



CONSTRUCTIONS INDUSTRIELLES DE LA MÉDITERRANÉE (CNIM)

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

Registered office: 35, Rue de Bassano, 75008 Paris

Paris Trade and Companies Register Number 662 043 595

Declaration of non-financial performance

2018

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Introduction

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

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

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

CNIM's CSR performance recognized by Gaïa-Index

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

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

Inaugural declaration of non-financial performance

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

1 OUR BUSINESS MODEL

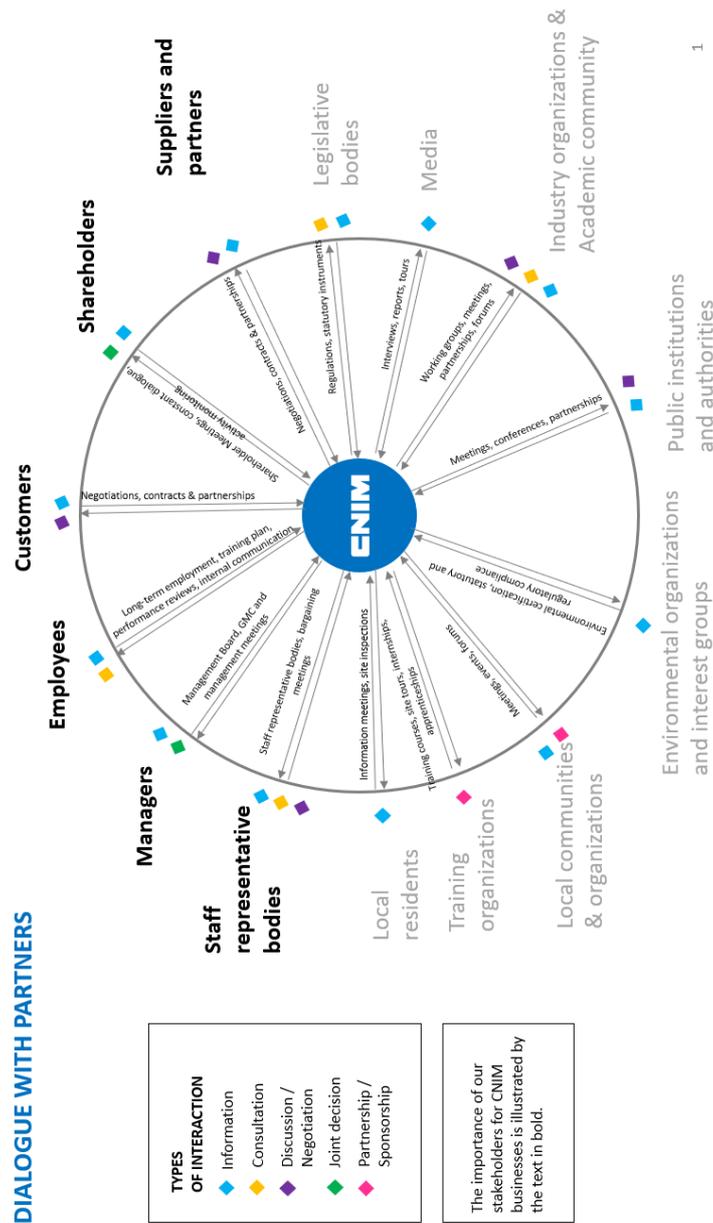
1.1 Partners

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

This map:

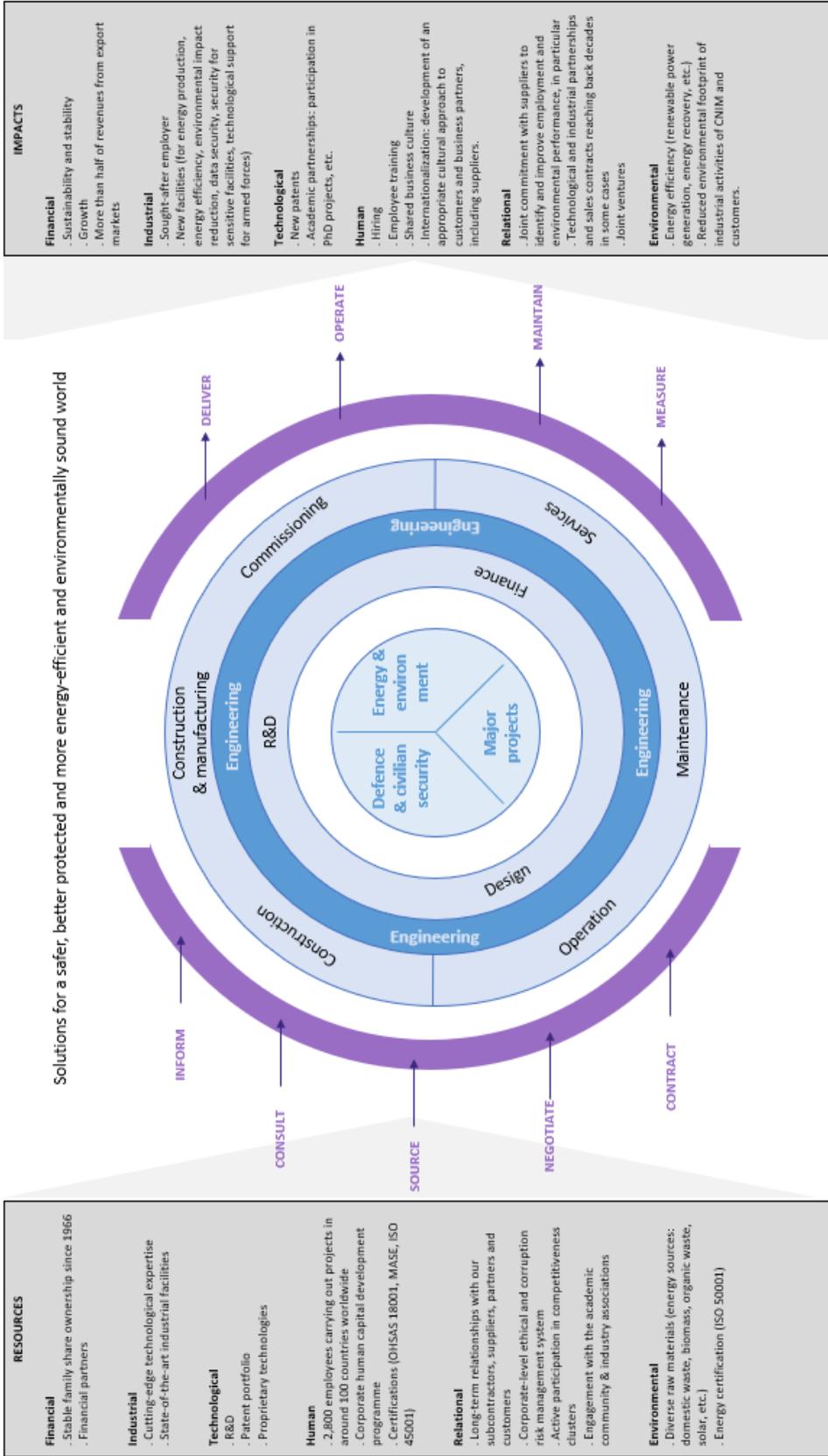
- shows all stakeholders with which CNIM interacts in the course of its activities,
- identifies the extent and forms of dialogue with each partner, as well as the related mutual expectations.

