



# SÉCHILIENNE SIDEC REFERENCE DOCUMENT



2012

## SECHILIENNE-SIDEC

Société Industrielle pour le Développement de l'Énergie et de la Cogénération

Limited company with a share capital of €1,102,349,13

Registered office: 22 place des Vosges – Immeuble Le MONGE – La défense 5 – 92400 COURBEVOIE  
775 667 538 RCS Nanterre

This is a free translation of a French reference document filed with the French Financial Markets Authority on April 29, 2013, pursuant to Article 212-13 of the General Regulations of the French Financial Markets Authority. It may be used in support of a financial transaction if it is supplemented by a transaction memorandum filed with the French Financial Markets Authority. The French version of this document was prepared by the issuer and its signatories are liable for its content.

Copies of the French version of this reference document are available free of charge at the registered office of the company Sechilienne-Sidec, 22 place des Vosges – Immeuble Le MONGE – La Défense 5 – 92400 COURBEVOIE, as well as on the websites of the company ([www.sechilienne-sidec.com](http://www.sechilienne-sidec.com)) and of the French Financial Markets Authority ([www.amf-france.org](http://www.amf-france.org)).

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The cross-reference tables in Appendix 10 enable the following to be identified in this registration document:

- the annual financial report required to be published pursuant to Articles L.451-1-2 of the Monetary and Financial Code and 222-3 of the AMF's General Regulations,
- the information required to be published pursuant to Articles L.225-102-1 *et seq* and R.225-105 *et seq* of the Commercial Code on companies' transparency obligations concerning social and environmental information.

## GENERAL COMMENTS:

In this registration document:

- The term "Company" refers to the company Séchilienne-Sidec mentioned in section 5.1.1 of this registration document; and
- The term "Group" refers to the Group comprising the Company and all subsidiaries and participating interests owned directly or indirectly by the Company.

This registration document contains all components of the annual financial report and includes the social and environmental report. The expert statement required pursuant to Decree no. 2012 – 557 of 24 April 2012 on transparency obligations for companies on social and environmental matters is presented in chapter 23 of this registration document.



## PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

### CHAPTER 1: PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

#### 1.1 PERSON RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE REGISTRATION DOCUMENT

Mr Jacques Petry, Chairman and Chief Executive Officer.

#### 1.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

*After having taken all reasonable measures to this effect, I declare that, to the best of my knowledge, the information contained in this registration document is consistent with the reality and is not subject to any omissions likely to alter its impact.*

*I declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and all undertakings included in the consolidation scope, and that the management report formed by the chapters and sections indicated in Appendix 10 of this registration document presents an accurate view of changes in the business, results and financial position of the Company and all undertakings included in the consolidation scope, together with a description of the main risks and uncertainties they face.*

*I have obtained from the statutory auditors a completion letter, in which they indicate having verified the information relating to the financial position and the financial statements shown in this document and having read the entire document.*

*The consolidated financial statements for the year ended 31 December 2012 presented in this document are the subject of a statutory auditors' report, shown in section 20.7 of this registration document, that includes an observation.*

**Courbevoie, 29 April 2013.**

Mr Jacques Petry, Chairman and Chief Executive Officer

#### 1.3 PERSON RESPONSIBLE FOR THE FINANCIAL INFORMATION

Mr Jacques Petry, Chairman and Chief Executive Officer.

#### 1.4 FINANCIAL CALENDAR

For information only, the Company's draft financial calendar is as follows:

First quarter 2013 revenue	23 April 2013
First half 2013 revenue and earnings	24 July 2013
Third quarter 2013 revenue	20 October 2013

## CHAPTER 2: STATUTORY AUDITORS

**2.1 INCUMBENT STATUTORY AUDITORS****PRICEWATERHOUSECOOPERS AUDIT**

Represented by Jean-Christophe Georghiou

63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France

Statutory auditors appointed, following a call for tenders, to replace Ernst & Young Audit on expiry of its appointment, by the General Meeting of 18 May 2010, for a period of six financial years expiring at the close of the General Meeting called in 2016 to approve the financial statements for the year ended 31 December 2015. PricewaterhouseCoopers Audit is a member of the Versailles Regional Company of Statutory Auditors.

**Mazars**

Represented by Manuela Baudoin-Revert

Tour Exaltis, 61, rue Henri Regnault, 92400 Courbevoie, France

Statutory auditors reappointed, following a call for tenders, by the General Meeting of 18 May 2010, for a period of six financial years expiring at the close of the General Meeting called in 2016 to approve the financial statements for the year ended 31 December 2015. Mazars is a member of the Versailles Regional Company of Statutory Auditors.

**2.2 ALTERNATE STATUTORY AUDITORS****Yves Nicolas**

Employed by PricewaterhouseCoopers Audit

Auditor appointed by the General Meeting of 18 May 2010, for a period of six financial years expiring at the close of the General Meeting called in 2016 to approve the financial statements for the year ended 31 December 2015.

**Daniel Escudeiro**

Employed by Mazars

Auditor appointed by the General Meeting of 18 May 2010, for a period of six financial years expiring at the close of the General Meeting called in 2016 to approve the financial statements for the year ended 31 December 2015.

## 2.3 STATUTORY AUDITORS' FEES

The statutory auditors' fees paid by the Company for work carried out during 2011 and 2012 are indicated in the table below:

(in euros)	PWC				Mazars			
	Amount (excl. VAT)		%		Amount (excl. VAT)		%	
	2011	2012	2011	2012	2011	2012	2011	2012
<b>Audit</b>								
Statutory audit, certification, review of company and consolidated accounts								
- Issuer	197 690	178 200	76%	65%	121 790	118 000	53%	49%
- Fully-consolidated subsidiaries	62 310	74 600	24%	27%	69 330	77 500	30%	33%
Other work and services directly related to the statutory audit								
- Issuer		20 176		8%		43 500		18%
- Fully-consolidated subsidiaries								
<b>Total Audit</b>	<b>260 000</b>	<b>272 976</b>	<b>100%</b>	<b>100%</b>	<b>191 120</b>	<b>239 000</b>	<b>83%</b>	<b>100%</b>
Other services rendered by the networks								
- to the issuer					39 750 (*)		17%	
- to fully-consolidated subsidiaries								
<b>Total Other services</b>					<b>39 750</b>			
<b>TOTAL</b>	<b>260 000</b>	<b>272 976</b>	<b>100%</b>	<b>100%</b>	<b>230 870</b>	<b>239 000</b>	<b>100%</b>	<b>100%</b>

(\*) Due diligence assignment requested by the issuer in respect of its investment projects.

## CHAPTER 3: SELECTED FINANCIAL INFORMATION

## 3.1 SELECTED ANNUAL FINANCIAL INFORMATION

Key figures from the consolidated income statement (IFRS)  
(Summary for the years ended 31 December 2010, 2011 and 2012)

In thousands of euros	2010 Restated	2011 Restated	2012 Restated
Revenue	299,082	353,876	373,811
EBITDA	103,724	124,679	120,448
Net income from continuing operations	48,405	37,798	37,935
Net income from activities held for sale	223	(529)	1,400
Net income	48,628	37,269	39,335
Net income from continuing operations, Group share	40,261	32,683	32,055
Net income from activities held for sale, Group share	229	(528)	1,400
Net income, Group share	40,490	32,155	33,455

*In 2012, the Group committed to a transaction to sell its wind power business, concluded in February 2013. In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the presentation of the income statement has therefore been modified, this business' expenses and income now being combined in the line "Net income from activities held for sale" (including income from ordinary activities and operating income).*



Key figures from the consolidated statement of financial position (IFRS)  
(Summary at 31 December 2010, 2011 and 2012)

In thousands of euros	2010	2011	2012
Goodwill	950	8,263	11,300
Intangible assets	106,060	102,130	100,413
Property, plant and equipment	783,936	833,511	764,258
Non-current financial assets	23,735	22,244	17,774
Other non-current assets	30,495	34,080	39,209
Current assets (of which, cash and cash equivalents)	218,728 106,617	193,778 75,058	198,137 79,387
Assets relating to activities held for sale	-	-	65,577
<b>Total assets</b>	<b>1,163,904</b>	<b>1,194,006</b>	<b>1,196,668</b>
Shareholders' equity	344,196	341,064	352,850
Provisions for liabilities and employee benefits	10,472	16,094	17,174
Current and non-current borrowings	637,869	658,720	582,754
Other current and non-current liabilities	171,367	178,128	190,544
Liabilities relating to activities held for sale	-	-	53,346
<b>Total shareholders' equity and liabilities</b>	<b>1,163,904</b>	<b>1,194,006</b>	<b>1,196,668</b>

The 2011 statement of financial position has been restated to reflect the early application of IAS 19 revised "Employee benefits".

Key figures from the consolidated statement of cash flows (IFRS)  
(Summary for the years ended 31 December 2010, 2011 and 2012)

In thousands of euros	2010	2011	2012
Net cash from operating activities	87,456	82,334	120,292
Net cash from/(used by) investing activities	(108,616)	(83,973)	(26,940)
Net cash from/(used by) financing activities	27,916	(29,882)	(86,454)
Impact of changes in exchange rates	-	-	28
Net increase/(decrease) in cash and cash equivalents (including activities held for sale)	6,756	(31,521)	6,926
Impact of reclassification of cash and cash equivalents of activities held or sale	-	-	(2,675)
Net increase/(decrease) in cash and cash equivalents shown in the statement of financial position	6,756	(31,521)	4,251

## Other financial indicators

(Years ended 31 December 2010, 2011 and 2012)

In thousands of euros	2010	2011	2012
EBITDA from continuing activities (*)	103,724	124,679	120,448
Total consolidated EBITDA (*)	107,766	130,000	127,235

(\*) EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as the operating income before depreciation and amortisation charges, charges to and reversals of provisions for impairment, liabilities and charges. EBITDA is not a standardised accounting aggregate meeting a unique and generally accepted definition. It must not be considered as a substitute for operating income, net income, cash flows from operating activities or a measure of liquidity. EBITDA may be calculated differently by companies in the same business sector or a different business sector.

A reconciliation showing the link between EBITDA and operating income is provided in section 20.6 (in Note 5.1 to the consolidated financial statements) of this registration document.

## Shareholders' equity and net financial debt

(Years ended 31 December 2010, 2011 and 2012)

In thousands of euros	2010	2011	2012
Shareholders' equity	344,196	341,064	352,850
Non-current financial debt	562,286	574,887	503,862
Current financial debt	75,583	83,833	78,892
Cash and cash equivalents	106,617	75,058	79,387
Deposits	23,180	21,802	17,062
Net financial debt	508,072	561,860	486,305

The reduction in the Group's net financial debt in 2012 includes the effect of the application of IFRS 5 in respect of the sale of the wind power business. The liabilities of this activity are therefore now included in the line "Liabilities relating to activities held for sale" in the Group's statement of financial position presented in section 20.3 of this registration document.

Net financial debt is described in Note 32 to the consolidated financial statements included in chapter 20 of this registration document.

## Market capitalisation

(Years ended 31 December 2010, 2011 and 2012)

In millions of euros	2010	2011	2012
Market capitalisation calculated on the basis of the number of shares in issue and the closing price on the last day of each year	541	311	412

**3.2 SELECTED QUARTERLY FINANCIAL INFORMATION**

Consolidated revenue for the first quarter of 2013 (unaudited)

<b>Revenue (in millions of euros)</b>	<b>Q1 2012</b>	<b>Q1 2013</b>	<b>Change (%)</b>
Thermal biomass	82.8	88.6	7%
Solar	10.1	9.7	-4%
Holding company	0.4	1.0	n/a
<b>TOTAL</b>	<b>93.4</b>	<b>99.3</b>	<b>6%</b>

Unaudited figures, restated for the wind power business sold in the first quarter of 2013.

## CHAPTER 4: RISK FACTORS

The Company regularly reviews any risks that may have a material adverse impact on its business, financial position, results, prospects or development, which are constantly scrutinised by General Management, monitored by the Audit, Accounts and Risk Committee and presented in summary form to the Commitments and Operations Monitoring Committee (since 2012) and the Board of Directors. In the Company's opinion, at the date of this registration document, there are no risks that may have a material adverse impact on its business, financial position, results, prospects or development other than those presented below. However, other risks, of which it is currently unaware or which it considers insignificant at present, could have the same material adverse impact.

The Group's control bodies, in charge notably of the risk identification and management process, are described in chapters 14 and 16 of this registration document and in section 2 of the report of the Chairman of the Board of Directors, included in Appendix 1 of this registration document.

### 4.1 RISKS RELATING TO THE COMPANY'S ACTIVITIES

#### 4.1.1 Operational risks

The operation of industrial units entails a risk, which cannot be totally eliminated, stemming from the occurrence of incidents or unplanned operational shutdowns, including those arising from accidents, equipment malfunctions, safety deficiencies, malicious or terrorist acts or supply incidents, as well as the possibility that the industrial unit's performance fails to meet the Group's expectations.

Operational incidents occurred in particular in 2009 in a context featuring industrial action at the thermal power plants. These incidents triggered an in-depth analysis of the conditions in which they occurred, and the application of action and prevention plans intended to avoid their repetition.

A three-yearly programme of investments in upkeep, maintenance and modernisation was implemented in 2010 and, essentially in the first half, in 2011. This move significantly extended the scheduled shutdowns at the thermal power plants. The programme continued throughout 2012 and will be fully completed in 2013, which will see the start of a new five-year programme that will include investments aimed at ensuring compliance with the new recommendations and requirements on risk prevention.

To give a structure to all these programmes, the Group has rolled out an approach aimed at obtaining HQSE certification (health, quality, safety and the environment). This certification had already been obtained in 2011 and was maintained in 2012 for Compagnie Thermique du Gol. For Compagnie Thermique de Bois-Rouge, the certification audit performed in November 2012 resulted in validation with a view to certification in early 2013.

In thermal energy, on 2 December 2012, after a few earlier malfunctions, the rotor on one of the tranches of the CTBR-2 plant (in Reunion) suffered damage that necessitated its replacement by a back-up rotor. The resulting unavailability had an impact of around €1 million in 2012. This incident will also have negative consequences in 2013, the amount of which will depend on the option selected to deal with the damaged rotor (complete reconstruction or removal of the blades). Analysis of the option to be used is currently under way.



In solar energy, malicious acts in the form of repeated theft of copper connections have affected the Group's photovoltaic plants in Italy, resulting in enhanced surveillance systems and the adoption of technical measures intended to make such thefts more difficult to perpetrate.

Regarding the methanisation business acquired in 2012, for which the first production units (TIPER and CAPTER) should be brought into service in 2013, the main theoretical industrial risks concern explosion of the digester (bearing in mind that, as the biogas in the digester is at atmospheric pressure, a violent explosion is precluded), biogas leaks and odour emissions. These risks are covered by impact studies and danger studies in connection with the ICPE and ATEX regulations, and the design of installations incorporates prevention measures adapted to each of these risks: particularly holding areas and input control mechanisms for the risk of digester explosion, systematic installation of a safety flare for the risk of bio-gas leaks, and an effective odour handling system for the risk of foul-smelling emissions (all transportation involves trucks fitted with waterproof tarpaulins).

Operational risk has been taken into account in the wording of operating agreements and insurance policies. In the event of a partial or total production shutdown following the occurrence of such events, and if the parties fail to reach agreement on the application of contractual clauses, a decline in the availability rate would result in penalties to be borne by the Group.

In such a situation, and when the Group's insurance comes into play, the Group may bear losses in the amount of the applicable excess, described in section 4.5.2 of this registration document. In the case of damage not covered by the insurance policies taken out by the Group, or when the maximum applicable coverage levels are exceeded, the Group would incur a loss of revenue or an increase in its operating expenses and its financial position could be materially weakened.

#### 4.1.2 Risks relating to weather conditions and natural disasters

For the wind energy and photovoltaic plants, and despite the care given to studies of wind and sun conditions, particularly through the choice of independent experts recognised in this field, an extended reduction in wind intensity and/or number of hours of sunshine in the regions concerned would cause a decline in revenue and would impact the results.

For example, in 2010 and 2011, wind conditions were unfavourable in mainland France, where all the Group's wind energy installations are located. As a result, the increase in capacity in service failed to generate the expected additional production. The results of the impairment tests performed on the wind assets are described in Note 6 to the financial statements appended to the consolidated financial statements, in chapter 20 of the previous registration document registered by the AMF under no. D12-0476. By contrast, in both 2010 and 2011, the photovoltaic installations benefited from good sun conditions in the Indian Ocean and the Caribbean.

In 2012, the photovoltaic installations benefited from good sun conditions, and the wind energy installations from good wind conditions, in contrast to previous years. All wind energy plants were sold in February 2013 on favourable financial terms and the provision recorded in late 2011 following the impairment tests performed was reversed (see Note 36 to the consolidated financial statements, included in chapter 20 of this registration document).

All the Company's activities, especially those located in the Caribbean and Indian Ocean, are subject to a natural disaster risk (volcanoes, tropical storms, hurricanes, cyclones, floods and earthquakes for the Caribbean). In addition, climate change highlighted by recent scientific research tends to show that the frequency of these disasters or extreme events could increase in the years ahead.

Natural events such as these have therefore been taken into account in the design, construction and operation of the units as well as in the wording of operating agreements (specific *force majeure* clauses except in the case of CCG and photovoltaic and wind energy installations, for which common law on *force majeure* applies) and insurance policies.

In 2012, none of the Group's installations were affected by a weather event or natural disaster.

In the event of a partial or total production shutdown following the occurrence of such events and if the parties fail to reach agreement on the application of contractual clauses, a decline in the availability rate would generate loss of revenue and/or penalties to be borne by the Group.

#### 4.1.3 Risks relating to staff matters

The Group is exposed to the risk of occurrence of strikes and other labour disputes, particularly at its thermal power plants, which account for the majority of its employees. Although it endeavours to maintain strong relations with its employees by promoting this as a priority, the Group cannot guarantee that labour disputes will not arise, whose cause may be found at the level of the entity affected itself or at a higher level (e.g. action affecting the entire electricity and gas industries or general industrial action). When they arise, such disputes may have an impact on the availability rate of the thermal power plants and trigger penalties under agreements with EDF (and the Mauritius Central Electricity Board). Relations with sugar producers, which supply bagasse and receive steam, may also be adversely impacted if the Group finds itself unable to absorb and process their bagasse and supply them with steam due to work stoppages.

In 2009, the Group was materially affected by labour disputes, particularly in Guadeloupe against a backdrop of strikes and industrial action in the two West Indian *départements* (government administrative regions) in the early part of the year. In late 2010, demands were made at the thermal power plants based on the CGT trade union's interpretation of certain provisions of the status of personnel in the electricity and gas industries (industries électriques et gazières - IEG). In early 2011, these demands were backed up by short-term but repeated strikes and production stoppages, in both Reunion and Guadeloupe. The entity sought an interpretation of the provisions in question from the *Conseil d'État* (the highest court for administrative justice). On 27 April 2011, the *Conseil d'État* declared that it was incompetent from a legal perspective, considering this case to be within the sphere of the judicial courts. In 2012, the trade unions that brought these demands against EDF, the Group and other electricity producers whose staff are affiliated to IEG status submitted their case to these courts, which, on the date of preparation of this registration document, had not yet handed down a ruling.

For all power plants other than CCG, in the event of a national strike with local repercussions, the company may activate the *force majeure* clause and preserve the fixed premium stipulated in the agreement.

The aforementioned strikes that took place in 2011 had a total negative impact of around €3 million on revenue.

In 2012, three strike days occurred at the thermal power plant of Caraïbe Energie (CE) following a demand relating specifically to this entity.

Within the scope of application of the aforementioned regime of the status of personnel in the electricity and gas industries, the Group is responsible for the payment of retirement and other employee benefits. The amount of the resulting obligations and the provisions raised to this effect in the consolidated financial statements are calculated based on assumptions, in particular, projected life expectancy tables and discount rates, which are subject to changes, as are the rules on the payment of retirement benefits. Although the Group does not employ a lot of staff, these changes could generate future charges that will increase its obligations, leading to an increase in the corresponding provisions and thus negatively impacting its financial position and results.

The Group pays very close attention to the management of staff-related risks. Chapter 17 describes, notably, in section 17.4 the organisation of its internal staff dialogue, in sections 17.9.2 and 17.9.3 the schemes implemented for the allocation of share subscription options and the allocation of bonus shares to employees, and in section 17.10 the policy on profit-sharing, incentive schemes and employee savings.

#### 4.1.4 Industrial, regulatory and environmental risks

The operation of units, particularly thermal power plants, must comply with a series of statutory and regulatory provisions (notably as regards protection of the environment, control of atmospheric emissions, of effluent discharges and of noise, landscaping requirements, site remediation obligations, etc.). All the Group's thermal installations in France meet the requirements for classified installations for environmental protection (*Installation Classée pour la Protection de l'Environnement* – ICPE).

Likewise for wind energy installations with mast heights in excess of 50 metres and methanisation installations above a certain threshold.

Any incident could cause personal injury or damage to property for which the Group could be held responsible.

If compliance with the applicable rules cannot be guaranteed, operating authorisations and authorisations for connection to the local electricity distribution grids could be withdrawn and financial sanctions applied, a move that could have a material adverse impact on the Group's business, financial position or results. Likewise in respect of new operating constraints.

In a bid to minimise the risks relating to these installations, and drawing on the obligations imposed by the ICPE classification, the Company establishes procedures relating to classified installations for environmental protection. Each installation ensures the proper application of these procedures while the task of coordination and harmonisation falls to the Group Technical Department. By extension, similar procedures are put in place on the sites outside France. Drawing on regularly performed internal and external audits, section 8.2 of chapter 8 of the registration document devoted to the environmental policy describes in greater detail the actions taken to minimise the environmental impact of installations and provides figures on energy and water consumption, quantities of wastes and CO<sub>2</sub> emissions. That chapter also describes the risks relating to the failure to meet greenhouse gas emissions quotas. Section 8.2.1.1 highlights in particular the Group's initiatives in respect of HQSE certification and the performance and recognition of environmental audits.

At the thermal power plants, burning of coal creates an operating residue in the form of ash that, depending on the regulations, may be considered, wholly or in part, as non-polluting waste recycled by construction and civil engineering companies. Changes in these regulations may mean that the Company will be required to reprocess its ash either by means of post-processing or by dumping it in a specific landfill site. Additional costs would thus be borne by the Company although without undermining the overall economic position of its power plants.

The European IPPC directive (Integrated Pollution Prevention and Control) of 24 September 1996 stipulates that, amongst other things, electricity generation plants must, where needed, adapt their technologies in order to reduce the impact on the environment. The French administration considers that application of this directive must be incorporated into the framework of the legislation on classified installations for environmental protection and result in modifications of the prefectural decrees on the operation of existing power plants or supplements to these decrees. Supplementary decrees were thus issued in 2010, covering the oldest plants in operation: CTBR-1, CTG-A and CTM (decree of 26 October 2010 for CTM, decrees of 16 December 2010 for CTBR-1 and CTG-A). In 2011, a supplementary decree on port installations for the storage of coal for the Reunion power plants was issued on 6 October.

In certain cases (when the new standards had not already been met in advance), the new restrictions (concerning notably reductions in the cap on smoke emissions) contained in these provisions prompted the Company to make investments in additional equipment, especially for CTBR. Section 8.2.1.2 of this registration document provides details in this regard.

In 2012, CTBR and CTG filed several applications for proposed changes to water discharge networks, which are set to be covered by supplementary prefectural decrees in 2013.

The future transposition of the European IED (Industrial Emissions Directive) will impose stricter standards.

Furthermore, regulatory texts published in November 2009, pursuant to an amendment to Article 10 of law no. 2000-108 of 10 February 2000 introduced by Article 53 of law no. 2009-594 of 27 May 2009, organised the introduction of a "bagasse premium" intended for the sugarcane industry. Under this mechanism, the premium is received by the Group (excluded from revenue), via its sales to EDF of electricity produced using bagasse, the amount then being paid over to the sugar factories for allocation within the sugarcane industry. It does not have a material impact on the Group's results.

The regulations on tariffs for the purchase of photovoltaic electricity are described in chapters 6 (section 6.2), 9 (section 9.2.3) and 22 (section 22.2.1) of this registration document. In France in 2010, these regulations resulted in these purchase tariffs being cut on two separate occasions (decrees of 12 and 15 January 2010 supplemented on 16 March 2010, and decree of 31 August 2010). Then, decree 2010-1510 of 9 December 2010 suspended for a three-month period the requirement for EDF to purchase electricity produced by photovoltaic installations not brought into service within 18 months from acceptance of the grid connection proposal. In addition, it prohibited the filing of any further requests during the suspension period. The Group does not have any projects under construction that are affected by the provisions of this decree as it plans to bring into service all such installations by the deadline established by this text. Lastly, a series of regulatory texts dated 4 March 2011 established the provisions summarised below for the period following their intervention. Projects covering ground-based photovoltaic plants and building-mounted installations with an individual installed capacity of more than 100kW switch from a purchase tariff mechanism to a tender mechanism, except in the event of application of a purchase tariff that is not aimed at making these installations profitable and which is subject to a mechanism of periodic cuts. Building-mounted installations with an individual installed capacity of less than 100kW (which the Group does not develop) remain subject to a mechanism of purchase tariffs, differentiated according to the building type and installation type (fully integrated into the structure or simplified integration). These tariffs are cut significantly each quarter, with greater cuts being made as total grid connection requests exceed the objectives for growth in photovoltaic capacity targeted by the government in connection with the multi-year scheduling of investments in electricity generation (PPI). These items are described in detail in chapter 22 "Major contracts" of this registration document.

On the date of preparation of this registration document, all the Group's photovoltaic installations in France, both installed and under construction, i.e. capacity of 61.3MW, benefitted from the preferential tariff of July 2006, except for 1.8 MW subject to the tariff of January-March 2010.

In terms of new projects, the call for tenders for building-mounted installations with an individual installed capacity of between 100kW and 250kW, launched on 1 August 2011 and running until 20 January 2012, did not really relate to the type of projects in which the Group is interested (installations with an individual installed capacity of more than 250kW).

This was not the case for the call for tenders for building-mounted and ground-based installations of more than 250kW, launched on 15 September 2011 and running until 8 February 2012. The Group responded to certain aspects of this call for tenders in February 2012, concerning in particular installations with energy storage mechanisms: two of the projects it presented were selected in July 2012, for a total of 3MW (2MW in Guyana and 1MW in Reunion).

In Spain, a royal decree was issued on 23 December 2010 to reduce the tariff impact of incentive measures. The provision most affecting the Group temporarily capped the number of equivalent full-power hours (EFPH) subject to the subsidised tariff, which was cut in February 2011. Over and above this cap, the electricity is sold at market price. For the Orgiva installations, the cap was set at 1,250 EFPH in 2011, 2012 and 2013. This cap effectively reduces a project's internal rate of return without casting doubt on its profitable nature. As such, no provisions were raised in respect of agreements for the sale of electricity from Orgiva.

In late January 2011, a non-retroactive royal decree temporarily removed the subsidies granted to new plants for the production of electricity from cogeneration, renewable sources and waste, until such time as the government considers that the energy situation justifies the abolition of this measure. This text had no impact on the Group, whose installations were not covered by its scope of application.

In April 2011, Spain's energy minister notified five Group subsidiaries in Spain, together owning open-field solar energy production assets in Orgiva representing installed capacity of 500kW out of the 2.4 MW that the Group has in Spain, of a measure suspending the purchase tariff for a period of three months, renewable in the absence of a challenge showing this measure to be unfounded. The Group effectively challenged the validity of this measure and was acknowledged to have complied with the regulations, thereby continuing to benefit from the purchase obligation for the installations in question.

In 2012, the cap on the first 1,250 EFPH being subject to the regulated tariff continued to apply (additional production being sold at market price) and the Spanish government imposed an additional tax of 6% on the installations' revenue with effect from 2013.

In Italy, a ministerial decree ("Conto Energia") dated 6 August 2010 redefined the remuneration terms for photovoltaic power plants brought into operation between 1 January 2011 and 31 December 2013. This decree was partially replaced by a new decree approved by the government on 3 March 2011, aimed at modifying the remuneration terms for photovoltaic power plants brought into service after 31 May 2011.

No Group project in Italy was impacted by these provisions. The Campanozzi power plant was connected to the grid on 5 November 2010 and completion of work on the Orlando power plant was reported to Enel on 30 November 2010. These two power plants were registered on the website of the transmission system operator (TSO) prior to 31 December 2010 and therefore benefit from the 2010 tariff.

In 2012, the Group's power plants in Italy benefited from a fixed tariff of €346/MWh plus a variable remuneration depending on changes in the electricity market. Changes between 2011 and 2012 in the production thresholds relating to this variable portion had a negative but immaterial impact.

In wind energy, in France, an association opposed to this form of electricity production sought the cancellation of the regulated purchase tariff for wind energy on the grounds that the financing of this tariff constituted State aid that should have been notified to the European Commission, whereas no notification was given. This resulted in a decision of the *Conseil d'Etat* of 15 March 2012, which involved asking the European Court of Justice (EUCJ) for a preliminary ruling on the qualification as State aid, and staying proceedings until such time as the EUCJ has delivered a ruling on this matter. On the date of preparation of this registration document, the EUCJ had not yet delivered a ruling.

Concerning the methanisation business, section 22.4 of this registration document describes the mechanism under which EDF has a purchase obligation and the tariffs applicable to the sale to EDF of the electricity produced from biogas as well as the remuneration mechanism for bio-methane injected into the gas grids. These mechanisms could be subject to favourable or adverse changes as seen fit by the authorities, which, in the second case, could have a material adverse impact on the Group's business, financial position, results or prospects.



#### 4.1.5 Risks relating to the billing of coal for the thermal power plants

Agreements between the thermal power plants and EDF stipulate that the billing of a power plant's coal for a given period is based on a constant yield (coal consumed per MWh sold) and on the price of the last known delivery on the billing date, whereas the coal actually consumed may correspond to quantities in stock derived from an earlier delivery. This mechanism may therefore generate variances impacting the profit or loss (so-called inventory effects) in the event of a change in the yield or a change in the unit price of coal between two deliveries, while the impact of the latter factor cannot necessarily be anticipated.

The impact of the billing of coal on 2012 revenue and EBITDA is indicated in chapter 9 (sections 9.2.2, 9.3.2 and 9.3.3) of this registration document.

The chart below illustrates the changes in coal prices expressed in \$ (monthly API index) between December 2006 and December 2012.



4.1.6 Risks relating to the discretionary and intangible nature of tax incentives for investments and activities in the overseas *départements* and to potential changes in other tax provisions

The Group's activities in the overseas *départements* are such that, subject to the observations below, it benefits from certain tax incentive provisions (Girardin law, LODEOM law).

Generally speaking, such measures are granted upon approval and are therefore subject to a favourable decision from the relevant tax authorities. If such a decision is not obtained or covers only part of the request formulated in respect of a project whereas the project has already incurred significant costs and has resulted in significant investment expenditure, the Group's return on investment will be lower than expected for this project. Furthermore, failure to secure the required approvals in a timely manner may have an adverse impact on the operating profit and financial position for a specific period, thereby increasing the variability from one period to the next.

Furthermore, the tax incentive measures enjoyed by the Group mean that the projects must meet certain conditions. Failure to comply with these conditions could call the applicability of these measures into question, even though the Group must, in certain cases, guarantee the tax investors the benefits of their tax operation. The Group therefore endeavours to ensure that the various companies comprising the Group and which benefit from such conditional advantages comply with these conditions.

The Group is unable to give any assurances on the maintenance, in the future, of these incentive schemes, which, given the weakened situation of public finances, could be cancelled or adversely modified.

The 2011 French Finance Act did in fact provide for cancellation of the tax incentive measures for photovoltaic investments in the overseas *départements* with effect from 29 September 2010. However, according to provisions of the Act, no changes have been made to the tax reduction or deduction for investments for which the operator has accepted a connection quote and made a payment on account in this regard, provided that the installations concerned produce electricity by 31 March 2011 at the latest. The Group has taken advantage of this latter stipulation by constructing installations in remarkably short timeframes, notably in Guyana, that have satisfied these requirements.

In 2010, the Group obtained €15.2 million of fiscal aid in respect of its photovoltaic investments in the overseas *départements*, of which €2.3 million was conditional on the installations concerned being brought into service by 31 March 2011. Only €12.8 million was recognised in the 2010 pre-tax profit.

In 2011, the Group recognised in pre-tax profit €19.0 million relating solely to the tax position in respect of its photovoltaic investments in the overseas *départements*.

In 2012, the Group did not recognise anything in profit or loss in respect of eligible investments in the overseas *départements*.

The 2012 French Finance Act cancelled the provisions of Article 217a of the French Tax Code (*Code général des impôts*), which stipulated that two thirds of the results of operations located in the overseas *départements* and belonging to sectors eligible for overseas tax relief are included for calculating the corporation tax base. The abolition of this so-called "one third relief" benefit, which was to be applied only as from 2017, was applied to the results of financial years ending on or after 31 December 2011. It increased the Group's effective tax rate.

In 2010, this effective tax rate was 24.7%. In 2011, it increased to 44% due to the removal of the one-third relief and, on a one-off basis, the remeasurement at the new rate of the deferred tax recorded in the statement of financial position (this latter item had no cash impact). In 2012, this rate was 36%, slightly higher than the theoretical tax rate prevailing in France, as explained in section 9.3.7 of this registration document.

Abolition of the "one-third relief" also resulted in higher payments being made in respect of the CTM finance lease.

In July 2012, the Séchilienne-Sidec Group had informed the market of talks being held to take into account the impact of the new circumstances that had arisen in recent years, in particular those relating to the ending of the "one-third relief" on the tax-oriented lease for CTM. In this connection, an agreement was signed with EDF in early 2013 for CTM, allowing for the additional costs incurred to be passed on and for the annual tariffs to be raised. This agreement was mentioned in the press release of 1 March 2013 on the 2012 annual results.

In general, the Group is naturally exposed to the negative consequences stemming from any measures that increase the taxes and duties it pays. This applies notably for the components of the new local economic contribution (*contribution économique territoriale* – CET) that has replaced the business tax (*taxe professionnelle*): contribution for enterprise added value (*cotisation sur la valeur ajoutée des entreprises* – CVAE) and contribution for enterprise land value (*cotisation foncière des entreprises* – CFE). Their respective rates could be increased. Likewise for the flat-rate tax on network businesses (*imposition forfaitaire sur les entreprises de réseaux* – IFER): Article 158-V of the 2011 Finance Act increased the amount of this tax for photovoltaic and wind energy installations from €2,913/kW to €7,000/kW. The Group estimates that the new measures relating to the introduction of the CET and IFER result in an increase, based on equivalent data, in the region of 10% to 15% of the amounts previously paid in respect of the business tax.

Various provisions contained in the initial and amending Finance Acts for 2012 and the Finance Act for 2013 impact the Group or will impact it in 2013.

These are:

- the non-deductibility of financial charges over and above €3 million. This additional tax-related expense amounted to €0.9 million in 2012;
- the increase in the general tax on polluting activities (*taxe générale sur les activités polluantes* – TGAP) (increase in the cost of a tonne of SO<sub>2</sub> for the thermal power plants estimated at €0.7 million in 2013); and
- the increase in the social contribution (*forfait social*) on employers' contributions to employee savings plans to 20%.

#### 4.1.7 Risks relating to the Company's development

The energy production industry is very regulated and highly formalised by contracts. Regulatory changes rendering certain investments less attractive could affect the Company's development. A project's development phase prior to construction being launched is therefore subject to a strict process for the authorisation of the Company's commitments, thereby allowing the development to be halted in the upstream phase of any project that does not meet the profitability or risk criteria. Existing operations in thermal energy production benefit from long-term electricity contracts for the sale of electricity that incorporate mechanisms for indexation to changes in production costs, which mitigate or offset the effects of both increases in factors influencing these production costs and regulatory changes. The Company keeps an active watch so that, apart from being able to anticipate such regulatory changes, it may seize new market opportunities, as has indeed been the case in the past. The mounting pressure created by the regulatory mechanism regarding respect for the environment is particularly closely monitored by the Company (see section 8.2 of chapter 8 of this registration document).

Exercise of the Company's activity implies that it obtains various permits, authorisations and funding from the competent authorities and establishments, processes that require often uncertain timeframes that tend to get extended, which may delay the start date for construction of production units. The Company must therefore adopt a stringent management process so as not to risk incurring expenses that could become payable subsequent to these permits, authorisations and funding. Besides the operational aspects, project management must also take into account, in the development phase, the risk of non-acceptance of the production units by the public (with an underlying potential environmental or visual impact) and, in a context of a financial crisis and a credit crunch, the risk of unavailability of funding that may hinder development.

Concerning the dismantling of thermal power plants, in light of the experience gained when the expiry of certain of the Company's contracts with industrial clients resulted in the shutdown of the installations serving them, the Group considers its asset dismantling and demolition charges, less the sale price of the dismantled installations, to be immaterial thus far. It therefore considers the risk associated with the cost of dismantling thermal power plants to be low. A dialogue is currently being held with the administrative authorities to determine the conditions and procedures for implementing safeguards on the dismantling of thermal installations classified for environmental protection. It will lead to the filing, in 2013, with the examining administrative bodies, of a case justifying the financial guarantees to be implemented.

In the case of wind energy plants with masts in excess of 50 metres, under the so-called Grenelle 2 law of 12 July 2010, they are subject to an authorisation regime for installations classified for environmental protection one year after its date of publication. This law also established the principle of the operator being responsible for the dismantling of installations and site remediation, immediately upon cessation of operations, as well as the corresponding obligation to establish the necessary financial guarantees.

Other measures have been adopted following this legislative provision:

- decree 2011-2084 of 23 August 2011 creating a new category specifically for wind energy plants within the ICPE nomenclature; the impact study and public enquiry will now be carried out as part of the ICPE authorisation request,
- decree 2011-2085 of 23 August 2011 establishing the conditions for the constitution and mobilisation of financial guarantees and stipulating the procedures for cessation of activity at a site housing wind energy installations; and
- the decrees of 26 August 2011, of which one, concerning installations subject to authorisation as a result of them being at least 50 metres high, stipulates that at least once during the first three years of operation then once every 10 years, the operator must conduct an environmental review, providing, in particular, an estimate of the mortality impact for the region's birds and bats due to the presence of the wind turbines.

In wind energy, the Group has opted for selective growth, focused on sites meeting strict technical and financial criteria. On this basis, at the end of 2012, in mainland France it operated windfarms with a total capacity of 56.5MW. This activity does not constitute a major avenue of its development, which thereby limits the impact on the Group of the Grenelle 2 law.

As already indicated in section 4.1.2 above, the wind energy activity as a whole (windfarms in operation and under development) was sold to EDF-EN in February 2013.

Under the ICPE regulations, and depending on their size and the type of biomass they process, the methanisation installations are subject to specific reporting, registration and authorisation regimes.

## 4.2 LEGAL RISKS

### 4.2.1 Litigation risks

The Group's companies may be involved in proceedings of an administrative, legal or arbitral nature in the course of their activities.

The main assumptions regarding situations in which such proceedings could be initiated are:

- possible failure to meet contractual commitments;
- possible non-compliance with legislative or regulatory provisions, particularly those applicable to classified installations for environmental protection;
- possible transgression of conditions accompanying the issue of building permits or operating authorisations;
- possible transgression of conditions accompanying the grant of tax benefits;
- questioning of tax benefits granted to investments made overseas;
- possible lodging of an appeal by third parties against permits or authorisations obtained;
- the possible occurrence at the Group's units of incidents or accidents resulting in personal injury and/or damage to property and giving rise to legal action and claims for compensation;
- non-fulfilment or poor execution of commitments or services due to the Group by its suppliers.



Prevention of these risks lies in the particular care paid to:

- implementation by all Group entities of a constant policy of strict compliance with legislative and regulatory standards that apply to them, contractual commitments they have given, and, more generally, the principles of "Business Ethics". This is a key element of the Group's culture;
- the quality in terms of both substance and form, the clarity and accuracy of contractual documents of all types. To this end, use is made of qualified legal advisers;
- the selection of contracting partners depending on criteria, including their ethical reputation.

Disputes involving Group companies are described in chapter 20, section 20.16 of this registration document.

#### 4.2.2 Risks relating to the ownership of non-controlling interests in companies located in Mauritius

Pursuant to the laws applicable in Mauritius, the Group is required to participate as a non-controlling shareholder in the capital of each company tasked with carrying out a project, while at the same time retaining certain project management functions, for which it receives remuneration.

In its capacity as a non-controlling shareholder in these companies, the Group does not exercise full legal or economic control over said companies.

Any disagreement with other shareholders or local development staff could affect the Group's activities, financial position or results, ability to achieve its objectives, or capacity to receive dividends. The Group considers this risk to be highly unlikely and immaterial.

### 4.3 RISKS OF DEPENDENCY ON THIRD PARTIES

#### 4.3.1 During the construction phase

Bringing into service of new power plants could be impacted by the following factors:

- risks relating to lenders and their capacity to honour their commitments;
- risks relating to builders and the possible occurrence of delays in the construction of production units;
- risks relating to suppliers and the provision of equipment and supplies needed for the construction of production units;
- risks relating to staff unrest, notably at the ports and construction and civil engineering companies, that would delay construction, as was the case in particular during construction of the Caraïbes Energie (CE) power plant in Guadeloupe on several occasions during the period 2009-2011.

#### 4.3.2 During the operating phase

##### 4.3.2.1 *Risks relating to the provision of equipment, supplies and fuel*

During the entire lifecycle of its production units, the Group must carry out maintenance operations. In the event of equipment or component failure, in certain cases it can enforce a guarantee given by the supplier. The Group thus depends on its main suppliers to carry out certain maintenance work and must be able to rely them to honour the guarantees given.

Activity at the Group's thermal power plants depends on the timely delivery of imported raw materials used as fuel. The Group carefully selects its suppliers and ensures that it builds up a fuel reserve at the site of each power plant in order to deal with any delays. However, it cannot guarantee that, under all circumstances, its ability to operate its power plants without interruption will be preserved.

This issue, which, thus far, has essentially concerned coal and, to a lesser extent, other fuel, will gradually encompass imported biomass that the Group wishes to use increasingly as a substitute for coal at its thermal power plants.

Activity at the solar power plants depends on the proper running of the main equipment and, in particular, changes in yield and the production of photovoltaic panels, and suppliers guaranteeing an ageing limit, which decreases over the life of the panels.

In order to benefit from feedback and take advantage of the volume effect, the Group has established a centralised procurement department.

Purchases of coal being made on a spot basis, the Group has no medium- or long-term commitments in this regard. The Group diversifies its coal supplies by using several suppliers. This diversification means that the Group ensures the security of its supplies in the event of the failure of any one of its suppliers.

Over the last three financial years, the Group's largest supplier was a coal supplier, with which the Group dealt on an arm's length basis, for an amount of:

- €59.4 million, including €45.8 million paid in USD (\$58.8 million) in 2010;
- €78.6 million, including €42.2 million paid in USD (\$58.3 million) in 2011;
- €63.2 million, including €63.1 million paid in USD (\$81 million) in 2012.

During the same period, the Group's seven largest suppliers (suppliers with which the Group dealt on a non-mandatory basis with the exception of First Solar, towards which it still had a contractual purchase obligation at the start of 2011) represented purchases amounting to:

- €138.7 million (€27.2 million for First Solar), including €60.6 million paid in USD (\$78.2 million) in 2010;
- €165 million (€15.4 million for First Solar), including €73.5 million paid in USD (\$102 million) in 2011;
- €126.1 million, including €97 million paid in USD (\$124.4 million) in 2012.

As indicated in section 4.4.3 of this registration document, the change in coal purchase prices in US dollars, as per the effect described in section 4.1.5, has no material impact on the Group's profitability as sales to customers include an indexation to the set price of coal purchases per unit in local currency (euros or Mauritian rupees).

The fuel consumed by the combustion turbine of Compagnie de Cogénération du Galion (CCG) in Martinique is purchased in euros (representing an amount of €29.8 million in 2011 and €24.8 million in 2012).

Concerning the methanisation activity, the risks that the Group takes the greatest care to avoid by means of suitable contractual clauses, and by being very selective in its choice of partners, concern possible interruptions to the supply of biomass, possible deteriorations in the quality of the biomass supplied and the possible disappearance of customers for steam.

#### 4.3.2.2 *Risks relating to dependency on a limited number of customers*

The Group sells virtually all the electricity it produces under long-term contracts entered into with EDF in France and the Central Electricity Board (CEB) in Mauritius. The term of these contracts is indicated in chapter 22 of this registration document. The Group's revenue from EDF came to €358.1 million in 2012, representing 95.8% of consolidated revenue. Revenue earned by the Group from CEB is not included in the Group's consolidated revenue as the Mauritian power plants are consolidated using the equity method. For information, the revenue generated by these power plants (not weighted by their ownership percentage) amounted to MUR3,776 million (i.e. €94 million) in 2012. Any difficulties in relations with these customers could have a material adverse impact on the Group's business, financial situation, results or prospects.

Given the high quality of these contracting partners, the counterparty risk relating to trade receivables is immaterial.

## 4.4 MARKET RISKS

### 4.4.1 Liquidity risk

The Company has conducted a specific review of its liquidity risk and feels it is in a position to meet its future payment commitments.

At 31 December 2012, the breakdown of the liquidity position compared with that of previous years was as follows:

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Other current financial assets	61 194	48 299	81 067
Bank accounts	18 193	26 759	25 550
Unutilised credit lines	15 000	-	-
Liquidity position	94 387	75 058	106 617

This information is detailed in note 32.1 to the consolidated financial statements appended to chapter 20 of this registration document.

a) Financing lines were put in place in connection with the refinancing in July 2008 for an amount of €100 million.

The general features of this funding agreement, which was drawn down on 21 July 2008, are as follows:

## (i) Nature and amount of the facilities

Medium-term facilities comprising two tranches:

- an A tranche consisting of an €80 million amortisable loan, on which the outstanding principal stood at €54 million at 31 December 2012;
- a B tranche consisting of a €20 million revolving credit facility whose purpose is to fund working capital requirements. The borrower undertakes not to use the B tranche for at least 15 days, consecutive or otherwise, each year. This tranche was drawn down at 31 December 2012.

## (ii) Repayment of the A and B tranches

Each of the two tranches must be repaid as indicated in the maturity schedule below:

In millions of euros	2009 to 2014	Final maturity in 2015
Tranche A	6,50	41,00
Tranche B	-	20,00

Voluntary early repayment is possible, without incurring any penalties.

## (iii) Financial features

- interest rate: 6-month Euribor for the A tranche and Euribor corresponding to the drawdown period for the B tranche, plus a margin equal to 0.80% per annum;
- covenants – compliance with specific values for two ratios and a cap on parent company net borrowings<sup>1</sup>:
- the ratio of parent company net borrowings for the test period under review over consolidated EBITDA for the same period must be less than 2;
- the ratio of parent company net borrowings for the test period under review over consolidated shareholders' funds must be less than 1;
- the amount of parent company net borrowings is capped at €300 million.

The Group complied with these ratios at 31 December 2012 as well as at 31 December of each of the previous years.

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<sup>1</sup> Parent company net borrowings are defined as all borrowings and similar instruments contracted with credit institutions and other financial claims on Séchilienne-Sidec SA (including the principal portion of finance lease commitments restated in the financial statements within the meaning of IAS 17 and shareholder loans and similar items), within the meaning of the French general chart of accounts, less Séchilienne-Sidec SA's cash and deposits.

## (iv) Event of default

The main events of default are:

- non-compliance with the covenants;
- cross default on Séchilienne-Sidec SA or one of its subsidiaries for borrowings of more than €1 million.

b) A credit line was put in place in July 2009 for €15 million with Banco Espirito Santo et de la Venetie (BESV).

Its main features are as follows:

- amount: €15 million;
- term: 36 months with effect from the date of signing, tacitly renewable in the absence of termination for a further 24 months;
- interest: Euribor plus a margin of 2.5%;
- covenants: identical to those stipulated above for the €100 million financing line.

In 2012, this line was drawn down.

c) Two other funding facilities were put in place in November 2012 with Banque Palatine. Their main features are as follows:

- a €6.5 million medium-term loan over five years, amortisable by means of constant quarterly payments, at 3-month Euribor plus a margin of 1.90%;
- a €8.5 million medium-term loan over four years at 3-month Euribor plus a margin of 2.05%, which can be utilised upon giving three months' notice of intention to draw down.

The covenants on these two credit lines are identical to those stipulated above for the €100 million financing line.

In 2012, these lines were not drawn down.

d) Furthermore, financial leases entered into by Group companies may make provision for the usual financial commitments pertaining to such operations, described in note 23 to the consolidated financial statements as shown in section 20.6 of this registration document.

Borrowings are described in the same note 23 to the consolidated financial statements as shown in chapter 20 of this registration document.

At 31 December 2012, the Group had borrowings of €582.754 million, for which the repayment schedule is shown below:

In thousands of euros	Within 1 year		Between 1 and 2 years		Between 2 and 3 years		Between 3 and 4 years		Between 4 and 5 years		More than 5 years	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Bank borrowings	56 155	7 215	21 990	6 802	57 222	6 461	20 046	6 102	17 578	5 965	133 173	28 771
Finance lease payables	21 186	10 499	24 386	10 742	26 986	11 017	50 201	10 793	18 397	9 037	133 885	40 481
Bank overdrafts and other	1 551											
<b>Total at 31/12/2012</b>	<b>78 892</b>	<b>17 714</b>	<b>46 376</b>	<b>17 544</b>	<b>84 208</b>	<b>17 478</b>	<b>70 247</b>	<b>16 895</b>	<b>35 975</b>	<b>15 002</b>	<b>267 058</b>	<b>69 252</b>

The Company has conducted a specific review of its liquidity risk and feels it is in a position to meet its future payment commitments.

#### 4.4.2 Interest rate risk

At 31 December 2012, the Group had borrowings of €582.754 million, split as follows:

	31/12/2012					31/12/2011			
	Bank overdrafts and accrued interest	Project debt	Payables relating to call options on non-Group interests	Corporate debt	Total	Bank overdrafts and accrued interest	Project debt	Corporate debt	Total
Borrowings from credit institutions									
. Fixed rates		74 911	3 055		77 966		93 915		93 915
. Variable rates	1 551	138 164		89 000	228 715	2 190	133 736	95 500	231 426
<b>Total borrowings from credit institutions</b>	<b>1 551</b>	<b>213 075</b>	<b>3 055</b>	<b>89 000</b>	<b>306 681</b>	<b>2 190</b>	<b>227 651</b>	<b>95 500</b>	<b>325 341</b>
Finance lease payables									
. Fixed rates		43 998			43 998		82 739		82 739
. Variable rates		232 075			232 075		250 640		250 640
<b>Total finance lease payables</b>	<b>0</b>	<b>276 073</b>	<b>0</b>	<b>0</b>	<b>276 073</b>	<b>0</b>	<b>333 379</b>	<b>0</b>	<b>333 379</b>
<b>Total borrowings</b>	<b>1 551</b>	<b>489 148</b>	<b>3 055</b>	<b>89 000</b>	<b>582 754</b>	<b>2 190</b>	<b>561 030</b>	<b>95 500</b>	<b>658 720</b>

For the subsidiaries, in the event that financing facilities in the form of borrowings or finance leases are not at fixed rates, changes in the interest rates on the financing facility are passed on to customers when so permitted by the contract provisions (as in the case of CTBR-1 and CTM). When, in accordance with these provisions, changes in interest rates cannot be passed on, the company carrying the financing agreement has put in place appropriate hedges: subscription to a tunnel (purchase of a cap and sale of a floor) or use of swaps, i.e. to swap variable interest rates against fixed interest rates, for the majority of the other units.

##### 4.4.2.1 Corporate debt

At 31 December 2012, the financing lines put in place in connection with the abovementioned refinancing were used in an amount of €54 million and were covered by swaps (to swap variable interest rates against fixed interest rates) in an amount of €30 million.

Furthermore, at 31 December 2012, the revolving credit lines were drawn down in an amount of €35 million.

## 4.4.2.2 Other borrowings

The Group's net borrowings are analysed below:

<i>In thousands of euros</i>	31/12/2012	31/12/2011	31/12/2010
Borrowings:			
. From credit institutions	306 681	325 341	379 948
. Finance leases	276 073	333 379	257 921
<b>Total borrowings</b>	<b>582 754</b>	<b>658 720</b>	<b>637 869</b>
Cash and cash equivalents:			
. Bank	18 193	26 759	25 550
. Investment of advances from finance lessors			
. Investment securities	61 194	48 299	81 067
<b>Total cash and cash equivalents</b>	<b>79 387</b>	<b>75 058</b>	<b>106 617</b>
<b>Deposits relating to finance leases</b>	<b>17 062</b>	<b>21 802</b>	<b>23 180</b>
<b>Current accounts of equity-accounted companies</b>			
<b>Net borrowings</b>	<b>486 305</b>	<b>561 860</b>	<b>508 072</b>

Net borrowings stood at €486.3 million at 31 December 2012 compared with €561.9 million at 31 December 2011.

## 4.4.2.3 Sensitivity of financial assets and liabilities to changes in interest rates

This sensitivity ("S") is based on the table below, which summarises at 31 December 2012, by maturity bands of within 1 year, 1 to 5 years, and more than 5 years, outstanding debt and financial assets before and after taking into account hedging instruments.

<i>In thousands of euros</i>	<b>Overnight to 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
Financial liabilities	(468,473)	(37,963)	(76,318)
Financial assets	79,387	12,496	5,278
Net position before hedging	(389,086)	(25,467)	(71,040)
Hedging instruments	274,000	-	-
Net position after hedging	(115,086)	(25,467)	(71,040)

This table has been compiled in accordance with the AMF's recommendation. As such, all assets and liabilities at variable rates are shown in the "within one year" column whereas their actual maturities are longer.

<b>S = Net position after hedging, to be renewed</b>	<b>x 1% change in short- term interest rates</b>	<b>x average period (one year) left to run between now and the end of the next financial year</b>	<b>= impact</b>
<b>(115.1)</b>	<b>1%</b>	<b>1.0</b>	<b>(1.2)</b>



After taking into account the effect of interest rate hedges, the financial impact of a 1% increase in interest rates would be €(1.2) million. This corresponds to 4.3% of the total amount of financial charges recognised during the year (€27.6 million) and indicates the relative impact of changes in interest rates on:

- financial assets and liabilities at fixed rates falling due within one year;
- financial assets and liabilities at variable rates.

The increase in charges is partly passed on to customers as provided for in the contracts for the sale of electricity for the thermal sector.

After taking into account interest rate hedging instruments and contractual elements for the thermal business, the Group's exposure to interest rate risk is €131.5 million at Group level, of which €59.0 million relates to corporate debt, €26.3 million to project debt relating to the thermal energy business, €29.4 million to project debt relating to the solar energy business, €8.1 million to project debt relating to the wind energy business and €8.7 million to project debt relating to the methanisation business.

Impact of changes in interest rates on shareholders' equity

A change of +/- 50bp in interest rates would have a pre-tax impact on shareholders' equity of €(8.8) million and €8.8 million respectively. This impact relates to the changes in the fair value of cash flow hedging instruments.

#### 4.4.3 Currency risk

The Group's transactions are performed mainly in euros, with the exception of:

- purchases of coal denominated in US dollars. Selling prices charged to customers specifically take into account movements in the exchange rate;
- the activity of companies in which Séchilienne-Sidec holds non-controlling interests in Mauritius and whose accounts are prepared in Mauritian rupees.

Currency risk relating to the Mauritian subsidiaries arises mainly from:

- the impact of the movement in the exchange rate on the overall amounts recognised using equity accounting (recognised directly in equity);
- the revaluation of borrowings, denominated in certain cases in euros;
- the partial indexation to the euro of contracts for the sale of electricity.

Also, the Group has recognised embedded currency derivatives (euro/Mauritian rupee) relating to contracts for the sale of electricity.

The Group does not use any other financial instruments for currency hedging purposes.

At 31 December 2012, currency risks were as follows:

<i>In thousands of euros</i>	Value in euros of assets in Mauritian rupees		
	31/12/2012	31/12/2011	31/12/2010
Assets	24,104	23,099	25,189
Liabilities	(539)	(609)	(691)
Net position before hedging	23,565	22,490	24,498
Off-balance sheet position	-	-	-
Net position after hedging	23,565	22,490	24,498

These net positions are subject to a net foreign investment hedge described in note 16 to the financial statements as shown in chapter 20 of this registration document.

As such, a movement in the EUR/MUR exchange rate would have no material impact on shareholders' equity.

#### 4.4.4 Equity risk

Equity risk is limited due to the nature of the Group's cash investments (money market mutual funds benefiting from good ratings and subscribed with recognised institutions). Since CICM sold its entire holding of Séchilienne-Sidec shares in 2010, there are no longer any treasury shares.

At 31 December 2012, the number of treasury shares held in connection with a liquidity contract was 55,000: section 21.1.3 of this registration document provides further information on this contract.

#### 4.4.5 Counterparty risk

As indicated in section 4.3.2.2 above, given the high quality of the contracting parties, notably the buyers of the subsidiaries' electricity, the counterparty risk relating to trade receivables is immaterial. Furthermore, the Group has no specific dependencies with regard to its suppliers.

Regarding its investments and borrowings, the Group deals only with top-tier financial institutions.

#### 4.4.6 Risks relating to significant off-balance sheet commitments

The Group has entered into off-balance sheet commitments in connection with its day-to-day operations. These commitments are generally:

- clauses permitting recourse to the Group for the payment of obligations arising from financial leases entered into by the project companies, during the construction phases for production units;
- performance guarantees;
- obligations to acquire production units and equipment;
- obligations to purchase shares in the project companies;
- financing contract clauses making the distribution of dividends by the subsidiary concerned conditional on compliance with ratios for the coverage of debt and other commitments specified in the loan documentation.

In certain cases, the occurrence of events imposing a requirement on the Group to honour these commitments could have an adverse impact on the Group's operating results and financial position.

In 2011, a risk relating to purchase commitments expired. It related to the obligation to purchase photovoltaic panels from First Solar under a multi-year supply agreement. Riders concluded in early 2011 reduced these purchase obligations to 10.85MW, already purchased, necessitated in 2011 by completion of the construction of a photovoltaic farm and the construction of two more photovoltaic farms using First Solar modules in the overseas *départements*, with no financial compensation. There is therefore no longer any purchase obligation under this agreement. However, it continues to give direct access to First Solar modules for the Group as required.

#### Pledges of subsidiaries' shares

Company	Type of pledge	Pledge start date	Pledge end date	Amount of assets pledged	Total balance sheet account in the company accounts	%	Number of shares pledged	% of capital pledged
CTSAV	Pledge of shares	09/11/2005	31/12/2022	4 868 018	4 868 018	100%	1 902 500	100%
CTDS	Pledge of shares	15/04/2004	31/12/2020	1 885 803	1 885 803	100%	637 500	100%
CTBR	Pledge of shares	14/02/2008	17/02/2015	63 365 941	63 365 941	100%	1 234 982	100%
CTG	Pledge of shares	14/02/2008	17/02/2015	8 416 429	28 054 763	30%	199 800	30%
PDF	Pledge of shares	27/04/2010	30/04/2026	40 000	40 000	100%	4 000	100%
QEG	Pledge of shares	18/12/2009	26/12/2026	40 000	40 000	100%	4 000	100%
QEL	Pledge of shares	22/04/2010	31/12/2025	32 000	32 000	100%	3 200	80%
QEM	Pledge of shares	17/12/2010	30/11/2029	1 812 775	1 812 775	100%	1 600 240	100%
Other companies					103 628 239			
<b>TOTAL</b>				<b>80 460 966</b>	<b>203 727 539</b>			

All future receivables from EDF, Endesa (Spain) and GSE (Italy) are given as security in an amount of €536.8 million (including €47.7 million in respect of the wind energy business), this amount corresponding to the capital outstanding at 31 December 2012 for debts relating to projects in operation or under construction benefiting from bank funding. The last of these liabilities is payable in 2030.

Certain Group equipment is also pledged.

All photovoltaic farms, in the operation phase, are financed by the use of so-called "non-recourse" debt (i.e. funding made available via a loan taken out by an ad-hoc company whose sole asset is a given project, without the shareholders providing, during the operating phase, financial guarantees or commitments to contribute additional equity in respect of which they could be called by the lender in the event of default by the company carrying the project) provided by banking pools. The project companies, Group subsidiaries, each carry either a specific project in the case of open field farms or a homogenous category of assets in the case of roof-mounted plants.

Under this arrangement, the lenders benefit from a collateral mechanism that is restricted to the assets of the project itself or to the company that carries it in order to comply with the "non-recourse" nature of the debt. This collateral mechanism is broad and normally mainly includes: (i) so-called Dailly assignments (pledges of business receivables), notably concerning the EDF purchase contract; (ii) mortgages on land or, where applicable, a pledge of roof lease rights; (iii) a pledge on the equipment comprising the asset; (iv) assignments of insurance policies; and (v) a pledge on the shares of the company holding the project asset.

Lastly, for solar farms located in the overseas territories and to which apply the tax relief measures stipulated in Article 199 B of the French Tax Code, ownership of equipment comprising the project asset itself is transferred to a tax-efficient SAS or SNC for a period of at least five years so as to be able to benefit from this regime.

#### 4.5 INSURANCE

##### 4.5.1 Insurance policy

The Group has taken out with well-known firms insurance coverage for the risks of the various entities it comprises, including:

- "Construction" policies put in place for new investments;
- "Damages" policies, the major types of these being: "All risks except" and "Damages and resulting Operating Losses following certain events";
- "Civil Liability" policies, covering both general and professional liability, "Civil Liability for Environmental damage" and "Civil Liability of corporate officers";
- car and personal accident insurance.

However, the Group cannot guarantee that these policies are or will be sufficient to cover the losses that might arise from a major operational stoppage at its power plants, to repair or replace the damaged sites or to compensate for the consequences of any action that may be initiated by a third party.

The Group's financial position and operating results could be materially affected if it were to suffer a serious incident that is either uninsured or not sufficiently insured, or which exceeds notably the coverage limits imposed by the insurance firms, or if it was subject to a delay in the settlement of its insurance claims.

Furthermore, the Group's insurance policies are subject to annual revisions by its insurers. There is no guarantee that the level of premiums will not increase or that insurance rates will not become volatile.

For the thermal power plants, any increase in premiums could have an adverse impact on profit margins insofar as the fixed premium incorporated into the pricing of electricity purchase contracts does not take into account these additional costs.

For the wind and solar energy installations, any significant increase in insurance costs could have an adverse impact on the operating results of the companies that carry these assets, as the contracts entered into in connection with the purchase obligation imposed on the network do not make provision for any price changes resulting from a change in costs other than inflation.

Likewise for the methanisation installations.

The total amount of premiums paid by the Group in respect of its various insurance policies came to €3.7 million in 2012 and €4.0 million in 2011.

## 4.5.2 Summary of policies covering Group companies in 2012

4.5.2.1 *Construction policies*

## Methanisation business

The TIPER project, scheduled to be brought into service in the first half of 2013, is covered by an all project risks and anticipated operating losses insurance for an amount of €12.8 million and €2.8 million respectively.

4.5.2.2 *Damages and operating losses policies*

## (i) Thermal business

For 2012, Compagnies Thermiques de Bois-Rouge, du Gol and du Moule, as well as Compagnie de Cogénération du Galion and Caraïbes Energie were covered by a damages policy ("All Damages Except") and operating losses, taken out with GAN Eurocourtage.

**In direct damage**, the insured amounts were as follows:

- moveable and immovable property: €932 million
- expenses and losses: €10 million
- claims from neighbours/third parties: €20 million
- automatic guarantee: €8 million

**In operating losses**, the coverage totalled €144 million.

Under this policy, the thermal companies are covered for the insured amounts with a contractual pay-out limit per claim of €100 million, for damages and operating losses combined, for the following events: fire, explosion, lightning, damage to electrical or electronic equipment, falling aircraft, land vehicle crash, water damage, hail, snow weight, attacks, smoke and natural disasters.

For other events, the following sub-limits (direct damage and operating losses) apply:

Storms/hurricanes/cyclones not classified as Natural Disasters:

- Guadeloupe: €75 million
- Martinique: €75 million
- Reunion: €100 million
- Broken machinery: €42 million
- Other events: €55 million

Excess per claim:

- Direct damage: 10% of the damage with a minimum of €1 million for CTG, €0.800 million for CTBR, €0.800 million for CTM and €0.400 million for CCG.
- Operating losses: 45 times the daily amount of the gross margin with a minimum of €0.500 million except for CCG, being €0.400 million, and CTG-B, being €0.750 million.

In the cases of the power plants of Compagnie Thermique de Bois-Rouge, Compagnie Thermique du GOL in Reunion and Compagnie Thermique du Moule in Guadeloupe, due to the number of installations on the site, additional coverage of €150 million for Bois-Rouge and €180 million for Gol and Moule was taken out with Ace Europe to cover damages and operating losses in excess of €100 million.

#### (ii) Photovoltaic business

- The ground-based photovoltaic plants in Kourou, Matoury (Guyana), Lassalle (Martinique), Pierrelatte and Fabrègues (mainland France) are covered for an amount of €146 million for direct damage and €20 million for operating losses (RSA policies).
- The other photovoltaic plants are covered for an amount of €201 million for direct damage and €24 million for operating losses (Axa and Albingia policies).

The indemnities are calculated based on new replacement values, which, in a period of falling costs for installations may be penalising in the event of an established total loss claim.

#### (iii) Wind energy business

The windfarms in Vanault le Châtel, Bambesch, Niedervisse, Clamanges/Villeseneux, Porte de France and Crêtes d'Héninel (from July 2011) are covered for an amount of:

- Direct damage: €57.6 million
- Operating losses: €10.7 million

#### 4.5.2.3 Operational civil liability

- An Operational Civil Liability policy has been taken out with Chartis Europe for Séchillienne-Sidéc and the thermal and photovoltaic subsidiaries in which the Group holds at least 50% of the share capital and voting rights.

The amount of the operational civil liability coverage for Property Damage and Economic Loss is €35 million (per claim or per year of operations), including €3 million for gross negligence by the employer and €6 million for non-consecutive economic loss.

The amount of the professional civil liability coverage after delivery, for all claim types combined, is €6 million.

The excesses are €15,000 per claim (except personal injury) for operational civil liability and €45,000 per claim for professional civil liability.

- For the wind energy business, policies have been taken out with various insurers for the following amounts:
  - operational civil liability: €5 million to €7.5 million per claim depending on the site concerned;
  - professional civil liability: €2 million per annum and/or per claim;
  - the excess ranges from €300 to €3,500 depending on the case and the site concerned.
- The methanisation activities are covered by an operational civil liability policy for an amount of €7.5 million and a professional civil liability policy for an amount of €2.6 million. The excesses are €1,500 per claim.

#### 4.5.2.4 *Civil liability for environmental damage*

Séchilienne-Sidec, CTBR, CTM, CTG, CCG and CE are covered with Chartis by a specific civil liability policy for environmental damage as follows:

Operational civil liability "for environmental damage": €10 million (per claim or per year of insurance per plant).

The excesses are €30,000.

#### 4.5.2.5 *Civil liability of corporate officers*

The managers of Séchilienne-Sidec and its subsidiaries are covered by a "civil liability of corporate officers" policy taken out with Chartis Europe for an amount of €15 million (per insurance period).

#### 4.5.2.6 *Offices multi-risk*

The offices of Séchilienne-Sidec are covered by a multi-risk policy taken out with GAN Eurocourtage for an amount of €569,712 in the event of fire or water damage.

#### 4.5.3 Description of incidents

In 2012, there were no major incidents, but:

- photovoltaic installations with a capacity of 1MW located in Italy were subject to repeated thefts of copper connections, resulting in the installations being taken out of service for a few weeks;
- the photovoltaic installations located in the Antilles-Guyana region, with an individual capacity of 0.218MW, 0.170MW and 0.850MW respectively, were taken out of service for periods ranging from one month to four months following a fire, either in the roof-mounted installation support building, substation or inverter.



## CHAPTER 5: INFORMATION ABOUT THE COMPANY

### 5.1 HISTORY AND DEVELOPMENT OF THE COMPANY

#### 5.1.1 Company information

##### (i) Name

The company at the head of the Group is called "Séchilienne-Sidec, Société Industrielle pour le Développement de l'Energie et de la Cogénération".

##### (ii) Trade and Companies Register, APE code, SIRET code

The Company is registered with the Nanterre Trade and Companies Register under number 775 667 538. Its APE code is 7010 Z. Its SIRET code is 775 667 538 00208.

##### (iii) Date of incorporation and duration of the Company

The Company was incorporated under its current name, Séchilienne-Sidec as the result of a merger, effective from 1 January 2011. Its duration has been extended on several occasions and was most recently set at 31 December 2099 by the Ordinary and Extraordinary General Meeting of the Shareholders of 16 June 2009.

##### (iv) Registered office, legal form of the Company and applicable legislation

As at 31 December 2012, the registered office of Séchilienne-Sidec is located at 22 place des Vosges, Immeuble Le Monge, La Défense 5, 92400 Courbevoie (telephone: +33 (0) 1 41 16 82 00).

Séchilienne-Sidec is a French *société anonyme* (limited company) with a Board of Directors, governed in particular by the provisions of the French Commercial Code (*Code de Commerce*).

The Company's financial year runs from 1 January to 31 December.

#### 5.1.2 History - Milestones in the development of the Company's activities

The Company as it is currently named was formed on 1 January 2001, as a result of the merger between Séchilienne, a subsidiary of Air Liquide, and Sidec, a member company of the Charbonnages de France group.

Charbonnages de France set up Sidec (Société Industrielle pour le Développement de l'Energie charbon et de la Cogénération) in 1982, at the request of the Public Authorities, in an economic climate marked by the recent "oil crises", to help industrial companies in all sectors to minimise the proportion of petroleum-based products in their respective energy mixes by adopting alternative fuels, and to provide them with power generating facilities that are technically optimised in terms of efficiency and environmental performance.

The main milestones from the period 1982-2011 are described below:

### 1982 - 1989: Cogeneration specialist (Charbonnages de France group)

- The Company built and operated cogeneration plants (offering combined heat and power generation) at around 30 industrial facilities owned by customers in a wide range of sectors, including agribusiness, the chemical industry, car manufacturing, tyre manufacturing and paper-making.

### 1989-2003: Growth

#### (i) Change in ownership structure

- Séchilienne (Air Liquide group) acquired a stake in Sidec in 1994, via a private capital increase. Over time, Séchilienne, a member of the Air Liquide group, gradually built up a majority interest in Sidec, culminating in a merger between Séchilienne and Sidec in 2001, from which Séchilienne-Sidec emerged.

#### (ii) Bagasse/coal-fired power plants

- In 1992, the first bagasse/coal-fired dual-fuel cogeneration plant (CTBR-1 - 62 MW gross) was built in Bois-Rouge on Reunion Island, following a study initiated in 1989 at the request of one of the island's sugar refineries, which was seeking solutions to improve its energy supply. The plant was designed and built in the light of this study.
- Three bagasse/coal cogeneration plants were commissioned in 1995, 1998 and 2000 respectively: CTG-A (Reunion, 64 MW gross), CTM (Guadeloupe, 64 MW gross) and CTBV (Mauritius, 70 MW gross, for which the Company acted as the main contractor. CTBV was subsequently renamed Terragen (in 2012).

#### (iii) Other events

- A 110 MW gas-combustion turbine facility in Rouen began operating in 2001, before being sold at a profit in 2002.

### 2004 to 2008: First wind power and photovoltaic projects

#### (i) Change in ownership structure

- In 2005, Air Liquide disposed of its participating interest in Séchilienne-Sidec, enabling Financière Hélios (controlled by funds managed by Apax Partners SA and Altamir Amboise) to become the new main shareholder.

## (ii) Bagasse/coal, coal and domestic heating oil-fired plants

- Three bagasse/coal cogeneration plants were commissioned in 2004, 2006 and 2007 respectively: CTBR-2 (Reunion, 46 MW gross), CTG-B (Reunion, 58 MW gross) and CTSAV (Mauritius, two 45 MW gross plant units, for which the Company served as the main contractor). CTSAV was subsequently renamed Omnicane Thermal Energy Operations OTEO-La Baraque.
- A coal-fired thermal cogeneration plant began operating in 2005: CTDS (Mauritius, 35 MW gross, for which the Company served as the main contractor). CTDS was subsequently renamed Omnicane Thermal Energy Operations OTEO-Saint-Aubin.
- In 2007, the Galion domestic heating oil-fired combustion turbine (Martinique, 40 MW gross) was commissioned. The role of this plant is to satisfy demand during peak periods and provide emergency generating capacity for the grid.
- Investment in the Caraïbes Energies plant in Guadeloupe (38 MW gross) began in 2008, with the aim of connecting the facility to the grid by the end of 2010.
- An operating licence under the terms of the Act of 10 February 2000 was granted in October 2008 for a 37.5 MW bagasse/coal plant (CCG-2) located in Le Galion, Martinique.

## (iii) Wind power

- The 37.5 MW wind farm in La Haute-Lys (Nord-Pas-de-Calais), for which the Company acted as the main contractor, began operating in 2004. This farm was subsequently sold at a profit (in 2007).
- Two wind farms, respectively located in Vanault-le-Châtel (Champagne-Ardenne, 8.5 MW) and Bambesch (Lorraine, 12 MW) entered service in 2007.
- Two wind farms, respectively located in Niedervisse (Lorraine, 12 MW) and Clamanges et Villeseneux (Champagne-Ardenne, 10 MW) were commissioned in 2008.

## (iv) Photovoltaic power

- A 1 MW photovoltaic plant on Reunion Island began operating in late December 2006.
- Photovoltaic power generating facilities with a combined capacity of 1 MW were commissioned in the French overseas *départements* in 2007.
- In a move to secure supply of solar panels, in 2007 a contract was agreed with the manufacturer First Solar to guarantee supplies of panels with a combined capacity of 150 MW over the period 2007-2012.
- In 2008, the Company began operating photovoltaic installations with a combined power rating of 5.9 MW (of which 2.4 MW in the Indian Ocean region, 1.2 MW in the Caribbean and 2.4 MW in Spain).

## (v) Other events

- The last operating contract relating to cogeneration plants built by Sidec during its early years (in particular, a contract with Rhodia concerning a facility in Péage de Roussillon) expired on 30 September 2007.

## 2009

- An operating license for a 15 MW bagasse/coal-fired power plant located on Marie-Galante (an island in the Guadeloupe archipelago) was granted under the provisions of the Act of 10 February 2000.
- New photovoltaic installations with a combined output of 11 MW were installed, increasing operational capacity to 19 MW upon connection.
- The French Energy Regulation Commission (*Commission de Régulation de l'Energie - CRE*) approved amendments to contracts under the terms of which EDF purchases electricity from the CTBR, CTG and CTM thermal power plants, enabling these plants to pass on to EDF the vast majority of the additional costs engendered by the very large reduction in greenhouse gas emission quotas allocated to power generators, with the exception of an excess amount still payable by the plants (see section 8.2 of this registration document).
- The solar panel procurement contract with First Solar was renegotiated, resulting in a significant decrease in the annual fixed purchase prices for the period 2009-2012 as well as greater flexibility in terms of the quantities purchased.
- The year was marked by extended industrial action (particularly in Guadeloupe) and technical malfunctions at several thermal power plants.
- Negotiations were conducted with EDF and CRE, resulting in agreements enabling dock dues to be fully billed on to EDF.
- Construction work began at the 7 MW photovoltaic farm in Pierrelatte.
- Work at the Caraïbes Energie thermal plant progressed rapidly during the second half of 2009, following disruption due to the industrial action that had previously brought Guadeloupe to a standstill.

## 2010

- An operating licence, governed by the Act of 10 February 2000, was granted in January 2010 for the Saint-André Energie project (40 MW bagasse/other biomass/coal plant on Reunion Island).
- The first phase of a programme of maintenance, modernisation and incident prevention-related investments at the thermal plants affected by technical malfunctions in 2009 was implemented, largely during the first half-year.

- New photovoltaic installations (including the Pierrelatte PV farm) with a combined capacity of 23.9 MW were commissioned, increasing total photovoltaic production capacity, upon connection, to 42.9 MW on 31 December 2010.
- Ground was broken at the 12 MW photovoltaic farm in Kourou, French Guiana, part of which (1.8 MW) was commissioned in December 2010, with the remainder entering service in 2011.
- New wind turbines were put into service at the 8 MW Porte de France wind farm in Lorraine, increasing total operational wind power capacity to 50.5 MW on 31 December 2010.
- Construction work began at a 6 MW wind farm in Héninel. The farm began generating power in 2011.
- The Caraïbes Energie power plant was coupled to the Guadeloupe grid for the first time on 11 December 2010.

## 2011

- Work continued - essentially during the first half-year - to implement the programme of maintenance, modernisation and incident-prevention investments at existing thermal plants.
- Compagnie Thermique du Gol obtained AFNOR certification relating to the standards ISO 9001, ISO 14001 and ILO-QSH 2001.
- An amendment to the procurement contract with First Solar was implemented, decreasing the Group's previous commitment for the 10.85 MW already contracted for the construction and finishing of three photovoltaic farms located in the French overseas *départements* in 2011.
- The Caraïbes Energie thermal power plant in Guadeloupe (38 MW gross) began operating industrially on 8 March 2011.
- Photovoltaic installations with a combined capacity of 26.754 MW were commissioned:
  - . 10.203 MW in Kourou, French Guiana
  - . 3.992 MW in Matoury, French Guiana
  - . 5.355 MW in Bethleem, Reunion Island
  - . 7.204 MW at various sites, including 4.540 MW in the Caribbean, 1.667 MW in the Indian Ocean and 0.997 MW in Southern Europe.

Upon connection, these new facilities increased operational photovoltaic capacity to 69.505 MW on 31 December 2011.

- The Héninel wind farm began operating on 12 July 2011, increasing operational wind power capacity to 56.5 MW at 31 December 2011.

- Industrial disputes and work-to-rule operations at the Group's thermal power plants, in support of efforts to obtain certain measures ("colony bonuses") for personnel in the power generation and gas industries that were requested from, and rejected by, EDF, the Group and other power generators.
- The Energy Regulation Commission (CRE) approved the contractual terms and conditions governing EDF's purchase of electricity from two new plants: CCG-2 (in Martinique) and Marie-Galante Energie (Guadeloupe archipelago). The first of these contracts was signed in 2011.

### 2012 – First biomethanation projects

- Implementation of the maintenance, modernisation and incident prevention-related investment programme at existing thermal power plants continued.
- The Group continued the application process for HQSE certification at all of its thermal power plants.
- In May 2012, the Group acquired a 60% stake in SAS Methaneo, a specialist in community and agricultural collective methanation facilities. Methaneo is developing 22 projects, the first of which, a 2 MW unit, is scheduled to begin operating in the spring of 2013.

## 5.2 INVESTMENT

### 5.2.1 Principal existing and pending investments

The Group's business model leads it to almost systematically channel capital investments via dedicated project companies that seek funding for projects without soliciting shareholders, or to a limited extent only, as described in section 4.4.6 of this registration document.

- The Group's main investments during the period 2009 to 2012 were purchases of tangible assets, for the following amounts:
  - 2010: €125.8 million
  - 2011: €84.0 million
  - 2012: €26.9 million (including Methaneo)

These investments mainly relate to the projects described below:

- In 2009, capital investment centred essentially on the plants under construction, i.e. primarily Caraïbes Energie (€27.8 million) in the thermal power plants sector, with the remainder split between Pierrelatte and numerous other facilities in the photovoltaic power sector.
- In 2010, investment focused mainly on Caraïbes Energie (€54 million) in the thermal power plants sector, photovoltaic installations in Pierrelatte, Fabrègues, Lassalle and Kourou (€60 million), and wind farms in Porte de France and Héninel (€11.8 million).
- In 2011, the main investments related to the Caraïbes Energie thermal power plant in Guadeloupe (€22 million), the solar farms in Kourou and Matoury in French Guiana, and in Bethléem on Reunion Island (€52 million), as well as the Crêtes d'Héninel wind farm (€6 million) in mainland France; all of the aforementioned facilities began operating in 2011.

- In 2012, the main physical investments concerned the final phase of capital outlay for the Caraïbes Energie project, the construction of a few photovoltaic canopies and construction work for the most advanced of the projects being developed by the new subsidiary, Methaneo.

#### 5.2.2 Principal planned investments

The main investments planned for the near future are described in section 6.4 of this registration document. These include:

- In the thermal power plant sector, investment focused on the CCG-2 bagasse/other biomass/coal-fired plant in Martinique and combustion turbine projects designed to satisfy peak-demand requirements in certain grids in the French overseas *départements*.

Additionally, prospective investments are planned in major sugar-producing countries and Brazil in particular.

- In solar energy, investment centred on projects to build the power generation facilities with integrated energy storage systems in the French overseas *départements* that were presented by the Group in February 2012 in the context of an initial request for proposals for installations with an individual power capacity exceeding 0.250 MW. The Group's proposals, involving a combined capacity of 3 MW, were subsequently adopted.
- In biomethanation, investment focused on building the projects in Methaneo's portfolio.



## CHAPITRE 6 : ACTIVITY OVERVIEW

The Séchilienne-Sidec Group operates as an independent power generator.

The Group has more than 30 years' experience as a specialist in power generation from medium-power thermal cogeneration plants, and 20 years' experience in biomass/bagasse energy recovery solutions in sugarcane-producing island applications. Over the past 10 years, Séchilienne-Sidec has also been very active in the area of building and operating onshore wind farms as well as medium-power photovoltaic solar power plants.

As of 2012, the Group's growth strategy has focused on energy recovery from various forms of biomass and on solar power generation as a supplement to existing energy mixes. Regarding the first of these two areas, in May 2012 the Group acquired a 60% controlling interest in Methaneo, a mainland France-based company specialising in biomethanation projects not subject to conflicting uses. The first of this company's production facilities to be commissioned is scheduled to begin operating in the spring of 2013.

Through a combination of technical proficiency, highly-skilled engineering teams and financial expertise, the Group has solutions for every stage in the power plant life cycle, from design and funding to construction and operation. The Group operates world-wide, often in environments that pose particular challenges in terms of geographical remoteness, climate-related constraints, logistical problems relating to equipment and fuel provisioning, underdeveloped local industrial fabrics, etc.

This ability to cover the whole plant life cycle is the key to developing and maintaining unrivalled know-how in the area of complex operations and long-term asset management.

### Current production facilities

The following table shows the total production capacity of the Group's power plants, including those located in Mauritius (195 MW on 31/12/2012). Note that the respective operating companies, in which the Group holds a minority participating interest, are equity-accounted companies.

Installed capacity in MW	31/12/2008	31/12/2009	31/12/2010	31/12/2011	31/12/2012
Thermal power plants	529,0	529,0	529,0	567,0	567,0
Solar power plants	18,0 (*)	29,9 (**)	49,8 (***)	69,8 (****)	70,0 (*****)
Wind farms	42,5	42,5	50,5	56,5	56,5
<b>Total installed capacity</b>	<b>589,5</b>	<b>601,4</b>	<b>629,3</b>	<b>693,3</b>	<b>693,5</b>
(*) of which 8 MW in operation and 10.0 MW completed and awaiting connection (**) of which 19 MW in operation and 10.9 MW completed and awaiting connection (***) of which 42.9 MW in operation and 6.9 MW completed and awaiting connection (****) of which 69.5 MW in operation and 0.3 MW completed and awaiting connection (***** of which 69.4 MW in operation and 0.6 MW completed and awaiting connection. The Hyper Champion Landy (0.2 MW) project on QEA in the Caribbean ceased production on 16 May 2012 due to a fire in the support building.					

### Total electricity production

This table includes all production by the Mauritian thermal power plants (1,074 GWh in 2012), subject to the same comment as for the previous table.

Production in GWh	2008	2009	2010	2011	2012
Thermal power plants	3 052,8	2 773,6	2 991,9 (*)	3 284,20	3 376,90
Solar power plants	5,6	17,9	36,8	81,4	97,2
Wind farms	54,1	72,2	68,7	90,2	106,1
<b>Total</b>	<b>3 112,5</b>	<b>2 863,7</b>	<b>3 097,4</b>	<b>3 455,8</b>	<b>3 580,2</b>

(\*) excluding test production by Caraïbes Energie

Almost all the electricity generated by the Group is sold to power grid managers in the regions in which it is produced (i.e. EDF in mainland France and in the French overseas *départements*, Central Electricity Board (CEB) in Mauritius, ENDESA in Spain, and GSE in Italy). The remaining customers are sugar manufacturers at sites where the Group has installed cogeneration plants and to which it supplies essential heat and electricity for their industrial processes. The risk of dependency by the Group upon a limited number of customers is addressed in section 4.3.2.2 of this registration document.

Pricing practices applied to the various activities are described in section 6.2 and chapter 22 of this registration document.

A breakdown of revenues by activity sector is provided in section 9.3.1 of this registration document.

Section 9.3.1 of this registration document also contains a breakdown of EBITDA by activity sector.

#### PRINCIPAL ACTIVITIES

##### 6.1 Thermal energy-related activities

6.1.1 Since it was created, the Group has designed, built and operated coal-fired plants (more than 30 during its early years), as well as dual-fuel plants (seven bagasse/coal-fired facilities), oil-fired combustion turbine plants and a gas-fired facility at a major card manufacturing plant.

The Group's dual role as a plant designer/owner and operator puts it in an exceptionally strong position to operate all types of medium-power thermal power plants with excellent availability rates, in a wide range of - sometimes complex - environments.

The Group has specialised in particular in optimising the processing of hard-to-use fuels, in cogeneration technologies (i.e. simultaneous production of steam and electric power) and in bioenergy: renewable fuels obtained from plant matter (more commonly known as biomass).

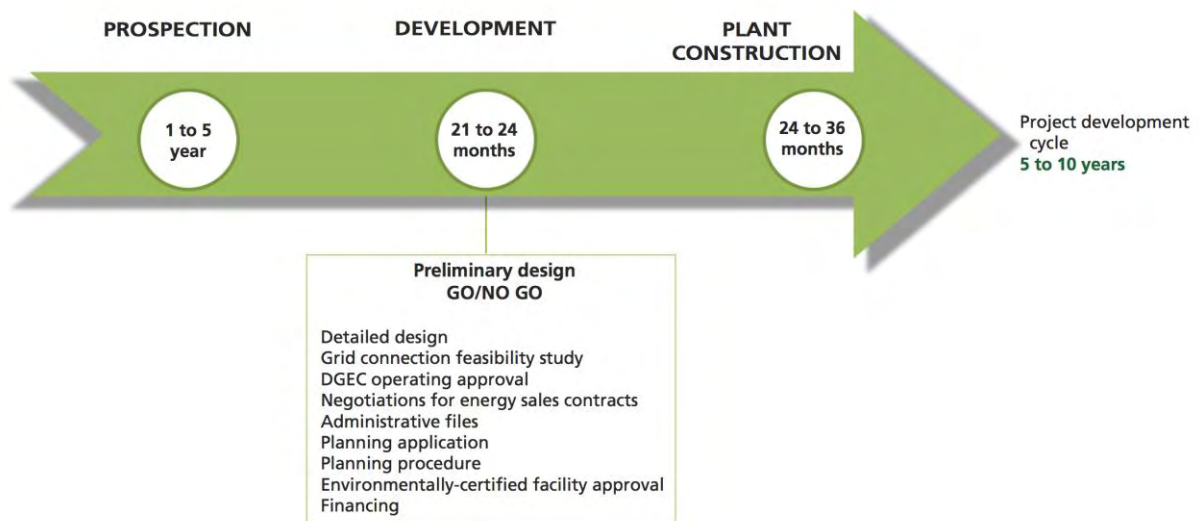
Using biomass as a fuel for generating electricity recovers waste organic matter from farming activities. This offers three benefits: biomass-based fuels are available locally (rather than having to be imported), renewable (rather than being subject to the risk of depletion), and environmentally harmless, particularly in relation to greenhouse effect issues (as a result of the benefits of photosynthesis).

Accordingly, the Group has built and operates bagasse/coal dual-fuel plants in the areas of the Indian Ocean (Reunion Island and Mauritius) and the Caribbean (Guadeloupe) where industrial processes at sugarcane refineries yield biomass known as "bagasse".

In Martinique, the Group is currently preparing to build a CCG-2 bagasse/other biomass plant that will use coal only as an emergency fuel supply. The new plant is scheduled to begin operating in 2015.

A typical development calendar for such power plants is shown below:

Thermal power plant development calendar



The Group has now set itself a goal of building and operating thermal power plants in other countries where business levels and the stage of economic development plead in favour of medium-sized plants, subject to negotiating secure contractual terms (in particular, electricity sale agreements that preclude "volume" and "price" risks, and financing mechanisms that limit the amount of the Group's equity invested to around 20-30%).

In particular, Séchilienne-Sidec aims to capture a share of the significant worldwide market for high-efficiency energy recovery from bagasse in major sugarcane-producing countries. This resource is currently only used in such countries to a fraction of the potential available when expertly managed.

The Group is also targeting power generation markets that use biomass other than bagasse, either in tandem with biomass (as a substitute for coal) or independently.

#### (i) Thermal power plants

On 31 December 2012, the Group's fleet had a total capacity of 567 MW, as follows:

- 4 dual-fuel bagasse/coal-fired plants with a total capacity of 230 MW on Reunion Island,
- 3 plants (two of which are designed for bagasse/coal operation) with a total capacity of 195 MW on Mauritius,
- 2 plants (one of which is designed for bagasse/coal operation) with a total capacity of 102 MW in Guadeloupe,
- One 40 MW heating oil-fired plant in Martinique.

The fleet's power generating capacity has not changed since the 38 MW Caraïbes Energie plant in Guadeloupe was commissioned in March 2011.

The Group intends to progressively scale back the proportion of coal used to fuel its dual-fuel plants over the coming years, replacing it with locally-sourced biomass (e.g. green waste) or imported biomass (by-products of forestry-related and agribusiness industries).

New plants developed by the Group will be based on the CCG-2 series designed to operate with bagasse/biomass, or non-bagasse biomass, using all types of local biomass and where necessary imported biomass, with coal being used only as a fallback fuel.

The Group is also researching facilities able to satisfy new requirements in terms of peak-load power plants operating with bioethanol produced by cane sugar refineries, and in some cases, biofuel obtained by cultivating and processing microalgae.

(ii) Electricity generation and fuel consumption by the Group's thermal power plants in operation

Thermal power plants in operation (capacity: 529 MW)	Production (in GWh) by thermal power plants				Consumption (thousands of tonnes) des centrales thermiques					
	Total		of which bagasse		Coal		Bagasse		Heating oil	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
CTBR 1 & 2	740	762	136	134	343	356	259	264		
CTG A & B	835	852	134	133	342	354	268	266		
CTM	370	385	57	62	166	172	160	144		
CE	168	222			85	108				
CCG	111	83							31	23
Terragen (ex CTBV)	371	357	90	107	180	166	216	291		
OSEO Saint-Aubin (ex CTDS)	228	226			132	131				
OSEO La Baraque (ex CTSAVA)	461	492	145	135	190	211	448	417		
<b>Total</b>	<b>3 284</b>	<b>3 377</b>	<b>562</b>	<b>570</b>	<b>1 437</b>	<b>1 498</b>	<b>1 351</b>	<b>1 382</b>	<b>31</b>	<b>23</b>

(iii) Share of local electricity generation supplied by the Group's thermal power plants

	Share of production by Group thermal power plants (*)		
	In 2010	In 2011	In 2012
Reunion Island	59 %	57 %	57 %
Guadeloupe	19 %	31 %	35 %
Mauritius	42 %	44 %	43 %

(\*) This information is less meaningful for Martinique, where the Group's combustion turbine is designed exclusively to respond to peak-time electricity demand and to provide back-up capacity in case of failure of another generating facility supplying the grid. This combustion turbine generated 7% of Martinique's electricity in 2011, and 5.2% in 2012.

## (iv) Cogeneration

Cogeneration technologies can be used to recover heat from the power generation process (which in conventional plants is simply discharged into the environment via cooling towers or other means) and to optimise overall energy efficiency, increasing it from around 30-33% without cogeneration to approximately 70% in a cogeneration-based solution. Thermal power generation in cogeneration plants is the Group's traditional core business, as carried out since the early 1980's by its predecessor, SIDEC.

## (v) Bagasse

Bagasse is a by-product of sugarcane processing at sugar refineries. It is a form of biomass with a high heating value, making it an appropriate fuel for use in industrial processes. The regions selected by the Group for dual-fuel plants are particularly well-suited for the use of this technique as these regions play host to sugarcane processing plants that generate large quantities of bagasse.

This bagasse is available during cane harvesting campaigns, which generally last for five months per year, at different times depending on the geographical region: during the first half of the year in the northern hemisphere (Caribbean), and during the second half of the year in the southern hemisphere (Indian Ocean). Bagasse is transported to the dual-fuel power plant along conveyor belts leading from the adjacent sugar processing plant. The bagasse is burnt in boilers to produce high-pressure, high-temperature steam. This steam in turn drives a turbogenerator that produces electricity.

When no bagasse is available, the boiler operates using an alternative fuel, currently coal. Dual-fuel plants built by the Group are able to operate in the same manner using both energy sources, either successively or simultaneously. They are designed to automatically switch between fuels without disrupting the supply of power to the grid. The plants' dual-fuel capability and use of an alternative fuel to bagasse outside sugar harvesting campaigns helps to make bagasse an economically viable choice, as the power plant is able to generate electricity all year round. Thus, the substitute fuel not only supplements the bagasse, but is essential in order to make bagasse recovery viable, as the power plants would not be cost-effective if they were only able to operate during the sugar harvest.

In cases where it is possible to bring in large quantities of green waste or other types of biomass (for example, wood-based biomass such as wood chips or pellets), these resources may offer a competitive alternative to coal. The Group is interested in adopting this solution for thermal projects currently at the design stage. For example, it intends to run the CCG-2 plant due to begin operating in Martinique in 2015 almost exclusively using biomass, and to gradually phase out coal in favour of biomass at its existing plants, as long as the cost of this substitution can be passed on in the price for the electricity sold via the grid.

## 6.1.2 Wind power-related activities

The Group's activity in the wind power sector is focussed entirely in onshore mainland France. The Group was one of the first players to enter this emerging segment of the power generation market, in 2002, leveraging its expertise at every stage in the power plant life cycle, from design and financing to construction and operation.

In February 2013, the Group disposed of all of its wind power installations (including facilities already in operation and those under development) to EDF-EN (see section 6.4.6 of this registration document). It intends to allocate the product of this sale to more cost-effective investments in its core business of energy recovery from biomass.

## (i) Wind power installations operated by the Group on 31 December 2012

The fleet had a total capacity of 56.5 MW, made up of six onshore wind farms, all located in France: Vanault le Chatel (8.5 MW – commissioned in December 2006), Bambesch (12 MW – commissioned in September 2007), Niedervisse (12 MW – commissioned in February 2008), Clamanges et Villeseneux (10 MW – commissioned in November 2008), Porte de France (8 MW, commissioned in December 2010) and Héninel (6 MW – commissioned in July 2011).

In addition to this installed capacity of 57 MW, the Group had a portfolio of projects under development, with a combined capacity of 60 MW.

## (ii) Production by the Group's wind farms

Wind farms in operation	Power MW	Production in GWh		
		2010	2011	2012
Vanault le Chatel	8,5	14,0	13,7	15,2
Bambesch	12,0	16,1	16,3	16,8
Niedervisse	12,0	18,4	19,5	20,7
Clamanges et Villeseneux	10,0	19,2	17,4	21,1
Porte de France	8,0	1,1	16,5	17,9
Crêtes d'Héninel	6,0	-	6,8	14,4
<b>Total</b>	<b>56,5</b>	<b>68,8</b>	<b>90,2</b>	<b>106,1</b>

## 6.1.3 Solar power-related activities

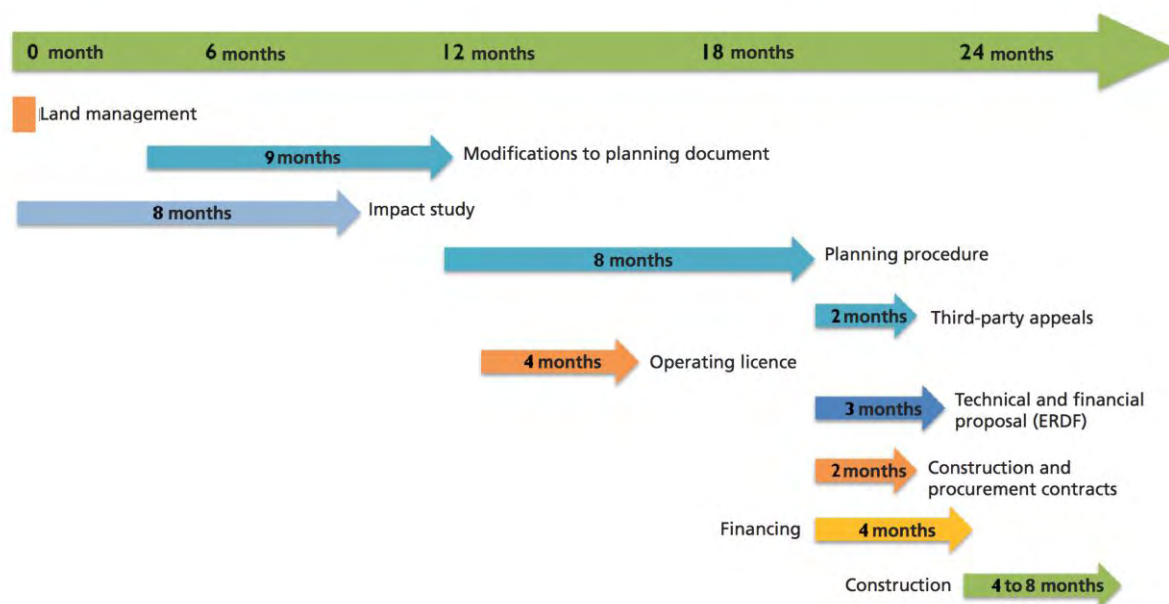
The Group was among the earliest players to enter the French solar power sector – in 2006 – via the acquisition of Société de Conversion d'Énergie (SCE) and Plexus-Sol, two companies operating in this market on Reunion Island.

Thereafter, the Group significantly expanded its activities in this area, initially in the French overseas *départements* and more recently in mainland France, particularly in certain regions of France with very favourable sunshine conditions, as well as in Spain and Italy.

To support its growth in this sector, the Group secured its solar panel procurement arrangements by entering into a multiyear contract with the supplier First Solar in 2007. This contract was subsequently amended to match the Group's purchasing commitments to its requirements, and the Group is no longer subject to any obligation to purchase.

The following diagram shows a typical development schedule for a ground-array photovoltaic farm in mainland France:

## ACTIVITY OVERVIEW



- (i) Séchilienne-Sidec photovoltaic power fleet (installed and under construction) on 31 December 2012

Company name	Region (*)	Sidec interest	MW in operation	MW awaiting connection	MW under construction	Third-party co-owners
SCE	IO	100.00%	13.15	0.30		
Plexus-Sol	IO	100.00%	1.28			
Power-Alliance	IO	50.00%	2.01			Energipole Holding
SCEM	IO	100.00%	5.36			
SCEB	CA	80.00%	7.442	0.20		
QEA	CA	80.00%	3.02			COFEPP
QEH	CA	80.00%	0.04			COFEPP
Pilote CCG	CA	80.00%	4.00			
QEL	CA	50.00%	0.95	0.06		COFEPP
QC	CA	100.00%	11.98			SARL Fedent
QEG	CA	100.00%	3.99			
QEMatoury	MF	100.00%	6.90			
QEPierrelatte	MF	100.00%	1.31			
QEF	SE	100.00%	1.99			
Quant 2008	SE	100.00%	2.39			
Orgiva						
			69.42	0.56		

(\*) IO: Indian Ocean  
 CA: Caraïbes Energie  
 MF: Mainland France  
 SE: Southern Europe



## (ii) Production by the Group's photovoltaic power installations

In GWh	2010	2011	2012
<b>TOTAL</b>	<b>36,8</b>	<b>81,4</b>	<b>97,1</b>

## (iii) Choice of photovoltaic technology

The photovoltaic technology adopted by the Company is a process that directly converts a certain fraction of radiation from the sun to an electric current, by means of interconnected solar panels (photovoltaic modules).

These panels contain an array of photovoltaic cells, which are electronic components that generate electricity when exposed to light. Several types of cell exist, the two most widely sold being crystalline silicon cells and thin-film cells.

Crystalline silicon solar cells consist of thin wafers of silicon, a chemical element that can be extracted from sand or quartz. Such cells are said to be either monocrystalline or polycrystalline, depending whether the silicon was obtained from a single crystal or multiple crystals.

Thin-film solar cells are manufactured by depositing one or more light-sensitive semi-conducting layers onto a glass, plastic or steel substrate.

Crystalline silicon cells are more efficient (i.e. they have a greater ratio between the electric power generated and the solar energy absorbed), but are also significantly more expensive.

Thin-film solar cells are less efficient (although technical progress is improving their efficiency) but significantly cheaper.

The Group makes extensive use of thin-film cells, the supply of which was secured in 2007 via the aforementioned multiyear procurement contract with First Solar, but also uses panels containing silicon cells in certain installations.

As well as the solar panels, the main components of a photovoltaic installation include inverters, which convert the direct current generated by the panels to an alternating current, and transformers that step up the voltage to match the grid to which the system is connected.

Panels may be installed on the roofs of large buildings or in ground arrays, mounted on metal frames placed on the ground and inclined relative to the horizontal in order to maximise the panels' sun exposure.

The Company also adopted the technical option – for its ground array projects – of selecting sites and panel supports that leave the original topography essentially unchanged.

In some cases, it also develops ground-array installations to be compatible with sheep farming.

The Group's photovoltaic fleet features a mix of rooftop installations (17.83 MW representing 26% of total installed capacity) and ground-based installations (51.55 MW representing 74% of total installed capacity).

## 6.1.4 Biomethanation-related activities

The Group also operates in the agricultural and agribusiness biomethanation market segment, recovering waste from farming and agribusiness activities as biogas, a form of energy that is not subject to conflicting uses, is available on a non-intermittent basis and is suitable for injection into the gas transmission and distribution network. Alternatively, it may be burnt to generate electric power and heat in a cogeneration process. Biomethanation also yields a co-product in the form of natural fertiliser suitable for use by farmers in place of costly chemical fertilisers, which also have a significant overall environmental impact.

This activity is playing a role in gradually increasing the share of renewable sources in the energy mix as part of the overall "energy transition", while also attenuating the ecological nuisances (in particular for water tables) caused by dumping fermentable waste and excess chemical fertiliser. Biomethanation also enables farmers to increase their income and reduce their costs.

The Group became one of the leading players in this market in France with the acquisition in 2012 of a 60% controlling interest in Methaneo, with the remaining equity held by the founders, who remain in management positions with the company.

At the time of purchase, Methaneo had developed a portfolio of 22 projects representing a combined capacity of 25 MW, the furthest-advanced of which (project "TIPER") is to begin operating industrially in the first half of 2013.

## 6.1.5 Income from ordinary activities, stated by activity

Income from ordinary activities, which includes revenues generated by Séchilienne-Sidec and its subsidiaries, globally and proportionally, and as such excludes the revenues from the plants in Mauritius, totalled €383.3 for the 2012 financial year, up 6% on the figure for 2011.

This change can be accounted for as follows:

In millions of euros	Total to end of December		
	2011	2012	Change
Activity sector			
Thermal power	318.5	330.9	+4 %
Photovoltaic power	33.3	41.2	+24 %
Wind power	7.8	9.4	+22 %
Methanation (*)			
Holding	2	1.7	-16 %
<b>TOTAL</b>	<b>361.6</b>	<b>383.3</b>	<b>+6 %</b>

(\*) The Group's first methanation facilities will begin operating in 2013.

chapter 9 of this registration document, and more specifically section 9.3.2, contains more detailed explanations and comments regarding this change.

Income distribution by region is described in Note 5.2 to the financial statements in chapter 20 of this registration document, as appended to the Company's consolidated accounts.

The distribution by activity sector of EBITDA and operating profit is described in Note 5.1 to the financial statements in chapter 20 of this registration document, as appended to the Company's consolidated accounts.

## 6.2 REGULATORY ENVIRONMENT

Installations – particularly thermal power plants – must be operated in accordance with a set of statutory and regulatory requirements (in particular in areas such as licence application procedures, environmental protection, limiting atmospheric emissions, regulations relating to the discharge of liquid waste, landscape-related requirements, obligations to restore brownfield sites, etc.). All of the Group's thermal plants in France are subject to the ICPE (*Installation Classée pour la Protection de l'Environnement*) environmental classification scheme. With effect from August 2011, this also applies to its wind farms, under the terms of the "Grenelle 2" Act of 12 July 2010. Certain biomethanation facilities are also subject to this environmental classification programme, depending on their size and the nature of the organic matter that they process.

Photovoltaic plants and wind farms are operated within a framework that requires the network operator to purchase the generated power, at a feed-in tariff determined by the public authorities. This system is subject to change. In France, a series of government orders were issued in 2010, decreasing the feed-in tariff applicable to photovoltaic installations not yet in service and implementing a few transitional measures (orders of 12 and 15 January 2010, supplemented by further orders in March 2010 and on 31 August 2010). Another order, issued on 9 December 2010, suspended for a period of three months the obligation to purchase electricity from photovoltaic installations not commissioned within a certain time frame and prohibited the submission of new applications during the suspension period. Lastly, orders issued on 4 March 2011 introduced a tariff regulation henceforth applicable. This regulation is described in chapter 4 (section 4.1.4), chapter 9 (section 9.2.3) and chapter 22 (section 22.2) of this document. It excludes the Group's new photovoltaic projects from the regulated-tariff mechanism, placing them instead within the competitive-bidding framework introduced by the public authorities for individual developments of significant size. Almost all of the Group's facilities already in operation benefit from the pre-2010 preferential tariff.

The public authorities also introduced measures to support methanation in France, including a feed-in tariff for biogas-based power generation, and a guaranteed purchase price for biomethane produced and injected into the gas network. This price framework was enhanced by a decree and orders issued on 27 February 2013, authorising both of the aforementioned forms of production to be operated simultaneously. A more detailed description is provided in section 22.4 of this registration document.

The risk factors relating to this statutory and regulatory environment are described in section 4.1.4 of this registration document.

The Group's environmental policy is described in section 8.2 of this registration document.

### 6.3 MAIN MARKETS AND COMPETITIVE SITUATION

On 31 December 2012, the Group operated in the following segments of the energy market:

- a) Thermal energy, mainly using cogeneration technology for optimum energy efficiency, In this field, the Group has specialised in multi-fuel frontline plants. In the past, this multi-fuel operation has mainly consisted in burning bagasse during sugar harvests in sugarcane-producing countries, and coal at other times of year. As already mentioned, the preferred strategy for new projects is to extend the range of supported fuels to include other types of biomass as well as bagasse, and to use this biomass instead of coal. The Group also intends to gradually substitute biomass for coal in dual-fuel plants already in operation.

The Group also plans to shift away from the current situation in which all of its thermal power plants are located exclusively in the French overseas *départements* and Mauritius. It is therefore assessing the scope for building single- or multi-fuel plants able to recover various forms of biomass in appropriate regions, including mainland France and targeted other countries.

- b) Wind power (in mainland France only),
- c) Solar power (in the French overseas *départements* (Reunion Island, Guadeloupe, Martinique and French Guiana), mainland France and Southern Europe),
- d) Biomethanation (projects at the development and construction phases in mainland France).

#### 6.3.1 Thermal energy segment

##### 6.3.1.1

##### *Strong growth in thermal power generation*

The global market for electricity generation by thermal power plants is booming and the outlook is very bright.

The market is supported not only by the factors driving the steady increase in demand for all forms of electricity (such as continued population growth, particularly in Asia, Africa and Latin America, rapid economic development and rising consumption standards in emerging nations), but also by the following specific factors:

- Declining number of as-yet undeveloped sites suitable for hydroelectric facilities (and in many cases these are poorly located with regard to the needs),
- A growing reluctance to build new nuclear power plants in many countries,
- Awareness of the obstacle to mass-development of wind and solar power posed by the intermittent nature and relatively high production cost of these forms of energy.

This strong growth in thermal power generation applies to gas-fired, coal-fired and biomass-fired thermal generation. Only oil-fired thermal power generation is missing out on the trend.

Over the period 2000-2010, the large and still-rising share of global electricity production generated by thermal power plants (64% in 2000, and 69% in 2010) changed as follows (source: International Energy Agency - IEA):

- Oil-fired thermal power plants: -3%,
- Biomass-fired thermal power plants: +1%,
- Coal-fired thermal power plants: +2%,
- Gas-fired thermal power plants: +5%.

This strong growth in power generation from coal is linked to the economic boom in many emerging nations. Coal accounts for more than 80% of Chinese electricity production, 70% of electricity production in India, and an even higher proportion in numerous developing economies (particularly in Africa and South America, but also in Central and Eastern Europe). This fuel, which, unlike oil and gas, is not concentrated in a few sensitive geopolitical regions, is often chosen for its competitive cost, for its ease of supply and storage and/or because the resource is available locally.

Although coal-fired power generation is clearly declining within OECD countries, especially in Western Europe – with the notable exception of Germany – as a result of a deliberate effort to shift to a low-carbon economy, coal has maintained or even increased its market share (to the detriment of oil) elsewhere in the world.

