# REGISTRATION DOCUMENT 2016

Société anonyme (public limited company) with registered capital of 278,976,086.10 euros
Registered office: 28, rue de Mogador - 75009 PARIS
485 182 448 Paris Register of Commerce and Companies

# REGISTRATION DOCUMENT 2016

## Containing the Annual Financial Report and the Management Report

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

Pursuant to its General Regulation, particularly Article 212-13, the French Financial Markets Authority (*Autorité des marchés financiers* - AMF) registered this Registration Document on 23 June 2017 under number R.17-047. This document may not be used in connection with any financial transactions unless it is accompanied by a transaction note approved by the AMF. The issuer prepared this document and the signatories are responsible for the information herein.
Registration according to the provisions of Article L. 621-8-1-I of the French Monetary and Financial Code was carried out after the AMF verified that the document is complete and understandable, and that the information it contains is consistent. It does not imply validation on the part the AMF of the accounting and financial information presented.

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

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# CROSS-REFERENCE TABLE

The comparison table below identifies in this Registration Document:
the information constituting the Annual Financial Report (Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF General Regulation);
the information constituting the Annual Management Report (Article L. 225-100 et seq. of the French Commercial Code);

| Annual Financial Report | Registration Document: |
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| 2. Company financial statements - French GAAP | Erreur ! Source du renvoi introuvable.Erreur ! Source du renvoi introuvable. |
| 3. Consolidated financial statements - IFRS | 20.1 |
| Source du renvoi introuvable. | |
| 4. Annual Management Report See box below | |
| 5. Chairman's report on internal control and corporate governance | Appendix 3Erreur ! Source du renvoi introuvable. |
| 6. Communication relating to the Statutory Auditors' Fees | 2.3 & 20.1 NOTE 17- |
| 7. Statutory Auditors' report on the annual financial statements under French GAAP and IFRS | 20.2 & 20.4 |
| 8. Statutory Auditors' report on the Chairman's report | Appendix 4 |

| Annual Management Report | Registration Document: |
|---|---|
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# GENERAL REMARKS

## Definitions

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

1. “Voltalia” or "Company" means the company Voltalia SA;

2. “Group” means the group of companies comprising the company Voltalia SA and its subsidiaries; and

3. "Martifer Solar" means Martifer Solar SGPS, acquired by Voltalia in August 2016, and companies in which it holds a significant stake in the capital and voting rights. The acquisition covered all of the securities of the Group parent company. Therefore, it indirectly concerns all the subsidiary entities, partnerships and associates of the Martifer Solar consolidation scope. As an exception, subsidiaries based in the United States were not included in the transaction and were sold to the Martifer Group by Martifer Solar prior to the takeover.

4. Pursuant to Article 28 of Regulation 809/2004/EC of the European Commission, the following information is incorporated by reference into the Registration Document:

5. The consolidated financial statements for the year ended 31 December 2014 and the corresponding Statutory Auditors' report contained in Chapter 20, paragraphs 20.1 and 20.2 of the Registration Document filed with the *Autorité des Marchés Financiers* on 30 April 2015 under number 15-029 (the "2014 Registration Document");

6. The consolidated financial statements for the year ended 31 December 2015 and the corresponding Statutory Auditors' report contained in Chapter 20, paragraphs 20.1 and 20.2 of the Registration Document filed with the *Autorité des Marchés Financiers* on 5 April 2016 under number 16-017 (the "2015 Registration Document");

7. The elements of the management report relating to the financial statements for the years ended 31 December 2014 and 2015 contained in Chapter 9, paragraphs 9.2 of the 2014 Registration Document and the 2015 Registration Document.

The parent company financial statements for the year ended 31 December 2016 contained in section **Erreur ! Source du renvoi introuvable.** of the Registration Document. The Statutory Auditors' report on the parent company financial statements for the year ended 31 December 2016 is presented in section 20.4 of the Registration Document.

## Market Information

The Registration Document contains information relating to the contracts of the Group and its competitors, particularly in Chapter 6 “Business overview”. This information comes from studies carried out by external sources. However, publicly available information, which the Company believes to be reliable, has not been verified by an independent expert and the Company cannot guarantee that a third party using different methods to gather, analyse or calculate the market data would obtain the same results. The Company and the direct and indirect shareholders of the Company neither make any commitment nor provide any warranty as to the accuracy of such information.

## Risk Factors

Investors should carefully consider the risk factors described in Chapter 4 “Risk Factors” of the Registration Document before making their investment decision. The realisation of any or all of these risks may have a

negative effect on the activities, the position, the financial results of the Company or its objectives. Furthermore, other risks not yet identified or considered immaterial by the Company at the date of the Registration Document could have the same negative effect and investors could lose all or part of their investment.

## Forward-looking Information

The Registration Document contains forward-looking statements and information about the Group's objectives, particularly in Chapters 6 "Business overview" and 12 "Trends", which are sometimes identified by the use of future or conditional tense and terms of a prospective nature, such as "estimate", "consider", "aim", "expect", "intend", "should", "hope", "could", in their affirmative or the negative forms, or any similar terminology. This information is based on data, assumptions and estimates considered reasonable by the Company. The forward-looking statements and objectives contained in the Registration Document may be affected by known and unknown risks, uncertainties related in particular to the regulatory, economic, financial and competitive environment, and other factors that could cause the future results, performance and achievements of the Company to differ materially from the expressed or implied goals. These factors may include, in particular, the factors described in Chapter 4 "Risk Factors" of the Registration Document.

# 1 PARTIES RESPONSIBLE FOR THE REGISTRATION DOCUMENT

## 1.1 PERSON RESPONSIBLE FOR INFORMATION

Sébastien Clerc, CEO of Voltalia

## 1.2 CERTIFICATION OF THE PERSON RESPONSIBLE

*I declare that, having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its scope.*
*I declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and that they present a true and fair view of the assets, financial position and results of the Company and the consolidated group, and that the management report contained in the Registration Document accurately presents the changes in business, results and financial position of the Company and the consolidated group, as well as describes their principal risks and uncertainties.*
*I obtained a statement from the Statutory Auditors at the end of their engagement affirming that they had reviewed the entire Registration Document and examined the information about the financial position and the financial statements contained therein. This letter does not contain any comments.*

Paris, 22 June 2017
Sébastien Clerc
*CEO*

# PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

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Chief Financial Officer
28, rue de Mogador
75009 Paris
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Fax: +33 (0)1 44 63 14 50
invest@voltalia.com

# 2 STATUTORY AUDITORS OF THE FINANCIAL STATEMENTS

## 2.1 PRIMARY AUDITORS

In accordance with resolution number 19 presented in the General Shareholders' Meeting dated 1 June 2017, the Company proposed that the shareholders renew the term of office of Mazars for a period of six years and not renew that of Mr David Chauchat

**Cabinet Mazars**
Member of the Paris Auditors' Association
Tour Exaltis
61, rue Henri Regnault
92075 Paris La Défense Cedex
Represented by Mrs Juliette Decoux
Appointed by decision of the Ordinary Shareholders' Meeting of 9 November 2011 for a term of six financial years that will expire at the close of the Ordinary Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2016.

**H3P REAL ASSETS**
30 rue des Mathurins
75008 Paris
Represented by Mr Jean-Benoît Monnais
Appointed by decision of the Ordinary Shareholders' Meeting of 13 June 2014 for a term of six financial years that will expire at the close of the Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending 31 December 2019.

## 2.2 SUBSTITUTE STATUTORY AUDITORS

**Mr David Chaudat**
Tour Exaltis
61, rue Henri Regnault
92075 Paris La Défense Cedex
Appointed by decision of the Ordinary Shareholders' Meeting of 9 November 2011 for a term of six financial years that will expire at the close of the Ordinary Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2016.
**Auditeurs & Conseils Associé**
31 Rue Henri Rochefort – 75017 Paris
Represented by Mr Eric Chapus
Appointed by decision of the Ordinary Shareholders' Meeting of 13 June 2014 for a term of six financial years that will expire at the close of the Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending 31 December 2019.

During the period covered by the historical financial information, there was no resignation or dismissal of the statutory auditors.

## 2.3 CERTIFICATE OF FEES PAID TO THE STATUTORY AUDITORS

The statement of fees paid to the Group's Statutory Auditors is included in NOTE 17-of the appendix to the consolidated financial statements at 31/12/2016 in section 20.1 of the Registration Document.

# 3 SELECTED FINANCIAL INFORMATION

The financial information selected and presented below is extracted from the Company consolidated financial statements established under IFRS for the years ended 31 December 2016, 2015 and 2014 detailed in sections 20.1 respectively of the first part of the prospectus approved by the AMF on 23 June 2014 under number 14-315 and the Registration Document registered with the AMF on 30 April 2015 under number R.15-029 and the Registration Document registered with the AMF on 5 April 2016 under number R.16-017.

These accounting and operational data selected below should be read in relation with the information contained in the sections 9 "Examination of the financial position and result" and 10 "Cash and capital" of the Registration Document.

| In thousands of euros | 31/12/16 | 31/12/2015 | 31/12/2014 |
|---|---|---|---|
| | | | |
| **Revenues (1)** | **126,966** | **58,565** | **27,610** |
| *Of which biomass* | *2,844* | *2,854* | *3,786* |
| *Of which wind* | *72,196* | *44,077* | *12,709* |
| *Of which solar* | *30,733* | *7,427* | *7,369* |
| *Of which hydroelectric* | *2,320* | *1,628* | *2,896* |
| *Of which hybrid* | *17,740* | *1,503* | *0* |
| *Of which corporate* | *1,134* | *1,077* | *848* |
| *Of which Europe* | *31,627* | *14,639* | *10,654* |
| *Of which Latin America* | *89,741* | *43,926* | *16,954* |
| *Of which Asia and Africa* | *5,598* | *0* | *0* |
| **EBITDA (2)** | **50,018** | **30,042** | **12,536** |
| Depreciation and amortization | (17,943) | (10,714) | (5,018) |
| Depreciation, amortisation and provisions | 4,747 | 2,789 | (1,556) |
| Net reversals of impairment of other operating income and expenses | 0 | 180 | 0 |
| **Current operating income** | **36,821** | **22,629** | **6,736** |
| **Operating income** | **34,181** | **22,298** | **5,962** |
| **Net profit (loss)** | **577** | **4,550** | **4,896** |
| **Net income Group share** | **1,635** | **3,888** | **4,495** |
| **Cash generated from operations before financial income and income tax (3)** | **48,540** | **31,684** | **13,226** |
| | | | |
| **Group equity** | **424,753** | **211,165** | **210,741** |
| **Cash and cash equivalents** | **101,375** | **43,591** | **58,779** |
| **Gross financial debt (4)** | **440,273** | **308,038** | **244,974** |
| **Installed power (5)** | 480.5 MW | 376.1 MW | 133.1 MW |

(1) Revenues include the Group's revenues (or revenues from ordinary activities) and other revenues related to the business.

(2) EBITDA is the Anglo-Saxon equivalent of *Excédent Brut d'Exploitation* (Gross Operating Profit). It is calculated by restating current operating income for net depreciation and provisions included in current income.

(3) Cash flow from operating activities is the cash flow from consolidated companies before the cost of financial debt, in accordance with Section 10.2.1 of the Registration Document.

(4) As of 31 December 2016, gross financial debt increased to finance power plants under construction.

(5) Installed power corresponds to the consolidated power of the power plants in operation on 31 December of that year.

This financial information has been taken from the consolidated financial statements of the Company for the years ended 31 December 2016, 31 December 2015 and 31 December 2014, prepared under current IFRS, presented in Section 20.1 of the Registration Document.

### Change in revenues [1] by activity in the first quarter of 2017

| Revenues [(2)] (in millions of euros) | Q1 2017 | Q1 2016 | *Change* |
|---|---|---|---|
| Energy sales | 30.0 | 17.8 | *+68.1%* |
| Development, construction and procurement | 5.3 | N/A | *N/A* |
| Operation and maintenance | 5.3 | 0.2 | *NS* |
| Other * | (1.9) | N/A | *N/A* |
| **Consolidated revenues** | **38.7** | **18.0** | ***x2.1*** |

* *Corporate elements and eliminations of intra-group revenues. From 1 January 2017 and following the acquisition of Martifer Solar, Voltalia identifies the revenues from services provided internally.*

### Breakdown of the 2017 Q1 revenues by geographical area

| Revenues by area (in millions of euros) | Q1 2017 | Q1 2016 | *Change* |
|---|---|---|---|
| Latin America | 28.3 | 13.7 | *x2.1* |
| Europe | 11.9 | 4.3 | *x2.7* |
| Asia/Africa/Middle East | 0.4 | N/A | *N/A* |
| Other * | (1.9) | N/A | *NS* |
| **Consolidated revenues** | **38.7** | **18.0** | ***x2.1*** |

* *Corporate elements and eliminations of intra-group revenues. From 1 January 2017 and following the acquisition of Martifer Solar, Voltalia identifies the revenues from services provided internally.*

The consolidation of businesses acquired from Martifer Solar resulted in revenues from the provision of services being recognised by Voltalia in Q1 2017. This acquisition also enabled Voltalia to internalise a larger number of services, henceforth included in the revenues so as to fairly reflect the level of activity of the Group's business lines. These internal revenues are then eliminated to obtain a consolidated view of the Group. It should be noted that the Q1 2017 figures communicated in the two tables above are unaudited. This financial information was taken from the Q1 2017 press release dated 26 April 2017.

1 Revenues include the Group's revenues (or revenues from ordinary activities) and other revenues related to the business.

# 4 RISK FACTORS

Investors are invited to take into consideration all the information included in the Registration Document, including the risk factors described in the present section before deciding to acquire or subscribe to the Company's shares. The Company has conducted a review of the risks that could have a material adverse effect on its activities, financial position or results and considers that there are no significant risks other than those presented.
Investors' attention is nonetheless drawn to the fact that other risks which are unknown or the realisation of which is not considered, at the date of the Registration Document, as likely to have a significant unfavourable effect on the Group, its activity, its financial position, its results or prospects may exist.
The Group uses risk mapping approved by the Audit Committee to define and implement action plans to prevent their occurrence and mitigate their impact in the event of an accident. The mapping is regularly monitored and updated annually. A summary of the risks described below is available in section 3.5 of the Company's annual financial report.

## 4.1 GROUP RISKS

### 4.1.1 Risks relating to the market in which the company operates

#### 4.1.1.1 Risks related to energy yield forecasts and climatic conditions

The Group operates in the production of electricity mainly on the basis of four renewable energies: wind energy, solar energy, hydropower and biomass energy.
The Company has adopted a strategy for the distribution of its risks, both in terms of the number of power plants owned or under development, energy sources used (multi-source renewable energy production) and geography (locations in France, Greece, Morocco, Brazil and French Guiana, as well as the new geographical locations resulting from the acquisition of Martifer Solar). Nevertheless, as of 31 December 2016, more than 80% of the Group's production capacity is wind energy farms in Brazil, concentrated in the Areia Branca region. Except for biomass, the production of which is ensured at all times except during periods of non-availability, wind, solar and hydropower depend on weather conditions that require forecasting.
To overcome this uncertainty, budgets generally established over more than 20 years take into account average production values drawn up from historical weather data for the longest possible periods or to the extent economically desirable, obtained on site, at nearby weather stations and/or via satellite.
In addition, even when the very long-term potential has been estimated accurately, climatic conditions vary and may be below the average for the very long term during a given period (quarter, year, etc.) but also cumulatively over the useful life of the power plants.
A sustained decline in wind conditions at all or part of the installation sites of the Group's wind power plants, unfavourable water availability conditions at its hydropower plants or luminosity at its photovoltaic plants, or the occurrence of natural disasters resulting from exceptional climatic conditions could lead to a reduction in the volume of electricity produced by the Group. Such events could have a material adverse effect on the activities, financial position or results of the Group, or its ability to achieve its objectives.