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



1.2 Our business model

OUR BUSINESS MODEL



The solutions devised and implemented by CNIM are paving the way towards a safer, better protected and more energy-efficient and environmentally sound world. In awarding the Group contracts to design, build and operate their energy transition, defence and security infrastructures, CNIM's customers - which include major public and private-sector contracting authorities in France and all over the world - can feel safe in the knowledge that the Group's 2,800 employees are deeply committed to pushing back technological boundaries and harnessing their creative flair to provide reliable, durable solutions.

The impressive diversity of the Group's capabilities and expertise is reflected in CNIM's activities addressing the long-term challenges facing the world today. Diversity is also the hallmark of this mid-cap enterprise, which - with the backing of family shareholders committed to its development - has harnessed its constantly-renewed capacity for innovation to drive growth and create jobs.

2 PRINCIPAL RISKS AND OPPORTUNITIES

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

Until 2018, this process was managed on two levels:

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

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

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

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

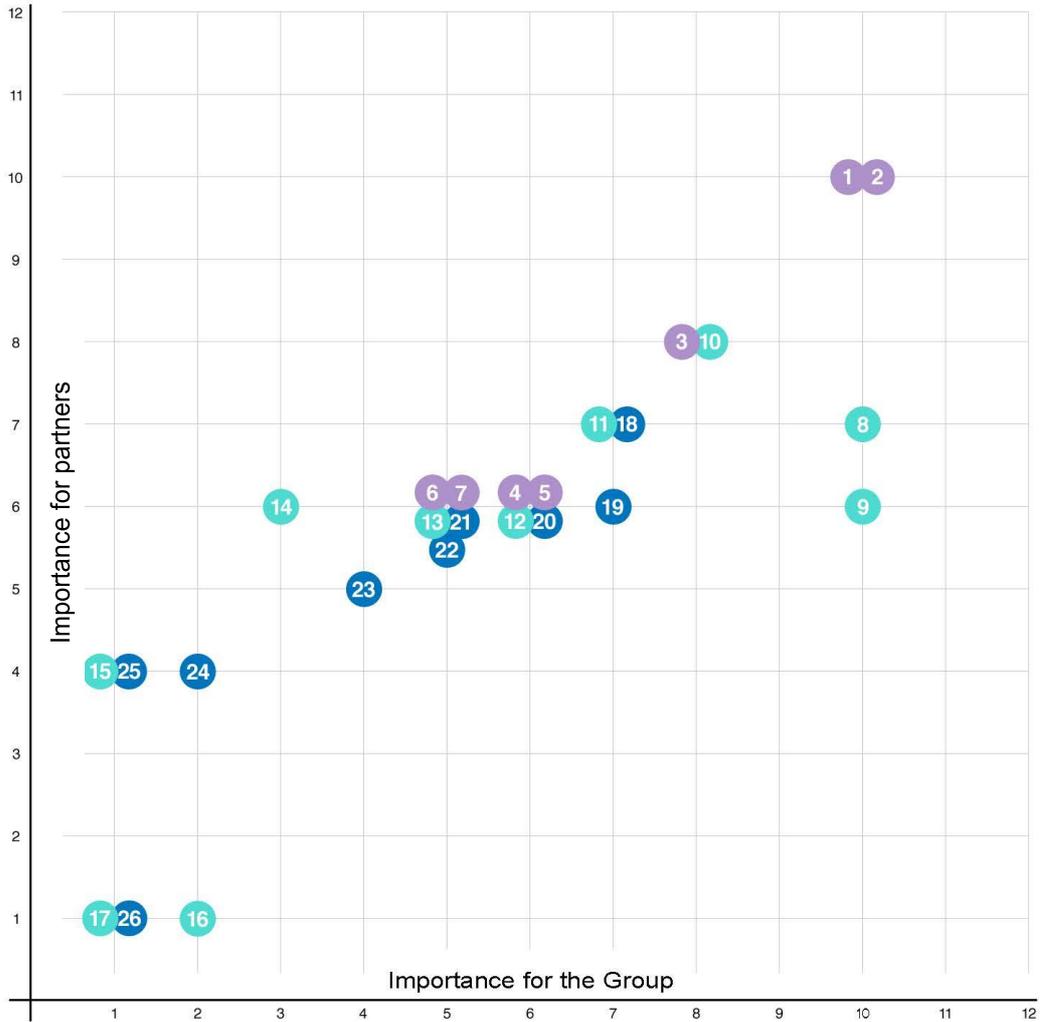
The target process will be gradually rolled out across all entities, beginning in 2019.

2.1 Materiality of non-financial considerations

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

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

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



Labour-related

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

- 21. Contribution to civil society and local development

- 22. Consumer health & safety
- 23. Human rights
- 24. Respect for human rights in the supply chain
- 25. Partnerships and corporate philanthropy
- 26. Measures to reduce food waste

Environmental

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

Social

- 18. Action taken to prevent corruption
- 19. Inclusion of social and environmental issues in purchasing policy
- 20. Impact on local populations

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

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

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

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

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

2.2 Overall risk management strategy

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

- Risks were identified on the basis of the results of surveys and individual interviews with members of the Management Board and Managers' Committee of the Group and its principal subsidiaries. A risk sheet has been produced for each major risk thus identified, describing:
 - the risk;
 - the root cause(s);
 - the existing risk management provisions;
 - the identity of the principal vulnerabilities/improvement areas;
 - feedback;
 - a risk materialization scenario.
- Risks were assessed and ranked based on three cumulative criteria:
 - financial or human impacts;
 - probability of occurrence within 5 years;
 - margin for improving control of the risk.