Over the period 2000-2010, global electricity production by thermal power plants fuelled by solid biomass grew strongly, at an annual rate of 6.3% (source: OBSERVER 2011 report on renewable power generation worldwide).

Development of this form of power generation has been the most intense in countries such as the United States, Germany, Brazil (which currently harnesses only a fraction of its available biomass/bagasse resources), Japan and the UK.

In France, the public authorities have stated their interest in this power generation process, which offers a combination of energy and environmental benefits in terms of recovering locally-available renewable resources such as wood, straw and plant waste. The order of 15 December 2009 relating to a multi-year investment programme for power generating facilities set a target of expanding biomass-based electricity production to a level of 2300 MW in service between the date of publication and 31 December 2020. In addition, the order stated that "with the exception of biogas-fired power generation and recovery processes at domestic waste incinerator plants, efforts in support of biomass-based power generation will focus on cogeneration solutions".

The French Energy and Environment Ministry issued requests for tenders for a series of biomass-related contracts (named CRE1, CRE2, CRE3 and CRE4) in 2003, 2006, 2008 and 2010, respectively.

The first such call for tenders (CRE1), issued in December 2003, concerned the construction, beginning in 2007, of a series of >12 MW-rated biomass-fuelled power plants with a combined capacity of 200 MW. This contracting process culminated in December 2004 with the selection of 14 solid biomass projects with a total capacity of 216 MW, as well as a 16 MW biogas-fuelled project.

The second call for tenders, CRE2, issued in December 2006, led to the selection, in June 2008, of 22 projects with a combined power of 300 MW.

The third call for tenders, CRE3, issued in January 2009, resulted in 32 projects with a total capacity of 266 MW being selected in January 2010.

The fourth call for tenders, CRE4, issued in July 2010, resulted in a decision by the government in October 2011 to adopt 15 projects with a combined capacity of 420 MW.

It should be noted, however, that only some of the projects selected in the initial requests for tenders are actually being built, in particular due to financing difficulties. Certain projects may consequently be sold by their developers, offering business opportunities for the Group.

Most of the selected projects concerned plants at papermaking facilities; most of the remaining projects related to heating networks or agribusiness plants.

### 6.3.1.2 Position of S echilienne-Sidec in the thermal power market

#### a) Operations in the French overseas *d epartements*.

The French overseas *d epartements* are the birthplace of the Group's unique expertise in the construction and operation of multi-fuel plants that recover energy from bagasse from sugar cane refineries and are able to operate on a year-round basis by burning an alternative fuel during the periods between sugar harvesting campaigns.

S echilienne-Sidec has thermal power plants with a total capacity of 372 MW located on Reunion Island and in Guadeloupe and Martinique.

Demand for electricity is increasing at a greater rate in these *d epartements* than in mainland France, and this trend is expected to continue.

The table below, based on the 2012 forecasts produced by EDF Services Energ etiques Insulaires and by the grid operator RTE reflects this situation.

	Electricity demand - average annual growth rate		
	2000-2005	2005-2010	2010-2015 estimates for the baseline scenario
Reunion Island	+5.3% / yr	+3.5% / yr	+2.8% / yr
Guadeloupe	+4.2% / yr	+2.9% / yr	+2.2% / yr
Martinique	+4.5% / yr	+2.2% / yr	+2.5% / yr
(Mainland France)	+1.3% / yr	+1.0% / yr	< +1.0% / yr

Since the early 1990's the French overseas *d epartements* have been extremely important markets for the Group, and they continue to offer significant growth potential as a result of a recurrent need to increase power generation capacities in order to satisfy baseline and peak consumption demand.

- Reunion Island

The population of Reunion has been increasing by an average of 1.4% per year since 2000, double the growth rate observed in mainland France. The island had a population of 839,500 at 01/01/2011 (INSEE estimate).

Although the rate of population growth is forecast to slow over the coming years, the population is nevertheless predicted to exceed 900,000 by 2020, and approach 1 million by 2030, according to the central scenario produced by the population research institute INED (*Institut d'Etudes D emographiques*).

The increase in the number of single-parent families is correlated with a rise in the number of electricity-consuming households.

*Per capita* GDP, stated by volume, rose by an average of 1.9% per year over the decade from 2000 to 2010 on Reunion Island, compared with 0.5% for France as a whole (source: IEDOM Annual Report 2012).

Over the same ten-year period, *per capita* disposable income (in volume terms) rose at an average rate of 2.5% per year.

Similarly, the proportion of households with various electrical appliances has also risen strongly (air conditioning: from 7% in 2000 to 24% in 2010; freezers: up from 50% in 2000 to 63% in 2010; domestic hot water: up from 70% in 2000 to 90% in 2010).

Annual *per capita* electricity consumption has increased from 2,454 kWh in 2000 to 2,977 kWh in 2010 (Source: IEDOM Annual Report 2012).

Net electricity feed-in to the Reunion Island power grid increased from 1,757 GWh in 2000 to 2,699 GWh in 2010, 2,750 GWh in 2011 and 2,811 GWh in 2012 (Source: EDF-SEI). This change includes the achievements of the major power consumption management programmes implemented by local authorities and EDF-SEI.

Greater quantities of bagasse suitable for power generation on Reunion Island are expected to be available in the medium-term, as a result of farmers growing new varieties of sugarcane that, when treated, yield more bagasse.

- Guadeloupe

Although Guadeloupe's population growth has slowed, and is now similar to the trend in mainland France, the population, estimated at 404,000 in 2010, is likely to continue to increase in the coming years (at a rate of approximately 0.1% per year during the decade 2010-2020, compared with 0.4% annually over the period 2000-2010).

The increase in the number of single-parent families is correlated with a rise in the number of electricity-consuming households.

*Per capita* GDP at current prices in Guadeloupe from €13,097 in 2000 to €18,700 in 2010 - an increase of 42% - and reached nearly €18,950 in 2011 (Source: INSEE).

The proportion of households with various electrical appliances rose strongly (air conditioning: up from 17% in 2000 to 40% in 2010; freezers: up from 58% in 2000 to 69% in 2010; domestic hot water: up from 40% in 2000 to 60% in 2010).

Net electricity feed-in to the Guadeloupe power grid increased from 1,219 GWh in 2000 to 1,692 GWh in 2011 and 1,726 GWh in 2012 (Source: EDF-SEI). This change includes the results of the significant efforts to limit power consumption made by local authorities and EDF-SEI.

- Martinique

The average population growth rate in Martinique since 1998 is very similar to that of mainland France. This population, estimated at 403,000 in 2010, is predicted to increase to around 425,000 by 2020.

*Per capita* GDP at current prices in Martinique increased from €14,291 in 2000 to €20,678 in 2010 and €20,885 in 2011 – total increase of 46% (source: INSEE).



Over the same period, the proportion of households with various electrical appliances rose strongly (air conditioning: up from 7% in 2000 to 30% in 2010; freezers: up from 61% in 2000 to 73% in 2010).

Net electricity feed-in to the Martinique power grid increased from 1,161 GWh in 2000 to 1,576 GWh in 2011 and 1,591 GWh in 2012 (Source: EDF-SEI).

#### b) Activities in Mauritius

The Group has been present in Mauritius since 2000, operating through a number of companies in which it holds minority participating interests. It addresses the stated interest – in the light of Mauritius's proximity to Reunion Island – in building efficient cogeneration power plants, and more specifically, bagasse/coal-fired plants, in order to generate electric power all year round in a cost-effective and environmentally-friendly process.

Mauritius, which has a population approaching 1,300,000, has enjoyed remarkably strong, sustained growth since gaining independence in 1968. GDP at constant prices rose by 5.1% year-on-year in 2006, 5.4% in 2007, 5.3% in 2008, 3% in 2009 despite a very challenging global economic context, and 4.3% in 2010. *Per capita* GDP was €5,012 in 2008, €4,973 in 2009 and 5,719 in 2010.

The island has made great efforts to improve its productivity and competitiveness, given the greater challenge of exporting to countries faced with a slowdown in global economic growth.

Added value generated by the Mauritian manufacturing sector increased by 2.9% at constant prices in 2010, compared with 2.1% in 2009.

A long-term power generation strategy covering the period 2009-2025 was produced as part of the "Mauritius île Durable" sustainable development project. This strategy aims to restructure the mix of energy sources used to produce electricity on the island, reducing the share of fossil fuels (especially oil) and increasing the share of renewable sources such as bagasse, waste, wind, solar and geothermal energy.

Net feed-in to the Mauritius power grid rose from 2,433 GWh in 2011 to 2,495 GWh in 2012 (Source: CEB).

#### c) Other regions targeted by the Group for development of thermal power plants

The Group intends to focus its resources and expertise in solid fuel process optimisation, cogeneration and biomass primarily in the following regions:

- Europe, including mainland France: Firstly, regions with extensive forest cover, where wood biomass and by-products from forestry and wood-processing industries are abundantly available and these products are either unrecovered or inadequately exploited; and secondly, regions with significant agribusiness industries.
- Rest of the world: Major sugarcane-producing countries, where economic growth is creating significant requirements in terms of new power plants, and where bagasse is only used for energy recovery to a fraction of its potential, generally in technically and environmentally sub-optimal conditions. This is the case in Brazil, in particular, where the Group intends to make significant efforts in terms of commercial prospecting. The same applies to Australia.



Smaller nations with similar characteristics to the island areas in which the Group has already proved its effectiveness may also be targeted, subject to the investment conditions satisfying its criteria in terms of legal security and financial profitability.

d) Main competitors and the Group's competitive position in the thermal power generation market

- Traditional markets: French overseas *départements* and Mauritius

The Group's thermal power plants contributed to total electricity production in these areas in 2012 as follows:

- . 57% on Reunion Island,
- . 35% in Guadeloupe,
- . 43% in Mauritius.

It has strong market positions, alongside the traditional domestic power generators: EDF in the French overseas *départements* and CEB in Mauritius.

As far as the Group is aware, with the exception of EDF, via its subsidiary EDF-PEI (Production Electrique Insulaire), the major French energy groups have not to date exhibited a strategic interest in investing in thermal power generation in the French overseas *départements* and Mauritius. Consequently, the Group's competitive position in these markets should remain strong, particularly as numerous factors act as natural barriers to entry.

Firstly, the relatively narrow nature of these markets and geographic and geological constraints preclude the construction of nuclear power plants or even large-scale conventional power plants of the type with which most engineering contractors and operators are familiar.

Secondly, new entrants would not have access to the main local fuel – bagasse, and would therefore have to operate their power plants entirely using imported fuels. This would in turn imply building such plants near ports, which are scarce and to a large extent saturated, and where costs are high.

Furthermore, because the French overseas *départements* and Mauritius are islands, certain topographical restrictions limit the number of sites suitable for building power plants. The topography of several islands restricts the scope for operators to obtain the necessary approval to build power plants at certain sites, due to a combination of the prevailing wind direction and the mountainous terrain, which would trap atmospheric releases, resulting in a failure to comply with environmental regulations. In addition, it would not be possible to increase the density of the power grid on several of these islands due to their geographical configuration, as a result of which numerous areas are not within easy reach of a connection point.

The Group has successfully implemented a competitive solution that optimally addresses these regions' requirements by: adopting a combination of imported energy sources and the preferred, locally-available sources; developing its expertise in low- and medium-power thermal power plants – well-suited to the size of the markets in these regions; and developing its imported fuel supply chain.

The Group and the traditional domestic power generating companies also benefit from the fact that they operate existing power plants and infrastructure, or harness synergies with them. Any new entrants would have to invest significant sums in order to open a site and build the necessary raw material procurement infrastructure.

Although new power generation companies may enter these regional markets in the medium-term, the most likely candidates are marine energy specialists, and the associated technologies are not yet fully operational.

- Other markets

The Group considers that its technical expertise in the area of biomass-based energy recovery gives it a major competitive advantage in its target niche markets. Thanks to this expertise, Séchilienne-Sidec is able to propose very attractive partnerships with numerous companies in the forestry and wood-processing sector, sugarcane production and sugar refining, as well as other agribusiness industries. To this end, the Group has begun a sustained market prospection campaign, and intends to significantly step up this activity in 2013 and thereafter, particularly in Brazil.

The size of plant in which the Group has chosen to specialise is particularly well-suited to the issues faced by such companies.

Lastly, it should be noted that equipment manufacturers wishing to bid for the types of tender in question would be severely handicapped compared with the Group by the lack of full-spectrum expertise in managing all technical and financial aspects of this type of project, at every stage in the power plant life cycle, including design and operation.

### 6.3.2 Wind power segment

#### 6.3.2.1 *Wind power growth trend*

Interest in wind power has been driven by concerns relating to the gradual depletion of fossil energy resources as well as global warming and greenhouse gas emissions.

Total installed wind power capacity worldwide increased from 2.9 GW in 1993 to 158 GW in 2009, 198 GW in 2010, 238 GW in 2011 and 254 GW by mid-2012 (Source: World Wind Energy Association, WWEA).

During the first six months of 2012, global installed wind power capacity is thought to have increased by 16.5 GW, a remarkable figure, despite being around 10% lower than the increase observed in the first half of 2011 (18.5 GW).

An initial assessment of the world's total wind energy capacity conducted in late 2012 by the Global Wind Energy Council (GWEC) reported an installed capacity of around 282 GW, which would represent an 18.5% increase on the 2011 figure. The year-on-year rate of increase to the end of 2011 exceeded 20%.

The table below lists the ten countries with the greatest installed wind power capacity as of 30 June 2012, together with data indicating the change observed during the first half of 2012 (Source: WWEA, and the *Commissariat Général au Développement Durable* for France).

	wind power at 30 June 2012 (in GW)	installed during the first half of 2012 (in GW)
China	67,775	+5.410
United States	49,800	+2.880
Germany	30,015	+0.940
Spain	22,085	+0.415
India	17,350	+1.470
Italy	7,280	+0.490
France	6,995	+0.195
United Kingdom	6,840	+0.820
Canada	5,510	+0.245
Portugal	4,400	+0.020
	218,050	+12.885
Rest of world	35,950	+3.615
World total	254,000	+16.500

**In Europe**, the countries with the greatest installed wind energy capacity, as of 30 June 2012, were Germany, Spain, Italy, France and the United Kingdom. Germany and the UK achieved the largest increases in installed capacity during the first half of 2012, essentially in the form of offshore farms.

Initial full-year assessments by the European Wind Energy Association for 2012 report the following total installed capacities (at end of 2012): Germany – 31.300 GW, Spain – 22.800 GW, UK – 8.400 GW, Italy – 8.100 GW, and France – 7.500 GW.

**In France**, the wind power market did not truly begin to develop until the government adopted an incentive mechanism in 2006 based on an obligation for EDF to buy feed-in electricity at a set tariff. The combined wind power capacity increased from 757 MW in 2005 to 5,966 MW by the end of 2010 (from 922 installations), 6,798 MW at the end of 2011 (1,034 installations), 6,994 MW at 30 June 2012 (1,062 installations) and 7,562 MW on 31 December 2012 (1,127 installations).

Production of electricity from wind energy in France increased from a baseline of 963 GWh in 2005 to 9,600 GWh in 2010 and 12,000 GWh in 2011. Some 6,900 GWh were generated during the first half of 2012 (a 27% increase on the 2011 figure, for which more favourable wind conditions were partially responsible).

Wind power accounted for a 2.7% share of the energy mix covering electricity consumption in mainland France in the first half of 2012.

The 2012 electricity assessment published in February 2013 by France's sustainable development committee (*Commissariat général au développement durable*) evaluated full-year wind energy production for 2012 at 14,300 GWh (an increase of 2,700 GWh on the 2011 figure). This represents a contribution of almost 3% to France's total electricity production in 2012 (compared with 2.4% in 2011).

The rate at which new wind power capacity is being installed has slowed in France since 2010. New installed capacity totalled 1,135 MW in 2009, 1,250 MW in 2010, 825 MW in 2011 and 753 MW in 2012.

As noted by the sustainable development committee, however, the project pipeline is now growing again.

The order of 15 December 2009 relating to a multi-year investment programme for power generating facilities et the following installed wind power targets for 2020: 25 GW (25,000 MW) of which 19 GW (19,000 MW) from onshore wind farms and 6 GW (6,000 MW) from offshore farms.

To help achieve these targets, the French government extended the wind power feed-in terms set in July 2006, and in July 2011 issued an initial request for proposals for offshore wind turbines representing an installed capacity of 3,000 MW. Following this request for proposals and subsequent assessments by CRE, four projects at four different sites, with a combined capacity of 1,928 MW, were selected by the government in April 2012.

A second request for proposals concerning offshore wind projects with a capacity of 1,000 MW will be issued in early 2013. The submission deadline is September 2013 and the results will be announced at the start of 2014.

The government has also stated its intention to review the very complex and restrictive regulatory framework governing the construction and operation of onshore wind farms - with a view to simplifying and relaxing certain requirements – and to adopt specific initiatives to secure wind power feed-in tariffs. In May 2012, the Council of State sought the opinion of the European Court of Justice on this matter, to establish whether or not such tariffs constitute a State subsidy, and if so, determine whether this form of assistance complies with European market regulations. The European Court of Justice has not published its opinion at the time of publication of this registration document.

#### 6.3.2.2 *Position of Séchilienne-Sidec in the wind power market*

From a structural perspective, the Group considers that the offshore wind power market is of interest only to companies much larger than Séchilienne-Sidec.

The Group's activity in the wind power segment revolves entirely around the construction and operation of onshore wind farms in mainland France.

This business is carried out in a market subject to increasing concentration by operators, in France and elsewhere.

This trend is sustained by several key factors:

- Significant concentration by machinery and equipment manufactures, which form an ever smaller group of multinational companies, the six largest of which account for almost all the new capacity installed in 2012,
- The highly capital-intensive nature of this business, and the need to operate numerous wind farms to enable adverse effects of calm wind conditions at one site to be offset by more favourable wind conditions at other sites,
- A growing competitive advantage for
  - . Very large power companies with the pricing power to obtain preferential terms from equipment manufacturers and maintenance and servicing service providers,
  - . Equipment managers with the resources to build their own wind farms.

Consequently, the Group has opted for a highly selective growth strategy, at onshore sites that meet a set of strict technical and financial criteria.

It remains alert to possible opportunities to dispose of assets on favourable terms as the sector undergoes further concentration.

This strategy prompted the Group to dispose of its wind power farm to EDF Energies Nouvelles in February 2013, on satisfactory profitability terms. This disposal was reported in a press release issued on 11 February 2013 and published on the Company's website. The terms of the agreement are summarised in section 6.4.6 below.

### 6.3.3 Photovoltaic power segment

#### 6.3.3.1 Photovoltaic solar power growth trend

At the global level, over the past decade photovoltaic power has proved its ability to become a major source of solutions to energy needs and to address concerns relating to the greenhouse effect and global warming. Despite the economic and financial crises that have marked this period, the global photovoltaic fleet has mushroomed.

Global photovoltaic installed capacity rose from no more than 1.500 GW at the end of 2000 to around 23 GW by the end of 2009, 40 GW by the close of 2010 and 70 GW by late 2011. According to provisional data for 2012 released by EPIA, installed capacity at the end of 2012 rose by 44% year-on-year, to 101 GW.

Thus, global photovoltaic installed capacity increased as follows:

- +17 GW in 2010
- +30 GW in 2011
- +31 GW in 2012

In Europe, photovoltaic installed capacity was only 0.150 GW at the end of 2000. This figure rose to 16.300 GW by the close of 2009, 29.300 GW at the end of 2010 and 51.400 GW at the close of 2011. According to provisional data for 2012 released by EPIA, installed capacity at the end of 2012 totalled 68.100 GW.

The table below lists the countries in the European Union with the greatest photovoltaic installed capacity at the end of 2012, and shows how this capacity has increased since 2009.

EU nation	Photovoltaic installed capacity, in GW				
	Capacity at end 2009	Increase in 2010	Increase in 2011	Increase in 2012	Capacity at end 2012
Germany	9.960	+7.420	+7.500	+7.320	32.200
Italy	1.160	+2.320	+9.280	+3.640	16.400
Spain	3.440	+0.370	+0.400	+0.190	4.400
France	0.340	+0.710	+1.780	+1.170	4.000

Germany was the European Union nation with the fastest-growing photovoltaic fleet in 2012, as well as being the country with the largest fleet at the end of the year. At more than 32.200 GW, the installed capacity in Germany at the end of 2012 was almost double that of the Italian fleet, and four times that of the Spanish and French fleets.

In France, as shown in the table above, photovoltaic installed capacity grew by a factor of almost twelve between the end of 2009 and the end of 2012.

The country's total photovoltaic installed capacity of 4 GW, as of 31 December 2012, was made up as follows:

- Mainland France: 3.690 GW produced by 276,235 installations. Of these 276,235 installations, 711 (i.e. 0.26% of the total number) had a combined capacity of 1.555 GW (representing 42% of the total installed capacity).
- French overseas *départements*: 0.310 GW produced by 5,490 installations.

Capacity once again increased strongly in 2012, with more than 1 GW in new capacity, although this figure is significantly lower than the record of almost 1.8 GW set in 2011. Over the full year, >250 kW installations accounted for more than 59% of installed capacity, driven by the connection of a number of large solar farms.

The growth in installed capacity since 2009 has been so strong that the target of 1,100 MW set for the end of 2012 in the government order of 15 December 2009 relating to the multi-year investment programme for power generating facilities was reached in 2010. By late 2010, it was already apparent that the target of 5,400 MW by 31 December 2020 established in the same order would also be achieved far sooner.

The French government assessed this observation at the time as being indicative of the development of a "bubble", characterised by excessive investment driven by the legal requirement upon EDF to purchase photovoltaic power at an attractive price, leading to an unsustainable increase in consumers' electricity bills.

Consequently, the government introduced a series of restrictive measures in late 2010 and early 2011:

- The 2011 Finance Act scaled back or eliminated the tax benefits previously available to taxpayers who had installed photovoltaic installations (under the sustainable development tax credit) and to power generating companies producing photovoltaic electricity in the French overseas *départements*.
- Decree 2010-1510 of 9 December 2010 introduced a three-month suspension of the requirement for EDF to purchase electricity generated by photovoltaic installations not already in service by certain dates, and prohibited new applications during the suspension period.
- A series of regulatory instruments were introduced to create a mechanism to restrict feed-in tariffs to buildings with an individual generating capacity of less than 100 kW, and to subject higher-power projects to a competitive bidding system.

Under this mechanism, the feed-in tariffs available exclusively to building-based projects with an individual generating capacity of less than 100 kW are differentiated according to the type of building and the type of photovoltaic installation. These tariffs are subject to significant decreases every quarter, and the increases are amplified by the fact that the total number of connection requests exceeds the target levels for the increase in photovoltaic capacity defined by the multi-year investment programme.

These low-power projects are not part of the Group's core business.

At the date of publication of this registration document, the entire photovoltaic fleet operated by the Group benefits from the preferential feed-in tariff set in July 2006, with the exception of 1.8 MW, which is subject to a slightly lower tariff set in January-March 2010.

Most of the Group's new projects are subject to the competitive-bidding procedure. In this context, the Group addressed certain aspects of the initial request for proposals issued by the French government in July 2011 concerning the construction and operation of solar installations with an individual capacity exceeding 250 kW. The results of this request for proposals, which was processed by the energy regulation commission (*Commission de Régulation de l'Energie – CRE*), were released in late July 2012. Two projects submitted by Séchilienne-Sidec Group companies were selected, respectively concerning a 2 MW facility in French Guiana and a 1 MW installation on Reunion Island.

The government eased the restrictions adopted in late 2011 and early 2011 in order to facilitate the development of photovoltaic power generating companies.

In January 2013, it announced a series of measures to encourage the creation of at least 1,000 MW of solar projects annually, via two main mechanisms: firstly, a new request for proposals for >100 kW rooftop installations and ground-based farms, and secondly, an increase in the feed-in tariffs for small installations compared with those set in March 2011.

The criteria adopted for the new request for proposals are intended to favour innovative technologies and the development of ground-array solar farms on sites not subject to conflicts of use.

The feed-in tariffs applicable to small installations were set in orders issued on 7 January 2013. They include provision for a bonus based on where the equipment was manufactured (i.e. a premium tariff for modules manufactured within the European Union).

In production terms, French photovoltaic power generation was evaluated in RTE's 2012 electricity assessment as representing 4,000 GWh in 2012, compared to 600 GWh in 2010 and 2,400 GWh in 2011. This figure represents 0.7% of total electricity production in France in 2012.

#### 6.3.3.2 *Position of Séchilienne-Sidec in the photovoltaic electricity market*

The strategy pursued by the Group since it entered this market in 2006 consists in developing its solar energy business both in its traditional markets in the French overseas *départements* (Guadeloupe, Reunion Island and Martinique) as well as French Guiana, Southern France, Spain and Italy, which share high sunshine statistics and a favourable stance by the public authorities, although this political support has since declined (to varying extents depending on the country).

In mainland France and the French overseas *départements*, the Group is one of the leaders in the market for solar installations.



The Group is adjusting the pace and locations of this activity to reflect changes in subsidy mechanisms and regulations in the various target regions.

The strategic vision developed between November 2011 and the end of January 2012, as presented at the Shareholders' Meetings on 14 March 2012 and 31 May 2012, sets out the Group's objective which is to continue developing its activities in the solar power market, as a supplemental activity in synergy with the core business of recovering biomass to generate electricity. Note that countries that produce biomass from sugar cane refineries also have long sunshine hours.

On 31 December 2012, the Group had:

- Connected capacity of 69.4 MW in the French photovoltaic power market, of which 56.8 MW located in the French overseas *départements* (representing 18.3% of the total connected photovoltaic capacity in these *départements*) and 8.2 MW in mainland France. Facilities with an additional capacity of 0.6 MW have been completed in the overseas *départements* and are awaiting connection, and a further 3 MW of capacity is in preparation (in particular for projects with related energy storage solutions submitted in response to the request for proposals issued by the French government in July 2011 and selected in July 2012).
- In the export market, operational capacity of 2.4 MW in Spain and 2.0 MW in Italy.

#### 6.3.4 Methanation segment

##### 6.3.4.1 *Agricultural and agribusiness-related methanation growth trend*

Growth is primarily strong in the European Union, which is the world's leading biogas-producing region, ahead of the United States and Canada. The European Union is responsible for more than half of total global output.

Europe was a pioneer in the quest for solutions to the environmental nuisances caused by large-scale use of fossil fuels. The European Union drew up a renewable energy action in the late 1990's. More recently, it set a target of covering 20% of its energy consumption from renewable sources by 2020 (Directive 2009/28/EC) and produced a development programme for renewable energy industries (Directive 2009/20/EC). This led to the adoption of a biogas roadmap in national renewable energy action plans. At the same time, the EU adopted directives intended to decrease landfill dumping of biodegradable waste and to promote waste recycling and recovery (Directive 2008/98/EC).

As part of this effort, member States agreed to reduce their greenhouse gas emissions by 20%, increase the share of renewable energy in the EU's energy mix to 20% (in France, the target rate is 23% by 2020), and achieve the goal of 20% energy efficiency savings by 2020.

To facilitate these changes, several States have introduced incentive schemes to encourage the construction of methanation facilities, via attractive feed-in tariffs and subsidies from local and regional authorities.

Germany was among the first to implement this policy, while also deciding to phase out nuclear power from its energy mix. In this context, a significant rollout of methanation solutions is helping to broaden the spectrum of renewable energy contributions beyond just wind and solar power, which respectively suffer from intermittent operation (in the case of wind turbines) and non-permanent operation (for solar panels).



At the end of 2010, Germany already had nearly 6,000 methanation plants, with a combined power generating capacity of almost 2,300 MW. Even so, most of these installations do not operate exclusively using waste and residues from farming and agribusiness activities, but also use a significant proportion of energy crops, creating a conflict of use.

Use of methanation processes has also significantly increased over the past decade in the United Kingdom, Austria, Denmark and Italy.

In France, prior to 2011, the feed-in tariffs for electricity produced from biogas derived from methanation offered little incentive, despite a moderate increase adopted in 2006, and there is no system to provide payment for biogas injected into the natural gas distribution network. Consequently, the number of installations remained very limited: around 50 plants in 2010, with a combined installed capacity barely exceeding 10 MW.

This situation made achieving the target of 650 MW in biogas-fuelled electricity production capacity by 2020, set in the multi-year heat and power generation investment planning Act (PPI) highly improbable, particularly as there are stricter environmental restrictions in force in France than in the countries leading the methanation market. In this context, and in the light of a government review of the benefits of methanation-based energy recovery as part of the broader renewable energy strategy, the public authorities decided to increase their support for this industry. A number of measures were adopted to this end, of which the most significant are outlined below:

- In February 2011, methanation was recognised as an agricultural activity,
- In May 2011, the feed-in tariffs for biogas-derived electricity, which EDF is required to purchase, were raised by approximately 20% on average. The increase was particularly advantageous for small farm-based methanation facilities. The mechanism includes a basic tariff based on the installed capacity, as well as a premium calculated according to the proportion of farming waste used and the energy efficiency of the process. The best-case scenario yields an overall purchase price of around €0.20 per kW,
- In July 2011, approval was granted to inject methane from purified biogas into the natural gas distribution network, and the corresponding feed-in tariffs were defined.
- The Environment and Energy Management Agency (ADEME) and the Ministry of Agriculture made subsidies available for projects that set an example for others to follow in terms of a combination of energy efficiency and environmental and agricultural performance.

This policy is now beginning to bear fruit. According to the sustainable development committee (*Commissariat Général au Développement Durable*), production capacity in the methanation industry is likely to increase very significantly over the coming years, in view of the large number of projects currently in the development and construction pipeline. It is not unrealistic to forecast an average increase of 80 to 100 MW per year between now and 2020. Such a rate of progress would still be five times less than that experienced in Germany. Unlike what is happening in that country, however, the resource concerned by methanation processes in France does not include energy crops (which compete for space with food crops). Instead, it consists exclusively of waste, residues and by-products.

The methanation industry's development therefore does not raise any issues in terms of conflicts of use.

The growing interest in this development by the public authorities, due to the triple benefits offered in terms of power generation, environmental performance and socioeconomic contributions (including supplementing farmers' income), resulted in the adoption in February 2013 of a series of regulatory instruments (decrees and government orders) implementing a "twin outlet" mechanism. The new system enables biogas producers to simultaneously sell their production as electricity and as biomethane injected into natural gas networks, by granting them the dual benefits of the existing incentive mechanisms, namely a feed-in tariff and mandatory purchase for biogas-derived electricity, and a guaranteed purchase price for biomethane injected into the gas network.

The French government also announced its intention to present a "national biogas plan" in the context of the national energy transition debate.

#### 6.3.4.2 *Position of Séchilienne-Sidec in the methanation market*

Methaneo is a Group subsidiary (in which Séchilienne-Sidec SA has a 60% participating interest) that specialises in methanation. At the time of acquisition in May 2012 it had a portfolio of projects totalling approximately 25 MW, of which certain are scheduled to begin operating in 2013.

This portfolio has since been expanded as a result of Methaneo significant marketing and development efforts.

### 6.4 **OUTLOOK AND BUSINESS DEVELOPMENT STRATEGY**

The Group continues to focus its growth in the areas defined in the business development strategy that was drafted in November 2011 and presented to shareholders at the Shareholders' Meetings on 14 March 2012 and 31 May 2012. This strategy positions power generation from the various forms of biomass the Group's core business. It intends to extensively roll out a business model based on partnerships with stakeholders possessing biomass resources in the agricultural and agribusiness sector. The Group, which has been using this business model for many years within the sugar industry in the French overseas *départements*, aims to extend both its geographical coverage (to recover bagasse resources outside the French overseas *départements*) and its sector coverage (to recover other forms of biomass in addition to bagasse from sugar cane refineries).

#### 6.4.1 *Preparations for the construction of new bagasse- and other biomass-burning thermal power plants in the French overseas départements*

- a) The most advanced of the projects on which the Group is currently working in this area is the CCG-2 project in Martinique.

This project, managed by Compagnie de Cogénération du Galion (a company in which Séchilienne-Sidec has an 80% participating interest, with the remaining 20% owned by the COFEPP group), concerns a cogeneration plant with gross capacity of 37.5 MW. During sugar harvests, this plant will use bagasse from the Galion sugar refinery. At other times of year (and where necessary as a supplement during harvests) it will essentially use other renewable energy sources, such as green waste and other types of locally-sourced or imported biomass. Work to implement a dependable biomass supply chain is currently underway.

In October 2008, the CCG-2 project was granted an operating licence under the terms of the Electricity Act of 10 February 2000 (this licence was renewed on 10 October 2011), and a feed-in contract with EDF was signed on 11 July 2011 after obtaining approval from the energy regulation commission (*Commission de Régulation de l'Énergie*) in September 2011. It will be necessary to amend certain provisions of this contract to reflect the nature and cost of using other forms of biomass in addition to bagasse.

The application procedures for the approvals and licences required in accordance with the legislation on environmentally-classified facilities, building and planning regulations and water-related legislation are being actively managed.

The actual construction process will follow, with a view to commissioning the plant by 2015 in order to satisfy urgent requirements by the Martinique power grid. The balance of electricity supply and demand is very tight, and the network of transmission lines suffers from a lack of production capacity in the area in which CCG-2 will be located.

- b) Other projects currently being studied include the construction of a similar but smaller facility at the site of the sugar refinery on Marie-Galante in the Guadeloupe archipelago, and a project to build peaking power plants in the French overseas *départements* as and when requested by EDF; these plants would operate using a combination of light fuel oil and ethanol derived from molasses from the region's rum distilleries. (Biofuel obtained by cultivating microalgae may also be used). In several of the French overseas *départements*, growth in electricity consumption at peak hours is particularly strong, requiring specific solutions that are totally in step with the Group's areas of expertise.

- 6.4.2 Preparations for the construction outside the French overseas *départements* of thermal power plants fuelled by biomass such as bagasse, wood and by-products of forestry-related and paper-making industries.

The Group is working on such projects in several European countries including mainland France, where in particular, in addition to submitting new projects for future requests for proposals, it is analysing the scope for acquiring certain projects selected during previous CRE tendering processes from their original developers, in order to build them itself.

- 6.4.3 A more detailed assessment of the scope for export projects in major sugarcane-producing countries interested in exploiting their abundant bagasse resources via optimised energy recovery processes based on multi-fuel thermal power plants similar to those whose effectiveness the Group has amply demonstrated in the French overseas *départements*.

These studies confirmed that, in such countries, sugar refiners and other agribusiness players are extremely interested in energy recovery partnerships of this type. Additional research is now required, in particular regarding the manner in which to implement such partnerships while satisfying strict project financing criteria as well as the Group's safety and profitability criteria.

- 6.4.4 Phased construction of methanation projects developed by the Methaneo subsidiary and expansion of the company's project portfolio

This activity will be carried out with the clear backing for methanation-based power generation expressed by the French government both before and after the change in the political majority resulting from the 2012 elections. As indicated in section 6.3.4.1 above, the public authorities acknowledge the considerable value of this energy source in addressing several key economic and environmental challenges: non-intermittent renewable power generation free from conflicts of use; waste processing; rural development and supplemental income for farmers.

- 6.4.5 Studies for solar projects that may be developed to supplement the energy mix in synergy with hybrid biomass combustion in regions with favourable sunshine conditions, and/or may be proposed in response to the requests for proposals that the government has announced will be issued at regular intervals in France for >250 kW units

This approach will enable the Group to leverage its special expertise as a power generator that contributes significantly to networks and integrates optimally with them. It will also facilitate the task of supporting and monitoring technological changes that enable the Group to enhance the range of services offered to network operators (including storage, voltage/frequency regulation, etc.).

- 6.4.6 In February 2013 the Group disposed of its wind power business, releasing additional resources to drive growth in its core business

In keeping with the strategy defined in early 2012, the Group announced that it would consider reasonably-valued proposals to purchase its wind power portfolio, with a view to reinvesting the product of any sale in projects relating to its significantly more profitable core business of energy recovery from biomass.

This orientation resulted in the sale of the Group's entire wind power business to EDF-EN at the start of 2013, on terms that satisfied the Group's objective relating to the business's value.

The corresponding press release, published on 11 February 2013:

- highlighted the high quality of the sold assets, which were developed and operated efficiently by Séchilienne-Sidec personnel,
- stated the transaction amount: €59 million plus a further amount for the projects currently under development,
- explained that Séchilienne-Sidec would be able to devote additional resources to developing its projects in the areas of biomass-based thermal energy, biomethanation and solar power, both in France and in certain other countries targeted on the basis of a set of very specific criteria.

## 6.5 DEPENDENCY FACTORS

chapter 4 "Risk factors" of this registration document contains information concerning dependency factors to which the Group is subject, in particular in terms of financing, construction, procurement and dependency upon customers.

## 6.6 SOCIAL INFORMATION

The quantitative social data presented in section 6.6 covers all subsidiaries consolidated via the global integration method. As such, the Mauritian business units are not included.

### 6.6.1 Social, economic and territorial impact of the Group's activities

#### 6.6.1.1 Impact on regional economic development and employment

Séchilienne-Sidec's main contribution to local economic development consists in harnessing locally-available renewable energy, creating knock-on benefits at local and regional levels. For example, on Reunion Island, Séchilienne-Sidec holds the key to achieving the target of generating 50% of the island's electricity from renewable sources by 2022.

Wherever the Group operates, its subsidiaries:

- provide employment in local economies, mainly in the agricultural sector, by recovering biomass obtained from co-products and by-products of agribusiness processes;
- develop their employees' skills while providing fair pay and incentives;
- generate significant business for the industrial fabric and related service providers;
- add value to goods and services purchased from suppliers and partners;
- generate tax revenues for public authorities, and income for shareholders and lenders.

*For example, a large share of the Group's purchases are from local suppliers. In 2012, local purchases accounted for 58.6% of operating expenses excluding raw material purchases.*

	2011	2012
Number of direct and indirect jobs supported (*)	795	588
Local purchases as a percentage of total purchases (**)	N.R.	58.6%
Taxes paid to local authorities (€ thousands)	11,572	12,012
(*) Indirect jobs supported, estimated based on the Group's subcontracting costs and a ratio of revenues per employee for each subcontracting sector		
(**) Excluding raw materials purchases		
N.R.: Not reported		

Furthermore, the introduction of a "bagasse premium" (a fraction of electricity revenues from power plants passed on to the sugarcane industry) is consolidating the jobs of thousands of plantation workers (*the industry employs 3,500 plantation workers on Reunion Island, and 2,600 in Guadeloupe*).

Based on the distribution agreement for Reunion Island, this premium increases the price paid to plantation operators by €11 per tonne of sugarcane, and raises the price paid to sugar refineries by €2 per tonne of cane. In Guadeloupe, the premium is worth €10/t for plantation operators and €3/t for sugar refineries.

The most significant economic impact associated with the operation of the Group's bagasse power plants is the "win-win" system implemented with sugar refineries. Cogeneration has radically transformed the operation of their plants by decreasing their operating costs. Henceforth, the thermal power plant and the sugar refinery at each site are bound together by a contract that stipulates the following requirements:

- The refinery is required to supply all the bagasse that it produces (as well as condensates) to the thermal power plant
- In exchange, the thermal power plant is required to supply the sugar refinery with low-pressure steam to operate the refinery's evaporator units, and with electricity to operate the mills and shredder (which pulps the sugarcane before it is fed into the mills).

The positive economic impact for sugar refineries consists of significant productivity gains (including fewer shutdowns and failures and lower maintenance costs) that considerably improve their financial situation.

	2010	2011	2012
Steam supplied to sugar refineries (thousands of tonnes)	1,006	1,010	958
Saving for sugar refineries (*) (€ thousands)	9,054	9,090	8,619
(*) Steam sale price: €9 per tonne of steam excluding fuel (Source: INSEE 2009)			

#### 6.6.1.2 Impact on local populations

The Group's power generation activity directly helps to provide an essential service to the nearby population. As indicated in section 6.3.1.2 above (Position of Séchilienne-Sidec in the thermal power market), the Group produces a substantial proportion of the electricity consumed on Reunion Island and in Guadeloupe.

The table below shows the Group's power generation activity in 2012 (excluding Mauritius). The number of households and people whose electricity consumption is covered by this output is also shown.

	2011	2012
Net electricity produced and sold by the Group (GWh), of which:	2,395.6	2,506.3
• thermal	2,224.0	2,303.0
• solar	81.4	97.1
• wind	90.2	106.1
Number of households whose electricity consumption is covered by this output (*)	887,277	928,245
Number of people whose electricity consumption is covered by this output (**)	2,040,736	2,134,964
(*) Electricity consumption of a French household (excluding heating and hot water): 2,700 kWh/yr (ADEME)		
(**) Average size of French households: 2.3 occupants (INSEE)		

The Group makes every effort to fit into the local environment, and strives to deliver a high-quality, reliable power supply. No complaints relating to its activities were received in 2012.

The Group's solar installations in the Caribbean region include 30,000 sq. m of rooftop photovoltaic panels on social housing in Martinique. This project arose out of a partnership with Société Immobilière de la Martinique (SIMAR). The panels installed for this operation cover the electricity requirements of 1,400 residents, who will in time see their service charges fall as a result. Similarly, the additional income generated by the panels will enable SIMAR to renovate these homes.

6.6.2 Relations with individuals and organisations concerned by the company's activities, including work inclusion associations, educational establishments, environmental associations, consumer associations and local residents

6.6.2.1 *Communication with interested individuals and organisations*

In view of the Group's major economic role in the areas where it operates, a sustained dialogue is maintained with a wide range of stakeholders, including local authorities, agricultural associations, trade unions and the press.

A public relations and communication plan has been produced for 2013.

An open day was organised to mark the 20<sup>th</sup> anniversary of the opening of the Bois Rouge power plant on Reunion Island. More than 800 visitors toured the plant for a practical introduction to the Group's activities.

6.6.2.2 *Partnerships and patronage*

The Group intends to implement a partnership strategy starting in 2013.

Partnership, sponsoring and patronage initiatives are being introduced at plant level. For example, Séchilienne-Sidec is sponsoring a football team in Martinique, Methaneo is working with Ecole Centrale Paris to inform the public about renewable energy, etc.

Financial contributions for various forms of sponsorship totalled €29,500 in 2012.

	2011	2012
Financial contributions for sponsorship initiatives (euros)	27,000	29,500

6.6.3 Subcontracting and suppliers

6.6.3.1 *Inclusion of social and environmental issues in the Group's purchasing policy*

The Group has a responsible purchasing policy. Framework agreements address social, civic and environmental considerations:

- Fossil fuels imported by the Group are sourced from quality suppliers (EDF Trading and ATIC Services) that procure materials from producers that observe good practices in the area of corporate social responsibility;



- The certified plants (CTG and CTBR) conduct annual assessments of strategic suppliers. The benchmark for these assessments includes compliance with health, safety and environmental criteria.

To consolidate this approach, the Group has produced an action plan for 2013-2014, setting the following objectives:

- Produce a "Responsible Purchasing" charter covering the major CSR issues,
- Create a "Responsible Purchasing" guide and distribute it to all buyers,
- Map suppliers in the "sheltered employment" and work inclusion sectors and match their activities to the company's requirements,
- Identify the risks relating to the main categories of purchases and the main suppliers,
- Raise awareness among opinion-leaders and train purchasers in responsible purchasing practices.

#### 6.6.3.2 *Importance of subcontracting and consideration for subcontractors' social and environmental responsibility when managing relationships with suppliers and subcontractors*

Subcontracting costs amounted to €37.426 million in 2012, representing 9.2% of operating costs.

The Group works with local subcontractors where the necessary expertise is not available in-house, and during busy periods (in particular during maintenance shutdowns). Where appropriate, the Group supports upskilling initiatives by its subcontractors.

*In 2012, for example, the CCG plant trained local subcontractors in partnership with a third-party service provider (General Electric), to enable them to acquire the necessary skills to carry out certain highly technical activities.*

#### 6.6.4 Fair practice

##### 6.6.4.1 *Anti-corruption measures*

The contractual frameworks established by the Group with its main partners are designed to prevent corruption-related risks. In 2012, as in previous years, none of the Group's business units were subject to corruption-related incidents.

##### 6.6.4.2 *Consumer health and safety measures*

Due to the nature of its activity, the Group is not directly concerned by the type of risks addressed by such measures. It should be noted, however, that the approval and operating licence application procedures for its environmentally-classified facilities include a "health impact" aspect. The Group fully complies with the related requirements.

##### 6.6.4.3 *Other action to uphold human rights*

The Group does not operate in any countries or regions where human rights abuses go unpunished. Furthermore, as indicated in section 6.6.3 above, Séchilienne-Sidec selects its suppliers and subcontractors based on ethical as well as economic criteria. In 2012, as in previous years, none of the Group's business units were directly or indirectly implicated in incidents relating to respect for human rights.



## CHAPTER 7: 2012 ORGANISATION CHART

**7.1 DESCRIPTION OF THE GROUP TO WHICH THE COMPANY BELONGS**

The Group comprises the Company and its subsidiaries. The Company is the parent company of the Group and the head of the French tax consolidation group established on 31 March 2005 with effect from 1 January 2005.

\*  
\* \*

In 2012, the Group was organised based on a configuration comprising:

- a "Thermal Power Plants" business unit covering, from a geographic perspective, the Indian Ocean (islands of Reunion and Mauritius) and Antilles (Guadeloupe and Martinique);
- a "Wind, Solar and Biomethanation" business unit covering, from a geographic perspective, mainland France and Southern Europe, the Indian Ocean and Antilles-Guyana;
- three Corporate Development Departments, with respective responsibility for:
  - the American continent and the Caribbean region;
  - the Indian Ocean, Asia-Pacific and Africa;
  - Europe;
- the following centralised services, which support the two business units and the three Corporate Development Departments:
  - Human Resources Department;
  - Administrative and Financial Department, including the Contracts and Legal Affairs and the Management Control Departments;
  - Technical and Purchasing Department;
  - Projects and Construction Department;
  - Corporate Strategy and Environmental and Social Responsibility Department;
  - Company Secretariat and Board of Directors.

The two business units are headed by Chief Operating Officers. The Chairman and Chief Executive Officer, the two Chief Operating Officers and the Chief Financial Officer form the General Management Committee. The members of the General Management Committee, the heads of the Corporate Development Departments and the heads of the centralised support service departments form the Executive Committee.

\*  
\* \*

For the realisation and operation of each major industrial investment, in almost all cases, the Company uses project companies that it coordinates. The Company acquires shareholdings in these companies ranging from 20% to 100% depending on various criteria including the geographic location, local regulatory constraints and the benefits obtained from the presence of partners. The Company thus

generally has an almost exclusive or large majority holding in the companies operating the production units located in mainland France and the overseas *départements*, and a non-controlling interest in those operating the thermal power plants located in Mauritius.

The dedicated companies carrying the various projects generally enter into contracts with Séchilienne-Sidec under which it provides them with remunerated services at the construction and/or operating stage.

As regards its subsidiaries, for the Company there are no restrictions on access to cash and dividends other than those that might result from the possible occurrence of the circumstances laid down in certain financing agreements, which cover, in particular, the constitution of reserves intended to maintain a minimum amount of cash at the level of the project company, the constitution of reserve accounts and the implementation of financial ratios.

As such, certain finance leases and loan agreements contain the following provisions, applicable until repayment of the project company's debt:

- the project company's undertaking to maintain a minimum debt service coverage ratio, defined as the ratio of EBITDA less any taxes to debt servicing costs for the next 12 months. The highest debt service coverage ratio is 105%; and/or
- the project company's undertaking not to distribute any dividends prior to the date of receipt of the installation, and thereafter, not to distribute any dividends if the annual coverage ratio (defined as the ratio of available cash flows generated during the previous year to the sum of rent due in respect of this same year) is below a certain level, which is set according to the specific project. The highest coverage ratio is 1.20; and/or
- the constitution of a debt servicing reserve account, intended to receive and maintain an amount equivalent to six months' of debt servicing costs.

These provisions concern a limited number of projects and the amounts involved are immaterial in relation to the Group's cash position.

## **7.2 THE COMPANY'S MAIN SUBSIDIARIES**

### **7.2.1 Organisation chart**

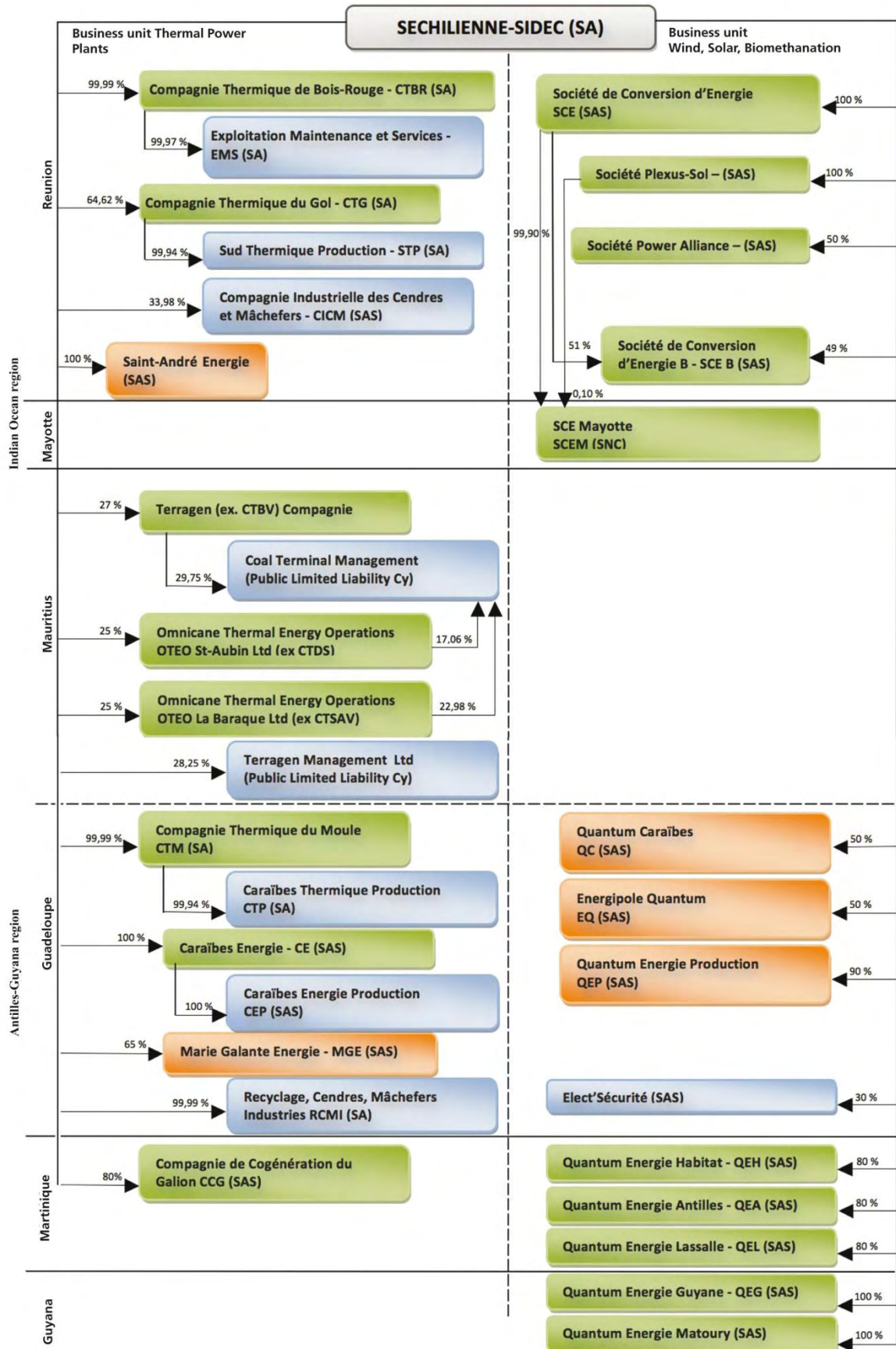
The Group's organisation chart at 31 December 2012 is presented below. A list of all companies consolidated by the Company at 31 December 2012 is provided in note 37 to the consolidated financial statements for the year ended 31 December 2012 as shown in chapter 20 of this registration document.

The following companies, which operate thermal power plants in Mauritius:

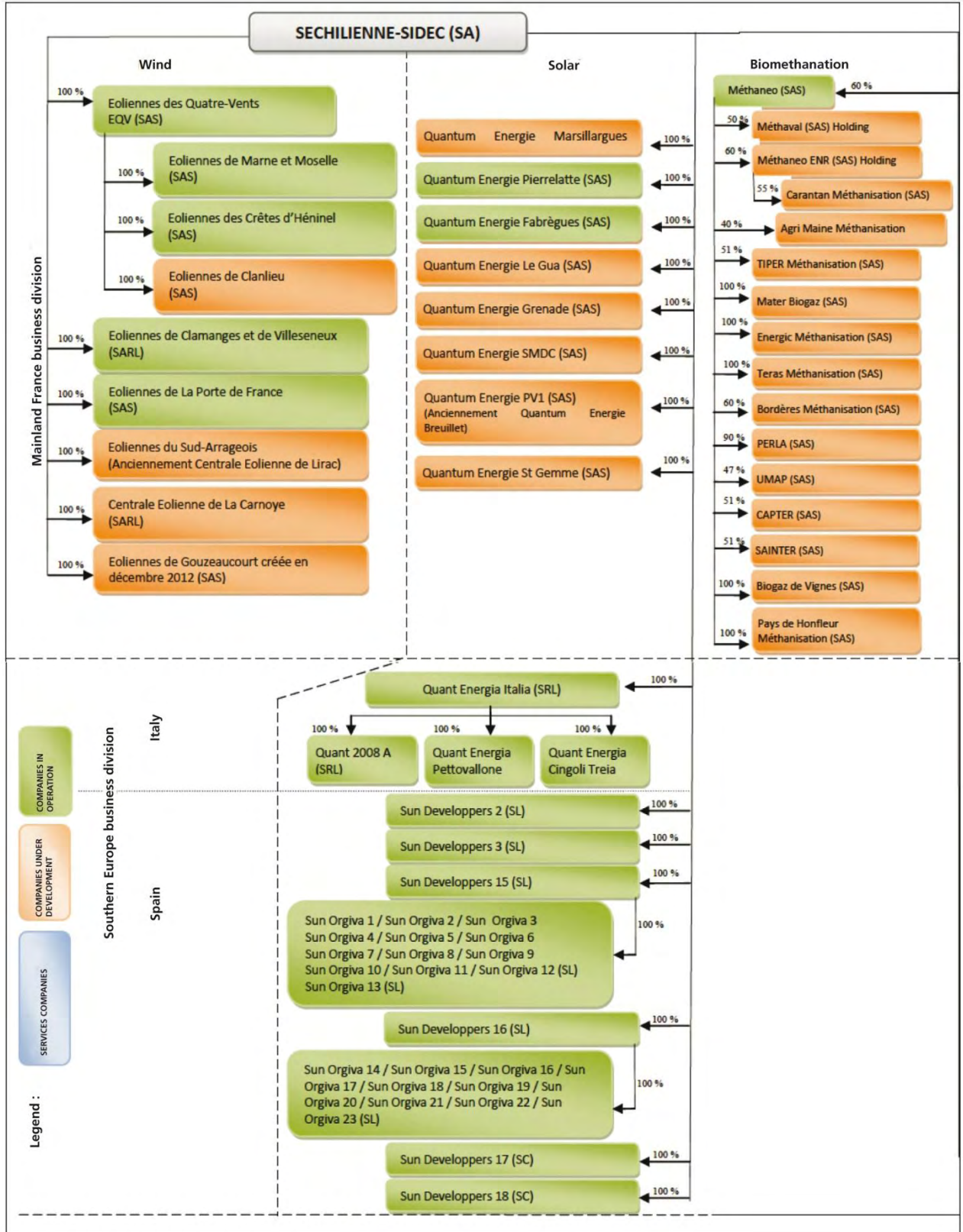
- Terragen;
- Terragen Management Ltd;
- Omnicane Thermal Energy Operations (St Aubin) Limited, (in short, OTEO St Aubin);
- Omnicane Thermal Energy Operations (La Baraque) Limited. (in short, OTEO La Baraque);

were previously respectively called:

- Compagnie Thermique de Bellevue (CTBV);
- CTBV-Management (CTBV-M);
- Compagnie Thermique du Sud (CTDS);
- Compagnie Thermique de Savannah (CTSAV).







### 7.2.2 Recent acquisitions and disposals

- The acquisitions and disposals made by the Group during the years ended 31 December 2011, 2010 and 2009 are described respectively in:
  - the registration document filed with the French securities regulator (*Autorité des Marchés Financiers* – AMF) on 30 April 2012 under number D. 12-0476;
  - the registration document filed with the AMF on 29 April 2011 under number R. 11-024;
  - the registration document filed with the AMF on 30 April 2010 under number R. 10-031.
- The acquisitions and disposals made during the year ended 31 December 2012 are detailed below (they are also described in chapter 9, section 9.6.2 “Changes in participating interests” of this registration document):

#### a) Acquisitions

In May 2012, the Group paid €4.58 million to acquire 60% of Méthanéo SAS, a company formed in 2007 and whose business is to develop, finance, realise and operate biomass energy units that use the Biomethanation process.

It also acquired, for €250, 5% of Bio Ere Cogénération Mimizan, a company undertaking studies and development in the field of biomass cogeneration.

#### b) Disposals

- In July 2012, the Group sold 33.75% of the Mauritian company Terragen Management Ltd (formerly called CTBV-M) to HBM, thereby reducing its holding from 62% to 28.25%.
- In October 2012, the Group sold its 50% holding in Eoliennes de Plouigneau SARL to its partner Mr JP Tromelin.

Also, in February 2013, the Group sold all its windfarms, in operation and under development, to EDF-EN, as indicated in section 6.4.6 above.

## 7.3 THE GROUP'S PARTNERS IN SUBSIDIARIES OVER WHICH IT DOES NOT HAVE FULL CONTROL OR WHICH ARE SUBJECT TO JOINT CONTROL

### 7.3.1 Mauritian subsidiaries

#### 7.3.1.1 Terragen (formerly Compagnie Thermique de Bellevue CTBV)

The Group's partners in Compagnie Thermique de Bellevue (CTBV), together owning 73%, are HBM<sup>1</sup> (51%), Sugar Investment Trust<sup>2</sup> (SIT) (14%) and the State Investment Corporation<sup>3</sup> (8%).

<sup>2</sup> A consortium (partnership with joint and several liability) comprising Harel Frères Limited, The Beau Plan Sugar Estate Company and The Mount Sugar Estates Company, which are sugar production companies and sugar cane plantation companies in northern Mauritius.

<sup>3</sup> A cooperative investment company (*société coopérative d'investissement*) owned by workers in the Mauritian sugar industry.

<sup>4</sup> Relating to the public authorities of Mauritius.

### 7.3.1.2 *Terragen Management Ltd*

The Group's partner since July 2012 in Terragen Management Ltd, owning 61.75%, is HBM, which also owns 51% of Terragen.

### 7.3.1.3 *Omnican Thermal Energy Operations (St Aubin) Limited, in short, OTEO - St Aubin (formerly CTDS)*

The Group's partners in Omnican Thermal Energy Operations (St Aubin) Limited (formerly CTDS), together owning 75%, are Compagnie Energie Sud Limitée<sup>4</sup> (CESL) (60%) and Sugar Investment Trust (SIT) (15%).

### 7.3.1.4 *Omnican Thermal Energy Operations (La Baraque) Limited, in short, OTEO - La Baraque (formerly CTSAV)*

The Group's partners in Omnican Thermal Energy Operations (La Baraque) Limited (formerly CTSAV), together owning 75%, are Compagnie Energie Savannah Limitée<sup>5</sup> (60%) and Sugar Investment Trust (SIT) (15%).

## 7.3.2 French subsidiaries

### 7.3.2.1 *Power Alliance*

The Group's partner in Power Alliance, owning 50%, is Energipôle Holding<sup>6</sup>.

### 7.3.2.2 *Energipôle Quantum*

The Group's partner in Energipôle Quantum, owning 50%, is Energipôle Caraïbes<sup>7</sup>.

### 7.3.2.3 *Quantum Caraïbes*

The Group's partner in Quantum Caraïbes, owning 50%, is Fedent SARL<sup>8</sup>.

### 7.3.2.4 *Elect'Sécurité*

The Group's partners in Elect'Sécurité, owning 70%, are Mr Gilbert Hillairet (18.6%), Mrs Françoise Dejoux (18.4%) and Socogest (33%).

<sup>5</sup> Company belonging to the Mon Trésor et Mon Désert Limited group (MTMD), which is involved mainly in sugar production in southern Mauritius.

<sup>6</sup> Company belonging to the Mon Trésor et Mon Désert Limited group (MTMD), which is involved mainly in sugar production in southern Mauritius.

<sup>7</sup> Limited liability company whose founding shareholders are the Belgian limited liability company Externalis and the French companies Novatec SAS and Demeter SAS.

<sup>8</sup> A subsidiary of Energipole Holding.

<sup>9</sup> Belonging to the wealth division of the independent, family-owned Financière Duval group, whose various divisions are controlled by the holding company Financière Duval SAS.

## CHAPTER 8: PROPERTY, PLANT AND EQUIPMENT

## 8.1 TANGIBLE ASSET

The following tables list the locations of the Group's plants in operation on 31 December 2012 and show the legal situation of the relevant land and facilities. The lease terms extend beyond the end of the long-term contracts relating to the Group's power generating facilities. The Company is unaware of any links between lessors and the Group or its managers.

Facilities financed via leasing arrangements are not owned by the Group, other than the real estate component, for which mortgages are arranged. In other cases, facilities are secured by a pledge held by the lenders pending full repayment of the debt.

The Company's head office is leased. The Group's executive management and operational departments operate from these premises.

## 8.1.1 Thermal power plants in operation on 31 December 2012

Nature and location of installation	Plant type	Gross capacity in MW	Year of first operation	Land status	Facility status
<b>French overseas départements</b>					
CTBR-1 Compagnie Thermique de Bois-Rouge (Reunion Island)	Bagasse/coal-fired cogeneration plant	60	1992	Construction lease	Purchased by CTBR from the lessor in 2007
CTBR-2 Compagnie Thermique de Bois-Rouge (Reunion Island)	Bagasse/coal-fired cogeneration plant	48	2004	Construction lease	Facilities financed via leasing arrangement
CTG-A Compagnie Thermique du Gol (Reunion Island)	Bagasse/coal-fired cogeneration plant	64	1995	Construction lease	Purchased by CTG from the lessor in June 2010
CTG-B Compagnie Thermique du Gol (Reunion Island)	Bagasse/coal-fired cogeneration plant	58	2006	Owned by CTG	Facilities financed via leasing arrangement
CTM Compagnie Thermique du Moule (Guadeloupe)	Bagasse/coal-fired cogeneration plant	64	1998	Owned by CTM	Facilities financed via leasing arrangement
CCG Compagnie de Cogénération du Galion (Martinique)	Thermal peaking power plant/Oil-fired combustion turbine	40	2007	Construction lease	Facilities financed via loans and equity. Owned by CCG
CE Caraïbes Energie (Guadeloupe)	Coal-fired frontline thermal power plant	38	2011	Owned by CE	Facilities financed via leasing arrangement
<b>Rest of world</b>					
Terragen (formerly Compagnie Thermique de Belle-Vue) (Mauritius)	Bagasse/coal-fired cogeneration plant	70	2000	Owned by Terragen	Facilities financed via loans and equity. Owned by Terragen
Omnican Thermal Energy operations OTEO Saint-Aubin (ex. CTDS) (Mauritius)	Bagasse/coal-fired cogeneration plant	35	2005	Owned by OTEO Saint-Aubin	Facilities financed via loans and equity. Owned by OTEO Saint-Aubin
Omnican Thermal Energy operations OTEO La Baraque (ex. CTSAV) (Mauritius)	Bagasse/coal-fired cogeneration plant	90	2007	Owned by OTEO La Baraque	Facilities financed via loans and equity. Owned by OTEO La Baraque
<b>TOTAL</b>		<b>567</b>			



## 8.1.2 Photovoltaic installations

MWp	Installed capacity		Nature and location of facilities		Land status	Facility status
	In service	Awaiting connection	Rooftop installations	Ground-array installations		
<b>Mainland France</b>	<b>8,2</b>					
QE Pierrelatte	6,9				Land is leased (emphyteutic leases).	Facilities are financed via equity and loans.
QE Fabrègues	1,3					
<b>Indian Ocean</b>	<b>25,3</b>		<b>17,9</b>	<b>7,4</b>	Land or rooftops are rented from the relevant land or property owners via lease agreements.	Facilities leased to partnerships with a purchase option after five years
SCE, SCEM, Plexus-S	17,9		17,9			
SCE-B, Power-Alliance	7,4			7,4		
<b>Caribbean Region</b>	<b>15,6</b>		<b>15,9</b>		Land is leased.	Some facilities are owned by the company. The remainder are leased to partnerships with a purchase option after five years
QEA, QEH, Quantum Caraïbes	11,6	0,3	11,9		Land is leased (emphyteutic leases).	
QE Lassale	4,0		4,0			
<b>French Guiana</b>					Land is leased (emphyteutic leases).	Some facilities are owned by the Company. The remainder are leased for five years to a tax-based simplified limited company.
QEG	16,0			16,0		
QE Matoury						
<b>Spain</b>					Land is leased (emphyteutic leases).	Facilities are financed via leasing arrangements.
Sun Développeurs 15 & Sun Orgiva	2,4			2,4		
<b>Italy</b>					Land is leased (emphyteutic leases).	Facilities are financed via leasing arrangements.
Quant Energia Italia & Quant 2008 A	2,0			2,0		
<b>Total</b>	<b>69,5</b>	<b>0,3</b>	<b>33,8</b>	<b>35,9</b>		
	<b>69,8</b>		<b>69,7</b>			

## 8.1.3 Wind power installations

Nature and location of installation	Gross capacity (in MW) in operation	Year of first operation	Land status	Facility status
Vanault-le-Châtel wind farm (SAS Eoliennes de Marne et Moselle)	8.5	2007	Emphyteutic lease agreement	Facilities financed via loans and equity, plus a leasing agreement with the leasing institution
Bambesch wind farm (SAS Eoliennes de Marne et Moselle)	12.0	2007	Emphyteutic lease agreement	Facilities financed via loans and equity, plus a leasing agreement with the leasing institution
Niedervisse wind farm (SAS Eoliennes de Marne et Moselle)	12.0	2008	Emphyteutic lease agreement	Facilities financed via loans and equity, plus a leasing agreement with the leasing institution
Clamanges et Villeseneux wind farm (SARL Eoliennes de Clamanges et de Villeseneux)	10.0	2008	Emphyteutic lease agreement	Facilities financed via a leaseback arrangement with the leasing financial institution
Porte de France wind farm (SAS Eoliennes de la Porte de France)	8.0	2010	Emphyteutic lease agreement	Facilities financed via loans and equity. Owned by the operating company
Crêtes d'Hénel wind farm (SAS Eoliennes des Crêtes d'Hénel)	6.0	2011	Emphyteutic lease agreement	Facilities financed via loans and equity. Owned by the operating company
<b>TOTAL</b>	<b>56.5</b>			

## 8.2 ENVIRONMENTAL POLICY

The quantitative environmental data presented below covers all subsidiaries consolidated using the global integration method. The Mauritian business units are therefore not included.

In accordance with its corporate social responsibility (CSR) commitments, the Group operates a responsible environmental policy at each of its production facilities.

Furthermore, in its role as a power generator, the Group systematically prefers solutions based on renewable clean energy sources, wherever such resources are available in appropriate quantities in the regions in which it operates.

- Séchilienne-Sidec's core business – energy recovery from biomass – contributes directly to sustainable development goals and delivers tangible environmental benefits, including generating renewable power, facilitating management of sugar refining and farm waste at certain thermal and biomethanation plants, and reducing nitrate-related pressure on rivers and water tables by reprocessing nitrate-containing waste in biomethanation plants. Note that on 31 December 2012, the Group did not yet have any biomethanation plants in service. The first such facility currently under construction is scheduled to begin operating in the spring of 2013.
- Solar and wind-based power generation both use renewable energy sources that do not contribute to the greenhouse effect and do not create environmentally harmful waste.

### 8.2.1 Basic environmental policy

#### 8.2.1.1 Organisational response to environmental issues

Environmental issues are approached with an emphasis on responsible practices by Group subsidiaries: each subsidiary has full responsibility for identifying and reducing its own environmental impacts and for implementing Group policy at local level. Most subsidiaries employ health, safety and environment (HSE) engineers with specific missions in this area. The Group's CSR manager leads and coordinates action at corporate level, in particular by organising regular audits, monitoring environmental performance and promoting best practices.

The Group strives for effective health, quality, safety and environment (HQSE) management, and carried out a range of initiatives in this area in 2012.

Firstly, the Group adopted a proactive certification policy for its facilities, including environmental management - via ISO 14001 certification – as part of the Group's overall Quality/Safety/Environment integrated management policy. Each certified facility has managers in charge of monitoring environmental impact reduction action plans. As of 31 December 2012, 27.7% of the Group's income was generated by facilities operating a quality (ISO 9001), health and safety (ILO OSH 2001) and environmentally-certified (ISO 14001) management system. This percentage increased to 51.7% of revenues with the certification of the plant operated by Compagnie Thermique de Bois-Rouge (CTBR) in early 2013.

Work is progressing at the Group's other units in the Caribbean region, with a view to obtaining certification within three years.

In 2010, the Group introduced a system of annual HSE regulatory compliance audits at all of its thermal power plants. The purpose of these audits is to check that facilities comply with existing and future regulations, and to develop a method for assessing the cost of any regulatory compliance work. Nonconformities are reviewed and are included in action plans at each facility.

To strengthen the environmental commitment of its subsidiaries, the Group has developed a dedicated software application for assessing environmental impacts. This application also helps to produce action plans appropriate to subsidiaries' particular activity sectors. Accordingly, all of the Group's thermal power plants began the process of producing formal environmental action plans in 2012.

As part of the Group's continuous improvement process, the results of the environmental audits in late October 2012 were taken into consideration in investment decisions targeting environmental performance improvements at the Group's plants.

#### 8.2.1.2 *Renewal of government orders authorising the operation of environmentally-classified facilities in accordance with the requirements of the IPPC Directive*

- In the Caribbean region, the new standards introduced by the government at the end of 2010, via an amendment to an existing government order (in the case of CTM) or via a new order (in the case of Caraïbes Energie), did not require any modifications to facilities with environmental characteristics that anticipated the incoming requirements of the European Directive on integrated pollution prevention and control (IPCC).
- In the Indian Ocean region, new government measures also introduced in late 2010 in the form of amendments to existing orders concerning CTG-A and CTBR-1 only required significant modifications to CTBR-1. These modifications involved major investments for particle abatement systems for one boiler in 2011 (at a cost of €450,000) and the second boiler in 2012 (€422,000).

No new or supplemental government orders concerning the CTBR-2 and CTG-B plants were issued. In 2010-2011, CTG-B carried out a programme of compliance works and installed an "ecotube" nitrogen oxide (NOx) scrubbing system. This sophisticated system has significantly improved the facility's environmental performance.

However, at the end of 2011, the government adopted a new order authorising the operation of an environmentally-classified facility: a coal depot at the port on Reunion Island, operated by CTBR. This order required a number of significant changes to the coal depot:

- Upgraded fire protection network,
- Fire-fighting water retaining system,
- Runoff water collection system, collection pit sealing works and discharged water treatment works,
- Air quality measurement campaigns (over two years),
- Study of the impacts on bird life of the lighting systems at the depot.

All of these improvements were commissioned immediately upon receiving the operating order, at a cost of €1,074,000.

### 8.2.1.3 *Environmental protection-related employee training and information initiatives*

Séchilienne-Sidec makes its environmental preservation requirements clear to all employees.

All employees at certified facilities are trained in environmental issues, enabling them to understand and manage the main environmental risks encountered in the course of their work.

*Additional training in industrial waste collection and sorting was provided at the CTBR and CTG sites. These two courses improve waste management at operational level and limit environmental incidents at source.*

Furthermore, raising awareness of environmental issues is a feature of everyday life at the Group's facilities, not least as a result of systematic efforts by QSE engineers.

*Environmental information is also provided at plants. For example, CTBR produces a monthly newsletter describing the environmental initiatives carried out at the site since the start of the year.*

### 8.2.1.4 *Resources allocated to pollution and environmental risk prevention efforts*

In order to comply with regulatory requirements and uphold the Group's environmental priorities, the various facilities allocate considerable resources to reducing their environmental impact.

*For example, in 2012 CTBR invested in a storage facility for new and used oil as well as special industrial waste, providing enhanced protection against accident-related pollution risks. This upgrade required an investment of €90,000.*

Across all Group sites in 2012, resources valued at €10,515,000 were allocated to pollution and environmental risk prevention<sup>1</sup>.

€ thousands	2012
Amount invested in pollution and environmental risk prevention (*)	10,515
(*) This amount includes capital investment and operating costs, and in particular, costs relating to processing and disposal of combustion by-products, independent certification of the management system, processing of liquid and gaseous environmental discharges, accident-related pollution/rehabilitation costs, and investments in improvements to water and air treatment processes	

### 8.2.1.5 *Amount for provisions and guarantees relating to environmental risks*

It should be noted that at the time of publication, the Group is not involved in any environmental disputes and is not aware of any environmental accidents in 2012.

Discussions with the administrative authorities are in progress to determine terms and procedures relating to the implementation of guarantees covering decommissioning of environmentally-classified thermal power plants. This consultation process will culminate in 2013 with the submission to the appropriate DEAL departments of supporting documentation relating to the required financial guarantees.

Concerning wind farms that are required to provide financial guarantees in application of the principle whereby the operator is deemed responsible for dismantling its installations and restoring the host site, end-of-life provisions relating to the Group's wind power fleet were assessed at €2.221 million, of which €272,000 was provisioned at the close of the 2012 financial year.

## 8.2.2 Pollution and waste management

### 8.2.2.1 Measures to prevent, reduce or remediate environmentally harmful releases into the atmosphere, water or ground

Given the nature of its activities, which are potential sources of significant releases into the air, water and ground, Séchilienne-Sidec has implemented numerous initiatives to decrease their quantity and environmental impact.

*Concerning gaseous discharges, the Group is committed to improving the scrubbing efficiency of its fume treatment equipment. CTBR took the first steps in 2012, launching a programme to replace the old HV transformers on its electrostatic precipitators with extra high-frequency digital-switching transformers, significantly decreasing particulate emissions from stacks.*

*It will be possible to roll out this innovative technological upgrade to other facilities.*

Regarding releases into water, research was conducted to assess the requirements in terms of investments and action to decrease the volume of discharges to water at the CTBR and CTG plants. The selected technologies and process changes were approved by the relevant departments of DEAL with a view to implementation in 2013 and 2014.

*Concerning soil pollution, the chemical and hydrocarbon storage facilities at CTBR, CTG and CE were upgraded with improved spill retaining systems and signage.*

Emissions are carefully monitored at all sites. The results (excluding those for Mauritius) are shown in the table below:

Gaseous emissions – in tonnes	2012
Sulphur oxide (SOx) emissions	7,260.4
Nitrogen oxide (NOx) emissions	4,299.3
Particulate emissions	192.2
Carbon monoxide (CO) emissions	1,104.6

Discharges to water – in tonnes	2012
Total oxygen demand (TOD)	56.5
Total (organic and inorganic) nitrogen	20.3
Total (organic and inorganic) phosphorus	2.2
Sulphates	108.1
Heavy metals	6.4
Total hydrocarbons	0.3
Suspended matter	100.3

### 8.2.2.2 Waste prevention, recycling and disposal measures

By nature, the Group's biomass-based thermal process recycles waste from sugar refineries, recovering energy from some 674,000 tonnes of sugarcane residue known as bagasse. (This figure does not include Mauritius).

The biomethanation business, for which the first operational plant will begin operating in the spring of 2013, will enhance the Group's contribution to waste recovery efforts.

In parallel, the Group strives to control the waste produced at each stage of its own industrial processes:

- at source, by selecting fuels that generate less ash and slag.
- throughout the production process, to minimise the fraction of unburnt fuel and reuse fly ash at the power plants.

*As a matter of course, all Group facilities operate strategies to recover and use combustion by-products, whether in agronomic applications (as at the CTG, CTBR and CTM plants) in partnership with local farmers and sugar refineries, or in technical applications such as construction backfill, as is the case on Reunion Island in particular.*

On Reunion Island, CTG is currently studying ways to bring its combustion by-products into compliance with the requirements of the waste processing memorandum of 24 December 2010, regarding which the government authorities have queried its use of such by-products in applications such as quarry backfill.

The Group has introduced dedicated, quantified action plans at each plant to optimise its waste prevention, recycling and disposal efforts.

The following key performance indicators are regularly monitored by the Group:

Quantities - in tonnes	2012	
<b>Industrial waste (excluding combustion by-products)</b>		
Hazardous industrial waste	189.0	
Ordinary industrial waste	404.1	
<b>Industrial waste recovery processes</b>		<b>Share of total</b>
Landfill	146.3	24.7 %
Incineration	169.1	28.5 %
Recycling	277.2	46.7 %
Other processes	0.6	0.1 %
<b>Combustion by-products</b>		
Slag	81,407.0	
Ash	142,413.0	
Gypsum	4,821.0	
<b>By-product recovery processes</b>		<b>Share of total</b>
Landfill	134,961.0	59.0 %
Technical applications	71,105.0	31.1 %
Agronomic applications	22,575.0	9.9 %
Other processes	0.0	0.0 %

### 8.2.2.3 *Inclusion of noise-related nuisances and other forms of pollution specific to a particular activity*

- Regarding noise-related nuisances, the Prefectural orders in force at the Group's facilities stipulate regular measurements (every five years). As of 31/12/2012, no cases of off-site noise exceeding the permitted limits have been reported at any of the Group's plants.
- In the area of odour-related nuisances, the Group received no complaints from nearby residents in 2012 (or in previous years).
- To minimise traffic disruption risks, the Group arranges for most of its fuel deliveries to take place at night.
- Concerning the risk of nuisances from blowing dust, the CTBR and CTG plants installed dust suppression systems on their conveyor belts in 2012, at a cost of €730,000. The Group's other thermal power plants will be similarly equipped in 2013-2014. Furthermore, all trucks used to carry materials liable to release dust (such as coal and combustion by-products) have been fitted with dustproof covers.
- As a matter of principle, an impact study is carried out in advance of all planned construction activities. All recommendations and offsetting measures arising from the study are implemented and rolled out across the Group's facilities.

### 8.2.3 Sustainable use of resources

#### 8.2.3.1 *Water procurement and consumption in accordance with local restrictions*

The activities of the Séchilienne-Sidec Group in the various regions in which it operates require water management strategies that adequately reflect local requirements. The Group has developed numerous initiatives to manage its water consumption effectively, and includes measures to optimise water use and reuse when designing new production facilities.

*For example, the thermal power plant operated by Caraïbes Energie, which entered service in March 2011 in a region where water resources are relatively scarce, was designed with air condensers rather than the more traditional cooling towers in order to decrease net water consumption. As a result of this design change, the plant operates at a water intensity of barely 1.3 l/kWh.*

The Group closely monitors its water consumption performance via systematic continuous measurements of water consumption and water intensity.

In 2012, raw water extraction totalled 8,024,690 cu. m, resulting in a water consumption intensity for the Group's power generation activity of approximately 2.3 l/kWh. This performance is in line with the Group's targets.

Thermal power plants (excluding Mauritius)	2011	2012	Lowest intensity	Highest intensity
Raw water extraction (thousands of cu. m)	7,842.1	8,024.7	-	-
Water intensity of power generation activity (l/kWh)	2.3	2.3	0.40	2.72



### 8.2.3.2 Raw material consumption and measures in favour of more efficient resource utilisation

The Group constantly strives to make more efficient use of raw materials, especially fossil fuels used alongside biomass.

Annual targets to cut this consumption in proportion to power generation are set for each of the Group's thermal power plants, and a manager is appointed to monitor performance in this area.

Significant investments are made in order to achieve these targets.

*For example, in 2012 CTBR-2 enhanced the efficiency of its power generation process for a given quantity of coal, improving its production process by replacing the internal components of the mechanical dust removal system (at a cost of €223,000).*

The Group is working with its partners to decrease the water content of bagasse in order to enhance its energy efficiency. Séchilienne-Sidec works tirelessly to improve the efficiency of its production facilities, and invests accordingly. These efforts have borne fruit, and the Group now achieves an enviable electricity yield of 140.3 kWh/tonne of sugarcane.

Raw material consumption by thermal power plants – in thousands of tonnes	2011	2012
Coal	934.4	990.1
Bagasse	687.4	674.1
Oil (including domestic heating oil)	33.4	24.8

### 8.2.3.3 Energy consumption, energy efficiency measures and renewable energy utilisation

#### a) Energy consumption and energy efficiency improvements

The great majority of the Group's plants operate using power generated onsite. Total electricity consumption increased by 5.4% in 2012 as the Caraïbes Energie (CE) power plant completed its first full year of operation. (In 2011, this plant only began operating in March).

	2011	2012
Total energy consumption (MWh) at all production facilities	209,499.3	220,967.5

Séchilienne-Sidec is taking Group-wide action to optimise energy efficiency at all its facilities:

- As already stated in section 8.2.3.2, significant investments have been made to enhance the energy efficiency of the Group's power plants, improve fuel storage and handling capabilities and upgrade combustion technologies.
- As indicated in section 8.2.1.1 (*Organisational response to environmental issues*), a series of measurements are regularly monitored via environmental audits. This data is analysed and processed in order to define and implement subsequent improvement plans.



b) New energy sources

The Group plays a major role in driving the adoption of new energies in the French overseas *départements*, by recovering energy from bagasse supplied by sugar refineries and by operating photovoltaic installations that together account for a significant share of installed capacity in these regions. The Group plays a similar role in Mauritius, via its bagasse recovery activities.

It is taking this approach further by preparing to commission biomass-fuelled power plants that will use fossil fuels as a back-up only (CCG-2, at the Le Galion site in Martinique, will be the first plant to operate this way, following its start-up period). Use of coal at existing power plants will also be gradually phased out in favour of biomass.

The Group has also acquired the wherewithal to respond to requests from grid operators in the French overseas *départements* relating peaking power generation capabilities, by operating combustion turbines with light fuel oil, bioethanol from cane sugar distilleries and where applicable, biofuel obtained from microalgae.

In mainland France, the Group's position in the very promising biomethanation market will, as soon as the first facilities begin operating in 2013, make it a significant player in the development of green energy recovery processes that are free from conflict-of-use and deliver major environmental and ecological benefits.

Biomethanation offers an effective tool for reducing greenhouse gas emissions by the agricultural sector (which represent 21% of the total in France), mainly by capturing methane from livestock waste and transforming it into renewable energy.

The resultant gas is injected into the distribution network, and the energy that it subsequently releases in a cogeneration plant is a substitute for fossil energy, helping to achieve the national target of supplying 23% of France's energy from renewable sources by 2020.

Digestate from the biomethanation tanks is supplied to farmers for use as natural fertiliser, replacing chemical fertilisers, which are often imported and are produced in highly energy-intensive industrial processes.

This helps to improve water table quality by decreasing the quantities of nitrates, which are a major cause of water pollution in France.

As a result of the general strategy adopted in 2012 – which aims for growth achieved essentially by recovering all forms of biomass, in French territories and other countries with abundant bagasse and other biomass resources – renewable energy will account for a steadily increasing share of total power generation by the Group (except in Mauritius).

In 2012, this share was more than 35% of total power generation, a year-on-year change of 0.8 percentage points.

	2011	2012
Renewable energy as a share of total power generation	36%	35.2%

#### 8.2.3.4 Land use

The issue of land use is most relevant to the Group at its wind and solar farms, which tend to extend over large areas.

Consequently, when designing such facilities, solutions are studied to avoid or minimise encroachment onto farming land, and to offset any impacts on agricultural activities.

For example, when the Bethléem photovoltaic power plant on Reunion Island was being built, the Group subsidiary in charge of the project contracted a local company, SAFER (*Société d'Aménagement Foncier et d'Etablissement Rural*) to carry out improvement works in a number of unworked fields and plots previously in poor condition, in order to offset the agricultural production lost either directly or indirectly by farmers as a result of the plant's construction. An amount approaching €1,400 was paid to SAFER for this work.

Also at the Bethléem facility, an agreement was reached with the local livestock farming cooperative and a sheep farmer, under the terms of which sheep rearing and solar power generation take place in parallel, with the sheep grazing the land on which the photovoltaic panels are installed.

This method of maintaining sheep farming activities at photovoltaic farms is applied on land occupied by several of the Group's solar farms.

### 8.2.4 Climate change

#### 8.2.4.1 Greenhouse gas emissions

Séchilienne-Sidec is actively working towards sustainable development objectives in the area of decreasing carbon emissions. The Group's biomass, wind, solar and – when the first production units begin operating in 2013 – biomethanation-based energy recovery activities contribute directly to this effort.

The initiatives described in section 8.2.3.2 and section 8.2.3.3 concerning the development of renewable energy, decreasing fossil fuel consumption and improving energy efficiency at the Group's facilities are aligned with the European Union's target of cutting carbon dioxide emissions by 20% by 2020.

To enhance its performance in this area, in 2012 the Group introduced and closely monitors a monthly carbon dioxide intensity performance indicator.

The table below shows the Group's total carbon emissions for 2012:

	2011	2012
<b>Total carbon emissions (thousands of tonnes CO<sub>2</sub> equivalent)</b>	2,370.9	2,403.5
Carbon dioxide (CO <sub>2</sub> ) emissions	2,345.9	2,379.6
Nitrous oxide (N <sub>2</sub> O) emissions	16.9	16.3
Methane (CH <sub>4</sub> ) emissions	8,1	7.6
<b>Carbon intensity of the electricity and steam production activity (g CO<sub>2</sub>/kWh)</b>	684.2	678.3
<b>Direct emissions of CO<sub>2</sub> only</b>		

## 8.2.4.2 Carbon emissions quotas

The Group's thermal power plants located in the French overseas *départements* are entitled to a free allocation of carbon dioxide emissions rights under the terms of the French national quota allocations (PNAQ). The plan covering the period 2008-2012 is known as "PNAQ-2".

The table below lists the quotas allocated to each plant in operation for each of the years covered by PNAQ-2, together with the quantities of carbon dioxide emitted by each plant in each year.

As the table shows, the quota allocations constantly fall short of the actual emissions.

Tonnes of CO <sub>2</sub>	2008		2009		2010		2011		2012	
	Allocation	Emission	Allocation	Emission	Allocation	Emission	Allocation	Emission	Allocation	Emission
CTBR 1 & 2	582,264	817,789	582,264	751,654	582,264	834,625	582,264	774,079	582,264	807,203
CTG A & B	690,135	810,757	736,478	819,921	736,478	798,358	736,478	804,218	736,478	829,311
CTM	283,556	470,386	283,556	300,107	283,556	337,558	283,556	415,219	283,556	411,990
CCG	51,120	26,061	51,120	39,190	51,120	70,965	51,120	97,917	51,120	71,713
CE							161,000	253,906	161,000	259,427
<b>TOTAL</b>	<b>1,607,075</b>	<b>2,124,993</b>	<b>1,653,418</b>	<b>1,910,872</b>	<b>1,653,418</b>	<b>2,041,506</b>	<b>1,814,418</b>	<b>2,345,339</b>	<b>1,814,418</b>	<b>2,379,644</b>

- The quotas allocated by government order to CTG-B and CCG for 2010 were only actually implemented by the government in 2011.
- Part of the 2011 quotas for CTBR, CTG-A and CTM were obtained in 2011, and part in 2012. A government order issued on 19 April 2012 allocated Caraïbes Energie (CE) a quota of 161,000 tonnes for 2011 and the same amount for 2012.
- The quotas for 2012 were obtained in 2012.

Article 8 of the Amending Finance Act for 2008 opened up the possibility of an additional quota reduction; this has not been implemented to date but may be in the future.

Furthermore, Article 64 of the Finance Act for 2011 authorises the State to allocate up to 10% of the quotas issued during the five-year period covered by PNAQ 2008-2012 on a paid-for basis, and provides for a decree that would determine the proportion of emissions quotas that would be issued on a paid-for basis in 2011 and 2012. No such decree has been issued to date.

The aforementioned legal provisions would, in the absence of compensatory measures, force the relevant Séchilienne-Sidec thermal power plants (CTBR-1, CTBR-2, CTG-A, CTG-B, CTM, CE and CCG) to gradually assume the cost of rising purchase prices on the emissions trading market for tonnages corresponding to the difference between the plants' actual emissions and their allocated quotas.

However, the contracts with EDF for the CTBR-1, CTBR-2, CTG-A, CTG-B and CTM plants include a clause intended to maintain the economic balance in the event of circumstances that would significantly affect this balance but were not foreseen at the time of contracting. This clause was activated, resulting (in July 2009) in amendments to the contracts for the CTBR-1 and CTBR-2, CTG-A, CTG-B and CTM plants, agreed with EDF and approved by the energy regulation commission (CRE). These amendments enable most of the resulting costs to be charged to EDF on a monthly basis, with the exception of an excess amount still payable by the plants. This excess amount, based on the cost of purchasing carbon emissions rights to make up for the inadequate quotas is capped at a total of €2 million for the five power plants concerned. The result of these amendments is booked annually in the accounts for the elapsed financial year, with effect from the year ending 31 December 2009.

Forecasting carbon dioxide emissions is a more complex affair for the CCG plant (a combustion turbine-based peaking plant designed to enable EDF to smooth its consumption peaks). The company contacted EDF and the energy regulation commission (CRE) to request an amendment to the operating contract, with no carbon emissions excess amount. This request was granted in 2012, applicable retroactively to 2011.

The electricity feed-in purchase contract for the Caraïbes Energie (CE) power plant, agreed after carbon emissions quotas were introduced, included a formula for passing on carbon dioxide purchase costs similar to that in the amendments adopted for CTBR, CTM and CTG, but with an excess amount capped at €1 million. Under the terms of this contract, costs are passed on to EDF annually (rather than monthly), based on the average of the daily market prices for the past year. This arrangement left CE responsible for adopting a suitable hedging mechanism to cover any spread between daily prices and the annual average. However, the Company contacted EDF to request a change to these arrangements in order to operate on a monthly basis as with the other contracts. This modification was accepted by EDF, approved by CRE, and applied to the 2012 financial year.

#### 8.2.4.3 *Adaptation to the effects of climate change*

Recent scientific research, in particular research carried out by the Intergovernmental Panel on Climate Change (IPCC), suggests that climate change may result in an increased incidence of extreme climate events. In response to this observation, the Group strives to assess the vulnerability of its planned and existing installations with due consideration for climate change forecasts.

The information in section 4.1.2 reports on the steps taken to include such extreme events in the design process for the Group's production facilities.

#### 8.2.5 Measures to preserve or enhance biodiversity

The Group conducts environmental impact studies covering all of its sites, where appropriate adopting offset measures or issuing recommendations relating to biodiversity issues such as restoring natural habitats, blending structures into the landscape, etc. These measures and recommendations are systematically taken into consideration and implemented.

*For example, hedges of vetiver and fruit trees were planted to maintain biodiversity at the photovoltaic solar farms in Kourou (French Guiana) and Lasalle (Martinique).*

## CHAPTER 9: FINANCIAL POSITION AND RESULTS

Pursuant to Article 28 of the European Commission's regulation no. 809/2004 of 29 April 2004, the following information is included for reference purposes in this registration document:

- a review of the Group's financial position and results for the year ended 31 December 2011 as shown on pages 82 to 96 and the consolidated financial statements as shown on pages 174 to 230 of the registration document filed with the AMF on 30 April 2012 under number D.12-0476;
- a review of the Group's financial position and results for the year ended 31 December 2010 as shown on pages 82 to 99 and the consolidated financial statements as shown on pages 162 to 214 of the registration document filed with the AMF on 29 April 2011 under number R.11-024.

The sections of these documents not included are either not relevant for the investor, or are covered by another part of the registration document.

### 9.1 GENERAL PRESENTATION

#### 9.1.1 Business presentation

The Group is a specialist in the production of energy in mid-size thermal power plants, particularly biomass/coal-fired, and all renewable energies. Its technical skills and the quality of its engineering staff enable it to master all stages of the life cycle of its power plants: design, financing, construction and operation, across the globe and particularly in complex environments.

Up to the end of 2011, the Group organised its business into three historical areas of activity (thermic biomass, wind and photovoltaic), which was supplemented in 2012 by the biomethanation business through the acquisition of 60% of the company Méthanéo. In February 2013, the Group sold its wind energy business to EDF Energies Nouvelles for €59 million and an earn-out for the projects under development. This disposal was made in connection with the policy of rotating non-core assets.

At 31 December 2012, in its four business segments, the Group had installed production capacity (connected to the grid or pending connection) of 693.4MW.

In MW	31/12/2009	31/12/2010	31/12/2011	31/12/2012
<b>Thermic biomass</b>	<b>567.0</b>	<b>567.0</b>	<b>567.0</b>	<b>567.0</b>
connected	529.0	529.0	567.0	567.0
pending connection	-	-	-	-
under construction	38.0	38.0	-	-
<b>Photovoltaic</b>	<b>38.6</b>	<b>60.0</b>	<b>69.8</b>	<b>69.9</b>
connected	19.0	42.9	69.5	69.3
pending connection	10.9	6.9	0.3	0.6
under construction	8.7	10.2	-	-
<b>Wind</b>	<b>42.5</b>	<b>56.5</b>	<b>56.5</b>	<b>56.5</b>
connected	42.5	50.5	56.5	56.5
pending connection	-	-	-	-
under construction	-	6.0	-	-
<b>Biomethanation</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.7</b>
connected	-	-	-	-
pending connection	-	-	-	-
under construction	-	-	-	2.7
<b>TOTAL</b>	<b>648.1</b>	<b>683.5</b>	<b>693.3</b>	<b>696.1</b>
<i>of which, installed (connected or pending)</i>	<i>601.4</i>	<i>629.3</i>	<i>693.3</i>	<i>693.4</i>

### 9.1.2 Thermic biomass

Since its formation, the Group has built and operated dual fuel bagasse/coal units, coal-fired units (more than 30) and units powered by fuel oil (combustion turbine) and gas.

The Group has specialised in particular in cogeneration technologies (simultaneous production of steam and electricity) and bioenergy through the use of plant-based renewable fuels.

After bringing into service its latest power plant, Caraïbes Energie (38MW), on 8 March 2011, at 31 December 2012 the Group operated a total of 567MW gross of thermal power plants in the Indian Ocean and the Caribbean, comprising:

- 4 dual fuel bagasse/coal power plants for a total of 230MW in Reunion (CTBR-1 and CTBR-2 and CTG-A and CTG-B);
- 3 power plants, including 2 dual fuel bagasse/coal – for a total of 195MW in Mauritius;
- 1 dual fuel bagasse/coal power plant for 64MW in Guadeloupe (CTM);
- 1 coal-fired power plant for 38MW in Guadeloupe (CE);
- 1 fuel oil power plant (combustion turbine) for 40MW in Martinique (CCG).

### 9.1.3 Photovoltaic

The Group was one of the very first entrants in the solar energy sector in France in 2006.

The Group entered this business by buying two companies – Société de Conversion d'Énergie (SCE) and Plexus-Sol – both located in Reunion and operating photovoltaic equipment.

The Group then expanded in this sector, first in the overseas *départements* then in mainland Europe and certain regions in mainland France, Italy and Spain that also offer favourable sunshine conditions.

At the end of 2012, the Group had installed capacity (connected to the grid and pending connection) of 69.9MW (being 69.3MW in operation and 0.6MW completed but pending connection).

In 2012, the Group completed construction of 0.4MW of roof-mounted installations in Reunion, of which 0.1MW was connected and 0.3MW was pending connection in early 2013. In addition, two roof-mounted plants totalling 0.3MW have been pending connection for almost three years in Martinique.

A fire on 16 May 2012 completely destroyed the 218kW roof-mounted Hyper Champion Landy photovoltaic plant (Martinique), hence the slight decline in connected power between the end of 2011 and the end of 2012.

#### 9.1.4 Wind

The Group's business in this sector at the end of 2012 was concentrated entirely in mainland France and, following the bringing into service of the 6MW Héninel windfarm in July 2011, it operated a total of 56.5MW comprising six windfarms. The Group was one of the very first entrants in the wind energy sector back in 2002, enabling it, in an emerging segment of the energy production market, to capitalise on its ability to master all stages of a power plant's life cycle: design, financing, construction and operation.

This entire activity was sold on 8 February 2013. In accordance with IFRS 5, this activity is restated in the consolidated financial statements and is shown in a separate line entitled "Net income from activities held for sale". However, for the purposes of this chapter of the management report, this activity is still reported as part of the Group in 2012.

## 9.2 HIGHLIGHTS FOR THE YEAR

## 9.2.1 Key figures

## a) Power in operation and production for the year

	Gross MW in operation at the year end		Production in GWh		Change
	2012	2011	2012	2011	
CTBR 1 and 2	108.0	108.0	762	740	3%
CTG A and B	122.0	122.0	852	835	2%
CTM	64.0	64.0	385	370	4%
CCG	40.0	40.0	83	111	-26%
CE	38.0	38.0	222	168	32%
<b>Thermal excluding Mauritius</b>	<b>372.0</b>	<b>372.0</b>	<b>2,303</b>	<b>2,224</b>	<b>4%</b>
CTSAV 1 and 2	90.0	90.0	492	461	7%
CTBV	70.0	70.0	657	371	-4%
CTDS	35.0	35.0	226	228	-1%
<b>Thermal – Mauritius</b>	<b>195.0</b>	<b>195.0</b>	<b>1,074</b>	<b>1,060</b>	<b>1%</b>
<b>Thermal</b>	<b>567.0</b>	<b>567.0</b>	<b>3,377</b>	<b>3,284</b>	<b>3%</b>
French overseas <i>départements</i>	56.7	56.9	80	64	24%
Outside France	4.4	4.4	6	6	4%
Mainland France	8.2	8.2	11	11	-2%
<b>Photovoltaic</b>	<b>69.3</b>	<b>69.5</b>	<b>97</b>	<b>81</b>	<b>19%</b>
Vanault le Chatel	8.5	8.5	15	14	11%
Bambesch	12.0	12.0	17	16	3%
Niedervisse	12.0	12.0	21	20	6%
Clamanges and Villeseneux	10.0	10.0	21	17	21%
Porte de France	8.0	8.0	18	17	8%
Héninel	6.0	6.0	14	7	112%
<b>Wind</b>	<b>56.5</b>	<b>56.5</b>	<b>106</b>	<b>90</b>	<b>18%</b>
<b>Group total</b>	<b>692.8</b>	<b>693.0</b>	<b>3,580</b>	<b>3,456</b>	<b>4%</b>



## b) Availability rate

	Technical availability rate	
	2012	2011
CTBR 1 and 2	90.4%	87.8%
CTG A and B	92.2%	89.9%
CTM	91.9%	87.8%
CE	96.2%	85.0%
CCG	92.9%	85.2%
Average excluding Mauritius (*)	92.1%	87.9%
<i>of which, excl. CCG</i>	92.0%	88.2%

CTSAV	91.9%	91.2%
CTBV	90.5%	91.4%
CTDS	92.3%	92.2%
Average Mauritius (*)	91.5%	91.4%
Thermal average – Group (*)	91.9%	89.1%
<i>of which, excl. CCG</i>	91.8%	89.4%
<i>(*) gross MW weighted average</i>		

## 9.2.2 Thermic biomass activity

## a) Power plant operating conditions

- The Group's thermic biomass production increased by 4% for the fully-consolidated power plants (the Mauritian power plants, which total 195 MW, are equity accounted). This growth was mainly due to the full-year effect of Caraïbes Energie, which was brought into service on 8 March 2011, and the increase in the average availability rate.
- The overall availability of the power plants proved to be excellent in 2012, increasing by 2.8pp during the year, i.e. to 91.9% compared with 89.1% in 2011. That of Caraïbes Energie reached the exceptional level of 96.2%, the plant having benefited from the deferral of a planned shutdown to 2013.
- In Martinique, 2012 saw the return to a more normal year in terms of the call rate for CCG, down from 37.1% in 2011 to 25.3% in 2012. In 2011, EDF had called on this power plant well in excess of its intended use as a peaking power plant in order to compensate for the unavailability of other production units.
- Other than Caraïbes Energie, all power plants carried out their scheduled annual shutdowns. The peaking power plant CCG undertook major maintenance following 12,500 hours of operation, the first such maintenance since being brought into service in 2007.

- The major maintenance, repairs, optimisation and modernisation work and investment programme initiated in late 2009 continued in 2012. In particular, CTBR carried out investment work on CTBR-1's electrostatic precipitators to reduce dust concentrations in gaseous emissions.
- The Group continued to work on ensuring that its power plants meet QHSE standards. The CTG power plant received confirmed of its certification obtained in 2011, while the CTBR power plant applied for certification in 2012 (obtained in early 2013).

#### b) Changes in the economic and regulatory environment

- Coal prices, which had risen since 2010, fell in 2012, with a particularly sharp drop in the second half of the year. The average purchase cost of coal for the Group thus increased from €78/t in 2009, to €92/t in 2010, €110/t in 2011 and €102/t in 2012. At the end of 2012, it stood at around €92/t. This movement had a negative impact on the Group's revenue (although with no direct effect on the margin) due to the contractual indexation of electricity selling prices to fuel costs.
- Concerning CO<sub>2</sub>, in 2012 the Group received all the free quotas in respect of 2011 that were outstanding at the end of 2011, as well as all the free quotas in respect of 2012 for all seven of its power plants. As such, in April 2012, the Group reclaimed the quotas for CTG-B and CCG that were outstanding at the end of 2011, and in August 2012 received the 2011 free quotas for its Caraïbes Energie plant (allocated under the decree of 19 April 2012 for the years 2011 and 2012).
- Two riders were signed with EDF regarding the recharging of CO<sub>2</sub>. For CCG, for which there was no recharging system in place, an identical rider to that already existing for the other power plants was incorporated into the contract. This rider took effect in 2012. For Caraïbes Energie, the existing rider was modified to allow monthly recharging identical to that used for the other power plants, instead of annual recharging based on the average daily prices for the past year.
- The agreements between all the Group's thermal power plants and EDF thus now provide for the monthly recharging to EDF of costs arising from additional purchases of quotas that have to be made on the market, except for a limited excess that the plants must bear. In 2012, this excess amounted to €960k and remains contractually capped – regardless of the CO<sub>2</sub> purchase conditions on the market – at €3 million in total for the Group.
- With effect from 2013 and phase III of the new national quota allocation plan (NQAP), the Group is not expected to have any free quotas and will have to cover all its CO<sub>2</sub> needs via market purchases. However, the agreements covering recharges to EDF will continue to grant the coverage currently in place.

#### c) Development and projects

- In 2012, the Group continued to develop projects in connection with its policy of growth in the French overseas *départements*, covering both base load production facilities (24h/24) and peaking power plants used to meet peak demand.
- As such, construction of the Galion 2 project in Martinique (38MW) is expected to begin in 2013. It will mark a major departure from the previous bagasse-coal model. It will use a very high proportion of biomass to supplement the bagasse and will keep coal as a back-up.

- In addition, the Group will pursue its policy of profitable investments by adapting its existing installations to meet the new environmental provisions.
- Lastly, drawing on the recognised expertise of its CCG power plant in Martinique, Séchilienne-Sidec plans to develop new peaking power plants, using both fuel oil and biofuel.

d) Staff-related matters

- In 2012, the Group was subject to just three strike days, which occurred in May at the Caraïbes Energie power plant. In 2011, the Group was hit by a series of strikes launched in support of a claim based on the controversial interpretation of certain provisions of the national Electricity and Gas Industries statute.
- The CTM power plant in the Caribbean was indirectly affected by industrial action taken at the adjacent sugar refinery of Gardel, resulting in a slight reduction in the production of electricity from bagasse.
- Incentive scheme agreements were signed for a period of three years at CTM, CE, CTBR and CTG. The CCG incentive scheme agreement will be renewed in 2013.

9.2.3 Photovoltaic business

a) Power plant operating conditions

- The production of photovoltaic electricity benefited from the already strong momentum seen in 2011. In 2012, this production increased by 19% to 97GWh.
- This strong growth essentially reflects the effect of full-year operation of the power plants brought into service in 2011 (27MW connected in 2011, including Kourou 12MW, Matoury 4MW, Bethléem 5.4MW), as well as the very good operation of all power plants and the good sunshine conditions.
- In 2012, the Group completed construction of 0.4MW of roof-mounted installations in Reunion, of which 0.1MW was connected to the grid and 0.3MW was still pending connection in early 2013. In addition, two roof-mounted plants totalling 0.3MW have been pending connection for almost three years in Martinique.
- A fire on 16 May 2012 completely destroyed the 218 kW roof-mounted Hyper Champion Landy photovoltaic plant (Martinique).
- In Italy, the Group suffered several thefts of cables at its power plants in the Puglia region (2.0MW in service), resulting in partial interruptions to production at these plants during the year.

b) Changes in the economic and regulatory environment

*In France:*

- The bulk of the Group's photovoltaic projects are now subject to calls for tender rather than regulated purchase tariffs. In this regard, in March 2012, the Group presented projects in response to the call for tenders concerning installations with an individual power in excess of 250kW, and was selected for two photovoltaic projects with storage: a 1MW project in Reunion and a 2MW project in Guyana, which have since entered the phase entailing the preparation of administrative instruction procedures.
- It should be noted that the realisation of photovoltaic installations in the overseas *départements* no longer result in the granting of tax relief.

*Outside France:*

- In Spain, where the Group operates photovoltaic installations totalling 2.4MW, one of the key features is the maintenance of the cap on the regulated tariff for the first 1,250 equivalent full-power hours (EFPH) for the years 2011-2012-2013, and the decision taken by the government to impose an additional 6% tax in 2013 on the revenue earned by installations.
- In Italy, the variable remuneration added to the fixed tariff fell slightly although without significantly affecting the Group's power plants (totalling 2MW) in service.

c) Sale of panels

The Group did not sell any panels to third parties in 2012.

9.2.4 Wind business

a) Power plant operating conditions

- Wind energy production came to 106GWh, up 18% compared with 2011.
- This growth was due to the full-year effect of the Héninel windfarm (6MW connected in July 2011) as well as wind conditions that were suitable for the first time in four years, a vast improvement on the conditions in 2011.

b) Development and projects

- No new windfarms were built or connected to the grid in 2012.
- In February 2013, the Group sold its wind energy business to EDF Energies Nouvelles for €59 million and an earn-out for the projects under development. This disposal was made in connection with the policy of rotating non-core assets.

### 9.2.5 Other highlights

- A new strategy was announced on 30 January 2012 and presented to the shareholders on 14 March 2012, with a focus on production of electricity from biomass with an additional offering in solar energy. A new organisation was put in place to facilitate implementation of this strategy, this organisation now being structured by business (Thermal – Renewable Energies – Development & Projects – Support & Structure) rather than by region as previously.
- Since 9 May 2012, Séchilienne has owned 60% of the share capital of Méthanéo, a pioneer in France of biomethanation, which it acquired from Demeter Partners and Omnes Capital. The founders of Méthanéo retain their 40% holding and continue to manage the company. Under controlled conditions, the biomethanation process works on organic matter that can produce digestate, used as a fertiliser and a source of energy, biogas, which itself can be injected into the gas distribution networks or used to generate electricity. The portfolio of projects under development acquired via this operation comprises 22 projects totalling 25MW. The first that will be brought into service, with a power of 2MW, is currently under construction and is expected to be brought into service in the spring of 2013 in Thouars (Deux-Sèvres). These installations will be brought into service on a staged basis through to 2016. This business line is very promising as it meets certain needs, both from an energy and environmental perspective, as well as improving operating conditions for farms.
- In July 2012, the Séchilienne-Sidec Group had informed the market of talks being held with EDF to take into account the impact of the new circumstances that had arisen in recent years, in particular those relating to the ending of the “one-third relief” on the tax-oriented lease for CTM. In this connection, an agreement was signed in early 2013 with EDF for CTM, allowing for the additional costs of past years to be passed on and for the annual tariffs to be raised.
- In November 2012, two new credit lines were obtained from Banque Palatine: €6.5 million over five years and €8.5 million over four years.
- The 2012 Finance Act impacted the Group in several aspects:
  - the non-deductibility of financial charges over and above €3 million. This measure affects the Group in respect of its CTG and Caraïbes Energie power plants and in connection with its tax consolidation. This additional tax-related expense amounted to €0.9 million in 2012;
  - the increase in the social contribution to 20%;
  - it should be noted that, since 2011 (i.e. removal of the so-called “one-third relief” tax benefit in the overseas *départements* as provided for in Article 217a of the French Tax Code), for all its activities in mainland France and French overseas *départements*, the Group has been subject to the theoretical tax rate prevailing in France, i.e. an average of 34.4%.
- Falling interest rates resulted in a reduction in the rate used in the actuarial calculations for provisions for retirement and other post-employment benefits. The discount rate used at the closing date thus fell from 4.5% in 2011 to 3.5% in 2012. It was established based on actual yields on French corporate bonds at the year end. Note that this same rate is also used by EDF (the main player and contributor in the electricity and gas industries) for its own actuarial calculations.