#### 4.1.1.2 Risks related to national and international policies in support of renewable energy

The development of renewable energies depends in part on national and international policies in support of these energy sources. Certain countries such as France and Greece, and to a small extent other countries such

as Brazil have pursued, for several years, a general policy of active support for renewable energies, notably by way of purchase obligations or obligatory renewable energy quotas imposed on historical producers and/or distributors (such as EDF in France), favourable electricity purchasing tariffs, privileged access to the electricity network and tax incentives. The implementation of these general policies of support has changed in various ways in recent years, depending on developments in the applicable regulatory framework and in accordance with the country and sectors concerned. The Group cannot guarantee that this general policy of support will continue, in particular that the electricity produced by its future production sites will benefit from a statutory purchase obligation on the part of historical producers and/or distributors, favourable purchase prices for electricity, privileged access to the electric grid, tax incentives or other measures to support the production of electricity from renewable energy sources, or that the arrangements will not be cut back in the future. A drop in support for renewable energies, all other things being equal, would result in a slowdown in the growth of the Group as certain projects do not have the profitability required for their implementation.

#### 4.1.1.3 Risks related to public acceptance of wind power projects

Wind power is currently one of the Group's principal sources of income, providing 57% of the Company's revenues and 99% of the EBITDA as of December 31, 2016. Certain individuals, associations or other groups of people oppose the installation of wind projects, citing a deterioration of the landscape, noise disturbances, injuries to birds, or more generally, an attack on their environment.
Among the countries where the Group is present, this risk is principally concentrated in France. While development of a wind project usually requires that an impact study on the environment be carried out and that a public inquiry be organised prior to obtaining building permits, no guarantee can be given by the Group that a wind farm under development or in operation will generate a favourable opinion or be accepted by the populations concerned. Moreover, even if there are already various regulations in place intended to restrict the sites for the location of wind farms, especially near houses, the opposition of the local population could lead to the adoption of new, more restrictive regulations. The mobilisation of part of the population against the installation of a wind farm can make obtaining licenses more difficult. In France, for example, some associations are mobilising against these types of projects, including engaging in appeals against decisions that issue construction permits; these appeals can lead to cancellation of the licence and in some cases, the decommissioning of the farm. Although these procedures are rarely successful, construction permits obtained by the Group in France are regularly the object of an administrative appeal.
Projects using alternative energy sources (solar, biomass, hydroelectric) may also be subject to rejection on the part of the public.

The Group is currently involved in litigation on construction permits or other necessary permits for four projects under development that represent less than 4% of the volume of projects under development and one operating project that represents approximately 3% of the power plants in operation (See. § 4.1.6 Litigation risks). Development costs were impaired in full on one of these projects. The power plant in operation was not depreciated because of the litigation, the financial impact of which in the event of a decision that is unfavourable to Voltalia will represent less than 0.2% of the cost of the plant.

Lower levels of acceptance by the local populations with respect to the installation of power plants, an increase in the number of appeals or an unfavourable change in their outcomes could have an adverse effect on the profitability of proposed projects as well as on the prospects and financial performance of the Group. Nevertheless, acceptance by the local populations may prove to be positive in the future, with the Group

favouring installations on land with low agricultural value and taking care to limit the visual impact of its power plants on the landscape.

#### 4.1.1.4 Risks related to regulations and regulatory changes

The Group operates in a highly regulated environment. The Group must therefore ensure that each of its sites (wind farms, hydropower plants, solar power plants or biomass plants) that it develops, constructs and/or operates, on its own behalf or on behalf of customers, must comply with numerous laws and regulations, which differ depending on the country of operation. In particular, the Group is subject to strict international, national and local regulations concerning the construction of power plants (land acquisition, obtaining construction permits and other authorisations) and their operation, particularly as regards protection of the environment (landscape regulations, noise regulations, biodiversity, etc.). If the Group is unable to ensure that its production sites comply with the applicable provisions, they could face withdrawals of operating authorisations or authorisations to connect to local transmission and distribution networks, or also be subject to fines.
A stronger regulatory framework or its implementation could lead to new conditions for carrying out the Group's activities, which may increase its capital expenditure (for example, in relation to the adaptation of its power plants), or operating charges (including through the establishment of procedures or additional controls and monitoring), or act as a brake on the Group's development.
However, more generally, the Group cannot guarantee that rapid and/or significant changes in the current regulations will not occur in the future, either at the initiative of the competent authorities, or as a result of an action brought by a third party seeking to invalidate the regulations, which could adversely affect the activities, financial position and results of the Group.

#### 4.1.1.5 Risks related to taxation and tax changes

Investment, in general or specifically in the production of electricity from renewable energy sources, is the subject of various support measures or tax incentives in some countries. For example, the Group benefits from tax exemption mechanisms put in place by France for its Overseas Territories (including the "Girardin Act", which is applicable in French Guiana). These aid measures or tax incentives play an important role in the profitability of the projects developed by the Group.
Moreover, the taxation applicable in the countries in which the Group operates, both general and specific to its activities, could have a significant impact on the Group's investments, the profitability of its projects and production sites as well as on possible dividends. This taxation may be subject to changes that, as in France with the replacement of the business tax by the territorial economic contribution (Law no. 2009-1673 of 30 December 2009), may impact the profitability of the Group's production sites. The rules applicable to corporate tax and its equivalents in countries where the Group generates its revenue may also change and could have an adverse effect on the Group's business, financial position and results.
In general, no assurance can be given as to whether these arrangements will be maintained in the future, or that they will not change, which could have an adverse effect on the activities, financial position and results of the Group.

#### 4.1.1.6 Risks related to the availability of installation sites

The installation of the Group's power plants must take into account various constraints, including topographical constraints, various easements (including rights of way), connection capacities at the local electrical grid or various environmental constraints, in particular with respect to the proximity of housing or sensitive or protected sites pursuant to local legal and regulatory provisions. In addition, power plants can only

be constructed in areas with favourable climatic conditions. As a result, the number of sites available for these installations is necessarily limited. Moreover, in the specific case of wind turbines, growth in the number of wind farms installed correspondingly tends to restrict the number of sites available for installation, and the increase in the number of players in the wind energy market increases competition for these available sites. If the constraints on installation should be increased and/or if the Group is not able to find the available sites needed to develop its electric power plants, this could have a material adverse effect on its activities, its financial position and its results.

#### 4.1.1.7 Risks related to obtaining, renewing or maintaining operating licences and construction permits

The construction of a power plant requires obtaining operating licenses and building permits. These formalities must be conducted with various national and local authorities; the multiplicity of competent administrative authorities can make obtaining the relevant licences and permits a long and complex process. The Company cannot guarantee that construction permits and operating licenses will be obtained for the sites that are currently under development or under construction.
The procedures for obtaining construction permits and operating licenses differ from one country to another. A recourse against obtaining permits and authorizations for a Group project under development (in France in particular) could delay or prevent the construction and operation of this project.
In addition, for existing production sites, although the Group pays careful attention to their operating conditions, the renewal or maintenance of the necessary operating authorisations could be challenged, in particular if the Group does not comply with the provisions of such authorisations.
The failure to obtain construction permits or operating licenses for sites under development and construction or the lack of renewal or maintenance of such permits and authorisations obtained for its existing sites could have a material adverse impact on the activities, financial position or results of the Group.

#### 4.1.1.8 Risks related to technical and technological developments

The wind, biomass and especially solar power sectors are seeing their technology develop rapidly. Electricity production techniques from renewable energy sources are constantly improving; in parallel they may become more complex. The solar photovoltaic industry faces challenges such as the development of new production channels, the search for alternatives to “silicon technologies” and production cost reduction objectives. The Group could therefore have to rely on new technologies, such as solar trackers or concentrator photovoltaic systems (CPVs). The Group may also have to equip itself with electricity storage capacities (batteries), a technology that is new for the Company.
The Group cannot guarantee that these technologies will have the expected performance and life. To maintain and increase its level of activity, the Group must be able to track and adapt to these technological advances. The difficulty or impossibility of the Group coping with technological developments in the sector, present and future, or having access to the most competitive equipment could have a material adverse effect on its activities and financial position.

#### 4.1.1.9 Risks related to changes in electricity sales prices

The electricity produced by the power stations owned by the Group is generally sold via long-term contracts (usually 15 to 20 years), in which the price is fixed or indexed to inflation for the entire contract period. Once signed, prices can therefore normally not decrease. These fixed or indexed prices over the long term are the result either of a decision by the regulatory authorities in the form of tariffs or of calls for tender issued by the same authorities.
There is a primary risk that contracts could be called into question following administrative appeals or legislative decisions. In France, for example, following a complaint by several associations, the wind tariff

decree of 2008 was cancelled by the Council of State on 28 May 2014 (See § 6.5.3 Regulations in France). A new government order, at the same tariff level, was nonetheless passed on 5 June 2014, thereby providing security for the wind energy sector. In Greece, the parliament passed a law in April 2014 which aims to reduce the tariff paid on existing solar photovoltaic contracts, along with the cancellation of taxes by an amount which is also higher.

There is a secondary risk of lower prices applicable to future contracts for projects under development by the Group. In the French solar photovoltaic sector, for example, in December 2010, a decree provided for a suspension of three months of EDF's obligation to sign new long-term contracts for the purchase of solar photovoltaic electricity, prior to a downward revision of the corresponding prices decided by the decree of 4 March 2011 for contracts signed as from that date.

There is a third risk with respect to the formula for calls for tenders. In this case, it is possible that electricity sales prices offered by competitors of the Group are lower than those that would allow the Group to cover its expected costs while generating sufficient profitability. In Brazil, for example, the Group did not submit a bid because of the too low prices of its competitors between early 2012 and late 2013, when the Group won new contracts at higher prices.

Finally, there is a fourth risk when the Group sells electricity on the market without a long-term sales contract. The Group sells part of its electricity on the Brazilian free market or at prices indexed on the free Brazilian market. For example, the Group signed a private electricity sales contract, associated with the power plants at the Vila Para site in Brazil, over a period from the reception of the power plants through the date on which the long-term sales contracts concluded as part of the invitation to tender launched by the Brazilian authorities will come into force.

Lastly there is a risk of revision of tariffs if the production volumes are impacted by the meteorological conditions. In order to take account of these interruptions and seasonality, the electricity sale contracts concluded by the Group in Brazil provide for a penalisation adjustment mechanism (i) in the event that the objectives are not met or (ii) a bonus mechanism in the event of overproduction on the basis of the volume initially provided for in the said contracts. The bonus is calculated by valuing the production surplus at the contractual tariff less a discount.

While regulated tariffs or tariffs resulting from calls for tenders may change favourably for the Group and for its power plants in operation, and while the Group has a solid contractual framework, including for tariffs, which are fixed in the long term in most of the countries in which it operates, it cannot guarantee that long-term rates and market prices in the short and long term will always be at a level that allows it to improve or maintain its profit margins and its rates of return on investments. This could have a material adverse effect on the development of new projects and on the activities, financial position or results of the Group as well as on its growth and ability to achieve its objectives.

#### 4.1.1.10 Risks related to the profitability of production sites

The economic model of the production sites owned by the Group is based on a long-term financial plan (generally 20 to 25 years) that is highly sensitive to the income generated, which may notably vary in accordance with weather conditions, tariff levels (subject to specific contractual provisions), resource availability, the supply of wood and heat for biomass cogeneration plants, tax incentives, subsidies and aid granted by certain authorities.
Although the Group pays careful attention to each of these elements and makes every effort, where applicable, to cover the corresponding risks via contract, no assurance can be given by the Group as to installation reliability, client creditworthiness, changes in the costs of construction, operation or maintenance, changes in borrowing costs and interest rates, the temporary or permanent cessation of operations at production sites or

any other event that might result in lower production site profitability. The plants operated by the Group on behalf of its customers may be in a situation of under-production in relation to the objectives set in the operating and maintenance contracts due to external events (climate uncertainties) or not directly under the Group's responsibility (such as a design or construction defect).
The occurrence of any such event would affect the Group's ability to meet the maturities of the financing plans for its production sites and could have a material adverse effect on the activities, financial position or results of the Group or on its ability to achieve its objectives.

#### 4.1.1.11 Risks related to the cost of electricity from renewable energies compared to the cost of electricity from other energy sources

Demand for power plants generating electricity from renewable energies depends on factors such as the cost of electricity produced from this type of energy compared to electricity generated from other energy sources. The cost of electricity produced from renewable energy sources, especially wind and solar photovoltaic power, primarily varies in line with the cost of construction, financing and maintenance of the production site concerned and according to climatic conditions. The conditions of access to a supply of oil, coal, gas and other fossil fuels as well as uranium are key factors that determine interest in the use of energies other than renewable energies. However, the development outlook for renewable energies is not exclusively related to their economic competitiveness compared to other energy sources. The main energy sources that compete with renewable energies are oil, coal, gas and nuclear. The competition between the various renewable energies (notably between wind and hydroelectricity in Brazil) also affects the development potential of each energy. The Group cannot, however, guarantee that the improvement in the competitiveness of the price of electricity from renewable energy sources will continue in the future. Furthermore, competition between different energy sources could increase in the event of any stagnation or decline in demand for electricity. Any deterioration in the competitiveness of electricity from renewable energy sources in terms of production prices (especially in the event of increases in the price of turbines or a slowdown or halt in the decline of the price of solar panels), or technological advances with other energy sources, the discovery of large new deposits of oil, gas or coal, or a decline in the price of oil, gas and coal, could nevertheless cause a slowdown or even a decline in the demand for renewable energy, which could have a material adverse effect on the activities, financial position and results of the Group and its ability to achieve its objectives.

#### 4.1.1.12 Economic risks

The Company operates in 15 countries around the world. The macroeconomic and political conditions in each of these countries could pose significant risks for the feasibility of projects under development or future projects, as well as for the operation of third party installations on their own or for third parties.
In addition, the Group uses a high number of foreign currencies as part of its billing, purchases or the commitments that it is required to make to finance its projects. The Group is thus exposed to a greater exchange rate risk, particularly in the event of high exchange rate volatility (see section 4.1.4.1 of the Registration Document).
The Group is active in many emerging countries and must therefore increase its vigilance on political risks and macroeconomic stability.

#### 4.1.1.13 Risks related to the economic situation in Brazil

Brazil, where the Group realised 73% of its energy sales as of 31 December 2016, is experiencing a recession for the second year in a row: according to the World Bank [2], its GDP is expected to decline by 2.5% in 2016 compared to 2015.
Against this backdrop, at the date of the Registration Document, the long-term "TJLP" rate from the BNDES national bank stood at 7% in Q2 2017 [3] and the short-term "SELIC" rate serving as the basis for short term loans from commercial banks stood at approx. 11.25% [4]). Inflation, on which the prices of the Group's electricity sales contracts are indexed, stood at approximately 4.6% in March 2017 [5] [in 2016.]
Although interest rates have stabilised in 2016, there could be further increases with a significant unfavourable effect on the Group's financial position and results. Inflation, which is strongly correlated in the long term to the exchange rate, positively affects the Group's income throughout the duration of long-term electricity sales contracts. However, in the short term a sudden fall in the Brazilian real would have an unfavourable effect on the Group's results.
Furthermore, the Brazilian crisis is slowing access to credit. Although the Group obtained and implemented new credit agreements (corporate loans, bridge loans and long-term borrowings) drawn in the amount of 319 million euros between 1 January 2016 and 31 December 2016, which brought outstanding borrowings to 1,104 million reals, the Company cannot guarantee that this access to credit will not be slowed, which would affect the Group's ability to finance its projects at an acceptable cost and, as a result, achieve its objectives.