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

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

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

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

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

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

External risks	External opportunities
<ul style="list-style-type: none"> Country risks Technological disruption Regulations and certification 	<ul style="list-style-type: none"> Regulations and certification Partners Technological innovations

Internal risks			Internal opportunities	
Strategic			Strategic	
<ul style="list-style-type: none"> Importance of certain markets in the business portfolio Critical size in certain markets 			<ul style="list-style-type: none"> High-technology markets Business diversification International development R&D strategy 	
Operational	Human capital	Compliance	Operational	Human capital
<ul style="list-style-type: none"> Project drift Defective products or services Environmental harm Industrial accidents 	<ul style="list-style-type: none"> Health & safety Recruitment and skills 	<ul style="list-style-type: none"> Compromise 	<ul style="list-style-type: none"> Performance of products and services Energy efficiency market Waste recovery market 	<ul style="list-style-type: none"> Training Boost talents and people development
	Information systems	Governance and integrity		Finance
	<ul style="list-style-type: none"> Intrusion and malicious activity Critical failure of information systems 	<ul style="list-style-type: none"> Fraud and corruption Supply chain dependability 		<ul style="list-style-type: none"> Partnerships and jointly-owned companies
	Finance			
	<ul style="list-style-type: none"> Failure of partners, suppliers or subcontractors 			

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

	COMPANY	SITES / ACTIVITIES	CERTIFICATE							
			QUALITY		HEALTH & SAFETY			ENVIRON.		
			ISO 9001	OHSAS 18001	MASE	Others	ISO 14001	ISO 50001	Others	
Environment Sector	CNIM SA EPC division	Paris, La Seyne sur Mer, Saint Aubin	0	0				0		
	CNIM SA E&E Services	Paris, La Seyne sur Mer	0	0				0		
	CNIM SA E&E Services	La Plaine Saint Denis	0		0	CEFRI				
	CNIM Babcock Services	Gardanne, Villepinte	0		0					
	LAB SA	La Plaine Saint Denis, Gardanne, Villepinte, Saint Herblain, Saint Avold, Le Barp, Illzach, Maromme, Chassieu, Wattrelos	0							
	CNIM THIVERVAL GRIGNON	Lyon, La Seyne sur Mer	0	0	0			0		
		Waste processing site		0				0	0	
		Thiverval Grignon sorting center		0				0		
		Waste processing site at Pluzunet		0				0		
		Waste composting and green algae processing site at Lantic		0				0		
		Waste processing site at Saint Pantaléon de Larche		0				0	0	
		Waste processing site at Plouharnel		0				0	0	
		Waste processing site at Dudley		0				0		
		Waste processing site at Stoke on Trent		0				0		
		Waste processing site at Wolverhampton		0				0		
		Waste processing site at Baku		0				0		
	La Seyne sur Mer		0				0			
	CNIM SA	La Seyne sur Mer	0	0		CEFRI				
		Paris								
	CNIM Transport Equipment	Foshan (China)	0	0				0		
	CNIM Singapore	Singapore	0	0				0		
	BERTIN TECHNOLOGIES	Montigny le Bretonneux, Aix en Provence, Tarnos, Thiron Gardais, Saint Aubin	0	0				0		
		Montigny le Bretonneux, Aix en Provence, Thiron Gardais, Montbonnot				CEFRI				
		Energie Process Environnement - Tarnos	0	0	0		0		OPQIBI	

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

3 POLICIES, ACTION PLANS, PERFORMANCE INDICATORS AND RESULTS

3.1 Human resources: attracting and retaining talent

3.1.1 Human Resources policy

Employment policy

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

Recruitment initiatives and relationships with higher education

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

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

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

Mobility

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

Diversity in action

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

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

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

Policy on combating discrimination

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

Measures to promote the employment and integration of disabled people

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

3.1.2 Due diligence

Mobility

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

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

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

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

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

International development

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

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

Manager bonding and coordination

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

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

Policy on combating discrimination

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

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

Measures to promote the employment and integration of disabled people

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

A disabled employee may benefit from:

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

3.1.3 Performance indicators and policy results

Performance indicators

Our KPIs:

- Staff turnover¹: ≤ 15% by 2023.

Scope: Group.

Reporting standard: GRI 401-1.

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

Scope: Group.

Status in 2018:

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

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

Pay gap between male and female employees

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

100 is the lowest median value by category and gender.

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

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

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

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

¹ This rate refers to voluntary departures; it excludes employees who retire or leave upon contract expiry.

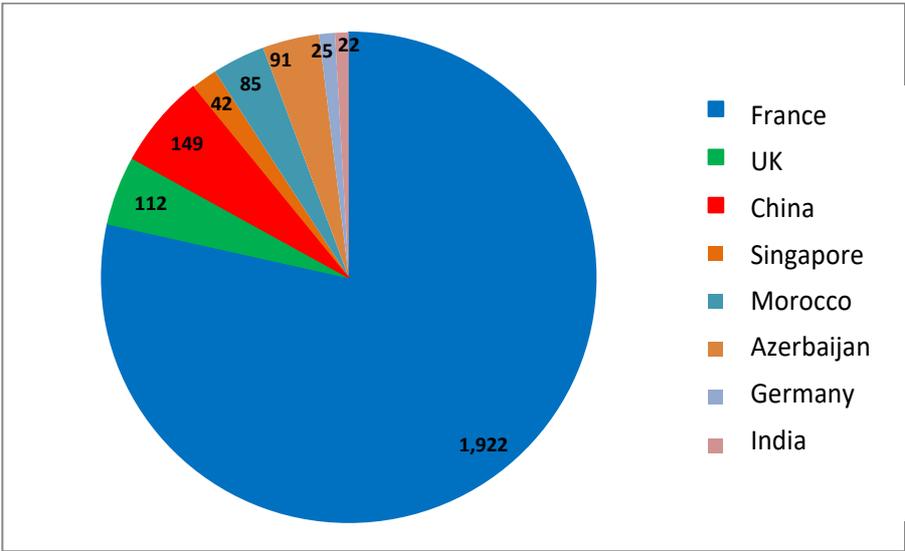
3.1.4 CNIM Group employees

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

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

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

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



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

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

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

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

Proportion of staff employed under fixed-term/permanent contracts

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

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

Breakdown of contracts: full-time and part-time

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

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

Hiring

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

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

Departures

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

Reasons for departures

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

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

Remuneration and changes in remuneration

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

3.2 Health and safety

3.2.1 Health and safety policy

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

Commitments by Directors

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

Organization

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

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

3.2.2 Due diligence

Group HSE coordination

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

Group HSE policy and implementation across Group entities and companies

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

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

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

HSE training and best practices

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

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

2023 roadmap

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

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

3.2.3 Performance indicators and policy results

Our KPIs:

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

Scope: Group.

Reporting standard: GRI 403-2².

Status in 2018

- Accident frequency rate: 15.59.

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

- Accident severity rate: 0.29.

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

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

Work-related illness performance:

Work-related illnesses recorded in 2018: 1.