- On 23 March 2011 and for a renewable period of one year with effect from that date, Séchilienne-Sidec entrusted to the investment firm Crédit Agricole Cheuvreux the implementation of a liquidity agreement. The purpose of this liquidity agreement, established in connection with the share buyback programme authorised by the Company's general meeting of shareholders (12<sup>th</sup> resolution of the General Meeting of 18 May 2010, 10<sup>th</sup> resolution of the General Meeting of 25 May 2011 and 6<sup>th</sup> resolution of the General Meeting of 14 March 2012), is to ensure the liquidity of Séchilienne-Sidec's shares on the regulated market of NYSE Euronext in Paris. To implement this agreement, €2 million was allocated to the liquidity account. At 31 December 2012, Séchilienne-Sidec held 55,000 shares acquired at an average price of €11.58 per share in connection with the liquidity agreement.

## 9.3 PRESENTATION OF THE CONSOLIDATED RESULTS

Net income, Group share, for 2012 came to €33.5 million.

As for the previous financial statements, the 2012 financial statements were prepared in accordance with IFRS. Following the sale of the wind energy business in early 2013 and pursuant to IFRS 5, the consolidated financial statements have been restated to reflect this sale. However, in this chapter of the management report, the 2012 financial statements are analysed taking into account the entire wind energy business on a non-restated basis. The reconciliation below shows this restatement.

Income statement in €m	2012 IFRS	Wind energy business restated in IFRS	2012 not restated	2011 not restated	Change 2012 vs. 2011	Change
Revenue from ordinary activities	373.8	9.4	383.3	361.6	21.6	6.0%
EBITDA excl. overseas taxation	120.4	6.8	127.2	111.0	16.3	14.7%
EBITDA subject to tax relief				19.0	(19.0)	
Total EBITDA	120.4	6.8	127.2	130.0	(2.7)	-2.1%
Depreciation, amortisation and provisions	(37.9)	(2.7)	(40.5)	(43.3)	2.8	-6.5%
Operating income	82.6	4.1	86.7	86.6	0.1	0.1%
Net financial expense	(27.3)	(2.0)	(29.3)	(25.7)	(3.6)	14.2%
Share of income from associates	2.6		2.6	3.1	(0.5)	-15.5%
Income before tax	57.9	2.1	60.0	64.0	(4.0)	-6.3%
Tax	(20.0)	(0.7)	(20.7)	(26.8)	6.1	-22.8%
<i>Effective tax rate (tax as a % of income before tax excluding income from associates)</i>	-36.1%	-33.8%	-36.0%	-44.0%		
Net income from continuing operations	37.9					
Net income	39.3	1.4	39.3	37.3	2.1	5.5%
Net income from continuing operations, Group share	32.1					
Net income, Group share	33.5	1.4	33.5	32.2	1.3	4.0%
Net income, Group share, excluding tax relief	33.5	1.4	33.5	24.6	8.8	35.9%
Earnings per share (in €)	1.17		1.17	1.13	0.04	3.4%
Cash flow from operations	125.1	6.8	131.9	134.5	(2.6)	-1.9%
Net cash and cash equivalents at the year end	79.2	2.7	81.9	74.9	6.9	9.3%
Shareholders' equity	352.9		352.9	341.1	11.8	3.5%
Gross debt	582.8	48.0	630.7	658.7	(28.0)	-4.3%
Net debt	486.3	41.5	527.8	561.9	(34.0)	-6.1%

Note 1: EBITDA = operating income before depreciation and amortisation charges and net charges to provisions

Note 2: exact figures taking into account hidden decimal places

No other changes have been made to the income statement presentation.



## 9.3.1 Analysis by business

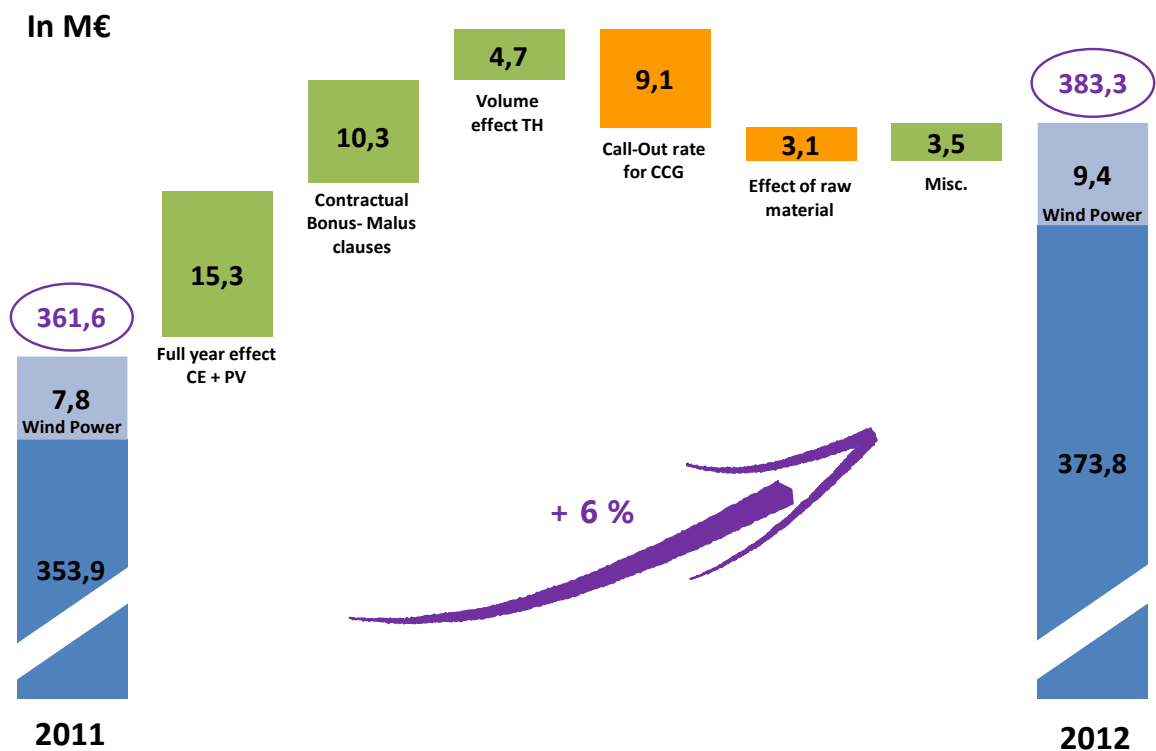
€m	2012	2011	Change
Revenue	383.3	361.6	6%
Thermic biomass	330.9	318.5	4%
Photovoltaic	41.2	33.3	24%
Wind	9.4	7.8	22%
Holding company	1.7	2.1	-16%
EBITDA (*)	127.2	111.0	15%
Thermic biomass	92.3	85.5	8%
Photovoltaic	31.9	26.0	23%
Wind	6.8	5.3	28%
Holding company	(3.8)	(5.8)	35%
Net income, Group share (*)	33.5	24.6	36%

(\*) restated for overseas taxation in 2011

Note: exact figures taking into account hidden decimal places

## 9.3.2 Revenue from ordinary activities

Revenue from ordinary activities, which comprises the revenue generated by Séchilienne-Sidec and its fully-consolidated and proportionally-consolidated subsidiaries, came to €383.3 million in 2012, up 6% compared with the previous year.



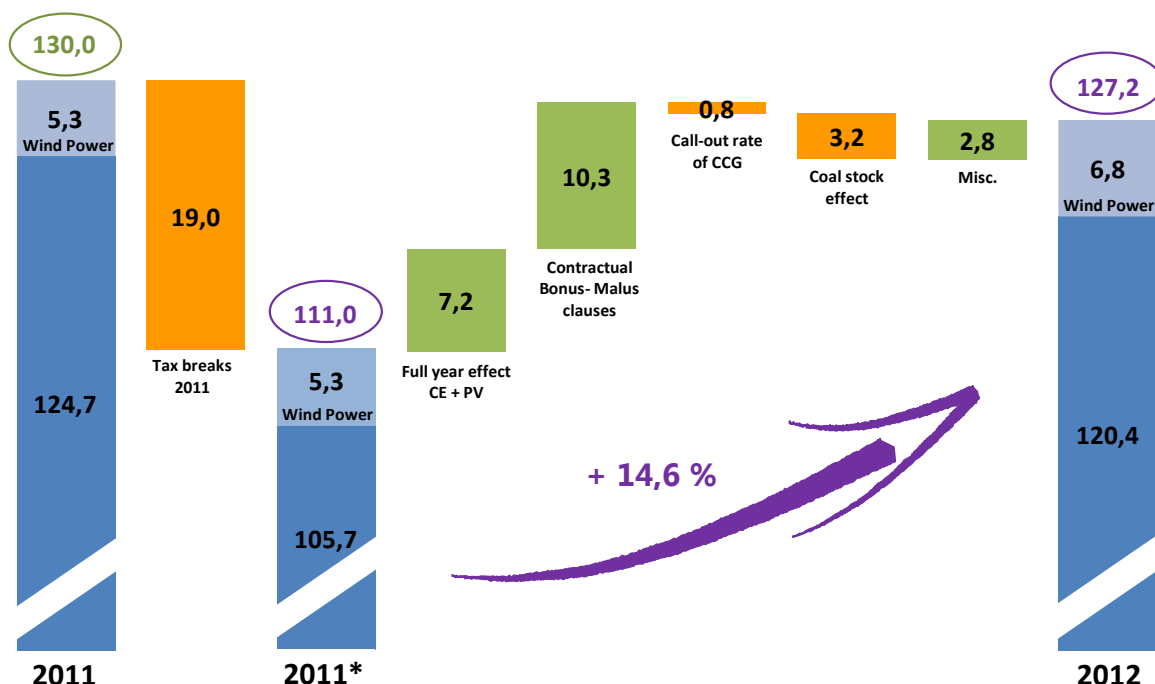
This increase is mainly attributable to:

- The full-year operation of the Caraïbes Energie power plant brought into service in March 2011, and the photovoltaic plants (27MW) and windfarms (6MW) brought into service in 2011. Together, these contributed €15.3 million to the growth in revenue between 2011 and 2012;
- The increase in bonuses, due to the excellent availability of the thermic biomass power plants in 2012 (91.9%, +2.8pp), contributed €10.3 million to the growth in revenue between 2011 and 2012;
- The lower call rate for CCG, down from 37% in 2011 to 25% in 2012, made a negative contribution of €9.1 million;
- A negative price effect for coal and fuel oil of €3.1 million, being a negative impact of €6.5 million due to the decline in coal purchase prices (down from an average of €110/t in 2011 to €102/t in 2012) and a positive effect of €3.4 million due to an increase of approximately 13% in fuel oil prices between 2011 and 2012;
- Various other effects, being mainly the improvement in operating, sunshine and wind conditions at the photovoltaic plants and windfarms.

9.3.3 EBITDA

EBITDA corresponds to the operating income before depreciation and amortisation charges, net charges to provisions for impairment, liabilities and charges. It came to €127.2 million in 2012 compared with €111.0 million in 2011 after adjusting for the impact of tax relief. Up €16.3 million (i.e. +15%), it equates to 33% of revenue.

In M€



This increase is mainly attributable to:

- As for revenue, the effect of full-year operation of the Caraïbes Energie plant brought into service in 2011 as well as the photovoltaic plants and windfarms. Together, these contributed €7.2 million to the growth in EBITDA between 2011 and 2012;
- The increase in bonuses, due to the excellent availability of the thermal biomass power plants in 2012 (91.9%, +2.8pp), contributed €10.3 million to the growth in EBITDA between 2011 and 2012;
- The lower call rate for CCG made a negative contribution of €0.8 million, the impact on revenue being almost fully offset by the decline in the cost of fuel oil purchases and a productivity gain following the 12,500 hour maintenance mentioned in section 9.2.2 a) above;
- A negative inventory effect of €3.2 million included in the change in EBITDA. Note that this inventory effect is due to the fact that invoices for the sale of electricity to EDF are prepared at each month end based on the price of the latest delivery of coal during the month, whereas the fuel actually consumed during the month comes from a stock built up from earlier deliveries. This mechanism may therefore create variances that impact the profit if unit coal prices change between two deliveries. In the Group's accounts, it reflects the change in coal prices during the year under review. As such, in 2011, coal prices had risen by around 12% during the year, up from an average of €100/t at the start of 2011 to €112/t at the year end, before subsequently pulling back to around €92/t at end-2012, i.e. a decline of 18%;
- Various other effects, being mainly the improvement in operating, sunshine and wind conditions at the photovoltaic plants and windfarms, increased capitalisation of project development costs at the holding company, and the fact that a number of non-recurring charges had been recognised in 2011, relating notably to the departure of the previous Chairman and CEO Mr Nordine Hachemi.

#### 9.3.4 Depreciation, amortisation and provisions

The decrease in this charge from €43.3 million in 2011 to €40.5 million in 2012 (i.e. a positive impact on net income of €2.8 million) reflects:

- the full-year effect of the power plants brought into service in 2011, which had a negative impact of €2.5 million on net charges to depreciation and amortisation;
- a positive impact of €5.3 million, essentially on net charges to/reversals from provisions between 2011 and 2012, of which €1.8 million related to the reversal of €0.9 million of impairment losses booked in 2011 for the wind energy business, this reversal being made in late 2012 as a result of the sale of this business in early 2013.

#### 9.3.5 Net financial expense

The increase in financial expense during the year (up from €25.7 million in 2011 to €29.3 million in 2012) reflects the full-year effect of the plants brought into service in 2011. The decline in interest rates had a favourable impact on interest expense, although the effect was limited due to the high level of hedging of the Group's debt.

### 9.3.6 Share of income from associates

This represents the share (pro rata to the percentage holding) of the net income of equity-accounted companies (mainly those in Mauritius). The decline in this item reflects the contractual reduction in the fixed premium for the CTBV power plant in Mauritius, which expired on full repayment of its debt.

### 9.3.7 Tax charge

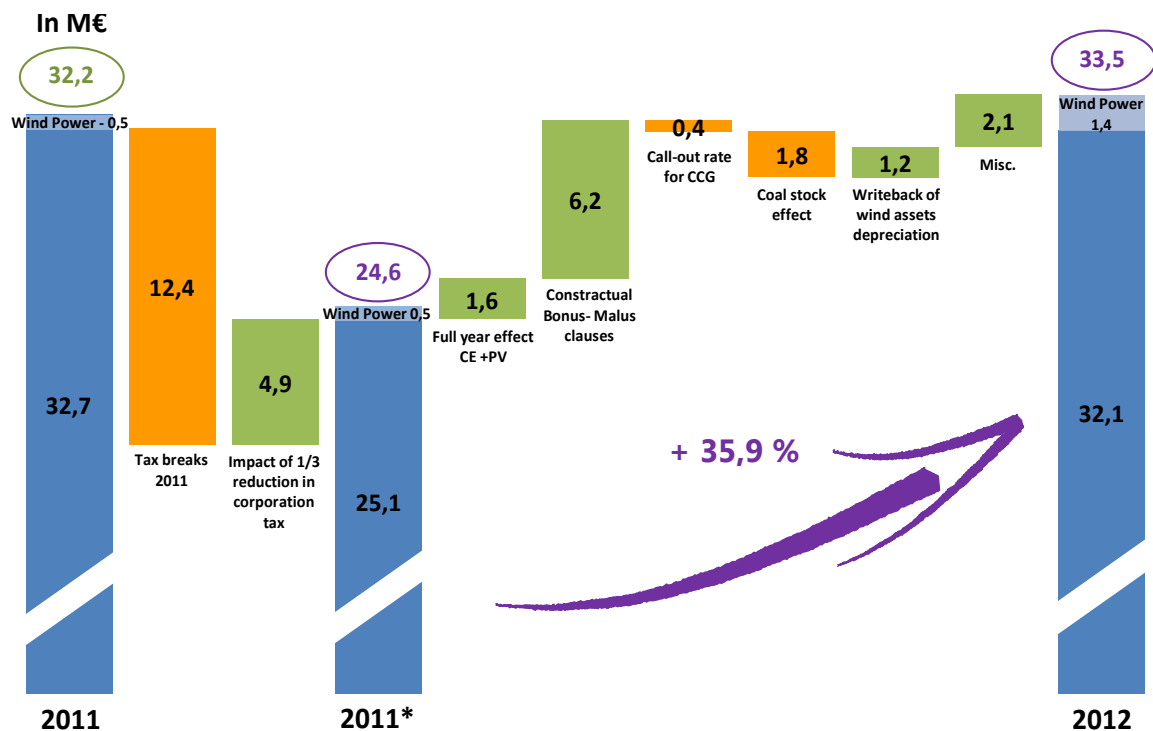
The effective tax rate came to 36.0% in 2012 compared with 44.0% in 2011. Note that 2011 included a non-recurring tax effect of €5.9 million (no cash impact) due to the remeasurement of the deferred tax asset recorded in the statement of financial position as a result of the withdrawal of the so-called "one-third relief". The rate for 2012 was slightly higher than the standard rate of 34.4%, mainly due to the impact of non-deductibility measures (additional tax charge of €0.9 million due to the non-deductibility of part of the financial expense – see section 9.2.5 above).

### 9.3.8 Non-controlling interests' share of net income

This item increased by €0.8 million (to €5.9 million in 2012 compared with €5.1 million in 2011) due to the increase in net income of partly-owned companies, led by the Gol CTG thermic biomass power plant (65.4%-owned), whose 2011 net income had been negatively impacted by the tax effect of the remeasurement of the deferred tax asset (see section 9.3.7 above).

### 9.3.9 Net income, Group share

This item came to €33.5 million compared with €32.2 million in 2011 (€24.6 million when stripping out overseas taxation). The change reflects the impact of the factors explained above.



#### 9.4 SIGNIFICANT CHANGES IN THE FINANCIAL OR COMMERCIAL POSITION

Nothing to report.

#### 9.5 KEY EVENTS SINCE 1 JANUARY 2013 AND OUTLOOK

##### 9.5.1 Events after the reporting period

- Sale of the wind energy business:

On 11 February 2013, Séchilienne-Sidec announced the sale of its wind energy business to EDF Energies Nouvelles for €59 million and an earn-out for projects under development.

The wind energy business comprises six windfarms located in France with a combined installed capacity of 56.5MW, which produced 106GWh in 2012, and five projects under development.

This transaction forms part of the Group's strategy of concentrating its activities on the production of electricity from biomass. Séchilienne-Sidec will be able to mobilise additional resources to develop its projects in the fields of thermic biomass, biomethanation and solar energy, both in France (mainland and the overseas *départements*) and certain foreign countries meeting very specific criteria.

Jacques Petry, Chairman and Chief Executive Officer of Séchilienne-Sidec has stated that this transaction is a key step in the implementation of the Group's strategy of focusing on the production of electricity from biomass. He added that the Group is selling a quality asset, developed and operated efficiently by its staff.

- CTM tariff rider: in July 2012, the Séchilienne-Sidec Group had informed the market of talks being held to take into account the impact of the new circumstances that had arisen in recent years, in particular those relating to the ending of the "one-third relief" on the tax-oriented lease of Compagnie Thermique du Moule (CTM). In this connection, an agreement was signed with EDF in early 2013 for CTM, allowing for the additional costs incurred to be passed on and for the annual tariffs to be raised.
- Stepping up of the development effort in Brazil: as part of its general strategic orientations, the Group has decided to expand in Brazil, with the opening in 2013 of a permanent office in São Paulo for five dedicated staff, with a view to preparing a strategy for entering this market via acquisitions (brownfield).

#### 9.5.2 Outlook

Growth strategy focusing on biomass with an additional offering in solar energy.

##### 9.5.2.1 Overseas: strong growth prospects

Séchilienne-Sidec is pursuing a growth policy in the French overseas *départements*, covering both base load production facilities (24h/24) and peaking power plants used to meet peak demand. Construction of the base load Galion 2 power plant in Martinique (38MW) is thus expected to begin in 2013. It marks a major departure from the previous bagasse-coal model. It will use a very high proportion of biomass to supplement the bagasse and will keep coal as a back up. In addition, the Group will pursue its policy of profitable investments by adapting its existing installations to meet the new environmental requirements and by reducing their coal consumption. Lastly, drawing on the recognised expertise of its CCG power plant in Martinique, Séchilienne-Sidec plans to develop new peaking power plants, using both fuel oil and biofuel.

##### 9.5.2.2 The very promising agricultural biomethanation market in France

The acquisition in May 2012 of 60% of the share capital of Méthanéo, a forerunner in French agricultural biomethanation, enables Séchilienne-Sidec to position itself in the booming market of energy production from agricultural by-products. Méthanéo has a portfolio of 22 projects under development, of which the first two, TIPER and CAPTER, will be brought into service in 2013 and the next four in 2014. The company is aiming to become the leader in collective agricultural biomethanation in France.

### 9.5.2.3 Brazil: the Group's international priority

Brazil, the world's leading producer of sugar cane, meets all the Group's criteria for international development. Drawing on its 20 years of unique experience in highly efficient production of energy from bagasse, the Group's goal is to invest in profitable cogeneration projects in this field in partnership with sugar manufacturers.

### 9.5.2.4 Investments and growth

The Group has confirmed a return to its self-financed investment model of around €100 million on average and per annum. Priority will be given to investments, subject to meeting certain economic, social and environmental requirements, in Brazil, the French overseas *départements* and biomethanation. In 2013-2014-2015, investments will focus on CCG-2, Méthanéo and remunerated capex on existing installations.

2013 – 2016 guidance

€m	2012 <sup>(1)</sup>	2013	2016
EBITDA	120.4	124	160
Net income, Group share	32.1	34.5 <sup>(2)</sup>	40

(1) excluding wind energy

(2) excluding the gain on disposal of the wind energy business

## 9.6 INFORMATION ON THE PARENT COMPANY ACCOUNTS

### 9.6.1 Income statement

The highlights of Séchilienne-Sidec SA's income statement for the year ended 31 December 2012, compared with that for the year ended 31 December 2011, are explained below.

Operating income declined (down €20.7 million) from a surplus of €15.5 million in 2011 to a deficit of €5.2 million in 2012. This decline was a direct consequence of a low level of project development, especially in the photovoltaic segment, in 2012 compared with 2011. This last year had seen the sale of photovoltaic plants built in connection with the construction of open-field solar farms developed by the subsidiaries Quantum Energie Guyana (Kourou), Quantum Energie Matoury (Matoury) and SCEB (Bethléem), for a total power of 21.3MW.

Net financial income declined from €27.0 million in 2011 to €21.3 million in 2012, mainly due to the change in income from participating interests. It should be noted that income from participating interests in any given year depend on the subsidiaries' results in the previous year. 2011 had seen a sharp decline in the power plants' net income compared with 2010, notably due to lower fixed premiums in Reunion, operating conditions that were disrupted due to strikes, and the increase in the corporation tax rate (removal of the "one-third tax relief" measure). Income from participating interests received by Séchilienne in 2012 was thus automatically lower than that in 2011.



The scope of the tax consolidation grouping has not changed compared with that used in 2011. It comprises Séchilienne-Sidec SA and its subsidiaries CTBR and CTM, in accordance with the tax grouping agreements signed on 31 March 2005 and 22 April 2009 respectively, plus three new companies that were added to the scope on 1 January 2011: Quantum Energie Pierrelatte, Quantum Energie Fabrègues and Eoliennes de la Porte de France.

At 31 December 2012, for the Company, which heads up the tax consolidation grouping, these agreements resulted in tax income of €4.96 million, corresponding to the tax saving resulting from the tax consolidation.

In addition, Séchilienne-Sidec SA recognised the tax in respect of its own taxable profit for 2012 before the consolidation, i.e. a charge of €3.16 million.

After taking into account the various items mentioned above, the Company's net income fell from €43.3 million in 2011 to €18.1 million in 2012.

#### 9.6.2 Changes in participating interests

The increase in participating interests is attributable mainly to the acquisition of 60% of Méthanéo for €4.58 million and 5% of Bio Ere Cogénération Mimizan (BCM) for €250.

A provision for impairment of the participating interest in Elect'Sécurité was recorded at 31 December 2012 for €30,000.

#### 9.6.3 Supplier payment times

The tables below show the position on trade payables at 31 December 2012 and 31 December 2011:

At 31 December 2012 (€k)	Total trade payables	Overdue (*)	Due in 0-30 days	Due in 31-60 days	Due in more than 60 days
<u>Suppliers' invoices</u>					
International					
Non-Group	4,049	3,445	558	46	0
Group	4	4	-	-	-
Total	4,053	3,449	558	46	

(\*) of which, €3,279k of old amounts disputed with suppliers

At 31 December 2011 (€k)	Total trade payables	Overdue (*)	Due in 0-30 days	Due in 31-60 days	Due in more than 60 days
<u>Suppliers' invoices</u>					
International					
Non-Group	3,778	3,428	161	189	0
Group	112	-	-	112	-
Total	3,890	3,428	161	301	

(\*) of which, €3,279k of old amounts disputed with suppliers

## 9.6.4 Five-year financial summary for Séchilienne-Sidec SA (in euros)

Séchilienne-Sidec SA's results for the last five financial years are as follows:

	2008	2009	2010	2011	2012
<b>CLOSING SHARE CAPITAL</b>					
. Share capital	1,070,852.86	1,095,003.33	1,095,195.83 <sup>(1)</sup>	1,095,195.83	1,102,349.13
. Number of shares in issue	27,814,360	28,441,645	28,446,645 <sup>(1)</sup>	28,446,645	28,632,445
<b>OPERATIONS AND RESULTS FOR THE YEAR</b>					
. Revenue (excl. taxes)	90,069,057	36,250,323	70,930,779	93,456,136	14,599,939
. Income before tax, depreciation, amortisation and provisions	27,787,958	25,765,058	30,190,392	43,683,079	16,553,758
. Tax charge/(income)	(6,202,539)	(1,725,778)	2,572,421	(2,232,526)	(1,803,076)
. Income after tax, depreciation, amortisation and provisions	30,356,834	31,451,777	26,539,36	43,290,698	18,110,149
. Distributions	33,655,376 <sup>(2)</sup>	19,912,652	19,912,652	16,152,572 <sup>(2)</sup>	16,860,692 <sup>(2,3)</sup>
<b>EARNINGS PER SHARE</b>					
. Income after tax, before depreciation, amortisation and provisions	1.22	0.97	0.97	1.61	0.64
. Income after tax, depreciation, amortisation and provisions	1.09	1.11	0.93	1.52	0.63
. Dividend paid	1.21	0.70	0.70	0.57	0.59
<b>HEADCOUNT</b>	49 <sup>(4)</sup>	61 <sup>(4)</sup>	64 <sup>(4)</sup>	56 <sup>(4)</sup>	61 <sup>(4)</sup>

(1) After exercise of 5,000 share subscription options (allocation plan of 13 December 2005)

(2) Shareholders may elect for full payment in cash or 50/50 payment in cash and shares

(3) Proposed to the General Meeting of 30 May 2013

(4) Including one corporate officer

## CHAPTER 10: CASH, CASH EQUIVALENTS AND CAPITAL

Pursuant to Article 28 of the European Commission's regulation no. 809/2004 of 29 April 2004, the following information is included for reference purposes in this registration document:

- information on the cash, cash equivalents and capital for the year ended 31 December 2011 as shown on pages 97 to 99 of the registration document filed with the AMF on 30 April 2012 under number D.12-0476,
- information on the cash, cash equivalents and capital for the year ended 31 December 2010 as shown on pages 100 to 102 of the registration document filed with the AMF on 29 April 2011 under number R.11-024.

The sections of these documents not included are either not relevant for the investor, or are covered by another part of the registration document.

### **10.1 INFORMATION ON THE COMPANY'S CAPITAL**

At 31 December 2012, the Company had shareholders' equity of €352.9 million compared with €341.1 million at 31 December 2011.

*Note: the 2011 statement of financial position has been restated for the early application of IAS 19 revised "Employee benefits" – See note 2.2.3.1 of chapter 20. Application of this standard had a negative impact of €0.4 million on published shareholders' equity at 31 December 2011.*

### **10.2 SOURCE AND AMOUNT OF THE COMPANY'S CASH FLOWS**

#### 10.2.1 Cash flow

Following the sale of the wind energy business in early 2013 and pursuant to IFRS 5, the operating, investing and financing cash flows relating to this activity held for sale have been presented in the consolidated financial statements on separate lines. However, in this chapter 10 of the management report, the 2012 cash flows are analysed taking into account the Group's entire wind energy business on a non-restated basis. The reconciliation below shows this restatement.

Cash flow statement in €m	2012	2011	Change 2012 vs. 2011	2012 restated for the wind energy business
Cash flow from operations	131.9	134.5	(2.6)	125.1
Impact of the change in WCR	6.1	(31.5)	37.6	6.5
Tax paid	(17.7)	(20.6)	2.9	(17.8)
<b>Net cash from operating activities</b>	<b>120.2</b>	<b>82.3</b>	<b>37.9</b>	<b>113.9</b>
Operating capex	(9.8)	(6.6)	(3.2)	(9.8)
<b>Free cash flow</b>	<b>110.5</b>	<b>75.7</b>	<b>34.7</b>	<b>104.1</b>
<b>Other net cash from/(used by) investing activities</b>	<b>(17.2)</b>	<b>(77.4)</b>	<b>57.4</b>	<b>(17.9)</b>
Dividends distributed by Séchilienne-Sidec	(14.4)	(20.0)	-	(14.4)
New borrowings	9.8	56.5	(46.8)	9.8
Borrowings repaid	(48.0)	(37.7)	(10.3)	(43.8)
Cost of financial debt	(29.6)	(26.6)	(3.0)	(27.6)
Other	(4.2)	(2.1)	(2.0)	(4.8)
<b>Net cash from/(used by) financing activities</b>	<b>(86.5)</b>	<b>(29.9)</b>	<b>(62.1)</b>	<b>(80.9)</b>
<b>Net change in cash and cash equivalents</b>	<b>6.9</b>	<b>(31.5)</b>	<b>30.0</b>	<b>5.4</b>
Net cash and cash equivalents at 31 December (year N-1)	74.9	106.5	(31.5)	73.8 (*)
Net cash and cash equivalents at 31 December (year N)	81.9	74.9	6.9	79.2

(\*) Excluding opening cash and cash equivalents for the wind energy business of €1.1 million

### 10.2.2 Cash from operating activities

These cash flows amounted to €120.2 million in 2012 compared with €82.3 million in 2011.

The €37.9 million increase stems from:

- the €2.6 million reduction in operating cash flow due to the change between the actual 2011 EBITDA (unadjusted for overseas taxation) of €130.0 million and 2012 EBITDA of €127.2 million;
- the return to a more normal level of working capital requirement, which had a positive impact of €6.1 million after a highly negative impact in 2011 of €31.5 million. Note that this significant negative impact in 2011 was largely due to a reduction in payment terms for shipments of Indian Ocean coal, an increase in coal inventories due to the scheduling of coal ship arrivals in late 2011 as well as the increase in trade receivables following the increase in the Group's capacity;
- the decline in actual tax payments, which amounted to €17.7 million compared with payments of €20.6 million in 2011. Here too, the amount in 2011 was abnormally high due to the later payment of the 2010 tax.

### 10.2.3 Cash from/(used by) investing activities

These cash flows comprise:

- operating investment spend: this relates to spending on new investments in power plants in operation, essentially thermic biomass in connection with the programme of works and maintenance, repairs, optimisation and modernisation investments initiated in 2009. These totalled €9.8 million compared with €6.6 million in 2011;
- development investment spend: this amounted to €17.2 million compared with €77.4 million in 2011. It essentially concerns the final expenditure on the Caraïbes Energie project and that for the few roof-mounted photovoltaic installations constructed during the year. In 2011, this spending related to Caraïbes Energie as well as the latest major ground-based photovoltaic projects (Kourou, Bethléem and Matoury) and wind energy projects (Héninel) constructed by the Group.

### 10.2.4 Cash from/(used by) financing activities

In 2012 these cash flows represented an outflow of €86.5 million compared with an outflow of €29.9 million in 2011.

Drawdowns of new project financing debt totalled €9.8 million in 2012, compared with €56.5 million in 2011, with half of this amount relating to Méthanéo projects.

Repayments of borrowings, including interest, totalled €77.6 million in 2012 compared with €64.3 million in 2011. This increase reflects the full-year impact of the power plants brought into service in 2011.

The 2011 dividend of €16.1 million was paid in July 2012, including a cash component of €14.4 million. The 2010 dividend paid in July 2011 came to €20.0 million and was paid entirely in cash.

### 10.2.5 Net cash and cash equivalents

When taking into account all the items mentioned above, net cash and cash equivalents increased by €6.9 million in 2012 compared with a decrease of €31.5 million in 2011. As a result, the net cash and cash equivalents position at the end of the year came to €81.9 million.

Excluding the wind energy business, net cash and cash equivalents increased by €5.4 million, which, when applied to opening cash and cash equivalents of €73.8 million (adjusted for €1.1 million relating to the wind energy business at 31 December 2011), gives a closing balance of €79.2 million.

### 10.3 BORROWING CONDITIONS AND FINANCIAL STRUCTURE

Net debt at 31 December 2012 thus stood at €527.8 million compared with €561.9 million at the end of 2011, i.e. representing a reduction in net debt of €34 million. Stripping out the wind energy business, net debt came to €486.3 million at 31 December 2012.

	2012	2011	Change 2012 vs. 2011	2012 restated for the wind energy business
<b>Gross debt (*)</b>	<b>630.7</b>	<b>658.7</b>	<b>(28.0)</b>	<b>582.8</b>
Net cash and cash equivalents (**)	81.9	74.9	6.9	79.2
Bank current accounts	0.5	0.1	0.3	0.2
Deposits	20.6	21.8	(1.2)	17.1
<b>Net debt</b>	<b>527.8</b>	<b>561.9</b>	<b>(34.0)</b>	<b>486.3</b>

(\*) Gross debt includes bank overdrafts and other short-term borrowings

(\*\*) Excluding bank current accounts

Consolidated net financial debt is shown in note 32 to the consolidated financial statements as shown in chapter 20 of this registration document.

The borrowing conditions are indicated in note 23 to the consolidated financial statements, in section 20.6 of this registration document.

### 10.4 RESTRICTION ON THE USE OF CAPITAL

The B tranche of the refinancing arrangements introduced in July 2008 comprises a revolving credit line of €20 million whose purpose is to fund working capital requirements. The borrower undertakes not to use the B tranche for at least 15 days, consecutive or otherwise, each year

Consolidated net financial debt is presented in note 32 to the consolidated financial statements as shown in chapter 20 of this registration document.

The borrowing conditions are indicated in note 23 to the consolidated financial statements, in section 20.6 of this registration document.

### 10.5 DIVIDENDS

In accordance with the policy announced in 2012, the Board of Directors will propose to the shareholders the distribution of a dividend of €0.59 per share (100% in cash, or 50% in cash and 50% in shares).

The ex-dividend date will be 10 June 2013.

The dividend will be paid on 5 July 2013.

The dividends paid in respect of the last three financial years are as follows:

	Total distribution	Net dividend per share
2009 (paid in 2010)	€19,912,652	€0.70
2010 (paid in 2011)	€19,912,652	€0.70
2011 (paid in 2012)	€16,152,572	€0.57



## CHAPTER 11: RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The Group operates as a power generator, designing, building and operating thermal power plants (including numerous multi-fuel plants) as well as wind, solar and biomethanation installations. It does not consider process ownership and research & development to be core activities. However, the Group does attach particular importance to operational feedback, harnessing its expertise at each stage of the value chain – from design to operation – to create robust, high-performance facilities with excellent availability rates.

Similarly, the Group conducts a proactive, targeted technology and regulatory watch. This approach, as the Group's history has repeatedly shown, puts it in a strong position to seize opportunities to move into new market segments that emerge as a result of technological advances or changing regulations.

## CHAPTER 12: TRENDS

### 12.1 KEY TRENDS AFFECTING THE GROUP'S ACTIVITY SINCE THE END OF THE PREVIOUS FINANCIAL YEAR

The relevant details are provided in chapter 6 (in particular section 6.4) and chapter 9 (particularly section 9.5) of this registration document, and in note 36 to the financial statements included in chapter 20 appended to the Company's consolidated accounts.

The most significant change has been the disposal of the Group's wind power business to EDF-Energies Nouvelles in February 2013, as announced in a press release published on the Company's web site on 11 February 2013. These assets were sold for €59 million, plus an earn-out for the portfolio of projects under development.

### 12.2 TRENDS AND EVENTS LIABLE TO AFFECT THE COMPANY'S ACTIVITY

The trends and events liable to affect the Company's activity are described in chapter 4, chapter 6 (section 6.3 and section 6.4) and chapter 9 (section 9.5) of this registration document.

- a) Séchilienne-Sidec is the second-largest player in the French market for energy recovery from biomass, after Dalkia, and can claim certain major competitive advantages in its markets:
- Unique expertise acquired during 20 years of partnerships with sugar refiners in the French overseas *départements*, centred on the installation of multi-fuel cogeneration plants able to burn bagasse in excellent technical and environmental conditions.
  - Improvements currently being implemented within this framework, involving changing the fuel mix used by cogeneration plants from the original "bagasse + fossil fuel" combination to a "bagasse + other biomass" mix.
  - Expertise acquired in combustion-based energy recovery of all types of biomass, either alone or in combination with other fuels.

These strengths enable the Group to reproduce its proven business model, based on recovering heat and electricity from biomass:

- with major sugar producers in countries (such as Brazil) with a well-developed sugarcane industry,
- more generally, with customers in many agribusiness industries, in France and other countries, whose activities generate by-products that are suitable for energy recovery applications without conflicts of use.

In addition to its strengths in terms of thermal-process energy recovery from biomass, the Group benefits from an excellent position in the biomethanation market, enabling it to forge partnerships with farmers and agribusiness operators.

As well as harnessing the aforementioned strengths, the Group intends to enhance its offering by providing photovoltaic solar power solutions in its target markets. It already enjoys a strong market position in this activity, in particular in the French overseas *départements*, where sunshine conditions are very favourable.

The sale of the wind power business in February 2013, as already described, will release significant additional resources that can be redeployed to developments in the areas of thermal-process biomass recovery, biomethanation and solar power.

b) The medium- and long-term benefits of this strategy will include:

- significantly increased production,
- a sharp reduction in the proportion of coal, and a large increase in the share of biomass (bagasse and other forms of biomass) in the fuel mix associated with this production,
- a significant international presence, and a broader geographical distribution of installed capacity and production that decreases the relative contribution of the French overseas *départements*.

## CHAPTER 13: EARNINGS FORECASTS AND ESTIMATES

### 13.1 2012 EXERCICE

In a press release dated 26 July 2012 on the results for the first half of 2012, the Group confirmed its growth objectives in the following terms:

“Drawing on the solidity of the performances in the first half of 2012 and buoyed by growth prospects in the biomass energy production sector, Séchilienne-Sidec confirms its objectives for EBITDA and net income, Group share, for 2012 and 2016 based on the current scope and on the CCG-2 project” *[free translation from the French]*.

Objectives announced in July 2012	2011	2012	2016
EBITDA Excluding overseas taxation	€111.0m	+7%	+50%
Net income, Group share Excluding overseas taxation	€24.6m	+25%	+50%

The financial statements for the year ended 31 December 2012 indicate that the objectives thus indicated for 2012 have been met or even slightly exceeded.

The amounts of EBITDA and net income, Group share, excluding tax relief for 2011 and 2012 are shown in chapter 9, section 9.3 of this registration document.

These amounts have increased between 31 December 2011 and 31 December 2012 as follows:

- +15% for EBITDA, excluding tax relief
- +36% for net income, Group share, excluding tax relief

### 13.2 2013 AND 2016 OBJECTIVES

In 2012, the Company indicated on several occasions, notably at the general meetings of shareholders held on 14 March 2012 and 31 May 2012, and again during the presentation of the financial statements for the six months to 30 June 2012, that its business model, founded on long-term agreements for the purchase of the electricity produced, generates strong, recurring cash flows that are not impacted by changes in raw materials prices, thereby allowing the Group to confidently anticipate its future growth.

It stated that, thanks to its strong and profitable assets, which will outlast the long-term purchase agreements, it plans to distribute 50% of the net income, Group share (excluding any exceptional events or projects) in the form of a dividend, and to reduce by 30% the debt levels of the power plants in operation, between now and the end of 2015.

The review carried out by the Board of Directors meeting of 18 March 2013 of the financial statements for the year ended 31 December 2012 (approval of which will be sought from the General Meeting convened for 30 May 2013) resulted in confirmation of the viability and solidity of the Company's business model, as well as the merits and favourable outlook of the development policy re-launched in connection with its strategic vision.

As indicated in section 9.5.2 of this registration document, this information enables the Group to set the following ambitious growth objectives for its EBITDA and net income, Group share, for 2013 and 2016.

€m	2012 <sup>(1)</sup>	2013	2016
EBITDA	120.4	124	160
Net income, Group share	32.1	34.5 <sup>(2)</sup>	40

(1) excluding the wind energy business

(2) excluding the gain on disposal of the wind energy business

The Group has also confirmed its policy of distributing a dividend equating to 50% of the net income, Group share, excluding any gains on disposals and financing requirements for new projects.

As such, the Board of Directors meeting of 18 March 2013 agreed to propose to the General Meeting convened for 30 May 2013 the distribution of a dividend of €0.59 per share, with the shareholder being able to elect for 100% payment in cash or 50% payment in cash and 50% in shares.

## CHAPTER 14: GOVERNING AND MANAGEMENT BODIES

The Company is a *société anonyme* (limited company) with a Board of Directors, and is managed by a Chairman-Chief Executive Officer.

**14.1 BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER**

## 14.1.1 Board of Directors

In accordance with the Memorandum and Articles of Association (hereinafter, "Articles of Association"), the Board of Directors has at least three members and no more than twelve members. Its members are appointed by the shareholders at general meetings for a four-year term of office.

Members of the Board of Directors must hold at least four hundred (400) Company shares in registered form throughout their term of office.

As at the date of this registration document, the Board of Directors consists of the following nine members (the independent directors are flagged by an asterisk).

Full name, business address, date of birth	Function within the Company	First appointment to the Board	Start date of current term of office	Expiry date of current term of office
Jacques Petry (date of birth: 16/10/1954)  22 place des Vosges, Imm. Le Monge, La Défense 5, 92400 Courbevoie	Chairman of the Board of Directors  Chief Executive Officer	29 October 2011 (provisional appointment replacing Mr Hachemi, ratified by the shareholders at the General Meeting of 14 March 2012)	16 June 2009 (start date of Mr Hachemi's term of office; Jacques Petry was appointed for the remainder of his predecessor's term of office on 29/10/2011, which appointment was ratified by the shareholders at the General Meeting of 14 March 2012)	General Meeting to be held in 2013 to approve the financial statements for the financial year ended 31/12/2012
Michel Bleitrach (*) (date of birth: 9/7/1945)  Keolis, 9 rue Caumartin, 75009 Paris	Director Deputy Chairman of the Board of Directors, effective from 21 October 2011 Chairman of the Commitments and Monitoring Committee and a member of the Audit, Accounts and Risks Committee	17 May 2006	18 May 2010	General Meeting to be held in 2014 to approve the financial statements for the financial year ended 31/12/2013
Financière Hélios represented by Edgard Misrahi (date of birth: 11 December 1954), effective from 21/10/2011  Apax Partners SA, 45 avenue Kléber, 75784 Paris Cedex 16	Director Member of the Commitments and Monitoring Committee	12 July 2005 (provisional appointment ratified by the shareholders at the General Meeting of 17 May 2006)	16 June 2009	General Meeting to be held in 2013 to approve the financial statements for the financial year ended 31/12/2012
Patrick de Giovanni (date of birth: 4/3/1945)  Apax Partners SA, 45 avenue Kléber, 75784 Paris Cedex 16	Director Member of the Audit, Accounts and Risks Committee and of the Nomination and Remuneration Committee	12 July 2005 (provisional appointment ratified by the shareholders at the General Meeting of 17 May 2006)	25 May 2011	General Meeting to be held in 2015 to approve the financial statements for the financial year ended 31/12/2014

Xavier Lencou Barème (date of birth: 27/1/1937)	Director	19 May 2004 (provisional appointment ratified by the shareholders at the General Meeting of 27 May 2005)	16 June 2009	General Meeting to be held in 2013 to approve the financial statements for the financial year ended 31/12/2012
22 place des Vosges, Imm. Le Monge, La Défense 5, 92400 Courbevoie	Company Secretary, Advisor to the Chairman			
Myriam Maestroni (*) (date of birth: 31/5/1967)	Director	25 May 2011. Appointment ended on 25 November 2011 following her automatic resignation due to failure to hold the minimum number of shares provided for in the Articles of Association	25 May 2011. Myriam Maestroni was provisionally appointed on 25 January 2012, replacing herself for the remainder of her term of office, which appointment was ratified by the shareholders at the General Meeting of 14 March 2012.	General Meeting to be held in 2015 to approve the financial statements for the financial year ended 31/12/2014
Economie d'Énergie 67, Bd Bessières 75017 Paris	Chair of the Nomination and Remuneration Committee since 25 January 2012			
Guy Rico (*) (date of birth: 4/4/1946)	Director	18 December 2001	16 June 2009	General Meeting to be held in 2013 to approve the financial statements for the financial year ended 31/12/2012
Paul Capital, 57 avenue Franklin D. Roosevelt, 75008 Paris	Member of the Nomination and Remuneration Committee			
Jean Stern (*) (date of birth: 4/2/1940)	Director	18 December 2001	16 June 2009	General Meeting to be held in 2013 to approve the financial statements for the financial year ended 31/12/2012
22 place des Vosges, Imm. Le Monge, La Défense 5, 92400 Courbevoie	Chairman of the Audit, Accounts and Risks Committee and member of the Commitments and Monitoring Committee			
Maurice Tchenio  (date of birth: 19/1/1943)	Director	21 October 2011 provisional appointment to replace Edgard Misrahi as a director in a personal capacity, which appointment was ratified by the shareholders at the General Meeting of 14 March 2012	25 May 2011, expiry date of the term of office as a director in a personal capacity of Edgard Misrahi, who was replaced by Maurice Tchenio on 21 October 2011. Edgard Misrahi had held the office since 27 July 2011, following his appointment to replace Mr Rosevègue for the remainder of his term of office.	General Meeting to be held in 2015 to approve the financial statements for the financial year ended 31/12/2014
Apax Partners SA, 45 avenue Kleber, 75784 Paris Cedex 16				

#### 14.1.1.1 Biography of members of the Board of Directors in office as at 31 December 2012

**Jacques Petry** was born on 16 October 1954. He holds engineering degrees from the Ecole Polytechnique and Ecole Nationale des Ponts et Chaussées, and spent over twenty years working in the water and environmental sectors. In 1996, he was appointed Chairman and Chief Executive Office of SITA, and in 2001 he was appointed Chairman and Chief Executive Officer of Suez Environnement. In 2005, he was appointed Chief Executive Officer for Continental Europe and South America at Sodexo. He then, starting 2007, advised investors in the environmental and energy sectors, first as Managing Director of Royal Bank of Scotland and then as an independent consultant. He served as Chairman of the Supervisory Board of Idex, an energy services provider, until October 2011.



At its meeting of 21 October 2011, the Board of Directors of Séchilienne-Sidec appointed him as a member of the Board on a provisional basis, with effect from 29 October, replacing Nordine Hachemi who resigned from his office on the same date. He was appointed for the remainder of his predecessor's term of office, i.e., until the close of the General Meeting held in 2013 to vote on the financial statements for 2012. His appointment was ratified by the shareholders at the General Meeting of 14 March 2012.

**Michel Bleitrach** was born on 9 July 1945. He is a graduate of the Ecole Polytechnique and the Ecole Nationale des Ponts et Chaussées, and also holds a degree in economic sciences and an MBA from Berkeley University, California. He began his career in the engineering group Bechtel, before joining the French Ministry of Infrastructure, where he managed a number of large development programmes. He then held a range of positions within the Elf Aquitaine Group (production-exploration, chemicals and industrial development). Between 1989 and 2003 he occupied several key positions with Lyonnaise des Eaux and then within the Suez group (Chairman and Chief Executive Officer of Elyo and Suez Industrial Solutions). Michel Bleitrach has advised industrial and service groups as a consultant since 2004. He served as Chairman and Chief Executive Officer of Keolis between 2006 and 6 June 2012. On 7 June 2012 he was appointed Chairman of Hime, the parent company of the Saur group.

Michel Bleitrach was appointed Deputy Chairman of the Board of Directors by the Board of Directors of Séchilienne-Sidec on 21 October 2011.

Michel Bleitrach's current term of office as a director of Séchilienne-Sidec will expire at the close of the General Meeting to be held in 2014 to vote on the financial statements for 2013.

**Financière Hélios**, a *société par actions simplifiée* (SAS - simplified form of limited company), registered in the Paris Trade and Companies Register under number 483 039 806, having its registered office at 45, avenue Kléber, 75116 Paris, is currently the Company's main shareholder. Since 21 October 2011 it has been represented by **Edgard Misrahi** (who was previously a director in a personal capacity following his provisional appointment by the Company's Board at its meeting of 27 July 2011 to replace Claude Rosevègue, who had resigned. This provisional appointment was ratified by the shareholders at the General Meeting of 14 March 2012).

Edgard Misrahi was born on 11 December 1954. He is a graduate of the Ecole Polytechnique and Harvard Business School. After a number of years with McKinsey Co in Paris and then with a telecommunications group in the USA, he joined Apax Partners as Managing Partner in 1991. He is currently Chairman of Apax Partners MidMarket SAS. He served as Chairman of AFIC, the French Private Equity Association, from 2007 to 2008.

Financière Hélios' current term of office as director of Séchilienne-Sidec will expire at the close of the General Meeting to be held in 2013 to vote on the financial statements for 2012.

**Patrick de Giovanni** was born on 4 March 1945. After graduating from Ecole Polytechnique, he started his career with Compagnie Française d'Organisation (COFROR), before holding a range of positions within the Neiman group (automotive equipment manufacturer). He then joined the industrial research department at Société Générale before setting up his own business, and then joining the Apax Partners group. He was appointed Managing Partner in 1983. Patrick de Giovanni is a former Chairman of AFIC, the French Private Equity Association.

Patrick de Giovanni's current term of office as director of Séchilienne-Sidec will expire at the close of the General Meeting to be held in 2015 to vote on the financial statements for 2014.

**Xavier Lencou-Barème** was born on 27 January 1937. He is a graduate of the Ecole Nationale d'Administration (ENA) and the Institut d'Etudes Politiques, Paris, and holds a postgraduate degree in economics and public law. He started his career in 1965 at the French Ministry of Economy and Finance, where he held various positions of responsibility in the Budget Department and as Head of the Legal Department. He served as Legal Agent at the French Treasury from 1982 to 1984. In 1984 he joined Groupe de Charbonnages de France as the deputy director (1984-1987) and then the director (1987-1997) of the Financial and Legal departments, before serving as Advisor to the Chairman and Chief Executive Officer until 2002. In 2003 he joined Séchilienne-Sidec as Company Secretary and Advisor to the Chairman.

Xavier Lencou-Barème's current term of office as a director of Séchilienne-Sidec will expire at the close of the General Meeting to be held in 2013 to vote on the financial statements for 2012.

**Myriam Maestroni** was born on 31 May 1967. She is a graduate of the Ecole Supérieure de Commerce de Bordeaux business school and holds a postgraduate degree in International Business and Financial Techniques from the University of Barcelona and an MBA from ESADE (Barcelona). After initially working for audit firms, (Mazars-Guérard, Salustro), she served between 1991 and 1996 as Head of Management Control and then as Executive Managing Director for the Dyneff group (Spain), which operates in the oil distribution sector. She was then appointed Executive Managing Director of Primagaz Distribution (Spain), International Projects Manager of SHV Gas (Netherlands), Sales Director of Primagaz (France) and, finally, Executive Managing Director of Primagaz and SHV Gas. She is currently the founding Chairwoman of Economie d'Energie SAS, a subsidiary of SVH Energy, which is the parent company of Primagaz. In November 2011, she was the recipient of a La Tribune Women's Award in the "Green Business" category.

Myriam Maestroni's current term of office as director of Séchilienne-Sidec will expire at the close of the General Meeting to be held in 2015 to vote on the financial statements for 2014.

**Guy Rico** was born on 4 April 1946. In 2001, he became a partner of Paul Capital Partners, a US venture capital company. He is the Chairman of the French subsidiary, Paul Capital France. Guy Rico was previously Manager of Financière Tuileries, a capital investment fund he founded in 1996, and which has since merged with Paul Capital. A former executive director of Compagnie Financière de Rombas, a subsidiary of the UAP group, he has also served as Chairman of SFAF (the French Society of Financial Analysts) and as a member of the Scientific Committee of the "Organisation and Quality of Financial Markets" conference organised by SBF – Bourse de Paris. Guy Rico started his career as an officer in the Navy and is a graduate of the Centre de Formation à l'Analyse Financière, holding a degree in economics. He is also a graduate of the Ecole Centrale de Lyon.

Guy Rico's current term of office as director of Séchilienne-Sidec will expire at the close of the General Meeting to be held in 2013 to vote on the financial statements for 2012.

**Jean Stern** was born on 4 February 1940. He is a graduate of the Ecole des Hautes Etudes Commerciales (HEC), and began his career in 1962 at Société Générale, where his duties included that of Head of Special Operations (1965-1998) and Director of Financing (1998-2001). He then served as the Chairman of the real estate subsidiaries of Société Générale, most notably including Sogeprom, and is currently its Honorary Chairman.

Jean Stern's current term of office as director of Séchilienne-Sidec will expire at the close of the General Meeting to be held in 2013 to vote on the financial statements for 2012.

Maurice Tchenio was born on 19 January 1943. He is a graduate of the Ecole des Hautes Etudes Commerciales (HEC) and of Harvard Business School. He started his career as Assistant Professor of Finance at HEC, before joining the Institute of Industrial Development as Project Manager. In 1972, he was one of the three co-founders of Apax Partners, and served as Chairman and Chief Executive Officer of the French branch from 1972 and 2010. He is one of the founders of AFIC, the French Private Equity Association, and is a former director of the European Venture Capital Association. In 1995 he founded Altamir Amboise, a listed private equity company, and has served as its Chairman and Chief Executive Officer since that date. In 2010, he set up a foundation with public charity status called Alphaomega.

Maurice Tchenio's current term of office as director of Séchilienne-Sidec will expire at the close of the General Meeting to be held in 2015 to vote on the financial statements for 2014.

#### *14.1.1.2 Positions and offices held by the members of the Board of Directors*

The following table shows the positions and offices held by the members of the Board of Directors. Names of listed companies are underlined, and positions or offices held outside France are flagged with an asterisk.

Name	Current position or office		Positions and offices held in the past five financial years	
	Within the Group	Outside the Group	Within the Group	Outside the Group
<b>Jacques Petry</b>	Chairman and Chief Executive Officer, Séchilienne-Sidec	Independent Director, <u>Shanks Plc</u> (UK)(*) Manager, Jacques Petry Strategic Services, EURL	Chairman and Chief Executive Officer, Séchilienne-Sidec (since 29 October 2011)	Managing Director, Royal Bank of Scotland (Environmental Services Sector)(*) Independent Director, <u>Shanks Plc</u> Director, Jacques Petry Services Ltd(*) Member and then Chairman of the Supervisory Board, Idex SA
<b>Michel Bleitrach</b>	Deputy Chairman of the Board of Directors, Séchilienne-Sidec  Chairman of the Commitments and Monitoring Committee  Member of the Audit, Accounts and Risks Committee	Director, Kéolis SAS  Director, Effia SA  Director, Spie SA  Director, KDR (Australia)(*)	Director, Séchilienne-Sidec  Chairman of the Nomination and Remuneration Committee  Member of the Audit, Accounts and Risks Committee	Chairman of the Management Board, Kéolis SAS  Chairman and Chief Executive Officer, Kéolis SA  Chairman, Kebexa  Director, Faceo  Director, KDR (Australia)(*)
<b>Edgard Misrahi (Financière Hélios is a director only of Séchilienne-Sidec SA)</b>	Representative of Financière Hélios on the Board of Directors, Séchilienne-Sidec  Representative of Financière Hélios on the Commitments and Monitoring Committee	Chairman, Apax Partners MidMarket SAS  Chairman, Financière MidMarket SAS  Chairman and Member of the Executive Committee, Financière Helios SAS  Chairman of the Board of Directors, Alexympia, Luxembourg(*)  Director, Apax Partners MidMarket SAS  Director, Financière MidMarket SAS  Director, Dxo Labs SA  Director, Apax Partners SA  Director, Alexympia, Luxembourg(*)  Chairman of the Supervisory Board, InfoPro Communications SAS  Permanent representative of Apax Partners MidMarket SAS at Vocalcom SAS  Permanent representative of Apax Partners MidMarket SAS at Willink SAS  Member of the Executive Committee, ETAI SAS  Manager, SC Carmel, SC InfoInvest  Managing Partner, SC Cassiopée, Société civile Pégase	Director in a personal capacity, Séchilienne-Sidec (until 21 October 2011)  Representative of Financière Hélios on the Board of Directors, Séchilienne-Sidec (since 21 October 2011)  Representative of Financière Hélios on the Audit, Accounts and Risks Committee and the Commitments Committee	Chairman, Apax Partners MidMarket SAS  Chairman, Financière MidMarket SAS  Chairman and Member of the Executive Committee, Financière Helios SAS  Chairman of the Board of Directors, Alexympia, Luxembourg(*)  Managing Director, Apax Partners SA (until 2009)  Director, Apax Partners MidMarket SAS  Director, Financière MidMarket SAS  Director, Dxo Labs SA  Director, Apax Partners SA  Director, Alexympia, Luxembourg(*)  Director, Groupe Outremer Telecom SA (until 2011)  Director, Prosodie SA (until 2011)  Director, Camelia Participations SAS (until 2011)  Director, Hubwo.com SA (until 2010)  Director, Séchilienne-Sidec (until 2011)  Director, Odyfinance SA, Luxembourg(*) (until 2012)  Chairman of the Supervisory Board, InfoPro Communications SAS  Chairman, H Participations SAS (until 2012)

Name	Current position or office		Positions and offices held in the past five financial years	
	Within the Group	Outside the Group	Within the Group	Outside the Group
				<p>Permanent representative of Apax Partners SA on the Supervisory Board of Arkadin Holding SAS (until 2012)</p> <p>Permanent representative of Apax Partners SA at Altran Technologies SA (until 2009)</p> <p>Permanent representative of Apax Partners SA at Arkadin SA (until 2009)</p> <p>Permanent representative of Apax Partners SA at Cegid SA (until 2010)</p> <p>Permanent representative of Apax Partners MidMarket SAS at Vocalcom SAS</p> <p>Permanent representative of Apax Partners MidMarket SAS at Willink SAS</p> <p>Member of the Executive Committee, ETAI SAS</p> <p>Manager, SC Carmel, SC InfoInvest, SC SE Bizet (until 2012)</p> <p>Managing Partner, SC Cassiopée, Société civile Pégase</p> <p>Advisory member of the Board (<i>Censeur</i>), Oseo Garantie (until 2009)</p>
<b>Patrick de Giovanni</b>	<p>Director, Séchilienne-Sidec</p> <p>Member of the Audit, Accounts and Risks Committee and of the Nomination and Remuneration Committee</p>	<p>Director, Altamir Amboise Gérance SA</p> <p>Director, GFI Informatique SA</p> <p>Chief Executive Officer and Member of the Executive Committee, Financière Helios SAS</p> <p>Chief Executive Officer and Member of the Board of Directors, Itefin Participations SAS</p> <p>Manager, SC Plamet</p>	<p>Director, Séchilienne-Sidec</p> <p>Member of the Nomination and Remuneration Committee</p>	<p>Chief Executive Officer and Member of the Administration Committee, Itefin Participations SAS</p> <p>Chief Executive Officer and Member of the Executive Committee, Financière Helios SAS</p> <p>Director, Altamir Amboise Gérance SA</p> <p>Director, Camelia Participations SAS (until 2010)</p> <p>Director, GFI Informatique SA</p> <p>Director, NWL Investissements SA (Luxembourg)* (until 2012)</p> <p>Director, Vedici Groupe SAS (until 2010) and Vedici SAS (until 2008)</p> <p>Permanent representative of Apax Partners SA at Finalliance SAS (until 2011)</p> <p>Manager, SC Plamet</p>

Name	Current position or office		Positions and offices held in the past five financial years	
	Within the Group	Outside the Group	Within the Group	Outside the Group
<b>Xavier Lencou-Barème</b>	Director, Séchilienne-Sidec  Director . CTBR . EMS		Director, Séchilienne-Sidec  Chairman, CTG (until 2009)  Director, CTG (until 27/09/2012), STP (until 27/09/2012), CTBR, EMS, CTM (until 2010), RCMI (until 2010)	
<b>Myriam Maestroni</b>	Director, Séchilienne-Sidec (appointment ratified by the shareholders at the General Meeting of 14 March 2012)  Chairwoman of the Nomination and Remuneration Committee	Chairwoman, Economie d'Energie (SAS)	Director, Séchilienne-Sidec (from 25 May to 25 November 2011, then from 25 January 2012)  Member of the Commitments Committee	Chairwoman, Economie d'Energie Director and Chairwoman of the Board of Directors, Société Métallurgique Liotard Frères (SMLF) Executive Managing Director, CGP Primagaz
<b>Guy Rico</b>	Director, Séchilienne-Sidec  Member of the Nomination and Remuneration Committee	Chairman and Chief Executive Officer, Paul Capital France SA  Chairman, Financière Tuileries Développement SAS (FTD SAS)  Permanent representative of FTD SAS on the Board of Directors, Eclair Groupe  Director, Neville SA	Director, Séchilienne-Sidec  Member of the Nomination and Remuneration Committee	Chairman and Chief Executive Officer, Paul Capital France SA  Chairman, Financière Tuileries Développement SAS (FTD SAS)  Permanent representative of FTD SAS on the Board of Directors, Eclair Groupe  Director, Neville SA  Permanent representative of FTD SAS on the Supervisory Board, Clesmeca
<b>Jean Stern</b>	Director, Séchilienne-Sidec  Chairman of the Audit, Accounts and Risks Committee and member of the Commitments and Monitoring Committee		Director, Séchilienne-Sidec  Chairman of the Audit, Accounts and Risks Committee	Chairman, Sogeprom  Director, Services et Transports
<b>Maurice Tchenio</b>	Director, Séchilienne-Sidec	Chairman and Chief Executive Officer, Altamir Amboise Gérance SA  Chairman and Chief Executive Officer, Apax Partners SA  Chairman of the Board of Directors, Fondation AlphaOmega  Director, Toupargel Groupe SA  Director, Financière l'Echiquier SA	Director, Séchilienne-Sidec (since 21 October 2011)	Chairman and Chief Executive Officer, Altamir Amboise Gérance SA  Chairman and Chief Executive Officer, Apax Partners SA  Chairman, 3AC Finance SAS (until 2012) Chairman, MMG SAS (until 2008) Chairman of the Board of Directors, Fondation AlphaOmega Chairman, Morgap SAS (until 2009) Director, Toupargel Groupe SA

Name	Current position or office		Positions and offices held in the past five financial years	
	Within the Group	Outside the Group	Within the Group	Outside the Group
		Member of the Supervisory Committee, Thom Europe SAS		Director, Financière de l'Echiquier SA
		Permanent representative of Apax Partners SA at Altran Technologies SA		Director, F2L SAS (until 2012)
		Managing Partner, SC AlphaOmega		Director, 3AB Optique Développement SAS (until 2012)
		Manager, Apax Partners SNC		Director, 3AB Optique Expansion SAS (until 2012)
		Manager, SC Galilée Partenaires, SC Longchamp, SC Cimarosa, SC Copernic Partenaires, SC SE Wagram, SC Cimarosa Tubes, SC Cimarosa Media, SC Cimarosa II, SC Galilée Partenaires II, SC Moussecarrie, SC Etoile II		Member of the Supervisory Board, Thom Europe SAS
		Permanent representative of Apax Partners SA, Manager of SC Capri, SC Firoki, SC Carmel		Permanent representative of Apax Partners SA at Altran Technologies SA
		Co-manager, SC Immobilière Mauryland		Permanent representative of Apax Partners SA at Rue du Commerce SA (until 2011)
		Advisory member of the Board ( <i>Censeur</i> ), Lion/Seneca France I SAS		Permanent representative of Apax Partners SA, Member of the Supervisory Committee, Financière des Docks SAS (until 2010)
				Permanent representative of Apax Partners SA at Morgan International Participations SA (until 2009)
				Permanent representative of Morgan International Participations at Morgan SA (until 2009)
				Managing Partner, SC AlphaOmega
				Manager, Apax Partners SNC
				Manager, SC Galilée Partenaires, SC Longchamp, SC Cimarosa, SC Copernic Partenaires, SC SE Bizet (until 2009), SC SE Wagram, SC Cimarosa Tubes, SC Cimarosa Media, SC Cimarosa II, SC Galilée Partenaires II, SC Moussecarrie, SC Etoile II
				Advisory member of the Board ( <i>Censeur</i> ), Lion/Seneca France I SAS
				Permanent representative of Apax Partners SA, Manager of SC Capri, SC Firoki, SC Carmel, SC Equa (until 2011)
				Co-Manager, SC Immobilière Mauryland
				Non-Executive Director, Apax Partners Strategic Investors Ltd (UK)(*) (until 2009)
				Non-Executive Director, Apax Partners Holdings Ltd (UK)(*) (until 2009)
				Director, Apax Venture Capital Holdings III (Jersey) Ltd (UK)(*) (until 2009)

Three of the nine Board members (Edgard Misrahi representing Financière Hélios, Patrick de Giovanni and Maurice Tchenio) are members of the Apax Group, which manages and advises the funds that hold the majority of the capital of Financière Hélios, the main shareholder of Séchilienne-Sidec. One member (Xavier Lencou Barème) is a Company employee, holding the position of Company Secretary and Advisor to the Chairman and Chief Executive Officer.

None of the Board members were appointed by the employees.

The representative of the Works Council (Stéphane Alvé during the period covered by this registration document) is systematically invited to attend all meetings of the Board of Directors in an advisory capacity. He receives the same information and documents as the directors.

#### 14.1.1.3 Independent directors

Every year the Board of Directors reviews the situation of each Board member in light of the criteria used to establish whether directors are independent.

Pursuant to the Articles of Association, a director is considered to be independent if he does not have any relationship of any kind whatsoever with the Company, its group or its management that might risk colouring the director's judgement. The criteria used by the Board derive from the AFEP-MEDEF corporate governance code, as listed below:

- The director is not currently an employee or corporate officer of the Company, nor an employee or director of its parent company or of one of its consolidated subsidiaries, and has not been one during the previous five years;
- The director is not an employee or corporate officer of any company in which the Company holds, either directly or indirectly, a directorship, or in which a directorship is held by an employee of the Company designated as such or by a current or former (going back five years) corporate officer of the Company;
- The director is not a customer, supplier, commercial banker or investment banker:
  - which is significant for the Company or its group, or
  - for which the Company or its group accounts for a material proportion of its business;
- The director does not have any close family ties with a corporate officer;
- The director has not been an auditor of the Company at any time in the past five years;
- The director has not been a director of the Company for more than 12 years.

In 2012, the Board of Directors reviewed the situation of its members in light of the aforementioned criteria, at the beginning of the year (meeting of 18 January 2012, which was the first meeting chaired by Jacques Petry since his appointment by the Board on 21 October 2011, and the meeting of 25 January 2012, which provisionally appointed Myriam Maestroni as a director, replacing herself), and also on 24 September 2012, as part of the general review of the Company's situation in light of the AFEP-MEDEF code of governance it follows.



The review, based on a report by the Nomination and Remuneration Committee, established that four directors, namely Michel Bleitrach, Deputy Chairman of the Board of Directors, Myriam Maestroni, Guy Rico and Jean Stern, are independent directors according to the criteria used to establish independence.

*14.1.1.4 Resolutions relating to directorships adopted by the shareholders at the General Meeting of 14 March 2012*

At the General Meeting of 14 March 2012 the shareholders ratified the appointment of the following directors:

- Jacques Petry was provisionally appointed by the Board of Directors at its meeting of 21 October 2011, with effect from 29 October 2011, replacing Nordine Hachemi until the latter's term of office expires, i.e., until the General Meeting to be held in 2013 to vote on the financial statements for the financial year ended 31 December 2012.
- Edgard Misrahi was provisionally appointed by the Board of Directors at its meeting of 27 July 2011 as a director in a personal capacity, replacing Claude Rosevègue until the expiry of the latter's term of office, i.e., until the General Meeting to be held in 2015 to vote on the financial statements for 2014. Note that Edgard Misrahi ceased to hold office as a director in a personal capacity on 21 October 2011, on which date he was appointed as the representative of Financière Hélios on the Board, and was replaced on the same day as a director in a personal capacity by Maurice Tchenio, for the same term of office, expiring at the General Meeting to be held in 2015 to vote on the financial statements for 2014.
- Maurice Tchenio was provisionally appointed by the Board of Directors at its meeting of 21 October 2011, to replace Edgard Misrahi (appointed on the same date by Financière Hélios as its representative on the Board) until expiry of the latter's term of office, i.e., until the General Meeting to be held in 2015 to vote on the financial statements for the financial year ended 31 December 2014, and
- Myriam Maestroni was provisionally appointed by the Board of Directors at its meeting of 25 January 2012, to fill the vacancy resulting from her automatic resignation (due to her failure to comply with the provisions of the Articles of Association concerning the minimum number of shares to be held in registered form by each director), for the remainder of her term of office, i.e., until the close of the General Meeting to be held in 2015 to vote on the financial statements for 2014.

*14.1.1.5 Resolutions relating to directorships put to the vote at the General Meeting of 30 May 2013*

At its meeting of 18 March 2013, the Board of Directors decided to propose the following resolutions at the General Meeting convened for 30 May 2013:

- Renewal of the appointment as director of Jacques Petry, due to expire at the close of the meeting, for a four-year term to expire at the close of the General Meeting to be held in 2017 to vote on the financial statements for the financial year ended 31 December 2016.

- Renewal of the appointment as director of Financière Hélios, due to expire at the close of the meeting, for a four-year term to expire at the close of the General Meeting to be held in 2017 to vote on the financial statements for the financial year ended 31 December 2016.
- Appointment as a director of Michèle Remillieux for a four-year term of office, to expire at the close of the General Meeting to be held in 2017 to vote on the financial statements for the financial year ended 31 December 2016. Michèle Remillieux will occupy the seat on the Board vacated by Guy Rico, who has not sought renewal of his office upon its expiry at the close of the General Meeting of 30 May 2013.
- Appointment as a director of Daniel Valot for a four-year term of office to expire at the close of the General Meeting to be held in 2017 to vote on the financial statements for the financial year ended 31 December 2016. Daniel Valot will occupy the seat on the Board vacated by Jean Stern, who has not sought renewal of his office upon its expiry at the close of the General Meeting of 30 May 2013.
- Appointment as a director of Jean-Carlos Angulo for a four-year term of office to expire at the close of the General Meeting to be held in 2017 to vote on the financial statements for the financial year ended 31 December 2016. Jean-Carlos Angulo will occupy the seat on the Board vacated by Xavier Lencou-Barème, who has not sought renewal of his office upon its expiry at the close of the General Meeting of 30 May 2013.

#### *14.1.1.6 The Deputy Chairman of the Board of Directors*

Pursuant to a decision of the Board of Directors dated 21 October 2011, the Board's internal regulations provide that it appoint a Deputy Chairman who will assist the Chairman and thus strengthen corporate governance. The Deputy Chairman will chair Board meetings in the Chairman's absence.

Michel Bleitrach, who was appointed Deputy Chairman of the Board of Directors pursuant to the aforementioned decision of 21 October 2011, held this office throughout 2012, and continues to do so as at the date of this registration document.

#### *14.1.1.7 Committees set up by the Board of Directors*

As at the date of this registration document, four such committees exist. They are described in detail in the Chairman's report on the preparation and organisation of the Board's work and on internal control systems, appended hereto as Appendix 1.

Three of these committees were set up before 2012:

- The Audit, Accounts and Risks Committee, composed of Jean Stern, Chairman, Michel Bleitrach and Patrick de Giovanni. Note that Messrs Stern and Bleitrach are both independent directors,
- The Nomination and Remuneration Committee, composed of Myriam Maestroni, Chairwoman, Patrick de Giovanni and Guy Rico. Note that Ms Maestroni and Mr Rico are independent directors, and,
- The Commitments and Monitoring Committee, composed of Michel Bleitrach, Chairman, the representative of Financière Hélios (Edgard Misrahi) and Jean Stern as permanent members; all the other directors can also take part in the Committee's work. (Note that Messrs Stern and Bleitrach are both independent directors).

A fourth committee, the Environmental and Social Responsibility Committee, was set up pursuant to a decision of the Board dated 24 September 2012. It is tasked with the following:

- Examining the Group's main environmental and social responsibility opportunities and risks in light of the issues associated with its strategy and business operations, and providing the Board with opinions on recommended actions in the area within the framework of its sustainable development policy.
- Reviewing the Company's sustainable development and environmental and social responsibility policies and commitments, proposing modifications whenever appropriate in view of the Group's expansion, and assessing achievements in light of predetermined objectives.
- Examining non-financial information published by the Group, more specifically information relating to environmental issues and social responsibility.
- Monitoring application of the rules of conduct defined by the Group.

The aforementioned decision provides that once the committee is up and running it would consist of at least three directors, and would meet on average three times a year. It also provides that its definitive composition will be determined after the next General Meeting and that in the meantime Myriam Maestroni would be the only member.

#### 14.1.2 Chief Executive Officer

The Board of Directors has chosen the method of governance consisting of the combination of the functions of Chairman of the Board of Directors and Chief Executive Officer. Jacques Petry has held the office of Chairman and Chief Executive Officer since 29 October 2011, pursuant to a decision of the Board of Directors dated 21 October 2011.

The Board of Directors chose to combine the functions of Chairman of the Board of Directors and Chief Executive Officer because it feels that this method of governance is best suited to the Group's desired organisation and modus operandi, and also to:

- making the most of the Chairman's knowledge and business experience,
- forging a close relationship between general management and shareholders, and optimising the responsiveness of the Board,
- optimising coordination within the Group.

#### 14.1.3 Statement concerning the governing bodies

To the best of the Company's knowledge:

- none of the members of the Board of Directors have any family ties with each other;
- over the past five years, none of the members of the Board of Directors have been convicted for fraud,
- over the past five years, none of the members of the Board of Directors have been involved in a bankruptcy or insolvency, receivership or liquidation, as a member of a board of directors, management board or supervisory board, general partner, founder or chief executive officer,

- over the past five years, none of the members of the Board of Directors have been the subject of any prosecution, claim or official public sanction handed down by the statutory or regulatory authorities,
- over the past five years, none of the members of the Board of Directors have been prohibited by a court from acting as a member of a governing, management or supervisory body of an issuer or taking part in the management or conduct of an issuer's business.

#### **14.2 CONFLICTS OF INTEREST AFFECTING THE COMPANY'S GOVERNING AND MANAGEMENT BODIES**

To the best of the Company's knowledge, the performance within the Company of their corporate offices by Maurice Tchenio, Chairman and Chief Executive Officer of Apax Partners SA, which manages and advises the funds that hold the majority of the capital of Financière Hélios, Patrick de Giovanni, Managing Partner of Apax Partners SA, and Edgard Misrahi, representing Financière Hélios and Chairman of Apax Partners MidMarket SAS, do not result in any conflicts of interest.

To the best of the Company's knowledge, as at the date of registration of this registration document no situation exists that could result in a conflict between the duties of the members of the Board of Directors and the Chairman and Chief Executive Officer towards the Company and their private interests and/or other duties.

The members of the Board of Directors who currently hold offices in other companies have declared the companies in which a conflict of interest might arise, and have given an undertaking to draw the appropriate consequences in the event of such an occurrence.

#### **14.3 SENIOR MANAGEMENT TEAM**

The Group underwent a reorganisation in 2012. The current organisation is described below.

- The Chairman and Chief Executive Officer is assisted by two Chief Operating Officers, who are each responsible for a business unit.
- One business unit corresponds to the Company's Thermal Power Plant activities, while the other regroups the Wind / Solar / Biomethanation activities.
- Three development departments are responsible for:
  - the American continent and the Caribbean-Antilles-Guyana area,
  - the Asia-Pacific, Indian Ocean and Africa area,
  - Europe.
- The two business units and the three development departments are assisted by the following centralised support services:
  - Corporate Strategy and Environmental and Social Responsibility Department
  - Technical and Purchasing Department
  - Projects and Construction Department
  - Human Resources Department
  - Company Secretariat and Board of Directors
  - Administrative and Financial Department, including the Contracts and Legal Affairs, Management Control and Accounting Departments.

Pursuant to a decision of the Board of Directors dated 26 July 2012, based on a proposal by the Chairman and a report by the Nomination and Remuneration Committee, the Chairman and Chief Executive Officer, the two Chief Operating Officers and the Chief Financial Officer form the General Management Committee.

The Executive Committee is a broader structure, comprising the members of the General Management Committee and all the heads of the business units and departments listed above. The Chairman and the Chief Executive Officer of Méthanéo, which is controlled by the Group following the acquisition of 60% of its capital in May 2012, are also members.

#### 14.3.1 Members of the General Management Committee in 2012

- Jacques Petry, Chairman and Chief Executive Officer
- Frédéric Moyne, Chief Operating Officer, in charge of the 'Wind / Solar / Biomethanation' business unit and the Corporate Strategy and Environmental and Social Responsibility Department
- Pascal Langeron, Chief Operating Officer, in charge of the Thermal Power Plant business unit
- Julien Gauthier, Chief Financial Officer, head of the Administrative and Financial Department.

#### 14.3.2 Other members of the Executive Committee

In addition to the members of the General Management Committee:

- Christian Blanchard, Head of Corporate Development for the American continent and the Caribbean-Antilles-Guyana area
- Pascal Avart, Head of Corporate Development for Europe
- Louis Decrop, Head of Corporate Development for the Asia-Pacific, Indian Ocean and Africa area
- Jean-Pierre Lagarde, Technical and Purchasing Director
- Claude Decamp, Acting Head of the Projects and Construction Department
- Giuseppe Marsicano, HR Director
- Xavier Lencou-Barème, Company Secretary, Secretary to the Board of Directors
- Cyril Perroy, Head of the Contracts and Legal Affairs Department
- Laurent Bastian, Head of Management Control
- Yann Mercier, Chairman of Méthanéo
- Sébastien Couzy, Chief Executive Office of Méthanéo.

#### 14.3.3 Biographies of members of the Executive Committee in office as at 31 December 2012

Brief biographies of the senior executives in office as at 31 December 2012 (other than those of Jacques Petry and Xavier Lencou-Barème, which appear below the list of the members of the Board of Directors) are set out below:

- **Frédéric Moyne** was born on 15 October 1975. He is a graduate of the Ecole des Hautes Etudes Commerciales (HEC), and started his career at Air Liquide in 1998 as a Researcher reporting to the Managing Director before moving in 2000 to the Energy and Services Division, which is specialised in the development of cogeneration projects and new services in the Energy sector. In 2001, he joined the Company as an Assistant to General Management, in charge of the financing of group projects and purchasing. Between 2008 and 2012, he successively served as Head of Europe and Head of the Metropolitan France and Southern Europe area, while at the same time retaining some of his previous responsibilities. In 2012, he was appointed Chief Operating Officer in charge of the Wind / Solar / Biomethanation business unit and the Corporate Strategy and Environmental and Social Responsibility Department.

- **Pascal Langeron** was born on 7 May 1963. He is a graduate of the Université de Technologie de Nîmes, and started his career as a technician at APAVE Marseille in 1986. Between 1991 and 1994, he worked for Compagnie Thermique De Bois-Rouge (a subsidiary of Séchilienne-Sidec). He then joined the Company, where he was successively the Manager of Compagnie Thermique de Bois-Rouge, the Manager of Compagnie Thermique du Moule, Deputy Chief Executive Officer of Compagnie Thermique de Bois-Rouge and Head of the Indian Ocean area. In 2012, he was appointed Chief Operating Officer in charge of the Thermal Power Plant business unit.
- **Julien Gauthier** was born on 23 February 1977. He is a graduate of the Ecole des Hautes Etudes Commerciales (HEC), and started his career at Lehman Brothers, London, where he worked on mergers and acquisitions throughout Europe. He then joined Barclays' structured finance division, where he arranged financing packages for French SMEs. In 2007, he joined Apax Partners as Principal – Business Services investment portfolio, where he also had responsibility for arranging financing for acquisitions and companies in the portfolio. In 2012 he was appointed Chief Financial Officer of the Séchilienne-Sidec group.
- **Christian Blanchard** was born on 22 March 1958. He is a graduate of the Ecole Centrale de Paris, and started his career within the engineering division of Houillères du Bassin de Lorraine in 1980. From 1988 to 1997, he was the Director of Projects and then Head of Offers at Lab SA, a company that specialises in air and power gas treatment. He subsequently joined the Company, where he served successively as Technical Director of International Affairs, Head of Projects Management, Chairman of several Company subsidiaries and Head of the Caribbean Area, before his appointment in 2012 as Head of Corporate Development for the American continent and the Caribbean-Antilles-Guyana area.
- **Pascal Avart** was born on 24 October 1957, and is a graduate of the Conservatoire National des Arts et Métiers. He started his career within the thermal research centre at Fives Cail Babcock. He then served as Project Manager at Trepaud and Heurtey Petrochem before joining Air Liquide in 1994, where he was appointed European Energy Development Director. He joined Séchilienne-Sidec at the end of 2009 as Project Manager responsible for the Caribbean Energy project. He is currently Head of Corporate Development for biomass projects in France and is also in charge of biomass purchasing for the Group.
- **Louis Decrop** was born on 8 March 1961. He is a graduate of the Ecole des Mines de Nancy and holds an MBA from Columbia University in New York. He started his career in 1986 as Director of Financial Studies and then Financial Analyst at Eastman Kodak Company, before joining the Company in 1991. He has worked on a number of major projects, including thermal power plants in Mauritius and wind farms and solar plants in mainland France. In 2008 he was appointed Head of the Metropolitan France region of the Company, moving to become Head of Corporate International Thermal Development in 2010, and then Head of Corporate Development in the Asia-Pacific, Indian Ocean and Africa area.
- **Jean-Pierre Lagarde** was born on 26 June 1954. He is a graduate of the Ecole Nationale Supérieure des Arts et Métiers and holds a Doctorate in Mechanical Engineering. He started his career at ACMP Industrie in 1980, before joining SEM (Société des Eaux de Marseille) in 1984 as Deputy to the Director of Engineering for the group. He moved to Séchilienne-Sidec in 1999, to work on projects related to maintenance and the optimisation of yields and availability, and on investments to ensure the sustainability of production units. In 2008 he was appointed head of the centralised Maintenance and Repairs Department, which became the Group Technical Department in 2010 and the Technical and Purchasing Department in 2012.



- **Giuseppe Marsicano** was born on 22 January 1947. He studied engineering at Palermo University before continuing his education in France at Marie Curie – Paris VI University and the CNAM (postgraduate degree in computer science). He started his career in a construction and civil engineering company, before moving to an IT services company, where he was a Computer Analyst, IT Project Manager and subsequently Technical Director. He then worked for a number of companies in what is now the GDF Suez group, first as IT Director for Sanitra, Ines and CPCU (1983-1995), and then as General Secretary for CPCU (1995-2009) and Deputy CEO at Gaz-Electricité de Grenoble (2009-2011). He joined Séchilienne-Sidec in 2012 as its HR Director.
- **Cyril Perroy** was born on 25 February 1970. He has a Masters degree in Business Law (Université Jean Moulin - Lyon III) and a LLM (*University of Minnesota Law School*). For eight years he was in charge of legal affairs for mergers and acquisitions at Gaz de France and, more specifically, the development of the group in Italy and the creation and restructuring of JVs. He then served as Head of Legal Affairs for the Industrial Division (Thermal and Renewable Energies) within the Poweo group from 2007 to the end of 2009. He joined Séchilienne-Sidec as Head of Legal Affairs in January 2010, and has held the position of Head of Contracts and Legal Affairs since 2012.
- **Laurent Bastian** was born on 2 April 1968. He studied at the Ecole Normale Supérieure de la rue d'Ulm and is a graduate of the Ecole Nationale des Ponts et Chaussées. He started his career in 1993 as a Civil Engineer at GTM (Vinci), before moving into finance in 1997, working for an audit firm (Arthur Andersen) and then for a firm of consultants (Bearing Point). He joined DCN (formerly the shipbuilding division of the Ministry of Defence, which was privatised) in 2003 at the time of its privatisation. Between 2003 and 2009 he held a range of management control positions within the group (renamed DCNS in 2007), and was responsible for putting in place reporting and budget planning processes and project management control systems. He then joined Séchilienne-Sidec in May 2009 as Head of Management Control.
- **Yann Mercier** was born on 17 April 1963. He is a graduate of the Ecole des Hautes Etudes Commerciales (HEC). He started his career in Spain in 1990, where he founded the firm of consultants MAS Consultores, a subsidiary of SNPE-ingénierie (SNPE Group), which specialises in safety assessments for chemical and petrochemical facilities. He co-founded Psp Agua in Spain, in partnership with the French company Proserpol. This engineering company designs and delivers turnkey industrial liquid effluent treatment plants. He relocated to France in 2002, working for Proserpol on the development of its methanation business until September 2007, when he founded Méthanéo with Sébastien Couzy. He retained his office as Chairman of Méthanéo following the acquisition by Séchilienne-Sidec of 60% of the company's capital in 2012.
- **Sébastien Couzy** was born on 14 January 1966. He holds a Masters in Management from Paris IX Dauphine and a postgraduate degree in Sustainable and Integrated Development from Université de Saint-Quentin en Yvelines. He started his career with the business consultants KPMG Peat Marwick, where he remained for four years before moving to Bouygues Telecom. He subsequently occupied the position of Director of Customer Relations at Firstmark Communications and Director of French Operations at Ingenico. In 2005, he set up the Sustainable Development Department at Ingenico, where he remained as Director until he co-founded Méthanéo with Yann Mercier in September 2007. He retained his office as Chief Executive Officer of Méthanéo following the acquisition by Séchilienne-Sidec of 60% of the company's capital in 2012.

## CHAPTER 15: REMUNERATION AND BENEFITS

**15.1 AMOUNT OF REMUNERATION RECEIVED BY THE COMPANY'S EXECUTIVE DIRECTORS**

The information concerning the remuneration received by the Company's executive directors contained in this chapter of the registration document takes into account the AFEP/MEDEF recommendations issued in October 2008 and included in the AFEP/MEDEF Corporate Governance Code for Listed Companies dated December 2008 and updated in April 2010, as well as the AMF's Recommendation on information to be included in the registration document on remuneration received by corporate officers. Compliance with the AFEP/MEDEF recommendations is analysed in the report by the Chairman of the Board of Directors on internal control, appended to this registration document as Appendix 1.

The principles guiding the remuneration policy for members of General Management are determined by the Board of Directors on the basis of recommendations by the Nomination and Remuneration Committee.

The executive directors receive a fixed annual remuneration, the amount of which is set on the basis of criteria specific to the individual director and criteria relating to the Company's business sector and the general economic environment. In addition, they also receive a variable remuneration, the amount of which is based on criteria relating to Séchilienne-Sidec and the Group (quantitative criteria determined in view of, and on the basis of, financial results) and individual criteria (qualitative criteria determined in view of the individual, his/her functions and assignments).

Furthermore, independent members of the Board of Directors also receive directors' fees, consisting of a fixed amount and a variable amount calculated to reflect their attendance at meetings of the Board of Directors and Board committees.

Lastly, corporate officers may be allocated stock options and bonus shares to enable them to share in the Group's results and development.

The information set out below takes into account the total remuneration and all benefits of any kind paid by the Company, Séchilienne-Sidec, and by any companies controlled by it within the meaning of Article L. 233-16 of the Commercial Code.

**15.1.1 Remuneration received by General Management**

The following tables summarise the remuneration paid to the corporate officers for the 2010, 2011 and 2012 financial years.



Table 1: Table summarising all remuneration received by General Management

Table summarising remuneration, stock options and bonus performance shares allocated to each executive director in 2010, 2011 and 2012			
<i>in thousands of euros</i>	2010	2011	2012
<b>Nordine Hachemi</b> (Chairman and Chief Executive Officer until 29 October 2011)			
Remuneration for the financial year (*)	877	772	
Value of stock options allotted each year (options cancelled) (**)	0	0	
Value of bonus performance shares allotted each financial year   (bonus performance shares cancelled) (***)	0	0	
<b>TOTAL</b>	<b>877</b>	<b>772</b>	
<b>Jacques Petry</b> (Chairman and Chief Executive Officer since 29 October 2011)			
Remuneration for the financial year (****)	0	140	808
Value of stock options allotted each year (no options allotted)	0	0	0
Value of bonus performance shares allotted each year (225,000 shares allotted on 26 July) (*****) in three identical tranches	0	0	
<b>TOTAL</b>	<b>0</b>	<b>140</b>	

(\*) The amounts stated for Nordine Hachemi include:

- for 2010, fixed remuneration of €700,000, variable remuneration of €150,000 and benefits in kind with a value of €27,000
- for 2011, fixed remuneration of €583,000, calculated prorata on the basis of a fixed annual remuneration of €700,000, variable remuneration of €150,000 and benefits in kind with the value of €39,000.

(\*\*) At the meeting held on 21 October 2011, at which the Board of Directors removed Nordine Hachemi from his office as Chairman and Chief Executive Officer due to a strategic disagreement, the Board of Directors recorded the cancellation of the 30,000 stock options (with an exercise date of 28 August 2014) that had been allotted to him by the Board of Directors on 27 August 2010.

(\*\*\*) At the aforementioned meeting held on 21 October 2011, the Board of Directors recorded the cancellation of the 145,136 bonus performance shares (in two identical tranches) allotted to Nordine Hachemi by the Board of Directors on 28 July 2010. The conditions for acquisition of the shares had not been satisfied at the time of their cancellation.

(\*\*\*\*) The amount of €140,000 stated for Jacques Petry in 2011, corresponding to the last two months of the year, includes a proportion of a fixed annual remuneration of €400,000 calculated pro rata, i.e., €67,000, a variable remuneration also of €67,000 decided by the Board of Directors on 27 April 2012 in view of the achievement of the objectives set by the Board of Directors on 21 October 2011, and benefits in kind with a value of €6,000 (company car, GSC unemployment insurance cover). The amount of €808,000 stated for Jacques Petry in 2012 includes a fixed remuneration of €400,000, a variable remuneration of €400,000 decided by the Board of Directors on 18 March 2013 in view of the achievement of the objectives set by the Board of Directors on 27 April 2012, and benefits in kind with a value of €8,000 (company car, GSC unemployment insurance cover).

(\*\*\*\*) In accordance with the announcements made to the shareholders at the General Meetings of 14 March 2012 and 31 May 2012, the Board of Directors decided on 26 July 2012 to allot 225,000 bonus performance shares to Jacques Petry (in three identical tranches, each subject to different acquisition conditions) as part of a broader bonus share plan allotting 616,400 shares to 54 beneficiaries. The conditions for acquisition of the shares had not been satisfied on the date of preparation of this registration document.

Note that:

- the maximum number of shares that can be allocated, as determined by the shareholders at the General Meeting of 14 March 2012, is 810,000;
- following the allotment of 1,000 shares to a new employee by the Board of Directors on 28 November 2012, the situation as at 31 December 2012 is as follows:
  - Jacques Petry has been allocated 225,000 shares
  - 392,400 shares have been allocated to 54 employees
  - 192,600 shares may still potentially be allocated to employees
  - None of the allocated shares have been acquired.

Table 2: Table summarising remuneration and benefits in kind received by General Management

The total, gross, pre-tax remuneration received by each of Séchilienne-Sidec's executive directors from all Group companies for salaried positions and for their corporate offices (Chairman-Chief Executive Officer), including benefits in kind, is shown in the following table for the 2010, 2011 and 2012 financial years:

Table summarising remuneration received by each corporate officer						
	2010		2011		2012	
<i>in thousands of euros</i>	Amount owed	Amount paid	Amount owed	Amount paid	Amount owed	Amount paid
<b>Jacques Petry</b> Executive director in office since 29 October 2011						
Fixed remuneration			67	67	400	400
<i>For corporate office</i>			67	67	400	400
<i>For contract of employment</i>			0	0	0	0
Variable remuneration			67		400	67
<i>For corporate office</i>			67		400	67
<i>For contract of employment</i>						
Exceptional remuneration					-	
Benefits in kind (*)			6	6	8	8
<b>TOTAL Jacques Petry</b>			<b>140</b>	<b>73</b>	<b>808</b>	<b>475</b>
<b>Nordine Hachemi</b> Executive director in office from 28 August 2008 to 29 October 2011						
Fixed remuneration	700	700	583	583		
<i>For corporate office</i>	700	700	583	583		
<i>For contract of employment</i>	0	0	0	0		
Variable remuneration	150	180	150	150		
<i>For corporate office</i>	150	180	150	150		
<i>For contract of employment</i>	0	0	0	0		
Exceptional remuneration	0	0	0	0		
Benefits in kind (*)	27		39	39		
<b>TOTAL Nordine Hachemi</b>	<b>877</b>	<b>880</b>	<b>772</b>	<b>772</b>		
<b>Dominique Fond</b> Former executive director in office until 28 August 2008						
Fixed remuneration		87				
<i>For corporate office</i>		0				
<i>For contract of employment (**)</i>		87 (***)				
Variable remuneration						
<i>For corporate office</i>						
<i>For contract of employment (**)</i>						
Exceptional remuneration						

(\*) Principally value of company car and company directors' unemployment insurance cover

(\*\*) The contract of employment was terminated mid-September 2008

(\*\*\*) Pursuant to a non-compete clause

Table 3: Table summarising contracts of employment, specific pension plans, severance payments and non-compete clauses

Executive directors	Contract of employment		Supplementary pension plan		Sums owed or likely to be owed following termination or a change of position/office		Compensation under a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Jacques Petry Chairman-Chief Executive Officer since 29 October 2011		X		X	X		X	
Nordine Hachemi Chairman-Chief Executive Officer from 28 August 2008 to 29 October 2011		X		X	X		X (*)	

(\*) This provision was not implemented when Nordine Hachemi left the Company, as the non-compete obligation was waived. The settlement agreement waiving the obligation was specifically approved by the shareholders at the General Meeting of 14 March 2012.

*15.1.1.1 Further information on the remuneration received by the Chairman and Chief Executive Officer in office since 29 October 2011 (Jacques Petry)*

The various elements of Jacques Petry's remuneration as the Company's Chairman and Chief Executive Officer were determined by the Board of Directors on 21 October 2011, on the basis of a proposal by the Nomination and Remuneration Committee, which met on the same day:

- **Fixed annual remuneration:** four hundred thousand euros (€400,000) per annum, net of employer's social security contributions and GSC insurance premiums, payable monthly over 12 months.
- **Variable annual remuneration:** every year Jacques Petry will receive a variable remuneration calculated on the basis of the achievement of objectives determined annually by the Board of Directors, after consultation with the Nomination and Remuneration Committee, based on four criteria: the Company's EBITDA, the Company's cash flow, the project portfolio and miscellaneous indicators (including the solidity of the management team, labour relations and the share price) (the "Annual Objectives").

The maximum amount of this variable annual remuneration is set at four hundred thousand euros (€400,000) per annum, net of employer's social security contributions and GSC insurance premiums.

The maximum amount of the variable remuneration for 2011 was set at sixty-seven thousand euros (€67,000), net of employer's social security contributions and GSC insurance premiums (i.e., a proportion of the maximum amount of variable remuneration calculated prorata from the date of the appointment of Jacques Petry as Chairman and Chief Executive Officer of the Company).

Again pursuant to the decision of the Board of Directors dated 21 October 2011, payment of the variable remuneration for 2011 was made subject to an assessment by the Board of Directors of the quality of Jacques Petry's work after taking over as Chairman and Chief Executive Officer of the Company, based in particular on criteria such as (i) the quality of governance (in particular vis-à-vis the Company committees, the Board of Directors, and the Deputy Chairman of the Board of Directors appointed on the same day), (ii) the success of efforts to re-motivate the Group's senior management team, and (iii) the quality of the strategic plan presented by Jacques Petry in January 2012.

Achievement of the objectives was assessed and the actual amount of variable remuneration to be paid for 2011 was determined by the Board of Directors at its meeting of 27 April 2012, following approval of the Company's financial statements for the financial year ended 31 December 2011 (on 7 March 2012): the Board then recorded, on the basis of the report by the Nomination and Remuneration Committee, that the objectives had been achieved and decided to pay Jacques Petry a variable remuneration of €67,000 for 2011.

At the same meeting of 27 April 2012, the Board of Directors decided, on the basis of a report by the Nomination and Remuneration Committee, on the following method of calculation of Jacques Petry's variable remuneration for 2012:

a) *Determination of four performance indicators (other than the Company's share price, which is taken into consideration for bonus share allotments).*

The four indicators are:

- V1 EBITDA
- V2 net income, Group share, NIGS
- V3 operating free cash flow, FCF
- V4 the qualitative objectives listed below:

- V4.1 further development of the strategic plan presented in January 2012, including positioning analyses
- V4.2 development of a qualified project portfolio (broadening and refining approach methods, creation of a network of key partners, process for analysing feedback, etc.)
- V4.3 introduction of a Sustainable Development/Corporate Environmental and Social Responsibility/Human Relations strategy
- V4.4 development of a communication plan so that the market and the stakeholders will gain a better understanding of the Company's business and unique points.

b) *Calculation of the proportion of the maximum variable remuneration of €400,000, as set by the Board on 21 October 2011, corresponding to the above indicators*

Proportion corresponding to V1 indicator:	22%, i.e.,	€88,000	} 66%, i.e., €264,000
Proportion corresponding to V2 indicator:	22%, i.e.,	€88,000	
Proportion corresponding to V3 indicator:	22%, i.e.,	€88,000	
Proportion corresponding to V4 qualitative indicators:	34%, i.e.	€136,000	
	100%, i.e.,	€400,000	

c) *Minimum values applicable to each of the quantitative objectives corresponding to the V1, V2 and V3 indicators:*

Minimum value for allocation of amount corresponding to V1: 90% of budgeted EBITDA

Minimum value for allocation of amount corresponding to V2 = 80% of budgeted NIGS

Minimum value for allocation of amount corresponding to V3 = 90% of budgeted operating FCF.

If any one of these minimum values is not reached, none of the amounts corresponding to V1, V2 or V3 will be allocated (in which case, V1 + V2 + V3 = 0).

d) Calculation of amounts to be allocated for each quantitative indicator on the basis of performance (P1 for V1, P2 for V2, P3 for V3) within a maximum limit of  $3 \times 88,000 = \text{€}264,000$ , where an under-performing indicator can be offset against an over-performing indicator.

The following table summarises the amounts to be allocated on the basis of observed performance levels.

Note that amounts will be calculated for V1 and V3 using the same scope as for the budget.

	Bonus 0 (°)	Bonus 85% of €88,000 (°)	Bonus 110% of €88,000 (°)
V1	Performance P1 below 95% of the budgeted EBITDA	Performance P1 equal to 100% of the budgeted EBITDA	Performance P1 equal to or greater than 110% of the budgeted EBITDA
V2	Performance P2 below 90% of the budgeted NIGS	Performance P2 equal to 100% of the budgeted NIGS	Performance P2 equal to or greater than 110% of the budgeted NIGS
V3	Performance P3 below 95% of the budgeted free cash flow (FCF)	Performance P3 equal to 100% of the budgeted FCF	Performance P3 equal to or greater than 110% of the budgeted FCF

(°) Linear interpolation between these three points

e) Calculation of the amount corresponding to the V4 indicator based on an assessment of the achievement of the various qualitative objectives listed for the indicator

Achievement of the quantitative and qualitative objectives was assessed and the actual amount of Jacques Petry's variable remuneration for 2012 was determined by the Board of Directors at its meeting of 18 March 2013, on the basis of a report by the Nomination and Remuneration Committee, following approval of the Company's financial statements for the financial year ended 31 December 2012. The Board recorded that all the objectives had been achieved, and accordingly decided to pay Jacques Petry a variable remuneration for 2012 of €400,000, corresponding to €264,000 for achievement of the quantitative objectives (automatically resulting from the EBITDA, the net income, group share and the free cash flow) and €136,000 for achievement of the qualitative objectives.

At the same meeting of 18 March 2013, the Board of Directors decided, on the basis of a report by the Nomination and Remuneration Committee, to use the following method to calculate Jacques Petry's variable remuneration for 2013:

The calculation method will be the same as the method used for the previous year, with the following variations:

- the 2013 "guidance" elements referred to in the press release issued at the close of the Board meeting of 18 March 2013 will be taken into consideration in order to calculate the budgeted amounts of the quantitative indicators V1 EBITDA, V2 NIGS and V3 free cash flow.
- The qualitative objectives forming the V4 indicator will be as follows:
  - Prioritising development (current projects and new contracts).
  - Improving operational performance and refining reporting methods and investment progress monitoring methods.
  - Actions in the human relations and corporate environmental and social responsibility areas.
  - Communication actions.

#### Benefits in kind

- A company car, as proposed by the Nomination and Remuneration Committee (which proposed an Audi Q5 with a purchase value of €45,000).
- Benefits, supplementary pension and insurance cover: payment of unemployment insurance (GSC policy), as proposed by the Nomination and Remuneration Committee (which proposed a level of cover of approximately €180,000 per annum for 24 months with a premium, paid by the Company, of approximately €31,000 per annum).

Note that Jacques Petry is not employed by the Company under a contract of employment.

#### *15.1.1.2 Further information on the remuneration received by the Chairman and Chief Executive Officer in office from 28 August 2008 to 29 October 2011 (Nordine Hachemi)*

The remuneration received by Nordine Hachemi was determined by the Board of Directors on 16 September 2008, modified pursuant to a decision dated 19 December 2008, and subsequently further modified by decisions of the Board of Directors dated 20 April 2009, 25 January 2010, 9 March 2011 and 21 October 2011, on the basis of reports by the Nomination and Remuneration Committee.

This remuneration corresponded to Nordine Hachemi's corporate office as Chairman and Chief Executive Officer (note that he was not employed by the Company pursuant to a contract of employment), and consisted of the following:

- A fixed remuneration payable monthly over 12 months, totalling €700,000 for a full year, net of employer's social security contributions and GSC insurance premiums.
- A variable remuneration capped at €200,000 for a full year, net of employer's social security contributions and GSC insurance premiums, subject to satisfaction of certain conditions. These conditions were:
  - For 2008, achievement of an actual EBITDA of at least 90% of the EBITDA stated in the budget approved by the Board of Directors for that financial year,



- For 2009, achievement of objectives relating to:
  - meeting the 2009 budget, as determined by the Board of Directors
  - continued implementation of the new operational organisation and support functions
  - risk management
  - improving the Group's economic model and preparing a five-year strategic plan.
  
- For 2010, achievement of objectives relating to:
  - meeting the 2010 budget, as determined by the Board of Directors
  - governance (increased involvement of the directors)
  - strategy (definition and convincing communication of medium- and long-term development plans to capitalise on the specific advantages of the thermal power sector).
  - Operational management (implementation of action programmes to reduce accidental shutdowns in power plants; standardisation of labour relations while controlling costs: improvement of human resource management; QHSE; consolidation of risk management)
  - development (completion of thermal power plants (Caraïbes Energie) and solar power plants within predetermined deadlines and budgets; progress with development processes, in particular with thermal power plant projects both within and outside our traditional areas).

On 25 January 2010, the Board of Directors decided that in addition to this variable remuneration capped at €200,000, Nordine Hachemi would receive an exceptional bonus for the 2010 financial year, in an amount to be decided at its discretion on the basis of the achievement of development objectives above and beyond those stated in the Business Plan.

- For 2011, achievement of the following objectives:

Areas	Objectives
Strategy/Communication	Guide, communicate and convince with regard to the quality of the Equity Story and its medium-and long-term prospects: refocusing the renewable strategy on thermal solutions, expanding the target geographic area, prospects and feedback.
Development	<ul style="list-style-type: none"> <li>• Achieve the 2011 strategic plan within the predetermined deadline and budget.</li> <li>• Make positive progress on the Marie-Galante and CCG-2 projects in the Company's traditional areas, obtaining the necessary support from the relevant authorities.</li> </ul>
	<ul style="list-style-type: none"> <li>• Expand the project portfolio through diversification into new areas: add five credible projects by the end of the year.</li> <li>• Set up the internal and external human resources and organisation necessary for international development.</li> </ul>
Operations	<ul style="list-style-type: none"> <li>• Bring CTG into compliance with regard to air pollution and official requirements.</li> <li>• Improve power plant availability rates.</li> <li>• Extend the QSE process to include at least one additional power plant.</li> <li>• Successfully conclude the negotiations concerning claims made on EDF relating to the management of contracts.</li> </ul>
Governance Human Resources Values	<ul style="list-style-type: none"> <li>• Consolidate recent improvements in HR management, particularly at levels N-1/N-2 (training, career plans, management training, individual employee booklets) and create cohesion between employees.</li> <li>• Adjust human resources in light of developments in the solar sector.</li> </ul>
	<ul style="list-style-type: none"> <li>• Work on the corporate identity, identifying core values that will communicate a cohesive internal message and boost international commercial positioning.</li> </ul>
Financial	<ul style="list-style-type: none"> <li>• Obtain tax breaks on projects commissioned before 31 March 2011.</li> <li>• Achieve the 2011 budget (cash, EBITDA and NI) as approved by the Board of Directors.</li> </ul>

Every year, the Board of Directors assessed the degree of satisfaction of these conditions, on the basis of reports by the Nomination and Remuneration Committee. Nordine Hachemi's variable remuneration as based on these assessments was:

- for 2008 (September, October, November and December):  $\frac{200\,000 \times 4}{12} = 67,000$  euros

- for 2009 (full year): €180,000

- for 2010 (full year): €150,000 (no discretionary exceptional bonus)

- for 2011 (eight months):  $\frac{200\,000 \times 75}{100} = 150,000$  euros

15.1.2 Remuneration received by members of the Board of Directors

The remuneration received by members of the Board of Directors, other than the Chairman and Chief Executive Officer, is stated below. Note that:

- Only the independent directors (Myriam Maestroni, Michel Bleitrach, Guy Rico and Jean Stern) receive directors' fees.
- Xavier Lencou-Barème, who is a Company employee and director, does not receive any directors' fees and the amounts shown in the table correspond to salary received as an employee.

Table 4: Directors' fees and other remuneration received by non-executive corporate officers (in euros)

Directors	Amounts allocated in 2009 and received in 2010	Amounts allocated and received in 2010	Amounts allocated in 2010 and received in 2011	Amounts allocated and received in 2011	Amounts allocated in 2011 and received in 2012	Amounts allocated and received in 2012	Amounts allocated in 2012 to be paid in 2013
M. Bleitrach Directors' fees	22 293		22 118		24 220		50 000
X. Lencou-Barème (*) Other remuneration: (salary)		111 000		111 000		120 000	
M. Maestroni (**) (director since 25 May 2011, automatically resigned) effective from 25 November 2011) Directors' fees					12 110		22 240
G. Rico (***) Directors' fees	5 780		22 644		22 569		24 220
J. Stern Directors' fees	24 220		24 220		24 220		24 220
<b>Sub-total</b>	<b>52 293</b>	<b>111 000</b>	<b>68 982</b>	<b>111 000</b>	<b>83 119</b>	<b>120 000</b>	<b>120 680</b>
<b>TOTAL</b>	<b>163 293</b>		<b>179 982</b>		<b>203 119</b>		

(\*) Xavier Lencou-Barème also received €12,452 in 2011 in his capacity as an employee, pursuant to a collective bargaining agreement on reduced working time.

(\*\*) Myriam Maestroni became a member of one of the committees set up by the Board immediately following her appointment as a director on 25 May 2011, but she was then deemed to have automatically resigned with effect from 25 November 2011, because she did not hold the 400 registered shares required by the Articles of Association. On 25 January 2012, the Board provisionally appointed her to replace herself, and this appointment was ratified by the shareholders at the General Meeting of 14 March 2012.

(\*\*\*) Guy Rico became a member of one of the committees set up by the Board in 2010.

(i) Directors' fees

The shareholders set the total amount of directors' fees awarded to members of the Board of Directors at general meetings:

The following table shows changes in the total amount of directors' fees, pursuant to resolutions adopted by the shareholders at the General Meetings of 18 May 2010, 25 May 2011 and 14 March 2012.

Resolution adopted	Total amount of directors' fees
General Meeting of 18 May 2010	€75,000
General Meeting of 25 May 2011	€90,000 for 2011
	€100,000 for subsequent financial years
General Meeting of 14 March 2012	€125,000 for 2012 and subsequent financial years

The resolution adopted on 25 May 2011 took into account the fact that from that date the Company would have four independent directors (the only directors receiving directors' fees), and that all four were members of a committee set up by the Board of Directors (Audit, Accounts and Risks Committee, Nomination and Remuneration Committee and Commitments Committee).

The resolution adopted on 14 March 2012 took into account the appointment of Michel Bleitrach as Deputy Chairman of the Board and Chairman of the Commitments and Monitoring Committee, which has a broader remit and holds more frequent meetings than the previous Commitments Committee. Michel Bleitrach also continues to sit on the Audit, Accounts and Risks Committee.

Until 2012 the total amount of the directors' fees were allocated between directors in accordance with the following system:

- only the independent directors (Michel Bleitrach, Guy Rico, Jean Stern and Myriam Maestroni, on a prorata basis in 2011) receive directors' fees,
- these directors receive a fixed fee based on their membership of one or several committees, and a variable fee based on their attendance at Board meetings and the number of meetings held over the year.