### 4.1.2 Risks related to the activities of the company

#### 4.1.2.1 Risks related to project development

The projects developed by the Group have a duration of between two and eight years, between initial prospecting, impact studies, interactions with the various public authorities and industrial commissioning of the power plants. The Group may incur significant expenses with respect to these elements prior to the commencement of construction and/or the industrial commissioning of the plants.

The Group therefore estimates the costs of construction and operation of its installations and of the costs of project implementation (such as administrative authorisations and confirmation of the initial technical studies). All projects are reviewed at each closing, and projects in development that no longer meet the activation criteria or which are abandoned are fully depreciated.
To reduce these risks, the Group pursues a project management process that allows it to avoid committing to significant investments that are not transparent and to halt any project during the upstream phase of the development that no longer fully meets the profitability or risk criteria considered by the Group to be acceptable. As of December 31, 2016, the maximum amount likely to be written down if the probability of obtaining authorisations for all projects under development or their forecast profitability were to be revised downwards, would be 16,715 thousand euros.

2 Moci, growth prospects 2016, 15/01/2016.

3 Investing.com, 29/09/2016.

4 BCP.

5 Global-rates.com.

### 4.1.2.2 Risks related to competition from other producers of electricity from renewable energies and other service providers

The Group faces significant competition which could intensify in the future. In the sector of renewable energies, competition is mainly encountered in the following areas:

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

Although the Group pays close attention to these various parameters, some of its competitors have much greater financial, technical or human resources than the Group. While the Group is working hard to maintain its competitiveness and to expand its installed capacity, no assurance can be given that the Group will be able to meet this current or future competition. Increased competition in the renewable energies sector could have a material adverse effect on the activities, financial position or results of the Group.

### 4.1.2.3 Risks related to the construction and commissioning of power plants

Notably in the light of uncertainties related to the geology of the land, to the weather during construction and to the complexity of the equipment and components, during the power plant construction and commissioning phase the Group may face various constraints such as delays and construction cost overruns, difficulties connecting to the power grid, construction defects, delivery failures on the part of suppliers, longer than expected delays in obtaining authorisations, a lengthy configuration phase requiring technical adjustments, contractor difficulties operating the equipment, or legal action instigated by third parties. Such events can be a source of significant delays in plant construction and commissioning; they may also give rise to additional construction and operating costs, to operating losses and even the loss of certain electricity sale contracts should the circumstances persist. In addition, the Group may provide its clients with financial guarantees that could be exercised if the plants are not brought into service before specified target dates. At the date of the Registration Document, the plants under construction are not facing any significant delays. The occurrence of any such delays or cost overruns in connection with the construction and commissioning of future plants of the Group could have a material adverse impact on its activity, financial position, results of operations and the ability to achieve its objectives.

### 4.1.2.4 Risks related to construction on behalf of third parties

As a manufacturer of power plants for customers, the Group is exposed to penalties if it fails to meet deadlines and budgets. These amounts are guaranteed to the customer in the signed service contract and their payment could have a negative impact on the Group's financial situation.
In addition, any malfunctioning of the plants constructed by the Group could entail additional costs in order to review the design and operation of these plants, and reduce or even monopolise the technical and financial resources necessary for the development of other Group projects. In addition, the contractual or criminal liability of the Group may be engaged for damages suffered by its customers as a result of these manufacturing or operating defects. In addition, such events could adversely affect the Group's commercial reputation, leading in particular to loss of its customer base.
Finally, service delivery activities entail a certain amount of income volatility: unlike 20-year contracts for the sale of energy, contracts for the provision of development and construction services are of a shorter duration. Only operating and maintenance contracts are multi-year.

All of these factors could have an adverse effect on the Group's financial position and prospects.
As far as insurance for risks related to the construction of the plants is concerned, the Group's policy is to be insured against all extra-contractual activities as far as possible. The level of insurance is negotiated on a case by case basis according to the specific characteristics of each project.

### 4.1.2.5 Risks associated with supplier and manufacturer dependency and the availability of equipment and raw materials

The Group uses various suppliers for the construction and maintenance of its electricity power plants. This requires the delivery and assembly of a large amount of technical equipment such as solar panels, turbines and masts, which only a limited number of suppliers can supply to the Group. Although the Group issues tenders for each project to most leading suppliers, studies the bids received with great care in terms of the qualitative and quantitative criteria and to date supply has broadly covered demand in a market characterised by supply overcapacity, the Group cannot guarantee that some providers will not encounter difficulties in the future in meeting the Group‘s demands or that they will not prefer some other market, including the Group‘s direct competitors.
For wind power, as turbines account for the majority of investments, it is important that long-term supply contracts are secured with partners. Certain contracts concluded by the Group, including turbine supply contracts for the construction of the Vila Acre site, contain clauses providing for cancellation in the event of contractual obligations not being fulfilled. Should the defaulting party not remedy the failure to execute within sixty days, the contract may be declared terminated. Termination of a contract to supply turbines would affect the group and its operational and financial performance.
In the solar sector, securing the conditions for the purchase of panels as well as for all the equipment necessary for the construction of solar power plants is also required to ensure the competitiveness of the Group.

Moreover, in the particular case of thermal power plants (biomass and diesel plants), no assurance can be given for the continued and sufficient availability of raw material supplies (wood and other organic products and diesel, respectively).
Any price increase (particularly turbines, solar panels or other essential equipment), or delay by the Group's main suppliers to meet their commitments or any failure to meet their obligations (including operational guarantees and obligations related to operation/maintenance activities), or any situation where it is not possible to order the components and equipment required for the construction or maintenance of power plants or the non-compliance of such components and equipment with Group requirements, could affect the schedule and economic profitability of its projects and therefore have a material adverse impact on the growth of the Group's installed capacity or the profitability of projects already launched and therefore on its activity, financial position or results or on its ability to achieve its objectives.

### 4.1.2.6 Risks related to client dependency

Within the framework of its electricity production activities, the Company‘s subsidiaries generally sell the electricity they produce to major incumbent producers and/or distributors or to public authorities. For the year ended 31 December 2016, revenues from this activity were generated mainly by the sale of electricity to major historical producers and/or distributors or to public authorities and accounted for nearly 80% of the Group's revenue (against 98% as of December 31, 2015).

Furthermore, certain contracts entered into by the Group, including electricity sale contracts in Brazil, contain clauses providing for termination should contractual obligations not be fulfilled. The Group cannot guarantee that it will always meet its obligations and that the contracts concerned will not be terminated as a result.

Furthermore, in the event of termination due to non-compliance with its obligations, the Group may be subject to financial sanctions.
The loss (especially in the event of termination of a contract) or the insolvency of one of these customers could affect the Group's ability to develop, build, maintain and operate its facilities in a cost-effective and timely manner.
Furthermore, the Group could see increases in construction and/or operating costs without being able to pass these on to its customers, or pricing pressure from its customers.
Finally, the development of the services business further exposes the Group to risks associated with client counterparties: non-recovery of guarantees, non-payment or non-compliance with commitments
The realisation of one of these risks could therefore have a material adverse effect on the activities, financial position or results of the Group.

#### 4.1.2.7 Risks relating to non-payment by clients and the implementation of certain contractual provisions

The contracts between the Group and its electricity purchase clients are usually long-term, in the order of 15, 20 or more years. Although most of its clients are well-established incumbent producers and distributors, no guarantee can be given that the Group‘s clients will comply with their contractual obligations or that they will not be the subject of recovery or liquidation proceedings. Exposure to this risk must be considered in Greece in particular, where the electricity buyer pays invoices several months late. The delay observed is six months as of December 31, 2016 (unpaid due debt of 903 thousand euros). No provision has been recognised because payment is always received, although late.
The Group has to be particularly vigilant in respect of the risk of non-payment by Greek clients. In Greece, Voltalia has also chosen to limit its exposure to 1% of its installed capacity as as of December 31, 2016. Lastly, the Group cannot, however, hedge against this risk inherent to its activity.

#### 4.1.2.8 Risks due to failure to control costs and exceeding deadlines

The risk of cost overruns concerns all of the Group's activities; an error in the initial estimate of the costs of development, construction or operation and maintenance would lead the Group to review the prices of its services or reduce its profits.
Similarly, for internal reasons (errors in the design or estimated timeframes, for example) or external factors (delays on the part of suppliers, climate uncertainties, recourse, etc.), the Group may be obliged to postpone the site delivery dates, which could have a material adverse effect on its business, financial position and results.

#### 4.1.2.9 Risks related to connection to the electricity transmission and distribution grids

The construction of a power plant requires connection to the national electricity transmission or distribution grid to route and deliver the electricity produced. Whether it is possible to construct a production site at a specific location is therefore highly dependent on its potential connections to transmission and distribution grids. As available power plant construction sites are sometimes located some distance from transmission or distribution grids, the Group can give no assurance that it will obtain sufficient grid connections within the time frame and cost structure planned for its future power plants. Furthermore, transmission and distribution grids could experience congestion, incidents or operational interruptions and the managers of these grids may not meet their contractual transmission or distribution obligations, or may terminate the associated contracts.

### 4.1.2.10 Risks related to decommissioning obligations for installations and turbines at the end of contract

In France, "ICPE" regulations require the provision of financial guarantees of 50 thousand euros per wind plant and 30 thousand euros per installed megawatt for certain solar plants. At the date of the Registration Document, and notably following the implementation of the ICPE regulations for wind farms, the rehabilitation and dismantling costs for wind and solar sites are covered by provisions in the financial statements as of December 31, 2016 in the amount of 1,209 thousand euros. This provision is included in the overall cost of planned projects. It should be noted, however, that in view of the known factors and the work undertaken by the Group, it is estimated that the refurbishment and dismantling costs of sites currently in operation could be covered by the proceeds from the sale of the equipment. No legal or contractual obligation requires the Group to establish provisions for dismantling its plants, except for its French wind plants and certain solar plants.

### 4.1.2.11 Risks relating to partnerships

For some of its power plants, the Group operates with the support of financial or local partners. Where such partnerships are implemented through the creation of joint entities, the Group does not always exercise control, either economically or legally. Shareholders' pacts were signed for Voltalia Guyane (with the CDC) and for the La Faye plant in Metropolitan France, as well as in Brazil for the Vamcruz and Sao Miguel do Gostoso plants.
The Group is also dependent on the financial capacity of the parties to supply their share of financing if the subsidiary performs a capital increase. The occurrence of any disagreement with its partners or incapacity on the part of the latter could have a material adverse impact on its activity, financial position and results.

### 4.1.2.12 Risks relating to insurance

The Group‘s activities are subject to the risks inherent to the construction and operation of power plants, such as the risk of interruption of operation, manufacturing defects or natural disasters.
More generally, the Group is also exposed to environmental risk, particularly with biomass facilities. The Group's policy is to cover the principal risks related to its operations (see section 4.2 of the Registration Document). However, no guarantee can be given as to whether the Group‘s insurance policies are or will be sufficient to cover any losses resulting from a significant interruption in the operation of the Group's production sites, the cost of repair or replacement of damaged sites, or the consequences of legal action instigated by third parties. If the Group were to face a serious uninsured event or an event significantly exceeding the limits of its insurance policies, the corresponding costs could have a material adverse effect on the activities, financial position or results of the Group. Furthermore, the Group‘s insurance policies are subject to annual revision by its insurers. If the level of premiums were to increase, the Group may not be in a position to maintain insurance coverage at current levels, or could only maintain such cover at significantly higher costs. Should it not be possible to pass on any such premium increases to Group company clients, the additional costs could have a material adverse impact on its activity, financial position or results.

### 4.1.2.13 Risks related to commitments provided

The Group may conclude completion undertakings, implementation of which may have a material adverse effect on the activities, financial position or results of the Group, or on its ability to achieve its objectives. Power plant completion and electricity supply volume undertakings have been provided in Brazil and France.

The Group may enter into promises to purchase with its partners. For example, promises to purchase land for hydroelectric projects have been made in Brazil. However, these agreements do not constitute firm undertakings for Voltalia (no significant penalty if the promises are not kept).

Finally, some of the Group's contracts include price levels based on minimum production obligations. This is notably the case with contracts for wind power plants in Brazil. Non-compliance by the Group with its contractual obligations may have an unfavourable effect on the Group's activity, financial situation or results, such as the obligation to financially compensate its clients or to cancel electricity sale contracts.

### 4.1.3 Regulatory constraints

Within the context of its activities, the Group operates energy production sites that can result in disturbances for the population, the fauna, flora and more generally the natural surroundings, or be the cause of accidents resulting in injury or which have an environmental or public health impact, such as the fall of a blade, injury to birds by wind turbines or a fire at a biomass plant. No guarantee can be given by the Group that its energy production facilities will not be the source of pollution, disturbance, environmental damage or personal injury. The Group's assets are also subject to the local regulatory constraints of each country in which it is present. Compliance with laws and regulations relating to health, safety and the environment (and subsequent developments) is a critical factor enabling the Group to obtain the licences and authorisations it requires to perform its activities; any failure by the Group to comply with such obligations would therefore have an unfavourable effect on its operational and financial performance.
However, more generally, the Group cannot guarantee that rapid and/or significant changes in the current regulations will not occur in the future, either at the initiative of the competent authorities, or as a result of an action brought by a third party seeking to invalidate the regulations, which could adversely affect the activities, financial position and results of the Group and its ability to achieve its objectives.

#### 4.1.3.1 Risks related to damage to the natural and human environment at the sites operated by the Group

##### Site security

Any assault, malicious act, sabotage or act of terrorism committed at the Group's sites under-construction or in production could have consequences similar to those of any of the incidents described in "Regulatory constraints" above. Such incidents could have multiple consequences such as damage to people and property, pollution or operational interruption. The Group has implemented a series of measures to reduce such risks and to ensure the protection of the Group's assets. Accordingly, and notably in order to combat fire risk, the Group has installed sprinkler systems, excessive temperature detection systems and smoke detectors. In addition, retention tanks have been installed under the transformers at the power plants to prevent soil pollution. Finally, at all Group power plants, on-call technicians are alerted immediately in the event of any damage being caused to the plant's equipment. Should any such event occur, the Group could incur liability for damages or injury caused by its power production sites. Should the Group be held liable for events notably impacting the environment, it could have a material adverse effect on the activities, financial position or results of the Group.

In view of the industrial character of its activities, the Group is exposed to a risk relating to the safety of persons present at its construction sites, installations and offices. The health and safety of the employees and subcontractors is of central concern for the Group, which has implemented its own Health and Safety policy (see in particular the CSR report in Appendix 1 of the Registration Document).

Such operational risks may arise in different ways, notably: as a result of interruptions and malfunctions of the IT systems used by the Group, errors, fraud or malicious intent on the part of employees and non-compliance with internal and external regulations.
Although the Group strives to manage any such operational risks in order to limit their potential impacts, they are likely to result in financial losses, reduced liquidity, business interruption, regulatory sanctions or damage to the reputation of Voltalia.

### 4.1.4 Financial risks

#### 4.1.4.1 Currency risk

This risk relates to the Group's activities outside the eurozone. In 2016 it mainly related to the Brazilian real.