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

Health and safety expenditure performance:

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

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

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

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

² From 2019, the KPI and the results will no longer take into account travel-related accidents

3.3 Energy consumption and energy efficiency

3.3.1 Electricity consumption and energy efficiency policy

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

Commitments:

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

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

Objectives:

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

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

Resources:

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

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

3.3.2 Due diligence

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

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

Energy audits

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

3.3.3 Performance indicators and policy results

Our KPIs:

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

Status in 2018:

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

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

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

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

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

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

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

SUNCNIM continues building the Llo concentrated solar power plant

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

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

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

3.4 Waste recovery

3.4.1 Waste recovery policy

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

Commitments

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

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

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

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

Objectives

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

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

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

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

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

Organization

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

3.4.2 Due diligence

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

A multi-stage process is used:

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

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

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

3.4.3 Performance indicators and policy results

Performance indicators

Our KPI:

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

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

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

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

3.5 Human Resources – Training and skills

3.5.1 Training and skills management policy

Commitments

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

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

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

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

Skills strategy

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

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

Organization

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

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

3.5.2 Due diligence

Training needs identification and approval process

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

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

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

Scope: Group companies in France.

Optimization of training plans across Group entities

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

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

In-house trainers pass on their knowledge

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

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

Skills strategy

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

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

3.5.3 Performance indicators and policy results

Our KPIs:

- 28 hours of training per employee, on average.

Scope: Group.

Reporting standard: GRI 404-1.

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

Scope: Group.

Reporting standard: GRI 404-3.

Status in 2018:

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

2018 training results

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

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

3.6 Pollution - Preventing and reducing atmospheric emissions

3.6.1 Atmospheric emissions prevention and reduction policy

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

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

Policy, commitments and organization of LAB SA

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

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

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

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

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

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

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

3.6.2 Due diligence

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

The key features of this action plan are as follows:

- conduct our research and development activities so as to maintain our leadership in our current technologies, and develop new solutions that address customer expectations and environmental necessities;
- deliver cutting-edge operational excellence, constantly optimizing our processes and providing the necessary support to our customers to ensure that our systems perform at maximum efficiency;
- develop our talents and teams, so that our organization is always learning, ready to tackle new challenges and able to achieve our shared goals with flying colours.

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

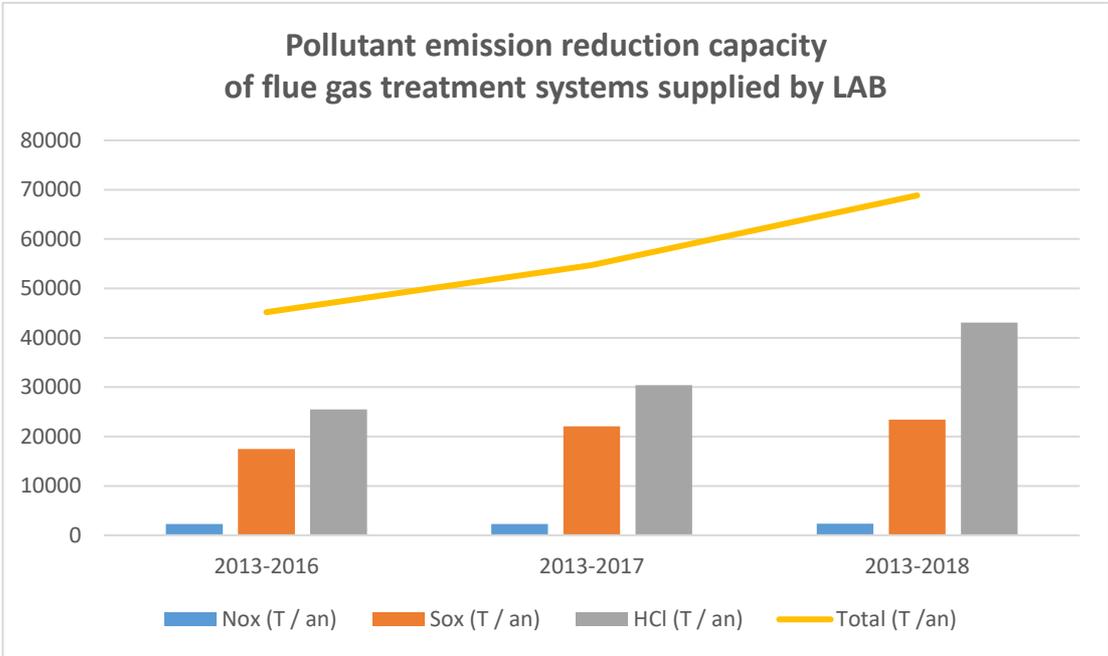
3.6.3 Performance indicators and policy results

LAB activities

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

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

The chart below shows the combined pollutant emission reduction capacity of the flue gas treatment systems handed over by LAB. It is clear from the chart that the efforts invested in research and development, winning new contracts and managing quality and environmental impacts have yielded significant reductions in atmospheric emissions. In this respect, LAB is a major contributor to improvements in our partners' environmental footprints and operating conditions.

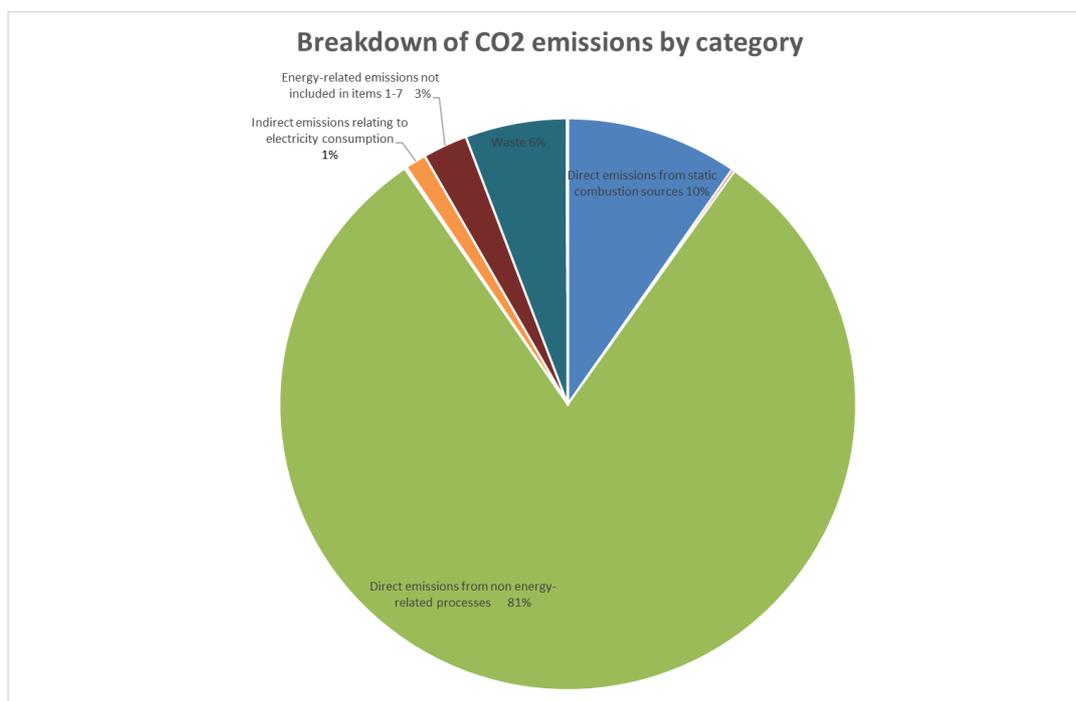


The project at Solvay's Tavaux plant is a good example of LAB's achievements in 2018. LAB built a flue gas treatment system incorporating high-performance SecoLAB™ technology at the plant. Pollutant emission measurements made with the new system in service demonstrated that the performance achieved surpassed the guaranteed required level. For example, the required SOx level was 150 mg/Nm³, but the measured level was 125 mg/Nm³.