The following directors' fees were paid on this basis:

In 2010: Jean Stern, Chairman of the Audit, Accounts and Risks Committee (€24,220), Michel Bleitrach, Chairman of the Nomination and Remuneration Committee and member of the Audit, Accounts and Risks committee (€22,118) and Guy Rico, member of the Nomination and Remuneration Committee (€22,644).

In 2011: Jean Stern, Chairman of the Audit, Accounts and Risks Committee and member of the Commitments Committee (€24,220), Michel Bleitrach, Chairman of the Nomination and Remuneration Committee and member of the Audit, Accounts and Risks Committee (€24,220), Guy Rico, member of the Nomination and Remuneration Committee (€22,569) and Myriam Maestroni, member of the Commitments Committee (€12,110, calculated pro rata on the basis of the date she joined the Board and the aforementioned committee and the date on which she was deemed to have automatically resigned).

In 2012: Michel Bleitrach, Deputy Chairman of the Board of Directors, Chairman of the Commitments and Monitoring Committee and member of the Audit, Accounts and Risks Committee (€50,000), Jean Stern, Chairman of the Audit, Accounts and Risks Committee and member of the Commitments and Monitoring Committee (€24,220), Guy Rico, member of the Nomination and Remuneration Committee (€24,220) and Myriam Maestroni, Chair of the Nomination and Remuneration Committee (€22,240, calculated pro rata on the basis of the date she was provisionally appointed to the Board in 2012 to replace herself and then appointed to the Nomination and Remuneration Committee).

Note that the remuneration received by another director, Xavier Lencou-Barème, in 2012 and in previous years, was not paid in his capacity as a director as directors' fees, but in his capacity as an employee of the Company Séchilienne-Sidec. His gross remuneration, which is fixed only, was €111,000 in 2010, €111,000 in 2011 (plus €12,452 pursuant to a collective bargaining agreement on reduced working time), and €120,000 in 2012.

Likewise, it was in his capacity as an employee that Xavier Lencou-Barème was designated a beneficiary of the stock option plans decided by the Board of Directors on 13 August 2005 (10,000 options, that could be exercised between 13 December 2009 and 13 December 2012, none of which were exercised during this period) and 27 August 2010 (3,500 options that can be exercised from 28 August 2014).

It was also in his capacity as an employee that Xavier Lencou-Barème was allotted bonus performance shares by the Board of Directors on 28 August 2009 (8,708 shares divided into two identical tranches), although he subsequently irrevocably waived the benefit of said bonus shares, and was also allotted bonus performance shares by the Board of Directors on 26 July 2012 (15,000 shares divided into three identical tranches, the acquisition of which is subject to conditions that have not been satisfied as at the date of preparation of this registration document).

The stock option plans and bonus performance share plans referred to above are described in further detail in chapter 17 and appendices 6 and 7 of this registration document.

(ii) Service agreements with directors

No such agreements exist. The service agreement signed with MBV, which is managed by Michel Bleitrach, under which MBV received €25,000 in 2008, was terminated on 31 December 2008.

15.1.2 Stock options and conditional allotment of bonus performance shares for corporate officers

*15.1.2.2 Options to subscribe or purchase shares*

Eligibility rules

The allotment of stock options to executive directors and employees by the Board is a strong long-term motivational tool, as it is in shareholders' interest to create value over the long term.

Table 5 shows that no stock options were allotted to any executive directors in 2012, as in 2011.

Table 5: Stock options allotted in 2012

	Allotment date	Type of options	Value of the options in euros (under IFRS2)	Number of options allotted in 2012	Exercise price in euros	Exercise periods
Jacques Petry (Chairman and Chief Executive Officer since 29/10/2011)				None		

Table 6 contains information on the stock options exercised by executive directors in 2010, 2011 and 2012. Note that:

- The Séchilienne-Sidec stock option plan rules provide that options can be validly exercised for the first time at the end of a four-year period to run from their the date of allotment by the Board of Directors, and that the exercise period will expire at the end of a seven-year period from the allotment date; the exercise price is set by the Board of Directors on the allotment date;
- Pursuant to the allotment decision by the Board of Directors on 13 December 2005, authorised by the shareholders at the General Meeting of 27 May 2005, Dominique Fond, Chairman and Chief Executive Officer until 22 August 2008, held 30,000 options on the date of his departure. The subscription price for each share upon exercise of an option was €20.9, and they could have been exercised between 13 December 2009 and 13 December 2012. The Board of Directors decided that he could retain the benefit of the stock options following his departure. As at the date of preparation of this registration document, he has not exercised any of these options.

Neither Jacques Petry, Chairman and Chief Executive Officer since 29 October 2011, nor Nordine Hachemi, Chairman and Chief Executive Officer from 28 August 2008 to 29 October 2011, have received any exercisable stock options (those allotted to Nordine Hachemi by the Board on 27 August 2010 had subsequently been cancelled).

Table 6: Stock options exercised by the executive directors in 2010, 2011 and 2012

Options exercised in 2010	Plan allotment date	Number of options exercised in 2010	Exercise price (in euros)
Dominique Fond Nordine Hachemi Jacques Petry	December 2005	None None None	20.9
Options exercised in 2011	Plan allotment date	Number of options exercised in 2011	Exercise price (in euros)
Dominique Fond Nordine Hachemi Jacques Petry	December 2005	None None None	20.9
Options exercised in 2012	Plan allotment date	Number of options exercised in 2012	Exercise price (in euros)
Dominique Fond Nordine Hachemi Jacques Petry	December 2005	None None None	20.9

In 2010, 2011 and 2012, only Dominique Fond held options that could be exercised over this period. He was allotted 30,000 options by the Board of Directors on 13 December 2005, which could be exercised between 13 December 2009 and 31 December 2012. He has not exercised any of his options.

The 30,000 options allotted to Nordine Hachemi by the Board of Directors on 27 August 2007 (which were cancelled by the Board of Directors on 21 October 2011) could only have been exercised from 28 August 2014.

Jacques Petry has not received any stock options.

*15.1.2.3 Bonus performance shares allotted to corporate officers, subject to conditions*

- Nordine Hachemi, Chairman and Chief Executive Officer from 28 August 2008, was allotted 145,136 bonus performance shares by the Board of Directors on 28 July 2010, divided into two identical tranches, each subject to separate performance conditions. On 21 October 2011, the Board of Directors removed him from office due to strategic differences and, on the same date, recorded the cancellation of the 145,136 bonus shares.
- Jacques Petry, Chairman and Chief Executive Officer from 29 October 2011, was one of the 54 beneficiaries of the allotment of 616,400 bonus shares decided by the Board of Directors on 26 July 2012, on the basis of a resolution adopted by the shareholders at the General Meeting of 14 March 2012, authorising the allotment of 810,000 bonus shares to the corporate officers and employees of the Company and its affiliated companies.  
Jacques Petry was accordingly allotted 225,000 shares, divided into three identical tranches (A, B and C), each subject to different acquisition conditions. These conditions include the performance conditions summarised below:

Performance conditions	
Future event	Time period during which the event must occur
Achievement of a six-month moving average end-of-day share price of at least: - €18.50 for tranche A - €22.50 for tranche B - €26.50 for tranche C  Or Completion of a takeover involving the acquisition of all the Company's capital and voting rights, if the price offered per share is at least : - €18.50 for tranche A - €22.50 for tranche B - €26.50 for tranche C	At any time during a six-month period to run from the second anniversary of the allotment date  Or At any time during a period of two years and six months to run from the allotment date



The shares allotted to Jacques Pety have not yet been acquired, pursuant to the acquisition timeframe.

Jacques Pety is bound by an obligation to keep the shares he acquires that is stricter than the general obligation incumbent upon other beneficiaries to keep the shares for two years from the acquisition date. He will be required to keep, in registered form, 25% of the shares corresponding to each tranche until he ceases to hold office as Chairman and Chief Executive Officer or Chief Executive Officer, if this occurs more than two years after the acquisition date.

### 15.1.3 Payments and commitments on termination of a corporate office

#### 15.1.3.1 Severance payments made to Dominique Fond, Chairman and Chief Executive Officer until 28 August 2008

Dominique Fond left the Group on 28 August 2008 and received the severance payments listed in the following table, the last of which were made in 2010:

Type of payments	Amount owed	Amount paid			
		2008	2009	2010	2011
Severance payment for corporate office	683 930	683 930			N/A
Severance payment for contract of employment	1 089 116 (*)	744 666	208 910 (**)	86 840 (***)	N/A
<b>Total</b>	<b>1 773 046</b>	<b>1 428 596</b>	<b>208 910</b>	<b>86 840</b>	<b>N/A</b>

(\*) €744,666 was paid in 2008, and a provision for €344,450 was booked as at 31 December 2008, €50,000 of which was subsequently reversed.

(\*\*) €108,550 was paid as compensation in lieu of notice and €100,360 was paid as compensation for the signature of a non-compete agreement.

(\*\*\*) Amount after reversal in the financial statements for the financial year ended 31 December 2009 of €50,000 provisioned as at 31 December 2008 as compensation for advisory services, which were not provided.

The severance payment made to Dominique Fond when he stood down as Chairman and Chief Executive Officer was approved by the Company's Board of Directors on 28 August 2008. The decision was published on the Company's website and reported to the AMF on 2 September 2008, as required by Articles. L. 225-42-1 and R.225-34-1 of the Commercial Code.

The severance payments made to Dominique Fond for termination of his contract of employment were agreed in a settlement agreement setting out the terms and conditions of implementation of the contractual provisions, which were duly reiterated in the management reports approved by the Company's shareholders at General Meetings.

#### 15.1.3.2 Severance payments made to Nordine Hachemi

- At its meeting held on 21 October 2011, the Board of Directors removed Nordine Hachemi from office as Chairman and Chief Executive Officer of the Company, with effect from 29 October 2011, for strategic differences, and also made a decision, on the basis of the report by the Nomination and Remuneration Committee, on severance payments to be made to Nordine Hachemi, in view of the decision dated 16 September 2008 concerning his possible future removal from office, as approved by the shareholders at a General Meeting.

- At the same meeting of 21 October 2011, the Board noted that the severance payments owing to Nordine Hachemi, as decided by the Board of Directors and the Company's shareholders, amounted to a gross maximum sum of €850,000, corresponding to the fixed remuneration received by Nordine Hachemi for his corporate office as Chairman and Chief Executive Officer over the past twelve (12) months (€700,000) and the variable remuneration received or owing for the financial year ended on 31 December 2010 (€150,000).
- At the same time, it noted that the actual EBITDA over the twelve (12) months preceding the removal of Nordine Hachemi from office as Chairman and Chief Executive Officer exceeded the reference target EBITDA (corresponding to the weighted average *pro rata temporis* of the EBITDA stated in the budgets approved for (i) the current financial year, and (ii) the financial year ended on 31 December 2010), and that accordingly the performance conditions defined by the Board at its meeting of 16 September 2008 had been fully satisfied.
- It also noted that Nordine Hachemi wished to be released from his non-compete obligations as recorded in the aforementioned decision of 16 September 2008 in the event he received a severance payment following his removal from office as Chairman and Chief Executive Officer, provided he undertook to facilitate a smooth handover by providing all assistance reasonably requested by the new General Management team.
- Lastly, in view of the foregoing and the recommendations by the Nomination and Remuneration Committee, the Board:
  - approved the payment to Nordine Hachemi of severance pay in a gross amount of €850,000
  - decided to release Nordine Hachemi from his non-compete obligations as set out in the decision of 16 September 2008. This decision was expressly approved by the shareholders in the sixth resolution of the General Meeting held on 31 May 2012.
- In accordance with the provisions of Articles L. 225-42-1 and 225-34-1 of the Commercial Code, the Board's decision as presented above, recording satisfaction of the conditions necessary for payment of severance pay to Nordine Hachemi, recording the amount thereof and authorising its payment, was published on the Company's website and reported to the AMF on 26 October 2011.

*15.1.3.3 Severance payments potentially payable to Jacques Petry in the event he is removed from office as Chairman and Chief Executive Officer or if his appointment is not renewed*

In the event the Board of Directors decides to remove Jacques Petry from office as Chairman and Chief Executive Officer or Chief Executive Officer, or not to renew his appointment, he may be entitled to receive a severance payment, subject to certain performance conditions, unless he is removed for misconduct.

Pursuant to a decision dated 21 October 2011, the Board of Directors determined the amount and the conditions of payment, as set out below, which were expressly approved by the shareholders in the seventh resolution of the Annual General Meeting held on 31 May 2012.

### 1. Maximum amount of the severance payment

The maximum gross amount of the all-inclusive severance payment will be:

- If Jacques Petry is removed from office as Chief Executive Officer or Chairman and Chief Executive Officer, or his appointment is not renewed, before 1 May 2012: the fixed remuneration, net of employer's social security contributions and GSC insurance premiums, received by Jacques Petry over the three months prior to termination of his corporate office, plus the variable remuneration, net of employer's social security contributions and GSC insurance premiums, received (or owing) for the three months prior to termination of the corporate office; and
- If Jacques Petry is removed from office as Chief Executive Officer or Chairman and Chief Executive Officer, or his appointment is not renewed, after 1 May 2012: the fixed remuneration, net of employer's social security contributions and GSC insurance premiums, received by Jacques Petry over the six months prior to termination of his corporate office, plus the variable remuneration, net of employer's social security contributions and GSC insurance premiums, received (or owing) for the six months prior to termination of the corporate office.

### 2. Performance conditions

- In accordance with Article L. 225-42-1 of the Commercial Code, Jacques Petry will only be entitled to receive the all-inclusive severance payment mentioned above if the Annual Objectives defined by the Board of Directors in connection with the variable remuneration have been achieved.

### 3. Exception: departure for misconduct

Jacques Petry will not be owed any all-inclusive severance payment in the event he is removed from office as Chief Executive Officer or Chairman and Chief Executive Officer, or his appointment is not renewed, as a result of:

- (i) Any wrongdoing, or misconduct characterised under employment law (A) as "serious misconduct" (*faute grave*), wherein the degree of seriousness derives from the deliberate nature of the misconduct and the seriousness — assessed in view of the size of the Group and its business activities — of the resulting consequences, or (B) any wrongdoing or misconduct characterised under employment law as gross misconduct (*faute lourde*), including in particular (i) the intentional or repeated breach of limitations placed on his powers in the Articles of Association or by resolutions adopted by the shareholders at general meetings, or (ii) any action constituting a criminal offence perpetrated personally by Jacques Petry, when (x) a Group company is the victim, or (y) this could harm the Group's reputation; or
- (ii) Jacques Petry's failure to comply with any exclusivity and/or non-compete obligations incumbent upon him in connection with his corporate office.

### 4. Non-compete obligation

#### 4.1 In the event severance pay is owed

In the event all-inclusive severance pay is owed under the aforementioned terms and conditions following the termination or non-renewal of the appointment of Jacques Petry as Chief Executive Officer or Chairman and Chief Executive Officer, he will be bound by a non-compete obligation towards the Company in accordance with the terms and conditions set out below:

- (i) Validity: 12 months from the effective departure date.
- (ii) Jacques Petry's obligations:

It is agreed that under the non-compete obligation Jacques Petry will not do the following, during the applicable period:

- work, in any form whatsoever (contract of employment, provision of services, corporate office or otherwise) for any company or enterprise whose business activities (main business activities in terms of turnover) compete with the business activities of the Séchilienne-Sidec Group, as at the effective date of departure;
- acquire or hold a direct or indirect interest (with the exception of any interest that does not exceed five percent (5%) of the capital and voting rights of a listed company) in any company, enterprise or group whose business activities compete with the business activities of the Séchilienne-Sidec Group, as at the effective date of departure;
- incite any customer, supplier or partner of the Company or the companies controlled directly or indirectly by the Company, within the meaning of Article L. 233-3 of the Commercial Code, to break off or curtail its business relationship with the Séchilienne-Sidec Group, or incite any prospective customer not to enter into a business relationship with the Séchilienne-Sidec Group;
- hire any officer, director or employee of the Company or any of the companies controlled directly or indirectly by the Company, within the meaning of Article L. 233-3 of the Commercial Code, or incite any such officer, director or employee to terminate his/her contract of employment or leave the Séchilienne-Sidec Group.

- (iii) Geographic area

The non-compete obligations set out in subsections (i) and (ii) shall apply to all areas in which the Séchilienne-Sidec Group operates, as this may change between the date hereof and the effective date of Jacques Petry's departure.

- (iv) Financial compensation

Payment of the all-inclusive severance pay, the amount of which is stated under 1 above, will be made in lieu of any financial compensation for Jacques Petry's non-compete obligation.

Note that the Company will be entitled, within one month of its decision to remove Jacques Petry from office or not to renew his appointment, to waive the benefit of Jacques Petry's non-compete agreement described in 4.1.

#### 4.2 In the event severance pay is not owed

In the event severance pay is not owed pursuant to this resolution, following Jacques Petry's departure as Chief Executive Officer or as Chairman and Chief Executive Officer (following his resignation, removal from office, nonrenewal of his appointment or otherwise), Jacques Petry will be bound towards the Company under a non-compete agreement, in accordance with the terms and conditions defined below:

- (i) Validity: 12 months from the effective date of departure
- (ii) Jacques Petry's obligations: identical to those listed in 4.1 (ii)
- (iii) Geographic area: same geographic area as defined in 4.1 (iii)
- (iv) Amount of financial compensation:

It is agreed that, in this event, Jacques Petry will receive gross compensation corresponding to:

- If Jacques Petry is removed from office as Chief Executive Officer or Chairman and Chief Executive Officer, or his appointment is not renewed, before 1 May 2012: the fixed remuneration, net of employer's social security contributions and GSC insurance premiums, received by Jacques Petry over the three months prior to termination of his corporate office; and
- If Jacques Petry is removed from office as Chief Executive Officer or Chairman and Chief Executive Officer, or his appointment is not renewed, after 1 May 2012: the fixed remuneration, net of employer's social security contributions and GSC insurance premiums, received by Jacques Petry over the six months prior to termination of his corporate office.

Note that the Company will be entitled, within one month of its decision to remove Jacques Petry from office or not to renew his appointment, to waive the benefit of Jacques Petry's non-compete agreement described in 4.2.

The decision of the Board of Directors dated 21 October 2011 on the terms and conditions of payment of severance pay to Jacques Petry was published on the Company's website and reported to the AMF on 26 October 2011, as required by Articles. L. 225-42-1 and 225-84-1 of the Commercial Code. The provisions were expressly approved by the shareholders in the seventh resolution of the Annual General Meeting held on 31 May 2012.

## 15.2 RETIREMENT-RELATED COMMITMENTS CONCERNING CORPORATE OFFICERS

### 15.2.1 Supplementary retirement plan - Dominique Fond (Chairman and Chief Executive Officer until 28 August 2008)

The Company set up a defined benefit supplementary retirement plan, approved by the Board of Directors on 20 December 2004, for all employees with executive status (*cadres*) who joined the Company before 1983 and who were present within the Company and aged at least 60 when they retired. Dominique Fond was a beneficiary of this plan.

The resulting pension entitlements correspond to:

- 60% of the average salary over the previous three years, for the fraction of the salary that is less than three times the annual Social Security maximum limit,
- 55% of the fraction of the gross final salary that corresponds to between three times and six times the Social Security maximum limit,

- 50% of the average salary over the previous three years (including bonuses) for the fraction of the salary that corresponds to between six and twelve times the Social Security maximum limit, less the amount of any pension entitlements received from mandatory schemes and any other supplementary pension plans.

Dominique Fond, Chairman and Chief Executive Officer until 28 August 2008, was a beneficiary of the plan. Charges of €845,979 and €41,656 were recognised in the accounts for the 2008 and 2009 financial years, respectively.

The pension plan was outsourced to AG2R La Mondiale on 31 December 2009, which resulted in a payment of €2.7 million, offset by the reversal of a provision for an identical amount.

However, the review and updating of the calculations made in 2010 when three of the four plan beneficiaries retired identified a need for an additional payment in 2010, which, for Dominique Fond, represented €797,076.

Since that date, the Company has not incurred any expense in this connection.

- 15.2.2 No specific supplementary pension plan for Nordine Hachemi (Chairman and Chief Executive Officer from 28 August 2008 to 29 October 2011) or Jacques Petry (Chairman and Chief Executive Officer from 29 October 2011)

Nordine Hachemi did not benefit from any complementary or supplementary pension plan other than the plan open to all Group employees. The same applies to Jacques Petry.

### 15.2.3 Post-employment benefits

Information on post-employment benefits can be found in the notes to the consolidated financial statements (subsections 20.6, notes 2-16-1 and 25 of this registration document).

## CHAPTER 16: OPERATION OF GOVERNING AND MANAGEMENT BODIES

### 16.1 TERMS OF OFFICE

Information on the expiry dates of the offices of the members of the Board of Directors is included in subsection 14.1.1 of this registration document.

### 16.2 INFORMATION ON SERVICE AGREEMENTS

The Company is not bound by any agreement for the provision of services with any of its directors, either directly or through any entity.

### 16.3 INFORMATION ON THE GOVERNING AND MANAGEMENT BODIES AND COMMITTEES

The information set out below is supplemented, with regard to the operation of the Board of Directors and the Committees of the Board of Directors, by the information set out in chapter 14 of this registration document and in the report by the Chairman of the Board of Directors on corporate governance and internal control, which is appended to this registration document as Appendix 1.

#### 16.3.1 Board of Directors

On 19 December 2008 the Board of Directors adopted internal regulations, the purpose of which is to supplement and clarify the rules laid down in the applicable laws and regulations and in the Articles of Association governing the organisation and functioning of the Board of Directors and the committees it sets up, as well as the rights and duties of its members. These internal regulations were subsequently amended by the Board on 23 December 2009, 25 January 2010, 22 November 2010 and 26 January 2011, to take account of changes in the laws and regulations and of the successive recommendations applying to companies whose shares are admitted to listing on a regulated market. They were also amended by a decision dated 18 January 2012 to record the appointment by the Board of a Deputy Chairman, and to adopt new provisions relating to the proceedings of the meetings when the Chairman is absent, and again by a decision dated 24 September 2012, introducing new provisions concerning a new committee, the Environmental and Social Responsibility Committee, and adding to the provisions relating to the Audit, Accounts and Risks Committee and the Nomination and Remuneration Committee.

The Board of Directors' internal regulations are appended to the report by the Chairman of the Board of Directors, which can be found appended to this registration document as Appendix 1.

(i) Composition of the Board of Directors

The composition of the Board of Directors is described in subsection 14.1.1 of this registration document.



(ii) Role and responsibilities of the Board of Directors

The role and responsibilities of the Board of Directors are described in Appendix 1 to this registration document - Report by the Chairman of the Board of Directors on the preparation and organisation of the Board's work and on internal control systems within the Company and the Group.

(iii) Operation of the Board of Directors

The operation of the Board of Directors is described in Appendix 1 to this registration document - Report by the Chairman of the Board of Directors on the preparation and organisation of the Board's work and on internal control systems within the Company and the Group.

(iv) Committees of the Board of Directors

*The committees of the Board of Directors (i.e., the Audit, Accounts and Risks Committee, the Nomination and Remuneration Committee, the Commitments Committee, which became the Commitments and Monitoring Committee in 2012, and the Environmental and Social Responsibility Committee, which was created pursuant to a decision of the Board dated 24 September 2012, are described in subsection 14.1.1.7 and subsection 16.3.5 of this registration document, and also in Appendix 1 - Report by the Chairman of the Board of Directors on the preparation and organisation of the Board's work and on internal control systems within the Company and the Group.*

(v) Directors' remuneration

The directors' remuneration is described in subsection 15.1.2 of this registration document.

The internal regulations of the Board of Directors are supplemented by a Directors' Charter, which contains *inter alia* the rules designed to prevent conflicts of interest and the rules of conduct regarding market trading.

The internal regulations of the Board of Directors are available on the Company website ([www.sechilienne-sidec.com](http://www.sechilienne-sidec.com)) and are appended to this registration document in Appendix 1.

### 16.3.2 The Chairman of the Board of Directors

The Board of Directors appoints a Chairman from among its members. The Articles of Association provide that he must be a natural person and a citizen of a European Union Member State.

The Chairman is appointed for a term that may not exceed his term of office as a director, and he may be removed from office by the Board at any time.

His appointment may be renewed. The Company's Articles of Association provide that if the Chairman reaches the age of 65 during his term of office, he will remain in office until expiry of the term of office, and will then be eligible for reappointment for a maximum term of four years.



The Chairman represents the Board of Directors. He organises and oversees its work, and reports thereon to the General Meeting. He ensures that the directors are in a position to perform their duties.

At its meeting of 17 May 2006, the Board of Directors brought an end to the previous separation of the functions of Chairman and Chief Executive Officer. This method of governance has been maintained ever since. The current Chairman and Chief Executive Officer, Jacques Petry, was appointed on 29 October 2011. He was preceded by Nordine Hachemi (28 August 2008 to 29 October 2011), and by Dominique Fond (17 May 2006 to 28 August 2008).

The method of governance consisting of the combination of the functions of Chairman of the Board of Directors and Chief Executive Officer was chosen as the method best suited to the Group's desired organisation and modus operandi, and also to:

- making the most of the Chairman's knowledge and business experience,
- forging a close relationship between general management and shareholders, and optimising the responsiveness of the Board,
- optimising coordination within the Group.

#### 16.3.3 The Deputy Chairman of the Board of Directors

The Board of Directors decided on 21 October 2011 to appoint a Deputy Chairman of the Company's Board of Directors, namely Michel Bleitrach, with immediate effect and for his term of office as a director.

The Board explained that it had appointed Michel Bleitrach as Deputy Chairman, whose duties include chairing Board meetings in the Chairman's absence, in order to strengthen corporate governance and to better benefit from his industrial and project-related experience, in particular in the area of sustainability.

The Board of Directors subsequently amended its internal regulations to take account of this decision.

In accordance with the decisions of the Board dated 18 January 2012 and 25 January 2012, Michel Bleitrach, Deputy Chairman of the Board of Directors, also chairs the Commitments and Monitoring Committee and is a member of the Audit, Accounts and Risks Committee.

At the General Meeting of 14 March 2012 the shareholders resolved to amend Article 22 of the Company's Articles of Association to provide that the Board of Directors will automatically be chaired by the Deputy Chairman in the event of the Chairman's absence or unavailability.

16.3.4 The Chief Executive Officer, who is also Chairman of the Board of Directors since 17 May 2006

The Chief Executive Officer is appointed by the Board of Directors. He must be aged under 70 in order to hold office. If he reaches the age of 70 during his term of office, he will be deemed to have automatically resigned.

The Chief Executive Officer is vested with the broadest powers to act in the Company's name in all circumstances, within the limits of the corporate object and subject to the powers expressly reserved by law for the shareholders and the Board of Directors.

The Chief Executive Officer represents the Company in its dealings with third parties. The Company shall be bound by his actions, including those that fall outside the scope of the corporate object, unless it can prove that the third party was aware that such actions fell outside the scope of the corporate object, or must have been aware of this fact, in view of the circumstances.

The amount of surety bonds, endorsements and guarantees the Chairman and Chief Executive Officer can grant without the specific, express authorisation of the Board of Directors was set by the Board of Directors for 2012 in a decision dated 18 January 2012, as follows:

The Chairman and Chief Executive Officer can grant surety bonds, endorsements and guarantees without seeking the specific, express authorisation of the Board of Directors

- to any tax and customs authorities, for an unlimited amount,
- in order to purchase solid or liquid fuels from any Group subsidiaries, provided that total current guarantees do not exceed at any given time €20 million, or its equivalent value in any other currency,
- for any other reason, and to any other beneficiary, provided the total current guarantees do not exceed at any given time €35 million, and also provided that such surety bonds, endorsements and guarantees are granted in connection with commitments entered into by a Group subsidiary.

The Chairman and Chief Executive Officer may delegate some of his powers granted by the Board of Directors.

Whether the office of Chief Executive Officer is held by the Chairman of the Board of Directors, as is the case since 17 May 2006, or whether it is held by a separate person, as was the case before 17 May 2006, the Chief Executive Officer may propose that the Board of Directors appoint, and the Board of Directors may decide to appoint, one or more (but no more than five) Deputy Chief Executive Officers to assist the Chief Executive Officer.

This possibility was made use of between 18 December 2001 and 20 October 2005, during which time the Chief Executive Officer was assisted by a Deputy. It has not been made use of since.

A Chief Operating Officer was appointed between January 2009 and December 2011 (Christian Jacqui). The Company did not have any Chief Operating Officers between that date and 26 July 2012, when two Chief Operating Officers were appointed (Frédéric Moyne and Pascal Langeron).

### 16.3.5 Committees

Article 26 of the Articles of Association provides that the Board of Directors can set up committees composed of directors, senior managers or a combination thereof, in order to review specific topics.

The Board has made use of this possibility, and has set up the following committees:

- in December 2003, the Audit and Accounts Committee, transformed into the Audit, Accounts and Risks Committee pursuant to a decision of the Board dated 23 December 2009;
- in October 2005, the Remuneration Committee, transformed into the Nomination and Remuneration Committee pursuant to a decision of the Board dated 19 December 2008;
- in December 2008, the Commitments Committee, transformed into the Commitments and Monitoring Committee pursuant to a decision of the Board dated 18 January 2012;
- in September 2012, the Environmental and Social Responsibility Committee (pursuant to a decision of the Board of Directors dated 24 September 2012).

The role, responsibilities and functioning of these committees, which are composed solely of Board members, are described in detail in the Board of Directors' internal regulations and in the report by the Chairman of the Board of Directors on corporate governance and internal control, included in Appendix 1 to this registration document, and also in subsection 14.1.1.7 of this registration document.

(i) Audit, Accounts and Risks Committee

In 2012, the Audit Accounts and Risks Committee was composed of:

- Jean Stern (Chairman), independent director
- Michel Bleitrach, independent director, and
- Patrick de Giovanni, director.

All the members have extensive financial and accounting experience and expertise:

- Jean Stern has held a range of senior positions within Société Générale, and has served as chairman of several of the bank's subsidiaries;
- Michel Bleitrach has occupied key positions in major subsidiaries of large industrial groups, and more specifically has served as Chairman and Chief Executive Officer of Keolis and then as Chairman of Hime, the parent company of the Saur group,
- Patrick de Giovanni worked for a number of years with Apax Partners, investing in companies in a range of different sectors and assisting them to develop. He has also held seats on a number of boards of directors, and occupied a range of positions within consulting firms, industrial companies and the research departments of major financial institutions, before setting up his own business.

The majority of the members of this committee are therefore independent directors, as is the chairman. This was also the case in previous years.

As with the other committees, its organisation and functioning are governed by the Board of Directors' internal regulations.

## (ii) Nomination and Remuneration Committee

In 2012, the members of the Nomination and Remuneration Committee were:

- Myriam Maestroni, chairwoman, independent director
- Guy Rico, independent director, and
- Patrick de Giovanni, director.

The majority of the members of this committee are therefore independent directors, as is the chairwoman. This was also the case in previous years.

As with the other committees, its organisation and functioning are governed by the Board of Directors' internal regulations.

## (iii) The Commitments and Monitoring Committee

Prior to January 2012, this committee was called the Commitments Committee and was composed of two permanent members, the representative of Financière Hélios and Jean Stern, although all the other directors were entitled to attend meetings.

In January 2012, it was renamed the Commitments and Monitoring Committee, with a broader remit and more frequent meetings, as explained in the Report by the Chairman of the Board of Directors on corporate governance and internal control appended to this registration document as Appendix 1.

Its permanent members are:

- Michel Bleitrach, independent director, who chairs the committee in his capacity as Deputy Chairman of the Board of Directors
- Jean Stern, independent director
- the representative of Financière Hélios (Edgard Misrahi at the date of preparation of this document).

A majority of the permanent members of this committee are independent directors, including the chairman.

Any other director wishing to attend any committee meeting may do so, and they frequently make use of this right.

As with the other committees, its organisation and functioning are governed by the Board of Directors' internal regulations.

## (iv) The Environmental and Social Responsibility Committee

This committee was created by a decision of the Board of Directors dated 24 September 2012, which decided to amend the internal regulations accordingly, by adding this committee to the list of previously existing committees, and by defining the number of its members (at least three directors), the frequency of its meetings (on average, three a year) and its role and responsibilities (reiterated in the report by the Chairman of the Board of Directors on corporate governance and internal control appended to this registration document as Appendix 1).

The decision by the Board of Directors dated 24 September 2012 provided that the members of the Environmental and Social Responsibility Committee would be designated after the next General Meeting, and that in the meantime Myriam Maestroni, an independent director, would be the sole member. Subject to this transitional arrangement, the organisation and functioning of the Environmental and Social Responsibility Committee, once it is up and running, will be governed by the Board of Directors' internal regulations, as with the other committees.

#### **16.4 STATEMENT REGARDING COMPLIANCE OF CORPORATE GOVERNANCE**

This section is expanded upon in the report by the Chairman of the Board of Directors on corporate governance and internal control, appended to this registration document as Appendix 1.

As required by Article L. 225-37 of the Commercial Code, the areas in which certain of the recommendations contained in the AFEP/MEDEF Code are not followed, and the reasons for this, are listed below:

- The Articles of Association and the internal regulations of the Board of Directors do not contain any provisions designed to stagger the terms of office of directors, who are all appointed for a four-year term. The table included in subsection 14.1.1 of this registration document shows that, despite this, the terms of office do not generally expire in the same year (the terms of office of the nine directors in office in 2012 expire in 2013, 2014 and 2015).
- The decisions of the Board setting the remuneration received by the Chairman and Chief Executive Officer (Nordine Hachemi and then Jacques Petry) did not record the variable part of the remuneration as a percentage of the fixed part (this is much lower for Jacques Petry than for Nordine Hachemi), precisely in order to stress the fluctuating nature of this variable remuneration, which is subject to performance-related conditions.
- Both the fixed and the variable parts of the remuneration received by the Chairman and Chief Executive Officer are reviewed every year, instead of at a longer frequency.
- In the system described in detail in subsection 15.1.1.1 of this registration document concerning the calculation of the variable part of the remuneration received by the Chairman and Chief Executive Officer, each of the qualitative objectives accounting for 34% when calculating the variable portion are not subject to any predetermined weighting.
- The allotment of bonus performance shares to the corporate officer (Nordine Hachemi pursuant to a decision of the Board dated 28 July 2010 based on the 20th resolution adopted by the shareholders at the General Meeting of 16 June 2009, and then Jacques Petry pursuant to a decision of the Board dated 26 July 2012 based on the 18th resolution adopted by the shareholders at the General Meeting of 14 March 2012), is not subject to an obligation to acquire a set number of shares on the market: the Company considers that the obligation imposed upon the Chairman and Chief Executive Officer to keep 25% of the bonus shares issued until he leaves the Company has an equivalent effect to the recommendation contained in the AFEP/MEDEF code to make the allotment of performance shares to executive directors conditional upon the purchase of a set quantity of shares when the allotted shares become available.

(For information, the bonus shares allotted to Nordine Hachemi were cancelled when he was removed from office by the Board on 21 October 2011 due to strategic differences. The bonus shares allotted to Jacques Petry have not yet been acquired pursuant to the acquisition timeframe).

- A change in the Company share price is the sole performance criterion for the acquisition of bonus shares
  - both for the acquisition of bonus shares allotted pursuant to decisions of the Board of Directors dated 28 August 2009, 25 January 2010 and 28 July 2010 based on the 20th resolution of the General Meeting of 16 June 2009,
  - and also for the bonus shares allotted subject to the waiver by the beneficiaries of shares allotted under previous plans, pursuant to decisions by the Board of Directors dated 26 July 2012 and 28 November 2012 based on the resolution adopted by the shareholders at the General Meeting of 14 March 2012.

This policy derives from the Company's wish that the acquisition of shares is based on a criterion relating to the performance of the Company share on the market and therefore corresponds to an objective assessment by the Market of the Company's economic and financial situation and its future prospec

## CHAPTER 17: EMPLOYEES

The quantitative employment information set out in subsections 17.1 to 17.7 below relates to all subsidiaries consolidated using the full consolidation method, and therefore excludes the entities established in Mauritius. The information provided herein constitutes the report on Environmental and Social Responsibility.

As required by Article 28 of Regulation (EC) 809/2004, the following information is deemed to be included in this registration document:

- information on employees relating to the 2010 financial year, which can be found on pages 134 to 146 of the registration document for the financial year ended 31 December 2010, registered by the AMF on 29 April 2011 under number R.11-024.

### 17.1 EMPLOYMENT

#### 17.1.1 Total workforce and breakdown of employees, according to gender, age and geographic location

As at 31 December 2012, the Group employed 325 men and women on 12 different sites, most of which are located in the French overseas *départements*, regions and municipalities (*Départements et Régions d'outre-mer - Collectivités d'outre-mer: ROM-COM*). The total workforce increased by 9% between 2011 and 2012. The following tables show the breakdown of employees according to the following criteria: company, gender, age, geographic location, type of contract, category and business sector.

Breakdown of employees as at 31 December	2011	2012 <sup>(*)</sup>	% of total workforce, 2012
<b>Breakdown according to company</b>			
Parent company, Séchilienne-Sidéc	56	61	18.8%
Other consolidated companies	242	264	81.2%
<b>Breakdown according to gender</b>			
Male	262	281	86.5%
Female	36	44	13.5%
<b>Breakdown according to age</b>			
Employees aged under 30	43	53	16.3%
Employees aged between 30 and 49	182	203	62.5%
Employees aged over 50	73	69	21.2%
<b>Breakdown according to geographic location</b>			
Europe	56	72	22.1%
Indian Ocean	132	140	43.1%
Caribbean-Guiana	110	113	34.8%
<b>Breakdown according to type of contract</b>			
Permanent contract of employment	286	307	94.5%
Fixed-term contract of employment	9	10	3.0%
Apprenticeship and trainee contracts	3	8	2.5%
<b>Breakdown according to category</b>			
Executive status	77	93	28.6%
Non-executive status	221	232	71.4%
<b>Breakdown according to business sector</b>			
Thermic biomass	217	226	69.6%
Solar	28	29	8.9%
Wind	2	2	0.6%
Biomethanation	-	11	3.4%
Holding (head office and support functions)	51	57	17.5%
<b>Total</b>	<b>298</b>	<b>325</b>	

(\*) Including employees of Methaneo, in which the Group acquired a 60% interest in May 2012. At the time of the acquisition this company employed 7 people, and it hired an additional 4 people between that date and 31 December 2012. Excluding Methaneo, the change in the workforce between 31 December 2011 and 31 December 2012 is +16 (+27 including Methaneo).

The Séchilienne-Sidec Group also uses external labour sources.

External labour (seasonal temporary staff) – equivalent full-time basis	2011	2012
Séchilienne-Sidec Subsidiaries	2 24	1 25
<b>Total</b>	<b>26</b>	<b>26</b>

#### 17.1.2 Recruitment and departures

The Group consolidated its workforce in 2011, with a high level of stability (only 4 departures), following major changes in the Caribbean area in 2010.

The Group hired 44 people in 2012, 26 of whom (i.e., 59.1%) were offered permanent contracts of employment. This high rate of permanent contracts is indicative of the Group's wish to create conditions that are beneficial to its employees' careers and long-term job satisfaction.

	2011	2012 (*)
<b>Recruitment – total</b>	18	44
<b>Breakdown according to type of contract</b>		
Permanent contract of employment	9	26
Fixed-term contract of employment	7	13
Apprenticeship and trainee contracts	2	5
<b>Breakdown according to gender</b>		
Male	9	27
Female	9	17
<b>Breakdown according to geographic location</b>		
Europe	4	21
Indian Ocean	6	15
Caribbean	8	5
<b>Departures (**)</b>	17	24
<b>Dismissals</b>	2	0
<b>Turnover</b>	5.9%	11.4%
<p>(*) The figures shown in this table relating to Methaneo include 6 new appointments and 2 departures, giving a total figure of +4. Excluding Methaneo, the total figure is +16 (38-22), and including Methaneo it is +20 (44-24).</p> <p>(**) Departures include dismissals, resignations, deaths, retirements, transfers, expiries of fixed-term contracts, terminations during or at the end of probationary periods, and contractual terminations.</p>		



## 17.2 REMUNERATION AND CHANGES IN REMUNERATION

The remuneration paid to employees is based on local market conditions, fairness considerations, applicable legislation and, in some cases, collective bargaining agreements and specific rules relating to employees in the electricity and gas industries.

The Group has developed a remuneration policy that acknowledges each individual's responsibilities and performance as well as collective performance, through an incentive scheme, an employee savings scheme, share-ownership plan, for employees and a range of benefits.

Séchilienne-Sidec determines its remuneration policy in compliance with the procedures laid down in the Employment Code (*Code du Travail*) and on the basis of the Company's budget objectives. Each employee's remuneration is boosted by a profit-sharing plan and/or an incentive scheme, allowing all employees to share in the Company's results.

Employees with "IEG" status (employees with special status who work in the electricity and gas industries - (*Industries Electriques et Gazières*) working in our French thermal power plants benefit from the mandatory branch-wide annual salary negotiations, which determine the percentage by which the Gross National Salary will be increased and also propose a rate applicable to career advancement, measures automatically applying on the basis of seniority and measures applying to individual promotions.

In view of the foregoing, the gross average monthly salary, including all items of remuneration and all sites, was €5,400 in 2012, which is practically the same as 2011, due to the beneficial effects of employee turnover.

Policies concerning profit-sharing, incentive schemes and employee savings are described for each site in subsection 17.9 (Policy on profit-sharing, incentive schemes and employee savings).

## 17.3 ORGANISATION OF WORK

### 17.3.1 Organisation of working hours

Séchilienne-Sidec is careful to comply with the applicable regulations on working hours, and pays its employees for overtime worked.

Details of working hours and the number of hours overtime worked are set out below.

	2011	2012
Number of hours worked	538,382	556,993
Number of hours of overtime worked	34,935	37,881
Overtime/normal working hours	6.5%	6.8%

The Group's employees are expected to work non-standard hours due to the continuous operation of its activities on some sites. 50% of the employees on the thermal power sites work continuous shifts. Working times and periods factor in the breaks recommended by the Company doctors and the employee representative bodies. Details of these non-standard working hours are set out below.

	2011	2012
Employees working set working hours (non-continuous shifts)	201	224
Employees working rotating working hours (continuous shifts)	97	101

### 17.3.2 Absenteeism

The Group monitors absenteeism rates closely, and will introduce a monthly indicator in 2013.

	2011	2012
Absenteeism rates (*)	6.7%	4.4%
(*) The 2011 rate was revised following the introduction of a new process for collating non-financial data in accordance with Decree 2012-557 of 24 April 2012. It includes: sick leave, leave following an accident at work, maternity and paternity leave, special leave due to family circumstances and unpaid leave (essentially unpaid holidays).		

The substantial fall in the rate in 2012 as compared to 2011 is essentially due to labour-management conflicts on a number of sites in 2011, whereas only one site experienced three days of strikes in 2012.

## 17.4 LABOUR-MANAGEMENT RELATIONS

### 17.4.1 Organisation of labour-management dialogue, including procedures for informing and consulting employees and negotiating with trade union representatives

Within the Group, employee representation is organised as follows:

- For Séchilienne-Sidec, a single representative body (*délégation unique du personnel*) was set up in 2009.
- Single representative bodies also exist for the thermal power plants, as follows:
  - on Réunion Island, the 'Economic and Social Unit' (UES) Thermique Réunionnais represents employees of the following companies: EMS-STP-CTBR-CTG,
  - in Guadeloupe, UES CTM/CTP and UES CEP/CE.
- All these bodies are represented on a Group Committee, which serves to further improve labour-management dialogue, operating in addition to the other bodies set up within the individual power plants and regional UES. The Group Committee met on 17 June and 8 December 2011, and on 20 January, 23 May and 30 November 2012.

French thermal power plants whose employees have special IEG status also have a "Secondary Parity Commission" in addition to the usual employee representative bodies. The Commission must be informed and consulted with regard to any issues affecting management of non-executive employees (recruitment, promotion, transfers).

Following the most recent elections in 2010, the following trade unions are represented within the Group (trade unions that obtained more than 10% of the votes):

- Séchilienne-Sidec: CFE-CGC
- UES EMS/CTBR/CTG/STP: CGT
- UES CTP/CTM: CGT
- UES CEP/CE: CGT

Labour-management dialogue is based on a Charter, the guiding principles of which are to:

- Develop a labour-management partnership in a climate of mutual respect and dialogue
- Regularly distribute objective information by any means suited to communication from the top down
- Ensure effective bottom-up communication
- Respect and ensure respect for the freedom of association
- Encourage individual and collective freedom of expression
- Consult elected employee representatives
- Ensure the proper functioning of employee representative bodies
- Enhance and develop collective negotiations.

#### 17.4.2 Review of collective bargaining agreements

The Séchilienne-Sidec Group has signed five main collective bargaining agreements (renewals of incentive scheme agreements - head office and thermal power plants) and four secondary agreements (mandatory annual negotiations specific to individual thermal power plants).

The Séchilienne-Sidec Group is also required to implement all the branch-wide agreements and/or amendments thereto applying to employees with IEG status (seven in 2012, three of which were unanimous).

In 2012, 100% of the Group's workforce benefited from a collective bargaining agreement or special IEG status.

## 17.5 HEALTH AND SAFETY

### 17.5.1 Health and safety conditions in the workplace

The health and safety of employees and external service providers is a key priority for the Group, and this is confirmed by the Group Charter on health and safety drafted in 2012.

The Company has introduced a number of health and safety tools and resources, including a certified health and safety management system which consists of:

- Training/awareness programmes
- Internal monitoring of action plans
- Internal Health and Safety audits
- ILO OSH 2001 certification (Guidelines on occupational safety and health management systems introduced by the International Labor Organization in 2002).

This system is already operational in CTBR and CTG. CTG obtained its certification in 2011, and CTBR obtained certification early in 2013.

A key part of the system is the implementation of preventive action (job risk assessments) and the introduction of procedures adapted to the specific business lines.

Monitoring is achieved using indicators common to all Group companies: the frequency and seriousness of accidents in the workplace will be monitored on a monthly basis from 2013.

Thanks to this proactive policy, no fatal accidents have occurred for a number of years, and no cases of work-related illnesses were reported in 2012.

#### 17.5.2 Review of agreements signed with trade unions and employee representatives relating to health and safety in the workplace

The collective bargaining agreements signed in 2012 and described in subsection 17.4.2 do not specifically concern health and safety issues. However, a specific Safety Charter was drawn up in 2012. It will be signed by the Chairman and Chief Executive Officer, Jacques Petry, and will contain the following core commitments:

- Compliance with the laws and regulations on safety in the workplace
- Monitoring of legal and administrative obligations applying to our business activities
- Implementation of a policy to prevent occupational risk
- Monitoring and analysis of all accidents in the workplace in order to eliminate the cause
- Operation of employee awareness, training and motivational programmes on a "Safety Culture"
- Ensuring that the Safety Culture is shared by all Group employees and by the employees of any non-Group firms working on our sites.

The effective implementation of the health and safety charter will be achieved through extensive cross-functional dialogue between management, specialists, doctors and employee representatives on the Health and Safety Committees (CHSCT), and will be monitored by the Group Executive Committee.

#### 17.5.3 Accidents in the workplace, including information on their frequency and severity, and work-related illnesses

The Group aims to constantly improve its performance in terms of the frequency and severity of accidents in the workplace. 2012 saw a significant improvement in frequency rates as compared to 2011, but also identified a need to introduce an enhanced action plan in order to progress further in this area.

By way of an example, CTG, which is a pilot site in this area, reduced its accident frequency rate from 43.1 in 2010 to 26.3 in 2011, and then to 8.6 in 2012, thanks to a proactive safety campaign (training, accountability of operational staff, an enhanced awareness of a safety culture by management, etc.).

The following table shows figures for 2012:

	2011	2012
Frequency rate (*)	42.7	26.9
Severity rate (*)	0.19	0.44
Work-related illnesses	0	0
(*) Includes accidents while travelling to and from the workplace		

Although the severity rate rose in 2012, it nevertheless remains lower than in many comparable companies.

## 17.6 TRAINING

### 17.6.1 Training policies

The Group, which operates in highly technical business sectors, has decided to allocate a substantial budget to employee training to provide on-going support with their career development. Each Group company's training plan is defined on the basis of its specific needs in terms of its operations, safety, and desired improvements in office skills, management skills and foreign languages.

The Group has set out its commitments in this area in its "Training Charter", which are:

- To offer each employee an Annual Career Assessment, which will include a review of training received and define personal objectives
- To encourage Professional Development by defining ambitious objectives that are consistent with each country's specific profile, offering a maximum of 35 hours of annual training and putting in place suitable means and resources at Group level and within subsidiaries
- To contribute to local socio-economic development by creating employment opportunities for young people, offering training and apprenticeship opportunities on the basis of the schemes available within each country to a number of young people corresponding to 5% of the total workforce, and also offering internships in line with its needs
- To develop foreign-language training with a view to the Group's international expansion.

Lastly, internal management indicators have been defined and will be monitored on a monthly basis from 2013:

- Number of employees trained
- Number of hours of training per employee, and the proportion of the workforce employed under trainee and apprenticeship contracts.

### 17.6.2 Total number of hours of training

This table shows the main training indicators:

	2011 <sup>(*)</sup>	2012
Total number of hours of training	4,333	8,831
Percentage of employees having received training	70.8%	82.8%
Average number of hours of training per employee	18.6	27.2
(*)2011 figures do not include CTM or RCM (information not available)		

The substantial increase in all figures for 2012 is evidence of the Group's determination to improve employee training.

## 17.7 EQUALITY

### 17.7.1 Policy on combatting discrimination

The Group actively combats all forms of discrimination and considers diversity to be a priority in its Human Resources policy. Diversity is a source of dynamism, creativity and performance. The Group believes that a diverse workforce leads to a better understanding of all viewpoints, developing new ways of thinking and broadening our recruitment vision, enabling us to attract the best candidates.

The markets on which the Group operates are varied and highly complex. Diversity in the workforce means we are better equipped to handle such complexity and improve performance.

The Group's objectives are to increase diversity in its workforce by, in particular, achieving a better gender balance in terms of responsibilities and capitalising on the many different cultures represented within

Séchilienne-Sidéc. The Group's charter on diversity is based on seven guiding principles:

- Respect and comply with the Fundamental Conventions of the ILO
- Develop a spirit of Solidarity within the Company
- Eliminate any form of discrimination at the time of recruitment and ensure that all employees have the same promotion opportunities, irrespective of their ethnicity, nationality, culture or social background, or their political, trade union, sexual, philosophical or religious opinions, preferences or beliefs
- Promote professional equality between men and women
- Facilitate the integration of disabled employees
- When recruiting or promoting, ensure that no type of job is reserved or excluded on the grounds of a candidate's or employee's origins
- Ensure that the employee representative bodies serve as a forum for discussion of any issues concerning discrimination.

### 17.7.2 Measures to promote gender equality

Gender equality is a key part of the Group's diversity policy.

The percentage of female employees remains low but is steadily increasing, as shown in the following table.

The objective for future years will be to consolidate the role of women in the Group through recruitment and opportunities to access management positions.

The main indicators are shown in the following table.

	2011	2012
Women as a percentage of total workforce	12.1%	13.5%
Women as a percentage of executive employees	16.9 %	17.2 %
Women as a percentage of newly recruited employees	50.0 %	38.6 %

### 17.7.3 Measures to encourage the employment and insertion of the disabled

The following table shows changes in employment (direct and indirect employment) of disabled people.

	2011	2012
Rate of employment of the disabled (beneficiaries of the BOE measure [obligation to employ disabled workers])	0.8%	1.2%

The Group's performance in this area is directly dependent upon the industrial nature of its operations. Improvements will be achieved by an increase in outsourcing to the protected workers sector.

For example, in 2012 the CTG site outsourced maintenance of its gardens and external areas to a centre for protected workers (ESAT - Établissement et Service d'Aide par le Travail). However, the Group also intends to work on improving direct employment opportunities for the disabled.

## 17.8 RESPECT OF AND COMPLIANCE WITH THE FUNDAMENTAL CONVENTIONS OF THE ILO

Given the geographic location of its operations, in France and the European Union, the Group is not exposed to any risk of non-compliance with the fundamental conventions of the ILO, and complies with the four principles listed in Article 225:

- Respect of the freedom of association and the right to collective bargaining
- Elimination of discrimination in respect of employment and occupation
- Elimination of compulsory labour
- Effective abolition of child labour.

## 17.9 CAPITAL AND STOCK OPTIONS HELD BY SENIOR EXECUTIVES – BONUS SHARES

### 17.9.1 Capital ownership by directors and executive officers

#### (i) Shares held by members of the Board of Directors

The information below relates to Company shares held by the Company's directors and executive officers in office as at 31 December 2012.

Directors	Number of shares as at 31/12/2012	% of capital
Jacques Petry (Chairman and Chief Executive Officer)	10 789	0.038
Michel Bleitrach (Deputy Chairman of the Board of Directors)	410	0.001
Financière Hélios, represented by Edgard Misrahi	10 581 980	36.958
Patrick de Giovanni	420	0.001
Xavier Lencou-Barème	1 051	0.004
Myriam Maestroni	400	0.001
Edgard Misrahi	400	0.001
Guy Rico	410	0.001
Jean Stern	417	0.001
Maurice Tchenio	410	0.001
<b>TOTAL</b>	<b>10 596 687</b>	<b>37.007</b>

NB: The number of shares held by the group comprising Financière Hélios and its shareholders, FCPR Apax France VI and Altamir Amboise SCA, was 12,123,431 shares as at 31/12/2012, i.e., 42.34% of the capital.

Subsections 15.1.2, 15.1.3 and 15.1.4 of this registration document describe the situation of Jacques Petry and Xavier Lencou-Barème with regard to stock option plans and the allotment of bonus performance shares.

#### (ii) Transactions carried out by the Directors, corporate officers and related persons in connection with the Company shares in 2012

The following transactions were reported to the AMF during the financial year ending on 31 December 2012:

- Acquisition by Jacques Petry of 4,400 shares on 30/12/2011 (declaration received by the AMF on 04/01/2012),
- Acquisition by Myriam Maestroni of 400 shares on 13/03/2012 (declaration received by the AMF on 14/03/2012),
- Acquisition by Jacques Petry of 200 shares on 22/03/2012 (declaration received by the AMF on 28/03/2012),
- Acquisition by Jacques Petry of 2,000 shares on 02/08/2012 (declaration received by the AMF on 06/08/2012),
- Acquisition by Jacques Petry of 2,014 shares on 03/08/2012 (declaration received by the AMF on 10/08/2012),



- Acquisition by Jacques Petry of 2,013 shares on 04/08/2012 (declaration received by the AMF on 10/08/2012),

#### 17.9.2 Options to subscribe Company shares

At the General Meeting held on 18 December 2001, the shareholders granted an authorisation on the basis of which the Board of Directors decided, on 2 September 2002 and 11 December 2003, to allot stock options as described in columns 1 and 2 in the following table. All the options allotted have been exercised.

At the General Meeting held on 27 May 2005, the shareholders authorised a stock option plan on the basis of which the Board of Directors decided, on 13 December 2005, to allot 150,000 options (amount adjusted to take account of the division of the par value by twenty in July 2006), which could be exercised from 13 December 2009 for a three-year period at a subscription price of €20.9 per share. Details can be found in column 3 in the following table. As at 31 December 2012, only 5,000 of the 150,000 options allotted had been exercised (by one employee), and the 145,000 remaining options have now lapsed because they were not exercised during the exercise period, which expired on 13 December 2012.

At the General Meeting held on 10 May 2007, the shareholders authorised a stock option plan (subsequently ratified and confirmed by the shareholders at the General Meeting of 16 June 2009), which provided that two caps would apply: no more than 50,000 options could be allotted and the corresponding capital increase could not exceed €2,750,000. The Board of Directors has not decided to allot any options on the basis of this authorisation.

At the General Meeting held on 15 May 2008, the shareholders authorised a stock option plan capped at 40,000 options. The Board of Directors has not decided to allot any options on the basis of this authorisation.

At the General Meeting held on 18 May 2010, the shareholders authorised a stock option plan (which cancelled and superseded earlier authorisations granted by the shareholders at the General Meetings of 10 May 2007 and 15 May 2008, which had not been made use of by the Board of Directors) capped at 200,000 options. On the basis of this authorisation the Board of Directors decided, on 27 August 2010, to allot 190,000 options, which can be exercised from 28 August 2014 until 28 August 2017. Further details can be found in column 4 in the following table.

Information on options to subscribe or purchase shares				
Date of General Meeting	18 December 2001		27 May 2005	18 May 2011
Date of meeting of Board of Directors	2 September 2002	11 December 2003	13 December 2005	27 August 2010
Total number of options allotted	136 000	246 000	150 000	190 000
Number of beneficiaries who are corporate officers or directors	1	1	2	2
Number of beneficiaries other than corporate officers or directors	10	11	12	80
Total number of shares available	136 000	246 000	150 000	190 000
- of which, number that can be subscribed or purchased by corporate officers or directors:	70 000	120 000	40 000	33 500
. Dominique Fond (Chief Executive Officer at the time of the allotment in December 2005)	70 000	120 000	30 000	
. Nordine Hachemi (Chairman and Chief Executive Officer at the time of the allotment in August 2010) (*)				30 000 (*)
. Xavier Lencou-Barème (Director at the time of the allotments in December 2005 and August 2010)			10 000	3 500
Number of shares that can be subscribed by the top ten employees	66 000	121 000	106 000	68 000
Exercise price (in euros)	4,45	4,75	20,90	21,306
Option exercise start date	2 September 2006	11 December 2007	13 December 2009	28 August 2014
Expiry date	2 September 2009	11 February 2010	13 December 2012	28 August 2017
Subscription or purchase price	4.45 euros	4.75 euros	20.90 euros	21.306 euros
Number of shares subscribed as at 31 December 2012	136 000 (i.e., 100%)	246 000 (i.e., 100%)	5 000 (out of 150,000)	None (out of 190,000)
Total number of options to subscribe or purchase shares that have been cancelled or have lapsed			145 000 not exercised at the end of the exercise period	83 500
- options allotted to Nordine Hachemi				30 000 (*)
- options allotted to employees who had left the company as at 31/12/2012 (excl. retirement or early retirement)				53 500
Options to subscribe or purchase shares that can still be exercised as at the end of the 2012 financial year	None	None	None	106 500
Estimated value of options allotted				5.0 euros
initial fair value per option				939 000 euros
initial aggregate fair value				

(\*) When the Board of Directors removed Nordine Hachmi from office as Chairman and Chief Executive Officer on 21 October 2011 due to strategic differences, the directors also recorded the cancellation of the options that had been allotted to him in August 2010

No options were allotted to any of the Group's corporate officers or employees in the financial year ended 31 December 2012.

The options listed in the above table can be exercised after expiry of a four-year period from the date of allotment, and are valid for a seven-year period from the date of allotment.

- Pursuant to the rules governing the stock option plans for options allotted by the Board of Directors on 2 September 2002, 11 December 2003 and 13 December 2005, any options held by a beneficiary who leaves the Company as a result of his/her resignation, dismissal for serious misconduct or wilful misconduct or removal from office for serious misconduct will be cancelled. However, the Board of Directors may decide, on the basis of a recommendation by the Chairman, to allow exceptions to this rule. It made use of this right following Dominique Fond's resignation in August 2008.
- Pursuant to the rules governing the stock option plans for options allotted by the Board of Directors on 27 August 2010, if a beneficiary retires or takes early retirement he/she will retain the benefits of the options, and can exercise them until the end of the exercise period.

Note that pursuant to the rules governing the stock option plan decided by the Board of Directors on 27 August 2010:

- The following are eligible to receive options
  - The corporate officers of the Company and its subsidiaries, within the meaning of Article L. 233-1 of the Commercial Code, who fall within the scope of Article 210-3 of the same Code
  - all the employees of the Company and its subsidiaries working for the Company or one of its subsidiaries as at 15 August 2010.
- The shares issued when options are exercised will be created by means of a capital increase.
- Options can be exercised between 28 August 2014 and 28 August 2017. Any option that has not been exercised at the end of the exercise period will automatically lapse.
- Options can only be exercised provided the beneficiary's corporate office or contract of employment is still in effect on the exercise period start date, and subject to the following provisions:
  - if a beneficiary retires or takes early retirement, he/she will retain the benefit of the options, and can exercise them until expiry of the exercise period
  - if the beneficiary dies before expiry of the exercise period, his/her heirs may exercise the options within six months of the date of death.
- As at the exercise period start date, exercise of the options by any beneficiary is subject to a performance condition relating to a change in the installed capacity of the photovoltaic fleet. This condition is based on achievement of the following objectives: the installed capacity of the photovoltaic fleet of the Company and its subsidiaries, as at 31 December 2011, must have increased by at least 30% per annum compared to the fleet capacity as at 31 December 2009. The Board of Directors will determine whether this condition has been satisfied in 2012.
- The exercise price of the options, i.e., €21.306 per share, corresponded on the date of allotment (27 August 2010) to the moving average share price over 20 days of the Séchilienne-Sidec share (arithmetic average of end-of-day prices over the past 20 days).
- New shares issued when options are exercised pursuant to the rules adopted on 27 August 2010 will entitle their holders to any dividends paid in respect of the financial year in which the options are exercised, but will not entitle their holders to any dividends paid in respect of the financial years preceding exercise of the options that are paid in the financial year in which the options are exercised.

### 17.9.3 Bonus shares

#### 17.9.3.1 *Allotment on the basis of the 20th resolution of the General Meeting of 16 June 2009*

##### A) Allotments of bonus shares in 2009 and 2010

Pursuant to the authorisation granted for 38 months in the 20th resolution adopted by the shareholders at the Ordinary and Extraordinary General Meeting of 16 June 2009, the Board of Directors decided:

- At its meeting of 28 August 2009:
  - To allot 402,310 bonus shares, representing 1.386% of the "diluted" capital (taking account of the maximum number of new shares that might be issued pursuant to the authorisation and to stock options allotted as at the date of the first allotment of bonus shares). For each beneficiary, the allotment is divided into two identical tranches, each subject to different performance conditions (stricter for the second tranche); and
  - To designate the fifty (50) beneficiaries of the bonus share plan and determine the number of shares allotted to each (broken down as stated above into two identical tranches, A and B) and, secondly, to define the rules for the bonus share plan, in accordance with the terms and conditions set out in the aforementioned resolution adopted by the shareholders at the General Meeting of 16 June 2009.

Under this plan, Nordine Hachemi, Chairman and Chief Executive Officer, was allotted 145,136 shares (72,568 under tranche A and 72,568 under tranche B). However, the effective allotment of the shares to Nordine Hachemi was never completed due to delays by certain subsidiaries in finalising and officially executing negotiated profit-sharing and incentive scheme agreements, which was a condition necessary to ensure compliance with Article L. 225-197-6 of the Commercial Code.

- At its meeting of 25 January 2010, to grant an additional beneficiary and employee of the Company 5,806 bonus shares (2,903 shares under tranche A and 2,903 shares and under tranche B).
- At its meeting of 28 July 2010, to again allot to Nordine Hachemi 145,136 bonus shares divided into two identical tranches of 72,568 shares each, after noting that following the signature in June 2010 of all the profit-sharing and incentive scheme agreements necessary to satisfy the conditions laid down in Article L 225-197-6 of the Commercial Code, said conditions had accordingly been satisfied.

##### B) Cancellation of the 145,136 shares allotted to Nordine Hachemi, as recorded in October 2011

At its meeting on 21 October 2011, the Board of Directors removed Nordine Hachemi from office as Chairman and Chief Executive Officer due to a strategic disagreement and recorded the cancellation of the bonus shares he had previously been allotted.

C) Main provisions of the bonus share plan adopted by the shareholders in the 20th resolution at the General Meeting of 16 June 2009 and implemented pursuant to decisions by the Board of Directors dated 28 August 2009, 25 January 2010, 28 July 2010 and 21 October 2011.

a) Performance conditions required by the 20th resolution of the General Meeting of 16 June 2009

Performance conditions	
Future event	Time period during which the event must occur
Achievement of a share price at the end of 30 days of trading over a sliding six-month period of at least: €40 for tranche A €60 for tranche B Or Completion of a takeover at the same time as or following acquisition of a majority share or change in control of the Company, if the price offered per share is at least: €40 for tranche A €60 for tranche B	Any time between the initial date of allotment and 31 December 2012 or one of the following dates, if it is nearest: For Nordine Hachemi, the date on which he stands down from office as Chairman and Chief Executive Officer, (*) For the other beneficiaries, the date of termination of their employment with the Group.

(\*) This provision is no longer applicable following the cancellation by the Board of Directors on 21 October 2011 of the shares allotted to Nordine Hachemi.

b) Date of effective acquisition of the shares

When one of the thresholds corresponding to a performance condition has been reached, and provided the conditions relating to presence within the Group have been satisfied, all of the shares allocated under tranche A or tranche B, as applicable, will be effectively acquired by the beneficiary at the end of the acquisition period, i.e., on 1 January 2013.

c) Lock-in period from the acquisition date

Bonus shares must be kept for two years from their acquisition date.

Pursuant to the plan, this lock-in period was extended in the case of Nordine Hachemi and one employee to the date of expiry or termination of their office or position for 25% of the shares allotted to them. This provision is no longer applicable with regard to Nordine Hachemi, following the cancellation of the shares allotted to him by the Board of Directors on 21 October 2011, or with regard to the employee, as the bonus shares were cancelled when he left the Company before the acquisition date.

D) Use as at 31 December 2012 of the authorisation to allot bonus shares granted to the Board by the shareholders in the 20th resolution of the General Meeting of 16 June 2009 (concerning 435,404 shares).

The following table shows the situation as at 31 December 2012:

General Meeting	16 June 2009 - Number of shares available: 435,404				Situation as at 31 December 2012
	28 August 2009	25 January 2010	28 July 2010	21 October 2011	
Board of Directors					
Number of beneficiaries: o/w number of employees	49 49	1 1	1 0	-1	
Total number of shares allotted to beneficiaries o/w number allotted to 50 employee beneficiaries	408 116 in two identical tranches 262,980				
Estimated value of allotted shares: o/w estimated value of shares allotted to employees	1,898,087 euros: value based on share price on allotment date 1,346,570 euros: value based on share price on allotment date				
Number of shares allotted to corporate officers namely, Nordine Hachemi (Chairman and CEO)	145 136 in two identical tranches				
Number of shares allotted to employee members of the Management Board	168 358 in two identical tranches				
Number of shares allotted to top ten employees (in terms of number of bonus shares allotted)	168,358				
Date of effective acquisition (subject to satisfaction of performance conditions)	1 January 2013 (issue or transfer of shares by the Company by 10 January 2013 at the latest)				
Date from which shares can be sold or transferred	2 years from acquisition, i.e., 2 January 2015 For the Chairman and CEO and one employee, this period is extended until termination/expiry of their position/office for 25 % of the shares allotted to them				
Number of shares cancelled or voided • shares allotted to Nordine Hachemi, cancelled by the Board on 21 October 2011 • shares cancelled or voided as at 31/12/2012 due to departure of 13 employee beneficiaries between the allotment date and 31/12/2012 • shares which 37 beneficiaries have irrevocably and finally waived by their acceptance of new allotments under a new plan implemented on the basis of the 8th resolution of the General Meeting of 14 March 2012					-145,136 in two identical tranches  -121,330 in two identical tranches  -141,650 in two identical tranches
Number of allotted shares still valid as at 31/12/2012					None
Number of shares available for allotment as at 31/12/2012					None
Number of shares effectively acquired as at 31/12/2012					None

All of the 408,116 shares allotted pursuant to the authorisation granted in the 20th resolution of the General Meeting of 16 June 2009 have been cancelled or voided, as follows:

- 145,136 shares allotted to Nordine Hachemi were cancelled by the Board of Directors when he was removed from office due to a strategic disagreement
- 121,330 shares were cancelled as a result of the departure of 13 employees
- 141,650 shares were cancelled following the express and irrevocable waiver thereof by 37 employees.

The following table shows the situation regarding the allotment of bonus shares decided by the Board of Directors on 28 August 2009, 25 January 2010 and 28 July 2010 with regard to the corporate officers and the top ten employees. Note that in all 50 employees were beneficiaries under the plan, and that they were allotted a total number of 262,980 shares.

Beneficiary	Plan number and date	Number of shares (*)	Estimated value of shares allotted (**)	Acquisition date	Date from which shares can be sold	Performance conditions
<b>Corporate officers</b>						
N. Hachemi corporate officer until 29 October 2011	28/07/2010	145,136 cancelled by the Board of Directors on 21 October 2011	551 517	01/01/2013	02/01/2015 for 75% of the shares Date of expiry of office for remaining 25 % of shares	See paragraph C above
Top ten employees	28/08/2009	168,358 all of which were cancelled following the departure of the employees or waivers by the beneficiaries	861 992	01/01/2013	01/01/2015 for all ten employees except for 1 employee subject to the same conditions as the Chairman and CEO	See paragraph C above

(\*) In two identical tranches, A and B

(\*\*) Theoretical value of bonus shares allotted and not yet effectively acquired, calculated on the basis of the Séchilienne-Sidéc share price on the allotment date.

None of the shares allotted in 2009 or 2010 were effectively acquired by any of the corporate officers or top-ten employees, or any other beneficiary, in the financial year ended 31 December 2012, or in previous financial years.

As stated above, as at 31 December 2012, all of the 408,116 shares allotted on the basis of the 20th resolution of the General Meeting of 16 June 2009 had been cancelled or voided.

#### 17.9.3.2 Bonus shares allotted on the basis of the eighth resolution of the General Meeting of 14 March 2012

- Pursuant to the eighth resolution of the General Meeting of 14 March 2012, the shareholders authorised, for a period of 38 months, the allotment of existing or newly issued bonus shares to employees and corporate officers of the Company and its affiliated companies, subject to performance conditions. They set at 810,000 the maximum number of shares that can be allotted by the Board of Directors pursuant to this authorisation.

The report presenting the resolution at the General Meeting explained to the shareholders that the Chairman and Chief Executive Officer, Jacques Petry, may receive a maximum of 225,000 shares pursuant to this authorisation.

- On 26 July 2012, the Board of Directors:
  - Decided to allot 616,400 bonus shares to 54 designated beneficiaries, including 225,000 shares to the Chairman and Chief Executive Officer, Jacques Petry, and further decided that the shares will be allotted to each beneficiary in three identical tranches, A, B and C, each subject to different performance conditions,
  - Determined the rules governing the bonus share plan.

The main provisions of the rules governing the plan are as follows:

- a) in the event a beneficiary was allotted bonus shares under an earlier plan implemented pursuant to the decisions of the Board of Directors dated 28 August 2009, 25 January 2010 and 20 July 2010, signature of a letter of acceptance and of the rules governing the new plan dated 26 July 2012 will signify the final and irrevocable waiver of benefit of the previous plan.
- b) Performance conditions required pursuant to the eighth resolution of the General Meeting dated 14 March 2012:

Performance conditions	
Future event	Time period during which the event must occur
Achievement of a six-month moving average end-of-day share price of at least: <ul style="list-style-type: none"> <li>- €18.50 for tranche A</li> <li>- €22.50 for tranche B</li> <li>- €26.50 for tranche C</li> </ul> Or Completion of a takeover involving the acquisition of all the Company's capital and voting rights, if the price offered per share is at least: <ul style="list-style-type: none"> <li>- €18.50 for tranche A</li> <li>- €22.50 for tranche B</li> <li>- €26.50 for tranche C</li> </ul>	At any time during a six-month period to run from the second anniversary of the allotment date  Or At any time during a period of two years and six months to run from the allotment date

- c) Conditions relating to presence
  - As at the allotment date, each beneficiary must be an employee with a permanent contract of employment with the participating company and must not have received notice of his/her dismissal, given notice of his/her resignation or be in the process of termination of his/her contract, or must be the Chairman and Chief Executive Officer of the company and must not have received or given notice of termination of his/her office for any reason whatsoever.



- As at the acquisition date, each beneficiary must satisfy the same conditions. Beneficiaries who were employees of the Company or a participating company on the allotment date will remain eligible to receive shares on the acquisition date if they have retired before this date, provided all the terms and conditions of the plan, including the performance conditions, have been satisfied.

d) Acquisition of the shares

- Acquisition of the shares is subject to the occurrence of the events constituting the performance conditions within the predetermined time period for each of the tranches A, B and C, as well as compliance with the other conditions, including the conditions relating to presence.

e) Lock-in period from acquisition

Subject to the provisions of the Commercial Code that apply in the event of a disability or death of a beneficiary, an obligation to hold shares for two years from the acquisition dates applies to each of the tranches A, B and C.

- Jacques Petry will, however, be required to retain in his own name 25% of the shares acquired under each tranche until he stands down from office as Chairman and Chief Executive Officer, provided this occurs more than two years after the effective acquisition date.
- On 28 November 2012 the Board of Directors then:
  - Decided to allot one employee 1,000 shares in three identical tranches, A, B and C,
  - Determined the rules governing the bonus share plan. These are identical to the rules governing the plan dated 26 July 2012, with the exception of provisions relating to the allotment date.

The following table shows the use made, as at 31 December 2012, of the authorisation to allot bonus shares granted pursuant to the eighth resolution of the General Meeting of 14 March 2012.

General Meeting	14 March 2012, number of available shares: 810,000 in three tranches, A, B and C	
Board of Directors	26 July 2012	28 November 2012
Number of beneficiaries:	54	1
. o/w number of employees	53	1
Number of shares allotted	616, 400 in three identical tranches, A, B and C	1,000 in three identical tranches A, B and C
Number of shares allotted:		
. to the Chairman and CEO	225 000	
. to the employees	391 400	1000
o/w: employees 1 to 3	105 000	
employees 3 to 6	60 000	
employees 6 to 8	30 000	
employees 9 to 17	90 000	
Estimated value of shares allotted calculated on the basis of the share price on the allotment date:	225 850 euros	386 euros
. o/w shares allotted to chairmen and CEOs	75 048 euros	-
. Shares allotted to employees	150 802 euros	386 euros
Acquisition date, subject to satisfaction of conditions, including performance and presence conditions, defined in the plan rules.	Date on which, for each tranche of shares, the six-month moving average end-of-day share price is at least equal to the threshold set as part of the performance conditions during a six-month period to run from expiry of a two-year period from the allotment date  Or in the event of a takeover at a price per share at least equal to the minimum set for each tranche as part of the performance conditions, the latest of: - the date of the last settlement-delivery transaction in connection with the takeover - expiry of a two-year period from the allotment date.	idem
Date from which shares can be sold or transferred	2 years from the acquisition date. This period is extended for the Chairman and CEO until he stands down from office for 25% of his shares.	2 years from the allotment date
Number of shares cancelled or voided as at 31 December 2012 due to the departure of beneficiaries		
Number of allotted shares still valid as at 31 December 2012.	616 400	1000

As at 31 December 2012, of the 810,000 shares available for allotment pursuant to the eighth resolution of the General Meeting of 14 March 2012:

- 617,400 shares have been allotted, 616,400 of which pursuant to a decision of the Board of Directors dated 26 July 2012 and 1,000 pursuant to a decision of the Board of Directors dated 28 November 2012. None of these 617,400 shares have been acquired.

- 192,600 shares can still be allotted at subsequent Board meetings, subject to the 38-month validity period stipulated in the eighth resolution of the General Meeting of 14 March 2012.

## **17.10 POLICY ON PROFIT-SHARING, INCENTIVE SCHEMES AND EMPLOYEE SAVINGS**

### 17.10.1 Séchilienne-Sidec

#### *17.10.1.1 Company savings plan*

The Company set up a company savings plan on 1 December 1999, which was amended on 26 June 2002, and then on 17 September 2004. The savings plan has been approved by at least two thirds of the employees.

The savings plan offers Company employees the possibility of building up a securities portfolio with the help of their employer.

The amounts invested in the savings plan are locked in for a five-year period, subject to the cases for early withdrawal allowed by French law.

The savings plan introduced by the Company allows employees to invest in diversified funds and also in a fund specifically investing in Company shares. Employees who have worked for the Company for more than three months can invest up to 25% of their annual remuneration in the savings plan.

#### *17.10.1.2 Incentive scheme*

The Company set up an incentive scheme on 21 June 2006 for a three-year period from 1 January 2006, and subsequently renewed the scheme on 19 June 2009 for a further three years. Renewal of the scheme was approved by at least two thirds of the employees.

On 29 June 2012, a new incentive scheme for the next three financial years was signed by the Chairman and CEO and the trade union representatives.

The incentive scheme entitles all employees who have worked for the Company for more than three months to a bonus linked to the Company's financial results or to performance, divided between the employees in proportion to their salary.

#### *17.10.1.3 Profit-sharing plan*

The Company set up a profit-sharing plan on 5 June 2003, which was subsequently amended on 7 June 2004, 21 September 2004 and 25 September 2005. The plan has been approved by at least two thirds of the employees.

The profit-sharing plan entitles all employees who have worked for the Company for more than three months to a share of the special profit-sharing reserve calculated on the basis of the Company's profits in the manner laid down in Article L3324-1 of the Employment Code. The special profit-sharing reserve is divided between the employees on the basis of their salary.

#### 17.10.2 UES Thermique Réunionnais

A branch agreement for employees with "IEG" status (employees with special status who work in the electricity and gas industries - (*Industries Electriques et Gazières*) setting up an inter-company savings plan was signed in May 2008 for the companies EMS and STP.

A branch agreement for employees with "IEG" status setting up a collective inter-company savings plan was signed in December 2008 for EMS and STP.

Incentive schemes covering the 2012/2014 period were signed in EMS and STP in 2012.

A special profit-sharing agreement covering the companies within the UES Thermique Réunionnais (CTBR/EMS/CTG/STP) was signed in June 2010.

#### 17.10.3 Photovoltaic subsidiaries SCE-Société de Conversion d'Énergie, Plexus Sol and Power Alliance

An incentive scheme agreement, as defined in Article 3344-1 of the Employment Code, was ratified by a majority of two thirds of the employees of these companies in June 2010.

#### 17.10.4 UES Thermique CTM-CTP

A branch agreement for employees with "IEG" status setting up an inter-company savings plan was signed in May 2008 and is implemented by CTP.

A branch agreement for employees with "IEG" status setting up a collective inter-company savings plan was signed in December 2008 and is implemented by CTP.

An incentive scheme covering the 2012/2014 period was signed in CTP in June 2012.

A special profit-sharing agreement covering the companies within the UES CTM/CTP was signed in June 2010.

#### 17.10.5 UES Thermique CE-CEP

Similarly:

A branch agreement for employees with "IEG" status setting up an inter-company savings plan was signed in May 2008 and is implemented by CE - CEP.

A branch agreement for employees with "IEG" status setting up a collective inter-company savings plan was signed in December 2008 and is implemented by CE - CEP.

An incentive scheme covering the 2012/2014 period was signed in CE – CEP in June 2012.

A special profit-sharing agreement was also signed in June 2011.

#### 17.10.6 Quantum Energie Antilles QEA

An incentive scheme agreement was ratified by a majority of two thirds of this company's employees in June 2010.

#### 17.10.7 Compagnie de Cogénération du Galion

An incentive scheme agreement was ratified by a majority of two thirds of this company's employees in June 2010.

### 17.11 POLICY ON SUPPLEMENTARY RETIREMENT PLANS

Supplementary retirement plans for Group employees have been operated for a number of years. This was a voluntary decision for Séchilienne-Sidec, while for the thermal power plants it is consistent with the policy applicable to the Electricity and Gas Industries.

#### 17.11.1 Séchilienne-Sidec

The defined benefit supplementary retirement plan set up in 2005 was closed at the end of 2010, since which date just one employee is still covered by it.

A defined contribution supplementary retirement plan is also operated.

#### 17.11.2 Thermal power plants located in the overseas *Départements* whose employees have IEG status

The employees of EMS and STP (Réunion), CTP and CEP (Guadeloupe) and CCG (Martinique) benefit from specific supplementary retirement plans based on two branch-wide agreements:

- A directly applicable agreement dated December 2004 specifically concerning employees residing in the overseas *départements*, setting up a defined contribution supplementary retirement plan and, for certain employees, a defined benefit supplementary retirement plan,
- A national agreement dated February 2008 setting up a defined contribution supplementary retirement plan for special status employees, with effect from 1 January 2009, which is operated in each of the relevant Group companies.

## CHAPTER 18: TYPE OF SHARES AND MAIN SHAREHOLDERS

## 18.1 SHARE CAPITAL AND VOTING RIGHTS

## 18.1.1 Ownership of capital and voting rights

- As at 31 December 2012, the share capital was €1,102,349.13, divided into 28,632,445 shares with a par value of €0.0385 each, all fully subscribed and paid in, and all of the same class.
- A review of the identifiable bearer shares and the list of registered shareholders as at 31 December 2012 shows that the Company's main shareholder was Financière Hélios, with 10,581,980 shares and voting rights, representing 36.958% of the capital and 37.029% of the voting rights.
- As at the same date, the group comprising Financière Hélios and its shareholders, FCPR Apax France VI and Altamir Amboise, held in total 12,123,431 shares and voting rights, representing 42.342% of the capital and 42.423% of the voting rights, on the following basis:

Financière Hélios	10,581,980 shares and voting rights
FCPR Apax France VI	1,109,733 shares and voting rights
Altamir Amboise	431,718 shares and voting rights
	12,123,431 shares and voting rights

- On the basis of the information available to the Company, ownership of share capital and voting rights as at 31 December 2010, 2011 and 2012 was as follows:

## a) Ownership as at 31 December 2010 and 31 December 2011

Shareholders	31 December 2010				31 December 2011			
	Number of shares	Number of voting rights	% of capital	% of voting rights	Number of shares	Number of voting rights	% of capital	% of voting rights
Financière Helios and associates	12 123 811	12 123 811	42,62%	42,62%	12 123 431	12 123 431	42,62%	42,78%
Pictet Asset Management Ltd	1 274 917	1 274 917	4,48%	4,48%	26 064	26 064	0,09%	0,09%
Financière de l'Echiquier	1 028 910	1 028 910	3,61%	3,61%	1 509 000	1 509 000	5,30%	5,33%
Members of the Board of Directors (*)	12 525	12 525	0,04%	0,04%	7 845	7 845	0,03%	0,03%
FCPE company investm	137 530	137 530	0,48%	0,48%	147 500	147 500	0,52%	0,52%
Group companies	-	-	-	-	-	-	-	-
Treasury shares (liquidity contracts)	-	-	-	-	108 800		0,38%	
Public	13 868 952	13 868 952	48,77%	48,77%	14 524 005	14 524 005	51,06%	51,25%
<b>TOTAL</b>	<b>28 446 645</b>	<b>28 446 645</b>	<b>100,00%</b>	<b>100,00%</b>	<b>28 446 645</b>	<b>28 337 845</b>	<b>100,00%</b>	<b>100,00%</b>

b) Ownership as at 31 December 2012

Shareholders	31 December 2012			
	Number of shares	Number of voting rights	% of capital	% of voting rights
<b>Financière Hélios and associates</b>	12,123,431	12,123,431	42.34%	42.42%
<b>Financière de l'Echiquier</b>	1,659,385	1,659,385	5.80%	5.81%
<b>Caisse des dépôts et consignations</b>	917,377	917,377	3.20%	3.21%
<b>Aviva Investors France</b>	817,692	817,692	2.85%	2.86%
<b>Members of the Board of Directors (*)</b>	14,707	14,707	0.05%	0.05%
<b>FCPE company investment fund</b>	162,941	162,141	0.57%	0.57%
<b>Group companies</b>	-	-	-	-
<b>Treasury shares (liquidity contract)</b>	55,000	-	0.19%	-
<b>Public</b>	12,881,912	12,881,912	45.00%	45.08%
<b>TOTAL</b>	<b>28,632,445</b>	<b>28,576,645</b>	<b>100.00%</b>	<b>100.00%</b>

(\*) excluding Financière Hélios

The Group is controlled in the manner shown above, but it considers that there is no risk of any abuse of controlling power.

(i) Financière Hélios

Financière Hélios is described in chapter 14, section 14.1.1.1 of this registration document.

As at 31 December 2012, the Apax funds (FCPR Apax France VI and Altamir Amboise SCA) owned 100% of the capital of Financière Hélios, either directly or indirectly.

Financière Hélios is the Company's reference shareholder. It is represented by Edgard Misrahi on the Board of Directors of Séchilienne-Sidec. Two Apax Group senior managers, Patrick de Giovanni and Maurice Tchenio, also have seats on the Board.

None of the three Apax Group senior executives sitting on the Board of Directors of Séchilienne-Sidec (which is composed of nine members in all) chair any of the committees set up by the Board, namely the Audit Accounts and Risks Committee, the Commitments and Monitoring Committee, the Nomination and Remuneration Committee and the Environmental and Social Responsibility Committee.

Financière Hélios has pledged the Company shares it owns.

Name of direct registered shareholder	Beneficiary/ies	Pledge start date	Pledge expiry date	Condition for lifting of pledge	Number of shares pledged	% of capital pledged
Financière Hélios	Natixis and Société Générale (Senior Pledge)	16/07/2008	The pledge agreement will remain in effect until the first of the following dates: (i) the date of full and final repayment of all sums owed under the Secured Obligations, or (ii) the date the pledge is effectively lifted.	Payment in full and/or repayment of all sums in principal, plus interest, late payment interest, compensation, costs, fees and incidental amounts owed by Financière Hélios to the Beneficiaries under the Credit Facility Agreement of 16 July 2008, and all charges, costs and expenses incurred by the Beneficiaries to protect, preserve and/or exercise their rights with regard to Financière Hélios (the " <b>Secured Obligations</b> ")	10,581,962	37.20%
Financière Hélios	Natixis and Société Générale (Junior Pledge)	05/05/2010	The pledge agreement will remain in effect until the first of the following dates: (i) the date of full and final repayment of all sums owed under the Additional Secured Obligations, or (ii) the date the pledge is effectively lifted.	Payment in full and/or repayment of all sums in principal, plus interest, late payment interest, compensation, costs, fees and incidental amounts owed by Financière Hélios to the Beneficiaries under the additional obligations imposed upon it under the Memorandum of Understanding, i.e., primarily, the increase in the Margin applicable to the credit, and all charges, costs and expenses incurred by the Beneficiaries to protect, preserve and/or exercise their rights with regard to Financière Hélios (the " <b>Additional Secured Obligations</b> ")	10,581,963	37.20%

(ii) Shares held by Group companies

No Group companies have held any Company shares since 2010, when CICM disposed of all its Séchilienne-Sidec shares prior to the General Meeting of Séchilienne-Sidec of 18 May 2010. On 5 May 2010, Séchilienne also reduced its holding in CICM from 51% to 33.98% by disposing of 987 of the 2,958 shares it held.

(iii) Treasury shares

As at 31 December 2012, the Company held 55,000 of its own shares (which have therefore been stripped of their voting rights) under a liquidity contract, updated details of which are regularly published on the Company's website.

(iv) Employees

Under the company savings plan, as at 31 December 2012, employees held 162,941 Company shares, i.e., 0.57% of the capital, through the investment fund FCPE Groupe Séchilienne-Sidec.



### 18.1.2 Main changes in share ownership

On 12 July 2005, Financière Hélios acquired from L'Air Liquide in a private transaction the 541,110 Séchilienne-Sidec shares it held, which represented at that date 39.45% of the capital and 39.49% of the voting rights.

Following this acquisition, and as required by the General Regulations of the AMF, Financière Hélios submitted a public tender offer for all the Séchilienne-Sidec shares, followed by an improved public tender offer.

Following this second offer, and in accordance with the opinion of the AMF on the results of the improved public tender offer for Séchilienne-Sidec shares dated 30 September 2005, Financière Hélios held 599,406 Séchilienne-Sidec shares<sup>(1)</sup>, which represented at that time 43.70% of the capital and 43.74% of the voting rights. This number of shares was automatically multiplied by twenty as a result of the division by twenty of the par value in July 2006.

The percentage of the Company's share capital held by Financière Hélios subsequently varied slightly as a result of the following events:

- The exercise, between 2 September and 31 December 2006, of 136,000 options to subscribe Company shares and, between 11 December and 31 December 2007, of 246,000 options to subscribe Company shares, by the beneficiaries designated by the Board of Directors on 2 December 2002 and 11 December 2003,
- Share transfers between 1 and 30 April 2009 involving 206,161 Company shares,
- The allotment on 22 July 2009 of 342,672 Company shares following the exercise by Financière Hélios of an option to receive partial payment of a dividend in shares, as a result of which 627,285 new shares were issued,
- The exercise in the first quarter of 2010 of 5,000 options to subscribe to Company shares by one of the beneficiaries designated by the Board of Directors on 13 December 2005,
- The reclassification on 18 June 2010 of 1,541,851 Company shares following their transfer to its controlling shareholders, on the basis of 1,110,133 shares to FCPR Apax France VI and 431,718 to Altamir Amboise SCA,
- The exercise by some of the shareholders of an option to receive partial payment of the dividend in shares, as a result of which 185,800 new shares were issued on 5 July 2012.

In view of the foregoing, the percentage of the Company's capital held by Financière Hélios as at 31 December 2012 was 36.96%, while the percentage held by Financière Hélios together with its shareholders was 42.34%.

Financière Hélios has informed the Company that the Company shares held by Financière Hélios have been pledged in favour of financial institutions that have extended a bank loan to Financière Hélios.

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<sup>1</sup> Before division of the par value by 20

The following transactions have resulted in changes in the share capital of Séchilienne-Sidec since 31 December 2004:

- The division by twenty of the par value of the Company share, as decided by the shareholders at the General Meeting of 17 May 2006 and carried out on 3 July 2006,
- The exercise, between 2 September and 31 December 2006, of 136,000 options to subscribe Company shares allotted by the Board of Directors on 2 September 2002, on the basis of the authorisation granted by the shareholders at the General Meeting of 18 December 2001 (amount adjusted to take into account the division of the par value of the Company share),
- The exercise, between 11 December and 31 December 2007, of 246,000 options to subscribe Company shares allotted by the Board of Directors on 11 December 2003, on the basis of the authorisation granted by the shareholders at the General Meeting of 18 December 2001 (amount adjusted to take into account the division by twenty of the par value of the Company share in July 2006),
- The issue of 627,285 new shares as partial payment in July 2009 of the dividend for the 2008 financial year in shares,
- The exercise, between 1 January and 31 December 2010, of 5,000 options to subscribe Company shares allotted by the Board of Directors on 13 December 2005, on the basis of the authorisation granted by the shareholders at the General Meeting of 27 May 2005,
- The issue of 185,800 new shares as partial payment in July 2012 of the dividend for the 2011 financial year in shares.

These transactions are summarised in the following table:

	Number of shares prior to the transaction	Par value prior to the transaction (in €)	Capital prior to the transaction (in €)	Number of shares after the transaction	Par value after the transaction (in €)	Capital after the transaction (in €)
3 July 2006 Division of the share par value by twenty	1,371,618	0.77	1,056,145.86	27,432,360 (ie., +26,060,742)	0.0385	1,056,145.86
Between 2 September and 31 December 2006, exercise of stock options	27,432,360	0.0385	1,056,145.86	27,568,360 (ie., +136,000)	0.0385	1,061,381.86
Between 12 December and 31 December 2007, exercise of stock options	27,568,360	0.0385	1,061,381.86	27,814,360 (ie., +246,000)	0.0385	1,070,852.86
22 July 2009, as partial payment of a dividend in shares, delivery and admission to trading on the NYSE Euronext Paris market	27,814,360	0.0385	1,070,852.86	28,441,645 (ie., +627,285)	0.0385	1,095,003.33
Between 1 January and 31 December 2010, exercise of stock options	28,441,645	0.0385	1,095,003.33	28,446,645 (ie., +5,000)	0.0385	1,095,195.83
5 July 2012, as partial payment of a dividend in shares, delivery and admission to trading on the NYSE Euronext Paris market	28,446,645	0.0385	1,095,195.83	28,632,445 (ie., +185,800)	0.0385	1,102,349.13

### 18.1.3 Share ownership thresholds crossed in 2012

- Norges Bank Investment Management, NBIM, reported on 20 January 2012 that the Norwegian Central Bank had crossed the threshold corresponding to 2% of the capital of Séchilienne-Sidec following a purchase of 9,240 Company shares on 20 January 2012, and that at that date it held a total of 575,662 shares, representing 2.02% of the capital.
- CM-CIC Asset Management reported on 20 August 2012 that, acting on behalf of mutual investment funds for which it is the investment manager, it had crossed the threshold of 2% of the capital and voting rights of Séchilienne-Sidec on 13 August 2012. It also stated that as at 20 August 2012 it held 354,381 shares and voting rights, through six investment funds.
- DNCA Finance reported on 21 November 2012 that it and its Luxembourg subsidiary, DNCA Finance Luxembourg, had crossed the 1% threshold of the capital and voting rights of Séchilienne-Sidec on that date. In its letter it stated that as at 21 November 2012, DNCA Finance Luxembourg held 290,050 Séchilienne-Sidec shares through the funds they manage.

## 18.2 VOTING RIGHTS

All the shares are of the same class. Other than the treasury shares held under the liquidity contract with Cheuvreux SA, each share entitles its holder to one voting right.

## 18.3 CONTROL OF THE COMPANY

Financière Hélios' ownership of the Company capital is described in section 18.1 above of this registration document. The role played by Financière Hélios on the Company's Board of Directors is described in section 18.1.1, in chapter 14, and in appendix 1 to this registration document.

The Company has not adopted any specific measures to prevent abuse of controlling power. The report on internal control, included as Appendix 1, describes the conditions under which the Board of Directors prepares its work and is organised. The Company states in the report that it follows the AFEP/MEDEF Corporate Governance Code for Listed Companies.

## 18.4 AGREEMENTS LIABLE TO CAUSE A CHANGE IN CONTROL

Not applicable.

## 18.5 SHAREHOLDERS' AGREEMENTS

Not applicable.

## CHAPTER 19: TRANSACTIONS WITH RELATED PARTIES

*This is a free translation into English of a report issued in the French language 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*

**19.1 RELATED PARTIES**

A description of transactions with related parties can be found in note 34 to the consolidated financial statements as at 31 December 2012, included in this registration document in chapter 20, and in section IV 4) of the notes to the company financial statements, also in chapter 20 of this registration document.

**19.2 SPECIAL REPORT BY THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS**

19.2.1 Special report by the Statutory Auditors on regulated agreements and commitments (presented to the General Meeting called to approve the financial statements for the financial year ended 31 December 2012)

**PricewaterhouseCoopers Audit**

63, rue de Villiers  
92208 Neuilly-sur-Seine cedex

**Mazars**

Tour Exaltis – 61, rue Henri Regnault  
92400 Courbevoie

**Séchilienne-Sidéc SA**

22, place des Vosges  
Immeuble Le Monge - La Défense 5  
92400 Courbevoie

To the Shareholders,

In our capacity as statutory auditor of your Company, we are pleased to present our report on the regulated agreements and commitments.

We are required to present to you, on the basis of information provided to us, the features and main terms and conditions of the agreements and commitments we have been informed of or that we have identified in the course of our audit work. We are not required to comment as to whether they are beneficial or appropriate, or to ascertain the existence of any other agreements. It is your responsibility, in accordance with Article R.225-31 of the French Commercial Code (*Code de commerce*), to assess the benefits of these agreements prior to their approval.

In addition, we are required, where applicable, to provide you with the information referred to in Article R.225-31 of the Commercial Code concerning the continued performance during the last financial year of the agreements previously approved by the shareholders at a general meeting.

We followed the procedures which we considered necessary to comply with professional guidance given by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of assignment. These procedures consisted in verifying that the information provided to us is consistent with the original documentation from which it was extracted.

## AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY THE SHAREHOLDERS

### 1. Agreements and commitments authorised during the last financial year

Pursuant to Article L. 225-40 of the Commercial Code, we have been advised of the following agreements, which received prior authorisation from your Board of Directors.

#### **1-A Grant to Methaneo of shareholder current-account advances (in a total amount of €7 million over the 2012-2016 period) with a 9% interest rate, and shareholders' agreements with the founding shareholders**

Officer concerned: Jacques Petry, Chairman and Chief Executive Officer of Séchilienne-Sidec and member of Methaneo's Supervisory Board

Authorisation was granted by the Board of Directors at its meeting of 27 April 2012. As at the end of 2012, €1.25 million has been advanced.

### 2. Agreements and commitments authorised since the end of the financial year

We have been advised of the following agreements and commitments, which have been authorised since the end of the last financial year and which were authorised by your Board of Directors at its meeting of 18 March 2013.

#### **2-A Current account and cash management agreements with CTBR, EMS, CTG, STP**

Director concerned: Xavier Lencou-Barème, Director of Séchilienne-Sidec and of CTBR, EMS, CTG (until 27 September 2012) and STP (until 27 September 2012).

Most of these agreements, which were authorised by the Board of Directors at its meeting of 27 April 2012 and approved by the shareholders, were entered into for a tacitly renewable one-year period. At its meeting of 18 March 2013, the Board of Directors decided to renew all the agreements.

The purpose of the centralised cash management agreements is to enable the contracting companies to improve the conditions in which they manage their cash requirements or use their surplus cash, while achieving a financial equilibrium within the Group.

The current accounts set up for that purpose bear interest at EONIA plus a margin of respectively +/- 10 basis points depending on whether the account is overdrawn or shows a credit balance.

When a subsidiary places cash for more than one month, interest will be calculated on the basis of the market rate if the market rate for deposits of more than one month is higher than the overnight rate.

In 2012, your company recorded an expense of €48,538 and income of €71,158, broken down as follows (in euros):

	Expense	Income
CTBR		40,328
EMS	3,892	1,282
CTG	41,310	28,143
STP	3,336	1,405
<b>Total</b>	<b>48,538</b>	<b>71,158</b>

## AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS

### 1. Agreements and commitments approved in previous financial years

#### *a) and performed in the last financial year*

Pursuant to Article R. 225-30 of the Commercial Code, we have been advised of the continued performance in the last financial year of the following agreements and commitments, which have already been approved by the shareholders in previous financial years.

**I-A Agreements to provide support and assistance to CTBR, CTG, CTM, CCG, CTBV (since renamed Terragen), Quantum Energie Guyane (QEG), Eoliennes de Marne et Moselle (EMM), Quantum Energie Antilles (QEA), Quantum Energie Pierrelatte (QEP), Eoliennes de Clamanges et Villeseneux, Quantum Energie Habitat (QEH), Eoliennes de la Porte de France, Orgiva, Eoliennes des Crêtes d'Hénel, Quantum Energie Fabrègues (QEF), Quantum Caraïbes (QC), Caraïbes Energie (CE), Quantum Energie Lassalle (QEL) and Quantum Energie Matoury (QEM)**

The most recent of these agreements were authorised by the Board of Directors on 27 April 2012. Their purpose is to organise the provision by your Company, as applicable, of project management support and assistance, financial and administrative support and assistance, support and assistance with technical projects, and management of the same projects after the construction phase.

## TRANSACTIONS WITH RELATED PARTIES

In 2012, Séchilienne-Sidec recorded aggregate income of €7,611,818 in connection with these agreements, which can be broken down as follows:

- CTBR	€1,765,364
- CTG	€1,853,320
- CTM	1,097,800
- CCG	1,042,005
- Terragen	169,277
- QEG	240,302
- EMM	140,960
- QEA	142,200
- QEP	112,519
- Clamanges et Villeseneux	54,625
- QEH	60,270
- Porte de France	47,796
- Orgiva	45,121
- Crêtes d'Héninel	37,637
- QEF	17,468
- QC	17,050
- QEL	80,052
- CE	651,864
- QEM	36,188

### 1-B Tax consolidation agreements with CTBR, CTM, QEP, QEF and Eoliennes de la Porte de France

Your company, CTBR, CTM, QEP, QEF and Eoliennes de la Porte de France have entered into a tax consolidation agreement within the framework of the tax treatment for groups provided for in Article 223 A *et seq.* of the French Tax Code (*Code général des impôts*).

Under this agreement your Company is solely liable for the corporation tax, additional taxes and flat-rate annual tax owed by all the companies that are parties to the tax consolidation agreement. Under the agreement, the tax expense (or income) of each subsidiary that is a member of the tax consolidation group is identical to the tax expense (or income) it would have recorded if it had not been a member of the tax group.

### 1-C Shareholder current account agreements with Quantum Energie Antilles (QEA), Quantum Energie Habitat (QEH), Quant Energia Italia, Sun Developers 15, Sun Developers 16, Société de Conversion D'énergie (SCE) and Plexus Sol

These agreements were authorised by the Board of Directors on 15 May 2008.

Advances authorised under the agreements have been capped as follows:

- €15 million for QEA
- €10 million for QEH
- €20 million for Quant Energia Italia
- €7.5 million for Sun Developers 15
- €5.6 million for Sun Developers 16
- €20 million for SCE
- €1 million for Plexus Sol

## TRANSACTIONS WITH RELATED PARTIES

**1-D Agreements with the Mauritian companies CTDS (since renamed OTEO Saint Aubin) and CTSAB (since renamed OTEO La Baraque)**

The purpose of these agreements is to provide follow-up construction and operation services. Your Company recorded the following income in 2012:

- Agreement with OTEO Saint Aubin: €230,640
- Agreement with OTEO La Baraque: €704,715

**1-E Inter-creditor agreement dated 17 February 2011 with QEM (Quantum Energie Matoury)**

Under this agreement, your Company undertakes to ensure that QEM will at all times have a level of shareholders' equity that will enable it to comply with the debt/equity ratio agreed with CIC.

**1-F Guarantee agreement with CTM**

Under this guarantee agreement Séchilienne-Sidec undertakes to substitute CTM with regard to the financing and the consequences of use of the cash deposited as collateral in favour of the economic interest grouping "Fleur de Canne" in connection with a financial leasing agreement signed by CTM and the EIG.

The cash deposited as collateral bears compound interest and is repayable on the date the purchase options are exercised, unless the EIG implements the guarantee.

The following table shows the impact of application of this agreement in 2012 (in euros)

Company	EIG	Collateral paid as at 31/12/12	Compound interest on collateral in 2012	Income received
CTM	Fleur de Canne	6,971,296	58,623	-

*b) and not performed during the last financial year*

We have also been advised of the continued existence of the following agreements and commitments, which were approved by the shareholders in previous financial years, but which were not performed in the last financial year.

**With Jacques Petry**

It has been agreed that an all-inclusive severance payment will be paid to Jacques Petry with respect to his corporate office in the event the Board of Directors decides to remove him from office or not to renew his appointment as Chief Executive Officer or Chairman and Chief Executive Officer, unless his departure is due to misconduct. The amount of the payment and the performance conditions to which payment is subject are described below (provisions approved by the Board of Directors on 21 October 2011, as published on the Company website and reported to the AMF on 26 October 2011).



**-A- Maximum amount of the severance payment**

The maximum gross amount of the all-inclusive severance payment will be the fixed remuneration, net of employer's social security contributions and GSC unemployment insurance cover, received by Jacques Petry over the six months prior to termination of his corporate office, plus the variable remuneration, net of employer's social security contributions and GSC unemployment insurance cover, received (or owing) for the six months prior to termination of the corporate office.

**-B- Performance conditions**

In accordance with Article L. 225-42-1 of the Commercial Code, Jacques Petry will only be entitled to receive the all-inclusive severance payment mentioned above if the Annual Objectives defined by the Board of Directors in connection with the variable remuneration have been achieved.

**-C- Exception: departure for misconduct**

Jacques Petry will not be owed any all-inclusive severance payment in the event he is removed from office as Chief Executive Officer or Chairman and Chief Executive Officer, or his appointment is not renewed, as a result of:

- (i) Any wrongdoing, or misconduct characterised under employment law (A) as "serious misconduct" (*faute grave*), wherein the degree of seriousness derives from the deliberate nature of the misconduct and the seriousness — assessed in view of the size of the Group and its business activities — of the resulting consequences, or (B) any wrongdoing or misconduct characterised under employment law as gross misconduct (*faute lourde*), including in particular (i) the intentional or repeated breach of limitations placed on his powers in the Articles of Association or by resolutions adopted by the shareholders at general meetings, or (ii) any action constituting a criminal offence perpetrated personally by Jacques Petry, when (x) a Group company is the victim, or (y) this could harm the Group's reputation; or
- (ii) Jacques Petry's failure to comply with any exclusivity and/or non-compete obligations incumbent upon him in connection with his corporate office.

**-D- Non-compete obligation****D.1 In the event severance pay is owed**

In the event all-inclusive severance pay is owed under the aforementioned terms and conditions following the termination or non-renewal of the appointment of Jacques Petry as Chief Executive Officer or Chairman and Chief Executive Officer, he will be bound by a non-compete obligation towards the Company in accordance with the terms and conditions set out below:

- (i) Validity: 12 months from the effective departure date.
- (ii) Jacques Petry's obligations:

It is agreed that under the non-compete obligation Jacques Petry will not do the following, during the applicable period:

- work, in any form whatsoever (contract of employment, provision of services, corporate office or otherwise) for any company or enterprise whose business activities (main business activities in terms of turnover) compete with the business activities of the Séchilienne-Sidec Group, as at the effective date of departure;
- acquire or hold a direct or indirect interest (with the exception of any interest that does not exceed five percent (5%) of the capital and voting rights of a listed company) in any company, enterprise or group whose business activities compete with the business activities of the Séchilienne-Sidec Group, as at the effective date of departure;
- incite any customer, supplier or partner of the Company or the companies controlled directly or indirectly by the Company, within the meaning of Article L. 233-3 of the Commercial Code, to break off or curtail its business relationship with the Séchilienne-Sidec Group, or incite any prospective customer not to enter into a business relationship with the Séchilienne-Sidec Group;
- hire any officer, director or employee of the Company or any of the companies controlled directly or indirectly by the Company, within the meaning of Article L. 233-3 of the Commercial Code, or incite any such officer, director or employee to terminate his/her contract of employment or leave the Séchilienne-Sidec Group.

(iii) Geographic area

The non-compete obligations set out in sections (i) and (ii) shall apply to all areas in which the Séchilienne-Sidec Group operates, as this may change between the date hereof and the effective date of Jacques Petry's departure.

As at the date of the Board meeting, this area comprised (a) in Metropolitan France: the Rhône-Alpes, Nord-Pas de Calais, Lorraine et Champagne-Ardennes, Provence-Côte d'Azur, Languedoc-Roussillon and Midi-Pyrénées regions and Corsica, and (b) outside Metropolitan France: Réunion Island, Mauritius, Guadeloupe, Martinique, Guiana, Spain and Italy.

(iv) Financial compensation

Payment of the all-inclusive severance pay, the amount of which is stated under –A- above, will be made in lieu of any financial compensation for Jacques Petry's non-compete obligation.

Note that the Company will be entitled, within one month of its decision to remove Jacques Petry from office or not to renew his appointment, to waive the benefit of Jacques Petry's non-compete agreement described in –D-1.

-D-II In the event severance pay is not owed

In the event severance pay is not owed pursuant to this resolution, following Jacques Petry's departure as Chief Executive Officer or as Chairman and Chief Executive Officer (following his resignation, removal from office, nonrenewal of his appointment or otherwise), Jacques Petry will be bound towards the Company under a non-compete agreement, in accordance with the terms and conditions defined below:

- (i) Validity: 12 months from the effective date of departure
- (ii) Jacques Petry's obligations: identical to those listed in –D-I (ii)
- (iii) Geographic area: same geographic area as defined in –D-1 (iii)
  
- (iv) Amount of financial compensation:

It is agreed that, in this event, Jacques Petry will receive gross compensation corresponding to the fixed remuneration, net of employer's social security contributions and GSC unemployment insurance cover, received by Jacques Petry over the six months prior to termination of his corporate office.

The Company will be entitled, within one month of its decision to remove Jacques Petry from office or not to renew his appointment, to waive the benefit of Jacques Petry's non-compete agreement described in –D-II.

Executed in Neuilly-sur-Seine and in Courbevoie, on 24 April 2013

The Statutory Auditors

**PricewaterhouseCoopers Audit**

Jean-Christophe Georghiou

**Mazars**

Manuela Baudoin-Revert

19.2.2 Special reports by the Statutory Auditors on regulated agreements and commitments (financial years ended 31 December 2011, 31 December 2010 and 31 December 2009)

The special reports by the Statutory Auditors on regulated agreements and commitments for the financial years ended 31 December 2011, 31 December 2010 and 31 December 2009 can be found in sections 19.2.1 of the registration document filed with the AMF on 30 April 2012 under number D.12-0476, in section 19.2.1 of the registration document registered by the AMF on 29 April 2011 under number R.11-024, and in section 19.2.1 of the registration document, registered by the AMF on 30 April 2010 under number R.10-031.

## CHAPTER 20: FINANCIAL INFORMATION ON THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS

Pursuant to Article 28 of European Commission regulation no. 809/2004, the following information is included for reference purposes in this registration document:

- the consolidated financial statements and the corresponding audit report for the year ended 31 December 2011 as shown on pages 175 to 230 of the registration document for the year ended 31 December 2011 filed with the AMF on 30 April 2012 under number D.12-0476;
- the Company financial statements and the corresponding audit report for the year ended 31 December 2011 as shown on pages 231 to 248 of the registration document for the year ended 31 December 2011 filed with the AMF on 30 April 2012 under number D.12-0476;
- the consolidated financial statements and the corresponding audit report for the year ended 31 December 2010 as shown on pages 163 to 216 of the registration document for the year ended 31 December 2010 filed with the AMF on 29 April 2011 under number R.11-024;
- the Company financial statements and the corresponding audit report for the year ended 31 December 2010 as shown on pages 217 to 235 of the registration document for the year ended 31 December 2010 filed with the AMF on 29 April 2011 under number R.11-024.