#### 4.1.4.2 Exposure to variable interest rates

Adverse fluctuations in interest rates can impact the Group's activities for financing its development or remunerating its deposits.

#### 4.1.4.3 The balance sheet translation risk for the Brazilian subsidiaries

The Group is exposed to currency risk at its Brazilian subsidiaries (impact on translation reserves in equity). In the consolidated financial statements, the net worth of the Brazilian subsidiaries is valued at euro/Brazilian real parity at the closing date. The valuation comparison in euros of the net position of the Brazilian subsidiaries may therefore show translation differences. Its impact on equity as of December 31, 2016 is 51,077 thousand euros in variation of the translation reserve against an amount of 394,030 thousand euros in equity at the same date. All assets (plants under development, construction or in operation and miscellaneous assets), all liabilities (financing of associated projects, operating liabilities and miscellaneous liabilities) and future income and expenses relating to operating the plants in Brazil are and will be denominated in Brazilian reals. Accordingly, with the asset and the corresponding financing (as of December 31, 2016, the Group has a bank debt denominated in Brazilian reals in an amount equivalent to 319,843 thousand euros excluding accrued interest) being expressed in the same currency, any distortion of the valuation of assets at closing is significantly offset.
With the acquisition of Martifer, the exposure to new currencies remains limited at this stage.

The table below summarises the exposure to currency risk on the Group's balance sheet and net income:

| 2016<br>(in thousands of euros) | Impact on pre-tax profit | | Pre-tax impact on equity | |
|---|---|---|---|---|
| | Appreciation of 10% | Impairment of 10% | Appreciation of 10% | Impairment of 10% |
| BRL | 450 | (450) | 7,124 | (7,124) |
| Other (all) | 150 | (150) | 3,930 | (3,930) |
| TOTAL | **600** | **(600)** | **11,054** | **(11,054)** |

#### 4.1.4.4 Currency risk related to equipment purchases

This risk results from the purchase of equipment in a currency other than the domestic accounting currency. A minority of the equipment purchases are denominated in foreign currency.
Any exposure to a significant currency risk when purchasing equipment is hedged by the Group in the form of forward currency purchases for periods lasting no longer than the construction period in order to provide protection against exchange rate volatility during the execution of contracts related to equipment purchases.

#### 4.1.4.5 Currency risk related to operating revenues and expenses

Electricity sale contracts signed by the Brazilian subsidiaries are denominated in the Brazilian real. The operating expenses borne by the Group in Brazil will also mainly be denominated in Brazilian reals: the Group has local teams and local subcontractors who will operate the facilities and for which the costs are paid in

Brazilian reals; the bank debt taken on by the Group is in Brazilian reals and financial costs are consequently also in this currency; most spare parts needed for maintenance are locally manufactured and also denominated in Brazilian reals.

Accordingly, because the operating revenues and expenses of Brazilian plants are for the most part expressed in the same currency, the currency risk is greatly minimised. However, the net cash flows generated by the Brazilian plants depend on the level of the Brazilian real. Any fall in the real has an effect on all of the Group's cash flows in Brazil: investments and loans during the construction period; income, operating expenses and servicing of debt during the production period. Inflation, which is generally correlated in the long term to the exchange rate, positively affects the Group's income throughout the duration of long-term electricity sale contracts. However, in the short term a sudden fall in the real would have an unfavourable effect on the Group's results.
Similarly, operation and maintenance and construction service contracts are mostly denominated in the currency of operating costs in order to minimise the risk. In the event of exposure to the same risk, the Group would be covered by appropriate derivative instruments.

#### 4.1.4.6 Interest rate risk

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

#### 4.1.4.7 Project financing

In the financing of its projects, the Group enjoys significant leverage enabling it to limit its equity contribution, which typically ranges from 20% to 40% of total financing. Project financing implemented by the Group therefore involves significant use of debt at operating company level. Under these conditions, any increase in interest rates could threaten the future profitability of operating companies if they are exposed to variable-rate debt, which is essentially the case for Brazilian projects, but in the specific context of the regulated rates of the National Bank for Economic and Social Development."

In order to limit this risk, the Group has implemented a policy of hedging interest rate risks by encouraging the use of fixed-rate financing or of interest-rate swaps to hedge against adverse fluctuations in interest payable on variable-rate loans. This is generally the case in France but not in Greece, where it is difficult to obtain swaps for power plants.

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

The table below shows the situation of the Group's borrowings and interest-rate swaps as of December 31, 2016:

| Loans and interest-rate swaps position | 31/12/16 |
|---|---|
| **Fixed-rate loans** | **64,242** |
| *of which project* | *46,781* |
| *of which corporate* | 17,461 |
| **Variable-rate loans** | **57,157** |
| *of which amount subject to an interest rate swap* | *41,134* |
| *of which corporate* | *7,011* |
| **Adjustable-rate loans** | **302,601** |
| *of which BNDES loans* | 228,530 |
| **Total loans** | **423,999** |
| Maturity ≤ 1 year | 101,009 |
| Maturity 1 to 5 years | 121,110 |
| Maturity ≥ 5 years | 201,880 |
| **Total by maturity** | **423,999** |

The table below summarises the net exposure to interest-rate risk before and after hedging:

| | Financial liabilities | | Financial liabilities | |
|---|---|---|---|---|
| | before hedging | | after hedging | |
| 31/12/16 | Fixed rate | Variable rate | Fixed rate | Variable rate |
| Less than one year | 5,227 | 95,782 | 14,794 | 86,214 |
| From 1 to 5 years | 40,537 | 80,574 | 54,160 | 66,950 |
| More than 5 years | 18,478 | 183,402 | 36,421 | 165,459 |
| **Total** | **64,242** | **359,757** | **105,376** | **318,624** |

As of December 31, 2016, 24.85% of total debt related to project financing is at fixed rates, either directly or through interest rate swaps.

An increase of 100 basis points on loans taken out in the Group (unhedged adjustable or variable-rate loans) before 31 December 2016 would represent approximately 3,063 thousand euros of additional costs in 2017 and a cumulative amount of approximately 36,090 thousand euros over the life of the loans.

Although the Group actively implements a policy of hedging interest rate risk in France, any significant increase in interest rates, especially in Brazil, could have a material adverse effect on its activities, financial position, results or on its ability to successfully complete projects under development.

### 4.1.4.8 Liquidity risk and risk related to access to financing

Refer to NOTE 12-b) to the consolidated financial statements as of December 31, 2016.

### 4.1.4.9 Risk related to access to capital and to project financing

The Group's growth model consists of developing power plant projects for the production of electricity which are financed by successive capital increases, by project financing (bridging loans and long-term debt) and by "corporate" debt (generally subscribed by the Company directly) and, progressively, by some of the cash flows generated by the power plants in operation. To successfully complete its projects and to maintain them over the long term, the Group must find the necessary financing. The acquisition of Martifer enables the Group to develop growth drivers with limited capital contribution, thus providing an additional source of cash flow.

Furthermore, the Group cannot guarantee that it will have access to sufficient debt financing to carry out its projects or that market conditions (including financing with or without recourse) will always favour the ability to raise the financing required for its development. However, the recent capital increase makes it possible to limit the use of Corporate financing.

Virtually all project financing includes clauses limiting the payout of dividends or current account advances by the operating companies and/or provides for early repayment, notably in the event of non-compliance with a minimum level of coverage of debt servicing by the project company against its revenue, measured by a debt coverage ratio called "DSCR" (Debt Service Coverage Ratio) or a "Structure" ratio (debt/debt + equity). In 2016 fiscal year, all the covenants of the loans were complied with.

The table below shows the breakdown of financial liabilities by contractual maturity:

| | Debt at 31/12/2016 | 31/12/2017 | | 31/12/2018 | | 31/12/2019 | | 31/12/2020 | | 31/12/2021 and beyond | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Nominal | Interest | Nominal | Interest | Nominal | Interest | Nominal | Interest | Nominal | Interest | Nominal | Interest |
| Bonds | 17,242 | 1,317 | 2,210 | .941 | 2,065 | .80 | 2,011 | .52 | 2,016 | 14,852 | 13,597 | 17,242 | 21,900 |
| Bank loans | 392,609 | 18,829 | 30,604 | 17,942 | 27,968 | 27,530 | 24,098 | 27,874 | 20,232 | 300,434 | 121,783 | 392,609 | 224,685 |
| Liabilities under finance leases | 14,149 | 1,531 | .654 | 1,605 | .580 | 1,682 | .502 | 1,763 | .422 | 7,568 | .815 | 14,149 | 2,973 |
| Other debts | 8,643 | | 8,643 | | | | | | | | | - | 8,643 |
| Derivative instruments | 7,630 | | 7,630 | | | | | | | | | - | 7,630 |
| | | | | | | | | | | | | | |
| **Total financial liabilities** | 440,273 | 21,677 | 49,741 | 20,488 | 30,.613 | 29,292 | 26,612 | 29,689 | 22,669 | 322,855 | 136,196 | 424,000 | 265,830 |

The 'other debts' line includes accrued interests, bank overdrafts and other borrowings and similar debts as as of December 31, 2016.
The furthest maturity of these debts is in 2033.

### 4.1.4.10 Cash surpluses

The Group has centralised the management of its cash surpluses, where permitted by legislation or the project financing contracts. It secures its financial investments by systematically favouring money market and/or bond instruments. These investments are made with leading counterparties in the countries concerned. As of December 31, 2016, the Group had available cash of 101,375 thousand euros.

The Company has carried out a specific review of its liquidity risk and considers that the debts raised and which the Group expects to raise will make it possible to finance the projects underway in Brazil. These funds, plus the debt raised and planned to be raised, also enable development to be financed beyond these ongoing construction projects: construction of new power plants, activities in new countries, development of service activities and, where appropriate, external growth.

### 4.1.4.11 Risk related to financing the development plan by equity

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

### 4.1.4.12 Dilution risk and risks related to shareholding structure

Within the context of its incentive policy for management and employees, the Company has issued and attributed company creator share subscription warrants (BSPCEs), free shares and share subscription options. On the date of the Registration Document, the transferable securities that may give access to the Company's capital were as follows:

- 153,995 BSPCEs can be exercised providing entitlement to 15,399 shares;
- 75,841 bonus shares;
- 201,204 share subscription options providing entitlement to 216,811 shares; and
- 970,000 share subscription warrants providing entitlement to the same number of shares in favour of Kepler Cheuvreux under an equity financing line.

The potential dilution caused by these instruments would be 2.55% (see section 21.5).
In the future, the Company may continue issues and allocations of shares or of new financial instruments that are convertible into shares as part of its policy to incentivise managers and employees. Any complementary allocation or issue would result in additional dilution, potentially significant, for the shareholders of the Company.

### 4.1.4.13 Risks related to off-balance sheet commitments

**Off-balance sheet commitments given**

| **(in thousands of euros)** | **31 12 2016** |
|---|---|
| Commitments given by Voltalia to suppliers, in favour of its subsidiaries | 7,693 |
| Commitments given by Voltalia to customers, in favour of its subsidiaries | 259,834 |
| Guarantees relating to the decree ensuring the safety of installations classified for the protection of the environment (ICPE) | 1,119 |
| Other commitments | 44 |
| Commitments given relating to operating activities | 268,690 |

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

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

As part of the remediation guarantee for facilities classified for environmental protection (ICPE), the Group companies affected by this requirement benefit from a grandfather provision and took out surety insurance with a top-tier insurer in July 2016. The dismantling obligation is recognized as a dismantling asset. The dismantling insurance coverage is 1,119 thousand euros.

Commitments given in relation to financing activities

Debts contracted by the Group in the framework of project financing are guaranteed by collateral (mortgages, pledge on equipment, pledge of securities and receivables, and reserve accounts) as collateral for their repayment, in the amount of 406,539 thousand euros. This amount represents the outstanding balance on 31 December 2016, of debts for projects that are in operation or under construction or receiving bank financing. The furthest maturity of these debts is in 2033.

Off-balance sheet commitments received

- 35,000 thousand euros in syndicated credit lines due in March 2021:
  This line is not used as at 31 12 2016
- Confirmed bilateral credit lines of 27,500 thousand euros:
  These lines are not used as at 31 12 2016

| **(in thousands of euros)** | **31 12 2016** |
|---|---|
| Commitments received by the Group from suppliers | 83,262 |
| Subsidies received | 1,291 |
| Other commitments | - |
| Commitments received relating to operating activities | 84,553 |

The commitments received from suppliers are mainly performance/completion guarantees or even advance payments in favour of the Group under supply contracts concluded by subsidiaries with these suppliers.

The Greek government has committed to pay the Group investment subsidies totalling 1,291 thousand euros. These subsidies enable early repayment of loans contracted for the construction of projects. Given the estimated counterparty risk with the Greek state, these subsidies are not recognised in the balance sheet.

### 4.1.4.14 Risks related to the effect of acquisitions or investments

In recent years, the Group has acquired power plant projects, project companies or companies whose activity is identical or similar to that of the Group. A proportion of these acquisitions or investments could be paid in

shares of the Company, which could have a dilutive effect for existing shareholders. Such transactions also imply a certain number of risks relating to the integration of the acquired activities or personnel, to the impossibility of achieving the expected synergies, to maintaining uniform standards, controls, procedures and policies, to the emergence of unanticipated liabilities or costs, or to the regulations applicable to such transactions. For this purpose, the Group pays particular attention to the asset and liability guarantees and thus negotiates the most favourable guarantees as part of its acquisitions.
Such risks could therefore have a material adverse effect on the activities, financial position or results of the Group, as well as its ability to achieve its objectives.
This operation presents risks directly linked to the integration of this new activity within the Group:

#### 4.1.4.15 Risks related to the inclusion of the Martifer Solar group in the Group's consolidated financial statements

In August 2016, the Group finalised the acquisition of the Martifer Solar group. Its accounting integration and consolidation could present several difficulties for the Group, including the harmonisation of the reporting and analytical accounting procedures. This situation could increase the time required at the end of fiscal years and thus have an impact on the Company's ability to provide financial information on the scheduled dates.
In addition, if the future results of the Martifer Solar group acquired by the Group are insufficient to justify the value of these assets, the Group could need to impair them, which would have an impact on the Group's results and shareholders' equity.
All of these factors could have an adverse effect on the Group's financial statements.

### 4.1.5 Climate risks

#### 4.1.5.1 Risks related to the exposure to climate change

Voltalia's activities are likely to be significantly affected by the possible physical effects of climate change. These effects are generally unpredictable and could have an adverse effect on the Group's financial condition, operating results, cash flows or installations.
Furthermore, the available production of the plants owned and operated by the Group also depends on climatic conditions: the production of wind or solar farms varies according to the wind or sun conditions of the sites on which these farms are installed. The Group's results therefore reflect this intermittence and can be adversely affected by exceptional climatic conditions or by rain, snow, wind or less favourable sunshine conditions than expected.

### 4.1.6 Litigation

#### 4.1.6.1 Risks related to litigation involving the Group

Group companies are liable to become involved in a certain number of judicial, administrative or arbitration proceedings in the ordinary course of their business. By way of example, planning permission issued to the Group for wind farms in France is regularly contested in the courts. Such litigation may result in cancellation of the licence and, in some cases, in the decommissioning of the facilities, although no such sanction has actually ever been imposed on the Group. Similarly, because of its power plant development activity, the Group may be party to proceedings involving the manufacturers of technical components for the plants. Moreover, delayed identification or poor monitoring of disputes can lead to additional costs and have an impact on the

Group's profitability. These risks may also lead to a failure to comply with deadlines to which the Group has committed.
With the exception of the procedures described in section 20.8of the Registration Document, there are no other governmental, judicial or arbitration proceedings, including any pending or threatened proceedings of which the Company is aware, liable to have or having had significant effects on the financial position or profitability of the Company and/or the Group during the last 12 months.