CNIM Group greenhouse gas performance

In 2018, aggregated scope 1 and 2 greenhouse gas emissions for the CNIM Group were 547,239 tCO₂e, with uncertainty of almost 39%.

Emission categories	Numbers	Emission items	Calculated values							Avoided greenhouse gas emissions Total (t CO ₂ e)
			Greenhouse gas emissions							
			CO ₂ (t CO ₂ e)	CH ₄ (t CO ₂ e)	N ₂ O (t CO ₂ e)	Other gases (t CO ₂ e)	Total (t CO ₂ e)	CO ₂ b (t CO ₂ e)	Uncertainty (t CO ₂ e)	
Direct greenhouse gas emissions	1	Direct emissions from static combustion sources	52 308	53	462	0	52 824	2 211	3 803	0
	2	Direct emissions from internal combustion-powered	912	1	8	0	921	124	25	0
	3	Direct emissions from processes (excluding energy)	405 745	9	0	170	441 117	0	204 388	172 090
	4	Transient direct emissions	0	0	0	725	725	0	217	34 272
	5	Emissions from biomass (land and forests)	0	0	0	0	0	0	0	0
		Sub-total	458 966	62	470	895	495 586	2 335	204 424	206 362
Indirect emissions relating to energy	6	Indirect emissions relating to electricity consumption	6 450	0	0	0	6 450	0	255	0
	7	Indirect emissions relating to consumption of steam, heat	26	0	0	0	26	0	8	0
		Sub-total	6 477	0	0	0	6 477	0	255	0
Other indirect greenhouse gas emissions	8	Energy-related emissions not covered by items 1 - 7	11 589	1 666	467	0	13 722	-2 356	988	0
	9	Purchases of goods and services	0	0	0	0	0	0	0	0
	10	Fixed assets	0	0	0	0	0	0	4	0
	11	Waste	30 938	0	199	0	31 137	9	9 613	140
	12	Upstream goods transport	0	0	0	0	0	0	0	0
	13	Business travel	318	0	0	0	318	0	0	0
	14	Upstream leased assets	0	0	0	0	0	0	0	0
	15	Investments	0	0	0	0	0	0	0	0
	16	Visitor and customer transport	0	0	0	0	0	0	0	0
	17	Downstream goods transport	0	0	0	0	0	0	0	0
	18	Use of sold products	0	0	0	0	0	0	0	0
	19	End-of-life management of sold products	0	0	0	0	0	0	0	0
	20	Downstream franchising	0	0	0	0	0	0	0	0
	21	Downstream leasing	0	0	0	0	0	0	0	0
	22	Commuting	0	0	0	0	0	0	0	0
23	Other indirect emissions	0	0	0	0	0	0	0	0	
		Sub-total	42 845	1 666	665	0	45 177	-2 348	9 664	140
TOTALS			508 288	1 729	1 136	895	547 239	-12	214 343	206 502



CNIM Group avoided-emissions performance

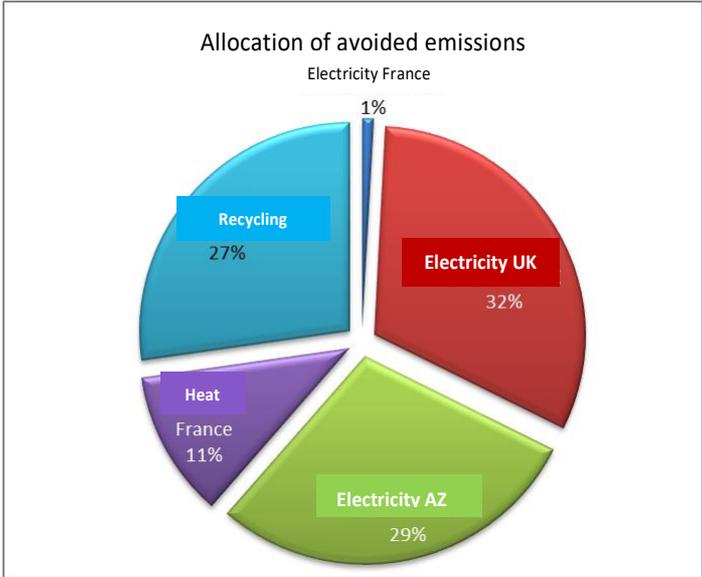
The Carbon Accounting method estimates the emissions avoided by a certain activity. In the case of CNIM, this activity is waste-to-energy reprocessing and the recycling of materials.

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

In 2018, CNIM Group sites enabled 206,362 tCO2e of emissions to be avoided, representing 38% of total emissions.

	Emissions factor	Emissions avoided
	kgCO2e/MWh	tCO2e
Electricity sold in the UK	457	65,128
Electricity sold in Azerbaijan	473	59,829
Electricity sold in France	40*	1,712
Heat sold in France	279	23,438
Recycling of materials		56,255

*The carbon database emissions factor is 57kg CO2e/MWh for France, but 40kg CO2e/MWh if the part related to the distribution and transportation of electricity (which is outside CNIM’s scope) is excluded. This figure is very low in comparison with the UK or Azerbaijan, which is due to the very considerable role of nuclear power in France’s energy mix.



3.7 Ethics and anti-corruption measures

3.7.1 Ethics and anti-corruption policy

Commitments

In the course of our activities, CNIM promotes:

- a culture of integrity and compliance, based on upholding and adapting to applicable incoming ethics standards and legislation, both in France and in other countries where our employees conduct our business;
- a principle of zero-tolerance to all forms of corruption.

Since 2013, the CNIM Group has been committed to raising staff awareness to the risk of fraud. Initially aimed at managers, it was then extended to purchasers and clients and, since 2015, has been included in the Management training programme. In total, over 500 employees have undergone training or familiarization. Acknowledging incoming French legislation (i.e. the Sapin II law on transparency, anti-corruption measures and modernizing politics), the Group updated and enhanced its corruption risk management system, applicable to CNIM and to all companies controlled by CNIM.

This system is based on the following key elements:

- an Ethical Charter;
- an Anti-Corruption Code of Conduct;
- a Purchasing Code of Conduct;
- a sales agent selection and monitoring procedure;
- a corruption risk management procedure for partnerships (and potential partnerships);
- a gifts and privileges management procedure;
- a "Human Resources" charter;
- a whistleblowing procedure covering recording and processing aspects.