The sections of this document not included are either not relevant for the investor, or are covered by another part of the registration document.

## CONSOLIDATED FINANCIAL STATEMENTS

## 20.1 CONSOLIDATED INCOME STATEMENT

In thousands of euros	Notes	2012	2011 restated
Revenue	6	373,811	353,876
Purchases (including change in stocks)		(140,780)	(142,580)
Logistics costs		(7,677)	(6,511)
Staff costs	8	(32,129)	(30,244)
Other operating charges	7	(78,829)	(76,176)
Other operating income	7	5,416	7,485
Charges to depreciation and amortisation of contract-related intangible assets	14	(4,528)	(4,537)
Charges to depreciation and amortisation	14/15	(32,494)	(31,212)
Net charges to provisions	25/26	(353)	(2,067)
Current operating income		82,438	68,035
Other operating charges	9	(1,786)	(1,583)
Other operating income	9	1,919	19,031
Operating income		82,571	85,482
Cost of financial debt	10	(27,609)	(24,862)
Other financial income	11	954	1,136
Other financial expenses	11	(666)	(7)
Share of net income of associates		2,636	3,121
Income before tax		57,887	64,870
Tax charge	12	(19,952)	(27,072)
Net income for the year from continuing operations		37,935	37,798
Net income from activities held for sale		1,400	(529)
Net income		39,335	37,269
Income from continuing operations attributable to:			
- the shareholders of Séchilienne-Sidec		32,055	32,683
- non-controlling interests		5,880	5,114
Net income attributable to:			
- the shareholders of Séchilienne-Sidec		33,455	32,155
- non-controlling interests		5,880	5,114
Basic and diluted earnings per share from continuing operations	22	1.122	1.153
Basic and diluted earnings per share from continuing operations and activities held for sale	22	1.171	1.135

The notes form an integral part of the consolidated financial statements.

*The Group has committed to a transaction to sell its wind energy business. In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the presentation of the 2011 income statement has therefore been modified, this business' expenses and income now being combined in the line "Net income from activities held for sale" (including revenue and operating income).*

## 20.2 STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of euros</i>	Note	2012	2011 Restated
<b>Net income</b>		<b>39,335</b>	<b>37,269</b>
Actuarial gains and losses on employee benefits	25	(2,099)	
Deferred tax on actuarial gains and losses	27	700	
<b>Items not available for recycling through profit or loss</b>		<b>(1,400)</b>	<b>0</b>
Translation adjustments		919	(1,846)
Cash flow hedges (interest rate swaps)	24	(10,650)	(17,014)
Deferred tax relating to cash flow hedges	27	3,550	6,452
<b>Items available for recycling through profit or loss</b>		<b>(6,181)</b>	<b>(12,408)</b>
<b>Comprehensive income</b>		<b>31,754</b>	<b>24,861</b>
Attributable to:			
- the shareholders of Séchilienne-Sidec		26,550	20,034
- non-controlling interests		5,204	4,827

The notes form an integral part of the consolidated financial statements.

## 20.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## Assets

<i>In thousands of euros</i>	Notes	31/12/2012	31/12/2011 Restated
<b>Non-current assets</b>			
Goodwill	13	11,300	8,263
Intangible assets	14	100,413	102,130
Property, plant and equipment	15	764,258	833,511
Non-current financial assets	17	17,774	22,244
Equity-accounted investments	16	24,051	22,958
Deferred tax assets	27	15,157	11,122
<b>Total non-current assets</b>		<b>932,954</b>	<b>1,000,228</b>
<b>Current assets</b>			
Stocks and work-in-progress	20	45,694	43,636
Trade receivables	19	43,379	45,403
Other current operating assets	21	29,679	29,681
Cash and cash equivalents	18	79,387	75,058
<b>Total current assets</b>		<b>198,137</b>	<b>193,778</b>
Assets of activities held for sale		65,577	
<b>Total assets</b>		<b>1,196,668</b>	<b>1,194,006</b>

The notes form an integral part of the consolidated financial statements.

The 2011 statement of financial position and income statement have been restated for the early application of IAS 19 revised "Employee benefits" – see note 2.3.

## Equity and liabilities

<i>In thousands of euros</i>	Note	31/12/2012	31/12/2011 Restated
<b>Shareholders equity, Group share</b>			
Share capital	22	1,102	1,095
Additional paid-in capital		16,657	14,922
Reserves		245,398	237,984
Translation reserves		(7,415)	(8,334)
Profit for the year		33,455	32,155
<b>Total equity, Group share</b>		<b>289,197</b>	<b>277,822</b>
Non-controlling interests		63,654	63,242
<b>Total equity</b>		<b>352,850</b>	<b>341,064</b>
<b>Non-current liabilities</b>			
Provisions for employee benefits	25	14,021	10,320
Provisions for liabilities	26	3,153	5,774
Deferred tax liabilities	26	64,857	65,602
Non-current financial debt	23	503,862	574,887
Non-current derivatives	24	39,926	28,824
<b>Total non-current liabilities</b>		<b>625,819</b>	<b>685,407</b>
<b>Current liabilities</b>			
Trade payables	28	47,556	47,759
Tax and social security liabilities	29	21,238	22,339
Current financial debt	23	78,892	83,833
Other current operating liabilities	30	16,968	13,605
<b>Total current liabilities</b>		<b>164,653</b>	<b>167,535</b>
Liabilities of activities held for sale		53,346	
<b>Total equity and liabilities</b>		<b>1,196,668</b>	<b>1,194,006</b>

The notes form an integral part of the consolidated financial statements.

*The 2011 statement of financial position and income statement have been restated for the early application of IAS 19 revised "Employee benefits" – see note 2.3.*

20.4 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>In thousands of euros</i>	Share capital	Additional paid-in capital	Reserves and retained earnings	Cash flow hedges	Translation differences	Equity, Group share	Non-controlling interests	Total equity
<b>Equity at 31 December 2010</b>	1,095	14,922	276,460	(7,268)	(6,488)	278,721	65,475	344,196
Impact of the application of IAS 19 revised			(337)			(337)	(103)	(440)
<b>Adjusted equity at 31 December 2010</b>	1,095	14,922	276,123	(7,268)	(6,488)	278,384	65,372	343,756
Dividends paid			(19,954)			(19,954)	(4,637)	(24,591)
Stock options/performance shares			(38)			(38)		(38)
Other							(826)	(826)
Impact of changes in consolidation scope			991			991	(1,495)	(504)
Treasury shares			(1,595)			(1,595)		(1,595)
<b>Total transactions with shareholders</b>			<b>(20,596)</b>			<b>(20,596)</b>	<b>(6,958)</b>	<b>(27,554)</b>
Change in translation differences					(1,846)	(1,846)		(1,846)
Change in actuarial gains and losses								
Change in fair value of hedging derivatives				(10,275)		(10,275)	(287)	(10,562)
<i>Items recognised directly in equity</i>				(10,275)	(1,846)	(12,121)	(287)	(12,408)
Net income for the period			32,155			32,155	5,114	37,269
<b>Total comprehensive income for the period</b>			<b>32,155</b>	<b>(10,275)</b>	<b>(1,846)</b>	<b>20,034</b>	<b>4,827</b>	<b>24,861</b>
<b>Equity at 31 December 2011</b>	1,095	14,922	287,682	(17,543)	(8,334)	277,822	63,242	341,064
Dividends paid	7	1,735	(16,178)			(14,436)	(5,362)	(19,798)
Stock options/performance shares			435			435		435
Impact of changes in consolidation scope (a)			(1,883)			(1,883)	570	(1,313)
Treasury shares			709			709		709
<b>Total transactions with shareholders</b>	7	1,735	<b>(16,917)</b>			<b>(15,175)</b>	<b>(4,792)</b>	<b>(19,967)</b>
Change in translation differences					919	919		919
Change in actuarial gains and losses			(1,314)			(1,314)	(86)	(1,400)
Change in fair value of hedging derivatives				(6,510)		(6,510)	(590)	(7,100)
<i>Items recognised directly in equity</i>			(1,314)	(6,510)	919	(6,905)	(676)	(7,581)
Net income for the period			33,455			33,455	5,880	39,335
<b>Total comprehensive income for the period</b>			<b>32,141</b>	<b>(6,510)</b>	<b>919</b>	<b>26,550</b>	<b>5,204</b>	<b>31,754</b>
<b>Equity at 31 December 2012</b>	1,102	16,657	302,906	(24,053)	(7,415)	289,197	63,654	352,850

(a) The impact of changes in the consolidation scope relates to the acquisition of control of Methaneo and its subsidiaries.

The 2011 statement of financial position has been restated for the early application of IAS 19 revised "Employee benefits" – see note 2.3.



20.5 STATEMENT OF CONSOLIDATED CASH FLOWS

In thousands of euros	2012	2011 restated
<b>Operating activities</b>		
Net income from continuing operations	32,055	32,683
Non-controlling interests	5,880	5,114
Adjustments:		
- Charges to depreciation, amortisation and provisions	38,932	39,323
- Change in deferred tax	1,865	10,445
- Share of net income of associates net of dividends received	(258)	455
- Gains and losses on disposals	544	78
- Other non-cash items	635	(38)
- Capitalised financial income	(229)	(212)
- Cost of financial debt	27,609	24,862
- Current tax charge for the year	18,087	16,839
<b>Cash flow</b>	<b>125,120</b>	<b>129,549</b>
Impact of change in the working capital requirement	6,548	(33,152)
Tax paid	(17,760)	(20,812)
Operating cash flow on activities held for sale (including net income for the period)	6,384	6,750
<b>Net cash from operating activities</b>	<b>120,292</b>	<b>82,335</b>
<b>Investing activities</b>		
Acquisitions of non-current assets	(25,324)	(75,541)
Sale proceeds from non-current assets		230
Sales proceeds from and reductions in financial assets	576	152
Acquisitions and disposals of subsidiaries less any cash acquired or sold	(2,924)	
Investing cash flow on activities held for sale	732	(8,814)
<b>Net cash from/(used by) investing activities</b>	<b>(26,940)</b>	<b>(83,973)</b>
<b>Financing activities</b>		
Transactions between shareholders		(514)
Change in treasury shares	702	(1,339)
Dividends paid by Séchillienne-Sidec	(14,436)	(19,954)
Dividends paid to non-controlling interests	(5,366)	(4,637)
Borrowings and financial debt issued or subscribed	9,782	49,813
Cost of financial debt	(27,609)	(24,862)
Borrowings and financial debt repaid	(43,835)	(34,563)
Other	(145)	4,354
Financing cash flow on activities held for sale	(5,547)	1,820
<b>Net cash from/(used by) financing activities</b>	<b>(86,454)</b>	<b>(29,882)</b>
Impact of currency movements on cash and other changes	28	
<b>Net change in cash and cash equivalents including activities held for sale</b>	<b>6,926</b>	<b>(31,520)</b>
Impact of reclassification of cash and cash equivalents of activities held for sale	(2,675)	
Net change in cash and cash equivalents as shown in the statement of financial position	4,251	(31,520)
Opening cash and cash equivalents	74,947	106,467
Closing cash and cash equivalents of continuing operations	79,198	74,947
<b>Change in cash and cash equivalents</b>	<b>4,251</b>	<b>(31,520)</b>
Cash	18,193	26,758
Cash equivalents	61,194	48,300
<i>Total cash and cash equivalents</i>	79,387	75,058
Bank overdrafts	(189)	(111)
Net cash and cash equivalents	79,198	74,947

**20.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For 25 years, the S echilienne-Sidec Group has specialised in the production of energy in mid-size thermal power plants, particularly coal/biomass and all forms of renewable energy. Its technical skills and the quality of its engineering staff enable it to master all stages of the life cycle of its power plants: design, financing, construction and operation, across the globe and particularly in complex environments.

S echilienne-Sidec SA is registered on the Nanterre Trade and Companies Registry under number 775 667 538. Its registered office is located at 22 place des Vosges, Immeuble Le Monge, La D efense 5, 92400 Courbevoie, France.

**1. Highlights for the year**

The highlights for 2012 for the fully-consolidated and proportionally-consolidated companies were as follows:

**1.1 Thermic Biomass activity**

- Power plant operating conditions

The Group's thermic biomass production increased by 4% for the fully-consolidated power plants (the Mauritian power plants, which total 195MW, are equity-accounted). This growth was mainly due to the full-year effect of Cara ibes Energie, which was brought into service on 8 March 2011, and the increase in the average availability rate.

The availability of the power plants proved to be excellent in 2012, increasing by 2.8pp compared with 2011. The Group's overall availability came to 91.9% compared with 89.1% in 2011. That of Cara ibes Energie reached the exceptional level of 96.2%, the plant having benefited from the deferral of a planned shutdown to 2013.

In Martinique, 2012 saw the return to a more normal year in terms of the call rate for CCG, down from 37.1% in 2011 to 25.3% in 2012. In 2011, EDF had called on this power plant well in excess of its intended use as a peaking power plant in order to compensate for the unavailability of other production units.

Other than Cara ibes Energie, all power plants carried out their scheduled annual shutdowns. The peaking power plant CCG undertook major maintenance following 12,500 hours of operation, the first such maintenance since being brought into service in 2007.

The major maintenance, repairs, optimisation and modernisation work and investment programme initiated in late 2009 continued in 2012. In particular, CTBR carried out investment work on CTBR-1's electrostatic precipitators to reduce dust concentrations in gaseous emissions.

The Group continued to work on ensuring that its power plants meet QHSE standards. The CTG power plant received confirmation of its certification obtained in 2011, while the CTBR power plant applied for certification in 2012, which it obtained in early 2013.

- Changes in the economic and regulatory environment

Coal prices, which had risen since 2010, fell in 2012, with a particularly sharp drop in the second half of the year. The average purchase cost of coal for the Group thus increased from €78/t in 2009, to €92/t in 2010, €110/t in 2011 and €102/t in 2012. At the end of 2012, it stood at around €92/t. This movement had a negative impact on the Group's revenue (although with no direct effect on the margin) due to the contractual indexation of electricity selling prices to fuel costs.

Concerning CO<sub>2</sub>, in 2012 the Group received all the free quotas in respect of 2011 that it had not received by the end of 2011, as well as all the free quotas in respect of 2012 for all seven of its power plants. As such, in April 2012, the Group reclaimed the quotas for CTG-B and CCG that had not been received by the end of 2011, and in August 2012 received the 2011 free quotas for its Caraïbes Energie plant (allocated under the decree of 19 April 2012 for the years 2011 and 2012).

Two riders were signed with EDF regarding the recharging of CO<sub>2</sub>. For CCG, for which there was no recharging system in place, an identical rider to that already existing for the other power plants was incorporated into the contract. This rider took effect in 2012. For Caraïbes Energie, the existing rider was modified to allow monthly recharging identical to that used for the other power plants, instead of annual recharging based on the average daily price for the past year.

The agreements between all the Group's thermal power plants and EDF thus now provide for the monthly recharging to EDF of costs arising from additional purchases of quotas that have to be made on the market, except for a limited excess that the plants must bear. In 2012, this excess amounted to €960k and remains contractually capped – regardless of the CO<sub>2</sub> purchase conditions on the market – at €3 million in total for the Group.

With effect from 2013 and phase III of the new national quota allocation plan (NQAP), the Group is not expected to have any free quotas and will have to cover all its CO<sub>2</sub> needs via market purchases. However, the agreements covering recharges to EDF will continue to grant the coverage currently in place.

- Development and projects

In 2012, the Group continued to develop projects in connection with its policy of growth in the French overseas *départements*, covering both base load production facilities (24h/24) and peaking power plants used to meet peak demand.

As such, construction of the Galion 2 project in Martinique (38MW) is expected to begin in 2013. It will mark a major departure from the previous bagasse-coal model. It will use a very high proportion of biomass to supplement the bagasse and will keep coal as a back-up.

In addition, the Group will pursue its policy of profitable investments by adapting its existing installations to meet new environmental provisions.

Lastly, drawing on the recognised expertise of its CCG power plant in Martinique, Séchilienne-Sidéc plans to develop new peaking power plants, using both fuel oil and biofuel.

- Staff-related matters

In 2012, the Group was subject to just three strike days, which occurred in May at the Caraïbes Energie power plant. In 2011 the Group was hit by a series of strikes launched in support of a claim based on the controversial interpretation of certain provisions of the national Electricity and Gas Industries statute.

The CTM power plant in the Caribbean was indirectly affected by industrial action taken at the adjacent sugar refinery of Gardel, resulting in a slight reduction in the production of electricity from bagasse.

Incentive scheme agreements were signed for a period of three years at CTM, CE, CTBR and CTG. The CCG incentive scheme agreement will be renewed in 2013.

## 1.2 Photovoltaic business

- Power plant operating conditions

The production of photovoltaic electricity benefited from the already strong momentum seen in 2011. In 2012, this production increased by 19% to 97GWh.

This strong growth essentially reflects the effect of full-year operation of the power plants brought into service in 2011 (27MW connected in 2011, including Kourou 12MW, Matoury 4MW and Bethléem 5.4MW), as well as the very good operation of all power plants and the good sunshine conditions.

In 2012, the Group completed construction of 0.4MW of roof-mounted installations in Reunion, of which 0.1MW was connected to the grid and 0.3MW was still pending connection in early 2013. In addition, two roof-mounted plants totalling 0.3MW have been pending connection for almost three years in Martinique.

A fire on 16 May completely destroyed the 218kW roof-mounted Hyper Champion Landy photovoltaic plant (Martinique).

In Italy, the Group suffered several thefts of cables at its power plants in the Puglia region (2.0MW in service), resulting in partial interruptions to production at these plants during the year.

- Changes in the economic and regulatory environment

In France:

The bulk of the Group's photovoltaic projects are now subject to calls for tender rather than regulated purchase tariffs. In this regard, in March 2012, the Group presented projects in response to the call for tenders concerning installations with an individual power in excess of 250kW, and was selected for two photovoltaic projects with storage: a 1MW project in Reunion and a 2MW project in Guyana. Administrative instruction of these projects is to be carried out.

It should be noted that tax relief is no longer granted on photovoltaic installations constructed in the overseas *départements*.

Outside France:

During the first half of the year, the regulatory context in Spain, where the Group operates 2.4MW, was not subject to any changes, notably concerning the capping of the regulated tariff for the first 1,250 equivalent full-power hours (EFPH) for the years 2011, 2012 and 2013. In Italy, although changes were made to the context, these had no impact on the Group's power plants (2MW in service).

### 1.3 Wind energy business

- Power plant operating conditions

Wind energy production came to 106GWh, up 18% compared with 2011.

This growth was due to the full-year effect of the Héninel windfarm (6MW connected in July 2011) as well as wind conditions that were suitable for the first time in four years, a vast improvement on the conditions in 2011.

- Project development

No new windfarms were built or connected to the grid in 2012.

In February 2013, the Group sold its wind energy business to EDF Energies Nouvelles for €59 million and an earn-out for the projects under development. This disposal was made in connection with the policy of rotating non-core assets.

### 1.4 Other highlights

A new strategy was announced on 30 January 2012 by Mr Jacques Petry, Chairman and CEO, with a focus on production of electricity from biomass. A new organisation structure was put in place to facilitate implementation of this strategy, this organisation now being structured by business (Thermal – Renewable Energy – Development & Projects – Support & Structure) rather than by region as previously.

Since 9 May 2012, Séchilienne has owned 60% of the share capital of Methaneo, a pioneer in France of biomethanation, which it acquired from Demeter Partners and Omnes Capital. The founders of Methaneo retain their 40% holding and continue to manage the company.

Under controlled conditions, the biomethanation process works on organic matter to produce digestate, used as a fertiliser and a source of energy, biogas, which itself can be injected into the gas distribution networks or used to generate electricity.

The portfolio of projects under development acquired via this operation comprises 22 projects totalling 25MW. The first that will be brought into service, with a power of 2MW, is currently under construction and is expected to be brought into service in 2013 in Thouars (Deux-Sèvres). These installations will be brought into service on a staged basis through to 2016.

This business line is very promising as it meets certain needs, both from an energy and environmental perspective, as well as improving operating conditions for farms.

In July 2012, the Séchilienne Sidec Group had informed the market of talks being held to take into account the impact of the new circumstances that had arisen in recent years, in particular those relating to the ending of the "one-third relief" on the tax-oriented lease of CTM.

In this connection, an agreement was signed in early 2013 with EDF for CTM, allowing for the additional costs of past years to be passed on and for the annual tariffs to be raised.

In November 2012, Séchilienne Sidec obtained two new credit lines from Banque Palatine: €6.5 million over five years and €8.5 million over four years.

The 2012 Finance Act impacted the Group in several aspects:

- the non-deductibility of financial charges over and above €3 million. This measure affects the Group in respect of its CTG and Caraïbes Energie power plants and in connection with its tax consolidation. This additional tax-related expense amounted to €0.9 million in 2012;
- increase in the social contribution to 20%.

It should be noted that since 2011 (i.e. removal of the so-called "one-third relief" tax benefit in the overseas *départements*), for all its activities in mainland France and French overseas *départements*, the Group has been subject to the theoretical tax rate prevailing in France, i.e. an average of 34.4%.

## 2. Accounting policies

### 2.1 Changes to the accounting framework in 2012

The Group's consolidated financial statements for the year ended 31 December 2012 have been prepared in accordance with the framework of International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2012, available on the following website:

[http://ec.europa.eu/internal\\_market/accounting/ias/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/ias/index_en.htm)

The financial statements are presented in thousands of euros and were approved by the Board of Directors at its meeting of 18 March 2013.

- Standards, interpretations and amendments to standards subject to mandatory application with effect from 1 January 2012

The accounting principles used for the preparation of the consolidated financial statements for the year ended 31 December 2012 are identical to those used for the preparation of the consolidated financial statements for the year ended 31 December 2011 and set out in the consolidated financial statements published for this latter period, with the exception of the following amendments that are subject to mandatory application with effect from 1 January 2012:

- Amendments to IFRS 7 "Financial instruments: disclosures" in respect of transfers of financial assets;
- Amendments to IAS 12 "Recovery of underlying assets".

These two amendments did not have a material impact on the Group's financial statements for the year ended 31 December 2012.



- Standards, interpretations and amendments to standards already published by the IASB and endorsed by the European Union, but whose application was not yet mandatory at 31 December 2012
  - Amendments to IAS 1 "Presentation of other comprehensive income";
  - Amendments to IAS 19 "Employee benefits", as a result of which the Group will record actuarial gains and losses in other comprehensive income;
  - Amendments to IFRS 7 "Disclosures relating to the offsetting of financial assets and financial liabilities";
  - Amendments to IAS 32 "Offsetting financial assets and financial liabilities";
  - IFRIC 20 "Stripping costs in the production phase of a surface mine";
  - IFRS 10 "Consolidated financial statements";
  - IFRS 11 "Joint arrangements";
  - IFRS 12 "Disclosure of interests in other entities";
  - IAS 28 revised "Investments in associates and joint ventures";
  - IFRS 13 "Fair value measurement";
  - Amendments to IFRS 1 "Presentation of financial statements" in respect of severe hyperinflation and removal of fixed dates for first-time adopters.

The Group has elected for the early application of the amendments to IAS 19 "Employee benefits". The impact of their application is shown in note 2.2. "Comparability of financial years".

Regarding the other changes, the Group does not anticipate a material impact on its financial statements from the texts published by the IASB and endorsed by the European Union at 31 December 2012, but whose application was not then mandatory.

- Standards, interpretations and amendments already published by the IASB but not yet endorsed or whose early application is authorised by the European Union.
  - IFRS 9 "Financial instruments" (phase 1 – Classification and measurement of financial assets, and Fair value option for financial liabilities);
  - Amendments to IFRS 1 "Government loans" (if applicable to the entity);
  - Annual improvements (2009-2011 cycle).

The impact on the financial statements of these texts is currently being analysed. The Group does not expect them to have a material impact.

## 2.2 Comparability of financial years

### 2.2.1 *Activities held for sale*

As described in the highlights (note 1.3), the Group has committed to a transaction to sell its wind power business that was concluded in February 2013. This activity, in the process of being sold at 31 December 2012, falls within the scope of application of IFRS 5 "Non-current assets held for sale and discontinued operations".

In accordance with the provisions of IFRS 5, the income statement and the cash flow statement published previously have been restated. The effects of the restatements relating to "activities discontinued, sold or in the process of being sold or distributed" are shown in note 2.2.3. "Reconciliation between the published and restated financial statements".

In addition, the assets, liabilities and results relating to this activity are reported in the lines "assets of activities held for sale", "liabilities of activities held for sale" and "net income from activities held for sale" respectively.

### 2.2.2 *Recognition of employee benefits*

The Group has applied the amendments to IAS 19 "Employee benefits", whose application is mandatory with effect from 1 January 2013 and authorised for early application.

These amendments involve the immediate recognition of all actuarial gains and losses on post-employment benefit plans in other comprehensive income with no subsequent recycling through profit or loss. These actuarial gains and losses stem from experience adjustments and changes in the actuarial assumptions used to calculate the obligations.

Previously, actuarial gains and losses generated during the period were recognised by the Group directly in profit or loss. In addition, the cost of past services was not recognised and amortised over the remaining vesting period of the services.

IAS 8 "Accounting policies, changes in accounting estimates and errors" requires this change to be applied retroactively for all periods shown. However, as this would have an immaterial impact on the 2011 net income, this has not been restated.

As such, at 1 January 2011, the cost of past services has been recognised in provisions, with a corresponding entry in equity, for an amount of €0.6 million (€0.4 million net of tax).

With effect from the 2012 financial year, the "interest expense" component of charges to provisions for employee benefits was recognised in net financial income. In 2011, these charges totalled €0.6 million. The Group feels that this presentation provides more relevant financial information.



2.2.3 Reconciliation between the published and restated income statement

<i>In thousands of euros</i>	31/12/2011 Published	Activities held for sale	31/12/2011 Restated
<b>Revenue</b>	<b>361,628</b>	<b>(7,752)</b>	<b>353,876</b>
Purchases (including change in stocks)	(142,659)	79	(142,580)
Logistics costs	(6,511)	0	(6,511)
Staff costs	(30,244)	0	(30,244)
Other operating charges	(78,244)	2,068	(76,176)
Other operating income	7,485	0	7,485
Charges to depreciation and amortisation of contract-related intangible	(4,537)	0	(4,537)
Charges to depreciation and amortisation	(34,787)	3,575	(31,212)
Net charges to provisions	(2,066)	(1)	(2,067)
<b>Current operating income</b>	<b>70,065</b>	<b>(2,031)</b>	<b>68,034</b>
Other operating charges	(2,482)	899	(1,583)
Other operating income	19,031	0	19,031
<b>Operating income</b>	<b>86,614</b>	<b>(1,132)</b>	<b>85,482</b>
Cost of financial debt	(26,627)	1,765	(24,862)
Other financial income	946	190	1,136
Other financial expenses	(7)	0	(7)
Share of net income of associates	3,121	0	3,121
<b>Income before tax</b>	<b>64,047</b>	<b>823</b>	<b>64,870</b>
Tax charge	(26,778)	(294)	(27,072)
<b>Net income for the year from continuing operations</b>	<b>37,269</b>	<b>529</b>	<b>37,798</b>
<b>Net income form activities held for sale</b>	<b>(529)</b>	<b>(529)</b>	<b>(529)</b>
<b>Net income</b>	<b>37,269</b>	<b>0</b>	<b>37,269</b>

2.2.3.1 Statement of financial position

Application of IAS 19 revised had no impact on the assets in the statement of financial position published for 2011. A reconciliation between equity and liabilities in the published statement of financial position and restated statement of financial position is shown below:

In thousands of euros	31/12/2011 Published	Application of IAS 19 revised	31/12/2011 Restated
Reserves	238,321	(337)	237,984
Non-controlling interests	63,344	(103)	63,242
Provisions for employee benefits	9,661	659	10,320
Deferred tax liabilities	65,822	(220)	65,602

### 2.3 Consolidation methods

Exclusively-controlled subsidiaries are fully consolidated. Control results from the Group having the power to direct the financial and operating policies so as to obtain the benefits from their activities.

Control is presumed to exist when the Group owns, directly or indirectly, the majority of the voting rights in the company.

The equity method is applied to associated companies over which the Group exercises significant influence (generally more than 20%) but does not have control. Under the equity method, the company's net assets and net income are consolidated in proportion to the interest held by the parent company in the share capital, as well as, where applicable, related goodwill.

The proportional consolidation method is applied for companies over which the Group exercises joint control. Joint control is the sharing, by virtue of a contractual agreement, of control of an economic activity. Under this consolidation method, the entities' assets, liabilities, income and expenses are consolidated in proportion to the interest held by the Group in the share capital of these entities.

The financial statements of all consolidated companies are drawn up to 31 December of each year shown.

Inter-company receivables and payables as well as inter-company income and expenses relating to fully-consolidated companies are eliminated in full. Internal margins generated between such companies are also eliminated. Internal results generated between companies that are equity accounted or proportionally consolidated and companies that are fully consolidated are eliminated to the extent of the percentage interest held by the Group in the share capital of the equity-accounted company.

### 2.4 Revenue from ordinary activities

Revenue from ordinary activities of the Group comes from:

- sales of electricity and steam under energy supply agreements for terms ranging from 25 to 35 years entered into mainly with EDF but also with sugar refineries for the power plants fuelled by coal and bagasse. Income for the year corresponds to the remuneration stipulated by these agreements in respect of each accounting period;
- services provided by the parent company to companies not under its control.

Riders to the agreements with EDF, supplemented by agreements with sugar refineries, have facilitated the functional operation of the "bagasse premium" mechanism introduced in 2009 by the authorities in favour of sugarcane planters making an indirect contribution to the production of electricity from bagasse. Under this mechanism, this premium is collected by the producers of this electricity (therefore the Group's bagasse-coal power plants) and subsequently paid over to its beneficiaries (the planters) via the sugar refineries to which they deliver their sugarcane. The Group acts as an intermediary and does not bear the risks and rewards associated with this premium. As such, in accordance with IAS 18, collection of this premium has no impact on the Group's revenue, nor does it have any effect on net income.

## 20 FINANCIAL INFORMATION ON THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS

The amounts collected from EDF and paid over to sugar refineries are recognised in the statement of financial position in third-party accounts.

### 2.5 Operating segments

Segment information is presented based on the internal organisation and reporting structures used by Group management, which reflect the various levels of risks and profitability to which it is exposed.

The breakdown of information by operating segment is favoured, the risks and profitability depending primarily on the various types of activities rather than their geographic location.

Inter-segment transactions are realised on an arm's length basis.

### 2.6 Classification and presentation principles

Certain transactions for material amounts are classified in "other operating income" and "other operating expenses". In particular, these include:

- certain tax advantages relating to transactions for the financing of installations in the French overseas *départements* and territories;
- disposal gains and losses and significant but unusual impairment of non-current assets, comprising plant, property and equipment as well as intangible assets;
- other operating income and expenses for material amounts.

Cash and cash equivalents comprise cash, current bank accounts, marketable securities that can be realised in the very short term and are readily convertible into cash and which do not present a significant risk of a change in value. The change in cash and cash equivalents analysed in the consolidated statement of cash flows corresponds to cash and cash equivalents net of bank overdrafts. Spot loans are included in the change in debt.

### 2.7 Business combinations

In accordance with the provisions of IFRS 3 revised, business combinations are recognised using the acquisition method. Under this method, the assets acquired and the liabilities and contingent liabilities assumed are measured at fair value. Goodwill corresponds to the difference between the acquisition price paid at the time of the business combination and the amount of identifiable assets acquired net of any liabilities and contingent liabilities assumed. These are determined on a provisional basis at the time of acquisition and, where applicable, are revised within a period of 12 months with effect from the acquisition date. Goodwill is not amortised and is subject to impairment testing.

Pursuant to IFRS 3 revised:

- acquisition costs are expensed in the period in which they are incurred;
- contingent consideration is estimated at fair value and included in the acquisition cost of the shares.

The Group presents acquisition costs in the line "other operating expenses" in the income statement.

For each business combination, the Group can choose to measure non-controlling interests either at fair value or on the basis of their share of identifiable net assets of the entity acquired measured at fair value on the acquisition date.

## 2.8 Intangible assets

Intangible assets acquired during a business combination are recognised separately when they meet the recognition criteria stipulated in IAS 38.

The fair value of contracts acquired during business combinations is determined by discounting the estimated net cash flows generated by the asset.

Following their initial recognition, contracts are recognised at cost less accumulated amortisation and impairment. Contracts are amortised on a straight-line basis over their residual term, but not exceeding 35 years.

## 2.9 Property, plant and equipment

Property, plant and equipment mainly comprise installations for the production of steam and electricity. They are recognised at cost including all expenses incurred to bring them into service, less any recoverable unpaid VAT, less depreciation and any impairment losses, where applicable. For property, plant and equipment produced internally, cost includes directly attributable project development costs.

In accordance with IAS 23, the Group capitalises financial charges incurred during the asset construction phase. The interest thus capitalised relates to specific debt assumed to finance the projects in question or pre-financing granted by the lessors during the construction phase.

When the components of an asset have different useful lives, they are recognised separately and depreciated over their specific useful lives when their value is material.

Subsequent expenses incurred for the replacement or improvement of a component of an item of property, plant or equipment are recorded in property, plant and equipment. In the event of replacement, the old component replaced is expensed.

Major spare parts relating to plant safety, so-called strategic parts, are capitalised and depreciated over the useful lives of the plants in question.

Plant maintenance expenditure aimed at maintaining the plants in good working order is expensed as incurred.

Production installations are depreciated on a straight-line basis over their estimated useful lives with effect from the date on which the asset is ready to be brought into service, i.e. immediately it is in the location and necessary condition to be able to be operated as intended by management. These installations are depreciated over a period of 40 years for the thermal coal/bagasse power plants, 35 years for the thermal power plants using fuel oil and 20 years for the windfarms and photovoltaic installations.

Other property, plant and equipment is depreciated on a straight-line basis over periods ranging from 2 to 10 years. Where applicable, the Group revises the useful lives.

Investment grants received are recognised as a reduction against the cost of property, plant and equipment. They are recognised in profit or loss over the useful life of the asset they finance.

#### 2.10 Leases

Asset leases for which the Group is lessee and bears substantially all the risks and enjoys the economic benefits incident to ownership are recognised as finance leases, in particular, leases relating to the financing of power plants.

To restate finance leases, the Group determines the present value of the minimum lease payments. These are the payments that the lessee is, or may be, required to make during the lease term, excluding any conditional lease payments, cost of services and taxes to be paid or reimbursed to the lessor.

The Group identifies agreements that, although not taking the legal form of a lease, can be considered as leases in accordance with IFRIC 4. Agreements considered as leases are then analysed in accordance with IAS 17 "Leases" to determine if they qualify as operating leases or finance leases. Income from finance leases activities is treated as income from ordinary activities.

#### 2.11 Impairment of assets

In accordance with IAS 36, the Group regularly determines whether there is any indication that any intangible assets or property, plant and equipment are impaired. When such an indication exists, the Group performs an impairment test to determine if the carrying amount of the asset exceeds its recoverable amount, defined as the higher of the fair value less costs of disposal and the value in use.

An asset's value in use is generally measured by discounting the future cash flows generated by the asset. Assets that do not generate any cash flows that are largely independent of those from other assets are combined into cash-generating units (CGUs). Each thermal power plant, windfarm and photovoltaic installation constitutes a CGU of the Group.

The data used to perform the tests using the discounted cash flow method are taken from:

- business plans established at the outset of the project and covering the term of the electricity sale agreements, the underlying assumptions being updated on the test date: or
- Group business plans established annually and covering the term of the agreements.

The main assumptions on which these tests are based concern electricity selling prices, fixed contractually, and, for the photovoltaic installations and windfarms, equivalent full-power hours (EFPH).

### 2.12 Stocks

Stocks mainly comprise fuels, supplies and non-strategic spare parts needed for operation of the power plants. Note that strategic parts are recognised in non-current assets. Stocks are measured at cost price or net realisable value (market price) if this is lower than the purchase cost.

### 2.13 Financial assets

Financial assets comprise operating receivables, deposits and cash collateral relating to leases, term deposits, loans, non-consolidated investments, short-term investments and cash equivalents and derivatives with a positive value. The measurement methods applied to financial assets are as follows:

- short-term investments and cash equivalents are measured at fair value, fair value adjustments being recorded in profit or loss;
- operating receivables, security deposits and term deposits are recognised at face value. This method does not result in material differences with the amortised cost method using the effective interest rate. In the event of difficulty in collecting receivables, impairment losses are recognised on the basis of projected receipts.

The methods used for derivatives with a positive market value are explained in note 2.15.

### 2.14 Financial liabilities

Financial liabilities comprise financial debt, operating liabilities and derivatives with a negative market value. The specific case of derivatives with a negative market value is covered below.

In accordance with IAS 39, applied since 1 January 2005, financial debts are initially measured at fair value less transaction costs and subsequently under the amortised cost method using the effective interest rate. This method does not result in material differences compared with their face value. Operating liabilities are measured using the amortised cost method.

Financial liabilities are split between current and non-current liabilities. Current liabilities essentially consist of financial liabilities falling due within the 12 months following the closing date.

### 2.15 Derivatives

The purpose of the derivatives used by the Group is to hedge interest rate risks on the borrowings and leases entered into at variable interest rates. In accordance with IAS 32 and IAS 39 covering the measurement and recognition of financial instruments, derivatives with a positive market value are recognised in assets, while those with a negative market value are recognised in liabilities. When they are not considered for accounting purposes as cash flow hedges, changes in the fair value of such instruments are recorded in profit or loss, otherwise they are recognised in equity.

In accordance with IAS 39, embedded derivatives are recognised separately from their host contract on the contract start date and are measured at fair value, in the same way as stand-alone derivatives entered into with a bank. These derivatives are recorded in the statement of financial position at their fair value, in assets or liabilities depending on whether this value is positive or negative. Changes in the fair value of such instruments are recorded in profit or loss, except for derivatives that qualify as hedges of a net investment in a foreign operation, for which the change in fair value is recorded in equity, within translation reserves. On disposal of a foreign entity covered by a net investment hedge, the currency loss or profit recognised in translation reserves is recognised in profit or loss.

## 2.16 Employee benefits

Employee benefits comprise defined contribution plans and defined benefit plans.

Defined contribution plans refer to post-employment benefit plans by virtue of which the Group pays defined contributions to various independent employee welfare bodies. The contributions are paid in exchange for services rendered by the employees in respect of the financial year. They are expensed as incurred.

Defined benefit plans refer to plans that provide employees with guaranteed additional funds. For the Group, this guarantee of additional funds constitutes a future service for which an obligation is calculated. The provision is calculated by estimating the amount of benefits that the employees will have accumulated in exchange for services rendered during the year and previous years.

Changes to an existing plan or introduction of a new plan for post-employment benefits or other long-term benefits may result in an increase in the present value of the obligation in respect of defined benefits for services rendered during previous years, known as "past service cost". This past service cost is recognised in other comprehensive income for post-employment benefits and in charges for the period for long-term benefits.

In the Séchilienne-Sidec Group, defined benefit plans cover post-employment benefits and other long-term benefits.

### 2.16.1 *Post-employment benefits*

Post-employment benefits comprise:

- lump-sum retirement payments;
- defined benefit plans reserved for certain employees of the parent company in addition to the previous plan;
- specific pensions for the benefit of the employees of certain subsidiaries in connection with the Electricity and Gas Industries plan and the guarantee to maintain certain specific benefits after their retirement.

In accordance with IAS 19 "Employee benefits", they are measured annually using the projected unit credit method, length of service being taken into account on a pro rata basis.



The discount rate used on the closing date is established based on actual yields on French corporate bonds at the year end.

Actuarial gains and losses result from revised assumptions and from differences between the estimated results based on the actuarial assumptions and the actual results. These variances are recognised immediately in other comprehensive income for all actuarial gains and losses in respect of defined benefit plans. The impact of the unwinding of the discount on the provision for employee benefits is recorded in net financial income within "other financial expenses".

#### 2.16.2 *Other long-term benefits*

Other long-term benefits mainly comprise additional medical coverage. A provision is calculated using the same methods, assumptions and frequency as those used for the measurement of post-employment benefits.

Actuarial gains and losses arising from the measurement of other long-term benefits are recognised directly in profit or loss in the year in which they occur.

#### 2.17 Provisions for liabilities

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources representing economic benefits will be needed to settle the obligation;
- the amount of the obligation can be estimated reliably.

#### Provisions for dismantling:

For the wind energy sector, and pursuant to decree no. 2011-985, the Group has an obligation to dismantle its installations at the end of the production period. This obligation includes the dismantling of production installations, excavation of part of the foundations, remediation of land except when the owner wishes the land to remain in its present state, and recycling or removal of demolition and dismantling waste. Consequently, the Group establishes provisions for dismantling corresponding to the amount of the costs to be incurred net of the recoverable amount of the assets. As the counter-entry to the provision, a "dismantling asset" component is recognised and is amortised on a straight-line basis over the useful life of the subsequent asset.

For the thermal sector, in light of the experience gained when the expiry of certain of the company's agreements with industrial clients resulted in the shutdown of the installations serving them, the Group considers that costs for the taking down and dismantling of assets, less the sale proceeds from the dismantled installations, are currently immaterial. Therefore, no costs of this sort are included in the cost price of these installations. A consultation is currently under way with the administrative authorities to determine the conditions and implementation procedures for guarantees on the dismantling of thermal classified installations for environmental protection (ICPE). As a result of this process, 2013 will see the filing with the examining administrative services of a dossier justifying the financial guarantees to be put in place.



For the photovoltaic sector, dismantling costs are considered to be immaterial.

#### 2.18 CO<sub>2</sub> quotas

The Group's thermal power plants located in the overseas *départements* are included in operations covered by the allocation of carbon dioxide (CO<sub>2</sub>) emission quotas. The following thermal power plants are concerned: CTBR1, CTBR2, CTG A&B, CTM, CCG and CE.

Given the withdrawal of IFRIC 3 on greenhouse gas emission quotas and in the absence of any standards or interpretations on the recognition of CO<sub>2</sub> emission quotas, the following mechanism is applied. Quotas allocated free of charge are recognised at a value of zero. After taking into account the impact of the riders to the electricity sale agreements, any variance between available quotas and surrender obligations on maturity is covered by provisions calculated on the basis of the market value at the closing date and included in other current liabilities.

The quotas acquired and used in respect of the shortfalls for the period are presented in other operating expenses. The amounts billed to EDF pursuant to the riders are recognised in other operating income.

#### 2.19 Tax

##### **Corporation tax**

The corporation tax charge shown in the income statement comprises tax payable in respect of the current period and deferred tax.

Deferred tax is recognised on all temporary differences between the amounts for accounting and tax purposes of asset and liability items, as well as on tax losses available for carry forward. Deferred tax assets are recognised only when they are likely to be recovered. The bulk of these deferred taxes stems from temporary differences on certain assets, particularly intangible assets, in the consolidated financial statements.

Deferred taxes are measured at the tax rate enacted by the relevant body at the closing date, based on when the temporary differences are expected to reverse. The liability method is applied and the impact of any changes in the tax rate is recognised in the income statement except for changes relating to items recognised directly in equity. Deferred taxes are not discounted.

Pursuant to Article 217 *undecies* of the French Tax Code, the Group benefits from the tax measures in force in the overseas *départements* that are covered by neither the scope of application of IAS 12 "Income taxes", nor that of IAS 20 "Accounting for government grants and disclosure of government assistance". As a result, pursuant to IAS 8, the Group has reviewed the standards covering similar topics to determine an appropriate accounting treatment. By analogy with IAS 12, the Group recognises immediately in profit or loss for the period the tax saving arising from these tax measures.

**Territorial Economic Contribution (*Contribution Economique Territoriale* – CET)**

The 2010 Finance Act introduced a Territorial Economic Contribution (*Contribution Economique Territoriale* – CET) to replace the business tax (*Taxe Professionnelle*). The CET incorporates two new contributions: contribution for enterprise land value (*Contribution Foncière des Entreprises* – CFE) and contribution for enterprise added value (*Cotisation sur la Valeur Ajoutée des Entreprises* – CVAE). For the financial years presented, the Group has recognised these two contributions in operating income within the item “taxes and duties (other than corporation tax)”.

## 2.20 Share-based payments

**Allocation of stock subscription options and bonus shares subject to performance conditions**

In accordance with IFRS 2, the fair value of options and bonus share allocations is determined based on methods suited to their characteristics:

- subscription options, not subject to any share price performance conditions, are measured using the Black and Scholes model;
- bonus shares allocated in 2009 and 2012, subject to share price performance conditions, are measured using the Monte Carlo model;
- subscription options allocated in 2010, with performance conditions, are measured using a binomial method.

The fair value on the allocation date of the share subscription or purchase options is recognised in expenses for the option vesting period, based on the probability of these options being exercised before their expiry, with a corresponding increase in consolidated reserves.

For allocations of bonus shares and stock subscription options subject to performance conditions, the rights vesting period corresponds to the most probable timeframe for fulfilment of the performance conditions. The parameters used in this model are described in note 22.1.

At each closing date, the Group assesses the probability of loss of rights to the options or bonus shares prior to the end of the vesting period. Where applicable, the impact of the revision of these estimates is recognised in profit or loss with a corresponding movement in consolidated reserves. The performance conditions are not revised in the event of changes in market conditions.

## 2.21 Currency translation

Transactions denominated in foreign currency are recognised at the exchange rate prevailing on the transaction date. At the year end, receivables and payables in foreign currency are translated at the exchange rate prevailing on this date, with any resulting differences being recognised in profit or loss.

Investments in the Mauritian companies are equity accounted in the statement of financial position based on the exchange rate prevailing at the end of the accounting period, while the share of profit or loss attributable to the Group is translated at the average rate for the year. Resulting translation differences are recorded directly in equity.

## 2.22 Activities held for sale

On 11 February 2013, Séchilienne-Sidec announced the sale of its wind energy business to EDF Energies Nouvelles for €59 million plus an earn-out for projects under development.

This transaction forms part of the Group's strategy of focusing its activities on the production of electricity from biomass with an additional offering in solar energy. Séchilienne-Sidec will be able to mobilise additional resources to develop its projects in the fields of thermic biomass, biomethanation and solar energy, both in France and certain foreign countries meeting very precise criteria.

IFRS 5 "Non-current assets held for sale and discontinued operations" lays down specific recognition and presentation requirements for assets (or groups of assets) held for sale or distribution, and activities that are discontinued, sold or in the process of being sold.

Non-current assets, or groups of assets and directly related liabilities, are considered as being held for sale if it is highly probable that their carrying amount will be recovered mainly by means of their sale or distribution rather than through their continued usage.

IFRS 5 defines a discontinued operation as a component of an entity that has been disposed of or which is classified as held for sale, and:

- (a) which represents either a separate major line of business or geographical area of operations;
- (b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

The wind energy business falls within the scope of application of this standard and constitutes an activity held for sale.

Pursuant to IFRS 5, the Group has measured all assets forming part of the wind energy scope held for sale at the lower of their carrying amount and fair value less costs to sell.

The assets and liabilities within this scope are presented as follows:

- income statement: for all periods published, net income from these activities is presented in a separate line in the income statement: "Activities held for sale";
- cash flow statement: the cash flows are presented in a separate line within each category, i.e. operating, investing and financing activities;
- statement of financial position: the assets and liabilities of "activities held for sale" are presented in separate lines in the Group statement of financial position, with no restatement for prior periods. Prior to being reclassified in the line "Activities held for sale", the assets are subject to an impairment test in accordance with the methods required by IFRS for the assets in question.

### Impact on the financial statements

## FINANCIAL INFORMATION ON THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS

The income statement and the cash flow statement for activities held for sale are shown below.

Income statement:

In thousands of euros	2012	2011
<b>Revenue</b>	9,444	7,752
Purchases (including change in stocks)	(64)	(79)
Other operating expenses	(2,432)	(2,068)
Charges to depreciation and amortisation	(3,555)	(3,574)
<b>Current operating income</b>	<b>3,393</b>	<b>2,031</b>
Other operating income	899	
Other operating expenses	(162)	(899)
<b>Operating income</b>	<b>4,130</b>	<b>1,132</b>
Cost of financial debt	(2,006)	(1,765)
Other financial income	(8)	(190)
<b>Income before tax</b>	<b>2,116</b>	<b>(823)</b>
Tax charge	(716)	294
<b>Net income from activities held for sale</b>	<b>1,400</b>	<b>(529)</b>
Net income from continuing operations attributable to:		
- the shareholders of Séchilienne-Sidec	1,400	(529)
- non-controlling interests	0	0

For the year ended 31 December 2011, other operating expenses included a €0.9 million charge to provisions for the impairment of wind energy installations. This provision was fully reversed in 2012, this reversal being included in other operating income. The decision to reverse this provision was made following impairment tests performed prior to reclassification of the wind energy business as assets of activities held for sale.

Assets and liabilities of activities held for sale:

In thousands of euros	31/12/2012
Property, plant and equipment	56,038
Current assets	2,675
Other non-current assets and intra-Group transactions	3,922
Cash and cash equivalents	2,942
<b>Assets of activities held for sale</b>	<b>65,577</b>
Non-current financial debt	44,219
Other non-current liabilities (including deferred tax)	4,823
Current liabilities	4,304
<b>Liabilities of activities held for sale</b>	<b>53,346</b>

### 3. Management estimates

Preparation of the financial statements requires the Group to make best estimates and assumptions that affect the carrying amounts of assets and liabilities, information relating to contingent assets and liabilities, and the amount of income and expenses recorded during the period. Actual future results may differ from these estimates.

The main items in the financial statements for which the Group uses material estimates are as follows:

#### ***IAS 17 "Leases" and IFRIC 4 "Determining whether an arrangement contains a lease"***

The Group may enter into an agreement, including a transaction or a series of related transactions, that does not take the legal form of a lease but which confers the right to use an asset (e.g. a piece of property, plant or equipment) in return for a payment or a series of payments. The interpretation IFRIC 4 indicates the approach to be followed to determine whether agreements of this kind constitute or contain leases to be recognised in accordance with IAS 17 (lease accounting). To determine whether an agreement constitutes or contains a lease, one must consider the substance of the agreement and assess if execution of the agreement depends on the use of one or more specific assets and if the agreement confers a right to use the asset. Analysis of these criteria assumes that management makes use of estimates. Given their characteristics, certain of the Group's sale agreements may fall within the scope of application of IFRIC 4. To classify an agreement, management must exercise its judgement in order to determine if the agreement results in the transfer to the customer of virtually all the risks and rewards inherent in ownership of the asset by assessing if execution of the agreement depends on the use of a specific asset and if the agreement confers a right to use the asset.

Group management believes that there is no transfer of virtually all the risks and rewards attached to the agreements for sale of electricity to EDF and that, as a result, any leases that exist are not treated as finance leases.

When an agreement meets the criteria for a finance lease in accounting terms, determining the fair value of the leased asset and the present value of minimum lease payments also implies the formulation of a judgement by management.

***SIC 27 "Evaluating the substance of transactions in the legal form of a lease"***

The Group may enter into a transaction or a structured series of transactions (an agreement) taking the legal form of a lease with one or more investors in order to finance its property, plant and equipment. A series of transactions assuming the legal form of a lease are related and must be recognised for accounting purposes as a single transaction when their overall economic impact cannot be understood without reference to the series of transactions as a whole. Analysis of the substance of agreements assumes that management makes estimates and formulates judgements. If the agreement does not meet the conditions to be recognised for accounting purposes as a lease, management's estimates and judgements concern the facts and circumstances specific to each agreement, so as to determine when a fee received by the Group, where applicable, must be recognised in income. Such a fee is recognised only when it is probable that the economic benefits associated with the transaction will accrue to the entity and the outcome of the transaction can be reliably assessed, which assumes that management relies on estimates and formulates judgements. This analysis is performed on a case-by-case basis.

***IFRS 3 "Business combinations"***

All business combinations are recognised using the acquisition method. As a result, the Group recognises the acquired entity's identifiable assets, liabilities and contingent liabilities at their fair value on the acquisition date, and also recognises the goodwill. The values attributed to the assets acquired and liabilities assumed are subject to management's estimates, e.g. the expected cash flows on the assets and discount rates used.

***IAS 16 "Useful lives of non-current assets"***

Property, plant and equipment and intangible assets other than goodwill are recognised at cost and are depreciated or amortised over economic useful lives based on estimates made by management. When management observes that the actual useful lives differ substantially from the estimates used to calculate the depreciation or amortisation, this difference gives rise to adjustments in subsequent periods. Given the significance of the Group's non-current assets, differences between actual useful lives and estimated useful lives could have a material impact, positive or negative, on its operating income.

***IAS 36 "Impairment of non-current assets"***

Property, plant and equipment and intangible assets are subject to impairment testing when circumstances indicate that the asset's carrying amount may not be fully recoverable. When such indications exist, the Group performs impairment tests in order to verify that the asset's carrying amount does not exceed its recoverable amount, which is defined as the higher of: (i) fair value less costs to sell; and (ii) the value in use. An asset's value in use is generally determined by discounting the future cash flows expected to be generated by the asset. To estimate the future cash flows on property, plant and equipment and intangible assets, management formulates a judgement according to its intended use of the asset, notably as regards future income, expenses, discount rates, etc.

The impairment tests are performed on the basis of business plans approved by the Executive Committee.



**IAS 12 "Income taxes"**

The Group benefits directly from certain tax advantages corresponding to a percentage of eligible direct investments made in the form of capital contributions in assets located in the French overseas *départements*. These capital contributions are deductible from the taxable profit according to the date on which the tax benefits are approved. Approval from the public authorities is conditional on the continuing operation of the asset and conservation for a period of five years, in all cases, of the shares received in exchange for the capital contributions.

These tax benefits do not fall directly within the scope of application of either IAS 12 "Income taxes" or IAS 20 "Accounting for government grants". Management has therefore exercised its judgement to determine the accounting treatment to be applied and has concluded that an analogy with IAS 12 was appropriate. The tax relief is therefore recognised as a reduction of the tax on current income when there is reasonable assurance that the Group will meet all the conditions for grant of the tax relief and when the capital contribution becomes deductible from the taxable income for the current year.

Deferred tax assets are recognised for the amounts of tax on the profit recoverable in future years in respect of deductible temporary differences and the carry forward of unutilised tax losses and tax credits. To determine if a deferred tax asset is to be recognised in respect of the carry forward of unutilised tax losses and tax credits, management examines the probability of these unutilised tax losses and tax credits being used against a future taxable profit. Management takes into account past and projected results, the future taxable profit and the combination of results/strategies, both existing and realisable, in matters of tax planning.

**IAS 39 "Fair value of financial derivatives and embedded derivatives"**

The best indication of the fair value of a contract is the price that would be agreed between knowledgeable, willing parties in an arm's length transaction. On the transaction date, fair value generally corresponds to the transaction price. Subsequently, fair value is determined based on observable market data, which provide the most reliable indications concerning the change in a contract's fair value.

Market-based measurements, particularly those that are not based on readily available listed prices, include an intrinsic margin of uncertainty. This uncertainty increases with the term of the underlying contracts and when the underlying market is limited due to low transaction volumes. Market-based measurements may also differ substantially from the actual profit and losses realised on maturity of the contract due to changes in market conditions or specific events such as changes made to the underlying contract. More generally, any changes in the facts and circumstances relating to market conditions and the underlying assumptions used for measurement purposes may have an impact on the Group's net financial income and equity.

**Other estimates**

Concerning retrocessions of tax benefits, the Group recognises the impact of tax relief measures only when it is probable that the economic benefits associated with the transaction will accrue to the Group and the outcome of the transaction can be reliably measured. The Group considers the economic benefits associated with the transaction to be probable as soon as it receives the necessary approvals, the installations meet the conditions required, notably regarding grid connection, and investors have committed to the operations.

#### 4. Changes in the consolidation scope

##### Acquisition of control of Methaneo

The impact of the acquisition of control of Methaneo as a result of the acquisition of shares representing 60% of the share capital and voting rights of the company is analysed below.

The statement of financial position of Methaneo and its subsidiaries on the date of acquisition of control was as follows:

In thousands of euros

Non-current assets	7,166
Other non-current assets	252
Net deferred tax assets	570
Current assets	1,032
Cash and cash equivalents	1,899
<b>Total assets acquired</b>	<b>10,919</b>
Financial debt	(4,442)
Other current liabilities	(3,784)
<b>Net assets acquired</b>	<b>2,693</b>
<b>Net assets acquired – attributable to non-controlling interests</b>	<b>(1,148)</b>
<b>Net assets acquired – attributable to the Group</b>	<b>1,545</b>
Fair value of consideration given	4,582
<b>Goodwill</b>	<b>3,037</b>

The goodwill represents the expertise acquired by Methaneo staff and their capacity to develop a certain number of methanation projects. Methaneo is targeting installed capacity of around 25MW in five years.

It also includes projects in the preliminary study phase that do not meet the criteria for separate recognition from goodwill.

Non-controlling interests have been recognised at their share of the fair value of the assets and liabilities of the entity acquired. The goodwill has been determined solely on the basis of the share attributable to the Group of the fair value of the assets and liabilities. The amounts allocated to identifiable assets and liabilities may be modified within a period of 12 months from the acquisition date.

The business of Methaneo and its subsidiaries essentially involves project development. As such, these entities do not contribute to the revenue or profit of the period presented.



As part of this transaction, Séchilienne-Sidec has granted put options to Methaneo's founding shareholders. Half of these options can be exercised in 2016 and the other half in 2018. The option exercise price is set contractually by a calculation formula that takes into account the present value of the net cash flows of the projects financed, the amount of net debt and a multiple. Symmetrically, the founding shareholders have granted put options to Séchilienne-Sidec.

The accounting treatment used for the options granted to the founding shareholders is described below.

In accordance with IAS 32, a financial liability of €3.1 million is recognised at the closing date for an amount corresponding to the option exercise price, with the following corresponding entries:

- elimination of the corresponding carrying amount of non-controlling interests, i.e. €1.2 million;
- reduction of the Group share of equity for the difference between the carrying amount of non-controlling interests and the option exercise price, i.e. €1.9 million. This amount is adjusted at the end of each period according to the option exercise price and the carrying amount of non-controlling interests.

## 5. Operating segments

Segment information is presented based on the internal organisation and reporting structures used by Group management, which reflect the various levels of risks and profitability to which it is exposed.

The breakdown of information by operating segment is favoured, the risks and profitability depending primarily on the various types of activities rather than their geographic location.

Segment information is stated before inter-segment consolidation adjustments and other inter-segment adjustments.

Inter-segment transactions are realised on an arm's length basis.

### 5.1 Information by business segment

The Séchilienne-Sidec Group uses the following split for operating segments:

- Thermal: this segment comprises the thermal power plants that produce electricity for national companies under long-term supply agreements;
- Wind: this segment covers the windfarms that produce electricity for EDF under 15-year supply agreements;

- Photovoltaic: this segment comprises the various solar panel farms as well as the sale of installations and solar panels to third parties and joint ventures for the share held by third parties. It includes the share of the tax relief retroceded to SCE, Plexus, QC, QEA, QEH, QEG, SCEM and Power Alliance that members of the partnerships (*sociétés en nom collectif* – SNC) carrying the installations have benefited from under Article 217 *undecies* of the French Tax Code, in connection with the financing of photovoltaic installations;
- Methanation: this segment covers the activities of Methaneo. For the year ended 31 December 2012, Methaneo's activity essentially related to project development. As such, this activity does not contribute to the profit for the period;
- Holding company: the holding company segment consists of Séchilienne-Sidec's functional activities.

## Year ended 31 December 2012

	Thermal	Wind	Photovoltaic	Methanation	Holding and other	Eliminations	Total	Activities held for sale	IFRS financial statements
<b>INCOME STATEMENT</b>									
Revenue from ordinary activities	330,860	9,444	41,213	-	1,738	-	383,255	(9,444)	373,811
Inter-segment					12,050	(12,050)	-		
<b>Revenue from ordinary activities</b>	<b>330,860</b>	<b>9,444</b>	<b>41,213</b>		<b>13,788</b>	<b>(12,050)</b>	<b>383,255</b>	<b>(9,444)</b>	<b>373,811</b>
EBITDA	92,295	6,787	31,943	-	(3,790)	-	127,235	(6,787)	120,448
Operating income	69,551	4,131	17,773		(4,754)		86,701	(4,130)	82,571
Share of net income of associates	2,636						2,636	(0)	2,636
Net financial income							(29,334)	2,014	(27,321)
Tax charge							(20,668)	716	(19,952)
Net income from activities held for sale								1,400	1,400
<b>Net income for the year</b>							<b>39,335</b>	<b>(0)</b>	<b>39,335</b>
<b>STATEMENT OF FINANCIAL POSITION</b>									
Goodwill	7,313	-	950	3,037	-	-	11,300	-	11,300
Intangible assets	95,276	-	2,849	2,267	21	-	100,413	-	100,413
Property, plant and equipment	514,246	56,656	234,135	10,806	4,453	-	820,296	(56,038)	764,258
Investments in associates	24,051	-	-	-	-	-	24,051	-	24,051
Current assets	105,010	5,617	37,500	4,466	51,162	-	203,754	(5,617)	198,137
Other non-current assets (including deferred tax)	21,653	3,922	2,613	1,281	7,384	-	36,853	(3,922)	32,931
Activities held for sale								65,577	65,577
<b>Total assets</b>	<b>767,550</b>	<b>66,195</b>	<b>278,047</b>	<b>21,857</b>	<b>63,020</b>	<b>-</b>	<b>1,196,668</b>	<b>-</b>	<b>1,196,668</b>
Shareholders' equity	194,937	1,767	56,710	1,578	97,858	-	352,850		352,850
Non-current financial debt	267,021	44,219	177,822	8,674	50,345	-	548,081	(44,219)	503,862
Other non-current liabilities (including deferred tax)	96,110	2,085	24,544	620	3,421	-	126,780	(4,823)	121,957
Current liabilities	82,207	3,770	(10,886)	5,151	88,715	-	168,957	(4,304)	164,653
Inter-segment eliminations	127,274	14,354	29,857	5,834	(177,319)		-	-	-
Activities held for sale								53,346	53,346
<b>Total equity and liabilities</b>	<b>767,550</b>	<b>66,195</b>	<b>278,047</b>	<b>21,857</b>	<b>63,020</b>	<b>-</b>	<b>1,196,668</b>	<b>0</b>	<b>1,196,668</b>
<b>OTHER INFORMATION</b>									
Investments in non-current assets	10,120	805	1,791	5,991	921	-	19,628	(805)	18,823
Charges to depreciation and amortisation	(23,063)	(3,552)	(13,350)		(613)		(40,578)	3,552	(37,026)

Year ended 31 December 2011

	Thermal	Wind	Photovoltaic	Holding and other	Eliminations	Total	Activities held for sale	IFRS financial statements
<b>INCOME STATEMENT</b>								
Revenue from ordinary activities	318,531	7,752	33,289	2,056		361,628	(7,752)	353,876
Inter-segment				91,042	(91,042)	0		
<b>Revenue from ordinary activities</b>	<b>318,531</b>	<b>7,752</b>	<b>33,289</b>	<b>93,098</b>		<b>361,628</b>	<b>(7,752)</b>	<b>353,876</b>
EBITDA	85,508	5,321	44,994	(5,823)		130,000	(5,321)	124,679
Operating income	61,069	1,134	33,439	(9,028)		86,614	(1,132)	85,482
Share of net income of associates	3,121					3,121	0	3,121
Net financial income						(25,688)	1,955	(23,732)
Tax charge						(26,778)	(294)	(27,072)
Net income from activities held for sale							(529)	(529)
<b>Net income for the year</b>						<b>37,269</b>	<b>0</b>	<b>37,269</b>
<b>STATEMENT OF FINANCIAL POSITION</b>								
Goodwill	7,313	0	950	0		8,263		
Intangible assets	99,119	0	3,001	10		102,130		
Property, plant and equipment	523,257	58,711	248,043	3,500		833,511		
Investments in associates	22,958	0	0	0		22,958		
Current assets	89,270	4,177	42,233	58,098		193,778		
Other non-current assets (including deferred tax)	18,451	5,904	1,732	7,280		33,367		
<b>Total assets</b>	<b>760,367</b>	<b>68,792</b>	<b>295,959</b>	<b>68,888</b>	<b>0</b>	<b>1,194,006</b>		
Shareholders' equity	187,948	379	56,655	96,082		341,064		
Non-current financial debt	291,985	47,606	181,586	53,711		574,887		
Other non-current liabilities (including deferred tax)	84,439	2,223	20,717	3,142		110,521		
Current liabilities	83,574	4,392	(8,945)	88,513		167,534		
Inter-segment eliminations	112,421	14,192	45,946	(172,559)		0		
<b>Total equity and liabilities</b>	<b>760,367</b>	<b>68,792</b>	<b>295,959</b>	<b>68,888</b>	<b>0</b>	<b>1,194,006</b>		
<b>OTHER INFORMATION</b>								
Investments in non-current assets	27,755	5,593	51,540	288		85,176		
Charges to depreciation and amortisation	(22,847)	(4,194)	(11,537)	(3,256)		(41,834)		

*EBITDA: operating income before depreciation and amortisation charges and net charges to provisions.*

A reconciliation between operating income and EBITDA is shown below:

<i>In thousands of euros</i>	2012	2011 Restated
<b>Operating income</b>	<b>82,571</b>	<b>85,482</b>
Amortisation of contract-related intangible assets	4,528	4,537
Depreciation of property, plant and equipment	32,494	31,212
Net charges to provisions (including employee benefits)	353	1,994
Net charges to provisions recognised in other operating income and expenses	502	1,454
<b>EBITDA from continuing operations</b>	<b>120,448</b>	<b>124,679</b>
EBITDA from activities held for sale	6,787	5,321
<b>Total EBITDA</b>	<b>127,235</b>	<b>130,000</b>

Other segment assets comprise stocks, trade receivables and other debtors.

## FINANCIAL INFORMATION ON THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS

Segment liabilities comprise specific liabilities relating to operating sites, provisions for employee benefits, other provisions for liabilities and charges (excluding provisions for risks relating to non-consolidated entities), trade payables and other creditors.

### 5.2 Information by region

The Séchilienne-Sidec Group uses the following split by geographic region:

- Overseas *départements*: Guadeloupe, Martinique, Reunion, Guyana;
- Mainland France;
- Outside France: Mauritius, Italy, Spain.

At 31 December 2012 (in thousands of euros)	Overseas <i>départements</i>	Mainland France	Outside France	Eliminations	Total	Activities held for sale	IFRS financial statements
Revenue from ordinary activities	365,489	27,261	2,555	(12,050)	383,255	(9,444)	373,811
Share of net income of associates			2,636	0	2,636	0	2,636
Goodwill, non-current assets	818,304	94,438	19,267	0	932,009	(56,038)	875,971

At 31 December 2011 (in thousands of euros)	Overseas <i>départements</i>	Mainland France	Outside France	Eliminations	Total	Activities held for sale	IFRS financial statements
Revenue from ordinary activities	346,023	104,044	2,604	(91,042)	361,628	(7,752)	353,876
Share of net income of associates			3,121	0	3,121	-	3,121
Goodwill, non-current assets	849,093	81,926	12,885	0	943,904		943,904

### 6. Revenue from ordinary activities

Consolidated revenue from ordinary activities can be analysed as follows:

<i>In thousands of euros</i>	2012	2011 Restated
Sale of electricity and steam	371,151	350,731
Services	2,660	3,145
<b>Revenue from ordinary activities</b>	<b>373,811</b>	<b>353,876</b>

### 7. Other operating income and expenses

- Other operating expenses

Other operating expenses comprise all expenses other than purchases, logistics costs and staff costs. They include notably the cost of CO<sub>2</sub> quotas acquired and consumed during the year.

- Other operating income

Other operating income includes the amount of CO<sub>2</sub> quotas billed to EDF.

## 8. Staff costs

Staff costs are analysed below:

<i>In thousands of euros</i>	2012	2011 Restated
Wages and salaries	19,067	19,597
Social security charges	9,592	8,707
Profit-sharing and incentive schemes	3,035	1,978
Share-based payments	435	(38)
<b>Total staff costs</b>	<b>32,129</b>	<b>30,244</b>

The increase in staff costs is mainly due to:

- the full-year operation of Caraïbes Energie;
- higher social security charges in 2012 pursuant to the new measures consisting of increases in the social contribution and employer and employee contributions. These changes also increased the amount of profit-sharing.

In addition, staff costs in 2011 included severance payments for the former management team.

For the year ended 31 December 2011, the income reported in respect of option allocations includes the impact of staff departures during 2011. As such, pursuant to IFRS 2 "Share-based payment", the expense previously recognised has been reversed through profit or loss, representing income of €840 thousand for the period.

In the year ended 31 December 2012, the Group employed a total of 325 staff compared with 298 in 2011.

## 9. Other operating income and expenses

Other operating income and expenses can be analysed as follows:

<i>In thousands of euros</i>	2012	2011 Restated
Retrocessions of tax benefits		19,031
Other income	1,919	
<b>Other operating income</b>	<b>1,919</b>	<b>19,031</b>
Impairment of projects and assets	(461)	(1,454)
Carrying amount of assets	(799)	
Other expenses	(526)	(129)
<b>Other operating expenses</b>	<b>(1,786)</b>	<b>(1,583)</b>
<b>Total other operating income and expenses</b>	<b>133</b>	<b>17,448</b>

## FINANCIAL INFORMATION ON THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS

For the year ended 31 December 2012, other operating income essentially relates to compensation received in connection with disputes and an insurance claim receivable following destruction of an installation. The expenses relating to this incident are included in other operating expenses.

In the year ended 31 December 2011, the Group benefited from retrocessions of tax benefits under Article 217 *undecies* of the French Tax Code. These retrocessions benefited:

- QEA 2010, Plexus, QEG and QEH, which definitively acquired the tax benefits approved at 31 December 2010 that were conditional on the installations being connected to the grid prior to 31 March 2011;
- QEG corresponding to the eligible tranches that were fully subscribed by investors during the period.

The impairment losses recognised in 2011 related to development costs of projects previously capitalised and solar panels previously allocated to projects.

### 10. Cost of financial debt

Cost of financial debt comprises the following items:

<i>In thousands of euros</i>	<b>2012</b>	<b>2011 Restated</b>
Financial expenses on financial debt	(11,434)	(11,280)
Financial expenses on leases	(16,175)	(13,582)
Cost of financial debt	(27,609)	(24,862)

For the year ended 31 December 2012, the amount recognised in financial expenses in respect of hedging financial instruments amounted to €4.2 million compared with €3.2 million in 2011. The increase in the cost of debt essentially relates to the full-year operation of Caraïbes Energie and photovoltaic plants brought into service in 2011.

### 11. Other financial income and expenses

Other financial income and expenses comprise the following items:

<i>In thousands of euros</i>	<b>2012</b>	<b>2011 Restated</b>
Currency gains		
Proceeds from the sale of marketable securities	115	254
Other financial income	839	882
<b>Other financial income</b>	<b>954</b>	<b>1,136</b>
Currency losses		(7)
Impact of unwinding the discount on the provision for employee benefits	(476)	
Change in the fair value of financial instruments	(142)	
Other financial expenses	(48)	0
<b>Other financial expenses</b>	<b>(666)</b>	<b>(7)</b>

**12. Tax charge**

The corporation tax charge can be analysed as follows:

<i>In thousands of euros</i>	2012	2011 Restated
Operating income	82,571	85,482
Cost of financial debt	(27,609)	(24,862)
Other financial income and expenses	288	1,129
Income before tax and share of net income of associates (A)	55,250	61,750
Tax charge (B)	(19,952)	(27,072)
<b>Effective tax rate (B)/(A)</b>	<b>36.11%</b>	<b>43.84%</b>

The tax charge for the period is as follows:

<i>In thousands of euros</i>	2012	2011 Restated
Current tax charge	(18,087)	(16,627)
Deferred tax	(1,865)	(10,445)
Total corporation tax	(19,952)	(27,072)

A reconciliation between the actual tax charge and the theoretical tax charge is shown below:

	2012			2011 Restated		
	Base (thousands of euros)	Rate	Tax (thousands of euros)	Base (thousands of euros)	Rate	Tax (thousands of euros)
Theoretical tax charge	55,250	-33.33%	(18,415)	61,750	-33.33%	(20,581)
Impact of the removal of the one-third tax relief in the overseas <i>départements</i>					-9.49%	(5,857)
Tax at reduced rates in the overseas <i>départements</i>	-	0.0%	(16)	-		
Share of fees and charges on dividends	-	-0.5%	(254)	-		
Non-deductible interest	-	-1.6%	(883)	-	-0.34%	(207)
Deferred tax	-	-0.8%	(416)	-	-0.69%	(427)
<b>Tax charge recognised</b>	<b>55,250</b>	<b>-36.11%</b>	<b>(19,952)</b>	<b>61,750</b>	<b>-43.84%</b>	<b>(27,072)</b>



In 2011, the 2012 Finance Act adopted on 21 December 2011 removed a dispensational tax benefit, the so-called "one-third relief", which, up to 31 December 2017, meant that operating companies in the French overseas *départements* were charged tax calculated on only two thirds of their taxable profits. Removal of this allowance increased the Group's effective tax rate, which, all other things being equal, was close to the theoretical tax rate prevailing in France of 34.4%.

In addition, in accordance with IFRS, the amount of deferred tax recorded in the statement of financial position had been remeasured on the basis of the new tax rates, resulting in the recognition in 2011 of an additional, non-recurring tax charge of €6 million, with no cash impact.

### 13. Goodwill

<i>In thousands of euros</i>	Net amount
<b>At 31 December 2010</b>	<b>950</b>
Other	7,313
<b>At 31 December 2011</b>	<b>8,263</b>
Acquisitions	3,037
<b>At 31 December 2012</b>	<b>11,300</b>

For the year ended 31 December 2011, other movements correspond to the remeasurement of the deferred tax liabilities recognised at the time of the purchase of non-controlling interests in thermal power plants and relating to the remeasurement of intangible assets in respect of agreements for the sale of electricity recognised on this occasion. The remeasurement of these agreements had initially resulted in the recognition of deferred tax at the rate of 22.95%. This rate was increased to 33.33% on 31 December 2011.

The split of this goodwill by activity is as follows:

- Thermal:
  - Compagnie Thermique de Bois-Rouge (CTBR): €3.3 million;
  - Compagnie Thermique du Gol (CTG): €1.7 million;
  - Compagnie Thermique du Moule (CTM): €2.3 million.
- Biomethanation: €3 million
- Photovoltaic: €1 million

For the year ended 31 December 2012, the change in goodwill relates to the acquisition of control of Methaneo. This transaction is described in note 4 "Changes in the consolidation scope".



14. Intangible assets

<i>In thousands of euros</i>	Agreements for the supply of electricity and steam	Other intangible assets	Total intangible assets
<b>Gross amount</b>			
<b>At 31 December 2010</b>	<b>135,032</b>	<b>1,245</b>	<b>136,277</b>
Acquisitions		389	389
Disposals			
<b>At 31 December 2011</b>	<b>135,032</b>	<b>1,634</b>	<b>136,666</b>
Acquisitions		1,494	1,494
Changes in consolidation scope		1,326	1,326
Other movements		681	681
<b>At 31 December 2012</b>	<b>135,032</b>	<b>5,135</b>	<b>140,167</b>
<b>Amortisation and impairment</b>			
<b>At 31 December 2010</b>	<b>(29,807)</b>	<b>(410)</b>	<b>(30,217)</b>
Amortisation charge for the period	(4,537)		(4,537)
Reversal of impairment		218	218
<b>At 31 December 2011</b>	<b>(34,344)</b>	<b>(192)</b>	<b>(34,536)</b>
Amortisation charge for the period	(4,528)		(4,528)
Impairment		(244)	(244)
Reversal of impairment		486	486
Changes in consolidation scope		(251)	(251)
Other movements		(681)	(681)
Translation differences			
<b>At 31 December 2012</b>	<b>(38,872)</b>	<b>(882)</b>	<b>(39,754)</b>
<b>Net amount</b>			
At 1 January 2011	105,225	835	106,060
At 31 December 2011	100,688	1,442	102,130
<b>At 31 December 2012</b>	<b>96,160</b>	<b>4,253</b>	<b>100,413</b>

The gross amount of intangible assets comprises:

- the fair value of agreements for the delivery of energy entered into by the thermal power plants (CTBR, CTM and CTG) with the EDF group when acquiring control of these entities on 1 October 2004, amortised over the residual lives of said agreements;
- the fair value of agreements entered into by the SCE entities and Plexus, recognised when allocating the acquisition price of these entities. These agreements are amortised over a period of 20 years.

Impairment of other intangible assets is presented in the line "charges to provisions" in the income statement. Reversals of impairment losses are presented in the line "reversals of provisions" in the income statement.

## 15. Property, plant and equipment

<i>In thousands of euros</i>	Installations in service	Work in progress	Total
<b>Gross amount</b>			
<b>At 31 December 2010</b>	<b>774,350</b>	<b>181,459</b>	<b>955,809</b>
Acquisitions	7,345	77,442	84,787
Disposals	(1,794)		(1,794)
Dismantling asset	2,379		2,379
Reclassifications	250,944	(250,997)	(53)
<b>At 31 December 2011</b>	<b>1,033,224</b>	<b>7,904</b>	<b>1,041,128</b>
Acquisitions	6,331	11,803	18,134
Disposals	(941)		(941)
Dismantling asset			
Changes in consolidation scope	581	5,510	6,091
Reclassifications	278	(515)	(237)
Assets of activities held for sale	(69,984)		(69,984)
<b>At 31 December 2012</b>	<b>969,489</b>	<b>24,702</b>	<b>994,191</b>
<b>Depreciation and impairment</b>			
<b>At 31 December 2010</b>	<b>(171,473)</b>	<b>(400)</b>	<b>(171,873)</b>
Depreciation charge for the period	(34,043)		(34,043)
Impairment of assets and projects	(900)	(2,354)	(3,254)
Reversal of impairment			
Disposals	1,684		1,684
Reclassifications	121	(252)	(131)
<b>At 31 December 2011</b>	<b>(204,611)</b>	<b>(3,006)</b>	<b>(207,617)</b>
Depreciation charge for the period	(36,050)		(36,050)
Impairment of assets and projects	(461)		(461)
Reversal of impairment	900		900
Disposals	142		142
Reclassifications	(1,423)	630	(793)
Assets of activities held for sale	13,946		13,946
<b>At 31 December 2012</b>	<b>(227,557)</b>	<b>(2,376)</b>	<b>(229,933)</b>
<b>Net amount</b>			
At 1 January 2011	602,877	181,059	783,936
At 31 December 2011	828,613	4,898	833,511
<b>At 31 December 2012</b>	<b>741,932</b>	<b>22,326</b>	<b>764,258</b>

For the year ended 31 December 2012, increases in property, plant and equipment essentially relate to:

- expenditure for improvement of the thermal power plants;
- the development of methanation projects, notably the Tiper project;
- finalisation of the development of photovoltaic projects in the Indian Ocean region.

The amount of interest capitalised in respect of 2012 is immaterial. The amount of interest recognised in the cost of the installations in respect of 2011 came to €2.8 million.

For the year ended 31 December 2012, the depreciation charge includes €3.6 million in respect of the wind energy business. The same amount was recorded in 2011. These depreciation charges are presented in the line "Net income from activities held for sale" in the income statement.

#### Impairment testing

At 31 December 2012, the Group carried out impairment tests on the installations that can present indications of a loss in value using the methodology described in note 2.12 "Impairment of assets".

For the Thermal business, there were no indications of a loss in value.

For the Photovoltaic business, the following assumptions were used:

- probability rate for equivalent full-power hours (EFPH): this rate was established on the basis of the EFPH observed in the past for the installations tested and projected over the term of the business plan;
- electricity selling prices, incorporating tariff changes;
- forecast period, corresponding to the longer of the term of the electricity sale agreement and the yield guarantee provided by suppliers of panels.

For the wind energy business, impairment tests had been carried out in 2011 for the installations subject to less favourable wind conditions than those initially projected. These tests had resulted in the recognition of an impairment provision of €0.9 million. These installations were subjected to a further impairment test in 2012 prior to being classified in "activities held for sale". This new test resulted in the reversal through profit or loss of the impairment previously recognised.

The discount rates used for these tests were determined specifically for each installation. They range from 6% to 8%. In the case of these assets, a 10% increase in the EFPH would increase the value of the assets tested by approximately 10%. A 10% decline in the EFPH would decrease the value of the assets tested by approximately 11%. Given the assumptions presented above, changes in the discount rates have a limited impact on the asset values.

#### **Finance leases**

A significant portion of the Group's industrial equipment is subject to finance leases. At the end of the lease period, the Group can exercise an option to purchase the equipment.

The net amount of depreciation on assets under finance leases stood at €399.8 million at 31 December 2012 compared with €429.9 million at 31 December 2011.

Financial debt in respect of finance leases is presented in note 23.

**16. Investments in associates**

The change in investments in associates is analysed as follows:

<i>In thousands of euros</i>	<b>31/12/2012</b>	<b>31/12/2011</b>
<b>Amount at the start of the period</b>	<b>22,958</b>	<b>25,257</b>
Dividends paid	(2,464)	(3,576)
Share of net income of associates	2,636	3,121
Translation differences on the Mauritian investments	921	(1,844)
<b>Amount at the end of the period</b>	<b>24,051</b>	<b>22,958</b>

The change in the share of net income of associates includes the impact of the reduction in the fixed premium for the CTBV power plant in 2012.

Agreements for the sale of electricity produced by the Mauritian entities include price indexation clauses that are treated as currency derivatives. Under these clauses, selling prices for part of the electricity delivered are indexed to changes in the MUR/EUR exchange rate.

Pursuant to IAS 39, these embedded derivatives are recognised separately from their host contract (the agreement for the sale of electricity) on the contract start date and are measured at fair value, in the same way as stand-alone derivatives entered into with a bank.

Pursuant to IAS 39 "Financial instruments" and IFRIC 16 "Hedges of a net investment in a foreign operation", these derivatives are classified as a hedge of a net investment in a foreign operation. As such, changes in the fair value of these derivatives are recognised in equity, within translation reserves, with no impact on profit or loss.

For the year ended 31 December 2012, the impact, net of tax, of the restatement of derivatives embedded in sale agreements on the value of investments in associates and recognised in translation reserves amounts to €3.1 million compared with €2.8 million at 31 December 2011. In 2012, the change in fair value represented an increase of €0.4 million net of tax in respect of the Group share, compared with a reduction of €1.7 million in 2011.

The Group's share of the assets, liabilities and results of these entities is shown below:

<i>In thousands of euros</i>	<b>31/12/2012</b>	<b>31/12/2011</b>
Non-current assets	36,753	35,263
Current assets	15,799	20,067
Total assets	52,552	55,329
Non-current liabilities	23,620	26,695
Current liabilities	4,882	5,676
Total liabilities	28,501	32,371
Net assets	24,051	22,958
Revenue	27,612	28,733
Operating income	5,452	6,573
Net income for the year	2,636	3,121

**17. Non-current financial assets**

<i>In thousands of euros</i>	<i>Note</i>	<b>31/12/2012</b>	<b>31/12/2011</b>
Deposits and cash collateral		13,415	18,156
Term deposits		3,647	3,646
Non-consolidated investments		280	239
Loans due in more than 1 year		231	203
Financial instruments	24	201	
<b>Total</b>		<b>17,774</b>	<b>22,244</b>

Deposits and cash collateral relate to finance leases used to finance the thermal power plants. These deposits and collateral bear interest, most of which is capitalised. These items are repayable on fixed dates or on the call option exercise date. The term deposit also generates interest that is capitalised. Deposits and cash collateral at 31 December 2011 included an amount of €5.1 million relating to the wind energy business.

All non-current financial assets are due in more than five years.

**18. Cash and cash equivalents**

<i>In thousands of euros</i>	<b>31/12/2012</b>	<b>31/12/2011</b>
Investment securities	61,194	48,299
Cash	18,193	26,759
<b>Total</b>	<b>79,387</b>	<b>75,058</b>

Cash equivalents comprise immediately available money market mutual funds, for which changes in fair value are recognised in profit or loss. These investment securities consist of overnight placements of cash, whose value presents a negligible risk of change over time.

**19. Trade receivables**

At 31 December 2012, trade receivables stood at €43.4 million compared with €45.4 million at 31 December 2011. The change during the year includes the impact of the reclassification in "activities held for sale" of €1.4 million of trade receivables for the wind energy business.

The Group sells virtually all the electricity it produces under agreements entered into with EDF in France and, for the equity-accounted companies, the Central Electricity Board (CEB) in Mauritius.

Given the high quality of the parties to the agreements for the sale of electricity, in the Group's opinion, the counterparty risk relating to trade receivables is immaterial. At 31 December 2012, the statement of financial position did not include any material overdue trade receivables.

## 20. Stocks

Stocks are analysed as follows:

<i>In thousands of euros</i>	31/12/2012	31/12/2011
<b>Stocks – gross amount</b>		
Raw materials/fuels	19,309	20,573
Non-strategic spare parts	25,483	22,762
Other stocks in progress	1,003	878
<b>Total stocks – gross amount</b>	<b>45,795</b>	<b>44,213</b>
<b>Impairment of stocks</b>		
Non-strategic spare parts	(101)	(577)
<b>Total impairment of stocks</b>	<b>(101)</b>	<b>(577)</b>
<b>Stocks – net amount</b>		
Raw materials/fuels	19,309	20,573
Non-strategic spare parts	25,382	22,185
Other stocks in progress	1,003	878
<b>Total stocks – net amount</b>	<b>45,694</b>	<b>43,636</b>

The increase in the stock of non-strategic spare parts is partly due to the build-up of a buffer stock for Caraïbes Energie and the reclassification in stocks of panels and inverters to be used as spare parts or sold. The latter represented an amount of €2.2 million at 31 December 2012.

## 21. Other current assets

Other current operating assets are analysed as follows:

<i>In thousands of euros</i>	31/12/20 12	31/12/201 1
Tax and social security receivables	15,440	14,054
Current tax receivables	1,618	5,447
Prepayments	3,615	3,144
Other debtors	9,006	7,036
<b>Total</b>	<b>29,679</b>	<b>29,681</b>

## 22. Share capital and potential shares

### 22.1 Share capital, stock option plans and performance shares

At 31 December 2012, the share capital comprised 28,632,445 shares with a nominal value of €0.0385 per share, fully paid up, including 55,000 treasury shares in connection with a liquidity contract.

At 31 December 2011, Financière Hélios held a 37.2% stake. At 31 December 2012, this stake stood at 36.9%.

## 22.2 Stock option plans and bonus shares

Stock subscription option plans and bonus share plans	2012 bonus share plan	Bonus share plan/ Performance shares	2010 stock option plan	2005 stock option plan
Date of the Board of Directors meeting making the grant	26/7/2012	28/8/2009 25/1/2010 28/7/2010	27/8/2010	13/2/2005
Exercise period			From 28/8/2014 to 28/8/2017 subject to performance and presence conditions	From 11/12/2009 to 10/12/2012
End of the vesting period	Depending on performance conditions	10/1/2013		
Total number of options originally granted	690,000	408,116	190,000	7,500
Original exercise price		-	21	21
Total number of options after adjustment		-	n/a	150,000
<b>Number of instruments in issue at 1 January 2011</b>	-	<b>408,116</b>	<b>190,000</b>	<b>145,000</b>
Options and bonus shares granted				
Options and bonus shares exercised				
Options and bonus shares expired		(238,020)	(66,500)	(145,000)
<b>Number of instruments in issue at 1 January 2012</b>	-	<b>170,096</b>	<b>123,500</b>	<b>145,000</b>
Options and bonus shares granted	617,400			
Options and bonus shares exercised				
Options and bonus shares expired		(170,096)	(17,000)	(145,000)
<b>Number of instruments in issue at 31 December 2012</b>	<b>617,400</b>	<b>0</b>	<b>106,500</b>	<b>0</b>
Number of options exercisable at the year end	0	0	0	0
<b>Initial fair value of options in issue (per option)</b>	<b>0.33</b>	-	<b>5.0</b>	-
Life of the conditional grant	2.25 years	3.37 years	4 years	
Fair value of conditional grant (in € thousands)	226	1,869	939	
Amount recognised in expenses				
<b>2012</b>	<b>39</b>	<b>245</b>	<b>153</b>	
2011	19	191	122	
2010		558	88	
2009		(172)		
<b>Assumptions</b>				
- Volatility	29%	30%	29%	
- Lending rate/stock lending	7.5%	10%	7.5%	



### 22.2.1 2010 stock option plans

On 27 August 2010, using the authorisation granted to it by the Combined Ordinary and Extraordinary General Meeting of shareholders of 18 May 2010, Séchilienne-Sidec's Board of Directors granted 190,000 stock subscription options to employees and corporate officers of the Company and its subsidiaries present on 15 August 2010.

The grant of these options is subject to a condition whereby the beneficiary must be present on the start date of the exercise period, i.e. 28 August 2014, and a performance condition. This performance condition requires growth of at least 30% per annum in the gross power of the photovoltaic fleet of the Company and its subsidiaries, installed at 31 December 2011, compared with the gross power installed at 31 December 2009.

In accordance with IFRS 2, the presence conditions and other performance conditions that are unrelated to the market have no impact on the measurement of the fair value of goods and services received but they do adjust the number of equity instruments actually granted and therefore the final cost recognised.

The cost recognised in respect of 2011 was adjusted following the departure of certain employees and Mr Nordine Hachemi, a corporate officer, as the presence conditions were no longer met.

### 22.2.2 Performance shares

This plan was replaced by the 2012 bonus share plan described below. Pursuant to IFRS 2 "Share-based payment", the cost of this plan is recognised in profit or loss in accordance with the timetable established on the initial grant date.

### 22.2.3 2012 bonus share plan

During 2012, the Séchilienne-Sidec Group's Board of Directors granted 617,400 bonus ordinary shares subject to certain performance conditions. The shares granted free of charge are split into three equal tranches (tranches A, B and C).

The definitive grant of these shares is subject to performance conditions whose main features are presented below (excluding conditions relating to a takeover bid):

- for the shares of tranche A, at any time during a six-month period commencing at the end of a two-year period with effect from the Grant Date: the six-month moving average of the closing listed share price must be at least €18.50;
- for the shares of tranche B, at any time during a six-month period commencing at the end of a two-year period with effect from the Grant Date: the six-month moving average of the closing listed share price must be at least €22.50;
- for the shares of tranche C, at any time during a six-month period commencing at the end of a two-year period with effect from the Grant Date: the six-month moving average of the closing listed share price must be at least €26.50.

The beneficiary must also be present on the date on which the performance conditions are met to be able to receive the shares thus granted.

The rights vesting period depends on the actual date on which the performance conditions are met for each of the tranches.

Furthermore, at the end of the vesting period, the shares delivered must be retained for two years (during this retention period, the beneficiary cannot sell, transfer or pledge these shares).

In the case of the Chairman and Chief Executive Officer, the retention period for 25% of the shares granted shall be extended until such time as he ceases to fulfil his functions.

#### 22.2.4 Bonus share plan at Methaneo

Following the acquisition of control of Methaneo by Séchilienne-Sidec, a plan for the grant of bonus shares to Methaneo's employees was put in place for a number representing 2.5% of Methaneo's share capital. Acquisition of the shares is subject to the beneficiaries being present for two years with effect from the grant date. In addition, the plan provides for a two-year retention period without a presence condition. The total fair value of the plan is estimated at €185 thousand, spread over the rights vesting period, i.e. two years. The charge for the period is not material.

At the same time, the founding shareholders have undertaken to sell Methaneo shares to Séchilienne-Sidec, enabling the latter to maintain a 60% stake in Methaneo's share capital.

- **Methaneo founders' share warrants**

The General Meeting of Methaneo SAS held on 19 June 2012 authorised the Chairman of Methaneo SAS to issue 150 warrants to subscribe to founders' shares (*bons de souscription de parts de créateurs d'entreprise* – BCE) in favour of Methaneo employees.

Each warrant will confer on its beneficiary the right to subscribe to one new ordinary share in Methaneo SAS in exchange for payment of the subscription price of €714 per share, or, if the company stages a capital increase in the six months prior to the grant of the warrants by issuing securities conferring equivalent rights to those arising from exercise of the warrants, the price shall be no less than the issuance price of the securities in question.

The warrants may be exercised during a six-month period with effect from them being granted by the Chairman. The General Meeting also resolved to waive shareholders' pre-emptive rights to the 150 warrants to be issued. The warrant issuance price is based on the valuation of Methaneo's shares carried out in connection with the acquisition of control of this company by Séchilienne-Sidec. As such, the option granted is considered as being at its market value and has no impact on the financial statements presented. As the option will be settled by equity instruments, this benefit is determined on the grant date and is not subsequently remeasured.

## 22.3 Number of shares

Movements in the number of shares making up the share capital are shown below:

At 31 December 2010	28,446,645
Shares issued as a result of the exercise of options	
Shares created	
Treasury shares	(108,800)
At 31 December 2011	28,337,845
Shares issued as a result of the payment of dividends in shares	185,800
Shares created	
Treasury shares	53,800
At 31 December 2012	28,577,445

At 31 December 2012, the Group held 55,000 treasury shares.

**Calculation of the dilution**

The diluted weighted average number of shares is calculated using the share buyback method. The funds received on exercise of the rights attached to the dilutive instruments are assumed to be allocated to the buyback of shares at market price on the last day of the financial year. The number of shares thus obtained is deducted from the total number of shares resulting from exercise of the rights.

Shares whose issuance is conditional are included in the calculation of diluted earnings per share only when, at the end of the period in question, the vesting conditions are met.

The dilutive effects are created by the issuance of stock subscription options as well as by the grant of performance shares. As the vesting conditions were not met at either 31 December 2011 or 2012, these instruments have no impact on diluted earnings per share.

	31/12/2012	31/12/2011
Weighted average number of shares	28,577,445	28,337,845
Dilution	-	-
Diluted weighted average number of shares	28,577,445	28,337,845
<b>Group total</b>		
Net income, Group share before and after dilution	33,455	32,155
Basic earnings per share	1.171	1.135
Diluted earnings per share	1.171	1.135
<b>Continuing operations</b>		
Net income, Group share before and after dilution	32,055	32,683
Basic earnings per share	1.122	1.153
Diluted earnings per share	1.122	1.153
<b>Discontinued operations</b>		
Net income, Group share before and after dilution	1,400	(529)
Basic earnings per share	0.049	(0.019)
Diluted earnings per share	0.049	(0.019)

## 22.4 Dividends

Séchilienne-Sidec gave its shareholders the option to elect for payment of the dividend to be distributed for the year ended 31 December 2011, whose amount had been set at €0.570 per share, in shares or cash under the following conditions: the shareholder may elect for 100% payment in cash, or 50% payment in cash and 50% in shares. For payment in shares, the issuance price of the new shares had been set at €9.38 per share.

At the end of the exercise period, 21.69% of the rights had been exercised in favour of payment in shares. The option for payment of the dividend in shares resulted in the creation of 185,800 new shares representing 0.649% of Séchilienne-Sidec's share capital and voting rights on the issuance date.

## 23. Financial debt

### 23.1 Analysis by type (current and non-current)

The Group's financial debt can be analysed as follows:

	31 December 2012				Total	31 December 2011			
	Project debt	Debt relating to call options on non-Group interests	Corporate debt	Bank overdrafts and accrued interest		Project debt	Corporate debt	Bank overdrafts and accrued interest	Total
Amounts due to credit institutions	213,075	3,055	89,000	1,551	<b>306,681</b>	227,651	95,500	2,190	<b>325,341</b>
Lease liabilities	276,073				<b>276,073</b>	333,379			<b>333,379</b>
Total	489,148	3,055	89,000	1,551	582,754	561,030	95,500	2,190	658,720
Non-current financial debt					503,862				574,887
Current financial debt					78,892				83,333

At 31 December 2012, all short-term loans had been utilised. The Group's average interest rate was 3.96% in 2012 compared with 4.52% in 2011.

This debt includes variable rate debt totalling €460.8 million in 2012, compared with €482.1 million in 2011, which is 80% hedged (see note 25 "Financial derivatives").

Project debt is debt without recourse to Séchilienne-Sidec SA. It is borne by dedicated project entities.

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The change in financial debt during the period is analysed below:

	Lease liabilities	Bank borrowings	Debt relating to call options on non-Group interests	Bank overdrafts and accrued interest	Total
<b>Opening</b>	<b>333,379</b>	<b>323,151</b>		<b>2,190</b>	<b>658,720</b>
Borrowings issued		9,782			9,782
Impact of changes in consolidation scope		4,447	3,055		7,502
Repayments	(23,631)	(23,745)	0		(47,376)
Other movements	(4,853)	4,853			0
Reclassifications	2,383				2,383
Activities held for sale	(31,205)	(16,413)		(348)	(47,966)
Net change				(291)	(291)
<b>Closing</b>	<b>276,073</b>	<b>302,075</b>	<b>3,055</b>	<b>1,551</b>	<b>582,754</b>

In July 2008, the Group refinanced all its corporate debt. To do this, a seven-year financing agreement for a total amount of €100 million was entered into on 14 February 2008. The key features of this agreement were as follows:

- consisting of two tranches:
  - tranche A for €80 million: loan amortisable in six annual repayments of €6.5 million and a final repayment on maturity of €41 million – fully drawn down at 31 December 2011 and 2012 (outstanding principal at 31 December 2012: €54 million);
  - tranche B for €20 million: loans to cover the working capital requirement, fully drawn down at 31 December 2011 and 2012;
- interest rate: Euribor +0.80%;
- compliance with the usual minimum ratios:
  - the R1 ratio, defined as parent company net borrowings (all borrowings and similar debts contracted with credit institutions and other financial creditors) over consolidated EBITDA (Group operating income plus depreciation, amortisation and impairment) must be less than 2;
  - the R2 ratio, defined as parent company net borrowings over consolidated shareholders' equity (total share capital, additional paid-in capital, reserves, translation reserves, retained earnings and non-controlling interests) must be less than 1.

In addition, the amount of parent company net borrowings is capped at €300 million. The Group complied with these ratios at 31 December 2012.

## 23.2 Maturity analysis of total repayments of financial debt

The split by maturity of total repayments (not discounted) of financial debt (including repayment of principal and payment of interest) is as follows:

<i>In thousands of euros</i>	<b>Due within 1 year</b>	<b>Due between 1 and 5 years</b>	<b>Due in more than 5 years</b>	<b>Total financial debt</b>
Financial debt	64,920	142,166	160,912	367,998
Lease liabilities	31,686	161,559	175,398	368,643
<b>Total at 31/12/2012</b>	<b>96,606</b>	<b>303,725</b>	<b>336,310</b>	<b>736,641</b>

For debt at variable interest rates, total payments have been determined based on interest rates at 31 December 2012.

Concerning the finance leases for the CTM power plant, the Group may, at its discretion, exercise the call option in 2013. At 31 December 2012, the outstanding principal on the lease liability stood at €35.6 million. The Group will consider this possibility in 2013. Deposits and collateral relating to this lease are included in the statement of financial position, within non-current financial assets, for an amount of €12.5 million.

The amount of minimum payments in respect of finance leases corresponds to the total repayments of lease liabilities indicated above.

#### 24. Financial derivatives

Certain loans and leases entered into by the subsidiaries incorporate interest variation clauses. The agreements entered into with EDF generally allow for all or part of this variability to be passed on. When there is no such risk transfer, the Group has entered into interest rate swaps, lending at variable rates and borrowing at fixed rates. The situation pertaining to each lease for the subsidiaries in question, in terms of interest rate risk, as well as their impact on the statement of financial position pursuant to IAS 39, is shown in the table below. The swaps entered into by Séchilienne-Sidec and its subsidiaries CTG, CCG and CTBR for the purposes of hedging the residual value of the lease have been recognised as cash flow hedges.

Analysis of agreements for the sale of electricity entered into with the CEB in Mauritius by Compagnie Thermique de Bellevue, Compagnie Thermique de Savannah and Compagnie Thermique du Sud indicated the presence of embedded currency derivatives that have been recognised at fair value in the financial statements of these equity-accounted subsidiaries. They have been classified as hedges of a net investment. The amounts recognised in respect of these derivatives are presented in note 16 "Investments in associates".

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The amount recognised in profit or loss in respect of the ineffective portion of hedging instruments is not material.

	Maturity	Notional in millions of euros	Fair values in the statement of financial position				Recognition of changes in 2012	
			31/12/2011		31/12/2012		Profit or loss	Suspense account in equity
			Assets	Liabilities	Assets	Liabilities		
<i>Thousands of euros</i>								
Hedging of variable rate debt by means of interest rate swaps	2013 to 2029	274		(28,824)	201	(39,926)	(142)	(10,759)
Total cash flow hedging derivatives		274		(28,824)	201	(39,926)	(142)	(10,759)

A 50bp decline in interest rates would increase the amount of financial liabilities relating to hedging instruments by €8.8 million. A 50bp increase in interest rates would decrease the amount of financial liabilities relating to hedging instruments by €8.8 million. These effects would result in entries in equity for their amounts net of contingent tax.

## 25. Employee benefits

Employee benefits are analysed as follows:

<i>In thousands of euros</i>	31/12/2012	31/12/2011
Post-employment benefits	12,446	9,013
Other long-term benefits	1,575	1,307
<b>Total</b>	<b>14,021</b>	<b>10,320</b>

### 25.1 Post-employment benefits

The provision for retirement obligations (defined benefit plan granted to employees) relates to the lump-sum retirement payment plan (*régime d'indemnités de départ en retraite* – IDR) applicable to French companies, the defined benefit plan put in place for employees of the parent company, and the Electricity and Gas Industry (IEG) plan applicable to the employees of certain subsidiaries (specific pensions and guarantee to preserve specific benefits following their retirement).



The net expense recognised in the income statement in respect of defined benefit post-employment benefit plans is analysed as follows:

<i>In thousands of euros</i>	2012	2011 Restated
Cost of services rendered during the year	1,396	930
Financial cost	428	494
<b>Net expense for the year</b>	<b>1,824</b>	<b>1,424</b>

The cost of services rendered net of benefits paid is presented in the line "charge to provisions" in the income statement. The financial cost is presented in the line "other financial expenses" in the income statement.

The change in the net amounts recognised in the statement of financial position is analysed below:

<i>In thousands of euros</i>	31/12/2012	31/12/2011
<b>Opening obligation</b>	<b>9,013</b>	<b>8,354</b>
Net expense for the year	1,824	1,424
Contributions paid	(473)	(359)
Actuarial gains and losses recognised in reserves	2,099	
Other changes	(17)	(406)
<b>Closing obligation</b>	<b>12,446</b>	<b>9,013</b>

The amount of plan assets is not material. Actuarial gains and losses for 2012 stem from the impact of the change in the discount rate for an amount of €1.5 million and experience effects for an amount of €0.5 million.

## 25.2 Other long-term benefits

The amounts recognised in liabilities in respect of these plans are analysed as follows:

<i>In thousands of euros</i>	31/12/2012	31/12/2011
Present value of the liability	1,575	1,307
<b>Net amount recognised in the statement of financial position</b>	<b>1,575</b>	<b>1,307</b>

The net expense recognised in the income statement in respect of other long-term benefits is analysed as follows:

<i>In thousands of euros</i>	2012	2011 Restated
Cost of services rendered during the year	301	260
Financial cost	57	52
<b>Net expense for the year</b>	<b>358</b>	<b>312</b>

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The cost of services rendered net of benefits paid is presented in the line "charges to provisions" in the income statement. The financial cost is presented in the line "other financial expenses" in the income statement.

The change in the net amounts recognised in the statement of financial position is analysed below:

<i>In thousands of euros</i>	31/12/2012	31/12/2011
Net amount recognised in the opening statement of financial position	1,307	1,093
Net expense for the year	358	312
Contributions paid	(111)	(142)
Other changes	21	44
<b>Net amount recognised in the closing statement of financial position</b>	<b>1,575</b>	<b>1,307</b>

### 25.3 Actuarial assumptions

The main actuarial assumptions used to calculate IDR and IEG obligations are as follows:

	31/12/2012	31/12/2011
Discount rate	3.5%	4.5%
Inflation rate	2.0%	2.0%
Life expectancy table	INSEE by age range	INSEE by age range

A 100bp increase in the discount rate would decrease the amount of employee benefit obligations by around €1.5 million, while long-term benefit obligations would fall by around €0.2 million.

## 26. Provisions for liabilities

The change in provisions for liabilities and charges during the year comprises the following items:

<i>In thousands of euros</i>	Provisions for industrial and other risks	Provision for dismantling	Other provisions	Total non-current provisions
<b>Provision at 31/12/2010</b>	<b>1,284</b>	<b>0</b>	<b>600</b>	<b>1,884</b>
Charges	375	2,379	1,300	4,054
Reversals – utilised	(80)			(80)
Reversals – unutilised			(450)	(450)
Change in consolidation scope and other	258		108	366
<b>Provision at 31/12/2011</b>	<b>1,837</b>	<b>2,379</b>	<b>1,558</b>	<b>5,774</b>
Charges	780		62	842
Reversals – utilised				0
Reversals – unutilised	(500)	(57)		(557)
Activities held for sale		(2,145)		(2,145)
Reclassifications		(177)	(584)	(761)
<b>Provision at 31/12/2012</b>	<b>2,117</b>	<b>0</b>	<b>1,036</b>	<b>3,153</b>

For the year ended 31 December 2011, a provision for dismantling had been raised for an amount of €2.4 million in respect of the obligation to dismantle wind energy installations at the end of their operation pursuant to decree no. 2011-985.

Other provisions essentially cover the projected risks of payment of compensation relating to disputes or legal action.

**27. Deferred tax**

Deferred tax assets and liabilities recognised in the statement of financial position are analysed as follows:

<i>In thousands of euros</i>	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Difference between amounts for accounting and tax purposes:						
- Non-current assets	10,087	18,062	(35,296)	(49,306)	(25,209)	(31,244)
- Provisions	4,263	3,407	(42)	(301)	4,221	3,106
- Other items	2,611	3,676	(262)	(438)	2,349	3,238
- Finance leases	280	368	(47,904)	(45,827)	(47,624)	(45,459)
- Derivatives	13,707	9,841			13,707	9,841
Tax losses	2,856	6,038			2,856	6,038
<b>Total</b>	<b>33,804</b>	<b>41,392</b>	<b>(83,504)</b>	<b>(95,872)</b>	<b>(49,700)</b>	<b>(54,480)</b>
Impact of offsetting	(18,647)	(30,270)	18,647	30,270	0	0
<b>Net deferred tax</b>	<b>15,157</b>	<b>11,122</b>	<b>(64,857)</b>	<b>(65,602)</b>	<b>(49,700)</b>	<b>(54,480)</b>

The tax losses were generated by the application of Article 39 AB of the French Tax Code, resulting in the accelerated depreciation for tax purposes of certain installations. These tax losses will be utilised over the term of the agreements for the sale of electricity applicable to these installations. This recovery is supported by the business plans established by the Group.

The change in deferred tax is analysed below:

<i>In thousands of euros</i>	<b>Total</b>
<b>Net deferred tax at 1 January 2011 (restated)</b>	<b>(42,692)</b>
Profit or loss	(10,445)
Activities held for sale	515
Effect of business combinations	(64)
Other movements	(8,245)
Equity	6,452
<b>Net deferred tax at 31 December 2011</b>	<b>(54,480)</b>
Profit or loss	(1,865)
Effect of business combinations	570
Other movements	(437)
Equity	4,250
Activities held for sale	2,263
<b>Net deferred tax at 31 December 2012</b>	<b>(49,700)</b>

**28. Trade payables**

Trade payables are analysed as follows:

<i>In thousands of euros</i>	<b>31/12/2012</b>	<b>31/12/2011</b>
Trade payables	37,519	32,100
Amounts due to suppliers of non-current assets	10,037	15,660
<b>Total</b>	<b>47,556</b>	<b>47,759</b>

Amounts due to suppliers of non-current assets and the change in this item during the year relate essentially to construction of the Caraïbes Energie power plant, brought into service during 2011.

**29. Corporation tax, duties, and tax and social security liabilities**

These liabilities are analysed as follows:

<i>In thousands of euros</i>	<b>31/12/2012</b>	<b>31/12/2011</b>
Current tax liabilities	3,279	7,016
Other tax and social security liabilities	17,959	15,323
<b>Total</b>	<b>21,238</b>	<b>22,339</b>

**30. Other current operating liabilities**

Other current liabilities are analysed as follows:

<i>In thousands of euros</i>	<b>31/12/2012</b>	<b>31/12/2011</b>
Deferred income	7,519	6,583
Other creditors	9,448	7,022
<b>Total</b>	<b>16,967</b>	<b>13,605</b>

Other creditors mainly comprise liabilities in respect of the bagasse premium and advances received on the development of methanation projects. The change during the year stems mainly from these advances.