### 4.1.7 Risk of fraud

Following a false transfer order fraud, known as "CEO Fraud", detected in January 2014, the financial impact of which was less than 500,000 euros, the Group sought to strengthen its means of control with respect to bank transfer arrangements. Subsequently, Voltalia has strengthened its expertise via external recruitment and raised the awareness of all personnel vis-à-vis this type of risk. A special audit was also conducted to verify procedures and implement action plans.
The Group continues to be vigilant about the risks of CEO fraud or cyber attacks.

### 4.1.8 Key personnel

The Group may not be able to retain its key personnel or attract new key personnel under economically acceptable terms. Thus, the Group is exposed to the risk of loss of expertise, knowledge and experience related to the departure of certain employees.
The Group finalised the acquisition of the Martifer Solar group in August 2016. Although the Group and Martifer Solar share a common set of values, difficulties could be encountered in the implementation of the integration plan, which could result in additional costs and/or lead to delays and/or less significant gains than envisaged by Voltalia. These departures could lead to a loss of know-how, shortage of technical skills and, eventually, a weakening of certain activities, which would have a direct impact on the company's ability to achieve its operational and profitability objectives.
In addition, the Group may not be able to retain its key personnel or attract new key personnel under economically acceptable terms.
Finally, the risks associated with the implementation of a new decision-making process and a new hierarchical organisation within the company could slow down the reporting of information during the adaptation of the teams, which could adversely affect the operational and financial performance of the company.
All of these factors could have an adverse effect on the Group's financial position and its ability to achieve its objectives.
Depending on the materialisation of one or more of the risks mentioned above, the Group could see its business, growth prospects and/or its financial position being adversely affected. These adverse impacts could also prevent the Group from achieving all or part of its objectives.

## 4.2 MANAGEMENT OF RISKS: INSURANCE AND HEDGING

### 4.2.1 Risk coverage policy

The Group has a dynamic risk management policy in place. In addition to ensuring adequate insurance cover, the Group pays close attention to the mitigation of risks related to its activities in all markets where it is present. The Group notably seeks to limit its exposure by spreading risk across all its operating regions. Its presence in over 20 countries enables it to spread the risks associated with regulatory developments, climatic conditions or development prospects, even though the ramp-up of Brazilian wind power over 2014/2016 means that the majority of consolidated assets are located in that country. For its investments, the Group subjects to a rigorous selection process, assessing prospects while taking care to limit development costs. The Group also seeks to limit its exposure vis-à-vis suppliers of components and other technical equipment. During the operation of its wind and solar farms, the Group continuously monitors performance in order to limit the frequency and duration of incidents, such as technical failures. The Group pays close attention to the environment in which its plants are located in order to limit potential impact.

### 4.2.1 Insurance

The policy with respect to insurance is implemented in each country where the Group operates. Given the specific regulatory characteristics of each country and its activity as a developer, the Group has taken out specific insurance policies for each of its projects. The only Group insurance policy relates to the liability of corporate officers which covers executives of the Group and all its subsidiaries. For each of its companies, the Group has notably taken out civil liability insurance, damage liability insurance and more specific policies. The Group takes out specific project-related policies according to the particular risks identified. Such risk identification is notably carried out on the basis of the nature of the project (wind farm, photovoltaic power plant, biomass plant or other), its installation site (regions with difficult weather conditions) or its country of installation (specific regulatory environment). Two phases can be identified with respect to project insurance, namely the construction phase and the operational phase.

#### 4.2.1.1 Insurance coverage for the construction phase

In general, during the construction period of the power plant, the company owning the project takes out a "Construction Site All Risks" policy or benefits from a similar policy taken out by the constructor. This policy covers material damage during the construction period of the power plant up to handover. Where banks finance construction by way of project financing, a component specific to operating losses is often included in the policy. This component is usually requested by financial institutions involved in the project; it notably covers operating losses that could be incurred in the event of delays in completion of plant construction.

#### 4.2.1.2 Insurance cover for the operational phase

As soon as the power plant is commissioned, the company owning the project takes out a general liability policy. It also takes out a policy that typically covers machinery breakdowns, fire and related risks, natural disasters and, in some cases, operating losses. The Group typically also holds contractual guarantees provided by the manufacturers of components and technical equipment of its power plants, covering damage that occurs in the event of the malfunction of such components and equipment. In particular, the Group typically benefits from such guarantees from manufacturers of the turbines equipping its wind farms or from manufacturers of photovoltaic panels equipping its solar power plants; in practice, these are availability guarantees covering operating losses associated with the unavailability of broken parts. These guarantees, which usually cover periods of 2 to 5 years, can sometimes be extended to 10 or 12 years. The performance guarantee for solar panels typically lasts 25 years.

### 4.2.2 Audit and internal control

The internal control and risk management procedures implemented by the Company and described below are an integral part of the Report of the Chairman of the Board of Directors prepared pursuant to Article L. 225-37 of the French Commercial Code (see details provided in Appendix 3 of the Registration Document). For the preparation of this report the Company has drawn on the implementation guide for the framework of risk management and internal control mechanisms for small and midcap companies, published by the *Autorité des marchés financiers* (AMF) on 22 July 2010. The Company's governance principles are based on the MiddleNext corporate governance guide.

#### 4.2.2.1 Definition and objectives of internal control and risk management

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

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

The internal control system incorporates risk management, the objectives of which are:

- to create and preserve the value, assets and reputation of the Group;
- to enable secure decision-making processes to help achieve the Group's objectives;
- to promote actions that are consistent with the Group's values;
- to ensure employee ownership across the Group of a shared perception of the principal risks and to raise employee awareness of the risks inherent to their activities.

While contributing to the prevention and management of the risks faced by the Group during the implementation of its strategy, the internal control system contributes to the management of the Group's activities, the effectiveness of its operations and the efficient use of its resources.

##### ORGANISATION OF THE GROUP

Voltalia's historical business is the development, construction and operation of multi-energy plants (solar, wind, hydro, biomass) for its own account. Its activities were spread over five regions: France, French Guiana, Brazil, Greece and more recently, Morocco. Most of the revenues generated came from the sale of power generated by the various power plants.

The acquisition of Martifer Solar in August 2016 made it possible to add a broad service activity for third parties: development, construction (Engineering Procurement and Construction) operation-maintenance of power plants for third-party clients. The acquisition also significantly expanded Voltalia's international presence.

## EMPLOYEES INVOLVED IN CONTROL

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

The internal control system involves:

- the Board of Directors and the Special Committees of the Board, whose operating procedures and principal tasks are described in the first part of this report;
- the CEO and the Executive Committee;
- the Administration and Finance Division and each of the functional divisions in its area of expertise

### a. Board of Directors and Special Committees of the Board of Directors

The Board of Directors approves the strategic management proposed by the Chief Executive Officer and periodically verifies, on the basis of the work of its Special Committees, the strategy implemented by the CEO. It also verifies that the implementation of the strategy complies with the levels of risk and profitability that it has deemed to be acceptable in collaboration with management. The Board of Directors regularly monitors the Group's operating performance, financial position and project progress.
Together with the Audit Committee, the Board of Directors also plays an important role in the monitoring of the risk management system. The Audit Committee annually reviews the risk mapping process and the effectiveness of internal control systems.

### b. CEO

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

### c. Executive Committee

The Executive Committee meets every two weeks to monitor the important events in the life of the Group and responds rapidly, as required. It also constitutes an entity for analysis, reflection and exchange on cross-departmental subjects with a view to establishing action plans for deployment at divisional level.
The Executive Committee also meets four or five times a year over several days for in-depth discussions on the implementation of the Group’s strategy.

### d. Administration and Finance Division

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

The Administration and Finance Division is also responsible for the production of monthly reports forwarded to the Executive Committee and the Board of Directors and forming the basis for the analysis and ongoing monitoring of activities.
Finally, the Administration and Finance Division was instrumental in the establishment of a procedure for the delegation of powers and signatures (notably verification covering compliance with signed contracts, dual

signatures, ex-post audits, etc.), ensuring effective control over payments and the validation of purchase orders.

In 2016, an Internal Control Division was set up within the Administration and Finance Division in order to structure the Group's control environment and manage its actions.

### e. Other functional divisions

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

- the Operation & Maintenance Division and the Construction Division, by ensuring the preservation of the value of the Group's assets and the safety of property and people. These two divisions also periodically verify the environmental compliance of operations and the implementation of compliance action plans;
- the Strategy and Organisation Division,
  - by defining the HR strategy, in terms of recruitment, training, career management, compensation, etc. in accordance with the strategy defined for the Group as a whole, while complying with legal, regulatory and statutory provisions,
  - by ensuring that the Group's information systems provide a level of security that guarantees the integrity, confidentiality and preservation of data, including access to the said data,
- the General Secretariat ensures that the company complies with the regulatory obligations of a listed company and builds regulatory communication.

## RISK MANAGEMENT SYSTEM

The Group is exposed to a number of risks during the exercise of its day-to-day activities. The primary risk factors faced by the Group are described 4Section 4 of the Registration Document, which also includes the elements highlighted in the risk mapping presented in December 2016.
The Group attaches fundamental importance to the identification and to the fullest possible appreciation of the various categories of risk to which it is exposed. This understanding enables it to determine the human, technical, legal and financial measures required to address them and prevent occurrence.

In 2014 the Group introduced a formal risk mapping process providing it with a standardised framework for identifying the risks it encounters, enabling it to assess the probability of occurrence and the extent of impact in matrix form. Based on the work of the Audit Committee, the Board of Directors annually reviews the risk map to ensure completeness, consideration of the changes in the Group and the effectiveness of the resultant action plans implemented.

## CONTROL ACTIVITIES AND PROCEDURES

### f. Procedures related to managing activities

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

The Group has implemented a standardised reporting approach applicable to:

- technical areas and those related to construction and operations (monthly production reports, operations monitoring, reports on construction activities);

- financial matters, covering procedures related to the production of financial and accounting information (see below) and also to monitor budget expenditure and the Group's commitments, debt and cash. The Group is currently improving its information reporting procedures.

Medium-term strategic planning is performed alongside the budgetary processes.

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

The medium-term business plan, the annual budget and the liquidity plan developed by the Administration and Finance Division in collaboration with the Financial Engineering Division and associated with the strategic directions established by senior management are presented and discussed in the Executive Committee. The Board of Directors validates the medium-term plan and the annual budget.

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

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

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

### h. Procedures related to the preparation of accounting and financial information

Organisation of the Administration and Finance Division

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

Accounting standards

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

Management Tools

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

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

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

Monthly checks are applied at several stages of the process in order to ensure that:
- intercompany transactions are correctly eliminated;
- the main consolidation adjustments are consistent;
- the consolidated data is consistent with the budget approved by the Board of Directors;
- consolidated cash balances are verified via bank reconciliations.

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

Audit Committee

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

Pursuant to European Directive 2006/43/EC on audit reform, the Audit Committee regulation was updated and validated during the ordinary meeting of the Board of Directors held on 31 March 2017.

Role of the Statutory Auditors

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

## 4.3 HISTORY AND DEVELOPMENT OF THE COMPANY

### Registered name of the Company

The registered name of the Company is: Voltalia.

### Place of registration and registration number of the Company

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

### Date of incorporation and duration

The Company was incorporated on 28/11/2005 for a period of 99 years ending on 28 November 2104, unless subject to early dissolution or extension.

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

The registered office of the Company is located at 28, rue de Mogador, 75009 Paris. The Company is a *société anonyme* (public limited company) incorporated under French law with a Board of Directors, governed by the particular provisions of the French Commercial Code.
The full contact details of the Company are:
Voltalia SA
28, rue de Mogador,
75009 Paris
Tel: +33 (0)1 44 63 14 40
Fax: +33 (0)1 44 63 14 50

### Significant events in the development of the Company

2005 Creation of Voltalia by Robert Dardanne and Xavier Dejardins; the first historical development projects are located in French Guyana.

2006 Registration on the Marché Libre (Free Market) of NYSE-Euronext Paris to finance projects, especially in French Guyana.

Capital increases totalling 5.8 million euros.

First power plant in operation with the acquisition from the RWE Group of the BIO-BAR biomass cogeneration plant at Bar-sur-Aube (Aube) with installed capacity of 7.5 MW.

Creation of Voltalia Do Brasil.

Start of construction of the first wind farms in France.

2007 Creation of Voltalia Greece (formerly Thegero) in Greece.

Start of development of solar activities in Greece and French Guyana.

Capital increase of 20 million euros subscribed by qualified investors.

2008 Start of construction of the first biomass plant at Kourou in French Guiana, with installed capacity of 1.7 MW, with a 0.2 MW solar roof.

Acceleration of wind power development activity in France and Greece and of solar activity in Greece and French Guiana.

Commissioning of the Saint-Félix-du-Lauragais (Haute-Garonne) wind power plants via 3LEnergie and 3VDéveloppement, totalling 18 MW of installed capacity.

Start of construction of the Mana hydropower plant in French Guiana, with installed capacity of 4.5 MW.

Sale of a 20% stake in Voltalia Guyane to the Caisse des Dépôts.

2009 Commissioning of the biomass power plant at Kourou, French Guiana (1.7 MW of installed capacity).

Start of construction of the La Faye (Deux-Sèvres) wind farm totalling 12 MW of installed capacity.

Creation of the holding company Voltalia Investissement via the contribution of all Voltalia securities held by the corporate officer shareholders.

Minority stake in the capital of Voltalia Investissement taken by an investment company owned by the Mulliez family.

Capital increase of 28 million euros fully subscribed by Voltalia Investissement.

2010 Construction and commissioning of the Coco-Banane solar park in French Guiana, with installed capacity of 4.3 MW.

Start of construction of solar parks in Greece and commissioning of 0.5 MW.

80% stake in the company VOLTA INVESTISSEMENT, which develops solar projects in French Guiana through its subsidiary VOLTA GUYANE France métropolitaine.

Commissioning of the La Faye wind farm (12 MW of installed capacity).

2011 Commissioning of the hydropower plant at Mana, French Guiana (4.5 MW of installed capacity).

CREADEV, investment company controlled by the Mulliez family, acquires majority stake in Voltalia Investissement.

Voltalia awarded 150 MW in wind power via auctions held by the Brazilian authorities.

Governance developments at Voltalia: Bertrand Talhouët, representative of CREADEV, becomes Chairman of the Board of Directors of Voltalia; arrival of Sébastien Clerc as CEO.

In partnership with CHESF, subsidiary of the national electricity company Electrobras, Voltalia awarded 170 MW in wind power via auctions held by the Brazilian authorities.

Commissioning of solar parks in Greece totalling 1.2 MW.

2012 Development of the governance of the Voltalia Greece subsidiary, which controls the Group's activities in Greece, with control by Voltalia increased from 80% to 99.04%.

Voltalia awarded 4.5 MW in solar power via auctions held by the French authorities.

Signing of agreements covering the acquisition from Acciona of wind turbines for the Brazilian sites with a capacity of 210 MW.

Capital increase of 63 million euros, the majority subscribed by Voltalia Investissement.

2013 Development of the governance of the Voltalia Greece subsidiary, which controls the Group's activities in Greece, with control by Voltalia increased from 97.5% to 100%.