Organization

The system is organized with the aim of enabling a combination of centralized management, ensuring controlled, uniform application, and operational management implemented locally by the various subsidiaries and entities.

At Group level:

- A "Compliance" steering committee has been set up:
 - its members are the Chief Financial Officer, the Group Legal Director, the Group Human Resources Director and CNIM's Compliance and Anti-Corruption Officer;
 - the committee meets at least bi-monthly, addressing all matters relating to corporate compliance.

At CNIM level:

- A Compliance and Anti-Corruption Officer has been appointed, tasked with the following missions:
 - produce and regularly review a corruption risk map;
 - define and regularly review the internal guidelines and procedures applicable throughout the Group;
 - coordinate and monitor awareness raising initiatives and training relating to the Group Compliance and Anti-Corruption Programme;
 - provide operational support to local compliance and anti-corruption officers;
 - define and oversee the internal monitoring and assessment arrangements for the management procedures implemented;
 - perform, record and archive checks stipulated by procedures applicable to sales agents and partners.

In the principal CNIM subsidiaries:

- Local compliance and anti-corruption officers have been appointed, tasked with the following core missions within their respective scopes:

- coordinate the rollout, application and assessment of the Group Compliance and Anti-Corruption Programme;
- perform, record and archive checks stipulated by procedures applicable to sales agents and partners.

3.7.2 Due diligence

Sales agent evaluations

The sales agent selection and monitoring procedures specifies the selection criteria and requirements relating to the evaluation, approval and monitoring of sales agents with whom a business relationship is under consideration or already exists.

This procedure mainly concerns the following functions: Sales managers, Compliance officers, Sector, Division and Business Line Directors and Finance and Legal Departments.

Sales agent evaluations are systematically informed by:

- analyzing due-diligence questionnaires;
- processing data in specialist databases;
- examining the findings of independent due-diligence reviews.

Partner evaluations

The corruption risk management procedure applicable to (potential) partnerships specifies the selection criteria and requirements relating to the evaluation, approval and monitoring of third parties with which a partnership - in the form of a joint business or joint-venture - is under consideration or already exists.

This procedure mainly concerns employees responsible for identifying, selecting, approving and monitoring (potential) partners; such employees include compliance officers, employees tasked with drafting, negotiating and approving partnership agreements, and employees who represent the interests of CNIM or any of its subsidiaries as members of a decision-making body in a partnership.

Partner evaluations are systematically informed by:

- the partnership terms and conditions;
- analyzing due-diligence questionnaires and processing data in specialist databases;
- examining the findings of independent due-diligence reviews, where applicable.

Management of gifts and privileges

The "gifts and privileges" management procedure specifies the conditions for accepting and registering gifts and other benefits received or given.

Employee awareness and training for exposed individuals

Communication and training are the basis of the internal and external awareness-raising strategy and the ability to combat corruption.

Accordingly, following on from the training and awareness initiatives implemented since 2013, a new training and awareness plan will be launched in 2019.

3.7.3 Performance indicators and policy results

Performance indicators

Our KPIs:

- All CNIM Group employees most exposed to corruption and influence-peddling risks are to be trained or made aware of the risks by 2021.
- All new hires to positions exposed to corruption and influence-peddling risks are to be trained or made aware of the risks within one year of induction (with effect from 2020).

2019 roadmap:

Special training for all the following employees and functions:

- Management Board members, Audit Committee members, Group Managers' Committee members, Environment & Energy and Innovation & Systems Executive Committee members, and CEOs of operational subsidiaries;
- Sales representatives, developers, purchasing managers, buyers, project managers, institutional relationship managers, legal specialists, Human Resources managers and compliance officers, with the following scope: CNIM, LAB SA and the Bertin Group.

2020 roadmap:

The aim is to finalize training and awareness measures for all operational subsidiaries of CNIM and all employees thereof not already trained or made aware of the risks in 2019.

Reporting standard: GRI 205-2.

Performance relating to confirmed cases of corruption

In 2018, at CNIM Group scope:

- no confirmed cases of corruption were identified;
- no employees were dismissed or disciplined in relation to corruption;
- no contracts were terminated or allowed to lapse due to corruption-related infringements;
- no corruption-related legal action was taken against CNIM or any Group subsidiaries or employees.

Reporting standard: GRI 205-3.

3.8 Subcontracting and suppliers

3.8.1 Purchasing policy

The CNIM Group Purchasing policy strives to build fair, long-term, win-win relationships with suppliers and subcontractors, in order to satisfy our customers and achieve the Group's profitability, performance and innovation goals.

In all countries in which the Group operates, our ambition is to conduct our purchasing activities with integrity, upholding CNIM's values in accordance with the Group's Ethics Charter and Purchasing Code of Conduct.

The primary mission of Purchasing teams is to ensure that all Group companies have reliable access to the products and services they need for their respective businesses, by selecting and qualifying the best suppliers. To this end, they strictly monitor the suppliers with which they work, conducting regular performance reviews, including corporate social responsibility aspects.

Commitments by Purchasing teams

Working in coordination with the project teams of which they are a part, the Group's Purchasing organizations are tasked with ensuring:

- the economic competitiveness of purchased products and services;
- compliance of purchased and services, including compliance with technical and quality requirements;
- schedule compliance;
- safety of people and property;
- compliance with environmental obligations;
- compliance with applicable regulations;
- prevention of corruption, conflicts of interest and fraud;
- compliance with fair competition law;
- compliance with human rights, and in particular the Universal Declaration of Human Rights, the International Labour Organization's Fundamental Conventions on human rights, and the Modern Slavery Act.

Organization

Each Group company and Sector has its own Purchasing department responsible for operational purchasing relating to its activity; this department implements the Group's Purchasing policy, allowing for any specificities relating to its markets.

The Group's Corporate Purchasing Department is responsible for non production-related purchases and for contracting cross-disciplinary services. It acts as the information system owner for the Purchasing business, and organizes purchasing-related training to enhance skills and spread best practices.

3.8.2 Due diligence

New supplier qualification process

Owing to the highly technical nature of CNIM Group products and services, properly qualifying new suppliers can be a critical success factor in delivering the performance required for our products and services. To this end, each Sector and company has established a proprietary procedure, reflecting the specificities of its markets.

Qualification procedures are graded according to the supplier's criticality, and are based on a document analysis, where appropriate accompanied by onsite inspections or audits. They aim to reduce the risks relating to:

- Quality => technical capability of the supplier to deliver the required product or service
- Cost => robustness of supply and ability to fulfil economic commitments
- Schedules => ability to deliver within agreed lead times
- Management => financial strength of the company; management commitment to the contractual relationship; compliance with employment and environmental legislation
- Health & safety => ability to protect the health and safety of employees and comply with statutory and contractual requirements (in the case of industrial and work site-based activities).