**31. Financial instruments**

The fair values of financial instruments are as follows:

<i>In thousands of euros</i>	Carrying amount		Fair value	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
<b>Financial assets</b>				
Non-current financial assets	17,774	22,244	17,774	22,244
Trade receivables	43,379	45,403	43,379	45,403
Other current assets	29,679	29,681	29,679	29,681
Cash and cash equivalents	79,387	75,058	79,387	75,058
<b>Total financial assets</b>	<b>170,218</b>	<b>172,385</b>	<b>170,218</b>	<b>172,385</b>
Non-current financial dent	503,862	574,887	532,713	571,478
Current financial debt	78,892	83,833	78,892	83,833
Trade payables	47,556	47,759	47,556	47,759
Other current financial liabilities	38,205	35,944	38,205	35,944
Financial derivatives	39,926	28,824	39,926	28,824
<b>Total financial liabilities</b>	<b>708,440</b>	<b>771,246</b>	<b>737,292</b>	<b>767,837</b>

The fair value of an asset or liability is the price that would be agreed between willing parties in an arm's length transaction. On the transaction date, it generally corresponds to the transaction price. Subsequent determination of the fair value must be based on observable market data that provide the most reliable indication of the fair value of a financial instrument.

For the swaps, the fair value of derivatives is determined based on the discounted contractual cash flows.

The fair value of borrowings is determined by discounting the contractual cash flows at market interest rates.

The fair value of trade payables and trade receivables corresponds to the carrying amount indicated in the statement of financial position as the impact of discounting the future cash flows is not material.

## FINANCIAL INFORMATION ON THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS

31/12/2012	Level	Carrying amount	Fair value through profit or loss	Fair value through equity	Assets available for sale	Loans and receivables	Liabilities at amortised cost
<b>Financial assets</b>							
Non-current financial assets	2	17,774		201		17,573	
Trade receivables		43,379				43,379	
Other current assets		29,679				29,679	
Cash and cash equivalents	1	79,387	79,387				
<b>Total financial assets</b>		<b>170,218</b>	<b>79,387</b>	<b>201</b>	<b>0</b>	<b>90,631</b>	<b>0</b>
<b>Financial liabilities</b>							
Non-current financial liabilities		503,862					503,862
Current financial liabilities		78,892					78,892
Trade payables		47,556					47,556
Other current financial liabilities		38,205					38,205
Financial derivatives	2	39,926		39,926			
<b>Total financial liabilities</b>		<b>708,440</b>	<b>0</b>	<b>39,926</b>	<b>0</b>	<b>0</b>	<b>668,514</b>
31/12/2011	Level	Carrying amount	Fair value through profit or loss	Fair value through equity	Assets available for sale	Loans and receivables	Liabilities at amortised cost
<b>Financial assets</b>							
Non-current financial assets	2	22,244				22,244	
Trade receivables		45,403				45,403	
Other current assets		29,681				29,681	
Cash and cash equivalents	1	75,058	75,058				
<b>Total financial assets</b>		<b>172,385</b>	<b>75,058</b>	<b>0</b>	<b>0</b>	<b>97,328</b>	<b>0</b>
<b>Financial liabilities</b>							
Non-current financial liabilities		574,887					574,887
Current financial liabilities		83,833					83,833
Trade payables		47,759					47,759
Other current financial liabilities		35,944					35,944
Financial derivatives	2	28,824		28,824			
<b>Total financial liabilities</b>		<b>771,246</b>	<b>0</b>	<b>28,824</b>	<b>0</b>	<b>0</b>	<b>742,422</b>

In accordance with the provisions of the amendment to IFRS 7, the tables presented above indicate the Group's assets and liabilities that are measured at fair value according to their measurement method.

The classification levels are defined as follows:

- Level 1: prices quoted on an active market;
- Level 2: prices quoted on an active market for a similar instrument, or another valuation technique based on observable parameters;
- Level 3: valuation technique incorporating non-observable parameters.

## 32. Risk and capital management

### 32.1 Risk management

- **Interest rate risk**

Only tranche A of the financing lines put in place in connection with the refinancing in the third quarter of 2008 was utilised at 31 December 2012. This financing line was subject to swaps (variable interest rates swapped for fixed interest rates) amounting to €53.5 million.

For the CTM and CTBR-1 power plants, for which the financing by means of borrowings or finance leases is not at fixed interest rates, the impact of the change in interest rates on the financing is passed on to customers in accordance with the contractual terms. For all other power plants except CTG-A, which has fixed-rate financing, the impact of the change in interest rates cannot be passed on to customers. As such, those companies with financing agreements have put in place appropriate hedges in the form of swaps, i.e. swapping variable interest rates for fixed interest rates.

The Group's debt can be analysed as follows:

<i>In thousands of euros</i>	<b>31/12/2012</b>	<b>31/12/2011</b>
Borrowings and financial debt:		
- Bank borrowings	302,075	323,151
- Finance leases	276,073	333,379
- Other debt and accrued interest	4,606	2,190
<b>Total borrowings and financial debt</b>	<b>582,754</b>	<b>658,720</b>
Cash and cash equivalents		
- Cash	(18,193)	(26,759)
- Cash equivalents	(61,194)	(48,299)
<b>Total cash and cash equivalents</b>	<b>(79,387)</b>	<b>(75,058)</b>
Finance lease deposits	(17,062)	(21,802)
<b>Net financial debt after deducting deposits paid</b>	<b>486,305</b>	<b>561,860</b>

Net financial debt after deducting finance lease deposits came to €486.3 million at 31 December 2012 compared with €561.9 million at 31 December 2011. Interest rate hedging instruments are presented in note 28.



***Sensitivity of financial assets and liabilities to changes in interest rates***

After taking into account interest rate hedges, a 1% increase in interest rates would result in an additional expense of €1.2 million. This amount corresponds to 4.3% of the total amount of financial expenses for the year under review (i.e. €27.6 million). This percentage indicates the impact on the Group's financial expenses of a change in interest rates:

- on financial assets and liabilities at variable rates;
- on financial assets and liabilities at fixed rates maturing in less than one year.

The increase in charges is partly passed on to customers as provided for in the electricity sale agreements for the Thermal sector.

- **Currency risk**

The Group's transactions are carried out mainly in euros, except for:

- coal purchases by the subsidiaries, which are denominated in US dollars, with selling prices to clients specifically taking into account exchange rate movements;
- the activity of companies in which Séchilienne-Sidec holds non-controlling interests in Mauritius. These companies' financial statements are prepared in Mauritian rupees. The currency risk arises mainly from:
  - . the impact of exchange rate movements on the overall amount that is equity accounted (recognised directly in equity);
  - . the remeasurement of financial debt, this being, in certain cases, denominated in euros;
  - . the partial indexation of electricity sale agreements to the euro;
  - . recognition by the Group of embedded EUR/MUR currency derivatives in respect of electricity sale agreements.

The Group does not use any other financial instruments for currency hedging purposes.

At 31 December 2012, the currency risks were as follows:

<i>In thousands of euros</i>	Amount in euros of net assets denominated in Mauritian rupees	
	31/12/2012	31/12/2011
Assets	24,104	23,099
Liabilities	(539)	(609)
Net position before management	23,565	22,490
Off-balance sheet position		
Net position after management	23,565	22,490

These net positions are subject to a hedge of a net investment in a foreign operation as described in note 16.

- **Counterparty risk**

Given the high quality of the contract signatories, especially in the subsidiaries, the counterparty risk relating to trade receivables is immaterial. Furthermore, there are no overdue trade receivables in the statement of financial position at 31 December 2012. The Group has no specific dependencies with regard to its suppliers.

Regarding its investments and borrowings, the Group deals only with top-tier financial institutions.

- **Liquidity risk**

The Group monitors its liquidity on a regular basis and has sufficient resources to enable it to meet any significant financial obligations.

The liquidity position can be broken down as follows:

<i>In thousands of euros</i>	<b>31/12/2012</b>	<b>31/12/2011</b>
Cash equivalents	61,194	48,299
Cash	18,193	26,759
Unutilised credit lines	15,000	0
<b>Liquidity position</b>	<b>94,387</b>	<b>75,058</b>

- **Legal, industrial and environmental risks**

The general legal risk incurred as a result of the Group's activities, its industrial and environmental risks as well as the risks relating to the location of its assets are presented in chapter 4 "Risk factors" in the management report appended to these financial statements. Furthermore, the Group has benefited from certain favourable tax measures in the French overseas *départements* that are subject to meeting various conditions relating to investment, employment, training and reporting and administrative formalities. As part of its day-to-day activities, the Group regularly reviews these risks, including social and tax risks.

- **Risks stemming from regulatory changes**

The electricity generation industrial sector is highly regulated and largely driven by contractual arrangements. Regulatory changes (including tax regulations) rendering certain investments less attractive could adversely impact the Group's development.

### 32.2 Capital management

The Group's main objective is to ensure the maintenance of a good credit risk rating and healthy capital ratios in order to facilitate its activity and maximise shareholder value.

The Group manages its capital by using a ratio, equal to net debt excluding non-recourse project financing and pre-financing of new units divided by the amount of consolidated equity.

The Group's policy is to maintain this ratio below 1 and to maximise the return on the Company's shares, to maintain appropriate ratios for the statement of financial position and to ensure the capacity to finance its ambitious development programmes by adapting according to the availability of borrowings in any given period.

Equity includes the Group's share of capital, as well as the unrealised gains and losses recorded directly in equity.

Under the Group's dividend policy, it aims to distribute 50% of the Group share of net income (excluding any gains on disposals and financing needs for new projects), with payment in cash or shares.

On 23 March 2011 and for a renewable period of one year with effect from that date, Séchilienne-Sidec entrusted to the investment company Crédit Agricole Cheuvreux implementation of a liquidity agreement. The purpose of this liquidity agreement, established in connection with the share buyback programme authorised by the Company's general meetings of shareholders held on 18 May 2010 (12<sup>th</sup> resolution), 25 May 2011 (10<sup>th</sup> resolution) and 14 March 2012 (6<sup>th</sup> resolution), is to ensure the liquidity of Séchilienne-Sidec's shares on the regulated market of NYSE Euronext in Paris. To implement this agreement, €2 million was allocated to the liquidity account. At 31 December 2012, Séchilienne-Sidec held 55,000 shares acquired at an average price of €11.58 per share in connection with the liquidity agreement.

### 33. Off-balance sheet commitments at 31 December 2012

#### 33.1 Off-balance sheet commitments relating to financing

##### 33.1.1 Commitments given

Off-balance sheet commitments given relating to financing activities	31/12/2012	31/12/2011
Other commitments	292	292
Assets pledged as collateral	2,200	14,400
<b>TOTAL</b>	<b>2,492</b>	<b>14,692</b>

#### - Assets pledged as collateral

In connection with a borrowing subscribed by a Group subsidiary for an industrial project, several guarantees were issued, including a guarantee in favour of the lenders over the term of the borrowing for an amount of €2.2 million, a non-quantified commitment to boost the subsidiary's equity in the event of a budgetary imbalance regarding the project's financial projections and a pledge of the subsidiary's securities. The movement in the amount of such commitments between the two periods is attributable to expiry of the guarantee for repayment of a debt granted by Séchilienne-Sidec on behalf of subsidiaries.

### - Other commitments

These commitments relate to obligations to contribute capital to the project companies, put options on the shares of the project companies in favour of the project partners, obligations to meet construction costs in the event of budget overruns, commitments to continue to hold equity interests and provide assistance to the project companies and purchase commitments on finance leases.

In addition, in connection with project financing transactions, the company pledges its receivables, notably those due from EDF, in favour of lessors and lenders as well as shares in its subsidiaries in favour of lenders.

In the case of the photovoltaic installations, the lenders benefit from a collateral mechanism involving the assets of the project itself (assignment of receivables, mortgages on land, pledges of equipment, etc.) or the company that carries the project in order to preserve the "non-recourse" nature of the debt.

#### 33.1.2 Commitments received

<b>Off-balance sheet commitments received relating to financing</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
Credit lines granted	23,142	-

At 31 December 2012, the Group benefited from commitments received for the financing of projects and operations for an amount of €23.1 million, undrawn at this date (including €15 million for Séchilienne-Sidec). All project financing was fully drawn down at 31 December 2011.

### 33.2 Off-balance sheet commitments relating to operating activities

#### 33.2.1 Commitments given

<b>Off-balance sheet commitments given relating to operating activities</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
Guarantees given to suppliers	3,000	3,000
Fixed leases (*)	26,271	20,851
<b>TOTAL</b>	<b>29,271</b>	<b>23,851</b>

(\*) Excluding conditional lease payments

- **Guarantees given to suppliers**

These guarantees generally constitute counter-guarantees for payment granted by the Group to equipment suppliers as a guarantee for payment in connection with supply agreements entered into by the subsidiaries.

- **Purchase commitments on finance leases**

These include commitments given by the Group to purchase the asset at the end of the lease period. These commitments are included in financial debt on leases under liabilities in the statement of financial position and therefore are not included in the tables presented above.

- **Leases**

Leases relate to the photovoltaic installations in operation. These leases include fixed lease payments as indicated in the table above and conditional lease payments indexed to revenue or production volumes. Concerning the conditional lease payments, the best estimate of future lease payments is €27.4 million at 31 December 2012 compared with €28.7 million at 31 December 2011.

33.2.2 *Commitments received*

Off-balance sheet commitments received relating to operating activities	31/12/2012	31/12/2011
CO <sub>2</sub> quotas allocated (in thousands of tonnes)		1,654
Commitments received for electricity purchases	Not measured	Not measured
Other commitments received from customers	7,050	

In connection with the second national allocation plan for quotas covering the period 2008 to 2012, the Group has received a commitment for the allocation of CO<sub>2</sub> quotas in respect of 2012 of 1,814 thousand tonnes. Note that Caraïbes Energie benefited from a quota adjustment in 2012 in respect of 2011 for 161 thousand tonnes. No quotas will be allocated as from 2013.

Each time an electricity production unit is built, the company carrying the project and appointed to operate it enters into a long-term electricity supply agreement with the network operator: EDF in France, the Central Electricity Board CEB in Mauritius. The Group benefits from purchase commitments for extended periods ranging from 15 to 40 years at the start of the agreement.

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33.3 Off-balance sheet commitments relating to changes in the consolidation scope

33.3.1 Commitments givens

Off-balance sheet commitments given relating to the consolidation scope	31/12/2012	31/12/2011
Liabilities guarantee	3,200	3,200
<b>TOTAL</b>	<b>3,200</b>	<b>3,200</b>

In connection with the earlier sale of a business, the Group granted a liabilities guarantee for a maximum amount of €3.2 million.

**34. Related parties**

The consolidated financial statements comprise the financial statements of Séchilienne-Sidec S.A. and the subsidiaries mentioned in note 37.

Séchilienne-Sidec is the parent company of the Group. The financial statements of Séchilienne-Sidec are fully consolidated in the consolidated financial statements of Financière Hélios. There are no transactions between Financière Hélios and the companies of the Séchilienne-Sidec Group.

Transactions entered into with related parties correspond to transactions with equity-accounted companies. The table below shows the amount of these transactions for the years ended 31 December 2012 and 31 December 2011:

Sales to/purchases from related parties (in thousands of euros)	Sales to related parties	Purchases from related parties	Receivables due from related parties	Liabilities due to related parties
2012	1,527	6,451	461	1,495
2011	2,905	5,875	1,611	1,181

Terms and conditions of transactions with related parties:

- sales to and purchases from related parties are made at market prices. Outstanding balances at the year end are not guaranteed, do not bear interest and settlements are made in cash. No guarantees have been given or received in respect of the receivables due from and liabilities due to related parties;
- for the years ended 31 December 2012 and 2011, the Group has not raised any provisions for non-performing receivables relating to amounts due from related parties.

### Remuneration of key Group executives

The remuneration in respect of 2012 and 2011 for the Group's key executives comprising the Executive Committee is shown below:

<i>In thousands of euros</i>	<b>2012</b>	<b>2011</b>
Remuneration	2,300	2,845
Severance pay		1,000
Attendance fees	121	85
Share-based payments	40	(186)
<b>Total</b>	<b>2,461</b>	<b>3,744</b>

In the event that the Board of Directors resolved to revoke or not renew his functions as Chairman and Chief Executive Officer, Mr Jacques Petry would benefit from a lump-sum termination payment. This payment would correspond to the amount of his net fixed remuneration for the past six months prior to termination of his term of office and the variable remuneration received (or due) in respect of the last six months prior to termination of his term of office, these amounts being net of any employers' contributions for social security and French unemployment insurance (GSC) contributions. In connection with the 2012 bonus share plan, Mr Jacques Petry received 225,000 bonus shares subject to certain performance conditions. The other members of the Executive Committee benefited from the conditional allocation of 215,000 bonus shares.

Executives do not benefit from a specific plan for post-employment benefits.

In accordance with the decision of the Board of Directors meeting of 21 October 2011, Mr Nordine Hachemi received gross severance pay of €850 thousand. Pursuant to IFRS 2 "Share-based payment", the amount expensed earlier was reversed through profit or loss for the year, thereby generating income of €435 thousand. Furthermore, Mr Nordine Hachemi did not retain any rights under the share plans described in note 22 of these financial statements.

For the year ended 31 December 2012, the beneficiaries of the performance share plan include Mr Xavier Lencou-Barême, a director and employee.

As such, in his capacity as an employee, Mr Xavier Lencou-Barême benefits from:

- 8,708 shares, split into two tranches of 4,354 shares each, granted by the Board of Directors meeting of 28 August 2009 subject to the meeting of conditions that had not been met on the date on which the financial statements were prepared; he waived the right to these shares when, on 26 July 2012, he was granted 15,000 shares under the new plan authorised by the General Meeting of 14 March 2012;
- 3,000 stock subscription options that can be exercised with effect from 28 August 2014 and granted by a decision of the Board of Directors meeting of 27 August 2010;
- 15,000 bonus shares granted under the 2012 bonus share plan.



**35. Greenhouse gas emission quotas**

The Séchilienne-Sidec Group's bio-energy power plants located in the French overseas *départements* form part of the operations that receive allocations of greenhouse gas (CO<sub>2</sub>) emission quotas for the periods 2005-2007 and 2008-2012.

<i>In thousands of tonnes</i>	<b>2012</b>	<b>2011</b>
Opening quotas	(130)	(345)
Quotas allocated free of charge	1,975	2,153
Quotas sold		
CO <sub>2</sub> emitted	(2,380)	(2,317)
Other changes	8	
CO <sub>2</sub> quotas acquired	632	379
<b>Closing quotas</b>	<b>106</b>	<b>(130)</b>

**36. Events after the reporting date**

On 11 February 2013, the Group announced that it had finalised the sale of its wind energy business to EDF Energies Nouvelles for €59 million and an earn-out for projects under development. In 2013, this will generate income from the disposal in the consolidated financial statements of €5.6 million net of tax and costs to sell.

In July 2012, the Séchilienne-Sidec Group had informed the market of talks being held to take into account the impact of the new circumstances that had arisen in recent years, in particular those relating to the ending of the "one-third relief" on the tax-oriented lease of CTM. In this connection, an agreement was signed with EDF in early 2013 for CTM, allowing for the additional costs incurred to be passed on and for the annual tariffs to be raised.

As part of its new strategy focused on biomass, the Group has decided to expand in Brazil, with the opening in 2013 of a permanent office in São Paulo for five dedicated staff, pursuing an entry strategy involving acquisitions ("brownfield").

## 37. Consolidation scope

Fully- and proportionally-consolidated companies	Percentage interest at 31/12/2012	Percentage control at 31/12/2012	Percentage interest at 31/12/2011	Percentage control at 31/12/2011
<b>Séchilienne-Sidec</b>	<b>Parent company</b>	<b>Parent company</b>	<b>Parent company</b>	<b>Parent company</b>
- <b>Reunion</b>				
. Plexus-Sol	100%	100%	100%	100%
. Société de Conversion d'Energie (SCE)	100%	100%	100%	100%
. Société de Conversion d'Energie Bethléem (SCEB)	100%	100%	100%	100%
. Compagnie Thermique de Bois Rouge (CTBR)	100%	100%	100%	100%
. Exploitation Maintenance Services (EMS, subsidiary of CTBR)	100%	100%	100%	100%
. Compagnie Thermique du Gol (CTG)	65%	65%	65%	65%
. Sud Thermique Production (STP, subsidiary of CTG)	65%	65%	65%	65%
. Compagnie Industrielle des Cendres et Mâchefers (CICM)	-	-	-	-
. Power Alliance	50%	50%	50%	50%
. Saint-André Energie	100%	100%	100%	100%
- <b>Mauritius</b>				
. Compagnie Thermique de Bellevue Management (CTBVM)	-	-	62%	62%
- <b>Guadeloupe</b>				
. Compagnie Thermique du Moule (CTM)	100%	100%	100%	100%
. Caraïbes Thermique Production (CTP)	100%	100%	100%	100%
. Caraïbes Energie (CE)	100%	100%	100%	100%
. Recyclage Cendres Mâchefers Industries (RCM Industries)	100%	100%	100%	100%
. Marie Galante Energie (MGE)	65%	65%	65%	65%
. Quantum Caraïbes (QC)	50%	50%	50%	50%
. Energie pole Quantum	50%	50%	50%	50%
. Caraïbes Energies Production (CEP)	100%	100%	100%	100%
- <b>Guyana</b>				
. Quantum Energie Guyane (QEG)	100%	100%	100%	100%
. Quantum Energie Matoury (QEM)	100%	100%	100%	100%
- <b>Martinique</b>				
. Compagnie Cogénération du Gallion (CCG)	80%	80%	80%	80%
. Quantum Energie Antilles (QEA)	80%	80%	80%	80%
. Quantum Energie Habitat (QEH)	80%	80%	80%	80%
. SAS Quantum Energie Lasalle	80%	80%	80%	80%
- <b>Mayotte</b>				
. Société de Conversion d'Energie Mayotte (SCEM)	100%	100%	100%	100%

Fully- and proportionally-consolidated companies	Percentage interest at 31/12/2012	Percentage control at 31/12/2012	Percentage interest at 31/12/2011	Percentage control at 31/12/2011
<b>- Spain</b>				
. Sun Developers 2 (SD 2)	100%	100%	100%	100%
. Sun Developers 3 (SD 3)	100%	100%	100%	100%
. Sun Developers 15 (SD 15)	100%	100%	100%	100%
. Sun Developer 16 (SD 16)	100%	100%	100%	100%
. Sun Developer 17 (SD 17)	100%	100%	100%	100%
. Sun Developer 18 (SD 18)	100%	100%	100%	100%
. Sun Orgiva 1 (SO 1, subsidiary of SD 15)	100%	100%	100%	100%
. Sun Orgiva 2 (SO 2, subsidiary of SD 15)	100%	100%	100%	100%
. Sun Orgiva 3 (SO 3, subsidiary of SD 15)	100%	100%	100%	100%
. Sun Orgiva 4 (SO 4, subsidiary of SD 15)	100%	100%	100%	100%
. Sun Orgiva 5 (SO 5, subsidiary of SD 15)	100%	100%	100%	100%
. Sun Orgiva 6 (SO 6, subsidiary of SD 15)	100%	100%	100%	100%
. Sun Orgiva 7 (SO 7, subsidiary of SD 15)	100%	100%	100%	100%
. Sun Orgiva 8 (SO 8, subsidiary of SD 15)	100%	100%	100%	100%
. Sun Orgiva 9 (SO 9, subsidiary of SD 15)	100%	100%	100%	100%
. Sun Orgiva 10 (SO 10, subsidiary of SD 15)	100%	100%	100%	100%
. Sun Orgiva 11 (SO 11, subsidiary of SD 15)	100%	100%	100%	100%
. Sun Orgiva 12 (SO 12, subsidiary of SD 15)	100%	100%	100%	100%
. Sun Orgiva 13 (SO 13, subsidiary of SD 15)	100%	100%	100%	100%
. Sun Orgiva 14 (SO 14, subsidiary of SD 16)	100%	100%	100%	100%
. Sun Orgiva 15 (SO 15, subsidiary of SD 16)	100%	100%	100%	100%
. Sun Orgiva 16 (SO 16, subsidiary of SD 16)	100%	100%	100%	100%
. Sun Orgiva 17 (SO 17, subsidiary of SD 16)	100%	100%	100%	100%
. Sun Orgiva 18 (SO 18, subsidiary of SD 16)	100%	100%	100%	100%
. Sun Orgiva 19 (SO 19, subsidiary of SD 16)	100%	100%	100%	100%
. Sun Orgiva 20 (SO 20, subsidiary of SD 16)	100%	100%	100%	100%
. Sun Orgiva 21 (SO 21, subsidiary of SD 16)	100%	100%	100%	100%
. Sun Orgiva 22 (SO 22, subsidiary of SD 16)	100%	100%	100%	100%
. Sun Orgiva 23 (SO 23, subsidiary of SD 16)	100%	100%	100%	100%
<b>- Italy</b>				
. Quantum Energia Italia (QEI)	100%	100%	100%	100%
. Quantum 2008A (subsidiary of QEI)	100%	100%	100%	100%
. Quantum Energia Pettovallone (subsidiary of QEI)	100%	100%	100%	100%
. Quantum Energia Cingoli Treia (subsidiary of QEI)	100%	100%	100%	100%

## FINANCIAL INFORMATION ON THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS

Fully- and proportionally-consolidated companies	Percentage interest at 31/12/2012	Percentage control at 31/12/2012	Percentage interest at 31/12/2011	Percentage control at 31/12/2011
<b>- Mainland France</b>				
. Agrimaine Méthanisation	24%	40%	-	-
. Biogaz de Vignes	60%	100%	-	-
. Capter Méthanisation	31%	51%	-	-
. ENR Methaneo	36%	60%	-	-
. Carentan Méthanisation	33%	55%	-	-
. Perla	54%	90%	-	-
. Sainter Méthanisation	31%	51%	-	-
. Teras Méthanisation	60%	100%	-	-
. Tiper Méthanisation	31%	51%	-	-
. UMAP Unité de Méthanisation AGRIC de Pauvres	28%	47%	-	-
. Méthaval Holding	30%	50%	-	-
. Mater Biogaz	60%	100%	-	-
. Energic Méthanisation	60%	100%	-	-
. Bordères Méthanisation	36%	60%	-	-
. Pays de Honfleur Méthanisation	60%	100%	-	-
. Eoliennes de Lirac	100%	100%	100%	100%
. Eoliennes de la Carnoye	100%	100%	100%	100%
. Eoliennes de Clamanges et de Villeseneux	100%	100%	100%	100%
. Eoliennes des Quatre-vents	100%	100%	100%	100%
. Eoliennes de Marne et Moselle (subsidiary of Eolienne des Quatres-vents)	100%	100%	100%	100%
. Eoliennes des crêtes Heninel (subsidiary of Eolienne des Quatres-vents)	100%	100%	100%	100%
. Eoliennes de Clanlieu	100%	100%	100%	100%
. Eoliennes de La Porte de France	100%	100%	100%	100%
. Eoliennes de Plouigneau	-	-	50%	50%
. Eoliennes de Gouzeaucourt	100%	100%	-	-
. Quantum Energie Pierrelatte	100%	100%	100%	100%
. SAS Quantum Energie Marsillargues	100%	100%	100%	100%
. SAS Quantum Energie Fabrègues	100%	100%	100%	100%
. SAS Quantum Energie Granade	100%	100%	100%	100%
. SAS Quantum Energie Le Gua	100%	100%	100%	100%
. SAS Quantum Energie SMDC	100%	100%	100%	100%
. SAS Quantum Energie Saint-Gemme	100%	100%	100%	100%
. SAS Quantum Energie Breuillet	100%	100%	100%	100%

The only companies proportionally consolidated are: Power Alliance, Quantum Caraïbes and Energie Pôle Quantum.

## FINANCIAL INFORMATION ON THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS

Equity-accounted companies	Percentage interest at 31/12/2012	Percentage control at 31/12/2012	Percentage interest at 31/12/2011	Percentage control at 31/12/2011
<b>- Mauritius</b>				
. Terragen (formerly CTBV)	27%	27%	27%	27%
. Terragen Management (formerly CTBVM)	28%	28%	62%	62%
. Oteo St-Aubin (formerly CTDS)	25%	25%	25%	25%
. Oteo La Baraque (formerly CTSAV)	25%	25%	25%	25%
<b>- Guadeloupe</b>				
. Elect'Sécurité	30%	30%	30%	30%
<b>- Reunion</b>				
. Compagnie Industrielle des Cendres et Mâchefers (CICM)	34%	34%	34%	34%

### 20.7 GENERAL REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

*This is a free translation into English of a report issued in the French language 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*

**PricewaterhouseCoopers Audit**

63, rue de Villiers  
92200 Neuilly-sur-Seine, France

**Mazars**

Tour Exaltis, 61, rue Henri Regnault  
92400 Courbevoie, France

**(Year ended 31 December 2012)**

**Séchilienne-Sidec SA**

22, place des Vosges  
Immeuble Le Monge, La Défense 5  
92400 Courbevoie  
France

To the shareholders,

In performance of the assignment entrusted to us by your General Meeting, we hereby present our report for the year ended 31 December 2012, on:

- the audit of Séchilienne-Sidec's consolidated financial statements, as appended to this report;
- the basis of our assessment;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

### **I – Opinion on the consolidated financial statements**

We conducted our audit in accordance with the professional standards applicable in France. These standards require that we plan and perform the audit so as to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit includes examining, using sampling or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements for the year give a true and fair view of the assets and liabilities, financial position and results of the Group comprising the legal entities included in the consolidation, in accordance with the IFRS framework as adopted in the European Union.

Without calling into question the opinion expressed above, we draw your attention to the change of accounting method explained in note 2.2.2 to the consolidated financial statements and relating to the early application of the amendments to IAS 19 "Employee benefits".

### **II – Basis of our opinion**

In accordance with the provisions of Article L. 823-9 of the French Commercial Code on the basis of our assessment, we bring to your attention the following items:

- note 2.10 to the consolidated financial statements sets out the accounting methods used for leases. In connection with our assessment of the accounting principles used by your Group, we have verified the appropriateness of the methods used and the procedures for the classification and treatment of leases.
- note 2.19 to the consolidated financial statements sets out the accounting methods used for the recognition of corporation tax and certain operations benefiting from specific tax regimes. In connection with our assessment of the accounting principles used by your Group, we have verified the appropriateness of the accounting methods used and we have satisfied ourselves as to their correct application.

These assessments were made as part of our audit approach for the consolidated financial statements taken as a whole, and therefore contributed to the formulation of our opinion expressed in the first section of this report.

### **III – Specific verification**

We have also performed, in accordance with professional standards applicable in France, the specific verification provided for by law of the information provided in the Group management report.

We have no comments to make as to the fair presentation of this information and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 24 April 2013

The Statutory Auditors

**PricewaterhouseCoopers Audit**

Jean-Christophe Georghiou

**Mazars**

Manuela Baudoin-Revert



## PARENT COMPANY FINANCIAL STATEMENTS

## 20.8 INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

.../...

	France	Export	Net (N) 2012	Net (N-1) 2011
Sale of goods purchased for resale	427,301		427,301	43,016,830
Production sold – goods	1,068,305		1,068,305	37,105,414
Production sold – services	13,104,333		13,104,333	13,333,892
<b>Net revenue</b>	<b>14,599,939</b>		<b>14,599,939</b>	<b>93,456,136</b>
Production transferred to stocks				(642,265)
Production capitalised				
Operating subsidies				
Depreciation, amortisation and impairment written back, charges transferred			530,774	9,794,758
Other income				
			<b>15,130,714</b>	<b>102,608,629</b>
<b>OPERATING INCOME</b>			<b>15,130,714</b>	<b>102,608,629</b>
EXTERNAL CHARGES				
Purchases of goods for resale (including excise duties)			454,460	22,436,498
Change in stocks of goods for resale				9,764,629
Purchases of raw materials and other consumables			1,880,842	26,333,520
Change in stocks of raw materials and other consumables				
Other purchases and external charges			6,353,230	14,611,111
			<b>8,688,532</b>	<b>73,145,758</b>
<b>Total external charges</b>			<b>8,688,532</b>	<b>73,145,758</b>
TAXES, DUTIES AND SIMILAR PAYMENTS			610,134	923,165
STAFF COSTS				
Wages and salaries			6,760,479	8,093,221
Social security charges			3,457,202	3,416,135
			<b>10,217,680</b>	<b>11,509,356</b>
<b>Total staff costs</b>			<b>10,217,680</b>	<b>11,509,356</b>
OPERATING PROVISIONS				
Depreciation and amortisation of non-current assets			131,577	149,103
Impairment of non-current assets			250,000	
Provisions on current assets			300,000	1,267,014
Provisions for liabilities and charges			158,639	107,759
			<b>840,216</b>	<b>1,523,876</b>
<b>Total operating provisions</b>			<b>840,216</b>	<b>1,523,876</b>
OTHER OPERATING CHARGES				
			<b>20,356,562</b>	<b>87,102,155</b>
<b>OPERATING CHARGES</b>			<b>20,356,562</b>	<b>87,102,155</b>
			<b>(5,225,848)</b>	<b>15,506,473</b>
<b>OPERATING PROFIT/(LOSS)</b>			<b>(5,225,848)</b>	<b>15,506,473</b>

.../...

Profit allocated or loss transferred		
Loss borne or profit transferred		
<b>FINANCIAL INCOME</b>		
Income from participating interests	23,166,241	29,987,015
Income from other marketable securities and receivables on non-current assets		
Other interest receivable and similar income	720,021	1,056,408
Provisions written back and charges transferred	142,135	160,000
Foreign exchange gains		
Net proceeds on disposals of marketable securities	249,903	221,851
	<b>24,278,300</b>	<b>31,425,274</b>
<b>FINANCIAL EXPENSES</b>		
Impairment of financial assets	30,000	279,635
Interest payable and similar expenses	2,800,227	3,748,767
Foreign exchange losses		
Net expenses on disposals of marketable securities	150,579	393,810
	<b>2,980,805</b>	<b>4,422,212</b>
<b>NET FINANCIAL INCOME</b>	<b>21,297,494</b>	<b>27,003,062</b>
<b>PRE-TAX PROFIT ON ORDINARY ACTIVITIES</b>	<b>16,071,646</b>	<b>42,509,536</b>
<b>NON-RECURRING INCOME</b>		
On revenue transactions		
On capital transactions	1,295	43,642
Provisions written back and charges transferred	481,396	
	<b>482,691</b>	<b>43,642</b>
<b>NON-RECURRING EXPENSES</b>		
On revenue transactions		
On capital transactions	1,298	222,994
Depreciation, amortisation and impairment		981,396
	<b>1,298</b>	<b>1,204,390</b>
<b>NET NON-RECURRING INCOME/(EXPENSE)</b>	<b>481,393</b>	<b>(1,160,748)</b>
Employee profit-sharing	245,965	290,615
Corporation tax	(1,803,076)	(2,232,526)
<b>TOTAL INCOME</b>	<b>39,891,704</b>	<b>134,077,544</b>
<b>TOTAL EXPENSES</b>	<b>21,781,556</b>	<b>90,786,846</b>
<b>NET INCOME</b>	<b>18,110,149</b>	<b>43,290,698</b>

20.9 STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2012

ASSETS	GROSS AMOUNT	Depreciation and amortisation	Net (N) 31/12/2012	Net (N-1) 31/12/2011
SUBSCRIBED SHARE CAPITAL NOT CALLED UP				
INTANGIBLE ASSETS				
Start-up costs				
Development costs				
Concessions, patents and similar rights	114,149	92,799	21,350	6,185
Business goodwill				
Other intangible assets	66,947	66,947	(0)	(0)
Advances and payments on account of intangible assets				
<b>Total intangible assets</b>	<b>181,095</b>	<b>159,745</b>	<b>21,350</b>	<b>6,185</b>
PROPERTY, PLANT AND EQUIPMENT				
Land	70,000		70,000	70,000
Buildings	680,000	385,776	294,224	568,928
Technical installations, equipment and industrial tooling				
Other property, plant and equipment	707,524	443,887	263,638	196,500
Property, plant and equipment in progress	14,103		14,103	546,641
Advances and payments on account				
<b>Total property, plant and equipment</b>	<b>1,471,627</b>	<b>829,663</b>	<b>641,964</b>	<b>1,382,070</b>
LONG-TERM INVESTMENTS				
Shares in equity-accounted companies				
Other participating interests	203,727,439	787,500	202,939,939	198,384,994
Receivables on participating interests				
Other long-term securities				
Loans	140,256		140,256	111,842
Other long-term investments	7,364,461	320,000	7,044,461	6,970,276
<b>Total long-term investments</b>	<b>211,232,156</b>	<b>1,107,500</b>	<b>210,124,656</b>	<b>205,467,111</b>
<b>NON-CURRENT ASSETS</b>	<b>212,884,878</b>	<b>2,096,908</b>	<b>210,787,970</b>	<b>206,855,365</b>
STOCKS AND WORK-IN-PROGRESS				
Raw materials and consumables				
Work-in-progress – goods	142,425		142,425	142,425
Work-in-progress – services				
Intermediate and finished goods				
Goods purchased for resale	1,564,893	1,372,203	192,690	382,690
<b>Total stocks and work-in-progress</b>	<b>1,707,318</b>	<b>1,372,203</b>	<b>335,115</b>	<b>525,115</b>
RECEIVABLES				
Advances and payments on account of orders	408,590		408,590	267,413
Trade receivables	6,827,067		6,827,067	6,193,686
Other receivables	46,026,938	194,811	45,832,127	54,651,021
Called up share capital not paid				
<b>Total receivables</b>	<b>53,262,595</b>	<b>194,811</b>	<b>53,067,784</b>	<b>61,112,121</b>
CASH, CASH EQUIVALENTS AND OTHER				
Marketable securities	48,886,424		48,886,424	36,535,395
Cash and cash equivalents	1,454,515		1,454,515	12,834,643
Prepayments	137,082		137,082	149,885
<b>Total cash, cash equivalents and other</b>	<b>50,478,021</b>		<b>50,478,021</b>	<b>49,519,923</b>
<b>CURRENT ASSETS</b>	<b>105,447,934</b>	<b>1,567,014</b>	<b>103,880,920</b>	<b>111,157,159</b>
Deferred borrowing issuance costs				
Bond redemption premiums				
Translation differences – debit balance				
<b>TOTAL ASSETS</b>	<b>318,332,812</b>	<b>3,663,922</b>	<b>314,668,890</b>	<b>318,012,524</b>

<b>EQUITY AND LIABILITIES</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
<b>EQUITY</b>		
Share capital	1,102,349	1,095,196
Additional paid-in capital	16,657,314	14,921,664
Revaluation differences	2,769	2,769
Legal reserve	109,520	109,520
Statutory and contractual reserves	929,939	929,939
Regulated reserves	770	770
Other reserves	15,905,290	15,905,290
Retained earnings	86,163,333	59,025,207
<b>Net income for the year</b>	18,110,149	43,290,698
<b>Total equity</b>	<b>138,981,434</b>	<b>135,281,053</b>
INVESTMENT SUBSIDIES		
REGULATED PROVISIONS	133,869	133,869
<b>SHAREHOLDERS' EQUITY</b>	<b>139,115,302</b>	<b>135,414,922</b>
Proceeds from the issuance of participating securities		
Conditional advances		
<b>OTHER EQUITY</b>		
Provisions for liabilities	1,337,190	1,818,586
Provisions for charges	851,991	693,352
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>2,189,181</b>	<b>2,511,939</b>
<b>FINANCIAL LIABILITIES</b>		
Convertible bonds		
Other bonds		
Borrowings from financial institutions	91,054,904	96,165,811
Other borrowings		
<b>Total financial liabilities</b>	<b>91,054,904</b>	<b>96,165,811</b>
ADVANCES AND PAYMENTS RECEIVED ON ACCOUNT OF ORDERS IN PROGRESS		
<b>OTHER LIABILITIES</b>		
Trade payables	1,757,710	1,321,169
Tax and social security liabilities	5,359,201	4,051,381
Liabilities on non-current assets	4,765,412	6,179,744
Other liabilities	70,427,179	72,367,559
<b>Total other liabilities</b>	<b>82,309,503</b>	<b>83,919,853</b>
DEFERRED INCOME		
<b>LIABILITIES</b>	<b>173,364,406</b>	<b>180,085,664</b>
Translation differences – credit balance		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>314,668,890</b>	<b>318,012,524</b>

**20.10 NOTES TO THE STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT FOR THE YEAR ENDED  
31 DECEMBER 2012****I. Highlights for the year**

In May 2012, Séchilienne-Sidec became the core shareholder in Methaneo, a pioneer in France of biomethanation, by acquiring the 60% stake held by Demeter Partners and Omnes Capital (formerly Crédit Agricole Private Equity). The two founders, Yann Mercier and Sébastien Couzy, have retained their 40% stake and will continue to manage the company.

Since its creation in 2007, Methaneo has developed a unique project portfolio of 22 biomethanation units that recycle the waste from livestock rearing and agro-industries in the form of biogas, a renewable energy available 24/7. As well as mitigating the impact of farming activities on the environment, biomethanation also helps improve the quality of organic fertilisers.

Methaneo is aiming to have installed power of approximately 25MW in five years. The first of these projects, TIPER for 2MW, is currently under construction in Thouars in Poitou-Charentes and will be brought into service in 2013.

In July 2012, Julien Gauthier became the new Chief Financial Officer of Séchilienne-Sidec.

In November 2012, Séchilienne-Sidec obtained two new credit lines: €6.5 million over five years and €8.5 million over four years.

**II. Accounting policies and methods**

Séchilienne-Sidec S.A.'s financial statements have been prepared in accordance with French legal and regulatory provisions, notably those of the French General Chart of Accounts (*Plan Comptable Général*) and Commercial Code (*Code de Commerce*).

**1) Intangible assets and property, plant and equipment**

Intangible assets and property, plant and equipment are recognised at acquisition cost. These assets comprise fixtures and fittings, vehicles, office furniture and equipment, and IT hardware and software.

The corresponding amortisation and depreciation are calculated on a straight-line basis according to the estimated useful life of the asset as follows.

- Software: 2 years
- IT hardware: 3 years
- Other property, plant and equipment: 5 years

Where applicable, an impairment provision is raised if the value in use of intangible assets and property, plant and equipment is lower than their cost.

## 2) Long-term investments

Long-term investments are recorded at their cost on the date of acquisition. Equity investments are measured at the lower of acquisition cost and value in use. Value in use is assessed mainly by reference to the share of shareholders' equity in the companies concerned, adjusted, where applicable, for any unrealised gains and for their current and future earnings capacity.

## 3) Stocks

Stocks are measured at purchase cost. If the estimated net realisable amount of stocks is lower than the purchase cost, an impairment loss is recognised.

## 4) Receivables

Receivables are measured at their nominal amount. An impairment loss is recognised when the inventory value is lower than the carrying amount.

## 5) Marketable securities

Marketable securities are measured using the weighted average cost method.

An impairment provision is recognised when the stock market value of these securities, or in the absence of such a valuation, their likely trading amount, is lower than their acquisition cost.

## 6) Financial instruments

The Company hedges its interest rate risk (borrowings at variable interest rates) using swaps.

Interest expense on borrowings and the net impact of the swap transaction are recorded in financial expenses.

## 7) Provisions for liabilities and charges

Provisions are recognised when:

- the Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources representing economic benefits will be needed to settle the obligation;
- the amount of the obligation can be estimated reliably.

## 8) Pension and other retirement obligations

The expenses corresponding to the Company's obligations in respect of pensions and other retirement benefits have been provisioned.

Furthermore, two supplementary pension plans were put in place in 2004: a defined contribution plan covering some 60 employees at 31 December 2012, supplemented by a defined benefit plan for those individuals employed by the Company prior to 1 January 1983.

Charges relating to defined contribution plans are expensed in the year in which they are incurred.

Charges relating to lump-sum retirement payment plans and defined benefit plans are provisioned using the project unit credit method, treating length of service on a pro rata basis.

The actuarial calculations mainly take into account assumptions concerning wage increases, staff turnover rates, retirement dates and projected changes in remuneration and life expectancy, together with an appropriate discount rate.

## 9) Tax consolidation

Séchilienne-Sidec and its subsidiaries CTBR and CTM entered into on 31 March 2005 and 22 April 2009 respectively a tax consolidation agreement, renewable by tacit consent, that stipulates that application of the rules of said agreement shall not result in, for each company consolidated, a tax charge that is higher than that which it would have borne in the absence of the tax consolidation. In the absence of renewal of the agreement or in the event that the subsidiary leaves the consolidated Group prior to expiry of the agreement for any reason whatsoever, the company leaving the tax consolidation group will be compensated by the head of the tax group for all additional tax costs stemming from its membership of the group.

As a result of and in accordance with opinion 2005-G of 12 October 2005 of the French National Accounting Council (*Conseil National de la Comptabilité*), a provision must be raised when the restitution of the cash saving (direct payment or recognition in a current account) is probable. Furthermore, savings relating to the parent company's loss are recognised immediately in profit or loss.

Furthermore, the following three new companies were included in the pre-existing tax group with effect from 1 January 2011: Quantum Energie Pierrelatte, Quantum Energie Fabrègues and Eoliennes de la Porte de France.

## III. Notes to the statement of financial position and income statement

### 1) Intangible assets and property, plant and equipment

<i>In thousands of euros</i>	<b>Gross amount at 31/12/2011</b>	<b>Additions 2012</b>	<b>Disposals 2012</b>	<b>Gross amount at 31/12/2012</b>
Intangible assets and property, plant and equipment	1,450	201	12	1,639
Non-current assets in progress	547	226	759	14
<b>TOTAL</b>	<b>1,997</b>	<b>427</b>	<b>771</b>	<b>1,653</b>

<i>In thousands of euros</i>	<b>Amortisation, depreciation and impairment at 31/12/2011</b>	<b>Charge for 2012</b>	<b>Reversals in 2012</b>	<b>Amortisation, depreciation and impairment at 31/12/2012</b>
Intangible assets and property, plant and equipment	608	(1) 388	7	989
<b>TOTAL</b>	<b>608</b>	<b>388</b>	<b>7</b>	<b>989</b>

(1) Including additional charge for impairment of buildings of €250 thousand in 2012



<i>In thousands of euros</i>	<b>Net amount at 31/12/2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>Net amount at 31/12/2012</b>
Intangible assets and property, plant and equipment	842	(187)	5	650
Non-current assets in progress	547	226	759	14
<b>TOTAL</b>	<b>1,389</b>	<b>39</b>	<b>764</b>	<b>664</b>

## 2) Long-term investments

<i>In thousands of euros</i>	<b>Gross amount at 31/12/2011</b>	<b>Additions 2012</b>	<b>Disposals 2012</b>	<b>Gross amount at 31/12/2012</b>
Participating interests	199,142	4,585	0	203,727
Other long-term investments	7,402	116	14	7,504
<b>TOTAL</b>	<b>206,544</b>	<b>4,701</b>	<b>14</b>	<b>211,231</b>

<i>In thousands of euros</i>	<b>Impairment at 31/12/2011</b>	<b>Charge for 2012</b>	<b>Reversals in 2012</b>	<b>Impairment at 31/12/2012</b>
Impairment of participating interests	758	30	0	788
Impairment of other long-term investments	320	0	0	320
<b>TOTAL</b>	<b>1,078</b>	<b>30</b>	<b>0</b>	<b>1,108</b>

<i>In thousands of euros</i>	<b>Net amount at 31/12/2011</b>	<b>Increases 2012</b>	<b>Decreases 2012</b>	<b>Net amount at 31/12/2012</b>
Participating interests	198,385	4,555	0	202,940
Other long-term investments	7,082	116	14	7,184
<b>TOTAL</b>	<b>205,467</b>	<b>4,671</b>	<b>14</b>	<b>210,124</b>

**a) Participating interests**

The increase in participating interests mainly relates to:

- the acquisition of 60% of Methaneo for €4,582 thousand and 5% of BioEre Cogénération Mimizan for €250.

An impairment provision on participating interests in Elect'Sécurité was recognised at 31 December 2012 for €30 thousand.

**b) Other long-term investments**

The increase in other long-term investments mainly relates to:

- the capitalisation of €59 thousand of interest earned in 2012 on the initial cash security of €4,573 thousand (bringing the total to €6,971 thousand at 31 December 2012) established in connection with the financing by the Fleur de Cannes banking economic interest grouping of the Compagnie Thermique du Moule power plant.
- The obligation in respect of the construction effort, made in the form of a loan, for €32 thousand.

**3) Stocks**

At 31 December 2012, stocks essentially comprised photovoltaic panels for €1,565 thousand.

An impairment provision of €1,182 thousand on this stock was recognised at 31 December 2011, supplemented at 31 December 2012 by a provision of €190 thousand.

**4) Maturity of receivables**

<i>In thousands of euros</i>	<b>Gross amount</b>	<b>Due within 1 year</b>	<b>Due in more than 1 year</b>
<b>NON-CURRENT ASSETS</b>			
Loans	140		140
Other long-term investments	7,044	0	7,044
<b>CURRENT ASSETS</b>			
Trade receivables	6,827	6,827	
Other receivables (1)	46,027	46,027	
<b>TOTAL</b>	<b>60,038</b>	<b>52,854</b>	<b>7,184</b>

(1) Of which, current accounts of €44,978 thousand

**5) Breakdown of accrued income**

- Suppliers' credit notes not yet received: €139 thousand
- Invoices to be raised: €846 thousand
- VAT on invoices not yet received: €120 thousand
- VAT on invoices to be raised: €118 thousand
- Provisions for accrued income: €185 thousand

## 6) Shareholders' equity

<i>In thousands of euros</i>	<b>At 31/12/2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>At 31/12/2012</b>
<b>Share capital</b>	1,095	7		1,102
Additional paid-in capital	14,922	1,735		16,657
Legal revaluation reserve	3			3
Legal reserve	109			109
Regulated reserves	1			1
Statutory and contractual reserves	930			930
Other reserves	15,905			15,905
Retained earnings	59,025	27,138		86,163
<b>Net income for the year</b>	<b>43,291</b>	<b>18,110</b>	<b>43,291</b>	<b>18,110</b>
Regulated provisions	134			134
<b>TOTAL</b>	<b>135,415</b>	<b>46,990</b>	<b>43,291</b>	<b>139,114</b>

At 31 December 2012, the share capital consisted of 28,632,445 shares with a nominal value of €0.0385 per share, fully paid-up and held for 42.34% by Financière Hélios and its shareholders Apax Partners, and for 57.66% by various shareholders on the market.

### Appropriation of 2011 net income

In accordance with the decisions of the Ordinary General Meeting held on 31 May 2012, the net income for 2011 was appropriated as follows:

- Transfer to the legal reserve: €0 thousand
- Dividends paid: €16,153 thousand
- Retained earnings: €27,138 thousand

The Ordinary General Meeting set the amount of the 2011 dividend at €0.57 per share and resolved to pay 50% of the dividend distributed to each shareholder, i.e. €0.285 per share, in cash, the shareholder having the option to receive the other 50% in cash or shares.

Ultimately, €14,410 thousand was settled in cash and €1,743 thousand in shares, i.e. 185,800 shares were created.

## 7) Provisions for liabilities and charges

<i>In thousands of euros</i>	<b>Balance at 31/12/2011</b>	<b>Charge for the year</b>	<b>Reversals – utilised</b>	<b>Reversals of provisions no longer required</b>	<b>Balance at 31/12/2012</b>
Lump-sum retirement payments	639	158	0	0	797
Defined benefit retirement plan	55	0	0	0	55
Other	1,818	0	0	481	1,337
<b>TOTAL</b>	<b>2,512</b>	<b>158</b>	<b>0</b>	<b>481</b>	<b>2,189</b>

### Lump-sum retirement payments

At 31 December 2012, lump-sum retirement benefits represent an amount of €797 thousand. These charges relate to 53 individuals and are based on the collective agreement applied to Company employees. The main assumptions used are as follows:

- life expectancy table: INSEE table;
- staff turnover: 2.5% for employees less than 46 years of age, and no turnover for employees more than 46 years of age;
- increase in wages and salaries: 3% per annum;
- discount rate: 3.5%.

### Defined benefit retirement plan

This relates to the introduction in 2004 of a defined benefit retirement plan for executives employed by the Company prior to 1983. For this plan, the provision stood at €55 thousand at 31 December 2012.

### Other

Other provisions, which essentially cover the projected risks of payment of compensation relating to disputes or legal action, stood at €1,337 thousand at 31 December 2012.

## 8) Borrowings from and amounts due to financial institutions

a) In July 2008, the Group refinanced all its borrowings.

To do this, a seven-year financing agreement for a total amount of €100 million was entered into on 14 February 2008 with Financière Océor, which has since become BPCE, as arranger, agent and lender. The key features of this agreement are as follows:

### Initial breakdown into two tranches:

- **tranche A** for €80 million: loan amortisable in six annual repayments of €6.5 million and a final repayment of €41 million.
- **tranche B** for €20 million: loan to cover the working capital requirement.

### Interest rate:

Euribor +0.80%.

### Collateral:

Pledge of securities held by Séchilienne-Sidec in CTBR and CTG. Commitment to maintain the Company's net debt at less than €300 million during the life of the loans.

### Compliance with the usual minimum ratios:

- the R1 ratio, defined as the Company's net borrowings (all borrowings and similar debts contracted with financial institutions and other financial creditors) over consolidated EBITDA (Group operating income plus depreciation, amortisation and impairment) must be less than 2;

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- the R2 ratio, defined as the Company's net borrowings over consolidated shareholders' equity (total share capital, additional paid-in capital, reserves, translation reserves, retained earnings and non-controlling interests) must be less than 1.

These covenants were met at 31 December 2012.

At 31 December 2012, the drawdowns were as follows:

- Tranche A:** €54,000 thousand;
- Tranche B:** €20,000 thousand.

In 2006, Séchilienne-Sidec put in place interest rate swaps (lending at variable rates/borrowing at fixed rates) in order to partially hedge the borrowings from Calyon then Financière Océor, amounting to €30,000 thousand at 31 December 2012.

- b) In July 2009, the Company entered into a credit agreement with BESV under the terms of which the bank makes available to Séchilienne-Sidec an amount of €15,000 thousand for a period of 36 months to cover its working capital requirements at a rate of Euribor +2.50%, with no guarantee. At 31 December 2012, an amount of €15,000 thousand was drawn down against this line of credit.
- c) In November 2012, the Company signed two loan agreements with Banque Palatine (borrowings not drawn down at 31 December 2012):
  - medium-term loan for €6,500 thousand over five years, amortisable in constant quarterly repayments at 3-month Euribor +1.90%;
  - opening of a medium-term confirmed credit for €8,500 thousand over four years, at 3-month Euribor +2.05%, draw down being subject to three months' notice.

## 9) Maturity analysis of liabilities

<i>In thousands of euros</i>	<b>Gross amount</b>	<b>Due within 1 year</b>	<b>Due between 1 and 5 years</b>	<b>Due in more than 5 years</b>
Borrowings from and amounts due to financial institutions	91,055	43,555	47,500	
Trade suppliers	1,758	1,758		
Tax and social security liabilities	5,359	5,359		
Suppliers of non-current assets	4,765	4,765		
Other liabilities	(1) 70,427	70,427		
<b>TOTAL</b>	<b>173,364</b>	<b>125,864</b>	<b>47,500</b>	

- (1) Of which, €69,469 thousand representing amounts due to subsidiaries mainly in connection with cash pooling.

**10) Accrued expenses**

- Invoices not yet received:	€1,429 thousand
- Amounts due to employees:	€3,001 thousand
- Amounts due to the State:	€35 thousand
- Provisions for accrued expenses:	€385 thousand
- Credit notes to be raised:	€953 thousand

**11) Revenue**

In 2012, revenue essentially comprised the sale of turnkey power plants, the sale of photovoltaic panels and the sale of services to subsidiaries.

**12) Non-recurring income/(expense)**

In 2012, non-recurring income essentially comprised income of €481 thousand for the reversal of a provision no longer required.

**IV. Other information****1) Corporation tax**

The tax consolidation group comprises Séchilienne-Sidec and its subsidiaries CTBR and CTM, in accordance with the tax agreements signed on 31 March 2005 and 22 April 2009 respectively, plus three new companies that joined the scope with effect from 1 January 2011: Quantum Energie Pierrelatte, Quantum Energie Fabrègues and Eoliennes de la Porte de France.

At 31 December 2012, for the Company, the head of the tax group, these agreements resulted in a tax credit of €4,960 thousand, corresponding to the tax saving stemming from the tax consolidation.

Séchilienne-Sidec SA also recognised in expenses the tax in respect of its own taxable profit for 2012 before the tax consolidation of €3,157 thousand.

**2) Breakdown of corporation tax between current profit or loss and non-recurring profit or loss (in thousands of euros)**

Profit before tax	Corporation tax
Current	(1,647)
Non-recurring	0
Total	(1,647)

### 3) Increases and decreases in the future tax liability

The latent tax position is analysed as follows at 31 December 2012:

Type of temporary differences <i>In thousands of euros</i>	Base amount	Increases and decreases in the future tax liability
<b>Increases</b>		
Total increases in the future tax liability	0	0
<b>Decreases</b>		
Provision for lump-sum retirement benefits	159	53
Employee profit-sharing	251	84
Other	326	109
<b>Total decrease in the future tax liability</b>	<b>736</b>	<b>246</b>

### 4) Transactions with related parties

Séchilienne-Sidec entered into the following transactions with related parties:

<i>In thousands of euros</i>	Séchilienne-Sidec subsidiaries 2011	Séchilienne-Sidec subsidiaries 2012
<b>STATEMENT OF FINANCIAL POSITION</b>		
- Trade receivables	4,086	5,512
- Accrued expenses	120	33
- Subsidiaries' current accounts – debit	47,963	44,978
- Accrued income	242	185
- Subsidiaries' current accounts – credit	71,373	69,469
- Trade payables	108	4
- Deferred income	0	0
<b>INCOME STATEMENT</b>		
<b>Operating income</b>		
- Sales of PV plants, equipment and services	91,476	11,698
- Recharging of seconded employees	2,747	2,901
<b>Operating expenses</b>		
- Purchases of equipment	0	1,018
<b>Financial expenses</b>		
- Interest on subsidiaries' current accounts	607	118
<b>Financial income</b>		
- Interest on loans and advances	921	716
- Income from participating interests	26,689	23,166

Transactions with related parties are entered into on an arm's length basis.



## 5) Employees

At 31 December 2012, Séchilienne-Sidec employed a total of 61 staff (including one corporate officer) compared with 56 (including one corporate officer) at 31 December 2011.

## 6) Remuneration of the administrative bodies

Remuneration paid to the Group's key managers comprising the Executive Committee totalled €2,300 thousand in respect of 2012 compared with €2,845 thousand in 2011 plus €1,000 thousand of severance pay paid to Mr Nordine Hachemi.

In the event that the Board of Directors resolved to revoke or not renew his functions as Chairman and Chief Executive Officer, Mr Jacques Petry would benefit from a lump-sum termination payment. This payment would correspond to the amount of his net fixed remuneration for the past six months prior to termination of his term of office and the variable remuneration received (or due) in respect of the last six months prior to termination of his term of office, these amounts being net of any employers' contributions for social security and French unemployment insurance (GSC) contributions. In connection with the 2012 bonus share plan, Mr Jacques Petry received 225,000 bonus shares subject to certain performance conditions. The other members of the Executive Committee benefited from the conditional allocation of 215,000 bonus shares.

For the year ended 31 December 2012, the beneficiaries of the performance share plan include Mr Xavier Lencou-Barême, a director and employee.

As such, in his capacity as an employee, Mr Xavier Lencou-Barême benefits from:

- 8,708 shares, split into two tranches of 4,354 shares each, granted by the Board of Directors meeting of 28 August 2009 subject to the meeting of conditions that had not been met on the date on which the financial statements were prepared; he waived the right to these shares when, on 26 July 2012, he was granted 15,000 shares under the new plan authorised by the General Meeting of 14 March 2012;
- 3,000 stock subscription options that can be exercised with effect from 28 August 2014 and granted by a decision of the Board of Directors meeting of 27 August 2010;
- 15,000 bonus shares granted under the 2012 bonus share plan.

A charge of €121 thousand was recognised in 2012 in respect of attendance fees allocated to members of the Board of Directors.

## 7) Off-balance sheet commitments

## Off-balance sheet commitments given

Off-balance sheet commitments given consist mainly of guarantees provided in connection with project financing agreements and commitments relating to orders for non-current assets, and leases and long-term service agreements. The table below shows the main off-balance sheet commitments in existence at 31 December 2011 and 2012:

<i>In millions of euros</i>	<b>2011</b>	<b>2012</b>
Collateral and other guarantees	3.00	0
Financing of project companies	-	5.75
Other commitments	6.49	6.49
<b>TOTAL</b>	<b>9.49</b>	<b>12.24</b>

At 31 December 2012, commitments totalled €12.24 million and comprised the following items:

- **Collateral and other guarantees** comprise completion and payment guarantees, residual value guarantees granted to lenders in connection with project financing agreements, and obligations to purchase participating interests.

There were no longer any such commitments at 31 December 2012.

They mainly comprised:

**Payment guarantees.** Payment guarantees are granted in the project pre-financing phase. At 31 December 2012, there were no longer any such commitments.

- **Project company financing includes a commitment for the financing of projects** and operation of its subsidiaries. At 31 December 2012, the non-financed commitment amounted to €5.75 million.
- **Other commitments. These commitments comprise:**
  - **Guarantees in favour of suppliers.** These guarantees generally constitute counter-guarantees for payment granted by the Company to suppliers as a guarantee of payment in connection with supply agreements entered into by the subsidiaries. At 31 December 2012, these deposits totalled €3 million.
  - **Other commitments,** such as obligations to contribute capital to the project companies, put options relating to shares in the project companies in favour of project partners, obligations to cover construction costs in the event of budget overruns, commitments to continue to hold participating interests and provide assistance to project companies or liabilities guarantees. At 31 December 2012, these commitments totalled €3.49 million.

In connection with certain project financing transactions, the Company also pledges shares in its subsidiaries to the lenders. As such, under the two-tranche loan agreement entered into in 2008 with Financière Océor, Séchilienne-Sidec pledged the shares in certain of its subsidiaries (CTBR and CTG) to the lenders.

Furthermore, in connection with the financing of Eoliennes de Clamanges, Villeseneux, Quantum Energie Guyana, Quantum Energie Pierrelatte, Eoliennes de Crêtes d'Hénel and Quantum Energie Matoury, Séchilienne-Sidec has signed a deed of charge.

Lastly, in order to ensure the founders of Methaneo a liquid market for the shares they hold in the Company's share capital, Séchilienne-Sidec has granted a repurchase promise in respect of half of the shares held by these founders in 2016 and all the remaining shares in 2018. Based on the repurchase formula stipulated in the agreement, this commitment is estimated at €3.1 million at 31 December 2012.

## Off-balance sheet commitments received

<i>In millions of euros</i>	<b>2011</b>	<b>2012</b>
Lines of credit granted	-	15.00
<b>TOTAL</b>	-	<b>15.00</b>

Séchilienne-Sidec has received a project financing and operation commitment for €15 million, which was not drawn down at 31 December 2012. (see section III-8 above for further details on these borrowings).

## 8) Information on finance leases

At 31 December 2012, there were no finance leases in force.

## 9) Financial derivatives

Hedging of variable-rate borrowings for a notional amount of €30,000 thousand by two interest rate swaps (lending at variable rates/borrowing at fixed rates), which had a negative fair value at 31 December 2012 of €147 thousand.

<b>Notional</b> <i>In thousands of euros</i>	<b>Fair value</b> <i>In thousands of euros</i>
26,000	(128)
4,000	(19)

## 10) Consolidation

The financial statements of Séchilienne-Sidec are fully consolidated by Financière Hélios.

## 11) Events after the end of the reporting period

On 11 February 2013, Séchilienne-Sidec announced the sale of its wind energy business to EDF Energies Nouvelles for €59 million and an earn-out for projects under development.

The wind energy business comprises six windfarms located in France with a total installed capacity of 56.5MW that produced 106GWh of power in 2012, and five projects under development. They represent around 2% of consolidated revenue and net income, Group share, and 5% of EBITDA.

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This transaction forms part of the Group's strategy of focusing its activities on the production of electricity from biomass. Séchilienne-Sidec will be able to mobilise additional resources to develop its projects in the fields of thermic biomass, biomethanation and solar energy, both in France and certain foreign countries meeting very precise criteria.

**20.11 LIST OF SUBSIDIARIES AND PARTICIPATING INTERESTS**

COMPANY	SHARE CAPITAL	OTHER EQUITY	NUMBER OF SHARES HELD	% HELD	CARRYING AMOUNT OF SHARES		SHAREHOLDER ADVANCES AND LOANS	DIVIDENDS RECEIVED IN 2012	2012 REVENUE (EXCL. TAX)	NET INCOME FOR LAST FINANCIAL YEAR
					GROSS	NET				
<b>C.T.G.</b> (Compagnie Thermique du Gol) Le Gol 97450 SAINT-LOUIS (REUNION)	13,354,533.55	90,139,168.83	566,045	64.62%	28,054,763.06	28,054,763.06		9,792,578.50	105,300,017.94	14,024,484.34
<b>C.T.B.R.</b> (Compagnie Thermique de Bois Rouge) 2, chemin de bois rouge 97440 SAINT- ANDRE (REUNION)	18,826,301.72	26,363,651.28	1,235,000	100.00%	63,365,941.92	63,365,941.92		8,398,000.00	92,608,983.00	8,807,469.00
<b>E.M.S.</b> (Exploitation, Maintenance, Services) 2, chemin de bois rouge 97440 SAINT-ANDRE (REUNION)	1,080,000.00	52,759.77	1	0.03%	15.24	15.24			7,716,000.00	(2,163.56)
<b>S.T.P</b> (Sud Thermique Production) 2, chemin de bois rouge 97440 SAINT-ANDRE (REUNION)	840,000.00	26,065.85	1	0.06%	7.62	7.62			8,119,127.19	(4,265.65)
<b>C.T.M.</b> (Compagnie Thermique du Moule) 97160 LE MOULE (GUADELOUPE)	22,379,515.73	10,890,572.07	1,468,000	100.00%	35,774,618.90	35,774,618.90			70,558,024.71	(198,401.62)
<b>C.I.C.M</b> (Compagnie Industrielle des cendres et machefers) 97419 LA POSSESSION (REUNION)	887,400.00	465,114.29	1,972	33.98%	312,260.43	312,260.43		59,130.00	7,861,790.49	343,545.23

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<b>C.T.P.</b> (Caraibes Thermique Production) 97160 LE MOULE (GUADELOUPE)	770,000.00	22,425.29	1	0.06%	15.24	15.24		8,406,487.24	(32,894.18)
<b>ISERGIE (year ended 30 September 2012)</b> 38042 GRENOBLE (FRANCE)	3,811,226.00	NC	10,000	4.00%	198,183.72	198,183.72		NC	NC
<b>R.C.M. INDUSTRIES</b> (Recyclage,cendres,machefers,industries) 97160 LE MOULE (GUADELOUPE)	686,020.58	146,233.14	44,993	99.99%	685,958.26	685,958.26		5,038,240.92	12,354.23
<b>C.T.B.V.</b> (Compagnie thermique de bellevue) 18 rue Edith Cavell PORT LOUIS (MAURITIUS)	520,523,500.00 MUR	1,009,024,707.57	14,054,134	27.00%	5,392,972.36	5,392,972.36	1,096,466.64	1,196,700,986.05 MUR	179,542,273.02 MUR
<b>C.T.B.V. MANAGEMENT</b> 18 rue Edith Cavell PORT LOUIS (MAURITIUS)	100,000.00 MUR	941,958.80 MUR	6,200	62.00%	2,399.82	2,399.82		35,772,525.43 MUR	40,422.54 MUR
<b>EOLIENNES DES QUATRE VENTS</b> LE MONGE, 22 place des Vosges 92400 COURBEVOIE (FRANCE)	40,000.00	(361,164.24)	4,000	100.00%	40,000.00	40,000.00		0.00	(52,892.12)
<b>C.T.D.S.</b> (Compagnie thermique du Sud) PORT LOUIS (MAURITIUS)	255,000,000.00 MUR	266,081,730.00 MUR	637,500	25.00%	1,885,803.23	1,885,803.23		844,139,370.00 MUR	83,734,876.00 MUR
<b>COMPAGNIE DE COGENERATION DU GALION</b> Usine du Galion, 97220 TRINITE	17,040,000.00	15,116,252.15	13,632,000	80.00%	13,632,000.00	13,632,000.00		36,401,299.96	3,070,531.01
<b>COMPAGNIE THERMIQUE DE SAVANNAH</b> Anglo Mauricius building Adolphe de Plevitz street PORT LOUIS (MAURITIUS)	761,000,000.00 MUR	278,507,728.00 MUR	1,902,500	25.00%	4,868,017.73	4,868,017.73	1,281,066.00	1,735,142,210.00 MUR	140,494,330.00 MUR

<b>CENTRALE EOLIENNE DE LIRAC</b> LE MONGE, 22 place des Vosges 92400 COURBEVOIE (FRANCE)	20,000.00	(3,711.43)	2,000	100.00%	20,000.00	20,000.00		0.00	877.17
<b>EOLIENNES DE CLAMANGES ET DE VILLESENEUX</b> LE MONGE, 22 place des Vosges 92400 COURBEVOIE (FRANCE)	40,000.00	525,459.33	4,000	100.00%	40,000.00	40,000.00		1,820,841.15	224,329.99
<b>CENTRALE EOLIENNE DE LA CARNOYE</b> LE MONGE, 22 place des Vosges 92400 COURBEVOIE (FRANCE)	40,000.00	(1,701.05)	4,000	100.00%	40,000.00	0.00		0.00	745.77
<b>EOLIENNES DE LA PORTE DE France</b> LE MONGE, 22 place des Vosges 92400 COURBEVOIE (FRANCE)	40,000.00	94,538.33	4,000	100.00%	40,000.00	40,000.00		1,593,193.02	588,587.45
<b>Energie BEAUFONDS</b> 8, allée de Beaufonds 97 SAINT BENOIT (REUNION)	37,000.00	(44,165.00)	1,195	64.62%	18,803.49	18,803.49		0.00	(2,583.00)
<b>CARAIBES ENERGIE</b> 97160 LE MOULE (GUADELOUPE)	17,040,000.00	7,069,507.49	1,704,000	100.00%	17,040,000.00	17,040,000.00		40,824,500.57	4,679,384.80
<b>SOCIETE DE CONVERSION D'ENERGIE (S.C.E.)</b> 31, rue Eudoxie Nongé, 97490 SAINTE CLOTILDE (FRANCE)	50,000.00	14,188,207.58	5,000	100.00%	6,245,863.67	6,245,863.67		9,108,885.84	1,566,009.96
<b>PLEXUS SOL</b> 31, rue Eudoxie Nongé, 97490 SAINTE CLOTILDE (FRANCE)	37,000.00	874,538.72	3,700	100.00%	459,111.33	459,111.33		890,769.51	84,916.34
<b>QUANTUM ENERGIE GUYANE</b> LE MONGE, 22 place des Vosges 92400 COURBEVOIE (FRANCE)	40,000.00	1,861,026.71	4,000	100.00%	40,000.00	40,000.00	2,324,000.00	8,018,178.21	1,853,045.43
<b>QUANTUM ENERGIE ANTILLES</b> 7, rue des Amarreuses, ZA La Fabrique, 97224 DUCOS (FRANCE)	10,185,000.00	(2,778,733.85)	814,800	80.00%	8,148,000.00	8,148,000.00		4,930,163.52	(45,953.55)
<b>QUANTUM ENERGIE HABITAT</b> 7, rue des Amarreuses, ZA La Fabrique, 97224 DUCOS (FRANCE)	4,370,000.00	(880,275.22)	349,600	80.00%	3,496,000.00	3,496,000.00		2,327,461.43	553,972.72
<b>POWER ALLIANCE</b> 36, cour de l'usine de Bois Rouge, 97440 SAINT ANDRE (FRANCE)	120,000.00	531,854.50	500	50.00%	60,000.00	60,000.00	215,000.00	1,255,604.56	509,929.75



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<b>ELECT SECURITE</b> 7, rue des Amarreuses, ZA La Fabrique, 97224 DUCOS (FRANCE)	100,000.00	NC	300	30.00%	30,000.00	0.00	NC	NC
<b>QUANTUM ENERGIA ITALIA</b> Piazzale Biancamano n°8, 20121 MILAN (ITALY)	110,000.00	(217,865.04)		100.00%	110,000.00	110,000.00	0.00	(15,981.39)
<b>SUN DEVELOPERS 2 (LINARES)</b> Sancha de Lara 13, 29015 MALAGA (SPAIN)	113,249.83			100.00%	113,249.83	0.00		
<b>SUN DEVELOPERS 3 ( LINARES)</b> Sancha de Lara 13, 29015 MALAGA (SPAIN)	226,500.17			100.00%	226,500.17	0.00		
<b>SUN DEVELOPERS 18 (LINARES)</b> Sancha de Lara 13, 29015 MALAGA (SPAIN)	250.00			100.00%	250.00	0.00		
<b>SUN DEVELOPERS 15 (ORGIVA)</b> Sancha de Lara 13, 29015 MALAGA (SPAIN)	4,306.00	14,723.30		100.00%	458,841.00	458,841.00	7,058.29	(2,983.66)
<b>SUN DEVELOPERS 16 (ORGIVA)</b> Sancha de Lara 13, 29015 MALAGA (SPAIN)	4,006.00	(1,530.70)		100.00%	355,236.76	355,236.76	3,229.80	(1,530.70)
<b>SUN DEVELOPERS 17 (ORGIVA)</b> Sancha de Lara 13, 29015 MALAGA (SPAIN)	1,000.00			100.00%	1,000.00	1,000.00		
<b>QUANTUM CARAIBES</b> Usine du GALION, 97220 TRINITE (FRANCE)	100,000.00	(245,015.44)	5,000	50.00%	50,000.00	50,000.00	568,321.34	231,538.30
<b>ENERGIPOLE QUANTUM</b> Zone Industrielle JAULA, 97129 LAMENTIN (GUADELOUPE)	150,000.00	(19,292.71)	500	50.00%	74,900.00	74,900.00	0.00	(5,693.00)
<b>MARIE GALANTE ENERGIE</b> Usine de Grande Anse, 97112 GRAND BOURG (FRANCE)	150,000.00	(12,546.82)	9,750	65.00%	97,500.00	0.00	0.00	(3,233.46)
<b>QUANTUM ENERGIE MARSILLARGUES</b> LE MONGE, 22 place des Vosges 92400 COURBEVOIE (FRANCE)	40,000.00	(75,136.66)	4,000	100.00%	40,000.00	0.00	0.00	(32,219.83)

<b>QUANTUM ENERGIE PIERRELATTE</b> LE MONGE, 22 place des Vosges 92400 COURBEVOIE (FRANCE)	3,836,000.00	2,711,150.35	383,600	100.00%	3,836,000.00	3,836,000.00		3,154,377.53	2,875,825.03
<b>QUANTUM ENERGIE FABREGUES</b> LE MONGE, 22 place des Vosges 92400 COURBEVOIE (FRANCE)	40,000.00	186,569.28	4,000	100.00%	40,000.00	40,000.00		582,270.37	310,349.86
<b>QUANTUM ENERGIE GRENADE</b> LE MONGE, 22 place des Vosges 92400 COURBEVOIE (FRANCE)	40,000.00	(72,070.19)	4,000	100.00%	40,000.00	0.00		0.00	(3,319.34)
<b>QUANTUM ENERGIE SMDC</b> LE MONGE, 22 place des Vosges 92400 COURBEVOIE (FRANCE)	40,000.00	(39,289.64)	4,000	100.00%	40,000.00	0.00		0.00	(2,080.35)
<b>QUANTUM ENERGIE LE GUA</b> LE MONGE, 22 place des Vosges 92400 COURBEVOIE (FRANCE)	40,000.00	(36,906.42)	4,000	100.00%	40,000.00	0.00		0.00	(2,008.76)
<b>QUANTUM ENERGIE PV01 (formerly BREUILLET)</b> LE MONGE, 22 place des Vosges 92400 COURBEVOIE (FRANCE)	40,000.00	(63,974.61)	4,000	100.00%	40,000.00	0.00		0.00	(18,076.47)
<b>QUANTUM ENERGIE SAINT GEMME</b> LE MONGE, 22 place des Vosges 92400 COURBEVOIE (FRANCE)	40,000.00	(43,199.61)	4,000	100.00%	40,000.00	0.00		0.00	(2,674.31)
<b>QUANTUM ENERGIE LASSALE</b> Usine du Galion, 97220 TRINITE (FRANCE)	40,000.00	1,178,022.89	3,200	80.00%	32,000.00	32,000.00		2,672,759.96	657,648.03
<b>SAINT ANDRE ENERGIE</b> 2, chemin de bois rouge 97440 SAINT- ANDRE (REUNION)	40,000.00	(632,558.41)	4,000	100.00%	40,000.00	0.00		0.00	(2,516.64)
<b>SCE B</b> 21, rue Hélène BOUCHER, zone Aéroportuaire 97480 SAINTE MARIE (REUNION)	3,600,000.00	2,273,589.38	1,764,000	49.00%	1,764,000.00	1,764,000.00		3,475,522.05	659,228.35
<b>QUANTUM ENERGIE MATOURY</b> LE MONGE, 22 place des Vosges 92400 COURBEVOIE (FRANCE)	1,600,240.00	320,082.06	1,600,240	100.00%	1,812,775.00	1,812,775.00		2,473,686.38	161,354.12

CHAP  
**20** FINANCIAL INFORMATION ON THE COMPANY'S ASSETS  
 AND LIABILITIES, FINANCIAL POSITION AND RESULTS

<b>QUANTUM ENERGIE PRODUCTION</b> LE MONGE, 22 place des Vosges 92400 COURBEVOIE (FRANCE)	1,000.00	(21,061.51)	1,000	100.00%	1,000.00	1,000.00		0.00	(20,431.51)
<b>METHANEO</b> 149 Avenue du Maine 75014 PARIS (FRANCE)	105,010.00	1,885,702.00	6,300	60.00%	4,582,200.00	4,582,200.00		643,113.00	(533,299.00)
<b>BIOERE COGENERATION MIMIZAN</b>	5,000.00	NC	25	5.00%	250.00	250.00		NC	NC
<b>EOLIENNES DE GOUZEAUCOURT</b> LE MONGE, 22 place des Vosges 92400 COURBEVOIE (FRANCE)	1,000.00			100.00%	1,000.00	1,000.00		0.00	0.00
					<b>203,727,438.78</b>	<b>202,939,938.78</b>	<b>0.00</b>	<b>23,166,241.14</b>	

**20.12 REPORT OF THE STATUTORY AUDITORS ON THE COMPANY'S FINANCIAL STATEMENTS**

*This is a free translation into English of a report issued in the French language 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*

**PricewaterhouseCoopers Audit**

63, rue de Villiers  
92200 Neuilly-sur-Seine, France

**Mazars**

Tour Exaltis, 61, rue Henri Regnault  
92400 Courbevoie, France

**(year ended 31 December 2012)**

**Séchilienne-Sidec SA**

22, place des Vosges  
Immeuble Le Monge, La Défense 5  
92400 Courbevoie  
France

To the shareholders,

In performance of the assignment entrusted to us by your General Meeting, we hereby present our report for the year ended 31 December 2012, on:

- the audit of Séchilienne-Sidec's financial statements, as appended to this report;
- the basis of our assessment;
- the specific verifications and information required by law.

The Company's financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

**I – Opinion on the Company's financial statements**

We conducted our audit in accordance with the professional standards applicable in France. These standards require that we plan and perform the audit so as to obtain reasonable assurance that the Company's financial statements are free from material misstatement. An audit includes examining, using sampling or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the Company's financial statements for the year ended 31 December 2012 give a true and fair view of the assets and liabilities, financial position and results of the Company, in accordance with generally-accepted accounting principles in France.

## **II – Basis of our assessment**

In accordance with the provisions of Article L. 823-9 of the French Commercial Code on the basis of our assessment, we bring to your attention the following items:

- the participating interests included in assets in your Company's statement of financial position are measured in accordance with the procedures set out in note II.2 to the financial statements. We have assessed the factors taken into consideration for the estimated value in use and, where applicable, verified the impairment calculation.

These assessments were made as part of our audit approach for the Company's financial statements taken as a whole, and therefore contributed to the formulation of our opinion expressed in the first section of this report.

## **III – Specific verifications and information**

We have also performed, in accordance with professional standards applicable in France, the specific verifications provided for by law.

We have no comments to make as to the fair presentation and consistency with the Company's financial statements of the information provided in the Board of Directors' management report and in the documents addressed to the shareholders on the financial position and the financial statements.

Regarding the information provided pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code on the remuneration and benefits paid to corporate officers and on commitments given on their behalf, we have verified their consistency with the financial statements or with the data used in the preparation of these financial statements and, where applicable, with the information gathered by your Company from companies controlling your Company or controlled by it. Based on this work, we certify that this information provides a true and fair view.

Pursuant to the law, we have verified that the various information on the acquisition of participating interests and control and on the identity of the holders of the share capital and voting rights has been provided to you in the management report.

Neuilly-sur-Seine and Courbevoie, 24 April 2013

The Statutory Auditors

**PricewaterhouseCoopers Audit**

Jean-Christophe Georghiou

**Mazars**

Manuela Baudoin-Revert

**20.13 PRO FORMA FINANCIAL INFORMATION**

None.

**20.14 INTERIM FINANCIAL INFORMATION**

The Group's consolidated revenue for the first quarter of 2013 was presented in the press release shown below, published on 23 April 2013.

**Solid growth in 2013 first quarter revenue supported by the thermic biomass business**

Séchilienne-Sidec's consolidated revenue came to €99.3 million in the first three months of 2013, up 6% compared with the same period in 2012 (excluding the wind power business).

Revenue (€m)*	Q1 2013	Q1 2012	Change
Thermic biomass energy	88.6	82.8	+7%
Solar energy	9.7	10.1	-4%
Holding company	1.0	0.4	n/a
<b>TOTAL</b>	<b>99.3</b>	<b>93.4</b>	<b>+6%</b>

\* Non-audited figures, excluding the wind power business

**Growth in thermic biomass business**

Revenue from the thermic biomass business came to €88.6 million, up 7% compared with the first quarter of 2012.

Total power generation at the thermal biomass plants, excluding plants in Mauritius that are consolidated using the equity method, came to 567.4GWh, down slightly compared with the first quarter of 2012 (595.2GWh) due to a significant scheduled shutdown at the Caraïbes Energie plant in Guadeloupe.

The growth in thermic biomass revenue, despite a drop in coal prices during the period, reflects a high call- rate at the Group's CCG peak turbine in Martinique and the signing of an amendment to the agreement between EDF and the CTM plant in early 2013.

**Slight decrease in solar activity**

Group revenue from photovoltaic energy came to €9.7 million in the first quarter of 2013, down 4% compared with the first quarter of 2012.

Solar energy production reached 22.7GWh, down 3% compared with the same period in 2012 (23.5GWh) due to poorer sunshine conditions in mainland Europe.

**Launch of the biomethanation activity**

Methaneo's first agricultural biomethanation plant, Tiper, will be inaugurated on 26 April 2013 in Thouars, Deux-Sèvres in south-west France. This 2MW plant will enable more than 75,000 tonnes of biomass to be used to produce the equivalent of the annual electricity consumption of 12,000 people.

**Sale of the wind power business**

Séchilienne-Sidec sold its wind power business to EDF Energies Nouvelles in February 2013, for €59 million and an earn-out for wind power projects currently under development. This sale will generate a capital gain of €5.6 million in 2013.

**20.15 DIVIDENDS DISTRIBUTED IN RESPECT OF THE APPROPRIATION OF PRIOR YEARS' EARNINGS**

In accordance with Article 45 of the Company's memorandum and articles of association, from the distributable earnings (i.e. net income for the year less any prior year losses and standard amounts to be transferred to reserves pursuant to the law, plus any retained earnings) are deducted the amount needed to pay the shareholders, by way of a first dividend, six per cent of the amounts paid-up on their shares and not amortised and six per cent of the amounts, where applicable, of premiums on shares issued for cash and included in an "additional paid-in capital" account, the shareholders being unable to claim payment from the earnings of subsequent years if the earnings of a given year do not permit such a payment. From the available surplus, the General Meeting may, at the proposal of the Board of Directors, appropriate a portion of said distributable earnings that it will advise for the creation of contingency funds and general or special reserves, of any type whatsoever or even simply as retained earnings. Where applicable, the balance constitutes a mass that is split between the shares, in proportion to the respective portion of the capital that they represent.

Subject to the stipulations described above, the distribution of a dividend, over and above the first dividend, will result from the proposal of the Board of Directors and the decision of the General Meeting of shareholders. Whether a dividend is distributed and its amount will depend notably on the Company's financial position and results as well as its investment plan.

For the year ended 31 December 2012, the Board of Directors has agreed to propose to the shareholders the payment of a dividend of €0.59 for each share entitled to dividends, with each shareholder being able to elect to have 50% of this dividend paid either in cash or in the Company's shares.

Consequently, the Board of Directors will propose to appropriate the 2012 net income of Séchilienne-Sidec SA as follows:

Source of earnings to be appropriated:

- Retained earnings brought forward	€86,163,333.38
- Net income for the year	€18,110,148.77
- <b>Total</b>	<b>€104,273,482.15</b>

Appropriation of net income:

- Legal reserve	€715.02
- Dividend	€16,860,692.55
- Retained earnings carried forward	€87,412,074.58
- <b>Total</b>	<b>€104,273,482.15</b>

The option offered to shareholders of payment in cash and payment in shares for 50% of the dividend must be exercised between 10 June 2013 and 25 June 2013.

The shares will be declared ex-dividend on 10 June 2013. The cash payment and delivery of shares will take place on 5 July 2012.

The total amount of the dividend and hence the amount of retained earnings will be adjusted so as to take into account the number of shares held by the Company on the dividend payment date and, where applicable, any new shares giving entitlement to dividends issued on the exercise of stock subscription options or in the event of definitive vesting of shares allocated free of charge up to the date of the General Meeting.

The dividends paid in respect of the last three financial years are as follows:

	2011 (paid in 2012)	2010 (paid in 2011)	2009 (paid in 2010)
Total amount in euros	16,152,572	19,912,652	19,912,652
Net dividend per share in euros	0.57	0.70	0.70

Concerning the 2011 dividend paid in 2012, shareholders were given the option to have their dividend paid either: (i) in cash only for an amount of €0.570 per share; or (ii) half in cash and half in shares at a subscription price of €9.38, corresponding to a price calculated on the basis of the average of the opening prices for the 20 trading sessions prior to the day of the General Meeting (i.e. €10.983), less a discount of 10%, and the amount of the dividend (€0.57 per share). Taking into account the choices made by the shareholders, €14,409,749 was paid in cash and 185,800 new shares were created.

## **20.16 LEGAL PROCEEDINGS AND ARBITRATION**

Dispute with a supplier of photovoltaic panels.

The Group is in dispute with a supplier of photovoltaic panels in Spain and Reunion mainly concerning compliance with vital deadlines and its detrimental consequences as well as problems in terms of conformity and hidden defects affecting these panels. In connection with this dispute, the supplier is claiming from the Group the outstanding balance of the selling price of these panels, which amounts to €4,779 million. The harm caused to the Group as a result of the issues observed is currently being reviewed as part of an expert assessment ordered by the Paris Commercial Court under a ruling dated 11 September 2009. This assessment is still in progress and there is no new information at present.



The Group's thermal installations experienced significant labour disputes during 2011, mainly concerning the conditions for application of Article 14-6 of the statute of the Electricity and Gas Industries (*industries électriques et gazières* – IEG). Employees were demanding entitlement to the compensation packages applicable to State employees working in the French overseas territories. In 2012, this dispute on the conditions for application of the IEG statute was brought before the courts in Guadeloupe and Reunion by the national federation of mining and energy staff (*Fédération Nationale des Personnels des Mines et de l'Energie* – FNME-CGT) for each of the Group's thermal power plants, with the trade union demanding a 40% basic wage increase for its members. Similar cases have been initiated by the trade unions representing employees of other electricity producers in the French overseas *départements*, including EDF. The first steps in these cases instituted against Group subsidiaries involve bringing together all the disputes before the Paris court of first instance.

In 2012, Compagnie Thermique de Bois-Rouge initiated proceedings against Alstom Power before the Paris court of first instance seeking compensation for losses incurred in connection with significant damage to the steam turbine acquired from this supplier. The amount initially claimed is in the region of €1.5 million and could be revised upwards to reflect the occurrence of further incidents.

There are no other governmental, legal or arbitration proceedings (including any proceedings of which the Company has knowledge that are pending or with which the Company is threatened) that are likely to have, or have had, any material effect on the Group's financial position or profitability during the last 12 months.

#### **20.17 SIGNIFICANT CHANGES IN THE FINANCIAL OR COMMERCIAL POSITION**

To the best of the Company's knowledge, and with the exception of the items described in this registration document, no significant changes in the financial or commercial position have occurred since the year end date of 31 December 2012.

CHAPTER 21-- ADDITIONAL INFORMATION

21.1 SHARE CAPITAL

21.1.1 Subscribed share capital and authorised but unissued share capital

As at 31 December 2012, the Company's share capital was €1,102,349.13 divided into 28,632,445 shares with a par value of €0.0385 each (all fully subscribed and fully paid up, and all of the same class).

21.1.2 Currently valid delegations of authority and authorisations

Delegations of authority and authorisations are listed in the following table:

Authorisation	Validity of authorisation	Maximum amount	Date of use by the Board of Directors	Amount used
Purchase by the Company of its own shares (6 <sup>th</sup> resolution of the General Meeting of 14 March 2012 cancelling the unused part, and replacing the authorisation granted in the 10 <sup>th</sup> resolution of the General Meeting of 25 May 2011)	18 months	Number of shares not to exceed 10% of the capital as at the date of purchase Maximum amount that can be used for such purchases: €60 million Maximum purchase price: €28/share	Continued performance of a liquidity contract entered into on the basis of earlier authorisations	According to the statement of financial position as at 31/12/2012, the following average amounts were recorded with regard to the liquidity contract's liquidity account: €55,000 €989,808.35
Capital reduction by the cancellation of shares (9 <sup>th</sup> resolution of the General Meeting of 31 May 2012 cancelling the unused part of any earlier authorisation with the same purpose)	18 months	10% of the Company's capital in 24-month periods	Not applicable	Not applicable
Issue with maintenance of preferential subscription rights (10 <sup>th</sup> resolution of the General Meeting of 31 May 2012, cancelling the unused part of any earlier delegation of authority with the same purpose)	26 months	. Capital securities: €357,000 (this amount is an aggregate cap that also applies to other authorisations listed below) . Debt securities: €200 million (this amount is an aggregate cap that also applies to other authorisations listed below)	Not applicable	Not applicable
Issue by means of a public offering with waiver of preferential subscription rights (11 <sup>th</sup> resolution of the General Meeting of 31 May 2012, cancelling the unused part of any earlier delegation of authority with the same purpose)	26 months	. Capital securities: €215,000 (maximum nominal amount to be applied against the global maximum of €357,000) . Debt securities: €200 million (maximum nominal amount to be applied against the global maximum of €200 million)	Not applicable	Not applicable

Issue by means of an offering pursuant to Article L 411-2-II of the Monetary and Financial Code, with waiver of preferential subscription rights (12th resolution of the General Meeting of 31 May 2012, cancelling all earlier delegations of authority with the same purpose, for the unused part of the delegation)	26 months	. Capital securities: €215,000 (maximum nominal amount to be applied against the global maximum of €357,000) . Debt securities: €200 million (maximum nominal amount to be applied against the global maximum of €200 million)	Not applicable	Not applicable
Authorisation granted to increase the amount of the initial issue with the maintenance or waiver of preferential subscription rights in the case of surplus demand (13th resolution of the General Meeting of 31 May 2012, cancelling all earlier delegations of authority with the same purpose, for the unused part of the delegation)	26 months	15% of the initial issue (maximum nominal amount to be applied against the cap that applies to the initial issue and the global cap set in the 10th resolution)	Not applicable	Not applicable
Authorisation granted to set the prices of issues by means of public offerings or offerings pursuant to Article L 411-2 of the Monetary and Financial Code, with waiver of preferential subscription rights within a limit of 10% of the capital per year (14th resolution of the General Meeting of 31 May 2012, cancelling all earlier delegations of authority with the same purpose, for the unused part of the authorisation)	26 months	Maximum par value of the capital increase under the authorisation: 10% of the share capital on the date of the decision by the Board of Directors setting the issue price per 12-month period (maximum nominal amount to be applied against the global maximum set in the 10th resolution)	Not applicable	Not applicable
Issue of a maximum of 10% of the share capital to remunerate contributions in kind (15th resolution of the General Meeting of 31 May 2012, cancelling all earlier delegations of authority with the same purpose, for the unused part of the delegation)	26 months	10% of the share capital on the date of the decision by the Board of Directors to go ahead with the issue (maximum nominal amount to be applied against the global maximum €357,000)	Not applicable	Not applicable
Issue to remunerate contributions of securities pursuant to a public exchange offer (16th resolution of the General Meeting of 31 May 2012, cancelling all earlier delegations of authority with the same purpose, for the unused part of this delegation)	26 months	Maximum nominal amount of €215,000 (to be applied against the global maximum of €357,000)	Not applicable	Not applicable

Issue with waiver of preferential subscription rights in favour of members of a savings plan (17th resolution of the General Meeting of 31 May 2012, cancelling all earlier delegations of authority with the same purpose, for the unused part of the authorisation)	26 months	Maximum nominal amount of capital increases that can be carried out pursuant to the authorisation: €50,000, to be applied against the global maximum of €357,000	Not applicable	Not applicable
Capital increase by the capitalisation of premiums, reserves, income or other sums eligible for capitalisation (18th resolution of the General Meeting of 31 May 2012, cancelling all earlier delegations of authority with the same purpose, for the unused part of the authorisation)	26 months	Total amount that can be capitalised as at the date of the decision of the Board of Directors. Maximum nominal amount is not to be applied against the global maximum of €357,000	Not applicable	Not applicable
Allotment of options to subscribe new shares or purchase existing shares (23rd resolution of the General Meeting of 18 May 2010)	26 months	200,000 shares, i.e., 0.7% of the share capital as at the date of the General Meeting (maximum amount to be applied against the global maximum of €357,000)	Decision of the Board of Directors of 27 August 2010	190,000 options to subscribe shares, that can be exercised from 2014. As at 31/12/2012, 83,500 of the 190,000 options allotted have been cancelled, corresponding to the 30,000 options allotted to N. Hachemi and 53,500 options allotted to employees who have since left the Company
Allotment of bonus shares (eighth resolution of the General Meeting of 14 March 2012, cancelling all earlier delegations of authority with the same purpose, for the unused part of the authorisation)	38 months	2.85% of the Company's share capital, calculated as at the date of allotment of the shares by the Board of Directors on a diluted basis	Decision of the Board of Directors of 26 July 2012  Decision of the Board of Directors of 28 November 2012	616,400 shares allotted in three identical tranches, including 225,000 allotted to the Chairman and CEO in three identical tranches.  1,000 shares allotted to one employee in three identical tranches.

### 21.1.3 Liquidity contract

A liquidity contract was signed with Cheuvreux SA on 23 March 2011 for a renewable one-year term.

A press release, published on the Company's website on 31 March 2011, announced the signature of this contract, explaining:

- that it complied with the AMAFI (ex. AFEI) Code of Conduct approved by the AMF,
- that its purpose was to foster trading in Company shares on the regulated NYSE Euronext, Paris market, and
- that €2,000,000 had been allocated to the liquidity account for operation of the contract.

## ADDITIONAL INFORMATION

The contract was renewed in March 2012, and its continued performance over 2011 and 2012 was based on a series of resolutions in which the shareholders authorised the Company to purchase its own shares:

- Twelfth resolution of the General Meeting of 18 May 2010
- Tenth resolution of the General Meeting of 15 May 2011
- Sixth resolution of the General Meeting of 14 March 2012

A new resolution to authorise the Company to purchase its own shares will be put to the shareholders at the General Meeting to be held on 30 May 2013. This will serve as a basis for the continued performance of the liquidity contract after 14 September 2013.

The Company has published the half-year results of the liquidity contract on its website since it was first signed. The following table shows changes to the average liquidity account figures:

30/07/2011	31/12/2011	30/07/2012	31/12/2012
62,000 securities €858,893.35	108,800 securities €272,880.20	105,680 securities €326,845.09	55,000 securities €989,808.35

### 21.1.4 Draft delegations of authority and authorisations to be put to the approval of the shareholders at the General Meeting of 30 May 2013

Proposed authorisation	Term of proposed authorisation	Proposed maximum nominal amount
Purchase by the Company of its own shares	18 months	Number of shares may not exceed 10% of the capital as at the date of purchase Maximum amount of funds that can be used to purchase shares: €60 million Maximum purchase price: €28 per share
Capital reduction by the cancellation of shares	18 months	10% of the Company's share capital per 24 month period

### 21.1.5 Trading on Euronext-Paris Eurolist

As at 31 December 2011, Séchilienne-Sidec SA shares were admitted to listing on Euronext Paris, compartment B.

Note that the Séchilienne-Sidec share has been eligible for deferred settlement since 26 February 2008.

The following table shows changes in the Company share price:

Month	Average volume of transactions each month (in thousands of euros)		Closing price on the last day of the month (in euros)	
	2011	2012	2011	2012
January	47,519	48,427	20.63	12.11
February	54,754	42,647	20.51	12.65
March	62,926	35,568	19.81	12.83
April	51,326	23,900	19.75	11.52
May	32,144	18,950	18.16	10.65
June	50,832	18,715	17.1	11.12
July	52,564	18,694	16.6	10.40
August	57,916	23,340	14.21	11.05
September	31,185	34,435	12.65	12.24
October	35,302	36,165	13.52	13.21
November	30,297	26,513	11.07	12.60
December	50,910	33,089	10.95	14.38

#### 21.1.6 Shares not representing capital

As at the date of this registration document, the Company has not issued any securities that do not represent capital.

#### 21.1.7 Shares held by Group companies, treasury shares

##### 21.1.7.1 Shares held by Group companies as at 31 December 2012

No shares were held by Group companies as at 31 December 2012, or as at 31 December 2011.

##### 21.1.7.2 Treasury shares as at 31 December 2012

As stated in section 21.1.3 above, the shareholders authorised the Board of Directors, in the sixth resolution adopted at the General Meeting of 14 March 2012, to purchase Company shares in accordance with the terms and conditions laid down in Article L. 225-209 *et seq.* of the Commercial Code.

This authorisation was granted for an 18-month period and sets the number of securities that can be purchased at no more than 10% of the share capital as at the date of purchase, the maximum amount that can be used for such purchases at €60 million and the maximum purchase price at €28 per share.

This authorisation cancelled the unused part of the authorisation with the same purpose granted by the shareholders at the General Meeting of 15 May 2011, which authorisation had, in turn, superseded the authorisation granted on 18 May 2010.

Performance of the liquidity contract signed with Crédit Agricole Cheuvreux in March 2011 continued in 2012 on this basis.

As at 31 December 2012, 55,000 treasury shares were held under the liquidity contract.

Description of share buyback programmes

	Currently valid (6th resolution of the General Meeting of 14 March 2012)	To be proposed at the General Meeting of 30 May 2013 (draft resolution no. 13)
<p><u>Objectives</u></p> <p>In decreasing order of priority</p>	<p>To ensure liquidity and foster the market for Company shares through the intermediary of an investment services provider acting completely independently under a liquidity contract and in accordance with a code of conduct acknowledged by the AMF.</p> <p>To implement all Company stock option plans in accordance with Article. L. 225-177 <i>et seq.</i> of the Commercial Code, all allotments of bonus shares under a company or Group savings plan in accordance with Article L3332-1 <i>et seq.</i> of the Employment Code, all allotments of bonus shares under Article. L. 225-197-1 <i>et seq.</i> of the Commercial Code, and all allotments of bonus shares under any scheme to share in the Company's profits, and to carry out any hedging transactions in connection therewith, in accordance with the terms and conditions laid down by the market authorities and at the times chosen by the Board of Directors or the person to whom the Board of Directors has delegated authority.</p> <p>To deliver shares when rights attached to securities giving immediate or subsequent access to Company shares by any means are exercised, and to carry out any hedging transactions in connection with the Company's obligations related to such securities, under the terms and conditions laid down by the market authorities and at the times chosen by the Board of Directors or the person to whom the Board of Directors has delegated authority.</p> <p>To cancel all or some of the shares bought back within the framework of a capital reduction and under the terms and conditions authorised by the shareholders at a General Meeting.</p> <p>To keep the shares with a view to their subsequent delivery as payment or in exchange within the framework of acquisitions, in accordance with accepted market practices and the applicable regulations.</p> <p>To implement any other market practices that are accepted or recognised by the law or the AMF and, more generally, to achieve any other objective allowed by the applicable regulations.</p>	
<p><u>Terms and conditions</u></p> <p>Maximum amount of capital that can be bought back</p> <p>Maximum amount of shares that can be purchased in order to keep them and subsequently deliver them as payment or in exchange within the framework of a merger, sale or contribution</p> <p>Maximum purchase price</p> <p>Maximum amount, net of costs, allocated to the programme</p>	<p>10% of the capital</p> <p>5% of the capital</p> <p>€28 per share</p> <p>€60 million</p>	<p>10% of the capital</p> <p>5% of the capital</p> <p>€28 per share</p> <p>€60 million</p>
<p><u>Length of programme</u></p>	<p>18 months</p>	<p>18 months</p>

## ADDITIONAL INFORMATION

Number of securities and percentage of capital held by the issuer as at 31 December 2012, and breakdown of capital securities held according to purpose

Situation as at 31 December 2012	
Number of securities held by the issuer	55,000, under a liquidity contract that complies with the AMAFI code of conduct approved by the AMF. The contract was signed with Crédit Agricole Cheuvreux on 23 March 2011 for a renewable one-year term; €2 million was allocated to the liquidity account for its operation.  As at 31 December 2012, the liquidity account contains the following (average figures): 55,000 securities €989,808.35
Issuer's share capital	€1,102,349.13, divided into 28,632,445 shares with a par value of €0.0385 each, listed on the NYSE Euronext, Paris regulated market (ISIN FR 000006042, ticker symbol SECH)
Percentage of capital held directly or indirectly by the issuer	0.192%
Number of shares cancelled over the past 24 months	None
Carrying amount of treasury shares held	636,900
Market value of treasury shares held (closing prices)	790,900

### 21.1.8 Securities giving access to the capital

#### 21.1.8.1 Options to subscribe shares

The Company has allotted stock options under the conditions described in chapter 17, section 17.9.2, of this registration document. Note that on 21 October 2011 the Board of Directors cancelled the 30,000 options allotted to Nordine Hachemi on 27 August 2010, and that another 53,500 options have been cancelled as a result of the departure of their beneficiaries.

The potential maximum dilution of the Company's share capital if all stock options allotted are exercised is 0.57% (after exercise of the stock options, and before acquisition of the bonus shares described in chapter 17, section 17.9.3, of this registration document).

#### 21.1.8.2 Bonus shares

A) The Company allotted bonus shares under the conditions described in chapter 17, section 17.9.3.1, of this registration document on the basis of the twentieth resolution adopted at the General Meeting of 16 June 2009.

Bonus shares were allotted on this basis by the Board of Directors on 28 August 2009, 25 January 2010 and 28 July 2010 to 51 people, including the Chairman and Chief Executive Officer, Nordine Hachemi, for a total of 408,116 shares (145,136 of which were allotted to Nordine Hachemi).



As at 31 December 2012, all the allotted bonus shares were cancelled, pursuant to a decision of the Board of Directors dated 21 October 2011 as regards Nordine Hachemi and, as regards the employees, as a result of their departure from the Company, or their express and irrevocable waiver of the benefit of bonus shares allotted on the basis of the 20th resolution of the General Meeting of 16 June 2009, when they accepted subsequent allotments of bonus shares on the basis of the 8th resolution of the General Meeting of 14 March 2012.

- B) The Company then allotted bonus shares under the conditions described in chapter 17, section 17.9.3.2, of this registration document on the basis of the 8th resolution of the General Meeting of 14 March 2012.

As stated in this chapter 17, and in Appendix 7 to this registration document, the bonus shares were allotted by:

- The Board of Directors on 26 July 2012 to the Chairman and CEO (225,000 shares in three identical tranches) and to 53 employees (391,400 shares in three identical tranches),
- The Board of Directors on 28 November 2012 to one employee (1,000 shares in three identical tranches).

21.1.9 Conditions governing acquisition rights and obligations attached to capital that has been subscribed but not paid up

Not applicable.

21.1.10 Options applying to the capital of Group companies or conditional or unconditional agreements providing for options

As at the date of this registration document, with the exception of the stock option plans described in section 17.9.3.1 of the registration document, the Company is not aware of any option mechanisms likely to affect the share capital of Group companies.

21.1.11 Changes in share capital over the past three years

The following table shows changes in the Company's share capital in recent financial years:

	Before the transaction			After the transaction		
	Number of shares	Par value (in €)	Capital (in €)	Number of shares	Par value (in €)	Capital (in €)
From 2 September to 31 December 2006, exercise of stock options	27,432,360	0.0385	1,056,145.86	27,568,360 (i.e., +136,000)	0.0385	1,061,381.86
From 12 December to 31 December 2007, exercise of stock options	27,568,360	0.0385	1,061,381.86	27,814,360 (i.e., +246,000)	0.0385	1,07,852.86
In July 2009, exercise by shareholders of an option relating to payment of a dividend	27,814,360	0.0385	1,070,852.86	28,441,645 (i.e., + 627,285)	0.0385	1,095,003.33
From 13 December 2009 to 31 December 2010, exercise of stock options	28,441,645	0.0385	1,095,003.33	28,446,645 (i.e., + 5,000)	0.0385	1,095,195.83
From 1 January 2011 to 31 December 2011, no transactions resulting in a change to the capital	28,446,645	0.0385	1,095,195.83	28,446,645	0.0385	1,095,195.83
In July 2012, exercise by shareholders of an option relating to payment of a dividend	28,446,645	0.0385	1,095,195.83	28,632,245 (i.e., + 185,800)	0.0385	1,102,349.13

## 21.2 INCORPORATING DOCUMENTS AND MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company's Memorandum and Articles of Association are available in French on its website ([www.sechilienne-sidec.com](http://www.sechilienne-sidec.com)). They have been updated over the past three years following resolutions adopted by the shareholders at the General Meeting of 18 May 2010, the decision of the Board of Directors of 18 May 2010 to increase the number of shares and the share capital as a result of the exercise of 5,000 stock options, resolutions adopted by the shareholders at the General Meeting of 25 May 2011, the General Meeting of 14 March 2012 and the General Meeting of 31 May 2012, and the decision of the Board of Directors of 26 July 2012 to increase the number of shares and the share capital following the exercise by the shareholders of the option made available to them to receive payment of a dividend in shares.

The Board of Directors will be proposing an amendment to Article 45 of the Memorandum and Articles of Association to the shareholders at the General Meeting to be held on 30 May 2013, concerning the appropriation of income, premiums and reserves.

This amendment is proposed in the 15th resolution, and aims to complete the current wording of Article 45 to provide that shareholders who have held their registered shares for a specific period of time will be entitled to an increased dividend.

The amendment (which will apply for the first time for the payment of dividends for the 2015 financial year, resolved by the shareholders at the General Meeting to be held in 2016) provides as follows:

- Any shareholder who can prove, at the end of a financial year, that he has held registered shares for at least two years and still holds them on the date of payment of the dividend for the financial year will be entitled to an increased dividend on such registered shares corresponding to 10% of the dividend paid on other shares (including when the dividend is paid in the form of new shares).
- Similarly, any shareholder who can prove, at the end of financial year, that he has held registered shares for at least two years and still holds them on the date of completion of a capital increase by the capitalisation of reserves, income or premiums resulting in a distribution of bonus shares will be entitled to an increase in the bonus shares allocated to such shareholder corresponding to 10%.
- The number of shares held by any given shareholder that are eligible for such measures may not exceed 0.5% of the share capital.

### 21.2.1 Objects of the Company (Article 3 of the Memorandum and Articles of Association)

The Company's objects are:

- Design, construction, financing, provisioning, operation and sale, directly or indirectly, of facilities that recover and/or use any form of fossil energy or renewable energy, and all electrometallurgical, electronic, electro-chemical, chemical, gas, metallurgical, electrical, thermal, hydraulic, handling or driving products and equipment;

- The direct or indirect investment in any French or foreign undertakings or companies, whether existing or to be created, whose objects are likely to facilitate the achievement of the Company's objects or be connected to its objects or similar or related objects, and the management of any such undertakings or companies;
- And, more generally, all industrial or commercial transactions and all transactions involving personal property or real property that are directly or indirectly related to the foregoing and/or that might be useful to the Company's objects or facilitate the achievement or development thereof.

21.2.2 Provisions of the Memorandum and Articles of Association relating to the Company's governing and management bodies (Articles 19 to 29, inclusive)

*Article 19 of the Memorandum and Articles of Association*

Governance of the Company shall be entrusted to a Board composed of at least three members and no more than twelve members, appointed by the shareholders at General Meetings.

The term of office of each member of the Board of Directors shall be four years, where one year corresponds to the period from one Annual General Meeting to the next.

Outgoing directors may be reappointed.

In the event a seat on the Board becomes vacant between two General Meetings due to resignation or death, the Board shall be entitled to make a provisional appointment for the remainder of the term of office of the replaced director, with a view to maintaining the same number of Board members.

The shareholders shall make a final appointment at the next Ordinary General Meeting. However, if the number of Board members falls below the statutory minimum of three, the Board or - failing that - the Statutory Auditors, shall immediately convene a General Meeting to make up the numbers. Any interested party may do the same, in accordance with the terms and conditions laid down by law.