Commissioning of solar projects with capacity of 1.5 MW in Greece.

Commissioning of the Montmayon solar power plant with power of 2.8 MW.

Commissioning of the 4.5 MW Castellet solar power plant, following the "CRE 1" tender, which took place in 2012.

Launch of work on the Brazilian Areia Branca wind farms with capacity of 90 MW.

Launch of the construction site of the 10 MW Adriers wind farm in France.

Disposal of two wind projects ready for construction with capacity of 10 MW and 4.5 MW respectively.

Voltalia awarded 120 MW in wind power via auctions held by the Brazilian authorities.

2014 Signing of all contracts required to commence work on the Brazilian Vamcruz wind farm with capacity of 93 MW.

Voltalia signs its first electricity sale contract on the open market in Brazil, covering the provision of 60 MW of power.

The Company wins 31.8 MW of electricity purchase contracts for solar projects via public tender launched by the CRE.

Governance developments at Voltalia: Laurence Mulliez becomes Chairman of Voltalia's Board of Directors. Philippe Joubert, representing The Green Option, joins the Board of Directors.

Initiation of work on the Brazilian SMG wind farms with capacity of 108 MW.

Signing of a partnership with Brazilian Copel for 49% of the SMG project.

Transfer of Voltalia shares to Euronext and capital increase of 100.1 million euros.

Operation and maintenance service contract signed in Greece with a Chinese operator

First production of electricity in Brazil at Areia Branca

Successful tender bid in Brazil for the supply of electricity in the city of Oiapoque, thanks to a hydropower plant (7.5 MW) combined with a thermal power plant (12 MW)

Upgrade carried out at the hydropower plant at Mana (French Guiana)

Signing of a partnership with WWF France

Opening of the first wind farm at Areia Branca in Brazil

Commissioning of the Adriers wind farm (Vienne, France)

Commissioning of the Molinons wind farm (Yonne, France)

2015 Commissioning of the second wind farm (30 MW) at Areia Branca in Brazil

Capital increase through private investment totalling 15.35 million euros

Commissioning of the third wind farm at Areia Branca, bringing the total installed capacity at Areia Branca to 90 MW

Award of ISO certification in Greece

Launch of the Voltalia business in Morocco

Changes on Voltalia's Board of Directors: (i) Bertrand de Talhouët resigns his directorship; (ii) the company Creadev, represented by Chantal Toulas, is appointed as a board director, and (iii) Vincent Vliebergh joins the Board.

Completion of the construction of the Sao Miguel do Gostoso power plant (SMG – Brazil)

Voltalia wins the grand prix of growing companies

Acquisition of a portfolio of wind power projects under development with capacity of 379 MW from Maïa Eolis (France)

All the plants on the SMG site are remunerated by the Brazilian regulator

Introduction of an equity finance line to increase share liquidity and expand the floating stock

Completion of the first construction phase of the Oiapoque site (Brazil)

The Company wins 27 MW of wind power in the national auctions held by ANEEL (Brazil)

Appointment of Michel Crémieux as Development Director

Commissioning of the thermal unit of the Oiapoque mixed plant (Brazil)

Voltalia wins two solar projects in the national CRE 3 tenders (France)

Commissioning of the first unit (12.5 MW) of the Oiapoque mixed plant (Brazil)

2016 Commissioning of the Vamcruz wind power complex (93 MW) in Brazil and the development of the Serra Branca cluster with potential of approximately 1.2 GW in the state of Rio Grande do Norte.

Purchase of the minority stake (49.9%) of a long-standing partner from a portfolio of four wind farm projects.

Voltalia won a solar project in French Guiana as part of a call for tender for non-interconnected zones.

Acquisition of Alterrya Maroc, a renewable project development company in Morocco.

Marie-Odile Lavenant, appointed Chief Financial Officer of Voltalia.

Signing of a contract for the purchase of 13 turbines that will equip the wind power plant of Vila Acre (27 MW) in Brazil.

Voltalia successfully completed the acquisition of Martifer Solar, major player in the global photovoltaic market.

Early start to the production of close to half of the turbines of the Vila Pará wind farm in Brazil, total capacity of 99 MW.

Voltalia announces that it has been selected by the municipalities of Chamonix-Mont Blanc and Les Houches for the construction and operation of a 4.5 MW capacity run of the river hydropower plant on the Taconnaz torrent.

Voltalia announced that it had sold 100% of a French solar power plant to a financial investor.

Launch of construction work at the Vila Acre wind power plant in Brazil

Launch of the 170 million euro capital increase with the free allocation of BSAs to its shareholders.

Voltalia and the private Moroccan operator Green of Africa announced their partnership during the COP 22 in Marrakech.

Start of construction of its first Brazilian 4 MW solar power plant at the Oiapoque site in the state of Amapa.

Appointment of Christian Egal as Head of European subsidiaries.

Voltalia enters the Enternext Tech 40 index

Voltalia wins a new biomass power plant project in French Guiana

# 5 INVESTMENTS

## 5.1 PRINCIPAL INVESTMENTS MADE OVER THE LAST THREE YEARS

The total amount of investments made by the Group amounted to 130.2 million euros in 2016, versus 179.5 million euros in 2015 and 278 million euros in 2014.
The principal investments made over the last three years are as follows:

| In thousands of euros | 31/12/16 | 31/12/2015 | 31/12/2014 |
|---|---|---|---|
| Intangible assets | 8,233 | 7,161 | 20,556 |
| *Holding company* | *6,430* | *5,113* | *4,103* |
| *Wind* | *1,241* | *1,587* | *16,022* |
| *Biomass* | *0* | *0* | *0* |
| *Hydroelectric* | *0* | *6* | *0* |
| *Solar* | *2* | *101* | *100* |
| *Hybrid* | *560* | *354* | *0* |
| Property, plant and equipment | 121,975 | 172,378 | 257,659 |
| *Holding company* | *933* | *(158)* | *636,5317882* |
| *Wind* | *118,591* | *170,700* | *254,831* |
| *Biomass* | *134* | *192* | *63,875* |
| *Hydroelectric* | *386* | *582* | *1,858* |
| *Solar* | *529* | *70* | *269* |
| *Hybrid* | *1,403* | *992* | *0* |
| | 130,208 | 179,539 | 278,215 |

## 5.2 PRINCIPAL INVESTMENTS UNDER CONSTRUCTION

At the date of the Registration Document, construction within the Group is in progress at the Vila Acre power plant in Brazil, with a capacity of 27 MW.

### 5.2.1 Principal investments planned

In France in March 2014 and October 2015, the Group won tenders held by the French energy regulation authorities. The tender contracts relate to the supply of solar power over a 20-year period. Under the sales contract, the supply of electricity will begin once planning permission has been obtained. In September 2016, Voltalia was selected by the municipalities of Chamonix-Mont Blanc and Les Houches for the construction and operation of a 4.5 MW capacity hydropower plant. The project's electricity sales contract was awarded for a 20-year duration.
Excluding tender contracts, the Group will be developing and constructing other power plants, mainly in French Guiana and in metropolitan France. As of December 31, 2016, the Group has a portfolio of development projects amounting to 2.7 GW.

### 5.2.2 Financing method

These investments will be financed by equity and debt. The capital required for the power plant already under construction as of December 31, 2016 is covered by the capital increase carried out in Q4 2016. Additional amounts will be financed by bank debt. The companies that own the power plants usually bear the project financing debt. This is usually long-term debt with fixed-rate interest or, in the case of Brazil, at rates administered by the local authorities.

Development costs are financed by the holding company of each country through its operating cash flow and equity. For accounting purposes, they are capitalised when they are able to demonstrate a certain level of progress. They are then charged out to the subsidiary in charge of each project once it has been completed and then incorporated into the investment costs of the project in question.

# 6 BUSINESS OVERVIEW

## 6.1 GENERAL PRESENTATION

Voltalia is an integrated and independent player in the renewable energy market and benefits from a strong growth. The Group develops, constructs and operates medium-size renewable energy power plants (generally below 30 MW), on his own behalf or on behalf of third parties. Its mission:

*Improve global environment, foster local development*

The principal source of profits for the Group comes from the sale of renewable electricity produced by its power plants. Such sales are predominantly governed by long-term contracts with full transparency of the volumes and prices of the electricity sold.

The Group also generates income from the sale of projects developed in-house or from services, such as the construction or operation and maintenance of power plants owned by third-party clients.

Voltalia is active in the main renewable energy sectors, namely wind, solar, small hydro and biomass. As of December 31, 2016, wind power accounted for 90% of the Group's installed capacity. Operating in 15 countries, in 5 of which as a power generator, the Group is also active in 9 other countries for the development or provision of services for third parties.

As of December 31, 2016, the Group boasted installed capacity of 481 MW (+28% compared with 31 December 2015), plus 696 MW operated on behalf of third parties.

Revenue as of December 31, 2016 breaks down by sector and region as follows:

By sector:

| As of December 31, 2016 *(in millions of euros)* | Energy sales | Development, construction and procurement | Operation and maintenance | Total |
|---|---|---|---|---|
| **Revenues** | 102.1 | 18.3 | 6.5 | **127.0** |

*Unaudited managerial distribution*

By region:

| As of December 31, 2016 *(in millions of euros)* | Europe | Latin America | Asia/Africa/ Middle East | Total |
|---|---|---|---|---|
| **Revenues** | 31.6 | 89.7 | 5.6 | **127.0** |

*Unaudited managerial distribution*

The geographical and sector distribution of revenues for the fiscal years 2015 and 2014 is available in section 9.2 of the Registration Document.

The global renewable energy sector is growing strongly: installed capacity increased by 21% per year between 2006 and 2015 [6].

6 Excl. hydro. Source: IRENA, RE Capacity Statistics 2016.

Increasing global energy demand and the favourable development of the energy mix in favour of renewables are sustainable development factors. Accordingly, every year since 2013 over 50% of the new global installed capacity consisted of renewables [7].

Renewable energy offers numerous advantages:

- it is faster and easier to build and to connect to the electricity grid when demand for electricity increases;
- it minimises imports, thus reducing the geostrategic dependence on energy sources imported from foreign countries (gas, coal, uranium, etc.);
- it benefits from support mechanisms in numerous countries which have introduced policies to fight global warming; and
- production costs are steadily falling. In Brazil, French Guiana and Morocco, for example, renewable energies generally have lower production costs than alternative sources of energy.

Based on the expertise of its teams and its strategic positioning, Voltalia is enjoying rapid organic growth, with revenue increasing by a factor of 2.2 in 2016. In addition, in August 2016, the Group acquired Martifer Solar, a global provider of solar energy services. This operation allows it to strengthen its strategy of diversifying its international footprint, energy mix and business model.

The Group's growth is well set to continue. The Vila Acre site (27 MW), in Brazil, is currently under construction and the Group has a project portfolio of 2.7 GW.

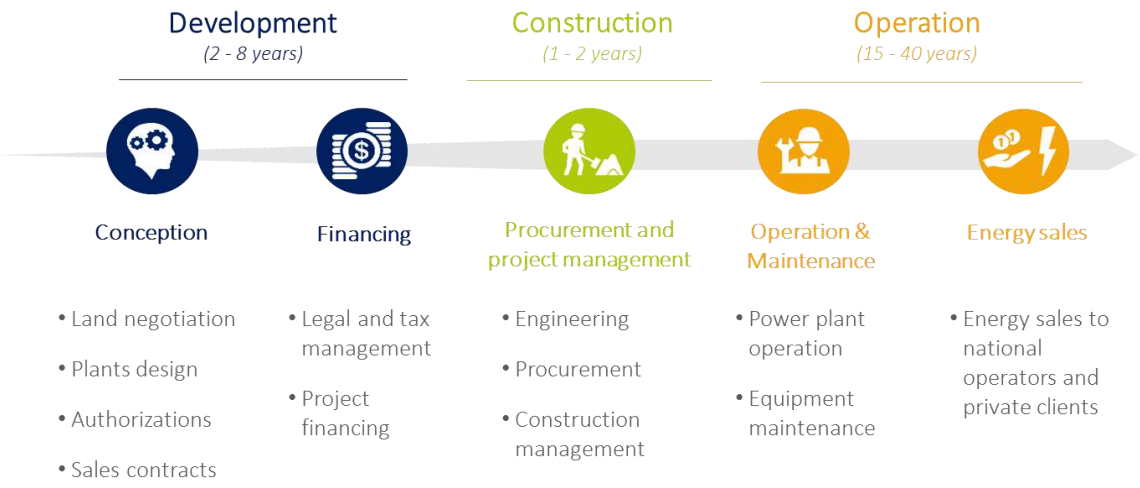
## 6.2 POSITIONING AND COMPETITIVE ADVANTAGES

Based on an integrated developer-operator model in the renewable energy sector, Voltalia enjoys major advantages enabling it to consolidate its position in its historical markets, notably France and Brazil, and to pursue its development in new regions.

The Group considers that its principal competitive advantages are as follows:

- a unique profile as an integrated operator, with acknowledged industrial expertise in every stage of the value chain, for its own account or on behalf of third parties;
- a historical presence and ongoing developments in differentiated regions with high development potential
- a flexible and effective industrial organisation operated by experienced teams;
- a portfolio of high-quality and diversified assets based on a multi-country and multi-sector strategy;
- a sustainable financial plan combining consistent growth, high visibility and profitability.

7 Source: Bloomberg




### 6.2.1 A unique industrial profile as an integrated developer-operator

Founded in 2005, Voltalia has developed significant expertise in the production of electricity from renewable energies. Combined with the high quality of its teams, Voltalia has defined its business model to position itself as an integrated industrial expert in the renewables sector, controlling every stage of the development, construction and operation of power plants based on renewable energy sources. The Group is regularly awarded complex projects by local authorities, notably in Brazil, including those at isolated sites that few players in the sector are able to deliver.

Since August 2016 and the acquisition of the service provider Martifer Solar, specialized in solar energy, the Group offers its expertise to third parties on each link in the value chain.

Thus, the Group also offers its services to companies for prospecting, development, construction and finally operation and maintenance of power plants.

### 6.2.2 Multi-sector activity

The presence of the Group in the four main renewable energy sectors enables it to exploit the best sources of renewable energy in the areas in which it operates. Its local site strategy is based on matching and optimising local energy demand with the whole range of available energy sources.

This positioning takes into account the general factors applicable to each sector:

| | Advantages | Disadvantages |
|---|---|---|
| **Wind** | • High-performance technologies both available and easy to install<br>• Operations require little intervention Free resource | • Increasing administrative constraints<br>• Useful life for wind turbines limited to approximately 25 years<br>• Production dependent on climatic conditions |
| **Solar** | • Relatively simple and rapid construction<br>• Operations require little intervention<br>• Free resource | • Strong competition<br>• Limited life of 25 years for panels |

| | Advantages | Disadvantages |
|---|---|---|
| | | • Production dependent on climatic conditions |
| Hydropower | • Lifespan of the investment<br>• Operations require little intervention<br>• Free resource | • High investment<br>• High administrative constraints<br>• Production may depend on climatic conditions |
| Biomass | • Lifespan of the investment<br>• Limited administrative constraints<br>• Production possible 24 hours a day | • Dependence on the availability and purchase prices of biomass resources<br>• Operation requires constant monitoring |

The multi-sector positioning of Voltalia enables it to optimise the exploitation of the natural resources available in its regions.

