for the financial information

Marie-Odile LAVENANT
Chief Financial Officer
84, boulevard de Sébastopol
75003 Paris
France
Tel: +33 (0)33 01 81 70 37
invest@vitalia.com

9.3 Primary auditors

In compliance with resolution number 19 presented to the General Meeting of Shareholders on 1 June 2017, the Company proposed to shareholders to renew the appointment of Mazars for a term of six years. As the appointment of a Substitute Statutory Auditor is not required when the Primary Statutory Auditor is not a physical person or a legal entity represented by a physical person, the Company has chosen not to renew the term of office of David Chauchat at the same General Meeting.

Cabinet Mazars
Member of the Paris Auditors' Association
Tour Exaltis
61, rue Henri Regnault
92075 Paris La Défense Cedex
Represented by Mrs Juliette Decoux

Appointed by decision of the Ordinary Shareholders' Meeting of 9 November 2011 for a term of six financial years. Term renewed in 2016 and expiring at the close of the Ordinary Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2022.

H3P REA L ASSETS
Immeuble Allure
101-109 rue Jean Jaurès
92300 Levallois Perret
Represented by Mr Eric Hinderer

Appointed by decision of the Ordinary Shareholders' Meeting of 13 June 2014 for a term of six financial years that will expire at the close of the Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending 31 December 2019.

9.4 Substitute Statutory Auditors

Auditeurs & Conseils Associé

31 Rue Henri Rochefort – 75017 Paris

Represented by Mr Eric Chapus

Appointed by decision of the Ordinary Shareholders' Meeting of 13 June 2014 for a term of six financial years that will expire at the close of the Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending 31 December 2019.

During the period covered by the historical financial information, there was no resignation or dismissal of the statutory auditors.

9.5 Information on the Statutory Auditors that have resigned, were removed or whose mandate was not renewed

During the period covered by the historical financial information, there was no resignation of the statutory auditors.

9.6 Certification of the fees paid to the Statutory Auditors

The table of fees of the Statutory Auditors of the Group is shown in Note 9 to the consolidated financial statements for the financial year ended 31 December 2018 contained in Section 6.2 of the Registration Document.

10. DOCUMENTS AVAILABLE TO THE PUBLIC

The press releases of the Company and the annual registration documents (including historical financial information on the Company submitted to the AMF and any revisions) are available on the website of the Company at the following address: www.voltalia.com; a copy may also be obtained from the registered office of the Company located at 84, boulevard de Sébastopol, 75003 Paris.

All information published and made public by the Company during the last 12 months in France is available on the website of the Company at the address stated above and on the AMF website at the following address: www.amf-france.org.

Finally, the Articles of Association of the Company, the minutes of the General Meetings, the Statutory Auditors' reports and all other corporate documents may be consulted at the registered office of the Company.

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12. APPENDICES

12.1 Note on methodology

The social, environmental and societal reporting process at Valtalia is carried out pursuant to the provisions of Articles L. 225-102-1, R. 225-104, and R. 225-105 of the French Commercial Code.

12.1.1 Scope

The social, environmental and societal disclosures in this report concern the consolidated scope of Valtalia, in accordance with the requirements of Decree no. 2012-557 of 24 April 2012 covering transparency obligations in social and environmental matters.

Committed to a process of continuous improvement, Valtalia structured its non-financial reporting process for the financial year 2018 to extend the scope of publication for social, societal and environmental information in comparison with financial year 2017.

- Employment information covers 100% of the 2018 scope (with the exception of absenteeism data for France, Brazil, Italy and Portugal).
- Environmental and societal information covers solely the power plants owned by Valtalia in Metropolitan France, French Guiana and Brazil, i.e. 98% of the Group's installed capacity as of 31 December 2018.

12.1.2 Methodological limitations and clarification

The methodologies used for certain social, environmental and societal indicators may have limits due to:

- variations in definitions between France and other countries. Valtalia continuously seeks to harmonise its reporting;
- specific features of the social laws in each country;
- changes in definition that could affect comparability;
- information gathering and recording methods.

Employment scope

- The workforce included in the published social indicators includes workers on permanent contracts (CDI), those on fixed-term contracts (CDD) and temporary workers. It excludes employees on replacement fixed-term contracts, on Overseas Volunteering Secondments (Volontariat International en Entreprise (VIE), professional training contracts, apprentices and interns. Note that for the hires and dismissals section, the scope of calculating the workforce differs as temporary workers are not counted in this section;
- Geographical region: the classification used for the breakdown of workforce by geographical region is as follows: France, Brazil, Portugal, Italy, Other Europe, Other Latin America- Africa-ME-Asia. Breakdown by region:
 - France includes: French Guiana,
 - the "Other Europe" region includes: Belgium, Greece, Slovakia, Spain and the United Kingdom,
 - the "Other Latin Am." region includes: Chile and Mexico,
 - the "Africa-ME-Asia" region includes: Egypt, Japan, India, Myanmar, Jordan and Morocco;

- Quantitative information on training does not include interns, volunteers (French VIEs) and temporary employees;
- There has been a change in method since the 2016 report on average gross compensation. The calculation is the following:
Workforce taken into account: only employees present at 31/12/2018, following the same methodology as for the actual workforce.
This calculation does not take into account the compensation of apprentices or "professionalisation" contracts;
- The gross monthly compensation is composed of:
 - the 2018 basic reference salary: Hypothetical annual gross basic salary at 31 December 2018. The 13th or 14th bonus month of salary, seniority bonuses, etc. are included in the reference salary,
 - the N-1 bonus: Bonus paid in 2018 reflecting the 2017 performance.
The sum of the basic reference salary and the N-1 bonus is then converted into a monthly amount by dividing by 12.

Health and safety scope:

- The workplace accident severity rate was calculated by multiplying the total number of days of lost work following an industrial accident by 1,000, and then dividing the result by the total number of actual hours worked during the year;
- The workplace accident frequency rate was calculated by multiplying the total number of workplace accidents (followed by sick leave) by 1,000,000, and then dividing the result by the total number of actual hours worked during the year. Travel accidents are not included in the calculation of the severity and frequency rates.

Environment scope:

- Water and electricity consumption refers to the 2016 calendar year. Except for the Kourou plant, where it was calculated from October 2016 to November 2017;
- In 2015, the Group performed a complete carbon assessment with the help of Carbone4, a specialised consulting firm. In 2016, 2017 and 2018, Voltalia updated its avoided carbon emissions using methodology adopted by Carbone4 and its real electricity generation data for the year concerned;
- Voltalia counts, at 31 December 2018, four Classified Installations for the Protection of the Environment (ICPE) in France. These sites are included in the scope of Voltalia Group reports.

12.1.3 Consolidation and internal control

The 2018 data and indicators were used and consolidated by Human Resources, the local teams, the various Group divisions and the General Secretariat.

Voltalia also engaged a third-party organisation to verify the inclusion and faithfulness of the information contained in this report.

The issue of food waste does not affect Voltalia's business activities since it does not provide any food services to its employees. This explains why this topic is not included in the report.



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