In the event any appointments made by the Board of Directors are not subsequently ratified by the shareholders, all the Board's decisions and actions shall nevertheless remain valid.

No more than one third of the total number of directors in office may be aged over 70. Whenever this maximum is exceeded, the oldest director who has not held or does not hold office as Chairman or who has not held office as Chief Executive Officer of the Company will stand down at the next General Meeting, unless compliance with the aforementioned proportion has been established as a result of a decision of the Board pursuant to this Article.

*Article 20 of the Memorandum and Articles of Association*

The directors must each hold four hundred (400) registered shares throughout their term of office.

In the event a director does not hold the aforementioned number of shares at the time of his appointment or ceases to hold the aforementioned number at any time during his office, he will be deemed to have automatically resigned unless he remedies the situation within a six (6) month period.

*Article 21 of the Memorandum and Articles of Association*

By way of remuneration for their duties, the directors shall receive directors' fees, the amount of which will be set by the shareholders at General Meetings, as well as a share of the profits in accordance with Article 45.

*Article 22 of the Memorandum and Articles of Association*

The Board shall appoint one of its members as Chairman, who must have French nationality or be a citizen of a member state of the European Economic Area, and, if need be, shall determine his remuneration. The Chairman shall be appointed for a term of office that may not exceed his term of office as a director. The Board shall appoint a secretary, who may but need not be a Board member.

The Chairman represents the Board of Directors. He organises and oversees its work, and reports thereon to the General Meeting. He ensures the Company's bodies operate properly and, more specifically, that the directors are in a position to perform their duties.

In the event the Chairman reaches the age of 65 during his term of office, he will remain in office until expiry of his term of office. The Board of Directors may then reappoint him as Chairman once or more than once, provided the total term does not exceed the term of a directorship.

The Board may elect a Deputy Chairman from its members. In the event the Chairman is absent or unable to act, the Deputy Chairman appointed by the Board will chair the meeting. If both are absent, the Board shall appoint one of its members to chair the meeting.

The Board of Directors shall meet whenever a meeting is called by the Chairman or half of the members of the Board, and as frequently as the Company's interests dictate, either at the registered office or at any other venues stated in the notice of meeting.

However, if a Board meeting has not been held for more than two months at least one third of the directors may call a meeting, stating the agenda. The Chief Executive Officer may also ask the Chairman to call a meeting of the Board of Directors to consider a specific agenda.

Notice of meetings shall be given by any means, including by word-of-mouth.

In accordance with the legal and regulatory provisions and the Internal Regulations adopted by the Board of Directors, and within the limits provided thereby, directors who attend meetings of the Board of Directors using videoconferencing or telephone conferencing facilities that allow them to be identified and guarantee their effective participation shall be deemed present when calculating the quorum and majority. However, such methods may not be used when adopting the annual financial statements and the management report or when adopting the consolidated financial statements and the Group management report.

Any director may be represented by another director at any given meeting. A proxy may be appointed by means of an ordinary letter or even by telegram. A director may only represent one other director at a given meeting. The presence of at least half of the directors in office is necessary for the Board to validly transact business. Decisions shall be taken by a majority of the votes of the members present or represented, and any director who represents another director shall hold two votes. In the event of a tie, the chairman of the meeting shall have a casting vote.

*Article 23 of the Memorandum and Articles of Association*

Decisions shall be recorded in minutes kept in a special minute book as required by law, and signed by the chairman of the meeting and at least one director. In the event the chairman of the meeting is unable to sign, the minutes shall be signed by at least two directors.

The minutes shall be drawn up in accordance with the law.

Copies of or excerpts from the minutes required as evidence in court, or for any other reason, shall be validly certified by the Chairman of the Board of Directors, the Chief Executive Officer, a director temporarily acting as chairman or any person specifically authorised for that purpose by the Board of Directors.

Production of a copy of or excerpt from the minutes of a meeting shall be sufficient proof of the number of directors in office and the number present or represented at the meeting.

An excerpt from minutes recording a grant of authority by the Board shall be sufficient evidence of the existence of such authority.

*Article 24 of the Memorandum and Articles of Association*

The Board of Directors shall define the Company's business policies and supervise their implementation. Subject to the powers expressly granted to shareholders at General Meetings and to the scope of the Company's objects, it shall deal with all issues affecting the proper running of the Company and settle all matters concerning the Company in the course of its meetings. It shall define the Company's strategic policies, and its prior authorisation shall be required for any material transaction that falls outside the scope of the announced business strategy, including major organic growth investments, internal restructuring operations or external acquisitions or sales.

The Board of Directors shall carry out all the checks and controls it considers appropriate. It shall review the Company's financial position, cash flow situation and commitments on a regular basis.

*Article 25 of the Memorandum and Articles of Association*

1. Choice between two methods of General Management

In accordance with Article L. 225-51-1 of the Commercial Code, the Company's General Management shall be the responsibility of either the Chairman of the Board of Directors or of another natural person appointed by the Board of Directors with the title Chief Executive Officer.

The Board of Directors shall decide which method of General Management shall apply. The Board's decision concerning the choice of method of General Management must be approved by the majority of directors present or represented at the meeting. Shareholders and third parties shall be informed of the Board of Directors' decision in accordance with the terms and conditions laid down in the applicable regulations.

A change in the method of General Management shall not require the amendment of the Memorandum and Articles of Association.

## 2. General Management

The Chairman or the Chief Executive Officer shall be responsible for the Company's General Management, depending on the method of management chosen by the Board of Directors.

The Chief Executive Officer shall be appointed by the Board of Directors, which shall also determine his term of office, his remuneration, if applicable, and any limitations placed on his authority, if appropriate.

The Chief Executive Officer must be aged under 70. In the event he reaches this age limit when in office, the Chief Executive Officer shall be automatically deemed to have resigned and a new Chief Executive Officer shall be appointed.

The Chief Executive Officer may be removed from office at any time by the Board of Directors. A Chief Executive Officer who is not also Chairman may claim compensation if he is removed from office without just cause.

## 3. Powers of the Chief Executive Officer

The Chief Executive Officer shall be vested with the broadest powers to act in all circumstances in the name of the Company. He shall exercise these powers within the limits of the Company's objects and subject to any powers expressly granted by law to the shareholders and the Board of Directors.

He shall represent the Company in dealings with third parties. The Company shall be committed by any actions or decisions of the Chief Executive Officer that do not fall within the scope of the Company's objects, unless the Company can prove that the third party was aware that the action or decision in question fell outside the scope of the objects or could not have been unaware thereof, in view of the circumstances. However, mere publication of the Memorandum and Articles of Association is not sufficient proof thereof.

## 4. Deputy Chief Executive Officers

Following a proposal by the Chief Executive Officer, irrespective of whether this office is held by the Chairman of the Board of Directors or by any other person, the Board of Directors may appoint one or more natural persons to assist the Chief Executive Officer, with the title of Deputy Chief Executive Officer.

The Board of Directors shall determine, in conjunction with the Chief Executive Officer, the scope and period of validity of the powers granted to the Deputy Chief Executive Officers, and shall set their remuneration, if applicable.

The Deputy Chief Executive Officer or Officers shall have the same powers as the Chief Executive Officer with regard to third parties.

In the event the Chief Executive Officer no longer holds office or is unable to act, the Deputy Chief Executive Officers shall remain in office with the same powers and responsibilities until a new Chief Executive Officer is appointed, subject to any decision to the contrary by the Board of Directors.

Deputy Chief Executive Officers may be removed from office at any time by the Board of Directors, on the basis of a proposal by the Chief Executive Officer. Deputy Chief Executive Officers may claim compensation if they are removed from office without just cause.

*Article 26 of the Memorandum and Articles of Association*

The Board of Directors may set up Committees composed of either directors or senior managers or a combination of both. Members of the Committees shall be responsible for reviewing any matters referred to them by the Board or its Chairman.

*Article 27 of the Memorandum and Articles of Association*

Subject to the Chairman's consent, the Board of Directors may enter into agreements with any senior managers, defining the term of their appointments, the scope of their powers and responsibilities, retirement provisions and terms and conditions relating to their removal from office.

Lastly, the Board of Directors may grant powers to any person of its choice pursuant to a special power of attorney or for one or more specific purposes.

*Article 28 of the Memorandum and Articles of Association*

Any agreement entered into directly or via an intermediary between the Company and one of its directors, its Chief Executive Officer, one of its Deputy Chief Executive Officers, one of its shareholders holding more than 10% of the voting rights or, if the shareholder is a company, the company controlling it within the meaning of Article L. 233-3 of the Commercial Code, shall require the prior authorisation of the Board of Directors under the terms and conditions laid down by law.

This shall also apply to any agreements in which any of the persons referred to in the previous paragraph have an indirect interest.

Any agreements entered into, directly or via an intermediary, between the Company and any company or undertaking when one of the directors, the Chief Executive Officer or one of the Deputy Chief Executive Officers of the Company is an owner, partner with unlimited liability, manager, director, member of the supervisory board or, more generally, senior executive of such company or business shall also require prior authorisation.

The Chairman of the Board of Directors shall inform the Statutory Auditors of all authorised agreements, as the Statutory Auditors are required to present a special report on such agreements to the shareholders at General Meetings. The shareholders shall vote on the report in accordance with the terms and conditions laid down by law.



The foregoing provisions shall not apply to agreements relating to everyday operations and entered into at arm's-length. However, the interested party shall inform the Chairman of the Board of Directors of any such agreement, unless it is not material for any of the parties thereto, in view of its purpose or financial implications, and the Chairman of the Board of Directors shall inform the directors and the Statutory Auditors of all such agreements and their purpose. Any shareholder may ask to receive a copy of any such agreement.

*Article 29 of the Memorandum and Articles of Association*

The Chairman and the members of the Board of Directors shall be responsible and liable for the performance of their duties in accordance with the terms and conditions laid down in the applicable laws.

21.2.3 Rights and restrictions attached to shares (articles 9 to 12, 14 to 18 and 40 of the Memorandum and Articles of Association)

*Article 9 of the Memorandum and Articles of Association*

At least one quarter of the par value of each share is payable at the time of subscription plus the issue premium in full, and the balance is payable on the dates set by the Board of Directors, and within a maximum time period of five years.

In the event of a public offering and if the capital increase is completed solely as a result of implementation of the performance bond signed in accordance with the terms and conditions laid down by law, the part of the par value that is due and, if applicable, the full amount of the issue premium, must be paid no later than 35 days after the end of the subscription period.

All shares that have not been fully paid up shall be registered shares until they are paid up in full.

Shareholders shall be informed of all calls for payments on shares that have not been fully paid up by means of a notice published in an official gazette for legal notices for the area in which the registered office is located, fifteen days before the date set for payment.

Shareholders, intermediary transferees and subscribers shall be jointly and severally liable for the payment of the price of a share.

*Article 10 of the Memorandum and Articles of Association*

Interest shall be automatically payable to the Company at the official rate on any late payments, with effect from the due date and without the need for any application to the courts.

In the event any payment after the first payment is not made on the due date, the Company shall be entitled to arrange for the sale, in accordance with the terms and conditions laid down by law, of the shares for which payment of the amounts due has not been received, one month after it has sent a formal demand for payment to the defaulting shareholder by recorded delivery with proof of delivery. The Company shall be entitled to sell the shares on the market on the defaulting shareholder's behalf and at his expense, without any need for a court order, using the services of a brokerage firm.

On expiry of a period of thirty clear days from the aforementioned formal demand, shares for which any amount due and payable is still outstanding shall no longer entitle their shareholder to attend meetings of shareholders and take part in the voting, and shall not be counted when calculating the quorum.

Rights to dividends and preferential subscription rights in the event of a capital increase attached to such shares shall be suspended. After payment of all sums due in principal plus interest, the shareholder may request payment of any dividends that have not lapsed in the meantime. The shareholder may not take any action with regard to preferential subscription rights in the event of a capital increase if the time period set for exercising such rights has expired.

The net proceeds from the sale of such shares shall be offset against the amount owed to the Company by the expropriated shareholder, in accordance with the law, and the remaining balance shall be owed by or to the shareholder, as the case may be.

The Company shall also be entitled to take legal action personally and under ordinary law against the shareholder and his guarantors, either before, after or at the same time as the sale of the shares.

*Article 11 of the Memorandum and Articles of Association*

Shares that have not been fully paid up shall be registered in an account as registered shares until full payment of the price.

Each payment made on shares subscribed shall be recorded in an account opened in the name of the subscriber.

*Article 12 of the Memorandum and Articles of Association*

Shares that have been fully paid up shall be registered in an account as registered shares or bearer shares, as the shareholder wishes.

Share transfers, irrespective of their form, shall be made by an account-to-account transfer in accordance with the terms and conditions laid down in the applicable laws and regulations.

*Article 14 of the Memorandum and Articles of Association*

Subject to any rights granted to preference shares, if any are issued, each share shall entitle its holder to a fraction of the corporate assets proportionate to the amount of capital it represents.

It shall also entitle its holder to a share of the profits, as provided in Articles 45 and 48 of the Memorandum and Articles of Association.

During the Company's existence and at the time of its liquidation, each share shall entitle its holder to receive an identical net amount in any allocation or redemption; this means that, when necessary, all the shares shall be grouped together and treated identically for the purposes of any tax exemptions or taxes levied in respect of such allocation or redemption to be borne by the Company, while taking into consideration, if applicable, the amount of any amortised and unamortised capital, the par value of the shares and the rights attached to shares of different classes.

*Article 15 of the Memorandum and Articles of Association*

Shareholders shall only be committed for up to the amount of the capital represented by each share. Any call for payment over and above such amount is prohibited.

*Article 16 of the Memorandum and Articles of Association*

All shares are indivisible with regard to the Company. Joint shareholders must be represented by one single person in all dealings with the Company.

*Article 17 of the Memorandum and Articles of Association*

Ownership of a single share shall entail acceptance of the Company's Memorandum and Articles of Association and of all the resolutions adopted by the shareholders at General Meetings.

Whenever several shares need to be held in order to exercise a specific right, in particular for the purpose of the exchange or allocation of shares in the course of a capital reduction, capital increase through the capitalisation of reserves, merger or any other transaction, single shares or an insufficient number of shares shall not give their holders any rights with regard to the Company. The shareholders must personally arrange to group together or to purchase or sell the requisite number of shares or voting rights.

*Article 18 of the Memorandum and Articles of Association*

A shareholder's heirs or creditors shall not be entitled to request that the Company's assets and property be placed under seal or to request the division or sale by auction thereof, or interfere in any way in the management of the Company, on any grounds whatsoever.

When exercising their rights they should refer to the corporate statements of assets and liabilities, and the resolutions adopted by shareholders at General Meetings.

*Article 40 of the Memorandum and Articles of Association, reproduced in full in section 21.2.5 below*

21.2.4 Shares needed to change shareholders' rights (Article 39 of the Memorandum and Articles of Association)

*Article 39 of the Memorandum and Articles of Association, reproduced in full in section 21.2.5 below*

21.2.5 General Meetings (Articles 31 to 42 of the Memorandum and Articles of Association)

*Article 31 of the Memorandum and Articles of Association*

A General Meeting shall be held once a year within the first half of the year, although this time period may be extended by court order.

Ordinary General Meetings held in special session may also be called whenever the Board considers this appropriate.

A General Meeting may also be called by the individuals allowed to do so by law.

General Meetings shall be convened in accordance with the terms and conditions laid down by law.

A notice of the meeting shall be published in the official gazette of statutory legal notices (Bulletin des Annonces Légales Obligatoires - BALO), at least 35 days before the date of the Meeting. The notice shall contain all the information required by law.

Requests to add draft resolutions to the agenda may be submitted between the date of publication of the notice in the BALO and the 25th day before the date of the General Meeting, but cannot be submitted more than 20 days after the date of publication of the notice in the BALO.

A notice of the meeting shall be published in a gazette authorised to publish legal notices in the *département* in which the registered office is located and, if the Company shares are admitted to trading on a regulated market or if some of the shares are not registered shares, in the official gazette of statutory legal notices (Bulletin des annonces légales obligatoires - BALO), at least 15 days before the date of the General Meeting when convened the first time, or at least 10 days before the date of the Meeting if it has been convened a second time.

Notices of meetings shall include all the information required by the law and regulations.

Beneficial owners of shares shall be invited to attend both Ordinary and Extraordinary General Meetings.

*Article 32 of the Memorandum and Articles of Association*

A General Meeting shall comprise all the shareholders, irrespective of the number of shares they hold, provided all amounts due thereon have been fully paid up and also provided they have not been stripped of their voting rights.

Only the following shall be entitled to attend General Meetings:

- 1- holders of registered shares that were recorded in an account at least three business days before the scheduled date of the Meeting.
- 2- holders of bearer shares who have produced proof, at least three business days before the meeting, that their shares have been registered in an account and will be locked in until the date of the Meeting.

Holders of registered or bearer shares must also submit a proxy form or postal voting form, or the single document combining both of these, three days before the date of the meeting, or, if decided by the Board of Directors, a request for an admission pass.

Any shareholder may be represented at a General Meeting by another shareholder or his/her spouse or civil partner (under a *pacte civil de solidarité*). Shareholders may also be represented by any other natural person or legal entity of their choice, in accordance with Article L. 225-106 of the Commercial Code:

- i. *when the Company's shares have been admitted to listing on a regulated market;*
- ii. *when the Company's shares have been admitted to listing on a multilateral trading facility that is subject to laws or regulations protecting investors against insider dealing, price manipulation and the circulation of incorrect information in line with the conditions provided by the AMF's General Regulation, and that is named on the list issued by the AMF in the conditions laid down in its General Regulation.*

The power of attorney and, if applicable, notice of its withdrawal, must be provided in writing to the Company in accordance with the terms and conditions laid down by law.

Shareholders that are legal entities may be represented at any General Meeting by one of their partners, directors or employees, who may but need not be a shareholder in a personal capacity, provided they can produce proof of their office or position.

Joint shareholders shall be represented at General Meetings by one of them, or by a single representative. In the event of any disagreement, the representative shall be appointed by the court following an application by the first joint shareholder to act.

The voting rights attached to a share shall belong to the beneficial owner at both Ordinary General Meetings and Extraordinary General Meetings.

Whenever a shareholder submits a form of proxy without designating the proxy holder, the Chairman of the General Meeting shall vote in favour of all resolutions presented or approved by the Board of Directors, and against all other resolutions. In order to vote differently, the shareholder must designate a proxy holder who must agree to vote in the manner stated on the form of proxy.

A form of proxy and a postal voting form, or the single combined document, must be enclosed with all the other documents required by law. Any shareholder may vote by post, in accordance with the terms and conditions laid down in the applicable laws and regulations, provided the requisite form is deposited with or received by the Company at its registered office no later than six days before the meeting.

In the event the Company receives a form of proxy and a postal voting form for the same shareholder, in breach of the rules, the form of proxy will be used, subject to the votes recorded on the postal voting form.

In the event a shareholder attends a meeting in person, his form of proxy or postal voting form shall be cancelled, provided the shareholder has expressly requested an admission pass at least three business days before the date of the meeting, if this is required by the Board of Directors.

#### *Article 33 of the Memorandum and Articles of Association*

General Meetings that have been duly and properly convened and formed shall represent all the shareholders.

#### *Article 34 of the Memorandum and Articles of Association*

General Meetings shall be chaired by the Chairman of the Board of Directors or, if he is unable to do so, by the Deputy Chairman if there is one; failing that, the meeting shall be chaired by a director designated by the Board, if the meeting has been called by the board.

The two shareholders holding the largest number of shares, both personally and as representatives, who are present and accept such duties shall act as scrutineers.

The officers of the meeting shall designate a Secretary, who may but need not be a member of the Meeting.

An attendance sheet shall be drawn up, which shall contain the information required by law. The sheet shall be initialled by the shareholders present and all representatives and shall be certified accurate by the officers of the Meeting; it shall be kept at the registered office and must be produced whenever requested.

*Article 35 of the Memorandum and Articles of Association*

The agenda of the Meeting shall be determined by the person convening the meeting.

However, one or more shareholders representing at least the proportion of the capital provided by the laws and regulations may request the addition of draft resolutions to the agenda. So that they can exercise this right, shareholders must be provided with the necessary information in accordance with the procedures and within the time period laid down by law.

Only items appearing on the agenda may be discussed at General Meetings. However, shareholders may remove one or several directors from office at any General Meeting and replace them.

*Article 36 of the Memorandum and Articles of Association*

Ordinary General Meetings shall only validly transact business when called the first time if the shareholders present or represented hold at least one fifth of the shares with voting rights. When the meeting is called for a second time, no quorum requirements shall apply.

Annual Ordinary General Meetings and Ordinary General Meetings held in special session shall adopt resolutions by a majority of the votes held by the shareholders present or represented.

Unless the law provides otherwise, Extraordinary General Meetings shall only validly transact business if the shareholders present or represented hold at least one quarter of the shares with voting rights when the meeting is called the first time, and at least one fifth of shares with voting rights when the meeting is called a second time. Failing that, the meeting can be postponed to a later date, provided this is no more than two months after the date scheduled when called a second time.

Extraordinary General Meetings shall adopt resolutions by a majority of two thirds of the votes held by the shareholders present or represented, unless the law provides otherwise.

Special meetings shall only validly transact business if the shareholders present or represented hold at least one third of the shares with voting rights whose rights are to be modified at the meeting when the meeting is called the first time, and one fifth of such shares when the meeting is called a second time. Failing that, the meeting can be postponed to a later date, provided this is no more than two months after the date scheduled when called for a second time.

Special meetings shall adopt resolutions subject to the same terms and conditions as Extraordinary General Meetings.

*Article 37 of the Memorandum and Articles of Association*

At General Meetings the quorum shall be calculated on the basis of all the shares comprising the share capital, with the exception of those that have been stripped of voting rights pursuant to the laws or regulations, and each shareholder shall have as many votes as the number of shares he holds or represents provided all amounts due thereon have been paid, subject only to the restrictions provided in the applicable legislation.

*Article 38 of the Memorandum and Articles of Association*

The report by the Board of Directors on the Company's business and the reports of the Statutory Auditors shall be presented to the shareholders at Ordinary General Meetings.

Ordinary General Meetings have remit to discuss, approve or modify the financial statements and declare dividends. The resolution approving the balance sheets and financial statements can only be adopted after the presentation of a report by the Statutory Auditors, failing which the resolution shall be invalid.

Ordinary General Meetings vote on the special report prepared by the Statutory Auditors as required by law.

They appoint the directors and Statutory Auditors.

They determine the directors' fees to be paid to the Board of Directors.

They approve proposed bond issues, and may grant the Board of Directors the necessary powers to carry out such bond issues in one or more operations within a period of five years, and to define the terms and conditions.

They authorise the Company to trade in Company shares on the financial markets in accordance with the terms and conditions and within the limits laid down by law.

They vote on any other proposals included in the agenda that are not within the remit of the Extraordinary General Meeting.

*Article 39 of the Memorandum and Articles of Association*

The Extraordinary General Meeting has sole remit to amend the Memorandum and Articles of Association. It is not, however, entitled to increase the shareholders' commitments, subject to any transactions resulting from a duly and properly completed reverse stock split.

The Extraordinary General Meeting shall not be entitled to change the nationality of the Company, unless the country of which the Company is planning to adopt the nationality, and to which it wishes to transfer its registered office, has entered into a special agreement with France allowing such operations and maintaining the Company's legal personality.

Any resolution adopted at a General Meeting to modify the rights relating to a specific class of shares shall only be final after it has been approved by at a Special Meeting of the shareholders of the said class.

*Article 40 of the Memorandum and Articles of Association*

With effect from the date an Ordinary or Extraordinary General Meeting is called, and for at least fifteen days prior to the date of the meeting, all the shareholders shall be entitled to consult the documents and information listed by law, at the registered office. Shareholders shall only be entitled to consult the report by the Statutory Auditors during the aforesaid fifteen-day period.

Any holder of registered shares or any shareholder who has produced proof that his shares have been registered in an account in accordance with Article 32 of the Memorandum and Articles of Association may submit a request, between the date the Meeting is called and the fifth day before the meeting, inclusive, to receive by post the documents and information listed by law.

This right to consult includes the right to make copies, with the exception of the statement of assets and liabilities.

*Article 41 of the Memorandum and Articles of Association*

Proceedings at General Meetings shall be recorded in minutes kept in a special minute book as required by law, and shall be signed by the officers of each meeting.

Copies of or excerpts from the minutes required as evidence in court, or for any other reason, shall be validly certified by the Chairman of the Board of Directors, a director holding the office of Chief Executive Officer or the Meeting Secretary.

Following the Company's dissolution and during its liquidation, such copies or experts shall be certified by the liquidators or any one of them.

*Article 42 of the Memorandum and Articles of Association*

Resolutions adopted in accordance with the applicable laws and the Memorandum and Articles of Association shall be binding on all shareholders, including those who were absent or voted against the resolution.

## 21.2.6 Clauses that may affect control of the Company

Not applicable.

## 21.2.7 Crossing thresholds (Article 13 of the Memorandum and Articles of Association)

Without prejudice to Article L. 233-7 of the Commercial Code, any person who directly or indirectly holds a fraction of the Company's capital that is equal to 1% or any multiple of this percentage below 5% is required to report this to the Company within five days of crossing a threshold in either direction.



In accordance with the applicable legislation and, in particular, Article L. 228-2 of the Commercial Code, the Company is entitled to ask at any time the central custodian responsible for keeping securities accounts to disclose the name or company name, as applicable, nationality, year of birth or year of incorporation and address of the holders of securities that immediately or will subsequently entitle them to vote at shareholders' meetings, and to also disclose the number of securities held by each of them, and, if applicable, any restrictions applying thereto.

#### 21.2.8 Changes to the share capital (Article 8 of the Memorandum and Articles of Association)

Voting on a proposal by the Board of Directors, the shareholders may adopt a resolution at an Extraordinary General Meeting to increase or reduce the share capital by any means allowed by the applicable laws.

In the event of a reduction of the share capital, the shareholders may resolve that shareholders must sell or purchase a sufficient number of their existing shares to enable them to exchange the existing shares for new shares, with or without payment or receipt of the cash balance, even when the capital reduction is not decided due to the existence of losses.

## CHAPTER 22: MAJOR CONTRACTS

Whenever a power plant is built, the company leading the project and which will operate it signs a long-term power supply agreement with the relevant network operator: EDF in France, Central Electricity Board (CEB) in Mauritius, ENDESA in Spain and GSE in Italy.

These are privately negotiated agreements. In some cases, a standard non-negotiated agreement will be signed when the public authorities require the network operator to purchase the generated power harnessed from renewable sources at a tariff determined by the State.

Each agreement is specific to a given site and source of energy.

This means that the electricity generated is "pre-sold" on a long-term basis.

### **22.1 THERMAL ENERGY**

#### 22.1.1 Long-term agreements between the Compagnies Thermiques operating the Group's power plants in the overseas *départements* and EDF – Systèmes Energétiques Insulaires (EDF-SEI)

1) The following agreements have been signed:

- Agreement relating to CTBR-1 and CTBR-2 dated 19 November 2004 supplemented by a rider dated 18 April 2005 (early availability), a rider dated 5 July 2005 (replacement of an index), a rider dated 10 July 2009 (CO<sub>2</sub> quotas) and a rider dated 4 May 2010 (bagasse premium).
- Agreement relating to CTG-A dated 17 December 2003 supplemented by a rider dated 14 March 2005 (early availability), a rider dated 11 July 2005 (replacement of an index), a rider signed in August 2006 (supply to EDF of additional electricity generated following an investment in a steam economiser at Sucrierie de la Réunion), a rider dated 10/07/2009 (CO<sub>2</sub> quotas) and a rider dated 4 May 2010 (bagasse premium).
- Agreement relating to CTG-B dated 14 April 2004 supplemented by a rider dated 18 April 2005 (early availability), a rider dated 11 July 2005 (replacement of an index), a rider signed in April 2008 (increased available capacity), a rider dated 10/07/2009 (CO<sub>2</sub> quotas) and a rider dated 4 May 2010 (bagasse premium).
- Agreement relating to CTM dated 15 March 2004 supplemented by a rider dated 18 April 2005 (early availability), a rider dated 6 July 2005 (replacement of an index), a rider dated 10/07/2009 (CO<sub>2</sub> quotas), a rider dated 11 June 2010 (bagasse premium) and a rider dated 17 February 2013 (maintenance of the economic balance of the agreement, affected by new circumstances since its signature).
- Agreement relating to CCG for the combustion turbine installed on the site, dated 27 October 2006.
- Agreement relating to Caraïbes Energie (CE) dated 25 March 2008.
- Agreement relating to the future CCG-2 power plant dated 11 July 2011.

2) The contractual completion dates are as follows (unless these are extended by riders):

- For CTBR-1 and CTBR-2, the latest of the following two dates: 31 December 2038 or the commission date for CTBR-2 + 35 years. As CTBR-2 was commissioned at the end of 2004, the agreement will expire in 2039
- For CTG-A: 31 December 2030
- For CTG-B: 31 December 2030
- For CTM: 31 December 2033
- For CCG: 7 January 2031
- For Caraïbes Energie (CE): 30 September 2040
- For CCG-2: 30 November 2044.

3) In most cases, the general structure of these agreements is the structure used by EDF for all its privately negotiated agreements with suppliers of electricity, although the agreement relating to CCG contains some specific provisions which were defined at the time of the public authorities' call for tenders for this installation, which was awarded to the Group.

- Under the agreements, each power plant supplies to EDF, as the sole purchaser:

a) Available capacity remunerated by a set annual premium, combined with a premium/penalty system, fines and an indexing mechanism. EDF has the right to utilise the power plant's capacity whenever it wishes, in exchange for payment of the set premium which covers all fixed costs generated by the financing, construction and maintenance of the plant, and the producer's margin. The set premium is calculated using the following formula: set premium = Set reference premium x (actual available capacity/contractual available capacity). For each power plant, the set reference premium is linked to a composite index comprising labour and equipment cost variation indicators. In addition, for power plants commissioned before 2007, the set reference premium is reduced in stages. Successive refinancing packages arranged for each power plant on maturity of the initial financing should ensure, through the reduction of financing costs, stability over the contractual term of the net cash flows generated by the power plant excluding the indexing mechanism, after reduction of the set reference premium. The most recent reductions in the set reference premium have applied to the CTG-A tranche (a reduction of approximately €4 million in 2011 following termination of the existing finance lease in 2010) and the CTBR-1 tranche (a reduction of approximately €4 million in 2011 following the refinancing of the finance lease in 2007). The substantial lapse of time between termination of the CTBR-1 finance lease in 2007 and the reduction in the set reference premium led to a temporary increase in net cash flows generated by the power plant over this period. The following table shows premium reductions to be applied after 2011:

<i>in €</i>	01/01/2014	01/01/2018	01/01/2019	01/01/2023	01/01/2024	01/01/2028	
<b>CTBR1</b>		3 130 811				11 035 757	Value
<b>CTBR2</b>			3 661 704				Value
<b>CTG-A</b>				3 126 086			Value
<b>CTG-B</b>			5 219 983				Value
<b>CTM</b>	4 103 429				3 393 254		Value
<b>CE</b>							

- b) Power generated is remunerated by payment of a proportional price, which varies depending on whether the energy source is coal, bagasse or dual-fuel, and which is linked to fuel supply prices.
- c) Modulation services (reduction in capacity or stops/starts requested by the network) are remunerated by payment of specific prices linked to the proportional "coal" prices.
- The agreements contain a safeguard clause designed to maintain the economic balance of the agreement in the event of any new circumstances affecting the balance after signature.

#### 22.1.2 Long-term agreements between the power plants in Mauritius and the Central Electricity Board

In Mauritius, the agreements were signed with the CEB for a 20-year term, which can be extended at any time by mutual agreement. The first agreement with the CEB to expire will end in 2020.

The electricity purchase price is based on:

- payment for the availability of capacity, which can be reduced if the power plant's availability rate falls below the rate stipulated in the agreement, or increased if the rate is higher than the rate stipulated in the agreement.
- The sale price of electricity per kWh, which is linked to fuel supply prices.

## 22.2 SOLAR ENERGY

### 22.2.1 Agreements for generated power

In the solar energy sector, the Group's power plants are covered by the regulation requiring the operator of the electricity distribution network to purchase all the generated power at a price known as the "network tariff" (*tarif de rétrocession au réseau*) or "feed-in tariff" (*tarif d'achat*) under agreements entered into for a 20- or 25-year term (20 years in France).

In France, these agreements are concluded after signature of a connection agreement with EDF.

#### a) Situation in France

The Group's first photovoltaic power plant was commissioned on Reunion Island in December 2006, and the first agreement signed with EDF for the supply of solar generated power will expire in 2026.

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The following tables summarise changes in economic conditions on the markets on which the Group has installed or plans to install photovoltaic power plants. Note that:

- almost all the Group's photovoltaic plants in use operate within the framework of the preferential tariffs set in the government order of 10 July 2006. The power plants covered by this order have a total capacity of 61.3 MW. Plants operating under the tariffs defined in January and March 2010 have a total capacity of 4.35 MW.

Company	S06	S10	TOTAL
SCE	12.130	1.340	13.470
PLEXUS	1.100	0.180	1.280
SCEM	3.610	0.000	3.610
POWER	2.010	0.000	2.010
SCEB	5.360	0.000	5.360
QEP	6.897	0.000	6.897
QEF	0.000	1.309	1.309
QEA	6.707	0.945	7.651
QEH	3.017	0.000	3.017
QC	0.434	0.574	1.008
CCG	0.042	0.000	0.042
QEL	4.001	0.000	4.001
QEG	11.976	0.000	11.976
QEM	3.992	0.000	3.992
<b>TOTAL</b>	<b>61.277</b>	<b>4.347</b>	<b>65.625</b>
<b>PERCENTAGE</b>	<b>93%</b>	<b>7%</b>	<b>100%</b>

- The Group's new projects operate within a competitive-bidding framework, and more specifically, following calls for tenders for ground-based installations and buildings with a capacity of over 250 kW. The Group submitted tenders of this type in response to a call for tenders dated 15 September 2011, with a submission deadline of 8 February 2012. Two contracts were awarded in July 2012 for a total capacity of 3 MW (2 MW in Guyana and 1 MW on Reunion Island).

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<b>Tariffs applicable in different situations</b>	<p>Tariffs (as at <a href="#">10/07/2006</a>) for installations commissioned before 15/01/2010, installations for which a supply agreement was requested before 1/11/2009, or for which the Technical and Financial Proposal for connection (*) was signed and the first payment made before 11/01/2010.</p>	<p>Tariffs (as at <a href="#">12/01</a>, <a href="#">15/01</a> and <a href="#">16/03/2010</a>) for installations commissioned after 15/01/2010 that do not satisfy the conditions set out in the government order dated 10/07/2006.</p>	<p>Tariffs (as at <a href="#">31/08/2010</a>) for installations commissioned from 01/09/2010, that do not fall within the framework of the following specific provisions:</p> <ul style="list-style-type: none"> <li>- maintenance of the provisions of the government decree dated 10/07/2006 for installations authorised to continue within this framework by the government decrees issued in January and March 2010.</li> <li>- maintenance of the January 2010 tariffs for installations for which connection was requested before 01/09/2010, and for those with a capacity of &gt; 36 kW ≤ 250 kW for which a supply agreement was requested before 11/01/2010.</li> </ul>	<p>System introduced by the <a href="#">decree of 9 December 2010</a> and the <a href="#">government orders of 4 March 2011 and 7 January 2013</a></p> <ul style="list-style-type: none"> <li>. <a href="#">Decree of 9 December 2010</a> Introduction of a "moratorium"</li> <li>- Suspension of the obligation to purchase for three months from 10 December 2010 for non-commissioned installations, with the exception of:             <ul style="list-style-type: none"> <li>. installations with a peak power level on a given rooftop or plot of land that is less than or equal to 3 kW, and</li> <li>. installations for which the company leading the project accepted the Technical and Financial Proposals for connection to the network before 2 December 2010, and that are commissioned within 18 months of acceptance or no later than 9 months after 10 December 2010, when acceptance took place more than 9 months before this date.</li> </ul> </li> <li>- No new requests accepted during the three-month suspension period from 10 December 2010.</li> <li>- Obligation to resubmit a complete connection request on expiry of the suspension period for all suspended requests.</li> <li>- These provisions apply in mainland France and in the overseas <i>départements</i>.</li> <li>. <a href="#">Government orders dated 4 March 2011 and 7 January 2013</a> Scope of application of the feed-in tariffs limited to power plants with a unit capacity of less than 100 kW. Ground-based plants can only benefit from one tariff not based on profitability. The standard system for these plants is the competitive-bidding system.</li> </ul>
<b>Mainland France</b>	<ul style="list-style-type: none"> <li>- Installations not integrated into the structure: 30 euro cents/kWh</li> <li>- Installations integrated into the structure: 55 euro cents/kWh</li> <li>- Indexing formula based on two coefficients:  <math>K = 0.5 * (ICHTTS/ICHTTS0) + 0.5 * (PPEI/PPEI0)</math>  <math>L = 0.4 + 0.3 * (ICHTTS/ICHTTS0) + 0.3 * (PPEI/PPEI0)</math> </li> </ul>	<ul style="list-style-type: none"> <li>- Installations not integrated into the structure : 31.4 euro cents/kWh x coefficient R varying from 1 in the sunniest <i>départements</i> to 1.20 in the <i>départements</i> with the least sunshine.</li> <li>- Installations eligible for the integration premium on a primarily residential building: 58 euro cents/kWh.</li> <li>- Installations eligible for the integration premium on other buildings : 50 euro cents/kWh (58 for Educational and Healthcare buildings)</li> <li>- Installations eligible for the simplified integration premium: 42 euro cents/kWh.</li> <li>- Indexing formula based on an index:  <math>L = 0.8 + 0.1 * (ICHTTS/ICHTTS0) + 0.1 * (PPEI/PPEI0)</math> </li> </ul>	<ul style="list-style-type: none"> <li>- Installations not integrated into the structure: 27.6 euro cents/kWh x coefficient R varying from 1 in the sunniest <i>départements</i> to 1.20 in the <i>départements</i> with the least sunshine.</li> <li>- Installations eligible for the integration premium on a primarily residential building.             <ul style="list-style-type: none"> <li>. capacity &lt; 3 kW : 58 euro cents/kWh</li> <li>. capacity &gt; 3 kW : 51 euro cents/kWh</li> </ul> </li> <li>- Installations eligible for the integration premium on other buildings 44 euro cents/kWh (51 for Educational and Healthcare buildings).</li> <li>- Installations eligible for the simplified integration premium : 37 euro cents/kWh.</li> </ul>	<p>Installations with a unit capacity of less than 100 kW can obtain different feed-in tariffs depending on the type of building (residential, educational/healthcare, other) and the type of installation (integration into the structure, simplified integration into the structure). These tariffs have fallen significantly since their introduction as compared to earlier tariffs, and are also impacted by quarterly reductions that are larger when the number of connection requests exceeds the volume desired by the public authorities for the residential sector or for the non-residential sector. The following table shows the applicable tariffs for new installations for which a complete connection request has been submitted. It factors in the impact of the government orders of 7 June 2013, one of which modified the rules governing the quarterly reductions while the other introduced a tariff increase based on the percentage of European content.</p>
<b>DOM</b>	<ul style="list-style-type: none"> <li>- Installations not integrated into the structure: 40 euro cents/kWh</li> <li>- Installations integrated into the structure: 55 euro cents/kWh</li> </ul>	<ul style="list-style-type: none"> <li>- Installations not integrated into the structure: 40 euro cents/kWh.</li> <li>- Installations eligible for the integration premium or the simplified integration premium: Same tariffs as mainland France.</li> </ul>	<ul style="list-style-type: none"> <li>- Installations not integrated into the structure: 35.2 euro cents/kWh.</li> <li>- Installations eligible for the integration premium or the simplified integration premium: Same tariffs as mainland France.</li> </ul>	

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Type of installation			System based on the government orders dated 4 March 2011 and 7 January 2013: applicable tariffs for installations for which a full connection request has been sent					
			Between 1 January 2012 and 31 March 2012	Between 1 April 2012 and 30 June 2012	Between 1 July 2012 and 30 September 2012	Between 1 October 2012 and 31 December 2012*	Between 1 January 2013 and 31 January 2013*	Between 1 February 2013 and 31 March 2013*
Residential	IAB <sup>1</sup>	[0-9 kW]	38.80 euro cents/kWh	37.06 euro cents/kWh	35.39 euro cents/kWh	34.15 euro cents/kWh	31.59 euro cents/kWh	31.59 euro cents/kWh
		[9-36 kW]	33.95 euro cents/kWh	32.42 euro cents/kWh	30.96 euro cents/kWh	29.88 euro cents/kWh	27.64 euro cents/kWh	-
	ISB <sup>2</sup>	[0-36 kW]	22.49 euro cents/kWh	20.35 euro cents/kWh	18.42 euro cents/kWh	19.34 euro cents/kWh	18.17 euro cents/kWh	
		[36-100 kW]	21.37 euro cents/kWh	19.34 euro cents/kWh	17.50 euro cents/kWh	18.37 euro cents/kWh	17.27 euro cents/kWh	
Educational or healthcare	IAB	[0-9 kW]	30.09 euro cents/kWh	27.23 euro cents/kWh	24.64 euro cents/kWh	22.79 euro cents/kWh	21.43 euro cents/kWh	31.59 euro cents/kWh
		[9-36 kW]	30.09 euro cents/kWh	27.23 euro cents/kWh	24.64 euro cents/kWh	22.79 euro cents/kWh	21.43 euro cents/kWh	-
	ISB	[0-36 kW]	22.49 euro cents/kWh	20.35 euro cents/kWh	18.42 euro cents/kWh	19.34 euro cents/kWh	18.17 euro cents/kWh	
		[36-100 kW]	21.37 euro cents/kWh	19.34 euro cents/kWh	17.50 euro cents/kWh	18.37 euro cents/kWh	17.27 euro cents/kWh	
Other buildings	IAB	[0-9 kW]	26.09 euro cents/kWh	23.61 euro cents/kWh	21.36 euro cents/kWh	19.76 euro cents/kWh	18.58 euro cents/kWh	31.59 euro cents/kWh
	ISB	[0-36 kW]	22.49 euro cents/kWh	20.35 euro cents/kWh	18.42 euro cents/kWh	19.34 euro cents/kWh	18.17 euro cents/kWh	
		[36-100 kW]	21.37 euro cents/kWh	19.34 euro cents/kWh	17.50 euro cents/kWh	18.37 euro cents/kWh	17.27 euro cents/kWh	
Any type of installation		[0-12 kW]	11.08 euro cents/kWh	10.79 euro cents/kWh	10.51 euro cents/kWh	8.40 euro cents/kWh	8.18 euro cents/kWh	

**1 A rooftop photovoltaic installation complies with the integration into the structure criteria (IAB in the above table)** if it satisfies all the following conditions:

- The photovoltaic system is installed on the rooftop of a watertight building (roof and walls on all sides) intended to protect individuals, animals, property or business activities. The photovoltaic installation is installed in the slope of the roof within the meaning defined in Appendix 5 to the government order of 4 March 2011.
- The photovoltaic system replaces structural elements of the building and acts as a seal, ensuring it is watertight. After installation, the dismantling of the photovoltaic modules or films would be impossible without affecting the watertightness of the building or making it unfit for use.
- When the photovoltaic system consists of rigid panels, the modules primarily ensure the watertightness of the system.
- When the photovoltaic systems consist of film, these systems are assembled in factory or on-site. Assembly on-site forms part of the single work contract.

**2 A rooftop photovoltaic installation complies with the simplified integration into the structure criteria (ISB in the above table)** if it satisfies all the following conditions:

- The photovoltaic system is installed on the roof of a building intended to protect individuals, animals, property or business activities. It is parallel to the slope of the roof.
- The photovoltaic system replaces structural elements of the building and acts as a seal, ensuring it is watertight.

\* **A 5% or 10% bonus may be granted if the components of the**

**photovoltaic system were manufactured in Europe**

This bonus will apply with effect from 1 February 2013 for tariffs T1 and T4 (installations with a capacity of under 100 kW that satisfy the criteria for integration or simplified integration into the structure). It has been applicable with effect from October 2012 for tariff T5 (any type of installation, with a capacity of between 0 and 12 MW).

## b) Situation in Spain and Italy

**Spain and Italy: tariffs applicable to Group installations as at 31/12/2012****Spain (25-year agreements)**

The Orgiva installations with a total capacity of 2.4 MW operate within the framework of a regulated tariff which was applied until October 2008 to installations commissioned before September 2008: this index-linked tariff was €475/MWh in 2011 and €488/MWh in 2012.

Restrictive measures were introduced with retroactive effect at the end of 2010, limiting the scope of application of this tariff for 2011, 2012 and 2013 to 1,250 equivalent full power hours (EFPH).

In January 2012, a royal decree abolished subsidies for new cogeneration power plants and plants harnessing renewable energy sources and waste. The measure will only be reversed when the Government considers that the energy situation justifies this. This decree has not had any impact on the Group's operations.

Also in 2012, the introduction of a 6% tax on turnover, applicable from 2013, supplemented the earlier measure capping eligibility for the regulated tariff at 1,250 EFPH for 2011, 2012 and 2013.

**Italy (20-year agreements)**

The Group's power plants with a total capacity of 2 MW that were completed before 31 December 2010 operate under a set tariff of €346/MWh, plus a variable remuneration based on the state of the electricity market in Italy. Production levels linked to this variable remuneration fell between 2011 and 2012, meaning that the annual average price fell from €435/MWh to €420/MWh (-2.7%).

## 22.2.2 First Solar Agreement

The framework agreement for the supply of photovoltaic modules entered into with First Solar on 6 July 2007 provides that First Solar undertakes to deliver a total predetermined volume between 2007 and 2012, and that Séchilienne-Sidec undertakes to purchase the said volume over the period at predetermined prices.

Riders to this agreement were signed in 2009 and 2011, which improved the pricing terms and then removed Séchilienne-Sidec's obligation to purchase.

However, the agreement continues to give the Group direct access to First Solar modules.



### **22.3 WIND POWER**

The Group companies operating wind power installations in mainland France operate within the framework of laws and regulations that require EDF to enter into 15-year power supply agreements with power suppliers at a guaranteed tariff. These agreements are similar to those for the supply of electricity from solar power plants that are signed after signature of a connection agreement with EDF, and take account of the terms and conditions governing the purchase of electricity, including the applicable feed-in tariff, as defined in the government orders dated 8 June 2001 and 10 July 2006.

With regard to the wind farms built and operated by the Group, all of which are located in mainland France, and the installations currently under development, the applicable tariff for agreements signed or requested before entry into force of the government order of 10 July 2006 is €83.8/MWh (2001) for the first five years of the agreement, and ranges from €30.5/MWh and €83.8/MWh for the last 10 years (applicable price in 2001, index-linked for subsequent years); the applicable tariff for agreements for which signature was requested after entry into force of the government order of 10 July 2006 is €82/MWh (2006) for the first 10 years of the agreement and ranges between €26/MWh and €82/MWh (2006) for the last five years.

Note that in February 2013 the Group sold all its wind power-related activities to EDF-Energies Nouvelles.

### **22.4 METHANATION**

The Group operates its methanation activities in France within the framework of a system that requires EDF or local power distribution companies to purchase electricity generated by biogas producers.

A similar system requiring them to purchase biomethane was introduced in November 2011.

a) The feed-in tariff for electricity produced from biogas was revised in government orders dated 19 May 2011.

It consists of:

- A basic tariff which decreases according to the power plant's installed capacity (from 13.37 euro cents/kWh for capacity of less than 150 kW to 11.19 euro cents/kWh for capacity of 2,000 kW).
- A "livestock manure" premium, which decreases according to the power plant's installed capacity and the percentage of incoming agricultural biomass.
- And an energy efficiency premium based on the amount of heat recovered by the power plant.

The tariff can therefore vary from 14 to 18 euro cents/kWh for Methaneo's projects under construction or in development. These figures are based on the official tariffs for 2011, excluding indexation.

- b) When biomethane is recovered and injected into the gas networks, the basic tariff decreases according to the plant's maximum biomethane production capacity.

When capacity is less than or equal to 50 m<sup>3</sup>/hour, the tariff is 9.5 euro cents/kWh GCV. When capacity is higher, it is calculated using a linear interpolation between 9.5 and 6.4 euro cents/kWh GCV. The minimum tariff of 6.4 euro cents/kWh GCV is paid for a capacity in excess of 350 m<sup>3</sup>/hour.

Premiums are paid in addition to this basic tariff, based on inputs.

The tariff can therefore vary between 8.40 and 11.30 euro cents/kWh for Methaneo's projects under construction or in development. These figures are based on the official tariffs for 2011, excluding indexation.

- c) Note also that new regulations will be introduced in February 2013, which will enable biogas producers to recover energy in the form of both electricity and biomethane and therefore benefit from both the existing measures supporting the supply of electricity and those relating to the injection of bio methane.

Methaneo's first two power plants (Tiper and Capter) will become operational in 2013.

CHAPTER 23: INFORMATION FROM THIRD PARTIES, STATEMENTS FROM EXPERTS  
AND DECLARATIONS OF INTEREST

*This is a free translation into English of the original 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 auditing standards applicable in France.*

**23.1 ATTESTATION BY THE STATUTORY AUDITORS ON INCLUSION OF SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION IN THE MANAGEMENT REPORT****PricewaterhouseCoopers Audit**

63, rue de Villiers  
92200 Neuilly-sur-Seine

**Mazars**

Tour Exaltis – 61, rue Henri Regnault  
92400 Courbevoie

**(Financial year ended 31 December 2012)**

**SECHILIENNE-SIDEC**

22, Place des Vosges  
Immeuble Le Monge  
La Défense 5  
92400 Courbevoie

To the Shareholders,

In our capacity as the Statutory Auditors of Séchilienne-Sidec, we have been asked to prepare this attestation on the consolidated social, environmental and societal information included in the management report drawn up for the financial year ended 31 December 2012, in accordance with Article L.225-102-1 of the French Commercial Code (*Code de commerce*).

***Management Responsibility***

The Board of Directors of Séchilienne-Sidec is responsible for drawing up a management report including the consolidated social, environmental and societal information provided in Article R. 225-105-1 of the Commercial Code (hereinafter, the "Information"), prepared in accordance with the reporting procedures used by the Company, which can be obtained on request from the Group's Environmental and Social Responsibility Department.

***Independence and quality control***

Our independence is defined by the rules and regulations, the deontological code of the profession, and by the provisions of Article L.822-11 of the French Commercial Code. Furthermore, we implemented a quality control system consisting of documented procedures and policies designed to ensure compliance with the deontological rules, professional standards and applicable rules and regulations.

**Responsibility of the Statutory Auditors**

Based on our work, it is our responsibility to attest that the required Information have been disclosed in the management report or in the event of omission, has been explained pursuant to the third paragraph of Article R.225-105 of the French Commercial Code and of the French Decree 2012 – 557 of April 24, 2012 (Statement of completeness). We are not required to verify the relevance of this Information.

We were assisted in our work by sustainability specialists.

**Nature and scope of work**

Our work consisted of the following, which we carried out in accordance with the professional standards applicable in France:

- We compared the Information included in the management report with the list in Article R. 225-105-1 of the French Commercial Code;
- We verified that the Information covered the consolidated group, i.e., the company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the subsidiaries it controls within the meaning of Article L. 233-3 of the French Commercial Code;
- - In the event of omission of certain consolidated Information, we checked that explanations had been provided in accordance with the French Decree n° 2012-557 of April 24, 2012.

**Conclusion**

Based on our work, we attest to the completeness of the required Information in the management report.

Neuilly-sur-Seine and in Courbevoie, 25 April 2013

The Statutory Auditors

**PricewaterhouseCoopers Audit**

Jean-Christophe Georghiou

**Mazars**

Manuela Baudoin-Revert

**23.2 DECLARATIONS OF INTEREST**

Not applicable.

## CHAPTER 24: DOCUMENTS AVAILABLE TO THE PUBLIC

### 24.1 LEGAL DOCUMENTS

The following documents, or copies of these documents, can be consulted during the period of validity of this registration document:

- The Company's incorporating document and Memorandum and Articles of Association;
- All the reports, correspondence and other documents, historical financial information, valuations and statements issued by specialists at the Company's request, when any part thereof is included in or referred to in this registration document;
- The historical financial information relating to the Company and its subsidiaries for each of the three financial years preceding publication of this registration document.

All of the Séchilienne-Sidec corporate documents that should be made available to shareholders can be consulted at the Company's registered office.

All of the regulated information published by the Company is available on its website, [www.sechlienne-sidec.com](http://www.sechlienne-sidec.com)

### 24.2 ANNUAL FINANCIAL REPORT

This registration document includes the Company's annual financial report for the financial year ended 31 December 2011, publication of which is required pursuant to Article L.451-1-2 of the Monetary and Financial Code and Article 222-3 of the AMF's General Regulation. A cross-reference table for the annual financial report and this registration document can be found in Appendix 10 to this registration document.

### 24.3 ORDINARY AND EXTRAORDINARY GENERAL MEETING OF 30 MAY 2013

#### 24.3.1 Reports by the Board of Directors

##### a) Management report

The management report by the Board of Directors for the financial year ended 31 December 2012 consists of the chapters and sections of this registration document listed in the cross-reference table in Appendix 10.

This report includes the information referred to in Decree 2012-557 of 24 April 2012 on companies' transparency obligations concerning social and environmental information. This information can be found in sections 6.6.1 to 6.6.4 (sustainability information), 8.2.1 to 8.2.4 (environmental policy) and 17.1 to 17.7 (employment information).

b) Report by the Board of Directors on options to subscribe or purchase shares

The report by the Board of Directors on transactions carried out pursuant to Article L.225-177 *et seq.* of the Commercial Code, drawn up in accordance with Article L.225-184 of the Commercial Code, can be found in Appendix 4 to this registration document.

c) Report by the Board of Directors on bonus shares

The report by the Board of Directors on transactions carried out pursuant to Article L.225-197-1 *et seq.* of the Commercial Code, drawn up in accordance with Article L.225-197-4 of the Commercial Code, can be found in Appendix 5 to this registration document.

24.3.2 Report by the Chairman of the Board of Directors and report by the Statutory Auditors on said report

a) Report by the Chairman of the Board of Directors

The report by the Chairman of the Board of Directors on the preparation and organisation of the work of the Board of Directors and on internal control procedures within the Company and the Group can be found in Appendix 1 to this registration document.

b) Report by the Statutory Auditors on the report by the Chairman of the Board of Directors

The report by the Statutory Auditors on the report by the Chairman of the Board of Directors can be found in Appendix 2 to this registration document.

24.3.3 Resolutions

a) Agenda and draft resolutions

The agenda and the draft resolutions to be put to the shareholders at the Ordinary and Extraordinary General Meeting to be held on 30 May 2013 can be found in Appendix 7 to this registration document.

b) Report by the Board of Directors

The report by the Board of Directors on the draft resolutions can be found in Appendix 6 to this registration document.

## CHAPTER 25: INFORMATION ON EQUITY INTERESTS

Details can be found in chapter 20 of this registration document and in note 37 to the financial statements appended to the Company's consolidated financial statements, and also in the table included in chapter 20, section 20.11, at the end of the notes to the corporate financial statements.

The Company also holds 4% of Isergie, SA, which is established in the Rhône-Alpes region and which operates a heating network.

That company has capital of €3,811,226. Its registered office is 86 rue des Martyrs in Grenoble and it is registered with the Grenoble Trade and Companies Register under number B 393 203 567.

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

### APPENDIX 1

#### REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

This report, which concerns the parent Company and its subsidiaries, was prepared pursuant to Article L. 225-37 of the French Commercial Code. It was prepared by the secretary of the Board of Directors under the authority of the Chairman and Chief Executive Officer.

To prepare the report, interviews were held with the heads of various departments, in particular the Chief Operating Officers, the Administrative and Financial Department (Chief Financial Officer, accounting department, management control department, contracts and legal affairs department), the Corporate Strategy and Environmental and Social Responsibility Department, the Human Resources Department, the Technical and Purchasing Department and the Projects and Construction Department.

The report was reviewed by the Audit, Accounts and Risks Committee and the Commitments and Monitoring Committee, and it was submitted to the Company's Board of Directors, which approved it at its meeting of 23 April 2013.

#### **1. The preparation and organisation of the Board of Directors' work**

##### 1.1 Applicable rules and principles

The Board of Directors is organised and performs the duties assigned to it in accordance with the requirements of applicable statutes, the Company's articles of association and the Board of Directors' internal regulations.

##### *Corporate Governance Code*

At its meeting of 19 December 2008, the Board of Directors decided that the Company would voluntarily comply with the AFEP/MEDEF Corporate Governance Code for Listed Companies. That decision was made public the same day. The most recently updated version of this code (April 2010) is available at the following website: [www.code-afep-medef.com](http://www.code-afep-medef.com).

The AFEP/MEDEF periodically publishes reports on the implementation of this code. The fourth such report was published in December 2012.

The AMF, in its annual report on Corporate Governance and Executive Compensation in Listed Companies, the ninth edition of which (entitled 2012 Report) was published on 11 October 2012, also reports on the implementation of this code by the companies that report using the code as a reference.

Pursuant to Article L.225-37 of the French Commercial Code, the paragraphs below describe the points for which the Company does not apply certain recommendations of the AFEP/MEDEF code and the reasons therefor:

- The articles of association and the Board of Directors' internal regulations do not contain any provisions that stagger directors' terms of office, which are four years in length. The table in section 14-1-1 of this registration document shows that the expiry of these terms of office is not concentrated in any single year. The terms of office of the nine directors in office in 2012 expire over a period of three years, in 2013, 2014 and 2015.



## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

- The self-assessment of the Board, which was carried out in 2009 and 2010 on the basis of questionnaires completed by the directors, was not repeated in 2011 for the reasons described in section 1.2.4 of this report (material changes in the composition of the Board and in the Company's governance during the second half of 2011). However, in 2012, a formal assessment was carried out with the assistance of an external expert, the conclusions of which were reviewed by the Board at its meeting of 26 July 2012.
- In 2012, no meetings were held with only the independent directors (i.e. directors who are neither corporate officers nor employees of the Company) in attendance for the purpose of assessing the performance of Jacques Petry, the Chairman and Chief Executive Officer.

The reason is that Mr Petry took office on 29 October 2011.

Therefore, the period of November-December 2011 was deemed too short to make an assessment of Mr Petry's performance in 2011. Furthermore it was deemed appropriate to postpone the assessment scheduled for 2012 until 2013 at the time that the variable component of the remuneration of the Chairman and Chief Executive Officer would be set for 2012.

- The 'fixed' and 'variable' components of the remuneration of the Chairman and Chief Executive Officer are not set for a multi-year period, but are voted on each year by the Board of Directors pursuant to a report of the Nomination and Remuneration Committee. Furthermore, the variable component is not expressed as a capped percentage of the fixed component, but is limited to a specific maximum amount, which is determined using a calculation formula in which three quantitative indicators (with reference to EBITDA, NIGS and free cash flow, respectively) are weighted at 66%, and qualitative indicators that are listed but not measured separately are weighted at 34%, as described in section 15.1.1.1 of this registration document.

The conditions adopted are consistent with the Company's intention to adjust the remuneration of the Chairman and Chief Executive Officer as closely as possible to the context in which the Company does business and its results, based on the quantitative and qualitative objectives set for him.

- The change in the Company share price is the sole performance criterion, to the exclusion of all other criteria, for the acquisition of bonus shares allotted by the decisions adopted by the Board at its meetings of 26 July and 28 November 2012, pursuant to the authorisation granted by the 8th resolution adopted by the General Meeting held on 14 March 2012.

This was also the case for bonus shares allotted pursuant to the authorisation granted by the 20th resolution adopted by the General Meeting held on 16 June 2009, by the decisions adopted by the Board at its meetings of 28 August 2009, 25 January 2010 and 28 July 2010 (as of the date this registration document was prepared, all of these share allotments have lapsed due to the beneficiaries' departure from the Company or their decision to irrevocably waive their rights thereto).

The choice of a change in the Company's share price as the sole performance criterion derives from the Company's wish that the acquisition of shares be based on a criterion that can be measured on the basis of market performance, which provides the most objective assessment of the Company's economic and financial situation and its future prospects.

- The bonus shares allotted to the Chairman and Chief Executive Officer by the decision adopted by the Board at its meeting of 26 July 2012, pursuant to the 8th resolution adopted by the General Meeting held on 14 March 2012, was not conditional on the beneficiary purchasing a specified number of shares when the shares allotted became available.

The prior allotment of shares made to the former Chairman and Chief Executive Officer by a decision adopted on 28 July 2010, pursuant to the 20th resolution adopted by the General Meeting held on 16 June 2009, which has also lapsed, was also not conditional on any such purchase.

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

The Company considers that the obligation imposed on the Chairman and Chief Executive Officer to keep 25% of the bonus shares issued until he leaves the Company has an equivalent effect to the recommendation contained in the AFEP/MEDEF code to make the allotment of performance shares to executive directors conditional on the purchase of a set quantity of shares when the allotted shares become available.

### *Board of Directors' internal regulations*

The purpose of the Board of Directors' internal regulations, which were adopted on 19 December 2008 and amended most recently at the Board of Directors' meeting held on 24 September 2012, is to supplement and clarify the rules laid down by the statutes, regulations and articles of association with respect to the organisation and operation of the Board of Directors, as well as to set out the rights and duties of its members.

The Board of Directors' internal regulations contain provisions concerning the composition, powers and operation of the Board and the committees that assist it, as well as the remuneration of directors.

The Board of Directors' internal regulations are supplemented by the Directors' Charter, which includes rules on preventing conflicts of interest and stock market ethical rules.

The Board of Directors' internal regulations are available on the Company's website at [www.sechilienne-sidec.com](http://www.sechilienne-sidec.com), and are also appended to this report.

### 1.2 Organisation of the Board of Directors' operations

#### *1.2.1 Composition of the Board of Directors*

- *Members of the Board of Directors*

The Board of Directors in office in 2012 was comprised of nine members, including one female director. Directors are appointed by a General Meeting for a renewable term of four years. This composition complies with the requirements of Act 2011-103 of 27 January 2011 on the balanced representation of men and women on boards of directors and supervisory boards. Information about the directors currently in office is provided in section 14.1.1 of the registration document.

On 17 May 2006, the Board of Directors chose the method of governance consisting of combining the functions of Chairman of the Board of Directors and Chief Executive Officer. Therefore, since that date, the Board of Directors has been chaired by a Chairman who also holds the position of Chief Executive Officer (successively Dominique Fond, Nordine Hachemi and Jacques Petry).

The method of governance consisting of the combination of the functions of Chairman of the Board of Directors and Chief Executive Officer was chosen as the method best suited to the Group's desired organisation and modus operandi, and also to:

- Making the most of the Chairman's knowledge and business experience;
- Forging a close relationship between General Management and shareholders, and optimising the responsiveness of the Board;
- Optimising coordination within the Group.

The limitations on the powers of the Chairman and Chief Executive Officer are described below in section 2.6 of this report.

The Chairman and Chief Executive Officer organises and manages the work of the Board, and reports thereon to the General Meeting. He ensures that the Company's governing bodies function properly and, in particular, that the directors are able to perform their duties.

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

The Board of Directors has been comprised of nine members since the General Meeting of 25 May 2011. Members are proposed to the General Meeting, which chooses directors on the basis of their expertise, experience, knowledge of the Company's businesses, integrity and independence of mind.

The Directors in office in 2012 were:

- During the entire year, Jacques Petry, Michel Bleitrach, Patrick de Giovanni, Xavier Lencou-Barême, Edgard Misrahi representing Financière Hélios, Guy Rico, Jean Stern and Maurice Tchenio.
- For a portion of the year (25 January-31 December), Myriam Maestroni, who was temporarily appointed by the Board of Directors at its meeting of 25 January 2012 to fill the seat that had become vacant due to her automatic resignation on 25 November 2011 by the effect of Article 20 of the Company's articles of association concerning the minimum number of shares that each director must hold in registered form.

The General Meeting held on 14 March 2012 ratified the appointments of directors who had been temporarily appointed in 2011 (Messrs Misrahi, Tchenio and Petry) and in 2012 (Ms Maestroni).

The terms of office of the directors in office in 2012 will expire on the following dates:

Jacques Petry:	At the General Meeting to be held in 2013 to approve the financial statements for the financial year ended 31 December 2012
Michel Bleitrach:	At the General Meeting to be held in 2014 to approve the financial statements for the financial year ended 31 December 2013
Financière Hélios represented by Edgard Misrahi	At the General Meeting to be held in 2013 to approve the financial statements for the financial year ended 31 December 2012
Patrick de Giovanni:	At the General Meeting to be held in 2015 to approve the financial statements for the financial year ended 31 December 2014
Xavier Lencou-Barême:	General meeting to be held in 2013 to approve the financial statements for the financial year ended 31 December 2012
Myriam Maestroni:	At the General Meeting to be held in 2015 to approve the financial statements for the financial year ended 31 December 2014
Guy Rico:	At the General Meeting to be held in 2013 to approve the financial statements for the financial year ended 31 December 2012
Jean Stern:	At the General Meeting to be held in 2013 to approve the financial statements for the financial year ended 31 December 2012
Maurice Tchenio:	At the General Meeting to be held in 2015 to approve the financial statements for the financial year ended 31 December 2014

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

As a result of this situation, the following resolutions concerning the composition of the Board will be submitted to the General Meeting convened on 30 May 2013:

- Renewal of Jacques Petry's term of office as director, after acknowledging the expiry thereof, for a period of four years that will expire at the conclusion of the General Meeting to be convened in 2017 to vote on the financial statements for the financial year ended 31 December 2016.
- Renewal of Financière Hélios' term of office as director, after acknowledging the expiry thereof, for a period of four years that will expire at the conclusion of the General Meeting to be convened in 2017 to vote on the financial statements for the financial year ended 31 December 2016.
- Appointment of Michèle Remillieux as director, after acknowledging the expiry of the term of office of Guy Rico, who did not request to be reappointed, for a period of four years that will expire at the conclusion of the General Meeting to be convened in 2017 to vote on the financial statements for the financial year ended 31 December 2016.
- Appointment of Daniel Valot as director, after acknowledging the expiry of the term of office of Jean Stern, who did not request to be reappointed, for a period of four years that will expire at the conclusion of the General Meeting to be convened in 2017 to vote on the financial statements for the financial year ended 31 December 2016.
- Appointment of Jean-Carlos Angulo as director, after acknowledging the expiry of the term of office of Xavier Lencou-Barême, who did not request to be reappointed, for a period of four years that will expire at the conclusion of the General Meeting to be convened in 2017 to vote on the financial statements for the financial year ended 31 December 2016.

If the General Meeting adopts the resolutions submitted to it, the General Meeting will be immediately followed by a Board meeting at which it will be proposed that:

- The arrangement combining the position of Chairman of the Board of Directors and Chief Executive Officer be renewed;
- Jacques Petry be appointed as Chairman and Chief Executive Officer for a period of four years equal in duration to his term of office as director.
- *Independent members of the Board of Directors*

A director is deemed independent if he/she has no relationship of any type with the Company, its Group or its management that could compromise his/her ability to freely exercise his/her judgment. The Board considers directors to be independent on the basis of the following factors, which are taken from the AFEP-MEDEF Corporate Governance Code:

- The director is not, and during the previous five years has not been, an employee or corporate officer of the Company, or an employee or director of its parent company or of a company within its consolidation scope;
- The director is not an employee or corporate officer of a company in which the Company directly or indirectly holds a directorship or in which an employee appointed for such purpose or a corporate officer of the Company (currently or who has held such position within the previous five years) holds a directorship;
- The director is not a customer, supplier, investment bank or commercial bank that is significant to the Company or its Group, or for which the Company or its Group represents a significant part of its business;
- The director does not have close family ties with a corporate officer;
- The director has not been one of the Company's auditors during the previous five years;
- The director has not been a director of the Company for more than 12 years.

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

The Nomination and Remuneration Committee and the Board of Directors reviewed the independence of directors in January and September 2012. For directors other than Jacques Petry, the Chairman and Chief Executive Officer, who does not hold any salaried position within the Group, these reviews showed that the situation of the Board's current composition is as follows:

- Three directors, Edgard Misrahi (chairman of Apax Partners Midmarket SAS), Maurice Tchenio and Patrick de Giovanni, are senior executives of Apax Partners SA, which manages and advises the funds that hold the majority of the capital of Financière Hélios, the Company's main shareholder.
- Xavier Lencou-Barême is an employee of Séchilienne-Sidéc.
- Myriam Maestroni, Michel Bleitrach, Guy Rico and Jean Stern are independent directors because they meet all of the above criteria.

The AFEP/MEDEF Corporate Governance Code recommends that in controlled companies at least one-third of the directors should be independent.

Therefore, as at 31 December 2012, the Company exceeded this minimum threshold because its Board had four independent directors out of nine directors, i.e. a rate of 44%.

At its meeting of 24 September 2012, the Board confirmed the finding that Ms Maestroni and Messrs Bleitrach, Rico and Stern were independent directors and noted that the Company would lose two independent directors when the current terms of office of Messrs Rico and Stern expire, after 12 years as directors of the Company. For this reason the resolutions submitted to the General Meeting convened for 30 May 2013 do not propose that their terms of office be renewed (which they did not request), but that they be replaced by new directors who will meet the conditions required to be classified as independent directors.

- *Requirement to hold shares in the Company*

The Company's articles of association require each director to hold four hundred (400) shares of the Company in registered form throughout his/her term of office.

If a director does not meet this condition at the time of his/her appointment or ceases to meet this condition at any time during his/her term of office, he/she is automatically deemed to have resigned if the situation is not remedied within six months. This was the situation of Myriam Maestroni as of 25 November 2011 and until her temporary appointment by the Board of Directors at its meeting of 25 January 2012, which was ratified by the General Meeting of 14 March 2012. Like all the other directors, Ms Maestroni now complies with the requirement to hold 400 shares of the Company in registered form.

- *Miscellaneous information about directors*

Chapter 14 of the registration document contains information about the members of the Board of Directors, in particular the dates on which their terms of office began and will expire, their biographies, and the list of positions and offices in other companies each one currently holds or has held within the last five years.

None of the directors in office in 2012 holds foreign nationality, but several of them have international experience because they completed some of their studies abroad and/or spent some of their career abroad, or because they hold or have held positions in foreign companies. The Company intends that future changes to the composition of the Board should add to the Board's international expertise.

The Board in office in 2012 included only one woman. The proposals for new members submitted to the General Meeting to be held on 30 May 2013 seek to increase this number to two. The number of female directors will increase in the future as the requirements of Act 2011-103 of 27 January 2011 on the balanced representation of men and women on boards of directors and supervisory boards are applied.

The remuneration and benefits of members of the Board of Directors are described in detail in Chapter 15 of the registration document.



## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

Section 15-1-2 describes the arrangements for payment of directors' fees, which are paid only to independent directors.

Section 15-1-1 details the components of the remuneration of the Chairman and Chief Executive Officer and the method for calculating them; section 15-1-3-1, which discusses allotments of options to subscribe or purchase shares, states that Jacques Petry has not been allotted any options since his appointment as director or, subsequently, as Chairman and Chief Executive Officer; section 15-1-3-2 describes the bonus performance shares allotted to him pursuant to a decision adopted by the Board on 26 July 2012; and section 15-1-4-3 describes the scheme and terms and conditions governing the termination pay to which Jacques Petry may be entitled in the event he is removed from office as Chairman and Chief Executive Officer or if his appointment is not renewed.

Section 15-2 states that Jacques Petry is not the beneficiary of any complementary or supplementary pension plan other than the plan open to all Group employees.

- *Participation of the works council representative in the Board's work, in a non-voting capacity*

The works council representative is systematically given notice of Board meetings and may attend in a non-voting capacity. The works council representative is provided with all information and documentation sent to the directors. Stéphane Alve was the works council representative in 2012.

- *Review of Board members' situations vis-à-vis the requirements and recommendations of the French Commercial Code, the AMF, the AFEP-MEDEF code, the articles of association and the internal regulations*

In 2012, this review was conducted at the Board meeting held on 24 September 2012.

Each director confirmed that he/she complied with the provisions of the articles of association, the internal regulations and the Directors' Charter appended to the internal regulations, as well as with all documents he/she signed at the start of the year.

Each director provided information about his/her situation with respect to potential conflicts of interest, in accordance with Article 17 of the AFEP-MEDEF code, which was incorporated into the Directors' Charter, and which provides that "directors are required to inform the Board of any conflict of interest situation, including potential conflicts of interest, and shall refrain from participating in the vote for the corresponding decision".

Jacques Petry, Michel Bleitrach and Maurice Tchenio informed the Board of potential conflicts of interest, under circumstances that have not occurred to date, arising from the outside positions they hold (with the British company Shanks in the case of Mr Petry, with Saur in the case of Mr Bleitrach and with Financière de L'Echiquier in the case of Mr Tchenio). Each one confirmed that no conflict of interest had arisen in 2012 and that if, in the future, a conflict of interest did arise, it would be immediately disclosed to the Board of Directors. In addition, Mr Tchenio confirmed to the Board that there is no concerted action between Apax and Financière de L'Echiquier with respect to the management of their interests in Séchilienne-Sidec.

With respect to the AMF recommendation that executive directors submit for prior Board approval the acceptance of any new position in a listed company, Mr Petry stated that he would comply with such recommendation in the event he envisaged accepting a position in any company, whether listed or unlisted. The Board acknowledged this commitment and, for all necessary purposes, confirmed its agreement to Mr Petry holding the external positions he currently holds, and which are listed in the registration document.

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

### 1.2.2 Duties of the Board of Directors

The duties of the Board of Directors are defined by law and by the articles of association, which were amended most recently on this point by a decision adopted by the General Meeting of 16 June 2009 voting on extraordinary matters.

Pursuant thereto, the Board of Directors has *inter alia* the following powers:

- Determining the Company's business policies and ensuring they are carried out, by having its Chairman submit reports to it about on-going business and projects;
- Voting on the Company's strategic policies and giving prior approval to all significant transactions that are not within the scope of the Company's announced strategy, whether significant organic growth investments, internal restructuring operations or external acquisition or sale transactions;
- Considering any matter relating to the proper operation of the Company;
- Staying regularly informed of the Company's financial situation, cash position and commitments;
- Authorising the furnishing of sureties, pledges and guarantees;
- Authorising 'regulated' agreements and undertakings before they are concluded, in accordance with the statutes in force and the Company's articles of association;
- Carrying out the controls and verifications it deems necessary;
- Preparing and approving the Company and consolidated financial statements, as well as the half-yearly financial statements;
- Reviewing interim management documents;
- Authorising investments required for industrial or external growth projects during the year and/or the financing thereof;
- Authorising all significant sales (or contributions) of assets;
- Studying all proposed merger, spinoff or contribution transactions;
- Setting the remuneration of the Chairman and Chief Executive Officer;
- Creating committees charged with studying issues that the Board itself or its Chairman submit for their review and opinion.

The Board of Directors shall review and approve the information published in the Company's management report on its structures and corporate governance practices.

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### 1.2.3 Meetings of the Board of Directors and information provided to the Board

In accordance with the articles of association, the Board of Directors meets as often as required by the Company's interests and, in any event, at least four times a year. (In practice, the Board meets twice as often.)

For each meeting, a briefing dossier is prepared that contains the information and documents necessary to review the items of business on the agenda. This dossier is provided to the directors in advance of Board of Directors' meetings to enable them to study the items of business on the agenda. The dossier includes the agenda for the meeting of the Board of Directors, the proposed resolutions, the draft reports and any other document necessary to consider the resolutions on the agenda.

During meetings, the Chairman and Chief Executive Officer presents in detail the items of business on the agenda. To complete such presentation or to provide explanations requested by the Directors, he may be assisted by employees who have specific knowledge of the matter under consideration. The chairs of the specialised committees are heard on matters that concern such committees. The statutory auditors are also heard during meetings at which the financial statements are reviewed. After the presentations, questions are asked and views are exchanged, followed by discussion before the resolutions are put to a vote. Resolutions are adopted in accordance with the quorum and majority requirements prescribed by law.

- A Director who has been granted a proxy by a fellow Board member holds two votes;
- In the event of a tied vote, the meeting chairman (who ordinarily is the Chairman of the Board or, in the Chairman's absence, the Deputy Chairman (this position was created by a resolution adopted by the Board of Directors on 21 October 2011)) has the casting vote.

Written minutes of each meeting are prepared and provided to the Board members for their review and comments prior to their approval by the Board of Directors at its next meeting.

Between meetings, the Directors are provided with all significant information concerning the Company and necessary to perform their duties.

The Board of Directors' internal regulations, which are available on the Company's website and are appended to this report, include a provision authorising the use of videoconferences or other means of telecommunication under the conditions and in accordance with the limits prescribed by the French Commercial Code. This authorisation was the subject of a resolution adopted by the General Meeting of 16 June 2009, voting on extraordinary matters, which amended the articles of association on this point.

### 1.2.4 Assessment of the operation of the Board of Directors

To comply with the AFEP/MEDEF recommendations, the Board of Directors' internal regulations require the Board of Directors to regularly review its composition and to annually study its operation. Furthermore, the Board meets once a year without the Company's executive directors to evaluate the performance of the Chairman and Chief Executive Officer (if these functions are combined) or of both the Chairman and the Chief Executive Officer (if these functions are separated).

#### a) Self-assessment of the Board

A self-assessment was carried out in 2009 and 2010 on the basis of questionnaires completed by the directors, the results of which were subsequently studied by the Board. The assessment carried out on 22 November 2010 was studied by the Board at its meeting of 26 January 2011.

The significant changes in 2011 to the composition of the Board (four of the directors in office at the end of October 2011 were not Board members at the start of 2011) and to the Company's governance (the appointment of Jacques Petry as Chairman and Chief Executive Officer as of 29 October 2011 to replace Nordine Hachemi, who was removed from office due to a disagreement concerning strategy) prompted the postponement of the next assessment. At its meeting of 18 January 2012, the Board decided to carry out a formal assessment every three years, as recommended by the AFEP-MEDEF code.



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Pursuant to this decision, a formal assessment was conducted in April and May 2012 with the assistance of an external expert (Rivoli Consulting). The Board studied its conclusions at its meeting of 26 July 2012. The following conclusions were reached on the basis of this study:

- The contribution of the Deputy Chairman of the Board and the Commitments and Monitoring Committee he chairs (whose meetings are frequently attended by nearly all directors, in addition to the committee's permanent members) and the quality of communications between all Board members, both independent and non-independent, General Management and the heads of the Company's major departments were considered to be very positive.
- It was deemed desirable that future proposals to be submitted to the General Meeting concerning the composition of the Board promote the objectives of increasing the number of women on the Board and adding new expertise to the Board (professionals in agri-food industries that generate biomasses and methanisable substances, persons with experience in foreign countries that are major producers of sugar cane and other biomasses, etc.).
- Actions should be taken to increase the directors' knowledge of changes to the Company's businesses and the context in which it does business, such as visits to its production units, periodic circulation of updated studies of target markets and information on technical, economic and commercial changes that impact or may impact its businesses, as well as on the strategies and initiatives of its competitors.
- The Board's involvement in matters concerning 'social and environmental responsibility' and 'human assets' issues should be increased.

At the meetings that followed the meeting of 26 July 2012, General Management proposed to the Board of Directors, and the Board adopted, various measures intended to implement these suggestions. In particular, pursuant to a resolution adopted on 24 September 2012, the Environmental and Social Responsibility Committee was created.

### b) Review of the performance of the Chairman and Chief Executive Officer

Each year, the Board conducts this review, at a meeting with only external directors (i.e. directors who are neither corporate officers nor employees) in attendance, pursuant to a report submitted by the Nomination and Remuneration Committee.

In 2011, this review, which concerned the performance of Nordine Hachemi, was conducted at the Board meeting of 21 October 2011 and led to his removal from office due to a disagreement concerning strategy. On the basis of that review, the Board, voting pursuant to a report submitted by the Nomination and Remuneration Committee, decided to pay Mr Nordine Hachemi 75% of the variable remuneration to which he was potentially entitled for financial year 2011 (i.e. €150,000).

As stated above in section 1-1 of this report, in 2012, no meeting of the Company's external directors only was held for the purpose of evaluating the performance of Jacques Petry, who took office on 29 October 2011.

It was decided that the short period of time during which Mr Petry had held in office in 2011 would make such an evaluation for 2011 meaningless. Furthermore, it was deemed appropriate to conduct the evaluation for 2012 in 2013 at the time the Board set the variable component of the remuneration of the Chairman and Chief Executive Officer for financial year 2012.

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### 1.3 Work of the Board of Directors

In 2012, the Board of Directors met eight times, on the following dates:

- 18 January
- 25 January
- 7 March
- 27 April
- 31 May
- 26 July
- 24 September
- 28 November

The attendance rate of the Board's members was 92.9%. The Board may deliberate validly only if at least half of its members are present.

In 2012, the Board of Directors took *inter alia* the following actions:

- Approved the 2012 budget;
- Reviewed and monitored achievement of forecast budgetary figures and changes in the cash and debt positions;
- Adopted a new strategic vision for the Company, which focuses on concentrating the majority of its efforts on developing energy from various types of biomasses and exporting to a targeted number of countries the partnership model developed with sugar producers in the French overseas *départements* and Mauritius, while complying with strict safety and profitability criteria;
- Reviewed the Company and consolidated financial statements for the financial year ended 31 December 2011;
- Reviewed the registration document for the financial year ended 31 December 2011;
- Reviewed the half-yearly financial statements, the half-yearly business reports and the financial communication in connection therewith;
- Reviewed the work of the committees it had set up and adopted various resolutions concerning such committees, in particular converting the Commitments Committee into the Commitments and Monitoring Committee (which meets monthly and has expanded powers) and setting up the Environmental and Social Responsibility Committee;
- Approved the substance of the proposed resolutions submitted to the General Meetings convened for 14 March 2012 and 31 May 2012, which concerned the following matters:
  - In addition to presenting the Company's new strategy to the shareholders, the purpose of the first of these meetings was to: ratify the temporary appointments of directors made in 2011 (Edgard Misrahi, Maurice Tchenio and Jacques Petry) and 2012 (Myriam Maestroni); amend certain provisions of the articles of association as a result of the appointment of a Deputy Chairman of the Board of Directors; increase the total amount of directors' fees as a result of such appointment; authorise the Board to allot bonus shares subject to certain conditions, in particular performance conditions; and authorise trading in the Company's securities;
  - The primary purpose of the second of these meetings was to: approve the Company and consolidated financial statements for financial year 2011; set the amount of the dividend and the terms and conditions governing payment thereof, including the possibility of opting for a partial payment in shares; delegate authority to the Board to decide, if necessary, to issue shares and/or securities in various forms and under various circumstances;
- Amended its internal regulations to bring them into accordance with decisions adopted on the number, composition and powers of the committees and the decisions adopted following the formal self-assessment of the Board carried out with the assistance of Rivoli Consulting;
- Authorised the launching of various projects that had been previously reviewed by the Commitments and Monitoring Committee and, in particular, authorised the acquisition in May 2012 of a 60% stake in Methaneo;

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- Reviewed and authorised various contractual documents, in particular contracts with suppliers and financial institutions, and undertakings and security interests granted to lenders;
- Reviewed the risk map and risk coverage.

### 1.4 The Board of Directors' committees

The Board of Directors has four specialised committees, each of which is charged with submitting opinions, proposals or recommendations within their respective purviews. These committees are:

- The Audit, Accounts and Risks Committee (the name of this committee since 2009, when it was changed from the Audit and Accounts Committee);
- The Nomination and Remuneration Committee;
- The Commitments and Monitoring Committee (which as of January 2012 replaced the former Commitments Committee);
- The Environmental and Social Responsibility Committee, which was created by a resolution adopted by the Board on 24 September 2012.

The Board of Directors' committees exercise their powers in a non-binding capacity under the responsibility of the Board of Directors.

The organisation and operation of the Board of Directors' committees are governed by the Board of Directors' internal regulations, which are appended to this report.

#### 1.4.1 *Audit, Accounts and Risks Committee*

The Audit, Accounts and Risks Committee was set up by a resolution adopted by the Board of Directors at its meeting of 11 December 2003, at which time it was called the 'Audit and Accounts Committee'. Pursuant to a decision dated 23 December 2009, the Board of Directors changed its name to 'Audit, Accounts and Risks Committee'.

In 2012, the committee members were:

Chairman	Jean Stern, independent director
Other members	Michel Bleitrach, independent director Patrick de Giovanni

Therefore, as in prior years, the committee is comprised of two independent directors (including the chair) out of three members, in accordance with the recommendations of the AFEP/MEDEF Corporate Governance Code.

All members have specific expertise in financial and accounting matters, as described in section 16.3.5 of the registration document. Mr Stern has held major positions (in particular, Director of Financing) with Société Générale and served as the chairman of various subsidiaries of that bank. Mr Bleitrach has managed important subsidiaries of major industrial groups, he was the Chairman and Chief Executive Officer of Kuvera and the Chairman and Chief Executive Officer of Keolis, and in the second half of 2012 he was appointed Chairman of Saur. Lastly, Mr de Giovanni has worked for nearly 30 years with Apax Partners, where he is the managing partner, and manages investments in companies in various sectors, thereby promoting their expansion. In addition, he is a former Chairman of AFIC, the French Private Equity Association.

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The resolution that created the Audit, Accounts and Risks Committee tasked it with preparing the deliberations of the Board of Directors by studying the matters listed below and reporting thereon to the Board:

- Reviewing the financial statements and accounting methods used (conformity of accounting measurements and choices made with the accounting standards framework, accurate and complete picture of the position of the Company and its subsidiaries, transparency, clarity and consistency over time);
- Reviewing the quality of internal control systems (existence and effective operation of control structures and procedures that are appropriate for the Company and its subsidiaries and that reasonably prevent the risks to which the Company is exposed) and reporting thereon;
- Choosing and reappointing external auditors, ensuring that partners are rotated, reviewing proposed fees, providing information on all fees paid and indicating, if applicable, what fees were paid for additional services associated with statutory audit duties.

The version of the Board of Directors' internal regulations in effect on the date of this report, which were first adopted by the Board at its meeting of 19 December 2008, and which have been subsequently amended several times to take account of the AMF's recommendations and the conclusions of the AMF working group on audit committees, provides that the Audit, Accounts and Risks Committee monitors matters in connection with the preparation and control of accounting and financial information and prepares the deliberations of the Board of Directors by monitoring the matters listed below and reporting to the Board on its activities:

- a) Monitoring the process for preparing financial information: reporting on the financial position, financial policy and financial strategy of the Company and its subsidiaries; reporting on the procedures used to prepare, collect, analyse and verify accounting and financial information, in particular information communicated to the shareholders and the market; reviewing the communications of the Company and its subsidiaries on accounting and financial matters; reviewing all issues of an accounting or financial nature submitted to it by the Chairman of the Board of Directors, General Management or the statutory auditors; approving the architecture of all systems used to prepare financial information; reviewing the conformity of accounting measurements and choices made with the accounting standards framework and reviewing the means implemented to achieve the objectives set (accurate and complete picture of the position of the Company and its subsidiaries, transparency, clarity and consistency over time).
- b) Monitoring the effectiveness of internal control and risk management systems: reviewing the organisation and application of internal control procedures within the Company and its subsidiaries; reviewing the work and analyses carried out in this respect, and the work, analyses and reports of external auditors; meeting with the internal control managers and the external auditors; reviewing the procedures used to identify and monitor risks; reviewing and monitoring risks identified, their classification and prevention and action plans; reviewing the report of the Chairman of the Board of Directors on the operations of the Board of Directors and internal control and risk management systems.
- c) Overseeing the annual and half-yearly financial statements, as well as quarterly financial information: reporting on the consolidation scope, accounting methods and control procedures; reviewing the financial statements and, in particular, analysing provisions, risks and significant off-balance sheet commitments; reporting on accounting positions taken in recording significant transactions; overseeing the statutory auditors' review of the Company and consolidated financial statements; conducting a prior review of draft accounting documents submitted to the Board of Directors.
- d) Overseeing the manner in which the external auditors perform their assignments: supervising the procedure for selecting or reappointing statutory auditors; reviewing the manner in which they perform their assignments and the fees paid to external auditors; monitoring their independence and the updated declarations and information with respect to such independence.
- e) When it reviews the financial statements, the committee focuses on significant transactions that may generate conflicts of interest.

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The Audit, Accounts and Risks Committee operates in accordance with the following provisions that are set out in the resolution that created it and in the Board of Directors' internal regulations:

- The Audit, Accounts and Risks Committee shall be comprised of at least three directors.
- At least two-thirds of its members shall be independent directors within the meaning of the AFEP-MEDEF Corporate Governance Code.
- Based on their training and/or professional experience, the committee members shall have accounting and financial expertise.
- The committee shall not include any corporate officer. In the event the Chairman and Chief Executive Officer attends committee meetings to provide the committee with clarifications and explanatory commentary, he shall thereafter leave the meeting to enable the committee to deliberate in his absence.
- The committee shall be chaired by one of its members, who shall be designated by the Board of Directors.
- The committee shall meet at least four times a year and, in any event, before the Board of Directors' meetings at which the annual and half-yearly financial statements, the quarterly financial information and matters in relation with its duties are studied.
- The agenda for committee meetings shall be prepared under the responsibility of its chairman.

- The committee shall have a secretariat to prepare meetings under the authority of its chairman.
- The committee shall receive all elements, documents and information in relation with the performance of its duties.
- The committee may request to meet with the Chairman of the Board of Directors.
- The committee may also interview the directors, the employees of the Company and its subsidiaries and the external auditors of the Company and its subsidiaries.
- If it deems it necessary, the committee may request the assistance of external experts, in which case the Company must provide it with the corresponding financial resources.
- The committee shall report on the performance of its duties to the Board of Directors, in particular by means of the briefings provided by its chairman and by providing directors with the minutes of its meetings, which shall state if its members were present or absent.

The principal matters that the committee studied in 2012 at its working sessions and the four meetings it held on 5 March 2012, 23 July 2012, 10 October 2012 and 26 November 2012 concerned:

- The 2011 annual financial statements and the 2012 half-yearly financial statements, clarified by interviews with members of General Management, the heads of the accounting and management control departments and the statutory auditors;
- Assessment of year-end account closing processes and of the effectiveness of the measures taken to identify, as early as possible, transactions whose IFRS treatment will require in-depth analysis;
- Assessment of the transparency, clarity and consistency of accounting figures and financial information published, and ensuring that explanations provided, in particular with respect to changes from one year to another in the principal components of the business of the Company and the Group, are systematically given, adequate and easily understandable, both in terms of their impact on revenue and their impact on the income statement and statement of financial position;
- Assessment of the effect of measures taken to strengthen coordination, reporting and control structures pursuant to its prior recommendations to adapt to changes in the Group's activities, size and structures;



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- Analysis of the updated risk matrix prepared by the Company with its input;
- Analysis of the Group's situation with respect to insurance;
- Analysis of off-balance sheet commitments;
- Analysis of the Group's situation with respect to tax provisions applicable in the French overseas *départements*;
- The draft report of the Chairman of the Board of Directors on the Board's work and internal control systems, before its circulation to the Board and inclusion in the registration document;
- Review of the draft registration document itself.

### 1.4.2 Nomination and Remuneration Committee

This committee was created by a resolution adopted by the Board of Directors on 20 October 2005, and was originally called the 'Remuneration Committee'. Subsequently, the Board expanded this committee's role and, pursuant to a decision adopted on 19 December 2008, renamed it the 'Nomination and Remuneration Committee'.

Its purview was the subject of successive resolutions adopted on 25 January 2010 and 24 September 2012. The latter resolution adopted the language below of Article 6-3 of the internal regulations with respect to the committee's powers.

“■ The Nomination and Remuneration Committee is tasked with studying the following matters: composition of the Board, appointments of directors and renewal of their terms of office, directors' fees, the Group's organisation and structures, and all aspects of appointments and remuneration (including benefits of all types) of corporate officers and members of the Executive Committee.

- It shall make proposals to the Board with respect to appointments of directors and renewal of their terms of office, after a detailed review of all information it is required to take into account concerning the desired balance in the composition of the Board in light of changes to the Company's shareholder structure and business activities, gender balance and the types of expertise represented, and on the basis of the search for and assessment of possible candidates.

In particular, the committee shall set up a procedure for selecting future independent directors and shall study potential candidates before they are approached.

The committee shall also propose succession solutions to the Board in the event of a foreseeable vacancy in executive director positions and study the succession plans for the principal corporate officers.

- The Board of Directors shall decide the remuneration of corporate officers, and the Chairman and Chief Executive Officer shall decide the remuneration of executives who are members of the Executive Committee, after having obtained the comments of the Nomination and Remuneration Committee, and on the basis of observations on actual changes in the modulation factors adopted in light of the expectations concerning each of them.
- The duties of the Nomination and Remuneration Committee shall include making recommendations and proposals on the policy with respect to options to subscribe or purchase shares and share allotments.
- In performing its duties, the Board shall examine *inter alia* the practices of comparable companies and the rules for calculating the variable component of remuneration consistent with performance evaluations.”

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In 2012, the members of the Nomination and Remuneration Committee were:

Chairwoman: Myriam Maestroni, independent director  
Other members: Guy Rico, independent director  
Patrick de Giovanni

The current composition of the committee comprises a majority of independent directors, including the chairwoman.

Ms Maestroni gained significant experience on remuneration-related issues in her capacity as the founder and chairwoman of a services company and in various senior management positions she held before then.

In their capacity as investment fund managers, the other committee members also acquired broad experience in corporate governance and human resource management issues.

In 2012, the Nomination and Remuneration Committee met four times, on 17 January, 11 April, 13 July and 28 November, and its members had an attendance rate of 100%.

During the financial year, it *inter alia* reported and made proposals on the following principal matters on which the Board deliberated:

- The decision to temporarily appoint a director and the decision to submit to the General Meeting of 14 March 2012 resolutions ratifying the temporary appointments of directors made in the second half of 2011 and in 2012;
- Identification of independent directors;
- The amount and allocation of directors' fees to independent directors;
- The decision to submit to the General Meeting of 14 March 2012 a proposed resolution that would authorise the Board to allot a maximum of 810,000 bonus shares to the employees and corporate officers of the Company and its affiliates, subject to conditions, in particular performance conditions;
- The decision to allot bonus shares to specific individuals, subject to performance conditions, taken on the basis of the resolution adopted by the General Meeting of 14 March 2012, and determining the plan regulations applicable to such allotments;
- Setting the 2011 variable remuneration of the Chairman and Chief Executive Officer and deciding the mechanism for setting his 2012 variable remuneration;
- The conclusions to be drawn from the formal self-assessment of the Board, which was carried out in April-May 2012 with the assistance of the external firm Rivoli Consulting;
- The analyses and conclusions to be drawn from the studies conducted with the assistance of external consultants on the Company's staff hiring policies and on the Company's positioning with respect to remuneration and the make-up of the various elements of remuneration.

In addition, the committee reviewed the principal issues involved in the Group's human relations policy and the tools put in place or to be put in place to optimise such policy with respect to remuneration and other areas (individual interviews, developing training, internal communication, and drafting the labour dialogue, training, safety, discrimination prevention and other charters).

### 1.4.3 Commitments and Monitoring Committee

This committee was created in 2012 to replace the former Commitments Committee, which the Board of Directors had created pursuant to a resolution adopted on 19 December 2009. At that time, the committee was tasked with studying the dossiers prepared prior to the launch of new projects, becoming familiar with the liabilities arising from the Company's commitments and analysing such liabilities and the most relevant factors in changes thereto.

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Since January 2012, the Commitments and Monitoring Committee has been governed by the following provisions of the Board of Directors' internal regulations:

"The Commitments and Monitoring Committee shall be comprised of at least three directors, including the Deputy Chairman of the Board of Directors, who shall chair the committee. The committee shall meet an average of ten times a year to become familiar with the reported situation arising from the Company's commitments and to review and assess the factors relevant to changes thereto, to examine development projects at the various stages thereof, and to regularly report on all significant matters in respect of the Company and the Group. The committee shall make observations, give opinions and make recommendations to the Board of Directors on all matters referred to it by General Management in relation with projects and oversight of operations."

Therefore, this committee has a very broad purview to review and to give opinions and make recommendations to the Board of Directors on all matters in respect of the Group: general strategy, the procedures and timetable for the operational implementation of such strategy; reviewing business plans with various timeframes and annual budgets; monitoring performance thereof; monitoring the conditions under which production units are operated and studying ways to optimise such operation; reviewing and selecting new development projects and the means to finance them; determining whether it is opportune to respond to invitations to tender; determining whether it is opportune to submit indicative or binding bids; overseeing the various stages for carrying out investments decided by the Board of Directors; monitoring and studying ways to optimise the Group's contractual relationship arrangements and external and internal communication systems; and monitoring changes in financial data and the cash position.

Accordingly, concurrently and in close collaboration with the other committees, in particular the Audit, Accounts and Risks Committee, the Commitments and Monitoring Committee makes an essential contribution to the operation of the Group's internal control and risk management systems.

In 2012, the members of the Commitments and Monitoring Committee were:

- Chairman: Michel Bleitrach, independent director, Deputy Chairman of the Board of Directors
- Permanent members:
  - . Jean Stern, independent director, chairman of the Audit, Accounts and Risks Committee
  - . The representative of the legal entity director Financière Hélios (Edgard Misrahi throughout 2012)

Each of these directors has proven experience on issues of corporate strategy and management gained in the important management positions they held with major industrial companies (Mr Bleitrach) or financial companies (Mr Stern), or in a long career managing investments in companies in various sectors, thereby promoting their expansion (Mr Misrahi).

All other directors may attend the meetings of this committee, which in fact they frequently did.

In 2012, the committee met ten times (on 25 January, 7 March, 18 April, 31 May, 26 July, 29 August, 24 September, 31 October, 28 November and 19 December), and its permanent members had an attendance rate of 96.7%. In addition, the committee's meetings were frequently attended by the other directors.

### 1.4.4 Environmental and Social Responsibility Committee

This committee was created pursuant to a resolution adopted by the Board of Directors on 24 September 2012.

That resolution added a new Article 8 to the Board's internal regulations, which reads as follows:

"Environmental and Social Responsibility Committee.

The Environmental and Social Responsibility Committee shall be comprised of at least three directors.



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The committee shall meet at least three times a year and its duties shall be to:

- Review the Group's principal opportunities and risks in social and environmental matters in light of the issues specific to its strategy and businesses, and give its opinion to the Board on policies recommended in this field with respect to the sustainable development policy.
- Review the Company's sustainable development and social and environmental responsibility policies and commitments, if necessary, propose changes thereto prompted by the Group's growth, and assess results obtained vis-à-vis objectives set.
- Review non-financial information published by the Group, in particular on social and environmental matters.
- Monitor application of the ethical rules adopted by the Group."

In addition, at that same meeting of 24 September 2012, the Board decided that the members of the committee would be appointed after the General Meeting to be held in the first half of 2013 and that, until then, Myriam Maestroni, an independent director who accepted these duties, would temporarily be the only member of the committee. Ms Maestroni has recognised expertise in the field of social and governmental responsibility, has sat on numerous bodies that deal with issues relevant thereto and has published several articles on SER issues.

On 6 November and 13 December 2012, Myriam Maestroni held meetings with members of the Company's management team and their deputies. The purpose of these meetings was to:

- Focus on the key importance for the Group of the values and major aspects of the SER policy, which are at the heart of its businesses, strategy and governance and management practices; and
- Organise the preparation of the report required by Decree no. 2012-557 of 24 April 2012 on companies' transparency obligations in social and environmental matters.

### 2. Internal control and risk management systems within the Company

In drafting the Chairman's report, the Company relied on the AMF's 'Internal control reference framework: Implementation guide for small- and mid-caps'.

#### 2.1 Internal control objectives

The Company's internal control systems, which are designed and implemented under its responsibility, seek to provide reasonable assurance that:

- Statutes and regulations are complied with;
- The instructions and policies set by General Management are applied;
- The Company's internal processes function properly, in particular those contributing to the security of its assets;
- The processes for preparing financial information are reliable.

In general, the processes applied for these purposes within the Company contribute to exercising control over its activities, the efficacy of its operations and efficient use of its resources.

These processes include procedures and operating guides, and are applied to all Group subsidiaries.

By helping to anticipate and control the risk of not meeting the objectives the Company has set for itself, the internal control system plays a key role in conducting and monitoring its various activities.

However, internal control systems cannot provide an absolute guarantee that the Company's objectives will be achieved.

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### 2.2 Organisation of the Company

As from the start of 2012, the Company underwent a significant reorganisation. The former 'operational divisions with geographical purview', whose heads covered both operations and development of all Group businesses in their respective regions, were eliminated.

The structure in place in 2012, which replaced the structure that had been in place in 2010 and 2011, is as follows:

- Two Business Units cover, respectively, the thermic biomass business and the wind and solar power generation business.
- Three Corporate Development departments are responsible respectively for:
  - the American continent and the Caribbean region;
  - the Indian Ocean, Asia-Pacific and Africa;
  - Europe;
- the following centralised services, which support the two business units and the three Corporate Development Departments:
  - Personnel and Labour Relations Department;
  - Administrative and Financial Department, including the Contracts and Legal Affairs and Management Control Departments;
  - Technical and Purchasing Department ;
  - Projects and Construction Department;
  - Corporate Strategy and Environmental and Social Responsibility Department;
  - Company Secretariat and the secretariat of the Board of Directors.
- Since the Company took control of Methaneo in May 2012 by acquiring 60% of its share capital, the founding officers of that company remained in office as Chairman and Chief Executive Officer, respectively. Within Séchilienne-Sidec, Methaneo is overseen directly by the Chairman and Chief Executive Officer, the Head of the Corporate Strategy and Environmental and Social Responsibility Department and the Chief Financial Officer.

Since a resolution adopted by the Board of Directors at its meeting of 26 July 2012, the heads of each of the two business units have the title of Chief Operating Officer. In addition, a General Management Committee was created, which is comprised of the Chairman and Chief Executive Officer, the two Chief Operating Officers and the Chief Financial Officer.

A broader structure, called the 'Executive Committee', includes the four members of the General Management Committee, the heads of the three Corporate Development departments, the Company Secretary and Secretary to the Board of Directors, the assistants of the Chief Financial Officer in charge, respectively, of the Contracts and Legal Affairs and Management Control Departments, the other heads of the departments providing support services to the business units and development areas and, lastly, since May 2012, the Chairman and/or the Chief Executive Officer of Methaneo. The composition of the Executive Committee may be more or less broad depending on the matters under consideration. In 2012, the number of participants at meetings, which are held monthly, averaged 15 persons (some of whom, in particular the heads of the corporate development areas, frequently participate in meetings by telephone).

### 2.3 Internal control bodies

The internal control system is based on:

- The Board of Directors and the committees it has set up, whose duties and operating methods are described in the first part of this report; and
- General Management, the General Management Committee, the Executive Committee and the Administrative and Financial Department.

*The Board of Directors and its specialised committees*

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

As in previous years, in 2012, the Board of Directors and its specialised committees paid particular attention to the proper operation of governance and management structures and the processes for reporting and analysing past and forecast situations.

In accordance with the Company's articles of association, the Board was regularly informed of the Company's financial situation, cash position, indebtedness and commitments and, at its meetings, it reviewed the situation with respect to risks (at its meeting of 7 March 2012, the Board reviewed the updated risk mapping summary, following preparatory work involving particularly experienced management employees and the members of the Audit, Accounts and Risks Committee and the Commitments and Monitoring Committee).

In addition to determining the Company's strategic policies, the Board of Directors reviewed and voted on all significant transactions decided by the Company, in all cases after having heard from the Commitments and Monitoring Committee and, on matters within their purview, after having heard from the other committees.

### *General Management*

With respect to short-term matters, General Management ensures performance thereof, ensures that action plans are in existence and that they are consistent with the Company's strategy, monitors achievement of objectives, stipulates corrective actions acknowledged to be necessary and verifies that such actions are put in place and carried out.

With respect to long-term matters, General Management defines strategy, obtains staff support therefor, and describes the Company's possible positioning in its markets within timeframes of five and ten years, based on analysis of market studies that are publicly available, ordered from consultants or conducted in-house.

Jacques Petry, the Chairman and Chief Executive Officer, who was appointed to this position on 29 October 2011 to replace Nordine Hachemi, who was removed from office due to a disagreement on strategy, devoted a significant portion of the first three months of his term of office to preparing a medium-term strategic vision, which was presented to financial analysts and commentators on 30 January 2012, and then to the General Meeting of shareholders on 14 March 2012. Since then, this important work has been continuously expanded and refined, and by year-end 2012 it had provided the Company with precise strategic policies pursuant to which the Company set as its primary expansion objective the development of energy from various types of biomasses (including methanation), in partnership with professionals in the agricultural and agri-food sectors, in addition to a wind power offer. The Company will seek these expansion opportunities in mainland France (development of units that use wood biomass and of the methanation business), in the French overseas *départements* (use of other local or imported biomasses in addition to bagasse or by themselves) and abroad in countries that are major sugar cane producers that generate bagasse and/or have significant availability of various types of biomasses.

General Management regularly reports to the Board of Directors, in detail, on its activities, and arranges to provide the Board with in-depth preliminary analyses of matters under consideration, in particular through its specialised committees, especially the Commitments and Monitoring Committee, which meets the most frequently (10 meetings in 2012).

### *General Management Committee and Executive Committee*

The composition of these two bodies is described in detail above, and in the section of the management report that discusses the Company's administrative, management and supervisory bodies and its General Management.

- The General Management Committee meets weekly, which allows it to follow all events of significance to the Company in 'real time' and to react promptly. The committee is also a forum for analysis, reflection, exchanges and reaching agreement on cross-functional matters and for preparing proposals submitted to other bodies: the Executive Committee, the Board's specialised committees and the Board itself.
- The Executive Committee meets monthly.

The Executive Committee *inter alia* reviews medium- and long-term budgets and investments. It is informed of the outcome of authorisations granted and, in the case of the most important projects, reviews the performance of investments both before and after completion.

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

The Executive Committee is also provided with a summary of the monthly technical and financial reports, and discusses the conclusions to be drawn from the data presented and the policies they recommend.

These meetings are a key component of the operational implementation of the risk management and internal control processes described in sections 2.4 and 2.5 below.

### *Administrative and Financial Department*

The Administrative and Financial Department, which oversees the Accounting, Management Control and Contracts and Legal Affairs Departments, ensures the reliability of financial and accounting information and manages legal matters.

The Management Control Department, which operates within the Administrative and Financial Department and is a major component of the internal control and risk management systems, has been significantly reinforced. It includes three management controllers at the head office and three others in the regions in which the Group does business.

In 2012, the Administrative and Financial Department continued the installation of a shared management accounting system, the preparation of which began in 2009, and set up a monthly account closing procedure, which was operational at the financial year-end.

### 2.4 Risk management

To ensure the long-term expansion of its business activities, the Group must at all times seek to prevent and properly control the risks to which it is exposed.

The main risks to which the Group is exposed and the resources implemented to prevent them or mitigate any impact thereof are listed and described in the 'Risk factors' section of Chapter 4 of this registration document.

The Group places great importance on having the most complete understanding possible of the various types of risks to which it is exposed, on determining the human, technical, legal, financial and other measures to prevent such risks, and on regularly verifying that such measures are in place and operational.

The actions taken in this respect consist of, firstly, ascertaining and prioritising identifiable external and internal risks, and then setting up procedures for reviewing and assessing these risks.

Furthermore, the Group has undertaken to very significantly reinforce risk management procedures in order to control risks identified or, at the least, to limit their impact on the Company or the Group by providing pertinent responses thereto.

Since 2009, the Group has prepared a risk map that provides it with a summary framework enabling it to identify, assess and monitor the risks of various types to which it is exposed, whose probability of occurrence and potential impacts vary. At its meeting of 7 March 2012, the Board of Directors reviewed that document, which had previously been studied by the Audit, Accounts and Risks Committee and the Commitments and Monitoring Committee. The Board focused on the measures taken to control the risks deemed to be the most significant and sought avenues for improvement, as well as links between this process and the social and environmental responsibility process.

This risk mapping associates specific and/or cross-disciplinary actions with each of the risks identified, which are intended to reduce the probability of their occurrence and mitigate their impact if they do occur. These actions may be organisational, technical, legal, financial or other actions. Implementation of these actions is methodically and continuously monitored, and the content of these actions is constantly updated to take account of technical, economic and legal changes, as well as feedback, which is carefully analysed.



## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

### 2.5 Internal control procedures

Naturally, internal control procedures are closely interdependent with the risk management procedures described above.

The implementation principles and methods are essentially:

- The care taken to inform the Company's employees about the provisions adopted by the various authorities in charge of establishing good conduct standards and rules, and stipulating the most appropriate practices to ensure compliance therewith.

This process focuses, in particular, on preventing insider trading and applying the provisions concerning trading in the Company's securities. These issues are discussed in a periodically updated explanatory and awareness-raising memorandum that is circulated to the directors, beneficiaries of bonus share subscription or allotment options, corporate officers and management employees of the Company and its subsidiaries who may have access to privileged information in the performance of their duties, and to certain parties with which the Company has entered into contracts that fall into the same category. The Company keeps and updates a list of such persons, whether internal or external to the Group, and has informed them that they are on this list.