Among all of the Voltalia power plants, only one hybrid plant (12 MW in Brazil) does not solely operate using renewable energies: it combines a hydro plant with a thermal unit. After commissioning, the hydroelectric unit will produce 85% of the electricity produced by the site. The commissioning of the first solar power plant in Brazil is expected in the third quarter of 2017.

Complementary geographic locations

Present in 15 countries as as of December 31, 2016, Voltalia targets markets with high potential for renewable energies.

Thanks to its multi-country positioning combined with its multi-sector expertise and its ability to choose projects for its own account or on behalf of third parties, the Group is able to vary its activities between different segments in light of changes in local regulations specific to each segment and in response to local economic and financial developments, enabling it to optimise its growth rate.

The international character of Voltalia also enables it to diversify exposure to the specific macroeconomic and/or geopolitical risks in each country.

### 6.2.3 Recognised operational expertise

An expanded range of opportunities to select the best projects

Based on a broader range of international opportunities and the experience and reputation of the Martifer Solar Group in the solar sector, the Group can hope for increased selectivity in its investment choices. With its expertise in electricity production and also now in the provision of services, the Group can decide to carry out either of its activities depending on the specific conditions of each territory. This dual expertise allows it to acquire unique flexibility in relation to the conditions of the renewable energies market.

A flexible industrial organisation at every stage of the value chain

The development and construction of renewable energy projects is a complex and lengthy process. The complexity and length of the process are not only due to technical matters: they are also the result of the necessity of obtaining numerous administrative authorisations specific to each country and segment. Voltalia masters the development, construction and plant operation phases thanks to teams that have been with the Company since its creation in 2005: with a solid presence on the ground, highly competent and fully involved in all key phases, they have proved their abilities and have enabled the

Group to become a recognised player in every country.
The industrial expertise and proven ability of its personnel to win tenders and meet deadlines for handing over power plants, or even delivering in advance, are just some of the assets that will enable the Group to sustain its current growth dynamic.
Finally, Voltalia has a sound, international and dynamic senior management team, recently reinforced by the arrival of managers experienced in the renewable energy sector.

### 6.2.4 A portfolio of high-quality assets

Installed capacity owned

The quality of the Group's assets spread out over various regions and sectors reflects the Group's industrial expertise and operational flexibility in the pursuit of its development.
All projects owned by the Group [8] are backed by long-term electricity purchase contracts secured at attractive electricity sale tariffs, generally for a 15 to 20-year period. Leading industrial groups are regularly associated with the projects developed by the Group in France, notably Caisse des Dépôts and 123Ventures, and in Brazil, with CHESF (Eletrobras group) and COPEL. In addition, over 87% of the Group's installed capacity supplies energy costing less than alternatives (in Brazil and French Guiana, excluding solar).

The Group also has a portfolio of projects in development in carefully selected geographical regions which are generally characterised by the significant growth potential of electricity demand, by a stable regulatory framework, access to debt in the local currency and the competitiveness of renewable energies.

### 6.2.5 A sustainable financial plan combining consistent growth, high visibility and profitability

Since Creadev took control in 2011, Voltalia has implemented a strategy of sustained growth, with total capacity owned increasing almost 11-fold since 2012.
The acceleration in the number of commissioned plants from 2014 onward confirmed the Group's ability to achieve its targets, with the objectives set out in the IPO on Euronext Paris in terms of installed capacity having been achieved, and even exceeded: initially planned for 2022, the target of 1 GW of installed capacity owned was moved forward to 2019 when the 2016 half-year results were presented.
This sustained organic growth was further strengthened by the acquisition of Martifer Solar in August 2016, which offers the Group new growth prospects. The Group's objective is to have 3 GWs in operation by 2019.
Voltalia has also demonstrated the soundness of its financial model. In profit since 2014, the Group benefits from a high level of visibility over its income curve. As of December 31, 2016, the residual duration of the Group's electricity sale contracts was 18 years. By adding to its activity as an electricity producer and service provider, the Group develops a multi-business model, which enables it to multiply its geographical presence and the number of projects developed, thus identifying the best opportunities.
The Group continues to grow: 99 MW were commissioned in 2016. Moreover, the portfolio of projects in development phase increased to 2.7 GW as of December 31, 2016.

8 The plant in the United Kingdom, consolidated following the acquisition of Martifer Solar, is the subject of short-term contracts renewed pending its sale

# 6.3 STRATEGY

Having successfully finalised its 350 MW construction programme initiated in 2012, Voltalia is pursuing its development.

Thanks to its significant portfolio of projects at the construction and advanced development phase, the Group's ambition is to have a 1 GW (1,000 MW) installed capacity owned and a total operated capacity of 3 GW (3,000 MW) by 2019.

Voltalia is implementing a four-cornered strategy to achieve this objective:

- confirmation of its status as an independent, integrated and international green electricity producer with a high degree of industrial control over the entire value chain;
- reinforcement of its multi-energy profile and the rebalancing of its asset portfolio;
- pursuing its growth strategy thanks to a strong development capacity;
- long-term commitment to local populations in order to support its development.

## 6.3.1 Confirming its status as an independent and integrated green electricity producer

### An integrated player

Voltalia has developed significant in-house expertise at all stages, from prospecting for new projects to the commissioning and operation of electricity production sites. Voltalia therefore has all the know-how necessary for its growth and maintains complete control over the entire value chain. This rigorous approach enables the Company to manage its development with strict control over costs and the delivery timetable; control of the execution risk is therefore optimised, as demonstrated by being ahead of schedule with several of its construction projects in 2015 and 2016. The Sao Miguel do Gostoso, Vamcruz, Oiapoque and Vila Para power plants, i.e. 411 MW, were commissioned ahead of schedule. Thanks to the ingenuity of its teams, this performance enabled the Group to benefit from favourable tariffs on the open market or from private contracts before the entry into force of long-term contracts.

### Competitive advantages originating from control over the value chain

Exploiting its experience, Voltalia recently reinforced its service activities for third-party clients. This activity constitutes further evidence of Voltalia's industrial capabilities, it having been awarded maintenance contracts for assets owned by other players in the sector.

Voltalia's industrial expertise also enables it to deliver power plants located in complex environments due to their isolation, such as Oiapoque in the Amazon region. For this project, Voltalia was the only player to propose the construction of a hybrid power plant combining hydropower and diesel (and solar in 2017) offering an electricity supply as reliable and effective as the previous facility, but with 90% renewable electricity.

Due to the numerous technical constraints related to the construction of this type of power plant, these projects constitute a genuine demonstration of the Group's operational capabilities.

### 6.3.2 Reinforcing its multi-energy and multi-country profile by rebalancing its asset portfolio

The multi-segment positioning in different regions provides the Group with the strategic freedom to promote value creation. Voltalia concentrates on **high-potential and dynamic market segments** offering the best development and profitability prospects.

For its electricity generation business, Voltalia is therefore positioned in segments where growth is both strong and sustainable:

- in **Brazil**, at present Voltalia is principally positioned in the **wind power** segment where market share is growing strongly compared to other sources of energy, due to particularly favourable wind conditions thanks to the trade winds. The Company intends to pursue its development in wind power and to exploit the country's hydropower and solar power potential;

- in **French Guiana** [9], Voltalia is the market leader and the leading private producer of electricity behind EDF. Its positioning principally covers **hydropower, biomass and solar power.** The Group is also planning to develop wind power projects in the country;

- in **Metropolitan France**, the success of Voltalia in the **solar and wind** segments validates its positioning in this sustainable growth market, confirms its ability to win tenders and consolidates its ambition to develop small hydropower plants over the coming years;

- in **Morocco**, where Voltalia established a subsidiary in April 2015, the Group plans to develop, construct and operate solar energy-based electricity projects exploiting the resources of the Sahara, wind power projects exploiting the trade winds and hydropower in the Atlas Mountains. Voltalia is positioned in both competitive bid tenders launched by the public authorities and in the sale of electricity to private customers. The strategic partnership signed in November 2016 with Green of Africa illustrates the developmental effects of Voltalia in Morocco and highlights its ambitions throughout the African continent.

The Group therefore plans to pursue its multi-energy and multi-country strategy across all its markets. While Brazil will constitute the majority of the Group's electricity capacity due to its historical positioning, Voltalia aims to accelerate its development in its other priority regions, as well as in further countries. The acquisition of Martifer Solar helps to balance the portfolio of development projects by significantly increasing the share of solar projects in the Group's project portfolio on the one hand, and offering growth prospects in new countries on the other. At the time of the announcement of the proposed acquisition, Martifer Solar's projects amounted to the following: 757 MW developed and sold, 599 MW of power plants constructed and 585 MW under management. This new competitive advantage is an important source of growth opportunities as a provider on markets with strong growth potential:

- **Europe**
  - in Portugal, operations and maintenance requirements are high, due to the large number of installed renewable capacities;
  - in Spain, the third-largest wind power producer in the world in 2013, installed capacity targets are 35 GW [10] by 2020, compared with the current 23 GW[11]. The photovoltaic sector is expected to experience similar growth from 4.9 GW[12] in 2015 to 7.3 GW[13] installed in 2020;

9 Largest private producer in terms of the number of MWh sold. Source: Company, EDF site, Quadran site. https://www.edf.gf/edf-en-guyane/les-engagements-edf-en-guyane/sites-de-production-et-reseau

10 REN21, Global Status Report 2016, p.174

11 Observ'er, Wind power barometer 2015, February 2016, p.3

12 Observ'er, Photovoltaic barometer 2015, April 2016

13 REN21, Global Status Report 2016, p.174

- in Italy, the government plans to increase its installed photovoltaic capacity of 4.4 GW [14] by 2017, and 3.8 GW [15] concerning wind energy (offshore included) by 2020.

- Latin America
  - in Mexico, the government set an ambitious target of 6 GW of installed[16] solar capacity by 2020, compared with the current 0.2 GW[17]. The same applies to wind power, for which installed capacity is expected to rise from 3.1 GW [18] today to 10 GW [19] by 2020;
  - in Chile, installed photovoltaic capacity has increased fourfold since 2013, reaching 770 MW [20] today.

- Africa and the Middle-East
  - in Jordan, electricity production is almost exclusively based on fossil fuel (99.6%[21] in 2012); the 2012 Law on Renewable Energies has set ambitious targets, planning to install 1.2 GW [22] of wind power, and 300 MW[23] of photovoltaic solar by 2020;
  - in Egypt, installed wind capacity is expected to increase 12-fold by 2020, from 0.6 GW [24] to 7.2 GW [25], according to the targets announced.

- Asia
  - in India, the potential development for developing renewable energies is particularly significant: by 2022, India expects to have an installed capacity of 100 GW[26] in photovoltaic solar and thermal energy, compared with the current 5.2 GW[27]. In the wind sector, an additional 35 GW is expected by 2022, bringing installed wind capacity to a total of 60 GW [28].

For its investments, the Group has established a set of criteria to identify its future international installations, including:

- the ability to capitalise on its know-how;
- the multi-energy potential;
- the competitiveness of renewable energies;
- strong growth in electricity consumption (or the replacement of an existing obsolete source);
- the possibility of long-term debt financing in local currency;
- the indexing of contracts to inflation.

### 6.3.3 Pursuing its growth strategy thanks to a strong development capacity

A quality and diversified project portfolio

Thanks to its locally-based personnel in 15 countries, plus a mobile development team in 9 other countries, the Group has a very significant development capacity, far in excess of its installed capacity objectives. In addition to the 27 MW currently in construction, the Group has a portfolio of development projects amounting to 2.7 GW.
Projects meeting the following four criteria are classified as being in development:

14 REN21, Global Status Report 2016, p.172 ; Observ'er, Photovoltaic barometer 2015, April 2016

15 Observ'er, Wind power barometer 2015, February 2016, p.3; REN21, Global Status Report 2016, p.172;

16 Energy Network Blog – 04/04/2016

17 IRENA Capacity Statistics 2016, p.38

18 IRENA Capacity Statistics 2016, p.31

19 REN21, Global Status Report 2016, p.173

20 Smart grids, Chili, why electricity is free, 03/06/2016

21 Obser'ver – Fifteenth inventory, 2013 version;

22 REN21, Renewables 2016 Global Status Report p.172

23 REN21 Renewables 2016 Global Status Report p.172

24 IRENA Capacity Statistics 2016, p.29

25 REN21 Renewables 2016 Global Status Report p.171

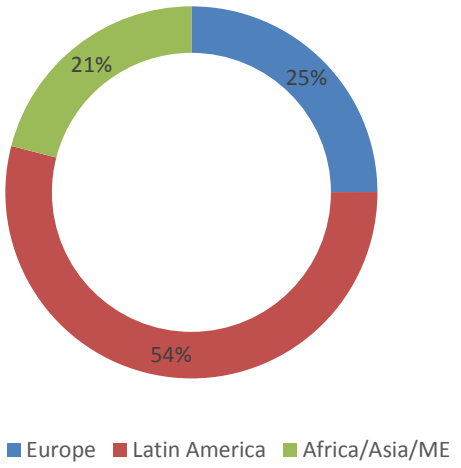
26 REN21, Renewables 2016 – Global Status Report p.172

27 IRENA Capacity Statistics 2016 p.36

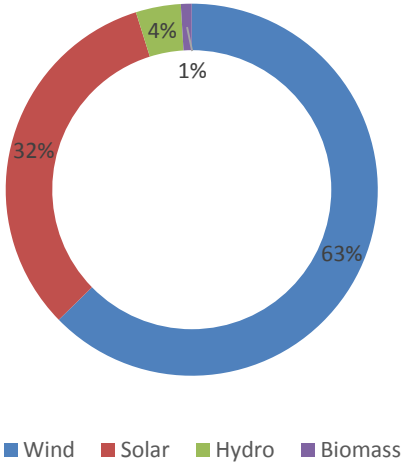
28 IRENA Capacity Statistics 2016 p.29 ; REN21, Renewables 2016 – Global Status Report p.172

- visibility with respect to access to land, such as obtaining a lease agreement and favourable environmental impact studies;
- visibility of authorisations, e.g. submission of administrative documents and high probability of obtaining permission;
- feasibility of connection to the grid;
- sufficient project profitability

*Breakdown of the Group's portfolio of projects in development as of December 31, 2016*




Geographical breakdown




Breakdown by energy

## Becoming a champion of services

In August 2016, Voltalia acquired the Portuguese group Martifer Solar, one of the global leaders in the provision of solar energy services. Its expertise and recognition in this sector, combined with Voltalia's know-how in each stage of the development process, are tremendous assets to be exploited. In order to become a champion of renewable energy services, Voltalia intends to develop its strategy around the following areas:

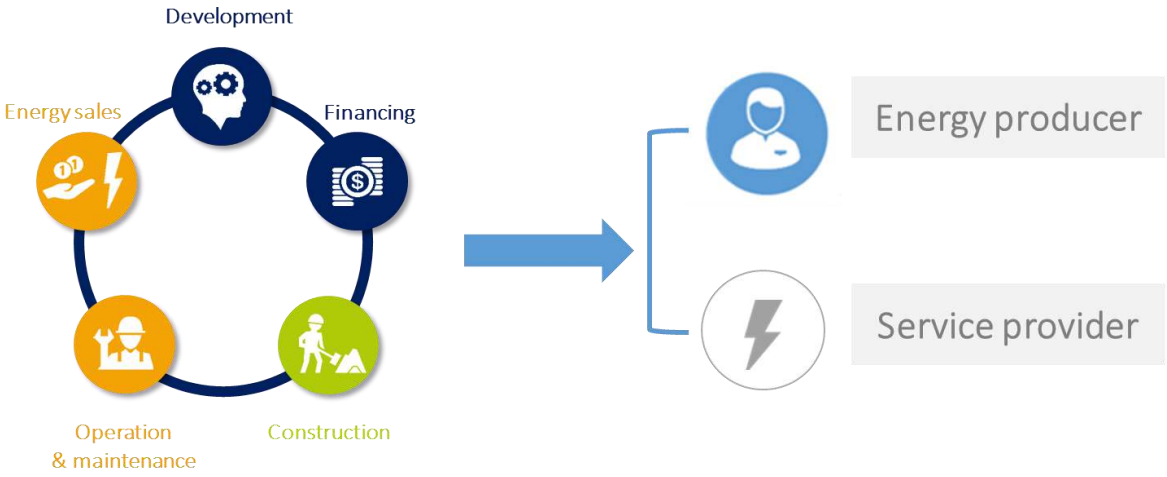
- develop projects in dedicated subsidiaries allowing them freedom of choice in the strategies to be developed for each company-project: sign construction and operation-maintenance contracts with the subsidiary, and sell the subsidiary to investors;
- adopt a selective approach for construction activities;
- pursue ambitious growth in operating and maintenance activity on behalf of third-party customers, primarily in the solar energy sector but also in the wind energy sector, capitalising on Martifer's know-how and Voltalia's historical expertise.