Supplier assessment policy

The CNIM Group strives to forge long-lasting business relationships with suppliers and subcontractors. To this end, each Sector and company has established a proprietary assessment procedure, reflecting the specificities of its markets. Depending on the entity, supplier and subcontractor assessments may be conducted either during or at the end of a contract, or else at regular intervals in cases involving recurrent business.

Purchasing practices

Statutory compliance is an essential prerequisite for lasting business relationships with suppliers and subcontractors. Accordingly, CNIM regularly reviews its purchasing terms and conditions to reflect regulatory changes.

Whenever appropriate, CNIM prefers to work with local suppliers based near the Group's facilities around the world. The Purchasing Policy does not include criteria relating to the size of partner companies: the CNIM Group works with a host of small and medium-sized organizations, provided they can demonstrate their ability to fulfil their contractual commitments. Furthermore, due to the highly technical, innovative nature of the fields in which the Group operates, no guideline calling for contracting at least-cost exists.

Lastly, although compliance with commitments is a major criterion for Purchasing teams, contract terms may in some cases be reviewed if the original arrangements change, to ensure that agreements remain equitable to both parties.

Purchaser skills and training

In view of the importance of purchasing in the Group's businesses, purchaser skills and training have been identified as a major success factor. At the request of the Group Managers' Committee, a working group comprising Purchasing Directors and Purchasing Managers from the Group's principal companies in France was set up to address this topic. Objectives include producing a skills map for the Purchasing business and setting up a Purchasing-focussed training programme that can be rolled out across all the aforementioned companies.

3.8.3 Performance indicators and policy results

New supplier qualification process

KPI: Wherever products and services have an impact on subsequent production of a product, on the quality of an end service or on safety, 80% of new suppliers are to be assessed using employment-related and environmental criteria.

Reporting standard: GRI 308-1 and 414-1.

Scope:

- 2018: CNIM SA, which accounts for 60% of the Group's total Purchasing expenditure.
- This measure will be gradually rolled out to the remaining Group companies, with the aim of covering 80% of Group Purchasing expenditure by 2022.

Status in 2018:

- Percentage of Group Purchasing expenditure covered: 60%.
- Percentage of suppliers analyzed > 80%*.

**This result was obtained from a survey; a software-based measurement tool is currently being developed for 2019.*

Purchaser skills and training

Our KPIs:

- At least one Purchasing business-focussed training course organized per year.
- 80% of purchasers received Purchasing training over the course of the year.

Scope: Group companies in France, covering 86% of Group Purchasing expenditure.

Our performance in 2018:

- 1 Purchasing-focussed training course organized.
- Percentage of purchasers who received Purchasing training over the course of the year: 64%.

Social and environmental impact-focussed supplier assessment

Our objective is to assess a minimum of 15 suppliers annually, selected based on country risk, criticality (for strategic suppliers) and/or health and safety criteria.

After an evaluation, in the case of suppliers with significant (actual or potential) adverse social and/or environmental impacts, all requests for major corrective action, as agreed with the suppliers in question, were tracked.

In the event that a supplier failed to implement requests for major corrective action, or if the action taken failed to yield a significant improvement, the business relationship with the supplier may be terminated.

Scope: Group.

Reporting standard: GRI 308-2 and 414-2.

4 OTHER MATTERS PROVIDED FOR UNDER ARTICLE L225-102

4.1 Social commitments to sustainable development and the circular economy

Reuse of IT equipment

Since 2014, the CNIM Group has signed partnership agreements with organizations for the employment of the disabled, respectively concerning the recycling or reconditioning of used IT equipment and screens for all French subsidiaries and the sorting and recycling of third-party site waste.

Under these agreements, the CNIM Group contributes on the one hand to reintegrating people into the job market who find it difficult to obtain work and on the other to the circular economy, by:

- reducing the Group's environmental impact by reducing waste and the associated CO2 emissions;
- transforming waste into resources, thus limiting the consumption of raw materials;
- prioritizing reuse.

In 2018, the partnership on the management of the Group's end-of-life IT equipment collected 3.2 tonnes of equipment, with a reuse rate exceeding 70%. Given the low levels of recycling for this type of equipment and their significant environmental impact, the results achieved by this partnership are very positive.

In 2018, the partnerships on the collection, sorting and recycling of tertiary waste were extended: they now cover 7 sites, and have led to the recycling of 17 tonnes of paper and cardboard.

CNIM Insertion

Since 2009 and the creation of the Thiverval Grignon (Yvelines, France) sorting centre, whose operating contract was awarded to CNIM, CNIM Insertion has offered social support and employment to people in difficulty to facilitate their integration into the economy. The undertaking is a company for the integration of workers through economic activity whose status has been accredited by the State. The people in question are hired for a maximum of 24 months, trained as sorting operators and helped with their social difficulties, and especially with their search for employment, as this activity is only one stage in their journey and is a stepping stone on the path to long-term employment. CNIM Insertion's mission comprises numerous positive outcome objectives, as the reintegration process can be counted a success only when the person has been able to find a job or take a training course that matches their aspirations and skills.

Since obtaining State certification in 2009, CNIM Insertion received AFAQ EI/ETTI approval in 2013: it is the first integration enterprise in Ile-de-France to obtain AFNOR certification, which aims to validate the social practices of sheltered employment companies.

In 2018, 53 people benefited from a contract with CNIM Insertion. Nine of these went on to obtain either a permanent position, a nine-month or longer fixed-term contract or a place on a training course leading to a qualification.

Paris chooses CNIM for its new waste sorting centre

In 2015, a CNIM-led consortium involving several partners was selected to design, build and run (for a two-year period) a waste sorting plant to be sited in the Clichy-Batignolles industrial zone. The plant will enter service in 2019 and employ 80 staff, of whom 35 will be employed under reintegration contracts, almost twice as many than at Thiverval-Grignon. The process will incorporate the latest in automated sorting technology, such as the optical sorting of plastics and paper and mechanical fractioning, so as to limit the amount of work done by hand and allow operatives to focus on quality control. The centre will have a capacity of around 40,000 tonnes per year and will process the "clean and dry" waste of 900,000 residents.

4.2 Collective labour agreements

Collective labour agreements:

- Agreements affecting employee remuneration:
 - Agreement relating to mandatory annual pay negotiations concluded at CNIM SA, Bertin Technologies, LAB SA, SUNCNIM and CNIM Centre France.
 - Agreement relating to the company savings plan (PEE) concluded at CNIM SA and LAB SA.
 - Profit-sharing agreement concluded at CNIM SA.
- Agreement affecting employees' working conditions:
 - Agreement on teleworking arrangements concluded at Bertin Technologies.
 - Agreement relating to on-call working concluded at Bertin IT.
 - Agreement on the collective substitution status relating to the Bertin Pharma / Bertin Technologies merger.
- Other agreements:
 - Agreement relating to the Generation Contract concluded at Bertin Technologies.
 - Agreement extending the terms of office of employee representatives concluded at CNIM SA.