- Applying standardised processes for collecting, reporting and analysing information of all types:
  - a. Technical and operating information: daily and monthly reports submitted by the heads of production units, special reports analysing incidents if such events occur, reports on the maintenance and servicing of production equipment, reports on construction projects, and reports on the implementation of new processes.
  - b. Financial information: half-yearly accounting and financial statements, monthly account closings (since November 2012); documents monitoring budget performance; documents monitoring and analysing cash flows at regular intervals; documents monitoring indebtedness, excluding finance leases, as well as finance lease debt; and documents monitoring compliance with obligations to the tax, labour and customs authorities.
  - c. Legal information: in particular, monitoring contractual relationships, monitoring undertakings made and received, monitoring amendments to legislation and various regulatory standards requiring adaptation measures, analysis of any threatened litigation, and monitoring litigation.

The services of an external chartered accounting firm are used to prepare the consolidated financial statements, under the responsibility of the Group's Administrative and Financial Department. This external chartered accounting firm performs its work on the basis of the various companies' financial statements and any additional documentation it requests, as well as IFRS restatements made by the Group, which are fully explained and discussed. These restatements are systematically approved by the Audit, Accounts and Risks Committee after they have been reviewed in conjunction with the statutory auditors.

A key control is the comparison of consolidated income with the Group's income forecasts. The chartered accounting firm prepares an analytical dossier, which is reviewed and compared with internal analyses by the Administrative and Financial Department and a management controller at the head office.

Consolidated financial statements are prepared on a half-yearly basis.

- Applying procedures for deciding, carrying out and monitoring investments, as well as ordering and procurement procedures that separate tasks and are controlled at various levels.

The procurement policy focuses, in particular, on applying in practice the combined principles of looking for quality offers, choosing the best offers in the Group's interest, and making an equitable selection of suppliers. Significant purchases are approved by the Chairman and Chief Executive Officer. Particular attention is paid to the ethical reputation of suppliers and their compliance with social and environmental responsibility values.

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

Noteworthy actions were undertaken in 2009 to further formalise and clarify the procedures to be followed and the departments involved at each successive stage, i.e. manifestation of interest in a project, detailed analysis of its feasibility, preparing a commercial proposal, making the investment and transferring the project to an in-house or external operator. This methodology has been refined in subsequent years and is implemented through meetings that are held as projects move from one stage to the other. Accordingly, investment decisions are approved only at the conclusion of a cycle punctuated by launch, finalisation and commitment meetings, in which the Commitments and Monitoring Committee is involved.

- The high degree of centralisation, at the head office, of the Financing and Treasury function (banking relationships, negotiation and optimisation of corporate and project financing, setting up and monitoring financial instruments to hedge risks, centralised cash management, etc.) and management of off-balance sheet commitments.
- Monitoring of all insurance-related issues by a dedicated manager. This arrangement provides rationalised and consistent management of all insurance-related risks and facilitates negotiations and renegotiations of the insurance policies of the various Group entities.

In 2012, the Group undertook to continuously improve the implementation of processes applied to administration and management activities, operating activities and projects.

- With respect to administration and management activities:
  - o The annual business management process: strategic planning, medium-term planning, annual budget and mid-year adjustments, account closing process, publication of results;
  - o The financial management process (reporting, updating forecasts), which improves 'predictability' and monitors the Company's financial position;
  - o The cash management system;
  - o The Human Resources management process, which aims at ensuring that:
    - . Resources remain available and controlling the risks associated with the possible departure of key employees (succession plans, various measures intended to keep and motivate talented employees and attract new employees);
    - . High-quality training is provided.
- With respect to operating activities:
  - o The production unit management process in connection with the Quality Safety Environment (QSE) process. This process was first initiated in the CTG plant, which in 2011 obtained AFNOR certification with respect to the three QSE standards. It was continued in 2012, during which the CTG plant maintained this certification and a preliminary audit was successfully carried out in preparation for certification of the CTBR plant (this certification was obtained in 2013).  
This process is part of an overall approach that seeks to adopt and maintain policies for all of the Group's activities that promote sustainable development, prevent negative environmental impacts and preserve biodiversity;
  - o The operating results control process that is charged with detecting problems and taking corrective actions;
  - o The strategic procurement management process, which seeks to safeguard purchase prices, secure deliveries and avoid stock outages, as well as to ensure that the Group's ethical principles are followed when choosing suppliers and during the contractual relationship with them;
  - o The 'technical progress control' process, which seeks to capitalise on technical knowledge in order to secure yields and control production costs (maintenance plan, process optimisation) as well as to satisfy customers, to whom the Group aims to provide a high-quality and readily available energy supply.

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

- With respect to projects:
  - o The risk control by project process, which seeks to anticipate as accurately as possible, as from the set-up stage, the impacts of various risks to the forecast internal rate of return and by sizing facilities accordingly;
  - o Cross-functional portfolio management, which makes decisions concerning critical resources, both financial and human, to ensure completion of projects.

The functioning of all of these processes is monitored by Séchilienne-Sidec's General Management Committee and Executive Committee, as well as by the various committees created by the Board of Directors, each within its purview. In addition, the Board of Directors itself is regularly informed thereon.

- 2.6 Limitation on the powers of the Chairman and Chief Executive Officer to furnish sureties, pledges and guarantees without the Board's special and express authorisation. In this respect, the following provisions were applied in 2012:
- There is no limitation on the power of the Chairman and Chief Executive Officer to furnish sureties, pledges and guarantees to tax and customs authorities.
  - The Chairman and Chief Executive Officer may furnish sureties, pledges and guarantees in connection with coal purchases by any Group subsidiary, provided the total amount actually guaranteed at any time does not exceed €15 million or the equivalent thereof in other currencies.
  - The Chairman and Chief Executive Officer may furnish sureties, pledges and guarantees in any other matter and to any other beneficiary, provided the total amount actually guaranteed at any time does not exceed €35 million or the equivalent thereof in other currencies, and provided such sureties, pledges and guarantees are furnished in connection with the undertakings of any subsidiary of the Group.

### 3. Remuneration

As already discussed in section 1 of this report: the arrangements for directors' fees are described in section 15-1-2; the appointment of Jacques Petry as Chairman and Chief Executive Officer and the method used to calculate [his remuneration] are discussed in section 15-1-1; Jacques Petry's situation with respect to the plans granting options to subscribe or purchase shares is discussed in section 15-1-3-1 (he has not been granted any options) and with respect to the allotment of bonus performance shares is discussed in section 15-1-3-2 (he has been allotted bonus shares); the arrangements and terms and conditions governing the termination pay to which Jacques Petry may be entitled in the event he is removed from office as Chairman and Chief Executive Officer or if his appointment is not renewed are discussed in section 15-1-4-3; and, lastly, section 15-2 states that Jacques Petry is not the beneficiary of any specific complementary or supplementary pension plan.

Chapter 15 of this registration document on the remuneration and benefits of all types granted to corporate officers discusses the role of the Board of Directors, which, with the input of the Nomination and Remuneration Committee, determines such remuneration and benefits, and the principles and rules adopted by the Board to determine such remuneration and benefits, in particular, by stipulating performance conditions.

### 4. Other information

#### 4.1 Procedures for taking part in General Meetings of shareholders

The procedures for taking part in General Meetings of shareholders are specified in Article 32 of the Company's articles of association, which are available on the Company's website, and whose principal provisions are described in the Company's registration document. Article 32 was updated by a resolution adopted by the General Meeting of 25 May 2011 voting on extraordinary matters.

#### 4.2 Information required by Article L. 225-100-3 of the French Commercial Code



## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

The information required by Article L. 225-100-3 of the French Commercial Code on factors that may have an impact in the event of a public offering is provided in the Board of Directors' management report, which is incorporated into the 2012 Annual Financial Report along with this report. These factors are discussed below.

- The Company's capital structure is described in Chapter 18 of this registration document. As at 31 December 2012:
  - . Financière Hélios held 36.95% of the Company's share capital; and
  - . Financière Hélios and its shareholders jointly held 42.34% of the Company's share capital.
- The articles of association do not impose any restriction on the exercise of voting rights or share transfers, and the Company has not been informed of any of the contractual clauses referred to in Article L. 233-11 of the French Commercial Code.
- The Company is not aware of any direct or indirect ownership of its capital that comes within the scope of Articles L. 233-7 and 233-12.
- No securities carry special control rights.
- No control mechanisms are provided for in any employee shareholding plan if the employees do not hold controlling rights.
- The Company is not aware of any agreements between shareholders that may restrict share transfers or the exercise of voting rights.
- The rules governing the appointment and replacement of members of the Board of Directors, as well as the amendment of the Company's articles of association, are found in the articles of association, which are available on the Company's website.
- The powers of the Board of Directors to issue and redeem shares are established by the articles of association and by resolutions adopted by General Meetings that grant it authority for such purposes, subject to statutory and regulatory conditions and limitations.
- The Company is not aware of any agreements that would be modified or would expire in the event of a change of control of the Company.
- There is no specific agreement that, specifically in the event of a public offering, provides for payments to be made to the members of the Board of Directors or to employees if they resign or are dismissed without just cause or if their jobs are eliminated.
- Information concerning the remuneration of the Chairman and Chief Executive Officer is provided in Chapter 15 of this registration document. In particular, termination payments and other commitments to corporate officers are discussed in section 15.1.4 of that chapter.

### 4.3 Current delegations of powers and authorisations

Current delegations of powers and authorisations are listed in the special report of the Board of Directors, which is appended to the registration document as Appendix 5.

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Document appended to the report of the Chairman of the Board of Directors: the Board of Directors' internal regulations, supplemented by the Directors' Charter

**REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION  
AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL  
CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP**

**SECHILIENNE-SIDEC  
SOCIETE INDUSTRIELLE POUR LE DEVELOPPEMENT  
DE L'ENERGIE ET DE LA COGENERATION**

A French *société anonyme* with share capital of €1,102,349.13  
Registered office: 22 Place des Vosges – Immeuble Le Monge – La Défense 5 – 92400 Courbevoie  
Nanterre Trade and Companies Register no. 775 667 538

**BOARD OF DIRECTORS' INTERNAL REGULATIONS**

**Updated: 24 September 2012**

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

### BOARD OF DIRECTORS' INTERNAL REGULATIONS

#### Introduction

At its meeting of December 19, 2008, the Board of Directors of Séchilienne-Sidec (the '**Company**') adopted these internal regulations (the '**Internal Regulations**'), which were subsequently supplemented on several occasions.

The Internal Regulations apply to all current and future Directors. Their purpose is to supplement the provisions of the statutes, regulations and articles of association in order to specify the operating conditions of the Board of Directors and its committees, in the interests of the Company and its shareholders.

The Directors' Charter, which stipulates Directors' rights and obligations, is appended hereto.

For the purposes of these Internal Regulations:

'**Directors**' means the members of the Company's Board of Directors;

'**General Meeting**' means the general meeting of the Company's shareholders;

'**Board of Directors**' or '**Board**' means the Company's Board of Directors;

'**Group**' means the Company and any company it controls within the meaning of Article L. 233-3 of the French Commercial Code;

'**Chairman**' means the Chairman of the Board of Directors; and

'**Chief Executive Officer**' means the Company's chief executive officer.

*The Internal Regulations are for internal use and do not replace the Company's articles of association, but implements them in a practical manner. Therefore, third parties may not assert the Internal Regulations against the Company. Shareholders will be informed of the existence of the Internal Regulations in the Company's annual report and on the Company's website. The Internal Regulations may be amended by a decision of the Board of Directors.*

#### Article 1: Composition of the Board of Directors

The Board of Directors shall be composed of at least three members and no more than twelve members, subject to statutory provisions that apply to mergers. To the extent possible, one-third of the members of the Board of Directors should be independent Directors.

A Director is considered to be independent if he/she has no relationship of any type with the Company, its Group or its management that could compromise his/her ability to freely exercise his/her judgment. Thus, an independent Director is not simply a 'non-executive' director (i.e. a director who does not hold a management position with the Company or its Group), but must also not have any specific ties to them (significant shareholder, employee, customer, supplier, etc.).

The Board of Directors has the authority to determine whether a Director is independent.

The Board of Directors shall regularly review its composition. In addition, it shall study its operation annually. It shall meet once a year outside the presence of the Company's internal Directors to evaluate the performance of the Chairman and Chief Executive Officer, if these functions are combined, or the performances of both the Chairman and the Chief Executive Officer, if these functions are separated.

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

### **Article 2: Powers of the Board of Directors**

In conjunction with the General Meeting, the Board of Directors is the Company's primary decision-making and control body. Its powers include:

- Determining the Company's business policies and ensuring they are carried out, by having its Chairman submit reports to it about on-going business and projects;
- Considering any matter relating to the proper operation of the Company;
- Authorising the furnishing of sureties, pledges and guarantees;
- Authorising 'regulated' agreements and undertakings before they are concluded, in accordance with the statutes in force and the Company's articles of association;
- Carrying out the controls and verifications it deems necessary;
- Preparing and approving the Company and consolidated financial statements, as well as half-yearly financial statements;
- Reviewing interim management documents;
- Authorising investments required for industrial or external growth projects during the year and/or the financing thereof;
- Authorising all significant sales (or contributions) of assets;
- Studying all proposed merger, spinoff or contribution transactions;
- Setting the remuneration of the Chairman and Chief Executive Officer;
- Creating committees charged with studying issues that the Board itself or its Chairman submit for their review and opinion.

The Board of Directors shall review and approve the information published in the Company's management report on its structures and corporate governance practices.

### **Article 3: Operation of the Board of Directors**

#### ***3.1. Meetings of the Board of Directors***

The Board of Directors shall meet as often as required by the Company's interests, and at least four times per year, at the registered office or any other place specified in the notice of meeting.

Specific meetings dealing with strategy, human resources, risk management or any other subject may be scheduled depending on priorities and needs.

Notices of meetings shall be given by the Chairman or half of the Board's members, by any means, including orally, in principle at least three business days before the Board meeting, except in the event of an emergency.

#### ***3.2. Information provided to Directors***

The Chairman or the Chief Executive Officer shall provide each Director with all documents and information necessary for him/her to perform his/her duties.

Directors may obtain all documents they deem necessary. Requests for additional information shall be made to the Chairman of the Board of Directors, who will assess whether the documents requested are necessary.

Before each Board of Directors' meeting, the Directors shall receive, in a timely manner and subject to confidentiality requirements, a dossier on the matters on the agenda that require prior analysis and reflection.

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

Between Board meetings, Directors shall regularly receive all important information concerning the Company, and shall be informed of any event or change that significantly affects the transactions or information previously reported to the Board.

In particular, the Directors shall be provided with the Company's press releases, as well as with significant press articles and financial analysis reports.

The Directors may meet the Group's principal managers outside the presence of the corporate officers, provided they submit a request for such meeting to the Chairman of the Board of Directors, who will inform the corporate officers thereof.

### **3.3. Proxies**

All Directors may be represented by another Director at a specific meeting. Proxies may be granted by a simple personal letter or even by telegram. Each Director may hold only one proxy at any given meeting.

The foregoing provisions apply to the permanent representative of a legal entity that is a Director.

### **3.4. Deliberations**

The deliberations of the Board of Directors shall be valid only if at least half its members are present.

Decisions shall be adopted by a majority of the members present or represented. A Director who has been granted a proxy by a fellow Board member shall hold two votes.

The Chairman of the Board of Directors or, in his/her absence, the Deputy Chairman appointed by the Board to assist the Chairman in consolidating proper governance of the Company, shall lead the discussions.

If both are absent, the meeting shall be chaired by a Director specially appointed for such purpose by the members of the Board present at the meeting.

In the event of a tied vote, the chairman of the meeting shall have the casting vote.

### **3.5. Participation at meetings by videoconference or other means of telecommunication**

For purposes of calculating the quorum and majority, Directors who participate in Board meetings by videoconference or other means of telecommunication that allow them to be identified and enable them to participate effectively, in accordance with the conditions below, shall be deemed present.

- Videoconference systems or other means of telecommunication may be used at all Board of Directors' meetings. However, in accordance with the provisions of Article L. 225-37, paragraph 3, of the French Commercial Code, these methods of participation may not be used to prepare the annual financial statements and the management report, or the consolidated financial statements and the Group management report.
- Before the start of deliberations, it must be ensured there are no third parties, microphones or any other element that would be contrary to the confidential nature of deliberations.
- Each participant must be able to speak and to hear what is said.
- The videoconference system or other means of telecommunication used must possess technical features enabling them to continuously and simultaneously retransmit the deliberations so as to enable the Directors to actually take part in the Board's deliberations.
- In the event the chairman of the meeting notes a malfunction of the videoconference system or means of telecommunication, the Board of Directors may validly deliberate and/or continue the meeting with only the members who are physically present, provided the quorum requirement is met.



## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

### 3.6. Attendance sheets

An attendance sheet shall be kept, which shall be signed by the Directors who attended the Board meeting, and which, if applicable, shall state the names of Directors who took part in the deliberations by videoconference or other means of telecommunication (on their own behalf and on behalf of the Directors they represent).

### 3.7. Minutes

The deliberations of the Board of Directors shall be recorded in minutes kept in a special register maintained in accordance with the statutes in force, and shall be signed by the chairman of the meeting and at least one Director. If the chairman of the meeting is unable to sign the minutes, they shall be signed by at least two Directors.

The minutes shall be approved at the next meeting. For such purpose, the draft minutes shall be sent in advance to each Director.

Minutes of meetings shall state the names of the Directors who are present or deemed present in accordance with applicable legislation, who sent their apologies or who are absent. The minutes shall record the presence or absence of persons who were given notice of the Board meeting and the presence of any other person who attended all or part of the meeting.

The minutes shall mention any videoconference system or means of telecommunication used, the name of each Director who participated in the Board meeting using such means and, if applicable, any technical incident that disrupted the conduct of the meeting, including the interruption and reestablishment of remote participation.

Copies or extracts of minutes may be validly certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Director temporarily appointed to chair the meeting, the secretary of the Board of Directors or an agent appointed for such purpose by the Board.

### **Article 4: Board of Directors' committees**

The Board of Directors may create committees comprised of Directors, or managers, or of both Directors and managers of the Company. The members of these committees are charged with studying the matters that the Board or its Chairman submit for their review.

The following committees have been created by the Board of Directors:

- The Audit, Accounts and Risks Committee,
- The Nomination and Remuneration Committee,
- The Commitments and Monitoring Committee,
- The Environmental and Social Responsibility Committee.

Each committee shall report on its assignments to the Board of Directors.

The committees act in a non-binding capacity.

The Board of Directors shall have full discretion to decide on any action to be taken on the proposals or recommendations submitted by the committees. Each Director shall remain free to vote as he/she sees fit, and is not bound by the studies, investigations or reports of the committees or any recommendations they may make.

The composition of these committees may be modified at any time by a decision of the Board.

### **Article 5: Audit, Accounts and Risks Committee**

#### **5.1 Composition**

The Audit, Accounts and Risks Committee shall be comprised of at least three directors.

At least two-thirds of its members shall be independent directors within the meaning of the AFEP-MEDEF Corporate Governance Code.

Based on their training and/or professional experience, the committee members shall have accounting and financial expertise.

The committee shall not include any corporate officer.

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

The committee shall be chaired by one of its members, who shall be designated by the Board of Directors.

### **5.2 Operating procedures**

The Audit, Accounts and Risks Committee shall meet at least four times a year and, in any event, before the Board of Directors' meetings at which the annual and half-yearly financial statements, the quarterly financial information and matters in relation with its duties are studied.

The agenda for committee meetings shall be prepared under the responsibility of its chairman.

The committee shall have a secretariat to prepare meetings under the authority of its chairman.

The committee shall receive all elements, documents and information in relation with the performance of its duties.

The committee may request to meet with the Chairman of the Board of Directors.

The committee may also interview the directors, the employees of the Company and its subsidiaries and the external auditors of the Company and its subsidiaries.

If it deems it necessary, the committee may request the assistance of external experts, in which case the Company must provide it with the corresponding financial resources.

The committee shall report on the performance of its duties to the Board of Directors, in particular through the briefings provided by its chairman and by providing directors with the minutes of its meetings, which shall state if its members were present or absent.

### **5.3 Powers**

The Audit, Accounts and Risks Committee shall monitor matters in connection with the preparation and control of accounting and financial information and shall prepare the deliberations of the Board of Directors by monitoring the matters listed below and reporting to the Board on its activities. Monitoring the process for preparing financial information: reporting on the financial position, financial policy and financial strategy of the Company and its subsidiaries; reporting on the procedures used to prepare, collect, analyse and verify accounting and financial information, in particular information communicated to the shareholders and the market; reviewing the communications of the Company and its subsidiaries on accounting and financial matters; reviewing all issues of an accounting or financial nature submitted to it by the Chairman of the Board of Directors, General Management or the statutory auditors; approving the architecture of all systems used to prepare financial information; reviewing the conformity of accounting measurements and choices made with the accounting standards framework and reviewing the means implemented to achieve the objectives set (accurate and complete picture of the position of the Company and its subsidiaries, transparency, clarity and consistency over time). Monitoring the effectiveness of internal control and risk management systems: reviewing the organisation and application of internal control procedures within the Company and its subsidiaries; reviewing the work and analyses carried out in this respect, and the work, analyses and reports of external auditors; meeting with the internal control managers and the external auditors; reviewing the procedures used to identify and monitor risks; reviewing and monitoring risks identified, their classification and prevention plans and actions; reviewing the report of the Chairman of the Board of Directors on the operations of the Board of Directors and internal control and risk management systems.



## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

- a) Overseeing the annual and half-yearly financial statements, as well as quarterly financial information: reporting on the consolidation scope, accounting methods and control procedures; reviewing the financial statements and, in particular, analysing provisions, risks and significant off-balance sheet commitments; reporting on accounting positions taken in recording significant transactions; overseeing the statutory auditors' review of the Company and consolidated financial statements; conducting a prior review of draft accounting documents submitted to the Board of Directors.
- b) Monitoring the effectiveness of internal control and risk management systems: reviewing the organisation and application of internal control procedures within the Company and its subsidiaries; reviewing the work and analyses carried out in this respect, and the work, analyses and reports of external auditors; meeting with the internal control managers and the external auditors; reviewing the procedures used to identify and monitor risks; reviewing and monitoring risks identified, their classification and prevention plans and actions; reviewing the report of the Chairman of the Board of Directors on the operations of the Board of Directors and internal control and risk management systems.
- c) Overseeing the annual and half-yearly financial statements, as well as quarterly financial information: reporting on the consolidation scope, accounting methods and control procedures; reviewing the financial statements and, in particular, analysing provisions, risks and significant off-balance sheet commitments; reporting on accounting positions taken in recording significant transactions; overseeing the statutory auditors' review of the Company and consolidated financial statements; conducting a prior review of draft accounting documents submitted to the Board of Directors.
- d) Overseeing the manner in which the external auditors perform their assignments: supervising the procedure for selecting or reappointing statutory auditors; reviewing the manner in which they perform their assignments and the fees paid to external auditors; monitoring their independence and the updated declarations and information with respect to such independence.
- e) When it reviews the financial statements, the committee shall focus on significant transactions that may generate conflicts of interest.

### **Article 6: Nomination and Remuneration Committee**

#### **6.1 Composition**

The Nomination and Remuneration Committee shall be comprised of three Directors, at least one of whom shall be an independent Director.

#### **6.2 Operating procedures**

The Nomination and Remuneration Committee meet before any Board of Directors' meeting at which matter within its purview are to be studied and, in any event, at least once a year.

The committee shall inform the Board of Directors of its work and observations through reports submitted to the Chairman of the Board of Directors and briefings by its members at Board of Directors' meetings.

The committee may request to meet with the Chairman of the Board of Directors.

#### **6.3 Powers**

- The Nomination and Remuneration Committee is tasked with studying the following matters: composition of the Board, appointments of directors and renewal of their terms of office, directors' fees, the Group's organisation and structures, and all aspects of appointments and remuneration (including benefits of all types) of corporate officers and members of the Executive Committee.
- It shall make proposals to the Board with respect to appointments of directors and renewal of their terms of office, after a detailed review of all information it is required to take into account concerning the desired balance in the composition of the Board in light of changes to the Company's shareholder structure and business activities, gender balance and the types of expertise represented, and on the basis of the search for and assessment of possible candidates. In particular, the committee shall set up a procedure for selecting future independent directors and shall study potential candidates before they are approached.

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

- The committee shall also propose succession solutions to the Board in the event of a foreseeable vacancy in executive director positions and study the succession plans for the principal corporate officers.
- The Board of Directors shall decide the remuneration of corporate officers, and the Chairman and Chief Executive Officer shall decide the remuneration of executives who are members of the Executive Committee, after having obtained the comments of the Nomination and Remuneration Committee, and on the basis of observations on actual changes in the modulation factors adopted in light of the expectations concerning each of them.
- The duties of the Nomination and Remuneration Committee shall include making recommendations and proposals on the policy with respect to options to subscribe or purchase shares and share allotments.
- In performing its duties, the Board shall examine *inter alia* the practices of comparable companies and the rules for calculating the variable component of remuneration consistent with performance evaluations.

### **Article 7: Commitments and Monitoring Committee**

The Commitments and Monitoring Committee shall be comprised of at least three directors, including the Deputy Chairman of the Board of Directors, who shall chair the committee. The committee shall meet an average of ten times a year to become familiar with the reported situation arising from the Company's commitments and to review and assess the factors relevant to changes thereto, to examine development projects at the various stages thereof, and to regularly report on all significant matters in respect of the Company and the Group. The committee shall make observations, give opinions and make recommendations to the Board of Directors on all matters referred to it by General Management in relation with projects and oversight of operations.

### **Article 8: Environmental and Social Responsibility Committee**

The Environmental and Social Responsibility Committee shall be comprised of at least three directors. The committee shall meet at least three times a year and its duties shall be to:

- Review the Group's principal opportunities and risks in social and environmental matters in light of the issues specific to its strategy and businesses, and give its opinion to the Board on policies recommended in this field with respect to the sustainable development policy.
- Review the Company's sustainable development and social and environmental responsibility policies and commitments, if necessary, propose changes thereto prompted by the Group's growth, and assess results obtained vis-à-vis objectives set.
- Review non-financial information published by the Group, in particular on social and environmental matters.
- Monitor application of the ethical rules adopted by the Group.

### **Article 9: Remuneration of Directors**

All Directors may receive directors' fees as remuneration for the performance of their duties, the total amount of which shall be determined by the General Meeting of the Company's shareholders. The Board of Directors shall have full discretion to decide the allocation of such directors' fees, in light of the recommendations or proposals of the Nomination and Remuneration Committee.

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### **DIRECTORS' CHARTER**

This Charter specifies the rights and obligations of Directors.

Each Director and, if applicable, each permanent representative of a legal entity that is a Director, shall comply with this Charter.

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

### A. Representation of shareholders

The Board of Directors collectively represents all shareholders and shall, in all circumstances, act in the corporate interest. Each Director, regardless of the manner in which he/she was appointed, shall represent all shareholders.

### B. Knowledge of rights and obligations

Before accepting his/her position, each Director shall become familiar with the statutes and regulations relevant to his/her position, the Company's articles of association, this Charter and the Board of Directors' Internal Regulations.

Each Director may at any time consult the secretary of the Board of Directors regarding the scope of such texts and the rights and obligations attached to his/her position.

### C. Holding a minimum number of shares in the Company

Each Director shall hold four hundred shares in the Company, in registered form, throughout his/her term of office.

### D. Information

Each Director shall ensure that he/she receives in a timely manner all information necessary to perform his/her duties. He/she shall, within the appropriate time periods, request and demand from the Chairman of the Board of Directors the information he/she deems necessary to perform his/her duties and to speak on the matter of business on the agenda of Board of Directors' meetings.

### E. Regular attendance

Each Director shall devote to his/her position the necessary time and attention and, when he/she accepts another position, he/she should ask himself/herself whether it will permit him/her to fulfil this duty. Except in cases of actual impossibility, he/she shall attend all meetings of the Board of Directors and of the committees of which he/she is a member, as well as the General Meetings of shareholders.

### F. Conflicts of interest

Directors shall inform the Board of Directors of any conflict of interest situation, including potential conflicts of interest, as of the time they become aware thereof, and shall refrain from participating in the vote for the corresponding decision. If a Director has a permanent conflict of interest, he/she shall resign.

### G. Duty of confidentiality and non-disclosure

Directors undertake not to speak in an individual capacity, other than during the Board's internal deliberations, on matters discussed at Board meetings.

With respect to non-public information of which they become aware in the performance of their duties, Directors should consider themselves bound by an obligation to maintain professional secrecy that goes beyond the mere duty of non-disclosure (*obligation de discrétion*) stipulated by Article L. 225-37, paragraph 5, of the French Commercial Code.

The duty of non-disclosure applies to all persons who are requested to attend Board meetings with respect to information of a confidential nature that is presented as such by the Chairman of the Board.

### H. Stock market ethics

#### ■ Privileged information

In accordance with the provisions of Article 621-1 of the General Regulations of the Autorité des Marchés Financiers (AMF), privileged information is defined as specific, non-public information that directly or indirectly concerns one or more listed companies, which

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

if made public is likely to have a noticeable influence on the share price and, more broadly, on the price of the financial instruments issued by the relevant companies, or to influence the decisions investors may take regarding such shares or instruments.

Information is considered to be public if it has been communicated to the public in the form of a press release issued by the Company.

### ■ *Principles*

Directors shall use privileged information concerning the Group only in the performance of their duties. Such information shall in no event be communicated to third parties outside the scope of the performance of the Director's duties, or for any purpose or activity other than that for which the information is held.

Any Director who holds privileged information concerning the Group is considered to be an 'insider' and shall refrain from carrying out, directly or through an intermediary, on his/her own behalf or on behalf of a third party, transactions in the Company's securities, so long as the information has not been made public.

Any Director who holds privileged information concerning the Group shall refrain from recommending to any other person to buy or sell, on his/her own behalf or on behalf of a third party, whether directly or indirectly, the Company's securities, so long as the information has not been made public.

Each Director shall be personally responsible for determining whether information he/she holds is privileged and, in consequence thereof, to decide whether or not he/she is entitled to use or transmit such information, and whether or not he/she is entitled to carry out any transaction in the Company's securities.

## REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

### ■ *Blackout periods*

In addition to the period prior to the publication of any privileged information of which they are aware, during which, in accordance with the law, insiders must refrain from carrying out any transaction in the Company's securities, Directors are recommended to refrain from carrying out any transaction in the Company's securities during the following periods:

- The periods beginning thirty days before and ending two trading days after, firstly, the disclosure of the Company's annual results and, secondly, the disclosure of the Company's half-yearly results;
- The periods beginning fifteen days before and ending two trading days after each publication of quarterly information.

### ■ *Insider trading*

Directors have been informed of the provisions in force concerning the holding of privileged information and insider trading: Articles 621-1 et seq. of the AMF General Regulations and Article L 465-1 of the French Monetary and Financial Code.

### ■ *Obligation to report transactions in the Company's securities*

In accordance with the provisions of Articles L. 621-18-2 and R. 621-43-1 of the French Commercial Code, Articles 223-22 to 223-26 of the AMF General Regulations and AMF Instruction no. 2006-05 of 3 February 2006 on transactions of senior managers and the persons referred to in Article L. 621-18-2 of the French Monetary and Financial Code in a company's securities, Directors and persons with close ties to them are required to report to the AMF purchases, sales, subscriptions and exchanges of financial instruments of the Company, as well as transactions carried out in instruments associated therewith, if the total amount of such transactions exceeds €5,000 in any calendar year.

Directors and persons with close ties to them are required to electronically submit their disclosure form to the AMF ([declaratiodirigeants@amf-france.org](mailto:declaratiodirigeants@amf-france.org)), within a period of five trading days following the completion of the transaction.

If such disclosure is made to the AMF, the persons who submit such disclosure should provide the secretary of the Company's Board of Directors with a copy of the disclosure.

The AMF puts those disclosures online on its website, and a yearly summary thereof is included in the management report submitted to the Company's annual General Meeting.

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## APPENDIX 2

## REPORT BY THE STATUTORY AUDITORS PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE COMMERCIAL CODE ON THE REPORT BY THE CHAIRMAN OF SECHILIENNE-SIDEC'S BOARD OF DIRECTORS

*This is a free translation into English of a report issued in the French language 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*

**(Financial year ended 31 December 2012)****SECHILIENNE-SIDEC SA**

22, place des Vosges  
Immeuble Le Monge - La Défense 5  
92400 Courbevoie

To the Shareholders,

In our capacity as the Statutory Auditors of Séchilienne-Sidec and as required by Article L. 225-235 of the Commercial Code, we are pleased to present our report on the report by the Chairman of your company, drawn up in accordance with Article L. 225-37 of the Commercial Code for the financial year ended 31 December 2012.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company, and providing the other information required by Article L. 225-37 of the Commercial Code and relating, in particular, to corporate governance.

It is our responsibility:

- to report to you on our observations regarding the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that the report contains the other information required by Article L. 225-37 of the Commercial Code, although we are not required to verify the accuracy of this information.

We conducted our work in accordance with the professional standards applicable in France.

***Information about the internal control and risk management procedures relating to the preparation and processing of financial and accounting information***

Professional standards require that we perform checks to assess the accuracy of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information contained in the Chairman's report. These checks consist essentially of:

- Obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information underlying the information presented in the Chairman's report and of the existing documentation;
- Obtaining an understanding of the work performed to prepare this information and of the existing documentation;
- Determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no observations to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information in the report by the Chairman of the Board of Directors, prepared in accordance with Article L. 225-37 of the Commercial Code.

***Other information***

We attest that the report by the Chairman of the Board of Directors contains the other information required by Article L.225-37 of the Commercial Code.

Executed in Neuilly-sur-Seine and Courbevoie, 24 April 2013

The Statutory Auditors

**PricewaterhouseCoopers Audit**

Jean-Christophe Georghiou

**Mazars**

Manuela Baudoin-Revert



## APPENDIX 3

## REPORT BY THE BOARD OF DIRECTORS ON CURRENTLY VALID DELEGATIONS OF AUTHORITY AND AUTHORISATIONS

**1. Currently valid delegations of authority and authorisations granted by the shareholders at the General Meeting of 18 May 2010**

On the basis of the 23rd resolution of the General Meeting of 18 May 2010, in which the shareholders authorised the allotment of options to subscribe or purchase shares for a maximum of 200,000 shares and a 26-month period, the Board of Directors decided on 27 August 2010 to allot 190,000 options to subscribe shares that can be exercised between 28 August 2014 and 28 August 2017. Accordingly, none of these options had been exercised as at 31 December 2012.

**2. Currently valid delegations of authority and authorisations granted by the shareholders at the General Meeting of 14 March 2012**

Authorisation	Validity of authorisation	Maximum nominal amount	Date of use	Amount used
Purchase by the Company of its own shares (6 <sup>th</sup> resolution)	18 months	Number of shares not to exceed 10% of the shares comprising the share capital Maximum amount that can be used for such purchases: €60 million Maximum purchase price: €28/share	Continued performance throughout 2012, on the basis of this resolution, of a liquidity contract signed in March 2011 on the basis of the 12th resolution of the General Meeting of 18 May 2010	According to the statement of financial position as at 31/12/2012, the following average amounts were recorded with regard to the liquidity contract's liquidity account: 55,000 securities €989,808.35
Conditional allotment of bonus performance shares (8th resolution) subject to conditions described in section 17 and Appendix 7 of this registration document.	38 months	810,000 shares, 2.85% of the Company's diluted share capital, calculated as at the date of allotment of the shares by the Board of Directors.	- Decision of the Board of Directors dated 26 July 2012.  - Decision of the Board of Directors dated 28 November 2012.	- Allotment of 616,400 bonus shares, subject to conditions which are essentially performance-related.  - Allotment of 1,000 bonus shares subject to conditions which are essentially performance-related.

## REPORT BY THE BOARD OF DIRECTORS ON CURRENTLY VALID DELEGATIONS OF AUTHORITY AND AUTHORISATIONS

### 3. Currently valid delegations of authority and authorisations granted by the shareholders at the General Meeting of 31 May 2012

Authorisation	Validity of authorisation	Maximum nominal amount	Date of use	Amount used
Capital reduction by the cancellation of shares (9th resolution)	18 months	10% of the Company's capital per 24-month period	Not applicable	Not applicable
Issue with maintenance of preferential subscription rights (10th resolution)	26 months	<ul style="list-style-type: none"> <li>. Capital securities: €357,000, an aggregate cap that also applies to other authorisations listed below and the authorisation granted in the 8th resolution of the General Meeting of 14 March 2012</li> <li>. Debt securities: €200 million, an aggregate cap that also applies to other authorisations listed below</li> </ul>	Not applicable	Not applicable
Issue by means of a public offering with waiver of preferential subscription rights (11th resolution)	26 months	<ul style="list-style-type: none"> <li>. Capital securities: €215,000, to be applied against the global maximum of €357,000</li> <li>. Debt securities: €200 million, to be applied against the global maximum of €200 million</li> </ul>	Not applicable	Not applicable
Issue by means of an offering pursuant to Article L 411-2-II of the Monetary and Financial Code, with waiver of preferential subscription rights (12th resolution)	26 months	<ul style="list-style-type: none"> <li>. Capital securities: €215,000, to be applied against the global maximum of €357,000</li> <li>. Debt securities: €200 million, to be applied against the global maximum of €200 million</li> </ul>	Not applicable	Not applicable
Authorisation to increase the amount of the initial issues carried out pursuant to the 10 <sup>th</sup> , 11 <sup>th</sup> and 12 <sup>th</sup> resolutions, in the case of excess demand (13th resolution)	26 months	15% of the initial issue, to be applied against the global cap of €357,000 for capital securities and €200 million for debt securities	Not applicable	Not applicable
Authorisation to set the prices of issues by means of public offerings or offerings pursuant to Article L 411-2 of the Monetary and Financial Code, with waiver of preferential subscription rights within a limit of 10% of the capital per year (14th resolution)	26 months	Maximum capital increase under the authorisation: 10% of the share capital assessed as at the date of the decision by the Board of Directors setting the issue price per 12-month period, to be applied against the caps set in the 10 <sup>th</sup> , 11 <sup>th</sup> and 12th resolutions	Not applicable	Not applicable
Issue to remunerate contributions in kind made to the Company (15th resolution)	26 months	10% of the share capital as at the date of the decision by the Board of Directors to proceed with the issue, to be applied against the global maximum €357,000	Not applicable	Not applicable
Issue to remunerate contributions of securities pursuant to a public exchange offer (16th resolution)	26 months	Maximum nominal amount of €215,000 (to be applied against the global maximum of €357,000)	Not applicable	Not applicable
Issue with waiver of preferential subscription rights in favour of members of a savings plan (17th resolution)	26 months	Maximum nominal amount of €50,000, to be applied against the global maximum of €357,000	Not applicable	Not applicable
Capital increase by the capitalisation of premiums, reserves, income or other sums eligible for capitalisation (18th resolution)	26 months	Total amount that can be capitalised, pursuant to the applicable legislation and the Memorandum and Articles of Association, as at the date of the decision of the Board of Directors. This maximum amount is not to be applied against the global maximum of €357,000.	Not applicable	Not applicable

## APPENDIX 4

## REPORT BY THE BOARD OF DIRECTORS ON TRANSACTIONS CARRIED OUT PURSUANT TO ARTICLE L225-177 ET SEQ. OF THE COMMERCIAL CODE RELATING TO OPTIONS TO SUBSCRIBE AND PURCHASE SHARES

As required by Article L225-184 of the Commercial Code, we hereby report to you on transactions carried out pursuant to Article L225-177 *et seq.* of the Commercial Code relating to options to subscribe and purchase shares.

(Figures stated factor in, for the entire period under review, the division by twenty of the par value of the Séchilienne-Sidec share decided by the shareholders at the General Meeting of 17 May 2006, which took effect on 3 July 2006.)

**At the General Meeting held on 18 December 2001**, the shareholders granted an authorisation on the basis of which the Board of Directors decided, on 2 September 2002 and 11 December 2003, to allot stock options as described in columns 1 and 2 in the following table. All the options allotted were exercised prior to the 2012 financial year.

**At the General Meeting held on 27 May 2005**, the shareholders authorised a stock option plan on the basis of which the Board of Directors decided, on 13 December 2005, to allot 150,000 options (amount adjusted to take account of the division of the par value by twenty in July 2006), which could be exercised from 13 December 2009 for a three-year period at a subscription price of €20.9 per share. Details can be found in column 3 in the following table. As at 31 December 2012, only 5,000 of the 150,000 options allotted had been exercised, and the exercise period expired on 13 December 2012.

**At the General Meeting held on 10 May 2007**, the shareholders authorised a stock option plan (subsequently ratified and confirmed by the shareholders at the General Meeting of 16 June 2009), which provided that two caps would apply: no more than 50,000 options could be allotted and the corresponding capital increase could not exceed €2,750,000. The Board of Directors has not decided to allot any options on the basis of this authorisation.

**At the General Meeting held on 15 May 2008**, the shareholders authorised a stock option plan capped at 40,000 options. The Board of Directors has not decided to allot any options on the basis of this authorisation.

**At the General Meeting held on 18 May 2010**, the shareholders authorised a stock option plan (which cancelled and superseded earlier authorisations granted by the shareholders at the General Meetings of 10 May 2007 and 15 May 2008, which had not been made use of by the Board of Directors) capped at 200,000 options. On the basis of this authorisation the Board of Directors decided, on 27 August 2010, to allot 190,000 options, which can be exercised from 28 August 2014 until 28 August 2017. Further details can be found in column 4 in the following table.

## REPORT BY THE BOARD OF DIRECTORS ON TRANSACTIONS CARRIED OUT PURSUANT TO ARTICLE L225-177 ET SEQ. OF THE COMMERCIAL CODE RELATING TO OPTIONS TO SUBSCRIBE AND PURCHASE SHARES

Date of Board meeting deciding to allot options	2 September 2002	11 December 2003	13 December 2005	27 August 2010
Option exercise start date	2 September 2006	11 December 2007	13 December 2009	28 August 2014
Expiry date	2 September 2009	11 February 2010	13 December 2012	28 August 2017
Subscription or purchase price	€4.45	€4.75	€20.90	€21.306
Number of shares allotted	136,000	246,000	150,000	190,000
Number of shares subscribed as at 31 December 2012	136,000 (i.e., 100%)	246,000 (i.e., 100%)	5,000 (in 2010) (of a total of 150,000)	None (of a total of 190,000)
Estimated value of options allotted - Initial fair value <u>per option</u> - Initial <u>aggregate</u> fair value				€5.0 €939,000
Number of options not exercised between the start and end of the exercise period			145,000	
Number of cancelled or lapsed options as at 31 December 2012 - options allotted to the Chairman and CEO Nordine Hachemi, and cancelled by the Board of Directors on 21 October 2011 - options allotted to employees who then left the company (excluding retirement or early retirement)				83,500  30,000  53,500
Options to subscribe or purchase shares that can still be exercised as at the end of the 2012 financial year	None	None	None	106,500

The options can be exercised after expiry of a four-year period from the date of allotment, and are valid for a seven-year period from the date of allotment.

- Pursuant to the rules governing the stock option plans for options allotted by the Board of Directors on 2 September 2002, 11 December 2003 and 13 December 2005, any options held by a beneficiary who leaves the Company as a result of his/her resignation, dismissal for serious misconduct or wilful misconduct or removal from office for serious misconduct will be cancelled. However, the Board of Directors may decide, on the basis of a recommendation by the Chairman, to allow exceptions to this rule. It made use of this right following Dominique Fond's resignation as Chairman and Chief executive Officer on 28 August 2008.
- Pursuant to the rules governing the stock option plans for options allotted by the Board of Directors on 27 August 2010, if a beneficiary retires or takes early retirement he/she will retain the benefit of the options, and can exercise them until the end of the exercise period.

**REPORT BY THE BOARD OF DIRECTORS ON TRANSACTIONS CARRIED OUT PURSUANT TO ARTICLE L225-177 ET SEQ. OF THE COMMERCIAL CODE RELATING TO OPTIONS TO SUBSCRIBE AND PURCHASE SHARES**

Note that pursuant to the rules governing the stock option plan decided by the Board of Directors on 27 August 2010:

- The following are eligible to receive options
  - the corporate officers of the Company and its subsidiaries, within the meaning of Article L. 233-1 of the Commercial Code, falling within the scope of Article 210-3 of the same Code
  - all the employees of the Company or one of its subsidiaries as at 15 August 2010.
- The shares issued when options are exercised will be created by means of a capital increase.
- Options can be exercised between 28 August 2014 and 28 August 2017. Any option that has not been exercised at the end of the exercise period will automatically lapse.
- Options can only be exercised provided the beneficiary's corporate office or contract of employment is still in effect on the exercise period start date, and subject to the following provisions:
  - if a beneficiary retires or takes early retirement, he/she will retain the benefit of the options, and can exercise them until expiry of the exercise period
  - if the beneficiary dies before expiry of the exercise period, his/her heirs may exercise the options within six months of the date of death.
- As at the exercise period start date, exercise of the options by any beneficiary is subject to a performance condition relating to a change in the installed capacity of the photovoltaic fleet (increase of at least 30% per annum between 31 December 2009 and 31 December 2011).
- The exercise price of the options, i.e., €21.306 per share, corresponded on the date of allotment (27 August 2010) to the moving average share price over 20 days of the Séchilienne-Sidéc share (arithmetic average of end-of-day prices over the past 20 days).
- New shares issued when options are exercised pursuant to the plan will entitle their holders to any dividends paid in respect of the financial year in which the options are exercised, but will not entitle their holders to any dividends paid in respect of the financial years preceding exercise of the options that are paid in the financial year in which the options are exercised.

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Note that during the 2012 financial year, as shown in the above table:

- a) None of the options allotted pursuant to the decisions of the Board of Directors dated 2 September 2002 and 11 December 2003 were exercised, as all of them had already been exercised in previous financial years (2006 and 2007).
- b) None of the 150,000 options allotted by the Board of Directors on 13 December 2005 were exercised other than the 5,000 options exercised in 2010 by employees who do not rank among the top ten employees.

**REPORT BY THE BOARD OF DIRECTORS ON TRANSACTIONS CARRIED OUT PURSUANT TO ARTICLE L225-177 ET SEQ. OF THE COMMERCIAL CODE RELATING TO OPTIONS TO SUBSCRIBE AND PURCHASE SHARES**

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- c) None of the 190,000 options allotted by the Board of Directors on 27 August 2010 were eligible for exercise (note that 83,500 of them had been cancelled as at 31 December 2012).
- d) No decision was made to allot options to any corporate officers or employees.
- e) Furthermore, during the financial year that ended on 31 December 2012, as in previous financial years,
  - No options were granted by companies affiliated to the Company under the conditions referred to in Article L225-180 of the Commercial Code or that are controlled by it within the meaning of Article L233-16 of the Commercial Code to any of the corporate officers or employees of the Company or any of these companies.
  - No options granted by companies affiliated to the Company under the conditions referred to in Article L225-180 of the Commercial Code or that are controlled by it within the meaning of Article L233-16 of the Commercial Code were exercised by any of the corporate officers or employees of the Company or any of these companies.



## APPENDIX 5

**REPORT BY THE BOARD OF DIRECTORS ON THE ALLOTMENT OF BONUS SHARES TO EMPLOYEES AND CORPORATE OFFICERS PURSUANT TO ARTICLE L225 -197-1 ET SEQ. OF THE COMMERCIAL CODE**

As required by Article L225-197-4 of the Commercial Code, we hereby report to you on the transactions carried out pursuant to Article L225-197-1 *et seq.* of the Commercial Code relating to the allotment of bonus shares.

**A) Bonus share plans within the Company**

The Board of Directors decided to allot bonus shares, some of which have since been cancelled, lapsed or waived, under a series of plans:

- 1) Decisions of the Board of Directors dated 28 August 2009, 25 January 2010 and 28 July 2010 on the basis of an authorisation granted for a 38-month period by the 20th resolution of the General Meeting of 16 June 2009;
- 2) Decisions of the Board of Directors dated 26 July 2012 and 28 November 2012 on the basis of an authorisation granted for a 38-month period by the 8th resolution of the General Meeting of 14 March 2012. The Board specifically decided that the designated beneficiaries could only benefit from this allotment of bonus shares provided they submit in writing a final and irrevocable waiver of the benefit of the bonus share plans implemented on the basis of the 20th resolution of the General Meeting of 16 June 2009, if they were also beneficiaries thereunder.



## REPORT BY THE BOARD OF DIRECTORS ON THE ALLOTMENT OF BONUS SHARES TO EMPLOYEES AND CORPORATE OFFICERS PURSUANT TO ARTICLE L225 -197-I ET SEQ. OF THE COMMERCIAL CODE

### **B) Summary of the bonus share plans implemented by the Board of Directors pursuant to decisions dated 28 August 2009, 25 January 2010 and 28 July 2010, none of which were still valid as at 31 December 2012, and none of which have resulted in the acquisition of shares**

These plans are summarised in the following table:

General meeting	16 June 2009: 435,404 shares allotted in two identical tranches, A and B
Board of Directors	28 August 2009 25 January 2010 28 July 2010
Total number of beneficiaries • Chairman and CEO, Nordine Hachemi • employees	50 1 49
Total number of shares Chairman and CEO, Nordine Hachemi • employees	408,116 in two identical tranches, A and B 145,136 292,980
Date of final acquisition subject to satisfaction of the conditions relating to performance and presence within the company	1 January 2013 (issue or transfer of shares by the Company by 10 January 2013 at the latest)
Performance conditions	
Future event	Time period during which the event must occur
Achievement of a share price at the end of 30 days of trading over a sliding six-month period of at least: €40 for tranche A €60 for tranche B Or Completion of a takeover at the same time as or following acquisition of a majority share or change in control of the Company, if the price offered per share is at least: €40 for tranche A €60 for tranche B	Any time between the initial date of allotment and 31 December 2012, or one of the following, if it is earlier: • for Nordine Hachemi, the date on which he stands down from office as Chairman and Chief Executive Officer, • for the other beneficiaries, the date of termination of their employment within the Group.
Date from which shares can be sold or transferred	Two years from acquisition, i.e., 2 January 2015 (which period is extended for the Chairman and CEO and one employee until termination/expiry of their position/office for 25% of the shares allotted to them)
Number of shares cancelled or voided due to the departure of the beneficiaries	266,466 shares, of which: • 145,136 shares allotted to the Chairman and CEO Nordine Hachemi • and 121,330 shares allotted to 13 employees
Number of shares allotted and expressly waived by their beneficiaries when they became beneficiaries of bonus shares under the plan dated 26 July 2012	141,650 shares allotted to 17 employees
Number of allotted shares still valid as at 31/12/2012	None
Number of shares acquired as at 31/12/2012	None
Number of shares still available for allotment	None, as the Board of Directors did not allot any bonus shares in addition to those allotted on 28 August 2009, 25 January 2010 and 28 July 2010 before expiry of the authorisation granted by the shareholders for 38 months at the General Meeting of 16 June 2009

**C) Summary of the bonus share plans implemented by the Board of Directors pursuant to decisions dated 26 July 2012 and 28 November 2012 on the basis of the 8th resolution of the General Meeting of 14 March 2012**

- On 26 July 2012, on the basis of the 8th resolution of the General Meeting of 14 March 2012, which set the maximum number of bonus shares that could be allotted at 810,000, the Board of Directors:
  - decided to allot 616,400 bonus shares to 54 designated beneficiaries, including 225,000 shares to the Chairman and Chief Executive Officer, Jacques Petry, and further decided that the shares would be allotted to each beneficiary in three identical tranches, A, B and C, each subject to different performance conditions;
  - planned to subsequently allot a maximum of 73,600 shares in three tranches A, B and C to new Company employees;
  - agreed to decide at a later date whether to allot all or part of the remaining 120,000 shares available, in three tranches A, B and C, to employees working for Group production units, subject to the satisfactory collective performance of these units;
  - lastly, determined the rules governing the bonus share plan decided on 26 July 2012.
- On 28 November 2012, again on the basis of the 8th resolution of the General Meeting of 14 March 2012, the Board of Directors:
  - decided to allot 1,000 shares to one employee in three identical tranches A, B and C, subject to the same performance conditions as the shares allotted on 26 July 2012 (these shares form part of the aforementioned 73,600 shares available for allotment);
  - and determined the rules governing this allotment, which are identical to those governing the share plan dated 26 July 2012, with the exception of provisions relating to the allotment dates.
- The main provisions of the rules governing the bonus share plans decided by the Board on 26 July and 28 November 2012 are as follows:
  - a) in the event a beneficiary was allotted bonus shares under the earlier plan implemented pursuant to the decisions of the Board of Directors dated 28 August 2009, 25 January 2010 and 20 July 2010, signature of a letter of acceptance and of the rules governing the new plan will signify the final and irrevocable waiver of the benefit of the previous plan.

b) Performance conditions to be satisfied by the beneficiaries:

Future event	Time period during which the event must occur
Achievement of a six-month moving average end-of-day share price of at least: - €18.50 for tranche A - €22.50 for tranche B - €26.50 for tranche C  Or Completion of a takeover involving the acquisition of all the Company's capital and voting rights, if the price offered per share is at least : - €18.50 for tranche A - €22.50 for tranche B - €26.50 for tranche C	At any time during a six-month period to run from the second anniversary of the allotment date  Or At any time during a period of two years and six months to run from the allotment date

c) Conditions relating to presence

- As at the allotment date, each beneficiary must be an employee with a permanent contract of employment with the participating company and must not have received notice of dismissal, given notice of resignation or be in the process of termination of his contract, or must be the Chairman and Chief Executive Officer of the Company and must not have received or given notice of termination of his/her office for any reason whatsoever.
- As at the acquisition date, each beneficiary must satisfy the same conditions. Beneficiaries who were employees of the Company or a participating company on the allotment date will remain eligible to receive shares on the acquisition date if they have retired before this date, provided all the terms and conditions of the plan, including the performance conditions, have been satisfied.

d) Acquisition of the shares

- Acquisition of the shares is subject to the occurrence of the events constituting the performance conditions within the predetermined time period for each of the tranches A, B and C, as well as compliance with the other conditions, including the conditions relating to presence.

## e) Lock-in period from acquisition

Subject to the provisions of the Commercial Code that apply in the event of a disability or death of a beneficiary, an obligation to hold shares for two years from the acquisition date applies to each of the tranches A, B and C.

- Jacques Petry, Chairman and Chief Executive Officer, will, however, be required to retain in his own name 25% of the shares acquired under each tranche until he stands down from office as Chairman and Chief Executive Officer or Chief Executive Officer, provided this occurs more than two years after the effective acquisition date.

The following table shows the use made, as at 31 December 2012, of the authorisation granted pursuant to the 8th resolution of the General Meeting of 14 March 2012.

**REPORT BY THE BOARD OF DIRECTORS ON THE ALLOTMENT OF BONUS SHARES TO EMPLOYEES AND CORPORATE OFFICERS PURSUANT TO ARTICLE L225 -197-I ET SEQ. OF THE COMMERCIAL CODE**

<b>General Meeting</b>	<b>14 March 2012, number of available shares: 810,000 in three tranches, A, B and C</b>	
Board of Directors	26 July 2012	28 November 2012
Number of beneficiaries: • o/w number of employees	54 53	1 1
Number of shares allotted	616,400 in three identical tranches	1,000 in three identical tranches, A, B and C
Number of shares allotted: - to the Chairman and CEO - to the employees o/w: . employees 1 to 3 . employees 3 to 6 . employees 6 to 8 . employees 9 to 17	225,000 391,400 105,000 60,000 30,000 90,000	1,000
Estimated value of shares allotted calculated on the basis of the share price on the allotment date. - o/w shares allotted to the Chairman and CEO - shares allotted to employees	€75,048 €150,802	€386
Acquisition date, subject to satisfaction of conditions, including performance and presence conditions, defined in the plan rules and reiterated in paragraphs a) and e) above.	Date on which, for each tranche of shares, the six-month moving average end-of-day share price is at least equal to the threshold set as part of the performance conditions during a six-month period to run from expiry of a two-year period from the allotment date Or in the event of a takeover at a price per share at least equal to the minimum set for each tranche as part of the performance conditions, the latest of: - the date of the last settlement-delivery transaction in connection with the takeover - expiry of a two-year period from the allotment date.	Date on which, for each tranche of shares, the six-month moving average end-of-day share price is at least equal to the threshold set as part of the performance conditions during a six-month period to run from expiry of a two-year period from the allotment date Or in the event of a takeover at a price per share at least equal to the minimum set for each tranche as part of the performance conditions, the latest of: - the date of the last settlement-delivery transaction in connection with the takeover - expiry of a two-year period from the allotment date.
Date from which shares can be sold or transferred	Two years from the acquisition date. This period is extended for the Chairman and CEO until he stands down from office for 25% of his shares.	Two years from the acquisition date.
Number of shares cancelled or voided as at 31 December 2012 due to the departure of the beneficiaries	None	None
Number of allotted shares still valid as at 31 December 2012	616,400	1,000
Number of shares still available for allotment as at 31 December 2012	193,600	192,600
Number of allotted shares acquired as at 31 December 2012	None	None

**REPORT BY THE BOARD OF DIRECTORS ON THE ALLOTMENT OF BONUS SHARES TO EMPLOYEES AND CORPORATE OFFICERS PURSUANT TO ARTICLE L225 -197-I ET SEQ. OF THE COMMERCIAL CODE**

As at 31 December 2012, of the 810,000 shares available for allotment pursuant to the 8th resolution of the General Meeting of 14 March 2012:

- 617,400 shares have been allotted, 616,400 of which pursuant to a decision of the Board of Directors dated 26 July 2012 and 1,000 pursuant to a decision of the Board of Directors dated 28 November 2012. None of these 617,400 shares have been acquired. Of these 617,400 shares, 225,000 were allotted to the Chairman and Chief Executive Officer, and 392,400 to employees. None of the allotted shares have been acquired.

No other bonus shares were allotted during the financial year ended 31 December 2012 by Séchilienne-Sidec or any company affiliated to it.

No shares were effectively acquired or became available during the financial year ended 31 December 2012.

- As at 31 December 2012, 192,600 shares could still be allotted to employees subject to the 38-month validity period stipulated in the 8th resolution of the General Meeting of 14 March 2012.

These 192,600 shares still available for allotment as at 31 December 2012 can be broken down as follows:

- 72,600 shares available for allotment (in three identical tranches) to new Company employees,
- 120,000 shares available for allotment (in three identical tranches) to employees working in the production units, subject to the satisfactory collective performance of the units (assessed in terms of the power plant availability rates).



## APPENDIX 6

**REPORT BY THE BOARD OF DIRECTORS ON THE RESOLUTIONS TO BE PUT TO SHAREHOLDERS AT THE ORDINARY AND EXTRAORDINARY GENERAL MEETING TO BE HELD ON 30 MAY 2013**

This report presents the reasons for each of the resolutions that the Board of Directors decided, at its meeting of 18 March 2013, to put to the vote of the shareholders.

The state of business and financial position of the Company and the Group over the financial year ended 31 December 2012 are described in the Company's registration document.

Currently valid delegations of authority and authorisations granted by the Company's shareholders at General Meetings are described in Appendix 3 to the registration document.

**1 Report on the resolutions within the remit of the Ordinary General Meeting**

**1-1 Approval of the Company and consolidated financial statements for the financial year ended 31 December 2012 (1st and 2nd resolutions)**

The shareholders will be asked to approve the Company financial statements and the consolidated financial statements for the financial year ended 31 December 2012, as these were adopted by the Board of Directors at its meeting of 18 March 2012.

The Company financial statements show net income of €18,110,148.77.

The consolidated financial statements show net income, Group share, of €33.455 million.

We invite you to adopt these resolutions.

**1-2 Appropriation of income for the financial year ended 31 December 2012 (3rd resolution)**

Provided the Company and consolidated financial statements as presented are approved by the shareholders, they will also be asked to appropriate the net income for the financial year ended 31 December 2012 in the following manner:

- Origin of income to be appropriated

. Net income for the financial year	€18,110,148.77
. Retained earnings	€86,163,333.38
Total	€104,273,482.15

- Appropriation of income

. Appropriation to the legal reserve	€715.02
. Dividend	€16,860,692.55
. Retained earnings	€87,412,074.58
Total	€104,273,482.15



## REPORT BY THE BOARD OF DIRECTORS ON THE RESOLUTIONS TO BE PUT TO SHAREHOLDERS AT THE ORDINARY AND EXTRAORDINARY GENERAL MEETING TO BE HELD ON 30 MAY 2013

This appropriation is in line with the policy announced in January 2012, and at the General Meetings of 14 March and 31 May 2012, to distribute 50% of the net income, Group share, subject to any exceptional events or projects.

A dividend per share of €0.59 will be paid on each share entitled thereto.

The dividend is eligible for the 40% tax allowance pursuant to Article 158-3-2° of the Tax Code, in accordance with the terms, conditions and time periods laid down by law.

The ex-dividend date on the NYSE Euronext, Paris regulated market is set at 10 June 2013. The dividend will be available for payment from 5 July 2013.

The total amount of the dividend, i.e., €16,860,692.55, has been calculated on the basis of the number of shares comprising the capital as at 31 December 2012 (28,632,455 shares) and the number of shares held by the Company as at 31 December 2012 under the liquidity contract (55,000 shares).

The total amount of the dividend and, therefore, the amount of the retained earnings, will be adjusted to take account of the number of shares held by the Company on the date the dividend is made available for payment and, if applicable, the number of new shares entitling their holders to a dividend that have been issued as a result of the exercise of stock options or the effective acquisition of bonus shares before the date of the General Meeting.

As required by law, you are reminded that the following dividends were distributed over the last three financial years:

Financial year	Amount distributed in euros	Net dividend per share	Tax allowance pursuant to Article 158-3-2 of the Tax Code
2009	19,912,652	0.70	40%
2010	19,912,652	0.70	40%
2011	16,152,572	0.57	40%

We invite you to adopt this resolution.

### 1-3 Option for payment of the dividend in new shares (4th resolution)

At the General Meeting it will be proposed that each shareholder shall have the right to opt for payment of 50% of the dividend in new Company shares, which option must be exercised between 10 June and 25 June 2013. If the option is not exercised or is exercised after the deadline of 25 June 2013, the full amount of the dividend will be paid in cash.

The issue price of the new shares that will be delivered as payment to shareholders who have opted for this method will correspond to 90% of the amount equal to the average share price on the NYSE Euronext Paris market over the twenty trading days preceding the General Meeting of 30 May 2013, less the amount of the dividend, rounded up to the next cent.

Delivery of the shares to the shareholders who opt for payment of 50% of their dividend in shares shall take place on the same day as payment of the cash dividend, i.e., 5 July 2013. Dividend and other rights shall accrue on such shares from 1 January 2013.

**REPORT BY THE BOARD OF DIRECTORS ON THE RESOLUTIONS TO BE PUT TO SHAREHOLDERS AT THE ORDINARY AND EXTRAORDINARY GENERAL MEETING TO BE HELD ON 30 MAY 2013**

If the amount of the dividend to which a shareholder is entitled does not correspond to a whole number of shares, the shareholder may obtain the next lowest number of shares, plus a cash balance paid by the Company.

We invite you to adopt this resolution.

1-4 Charges and expenses referred to in Article 39-4 of the Tax Code (5th resolution)

The shareholders will be asked to record that no "excessive" charges or expenses were incurred during the financial year ended 31 December 2012.

This resolution is put to you in accordance with Article 223 *quater* of the Tax Code concerning approval of the charges and expenses referred to in Article 39-4 of the Tax Code that may not be deducted from income.

Note that the Company has not incurred charges of the type referred to in Article 223 *quinquies* of the Tax Code.

We invite you to adopt this resolution.

1-5 Approval of the regulated agreements and commitments referred to in Article L 225-38 *et seq.* of the Commercial Code and the special report on such agreements and commitments by the Statutory Auditors (6th resolution)

The shareholders will be asked to approve the agreements and commitments referred to in Article L 225-38 *et seq.* of the Commercial Code and the content of the special report by the Statutory Auditors, which describes such agreements and commitments.

We invite you to adopt this resolution.

1-6 Renewal of the appointment as director of Jacques Petry (7<sup>th</sup> resolution)

The shareholders will be asked to renew the appointment as director of Jacques Petry, due to expire at the close of the meeting, for a four-year term to expire at the close of the General Meeting to be held in 2017 to vote on the financial statements for the financial year ended 31 December 2016.

Jacques Petry was born on 16 October 1954. He has French nationality and resides in Cancaval, 35730 Pleurtuit. He joined the Séchilienne-Sidec Board of Directors on 29 October 2011. As at 31 December 2012, he held 10,789 Company shares.

He has declared that he would accept the renewal of his appointment and that he satisfies all the conditions laid down by the laws, regulations and Memorandum and Articles of Association necessary to hold such office.

We invite you to adopt this resolution.

**REPORT BY THE BOARD OF DIRECTORS ON THE RESOLUTIONS TO BE PUT TO SHAREHOLDERS AT THE ORDINARY AND EXTRAORDINARY GENERAL MEETING TO BE HELD ON 30 MAY 2013**1-7 Renewal of the appointment as director of Financière Hélios (8<sup>th</sup> resolution)

The shareholders will be asked to renew the appointment as director of Financière Hélios, due to expire at the close of the meeting, for a four-year term to expire at the close of the General Meeting to be held in 2017 to vote on the financial statements for the financial year ended 31 December 2016.

Financière Hélios is a *société par actions simplifiée* (simplified limited company) registered in the Paris Trade and Companies Register (under number 483 039 806). Its registered office is at 45 avenue Kléber, 75116 Paris.

Financière Hélios has been a member of the Séchilienne-Sidec Board of Directors since 12 July 2005.

As at 31 December 2012, it held 10,581,980 Company shares. It has declared that it would accept the renewal of its appointment and that it satisfies all the conditions laid down by the laws, regulations and Memorandum and Articles of Association necessary to hold such office.

We invite you to adopt this resolution.

1-8 Appointment as director of Michèle Remillieux (9<sup>th</sup> resolution)

The shareholders will be asked to record the expiry at the close of the General Meeting of the term of office held by Guy Rico, who has not sought renewal of his office as a director, and to appoint as director Michèle Remillieux for a four-year term of office, to expire at the close of the General Meeting to be held in 2017 to vote on the financial statements for the financial year ended 31 December 2016.

Michèle Remillieux was born on 19 October 1946. She has French nationality and resides at 248 rue de Rivoli, 75001 Paris.

She began her career in IT services and consulting companies before serving as CEO of Promatec from 1975 to 1987. She then joined Hay Group, the HR management consulting firm, and was appointed CEO of Hay Group France in 1999, remaining in office until 2013.

She has declared that she would accept the appointment as a director of Séchilienne-Sidec and that she satisfies all the conditions laid down by the laws, regulations and Memorandum and Articles of Association necessary to hold such office.

We invite you to adopt this resolution.

1-9 Appointment as director of Daniel Valot (10<sup>th</sup> resolution)

The shareholders will be asked to record the expiry at the close of the General Meeting of the term of office held by Jean Stern, who has not sought renewal of his office as a director, and to appoint as director Daniel Valot for a four-year term of office, to expire at the close of the General Meeting to be held in 2017 to vote on the financial statements for the financial year ended 31 December 2016.

Daniel Valot was born on 24 August 1944. He has French nationality and resides at 10 rue Gambetta, 92100 Boulogne-Billancourt.

**REPORT BY THE BOARD OF DIRECTORS ON THE RESOLUTIONS TO BE PUT TO SHAREHOLDERS AT THE ORDINARY AND EXTRAORDINARY GENERAL MEETING TO BE HELD ON 30 MAY 2013**

Daniel Valot is an honorary member of the French Audit Court (*Cour des Comptes*), and has spent most of his career in the energy sector, first at Total (1981-1999), where he was head of the Exploration and Production Division, and then at Technip (a world leader in oil engineering), where he was Chairman and Chief Executive Officer from 1999 to 2007.

He has declared that he would accept the appointment as a director of S echilienne-Sidec and that he satisfies all the conditions laid down by the laws, regulations and Memorandum and Articles of Association necessary to hold such office.

We invite you to adopt this resolution.

**1-10 Appointment as director of Jean-Carlos Angulo (11<sup>th</sup> resolution)**

The shareholders will be asked to record the expiry at the close of the General Meeting of the term of office held by Xavier Lencou-Bar eme, who has not sought renewal of his office as a director, and to appoint as director Jean-Carlos Angulo for a four-year term of office, to expire at the close of the General Meeting to be held in 2017 to vote on the financial statements for the financial year ended 31 December 2016.

Jean-Carlos Angulo was born on 13 April 1949. He has French nationality and resides at 81 rue de la Tour, 75116 Paris.

After beginning his career in the aeronautical industry, he joined the Lafarge group in 1975, and was appointed Deputy Chief Executive Officer and a member of the Executive Committee in 2007.

He has declared that he would accept the appointment as a director of S echilienne-Sidec and that he satisfies all the conditions laid down by the laws, regulations and Memorandum and Articles of Association necessary to hold such office.

We invite you to adopt this resolution.

**1-11 Setting the maximum total amount of directors' fees (12<sup>th</sup> resolution)**

The shareholders will be asked to increase the maximum total amount of directors' fees, which had been set at €125,000 in the fifth resolution of the General Meeting of 14 March 2012, as follows:

- €140,000 for 2013
- €150,000 for 2014, and all subsequent years until a new resolution is adopted.

The purpose of this proposal is to take account of the impact on the total amount of directors' fees of the proposed 11th resolution put to the General Meeting: if the 11th resolution is adopted the office previously held by Xavier Lencou-Bar eme, who is not an independent director and does not therefore receive directors' fees, will be held by Jean-Carlos Angulo with effect from 30 May 2013. As an independent director, who will be required to become a member of a committee, he will be eligible for directors' fees.

The impact of this change in the composition of the Board of Directors with effect from 30 May 2013 will be to increase the total amount of directors' fees by €15,000 in 2013 (on a seven-month basis) and €25,000 for all subsequent years (12 months).

We invite you to adopt this resolution.

**REPORT BY THE BOARD OF DIRECTORS ON THE RESOLUTIONS TO BE PUT TO SHAREHOLDERS AT THE ORDINARY AND EXTRAORDINARY GENERAL MEETING TO BE HELD ON 30 MAY 2013**

## 1-12 Authorisation to trade in Company shares (13th resolution)

The shareholders will be asked to authorise the Board of Directors to purchase or arrange for the purchase of Company shares, in compliance with the applicable laws and regulations.

The 13th resolution that will be put to the vote:

- states the reasons for implementing the requested authorisation, the main ones being to ensure liquidity and foster a market for Company shares through the intermediary of an investment services provider under a liquidity contract, and to enable existing shares to be allotted as bonus shares in accordance with Articles L.225-129 *et seq.* and L.225-197-1 of the Commercial Code and the authorisation granted in the 8th resolution of the General Meeting of 14 March 2012;
- sets a number of limits relating, in particular, to the maximum number of shares that can be purchased (10% of the number of shares comprising the share capital), the maximum purchase price per share (€28 per share), and the maximum amount of funds the Company can use for that purpose (€60 million);
- explains that the shares purchased and retained by the Company will be stripped of their voting rights, and will not be eligible for payment of any dividend.

The authorisation is sought for an eighteen (18) month period, in accordance with Article L.225-209 of the Commercial Code.

It will cancel and supersede the authorisation granted in the 6<sup>th</sup> resolution of the General Meeting of 14 March 2012 for the part that has not been used.

We invite you to adopt this resolution.

## 1-13 Powers to carry out formalities relating to the ordinary resolutions (14th resolution)

The purpose of this resolution is to grant the necessary powers to carry out the formalities relating to filings and publication of notices necessary in connection with the General Meeting held in an ordinary capacity.

We invite you to adopt this resolution.

**2 Report on the resolutions within the remit of the Extraordinary General Meeting**

## 2-1 Amendment to Article 45 of the Memorandum and Articles of Association concerning the appropriation of income, premiums and reserves (15th resolution)

The shareholders will be asked to amend Article 45 of the Memorandum and Articles of Association to include provisions allowing shareholders who have held their registered shares for a certain period of time to receive an increased dividend, thus encouraging long-term share ownership.



**REPORT BY THE BOARD OF DIRECTORS ON THE RESOLUTIONS TO BE PUT TO SHAREHOLDERS AT THE ORDINARY AND EXTRAORDINARY GENERAL MEETING TO BE HELD ON 30 MAY 2013**

The amendment (which will apply for the first time to the payment of dividends for the 2015 financial year, resolved by the shareholders at the General Meeting to be held in 2016) provides as follows:

- Any shareholder who can prove, at the end of a financial year, that he has held registered shares for at least two years and still holds them on the date of payment of the dividend for the financial year will be entitled to an increased dividend on such registered shares corresponding to 10% of the dividend paid on other shares (including when the dividend is paid in the form of new shares).
- Similarly, any shareholder who can prove, at the end of financial year, that he has held registered shares for at least two years and still holds them on the date of completion of a capital increase by the capitalisation of reserves, income or premiums resulting in a distribution of bonus shares will be entitled to an increase in the bonus shares allocated to such shareholder corresponding to 10%.
- The number of shares held by any given shareholder that are eligible for such measures may not exceed 0.5% of the share capital.

We invite you to adopt this resolution.

#### 2-2 Authorisation to reduce the share capital by the cancellation of shares (16th resolution)

The shareholders will be asked to authorise the Board of Directors to cancel all or some of the shares acquired as a result of the implementation of the authorisation to purchase Company shares, and to therefore reduce the capital.

Note that the shareholders authorised the Company to purchase Company shares in the sixth resolution of the General Meeting of 14 March 2012 for an 18-month period, and also note that the shareholders will be asked to grant an identical authorisation for another 18-month period. The main objectives of these authorisations is to ensure liquidity and foster a market for Company shares under a liquidity contract, but also to enable existing shares to be allotted as bonus shares on the basis of resolutions authorising such operations (currently the 8th resolution of the General Meeting of 14 March 2012).

The proposed authorisation to reduce the capital is limited to 10% of the Company's capital per 24-month period.

This authorisation would be granted for an 18-month period and would cancel and supersede the unused part of any earlier authorisation with the same purpose.

We invite you to adopt this resolution.

#### 2-3 Powers to carry out formalities relating to the extraordinary resolutions (17th resolution)

The purpose of this resolution is to grant the necessary powers to carry out the formalities relating to filings and publication of notices necessary in connection with the General Meeting held in an extraordinary capacity.

We invite you to adopt this resolution.

## APPENDIX 7

## AGENDA AND DRAFT RESOLUTIONS PUT TO THE SHAREHOLDERS AT THE ORDINARY AND EXTRAORDINARY GENERAL MEETING HELD ON 30 MAY 2013

**Ordinary meeting**

- Presentation of the report by the Board of Directors on the business and management of the Company and the Group over the 2012 financial year, the report by the Board of Directors on options to subscribe and purchase shares, the report by the Board of Directors on the allotment of bonus performance shares, the report by the Board of Directors on currently valid delegations of authority and authorisations, and the report by the Chairman of the Board of Directors on the preparation and organisation of the Board of Directors' work and internal control systems.
- Presentation of the general reports by the Statutory Auditors on the Company and consolidated financial statements for the financial year ended 31 December 2012; the special report by the Statutory Auditors on regulated agreements and commitments; the special report by the Statutory Auditors prepared in accordance with Article L.225-235 of the Commercial Code on the report by the Chairman of the Board of Directors on the internal control procedures relating to the preparation and processing of financial and accounting information
- Report by the Board of Directors on the ordinary resolutions
- Approval of the company financial statements for the financial year ended 31 December 2012 (1<sup>st</sup> resolution)
- Approval of the Consolidated financial statements for the financial year ended 31 December 2012 (2<sup>nd</sup> resolution)
- Appropriation of income for the financial year ended 31 December 2012 (3<sup>rd</sup> resolution)
- Option for payment of the dividend in new Company shares (4<sup>th</sup> resolution)
- Approval of the charges and expenses referred to in Article 39-4 of the Tax Code (5<sup>th</sup> resolution)
- Approval of the regulated agreements and commitments referred to in Article L.225-38 *et seq.* of the Commercial Code and of the special report on such agreements and commitments by the Statutory Auditors (6<sup>th</sup> resolution)
- Renewal of the appointment as director of Jacques Petry after recording expiry of his current term of office (7<sup>th</sup> resolution)
- Renewal of the appointment as director of Financière Hélios after recording expiry of its current term of office (8<sup>ème</sup> resolution)
- Appointment as director of Michèle Remillieux after recording expiry of the term of office of Guy Rico, who has not sought renewal of his office (9<sup>th</sup> resolution)



- Appointment as director of Daniel Valot after recording expiry of the term of office of Jean Stern, who has not sought renewal of his office (10<sup>th</sup> resolution)
- Appointment as director of Jean-Carlos Angulo after recording expiry of the term of office of Xavier Lencou-Barème, who has not sought renewal of his office (11<sup>th</sup> resolution)
- Setting the maximum total amount of directors' fees (12<sup>th</sup> resolution)
- Authorisation to trade in Company shares (13<sup>th</sup> resolution)
- Powers to carry out formalities relating to the ordinary resolutions (14<sup>th</sup> resolution)

#### **Extraordinary meeting**

- Presentation of the report by the Board of Directors on the extraordinary resolutions
- Presentation of the special report by the Statutory Auditors on the authorisation to reduce the share capital by the cancellation of shares
- Amendment to Article 45 of the Memorandum and Articles of Association concerning the appropriation of income, premiums and reserves (15<sup>th</sup> resolution)
- Authorisation to reduce the share capital by the cancellation of shares (16<sup>th</sup> resolution)
- Powers to carry out formalities relating to the extraordinary resolutions (17<sup>th</sup> resolution)

#### **Draft resolutions**

##### **Resolutions within the remit of the Ordinary General Meeting**

###### **First resolution**

*(Approval of the Company financial statements for the financial year ended 31 December 2012)*

Voting in accordance with the quorum and majority requirements for ordinary general meetings, and after presentation of the following:

- the report by the Board of Directors, and the report by the Chairman of the Board of Directors prepared in accordance with Article L.225-37 of the Commercial Code,
- the Company's financial statements for the financial year ended 31 December 2012,
- the report by the Statutory Auditors,

the General Meeting approves the Company's annual financial statements for the financial year ended 31 December 2012, consisting of the statement of financial position, the income statement and the notes to the financial statements, as presented to them, as well as all the transactions reported in the financial statements and presented in the reports.

Net income for the financial year was €18,110,148.77.

**Second resolution**

*(Approval of the consolidated financial statements for the financial year ended 31 December 2012)*

Voting in accordance with the quorum and majority requirements for ordinary general meetings, and after presentation of the following:

- the report by the Board of Directors, and the report by the Chairman of the Board of Directors prepared in accordance with Article L.225-37 of the Commercial Code,
- the Company's consolidated financial statements for the financial year ended 31 December 2012,
- the report by the Statutory Auditors,

the General Meeting approves the consolidated financial statements for the financial year ended 31 December 2012, consisting of the statement of financial position, the income statement and the notes to the financial statements, as presented to them, as well as all the transactions reported in the financial statements and presented in the reports.

The financial statements show net income of €33.455 million.

**Third resolution**

*(Appropriation of income for the financial year ended 31 December 2012)*

Voting in accordance with the quorum and majority requirements for ordinary general meetings, after presentation of the report by the Board of Directors, the General Meeting acknowledges that the annual financial statements for the financial year ended 31 December 2012 show net income of €18,110,148.77, and that, factoring in the €86,163,333.38 in the retained earnings account, the total amount to be appropriated is €104,273,482.15.

The General Meeting resolves to appropriate this amount as follows:

Origin of the sums available for appropriation:

Net income for the financial year	€18,110,148.77
Retained earnings brought forward	€86,163,333.38
Total	€104,273,482.15

Appropriation:

Appropriation to the legal reserve	€715.02
Dividend	€16,860,692.55
Retained earnings	€87,412,074.58
Total	€104,273,482.15

The General Meeting accordingly sets the dividend payable on each share with dividend rights attached at €0.59 per share.

The ex-dividend date will be 10 June 2013. The dividend will be available for payment on 5 July 2013.

The total amount of the dividend, i.e., €16,860,692.55, has been calculated on the basis of the number of shares comprising the share capital as at 31 December 2012 (28,632,445 shares) and the number of shares held by the Company under a liquidity contract (55,000 shares).

The total amount of the dividend and, therefore, the amount of the retained earnings, will be adjusted to take account of the number of shares held by the Company on the date the dividend is made available for payment and, if applicable, the number of new shares with dividend rights attached issued following the exercise of stock options or the effective acquisition of bonus shares before the date of this General Meeting.

This dividend is eligible for the 40% tax allowance pursuant to Article 158-3-2 of the Tax Code, in accordance with the terms, conditions and time periods laid down by law.

As required by law, the following table shows dividends distributed over the last three financial years:

Financial year	Amount distributed in euros	Net dividend per share	Tax allowance pursuant to Article 158-3-2° of the Tax Code
2009	19,912,652	0.70	40%
2010	19,912,652	0.70	40%
2011	16,152,572	0.57	40%

#### **Fourth resolution**

*(Option for payment of the dividend in new Company shares)*

Voting in accordance with the quorum and majority requirements for ordinary general meetings, after recording that the share capital has been fully paid-up, and after the presentation of the report by the Board of Directors, the General Meeting resolves, in application of Articles L.232-18 to L.232-20 of the Commercial Code and Article 46-2 of the Company's Memorandum and Articles of Association, to grant each shareholder the option to receive 50% of the dividend of €0.59 per share to be distributed, i.e., €0.295 per share, in cash or in new shares, with the remaining 50% being paid in cash. If the shareholder chooses to exercise the option it may only be exercised for the entire fraction of the dividend (i.e., 50%) for which it is offered.

The option must be exercised by the shareholders between 10 June 2013, inclusive, and 25 June 2013, inclusive, by submitting a request to the relevant financial intermediary for administered registered shares and bearer shares and to the Company's Registrar (BNP Paribas Securities Services) for direct registered shares. On expiry of this deadline any shareholders who have not opted to receive payment of the dividend in shares will receive payment in cash.

The issue price of the new shares that will be issued as payment of the dividend will correspond to 90% of the amount, rounded up to the next cent, corresponding to the average of the opening prices on the regulated NYSE Euronext Paris market on the twenty trading days prior to the date on which this General Meeting resolves to distribute the dividend, less the net amount of the dividend.

Delivery of the shares to shareholders who have opted for payment in shares shall take place on the same day as payment of the cash dividend, i.e., 5 July 2013. Dividend and other rights shall accrue from 1 January 2013. If the amount of the dividend to which a shareholder is entitled does not correspond to a whole number of shares, the shareholder may obtain the lower number of shares plus a cash balance paid by the Company.

The General Meeting grants full powers to the Board of Directors, which may sub-delegate, to take all action necessary to pay the dividend in shares, carry out all formalities and file all statements, record the number of shares issued and the subsequent capital increase, and to amend the Memorandum and Articles of Association accordingly.

**Fifth resolution**

*(Approval of the charges and expenses referred to in Article 39-4 of the Tax Code)*

Voting in accordance with the quorum and majority requirements for ordinary general meetings, after the presentation of the report by the Board of Directors, and in application of Article 223 *quater* of the Tax Code, the General Meeting records that none of the charges and expenses referred to in Article 39-4 of the Tax Code that are not deductible from taxable income were incurred during the financial year ended 31 December 2012.

**Sixth resolution**

*(Approval of the regulated agreements and commitments referred to in Article L.225-38 et seq. of the Commercial Code and the special report on such agreements and commitments by the Statutory Auditors)*

Voting in accordance with the quorum and majority requirements for ordinary general meetings, after the presentation of the report by the Board of Directors and the special report by the Statutory Auditors on the agreements and commitments referred to in Article L.225-38 et seq. of the Commercial Code and resolving on the basis of this report, the General Meeting:

1. Approves the content of the report and the provisions of the agreements and commitments referred to therein, including those agreements that have been tactically renewed;
2. Records, for all useful purposes, the continued performance over the financial year of the agreements and commitments authorised in previous years.

**Seventh resolution**

*(Renewal of the appointment as director of Jacques Petry after recording expiry of his current term of office)*

Voting in accordance with the quorum and majority requirements for ordinary general meetings, after the presentation of the report by the Board of Directors and in accordance with Article L.225-18 of the Commercial Code, the General Meeting:

- records that Jacques Petry's term of office will expire at the close of this General Meeting,
- and resolves to renew the appointment as director of Jacques Petry, who was born on 16 October 1954, has French nationality and resides in Cancaval, 35730 Pleurtuit, for a four (4) year term of office, to expire at the close of the General Meeting called to vote in 2017 on the financial statements for the financial year ended on 31 December 2016.

**Eighth resolution**

*(Renewal of the appointment as director of Financière Hélios after recording expiry of its current term of office)*

Voting in accordance with the quorum and majority requirements for ordinary general meetings, after the presentation of the report by the Board of Directors and in accordance with Article L.225-18 of the Commercial Code, the General Meeting:

- records that the term of office of Financière Hélios (represented by Edgard Misrahi since 21 October 2011) will expire at the close of this General Meeting,
- and resolves to renew the appointment as director of Financière Hélios, a *société par actions simplifiée* (simplified limited company) registered in the Paris Trade and Companies Register (under number 483 039 806) and having its registered office at 45 avenue Kléber, 75116 Paris, for a four (4) year term of office, to expire at the close of the General Meeting called to vote in 2017 on the financial statements for the financial year ended on 31 December 2016.

**Ninth resolution**

*(Appointment as director of Michèle Remillieux after recording expiry of the term of office of Guy Rico, who has not sought renewal of his office)*

Voting in accordance with the quorum and majority requirements for ordinary general meetings, after the presentation of the report by the Board of Directors and in accordance with Article L.225-18 of the Commercial Code, the General Meeting:

- records that Guy Rico's term of office will expire at the close of this General Meeting and that he has not sought renewal of his office,
- and resolves to appoint as director Michèle Remillieux, who was born on 19 October 1946, has French nationality and resides at 248 rue de Rivoli, 75001 Paris, for a four (4) year term of office, to expire at the close of the General Meeting called to vote in 2017 on the financial statements for the financial year ended on 31 December 2016.

Michèle Remillieux has declared that she would accept the appointment and that she satisfies all the conditions laid down by the laws, regulations and Memorandum and Articles of Association necessary to hold such office.

**Tenth resolution**

*(Appointment as director of Daniel Valot after recording expiry of the term of office of Jean Stern, who has not sought renewal of his office)*

Voting in accordance with the quorum and majority requirements for ordinary general meetings, after the presentation of the report by the Board of Directors and in accordance with Article L.225-18 of the Commercial Code, the General Meeting:

- records that Jean Stern's term of office will expire at the close of this General Meeting and that Jean Stern has not sought renewal of his office,

- and resolves to appoint as director Daniel Valot, who was born on 24 August 1944, has French nationality and resides at 10 rue Gambetta, 92100 Boulogne-Billancourt, for a four (4) year term of office, to expire at the close of the General Meeting called to vote in 2017 on the financial statements for the financial year ended on 31 December 2016.

Daniel Valot has declared that he would accept the appointment and that he satisfies all the conditions laid down by the laws, regulations and Memorandum and Articles of Association necessary to hold such office.

**Eleventh resolution**

*(Appointment as director of Jean-Carlos Angulo after recording expiry of the term of office of Xavier Lencou-Barème, who has not sought renewal of his office)*

Voting in accordance with the quorum and majority requirements for ordinary general meetings, after the presentation of the report by the Board of Directors and in accordance with Article L.225-18 of the Commercial Code, the General Meeting:

- records that Xavier Lencou-Barème's term of office will expire at the close of this General Meeting and that Xavier Lencou-Barème has not sought renewal of his office,
- and resolves to appoint as director Jean-Carlos Angulo, who was born on 13 April 1949, has French nationality and resides at 81 rue de la Tour, 75116 Paris, for a four (4) year term of office, to expire at the close of the General Meeting called to vote in 2017 on the financial statements for the financial year ended on 31 December 2016.

Jean-Carlos Angulo has declared that he would accept the appointment and that he satisfies all the conditions laid down by the laws, regulations and Memorandum and Articles of Association necessary to hold such office.

**Twelfth resolution**

*(Setting the maximum total amount of directors' fees)*

Voting in accordance with the quorum and majority requirements for ordinary general meetings and after the presentation of the report by the Board of Directors, the General Meeting resolves to set the maximum total amount of directors' fees that can be allocated to the members of the Board of Directors as a whole at €140,000 for the current financial year to end on 31 December 2013, and at €150,000 for all subsequent financial years, until a new resolution is adopted.

**Thirteenth resolution**

*(Authorisation to trade in Company shares)*

Voting in accordance with the quorum and majority requirements for ordinary general meetings and after the presentation of the report by the Board of Directors, the General Meeting:

1. Resolves to authorise the Board of Directors, in accordance with Article L.225-209 *et seq.* of the Commercial Code, Articles 241-1 to 241-6 of the AMF's General Regulations and Regulation 2273/2003 of the European Commission of 22 December 2003, to purchase or arrange for the purchase of Company shares;



2. Resolves that the objectives of such share purchases would be, in decreasing order of priority:
  - to ensure liquidity and foster the market for Company shares through the intermediary of an investment services provider acting completely independently under a liquidity contract and in accordance with a code of conduct acknowledged by the AMF;
  - to implement all Company stock option plans in accordance with Article. L.225-177 *et seq.* of the Commercial Code, all allotments of bonus shares, in particular under a Company or Group savings plan in accordance with Article L.3332-1 *et seq.* of the Labour Code, or in accordance with Article. L.225-197-1 *et seq.* of the Commercial Code, and all allotments, allocations or sales of shares, in particular under any scheme to share in the Company's profits, and to carry out any hedging transactions in connection therewith, in accordance with the terms and conditions laid down by the market authorities and at the times chosen by the Board of Directors or the person to whom the Board of Directors has delegated authority;
  - to deliver shares when rights attached to securities giving immediate or subsequent access to Company shares by any means are exercised, and to carry out any hedging transactions in connection with the Company's obligations related to such securities, under the terms and conditions laid down by the market authorities and at the times chosen by the Board of Directors or the person to whom the Board of Directors has delegated authority;
  - to cancel all or some of the shares bought back within the framework of a capital reduction, under the terms and conditions set out in the sixteenth resolution of this General Meeting or any subsequent authorisation replacing it;
  - to keep the shares with a view to their subsequent delivery as payment or in exchange within the framework of acquisitions, in accordance with accepted market practices and the applicable regulations;
  - to implement any other market practices that are accepted or recognised by the law or the AMF and, more generally, to achieve any other objective allowed by the applicable regulations.
3. Resolves that this authorisation may be implemented subject to the following terms and conditions:
  - the maximum number of shares that can be purchased may not exceed 10% of the number of shares comprising the share capital, and purchases made by the Company pursuant to this authorisation may not, under any circumstances, result in it directly or indirectly holding more than 10% of the shares comprising the share capital;
  - the maximum amount of shares that can be purchased by the Company in order to keep them and subsequently deliver them as payment or in exchange within the framework of a merger, sale or contribution may not exceed 5% of the share capital;
  - the aggregate amount of the purchases, net of costs, may not exceed €60 million,
  - the maximum purchase price per share must not exceed €28, and in the event of capital transactions such as the capitalisation of reserves followed by the issue and allotment of bonus shares and/or a stock split or reverse stock split operation, this maximum purchase price will be adjusted by applying a factor corresponding to the ratio between the number of shares comprising the capital before the transaction and the number of shares after the transaction;



4. Resolves that the purchase, sale or transfer of the shares may be carried out or paid, in compliance with the applicable regulations, by any means, in particular on the market or off the market, including over-the-counter, or through block trades or a public offering, trading in options or derivatives, the purchase of options or the purchase of securities. There is no limit on the proportion of securities subject to block trading, and block trades may account for the entire share buyback programme;
5. Resolves, that in the event of a public offering for Company shares settled in full in cash, the Company may continue to implement its share buyback programme in compliance with the applicable laws and regulations;
6. Specifies that the shares purchased and kept by the Company shall be stripped of their voting rights, and that no dividend will be paid thereon;
7. Resolves to grant full powers to the Board of Directors, with the right to sub-delegate to any person authorised pursuant to the laws and regulations, to implement the share buyback programme and, more specifically, to place any orders on the market, sign any agreements, including agreements relating to registers of share purchases and sales, draw up any documents, including in particular information documents, carry out all formalities, including the allocation or reallocation of shares purchased on the basis of the various objectives, file all statements with the AMF and any other authorities and, more generally, do whatever is necessary;
8. Resolves that this authorisation is granted for an eighteen (18) month period with effect from the date of this General Meeting;
9. Resolves that this authorisation cancels and supersedes the unused part of the authorisation granted in the sixth resolution of the General Meeting of 14 March 2012.

Every year the Board of Directors will report to the General Meeting on the transactions carried out pursuant to this resolution, in accordance with Article L.225-211 of the Commercial Code.

***Fourteenth resolution***

*(Powers to carry out formalities relating to the ordinary resolutions)*

Voting in accordance with the quorum and majority requirements for ordinary general meetings the General Meeting grants full powers to the bearer of an original, copy of or excerpt from these minutes to carry out all filing, publication and other formalities necessary in connection with the ordinary resolutions.

**Resolutions within the remit of the Extraordinary General Meeting**

***Fifteenth resolution***

*(Amendment to Article 45 of the Memorandum and Articles of Association concerning the appropriation of income, premiums and reserves)*

Voting in accordance with the quorum and majority requirements for extraordinary general meetings and after the presentation of the report by the Board of Directors, the General Meeting resolves to complete the provisions of the Company's Memorandum and Articles of Association relating to the appropriation of income in order to provide for the possibility of payment of an increased dividend, by amending Article 45 of the Memorandum and Articles of Association as follows:

After the existing text, which will become the first paragraph, marked I, a new second paragraph is added, which reads as follows:

*"2. Any shareholder who can prove, at the end of a financial year, that he has held registered shares for at least two years and still holds them on the date of payment of the dividend for the financial year will be entitled to an increased dividend on such registered shares corresponding to 10% of the dividend paid on other shares, including when the dividend is paid in the form of new shares. The increased dividend will be rounded down to the next cent if need be.*

*Similarly, any shareholder who can prove, at the end of financial year, that he has held registered shares for at least two years and still holds them on the date of completion of a capital increase by the capitalisation of reserves, income or premiums resulting in a distribution of bonus shares will be entitled to an increase in the bonus shares allocated to such shareholder corresponding to 10%, rounded down to the next lowest whole number of shares if need be.*

*The number of shares held by any given shareholder that are eligible for such measures may not exceed 0.5% of the share capital.*

*The provisions of this paragraph 2 will apply for the first time to the payment of dividends for the financial year ended 31 December 2015, resolved by the shareholders at the General Meeting to be held in 2016."*

The General Meeting grants full powers to the Board of Directors, with the power to sub-delegate in accordance with the law and regulations, to amend the Memorandum and Articles of Association and, in particular, to enter into all deeds and carry out all formalities.

#### **Sixteenth resolution**

*(Authorisation to reduce the share capital by the cancellation of shares)*

Voting in accordance with the quorum and majority requirements for extraordinary general meetings and after the presentation of the report by the Board of Directors and the special report by the Statutory Auditors, the General Meeting authorises the Board of Directors, in accordance with Article L.225-209 *et seq.* of the Commercial Code, to reduce the share capital in one or several transactions, in the proportions and at the times decided by it, by the cancellation of all or part of the shares acquired within the framework of any authorised share buyback programme, within a limit of 10% of the Company's capital per 24-month period.

The General Meeting grants this authorisation for an eighteen (18) month period and grants full powers to the Board of Directors, with the power to sub-delegate, in order to:

- reduce the capital by the cancellation of shares,
- set the final amount of the capital reduction,

- define the terms and conditions and record completion,
- charge the difference between the carrying amount of the cancelled shares and their par value to any available reserves or premium accounts,
- and, generally, do whatever may be necessary to implement this authorisation, amend the Memorandum and Articles of Association accordingly and carry out all the necessary formalities.

This authorisation cancels and supersedes the unused part of any earlier authorisation with the same purpose.

***Seventeenth resolution***

*(Powers to carry out formalities relating to the extraordinary resolutions)*

Voting in accordance with the quorum and majority requirements for extraordinary general meetings the General Meeting grants full powers to the bearer of an original, copy of or excerpt from these minutes to carry out all filing, publication and other formalities necessary in connection with the extraordinary resolutions.

## APPENDIX 8:

## REPORT BY THE STATUTORY AUDITORS ON THE REDUCTION IN THE SHARE CAPITAL

*This is a free translation into English of a report issued in the French language 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*

**PricewaterhouseCoopers Audit**

63, rue de Villiers  
92208 Neuilly-sur-Seine cedex

**Mazars**

Tour Exaltis – 61, rue Henri Regnault  
92400 Courbevoie

**(Extraordinary General Meeting of 30 May 2013 – Sixteenth resolution)****SECHILIENNE-SIDEC SA**

22, place des Vosges  
Immeuble Le Monge - La Défense 5  
92400 Courbevoie

To the Shareholders,

In our capacity as Statutory Auditors of your company, and in compliance with Article L. 225-209 of the Commercial Code in respect of the reduction of capital through the cancellation of shares previously repurchased, we hereby report on our assessment of the causes, terms and conditions of the proposed reduction in capital.

Your Board of Directors proposes that you grant it full powers for an 18-month period with effect from the date of this Meeting to cancel shares, corresponding to a maximum of 10% of the capital per 24-month period, purchased as a result of the implementation of an authorisation to purchase Company shares within the framework of the aforementioned article.

We have carried out the checks we considered necessary in view of the professional guidance issued by the French national institute of auditors (*Compagnie nationale des Commissaires aux comptes*) relating to such an assignment. These checks consist of verifying that the causes, terms and conditions of the proposed capital reduction are fair and are not likely to adversely affect equality between the shareholders.

We do not have any observations with regard to the causes, terms and conditions of the proposed capital reduction.

Executed in Neuilly-sur-Seine and Courbevoie, 24 April 2013

The Statutory Auditors

**PricewaterhouseCoopers Audit**

Jean-Christophe Georghiou

**Mazars**

Manuela Baudoin-Revert

## DELEGATIONS OF AUTHORITY AND AUTHORISATIONS THAT WILL BE PUT TO THE SHAREHOLDERS AT THE GENERAL MEETING OF 30 MAY 2013

### APPENDIX 9

#### DELEGATIONS OF AUTHORITY AND AUTHORISATIONS THAT WILL BE PUT TO THE SHAREHOLDERS AT THE GENERAL MEETING OF 30 MAY 2013

At its meeting of 18 March 2013, the Board of Directors decided to convene an Ordinary and Extraordinary General Meeting on 30 May 2013 at which, *inter alia*, the following delegations of authority and authorisations will be proposed:

Authorisation	Term	Maximum nominal amount proposed
Authorisation to trade in Company shares (13th resolution)	18 months	Number of shares not to exceed 10% of the capital as at the date of purchase Maximum amount that can be used for such purchases: €60 million Maximum purchase price: €28/share
Authorisation to reduce the capital through the cancellation of shares (18th resolution)	18 months	10% of the share capital as at the date of cancellation per 24-month period

## APPENDIX 10

## CROSS-REFERENCE TABLES

**CROSS-REFERENCE TABLE - ANNUAL FINANCIAL REPORT**

The following cross-reference table shows where in this registration document the information comprising the annual financial report that must be published pursuant to Article L.451-1-2 of the Monetary and Financial Code and Article 222-3 of the AMF's General Regulations can be found.

## Annual financial report

No.	Topic	Chapter(s) and Section(s)
1.	Annual financial statements	20.8 to 20.11
2.	Consolidated financial statements	20.1 to 20.6
3.	Management report	
3.1	Information referred to in Articles L.225-100 and L.225-100-2 of the Commercial Code	
	Analysis of business developments	6 and 9
	Analysis of results	9
	Analysis of the financial situation	9 and 10
	Main risks and uncertainties	4 and 20.6 (note 32)
	Summary table of currently valid delegations of authority	21.1.2
3.2	Information referred to in Article L.225-100-3 of the Commercial Code	
	Factors likely to have an impact in the event of a public offer	15.1.4.3, 18, 21.2, 22
3.3	Information referred to in Article L.225-211, paragraph 2 of the Commercial Code	
	Purchases and sales of treasury shares	21.1.3, 21.1.4, 21.1.7
3.4	Research and development	11
3.5	Recent events, trends and future prospects	6.4, 9, 12, 13, 20.14
3.6	Use of financial instruments	20.6 (notes 31 and 32)
3.7	Social and environmental responsibility	4, 6, 8, 17
3.8	Subsidiaries and equity interests	7, 20.11.1, 20.6 (note 37)
3.9	Corporate officers	14, 15, 17
3.10	Share capital, shareholders and employee share ownership	17, 21
3.11	Dividends distributed over the last three financial years	20.11.2
3.12	Payment terms	9.6.3
3.13	Five-year financial summary	9.6.4
4.	Statement by the individuals responsible for the annual financial report	1.1, 1.2
5.	Report by the Statutory Auditors on the annual financial statements	20.12
6.	Report by the Statutory Auditors on the consolidated financial statements	20.7
7.	Information on the Statutory Auditors' fees	2.3
8.	Report by the Chairman of the Board of Directors on the operation of the Board of Directors and internal control procedures for the 2012 financial year	Appendix 1
9.	Report by the Statutory Auditors on the Chairman's report	Appendix 2

**CROSS-REFERENCE TABLE – SOCIAL AND ENVIRONMENTAL RESPONSABILITY**

This registration document contains all the information referred to in Decree 2012-557 of 24 April 2012 on the company's' transparency obligations concerning social and environmental information.

The parts of the registration document that correspond to the various topics covered by the Decree are indicated in the following table.

<b>CORPORATE INFORMATION</b>	<b>Chapter</b>
<b>Employment</b>	
Total number of employees and breakdown according to gender, age and location	17.1.1
Recruitments and dismissals	17.1.2
Remuneration and any changes to remuneration	17.2
<b>Organisation of work</b>	
Organisation of working times	17.3.1
Absenteeism	17.3.2
<b>Labour-Management relations</b>	
Organisation of labour relations and, more specifically, employee information, consultation and negotiation procedures	17.4.1
Review of collective bargaining agreements	17.4.2
<b>Health and Safety</b>	
Health and safety in the workplace	17.5.1
Review of agreements signed with trade union organisations or employee representation bodies relating to health and safety in the workplace	17.5.2
Accidents in the workplace and, more specifically, their frequency and severity, and occupational illnesses	17.5.3
<b>Training</b>	
Training policies	17.6.1
Total number of hours of training	17.6.2
<b>Employee equality</b>	
Gender equality measures	17.7.2
Employment and integration of disabled persons	17.7.3
Anti-discrimination policy	17.7.1
<b>Promotion and respect of the fundamental conventions of the International Labor Organization on...</b>	
Freedom of association and the right to collective bargaining	17.8
Elimination of discrimination in respect of employment and occupation	17.8
Elimination of forced or compulsory labour	17.8
Effective abolition of child labour	17.8
<b>INFORMATION ON THE ENVIRONMENT</b>	
<b>General environmental policy</b>	
Organisational measures taken with regard to environmental issues and action taken to assess or accredit environmental actions	8.2.1.1 and 8.2.1.2
Employee training and information on the protection of the environment	8.2.1.3
Resources allocated to preventing environmental risks and pollution	8.2.1.4
Amount of provisions and guarantees for environmental risks	8.2.1.5
<b>Pollution and waste management</b>	



Measures taken to prevent, reduce or remedy, air, water and soil emissions resulting in serious pollution	8.2.2.1
Measures taken to prevent, eliminate or recycle waste	8.2.2.2
Measures taken to prevent noise pollution and any other form of pollution generated by business activities	8.2.2.3
<b>Sustainable use of resources</b>	
Water consumption and local water supply	8.2.3.1
Consumption of raw materials and measures taken to improve their efficient usage	8.2.3.2
Energy consumption, measures taken to improve energy efficiency and use of renewable energy	8.2.3.3
Land use	8.2.3.4
<b>Climate change</b>	
Greenhouse gas emissions	8.2.4.1
Adaptation to the impact of climate change	8.2.4.3 and 4.1.2
<b>Protection of biological diversity</b>	
Measures taken to protect or improve biological diversity	8.2.5
<b>SOCIAL INFORMATION</b>	
<b>Territorial, economic and social impact of the company's business activities</b>	
Employment and local development	6.6.1.1
Neighbouring and local populations	6.6.1.2
<b>Relations with interested associations or organisations, such as associations promoting integration, teaching establishments, environmental associations, consumer associations and the local population</b>	
Conditions for dialogue with such associations and organisations	6.6.2.1
Partnerships and sponsorship	6.6.2.2
<b>Subcontracting and suppliers</b>	
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## GLOSSARY

**Bagasse**

Bagasse is a form of biomass made up of fibrous matter that remains when sugarcane is crushed in a mill to extract its juice.

It consists mainly of cellulose from the cane, and its significant heating power makes it suitable for use as a fuel for generating heat and/or electric power.

Using bagasse as an energy source is neutral in terms of greenhouse gas emissions, as the only carbon dioxide released when burnt is the carbon dioxide absorbed from the atmosphere by the sugarcane during its growth.

**Biomass**

The term biomass covers all renewable organic matter obtained from plants or animals.

The main forms of energy yielded by biomass include biofuels for transport, wood-fired domestic heating and steam and/or electricity generated by plants that burn wood, waste or other matter from plants or animals.

**Capacity**

The production capacity of a fleet of power plants is the theoretical maximum amount of energy produced in one hour if all plants operate simultaneously at full power.

This figure is structurally higher than the actual output, which depends on the duration of operation of each plant in the fleet.

Capacity is expressed in watts (W) or kW or MW. The power generated by plants is measured in W.h or kW.h or MW.h or GW.h.

**Capacity awaiting connection**

Power generating companies require access to the transmission and distribution network (or "grid"), in order to inject the electricity that they produce into it.

Accordingly, they must "connect" to this network, an operation performed by network operators according to a contractually agreed schedule and pricing terms.

Power plants register on connection waiting lists while at the development stage, and may remain in a "pending" state for a period after completion.

The term "installed capacity awaiting connection" refers to the capacities of completed plants that do not yet have access to the network.

This capacity is measured in watts (W) or kW or MW.

**Installed capacity**

The term "total installed capacity" refers to the sum of the production capacities of the plants already connected and in operation, plus those of completed plants awaiting connection.

Installed capacity is measured in watts (W) or kW or MW.

### Thermal power plant

A thermal power plant is a power plant that harnesses a heat source to generate electricity. This heat source may be the combustion of a fossil fuel or biomass, or alternatively, nuclear fusion.

Burning fuel in thermal power plants produces steam. This pressurised steam is supplied to a turbine, causing it to rotate at high-speed. The turbine is in turn coupled to a generator that produces electricity.

### Cogeneration

The term cogeneration covers all production techniques that simultaneously generate heat and electricity in a single installation.

Cogeneration solutions are particularly appropriate for industrial facilities where the manufacturing process requires heat (in the form of hot water, hot air or steam).

Cogeneration plants are extremely efficient, yielding significant energy savings compared with configurations in which heat and electric power are generated separately.

### Fossil fuels

Fossil fuels are fuels consisting of organic matter that has accumulated in the ground and been gradually transformed through successive geological ages.

They exist as solids (e.g. coal, lignite, turf and tar sands) as well as liquids (oil) and gases (natural gas).

There are two major drawbacks associated with fossil fuels: a) they exist in finite quantities in a relatively small number of geographic regions, and as such are a depletable resource, and b) their use releases large quantities of greenhouse gases and other toxic emissions into the atmosphere.

### Wind power

Wind power is energy derived directly from wind.

Wind farms produce electricity via wind turbines. They consist of a series of masts each topped with a generator driven by large blades that are moved by the wind.

### Photovoltaic power

Photovoltaic power (PV) is a form of energy produced by using solar panels to harness solar radiation. Solar panels absorb sunlight (photons) and convert it into electricity. These panels convert light to direct-current (DC) electric power. Installing a current inverter enables this DC power to be converted to alternating-current (AC) power, making it compatible with the power grid.

### Renewable energy

Renewable energy refers to all forms of energy from inexhaustible and constantly replenishable sources, as opposed to fossil fuel deposits, which are finite stocks that become depleted as they are consumed.

Sources of renewable energy include sunlight, wind, rivers and waterfalls, tidal movements and marine currents, heat from the ground (geothermal energy) and energy obtained from plants (biomass).

As well as providing an "energy flow" rather than a depletable "energy stock", the main benefit of renewable energy is its role in fighting the greenhouse effect, as renewable sources create little or no pollutant emissions.

### Methanation

Methanation entails recovering organic waste, generally from farming activities, to produce a combination of:

- biogas, obtained from biological decomposition of the organic matter in a confined anaerobic (oxygenless) environment, resulting in a source of energy that can be converted to electricity and/or heat, and/or can be injected into gas pipeline networks,
- "Digestate" – a material that can be used as fertilizer, either directly or after further processing.

## Carbon emissions quota

The national plan for carbon dioxide emissions quotas (*Plan National d'Allocation des Quotas de CO<sub>2</sub> - PNAQ*) embodies into French law the European Union Directive restricting greenhouse gas emissions.

The PNAQ defines an annual emissions quota (expressed in tonnes of carbon dioxide) allocated by the State to each company subject to the plan, based on the company's activity sector and technical characteristics. Each year, the company is required to return as many tonnes of carbon dioxide quota as it emitted during the preceding year, purchasing the difference on the market if its total emissions exceed its allocated quota.

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