4.3 Measures taken to reduce food waste

The CNIM Group does not purchase, process, distribute or sell food products, and only two Group companies have their own workplace canteen. Accordingly:

- reducing food waste,
- combating food insecurity,
- animal welfare,
- and sustainable, fair trade and responsibly produced food

are not major issues for the Group, and no specific action plan has been established for these topics other than the vigilance and common-sense measures that the Group applies to all of its consumption and waste.

4.4 Measures taken to combat tax evasion

Tax policy

The main aim of the CNIM Group tax policy is to secure the Group's positions with regard to the governments of the various countries in which it operates, by complying with the relevant obligations.

This is achieved by i) determining, drafting and regularly updating a transfer pricing policy, demonstrating to tax authorities that the international principles governing the allocation of profits between our entities are upheld; ii) systematically reviewing the accounts of each Group entity, ensuring that the positions adopted are consistent with local tax obligations and iii) providing frequent training for all individuals whose activities affect the tax results of Group entities.

Furthermore the Tax Department provides supervisory and advisory services for tendering processes, to ensure that the flows between legal entities involved in a project comply with the Group's transfer pricing policy.

This mission appears to be a success, in view of the very limited tax adjustments paid by the Group across all countries in which it operates.

Lastly, the Tax Department maintains a systematic watch over all tax credits recorded by the various Group companies in order to liaise with the relevant tax authorities responsible for refunds.

Commitments by the Tax Department

The Group's Tax Department, cooperating with the various divisions:

- establishes general transfer pricing principles enabling compliance with all applicable tax obligations;
- drafts and regularly updates the Group's documentation relating to transfer pricing, enabling documents to be submitted to authorities promptly upon request;
- upholds compliance with filing deadlines across all Group entities;
- verifies the accuracy of tax statements filed by Group entities.

Organization

As financial support functions to Group entities are centralized, the Finance Department offers assistance, advice and supervision during account closing procedures, to ensure that the information on which tax statements are based is as reliable as possible.

The Finance Department also reviews all Group proposals i) exceeding a critical size threshold or ii) submitted in a region in which the Group is not present or has no previous contracting history.

5 METHODOLOGY APPLIED FOR THE CNIM GROUP'S DECLARATION OF NON-FINANCIAL PERFORMANCE FOR 2018; INDEPENDENT OPINION ON FAIRNESS

To ensure that submitted information is transparent and reliable, RSE France, a subsidiary of the Apave group, was appointed to verify the Group's labour-related, environmental and social information, as required under French law (by Decree 2017-1265 of 9 August 2017 implementing order 2017-1180 relating to the publication of non-financial information).

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

- **Change in consolidation scope:**

18 legal entities are covered in the 2018 report:

	2012	2013	2014	2015	2016	2017	2018
Bertin IT					0	0	0
Bertin GMBH						0	0
Bertin Technologies	0	0	0	0	0	0	0
CNIM Azerbaijan				0	0	0	0
CNIM Babcock Maroc				0	0	0	0
CNIM Centre France		0	0	0	0	0	0
CNIM Insertion			0	0	0	0	0
CNIM Martin Pvt. Ltd.							0
CNIM Ouest Armor	0	0	0	0	0	0	0
CNIM SA	0	0	0	0	0	0	0
CNIM Singapore			0	0	0	0	0
CNIM Terre Atlantique				0	0	0	0
CNIM Thiverval Grignon	0	0	0	0	0	0	0
CNIM Transport Equipment			0	0	0	0	0
LAB SA	0	0	0	0	0	0	0
LAB Washington*					0	0	0
MES Environmental Ltd		0	0	0	0	0	0
SUNCNIM					0	0	0

Note: the white area identifies the extent of the consolidation scope each year.

*Environmental matters only are included in respect of LAB Washington. Other data for this company is immaterial.

Entities selected for reporting consolidate the performance and impact of the industrial facilities where they are responsible for operational technical control, including facilities operated on behalf of third parties. These companies account for 95 % of the Group's consolidated revenues and cover 93 % of its headcount over 36 sites.

Certain Group companies have not been consolidated, for the following reasons:

- entity with fewer than 20 employees;
- recently-acquired entity in the process of integration into the Group;
- entity with limited environmental impact (e.g. service sector business).

The list of entities to be covered by the Group CSR Report is put forward by the Group CSR Manager and approved by the Management Board and General Management of the subsidiaries concerned. The Group CSR manager is responsible for collecting and consolidating data and producing the corresponding report.

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

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

- For 2018, methods of estimation were defined for data that were not available, to ensure that all of the information required could be delivered within the specified deadlines. Unknown water consumption figures for certain third-party sites were therefore estimated based on the consumption figures for sites of a similar size. These estimates account for less than 1% of the total;
- The CNIM Group is concerned about what happens to the waste material produced by its activities and can provide indicators about the recovery of its waste. To this end, it relies on the definitions of 'waste' and 'recovery' established by the local regulations;
- CO2 emissions were calculated based on the V8.1 spreadsheet program of the Association Bilan Carbone (French Carbon Accounting Association), with emission factors from the Carbon Database. In the light of the work of the "Electricity" working group over the period 2017-2018, a major update was implemented, to more accurately reflect the impact of import/export flows and to update the European average CO2 content. The method now uses net hourly import and export data, and the European CO2 content defined by the International Energy Agency (IEA);
- Given that the Group subcontracts all inbound and outbound transportation and that hauliers and freight forwards do not publish figures for the CO2 emissions generated by these services, the CNIM Group does not possess sufficient data to disclose "Other indirect greenhouse gas emissions" (scope 3). The only items described in detail in scope 4 are final waste from waste-to-energy and waste treatment plants and energy emissions that are not included in items 1 to 7 (emissions from the entire final energy production chain, recorded for any use of fuel, electricity or steam).
- The emission factor applied for waste sorting and waste processing centres is 326 kg CO2 eq./tonne for the incineration of household waste (excluding transport, which is outside the scope) and 128 kg CO2/tonne for landfill disposal of final waste;
Acetylene gas is used by many Group companies and subsidiaries. It was not referenced in the Carbon Database, and was added to the carbon account as follows: density 1.1 kg/m³, emission factor 3.38 kg.CO2/kg (based on stoichiometric ratios).
- Calculation of uncertainty: as most emissions are due to the incineration of household waste, all these emissions depend directly on the household waste incineration emission factor. These values are not independent, as in previous years the uncertainties were added together.
- When calculating its direct greenhouse gas emissions, the CNIM Group includes CO2 from vehicles owned, leased or hired by the Group and used for the purpose of its industrial and commercial activities.



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