## Increased selectivity

The acquisition of Martifer Solar had two major impacts on the strengthening of the Group's selectivity:

On the one hand, the established international reputation of Martifer Solar in the sector and its ability to capture opportunities make it possible to provide a constant flow of projects to a large development portfolio.

On the other hand, the multi-business *model* approach of the Group (energy producer and service provider) allows Voltalia to strengthen its ability to select its development choices.




### 6.3.4 Commitment towards local populations in order to support its development

Wherever it has a presence, Voltalia commits to building sustainable relationships with its partners from civil society. To this end, the Group implements numerous initiatives to establish dialogue and awareness about sustainable development, and supports various socio-economic initiatives, as detailed in the Group's social and environmental responsibility report, available in Appendix 1.2 to this document.

The alignment over time of the interests of all stakeholders, including local populations, regulators and public authorities, is a key success factor that not only enables Voltalia to optimise recruitment and retain its teams, but also to develop and construct more rapidly than its competitors.

### 6.3.5 Objectives that match the Group's ambitions

On 19 September 2016, the Group announced new growth targets revised upwards thanks to the increased potential of the new group formed by Voltalia and the Martifer Solar group.

#### Electricity production: 1 GW consolidated in 2019

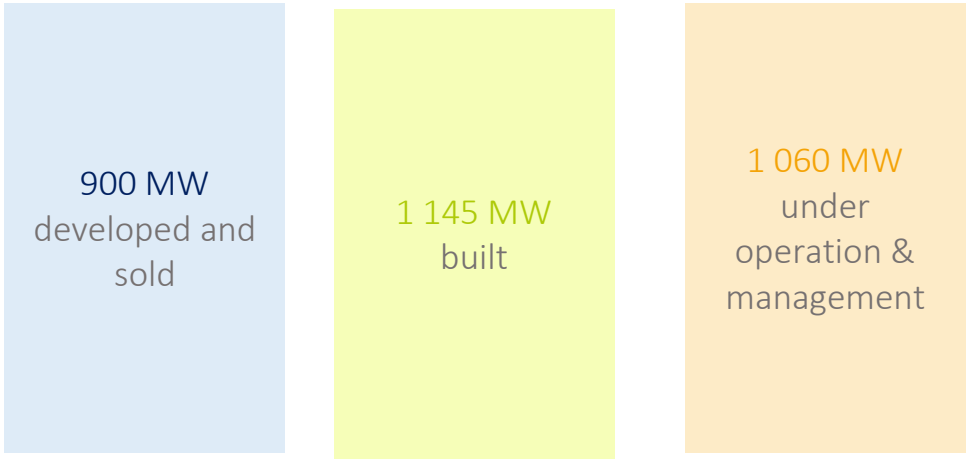
The Group intends to cross the 1 GW (1,000 MW) threshold on a fully-owned basis by 2019, rather than 2022 as announced at the end of 2015, and 2025 when it was listed on the stock market in 2014, with a pipeline of development projects expanded to 2.7 GW with the acquisition of the Martifer Solar group. At the end of 2016, Voltalia had already reached 481 MW in installed capacity.

#### 2 GW operated for third parties in 2019

Operating more than 1 GW of renewable electricity production plants, Voltalia expects to operate a capacity of 2 GW for third parties by 2019. To this end, the Group will rely on its portfolio of 2.7 GW of projects under development. In addition to the operation of solar power plants, Voltalia seeks to develop its activity as a

service provider for other energy sources such as wind power, thanks to the expertise developed in these sectors over a number of years.

Summary of capacity dedicated to the provision of services as as of December 31, 2016:




EBITDA of 180 million euros by 2019

On the occasion of presentation of the 2016 half-year results, the Group set a target of delivering an EBITDA of 180 million euros by 2019, compared to 56.1 million euros in 2016.

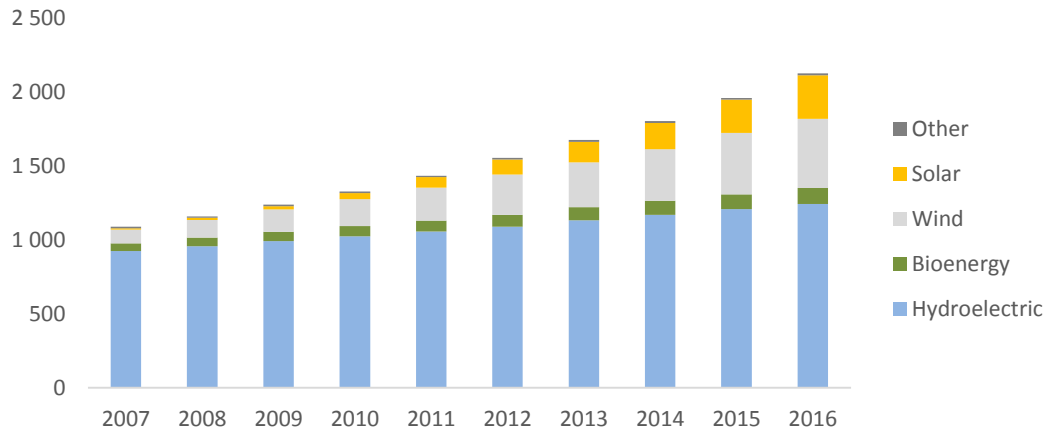
## 6.4 PRESENTATION OF THE GROUP'S MARKETS AND COMPETITIVE ENVIRONMENT

The Group has been able to develop its business by putting to work strong market dynamics:

- sustainable growth in global electricity consumption driven, to a great extent, by the sustained demand in emerging countries and, to a lesser extent, developed countries;
- countries will reinforce their energy independence in the context of rising geopolitical tension and high volatility in fossil energy prices;
- growing environmental concerns; and at the forefront
- increased competitiveness of renewable energies.

### 6.4.1 A global market driven by the increase in electricity production capacity from renewable sources

Development of global renewable installed capacity, 2006-2015, in GW[29]




According to the IRENA statistics [30], electricity production capacity from renewables increased on average by 8.2% per year between 2007 and 2016 (excluding hydro production, all capacities combined), thus doubling the increase in the number of megawatts installed worldwide. Furthermore, since 2013 the quantity of renewable megawatts installed has been greater than the production capacities from fossil fuels [31].
Solar and wind energy have increased dramatically over the past decade, with average annual growth of 47.1% for solar and 19.5% for wind, which now represent 14% and 22% of installed renewable capacity respectively.

Renewable energy sources represented 61% of the net new electrical production capacity installed globally in 2015. The total installed renewable energy capacity in 2015 was therefore 2,006 GW (+8.2% over 2015).

In terms of absolute renewable capacity, Asia has increased its renewable capacity the most over the period 2007-2016 (see 1.4.6), driven by its population and economic growth. Europe is also growing steadily, being the second largest provider of new renewable capacity for 10 years, despite its stagnant population. A sign of the expansion that the still young renewable energy sector is undergoing, these two continents also owned the largest shares of renewable capacity in the world in 2015 (40% for Asia, 24% for Europe).

Breakdown of global electricity production [32]

From 2005 to 2015, worldwide electricity production increased at an annual rate of approximately 2.8% per year and at a rate of 5.5% per year in non-OECD countries [33].

Renewable energies accounted for 23.7% of global electricity production at year-end 2015, of which 16.6% for hydropower alone (all sizes) [34].

29 IRENA, RE Capacity Statistics, page 11-14

30 IRENA, RE Capacity Statistics 2016

31 Source: Bloomberg

32 Source: REN21, Renewables 2016 - Global Status Report. 28

33 Source: BP statistics 2016

34 source: REN21, Renewables 2016 - Global Statuts Report, page 32

| Sector | 2015 share |
|---|---|
| Fossil fuels and nuclear | 76.3% |
| Hydroelectric power | 16.6% |
| Wind power | 3.7% |
| Biomass | 2% |
| Solar power | 1.2% |

Breakdown of renewable capacities worldwide installed in 2015[35]

| | | 2015 | 2014 |
|---|---|---|---|
| Total renewable energy, including hydropower | GW | 1,985 | 1,834 |
| Hydroelectric power | GW | 1,209 | 1,173 |
| Total renewable energy, not including hydropower | GW | 776 | 660 |
| Wind power | GW | 432 | 369 |
| Solar PV energy | GW | 227 | 180 |
| Other | GW | 117 | 111 |
| Number of countries with government targets policies[36] | | 173 | 164 |
| Investment in new electricity generation capacity from renewable energies ($ bn) | | 286 | 273 |

Development and prospects

According to an IEA report [37] published in November 2016, low-carbon energy resources, including renewable energy and natural gas, will contribute 80% to the increase in energy demand by 2040, and will relegate historical fossil fuels (oil and especially coal) to second place. About 60% of the new capacity installed by 2040 will be renewable, and the majority of renewable electricity production will be competitive without any subsidies. To do so, Bloomberg estimates that no less than 7,800 billion dollars will be invested in renewable energies by 2040, i.e. 2.4 times more than for fossil fuels [38].

### 6.4.2 Specific features of the various segments

Since the beginning of the 21st century, the growth of renewable energy production at the international level has been continuous. This growth is due to several factors. Firstly, this growth is supported by international commitments on renewable energies (Kyoto Protocol 1997, COP21 in 2015). These commitments reflect a desire for policy dialogue between states to encourage the development of renewable energies and set production targets. In addition, many states have support schemes (such as commitments on purchasing prices above market prices) for companies wishing to invest in the production of renewable energies. Finally, during this period, there was a significant reduction in the costs of developing renewable energy projects. This reduction is linked to the technological advances that make it possible to increase the production/cost ratio of the renewable energy producers.

35 Source: IRENA, RE Capacity Statistics, 2016

36 REN 21 Global Status Report, 2016

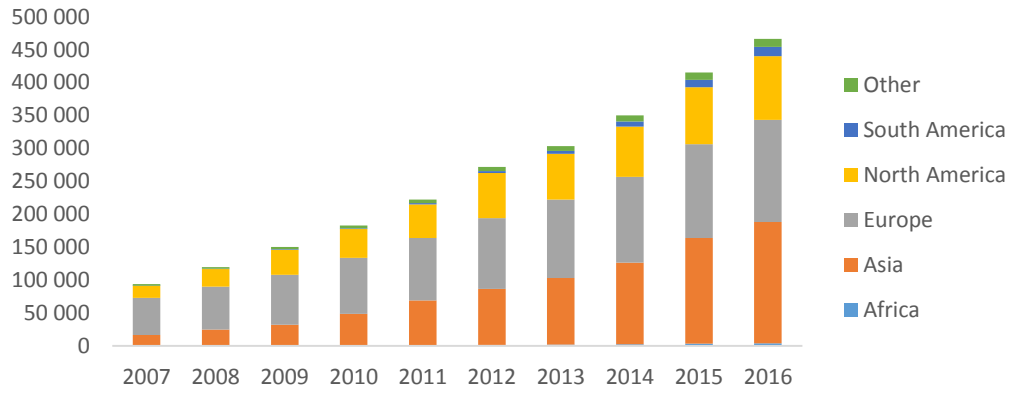
37 IEA, World Energy Outlook 2016

38 Bloomberg new energy finance, New Energy Outlook 2016

### 6.4.2.1 Wind power

Since 2006, wind power has grown rapidly and continuously throughout the world, from 74 GW of installed capacity worldwide to 432 GW at the end of 2015.

Development of total installed wind power capacity, in MW



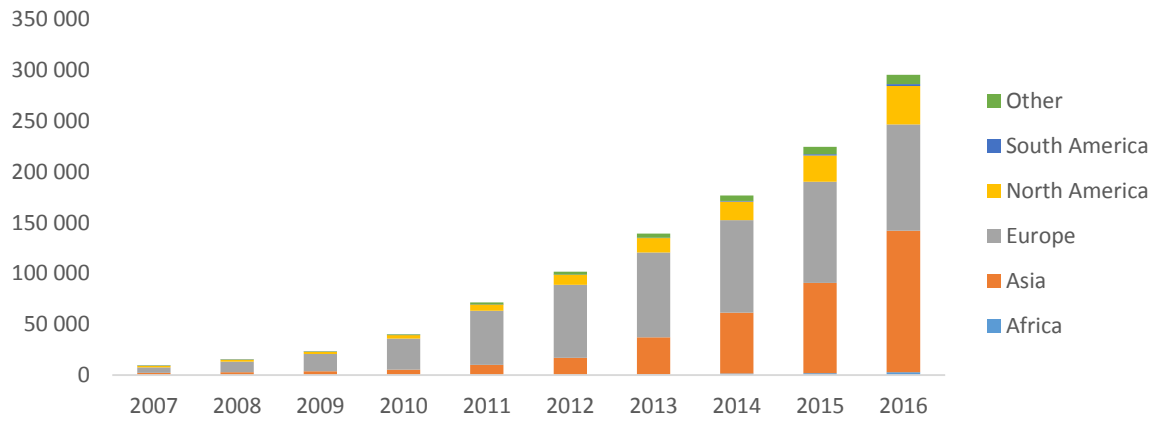

The annual capacity growth rate has remained strong despite a difficult financing environment and regulatory uncertainties in some markets; accordingly, global capacity rose sharply, with global annual growth of 19.5% between 2007 and 2016.
Asia is the strongest market, with 40% of installed global capacity in 2016. It is followed by Europe (33%), and North America (21%). Together, these regions represent 94% of the world's wind capacity in 2015. Although it has a low share of the global capacity, South America is marked by an average annual growth of 52% over the period 2007-2016.
The total combined installed wind capacity worldwide could reach 2,110 GW in 2030[39], four times more than the current capacity. North America and the European Union are expected to experience significant growth, representing nearly half of the additional installed capacity worldwide between 2010 and 2020. Asia is also forecast to see significant growth, especially in China and, to a lesser extent, India.

### 6.4.2.2 Solar power

Solar energy is the fastest growing sector in the world: between 2007 and 2016, installed solar capacities increased by an average of 47.1% per year. In 2016, an additional 70.1 GW was added, increasing the total solar capacity by 32% compared to 2015, to a total of close to 296 GW, and representing 14% of the world's renewable capacity (including hydropower).

39 Source: GWEC (Global Wind Energy Council, The Global Wind Energy Outlook Scenarios 2016)

Installed global solar capacity, in MW



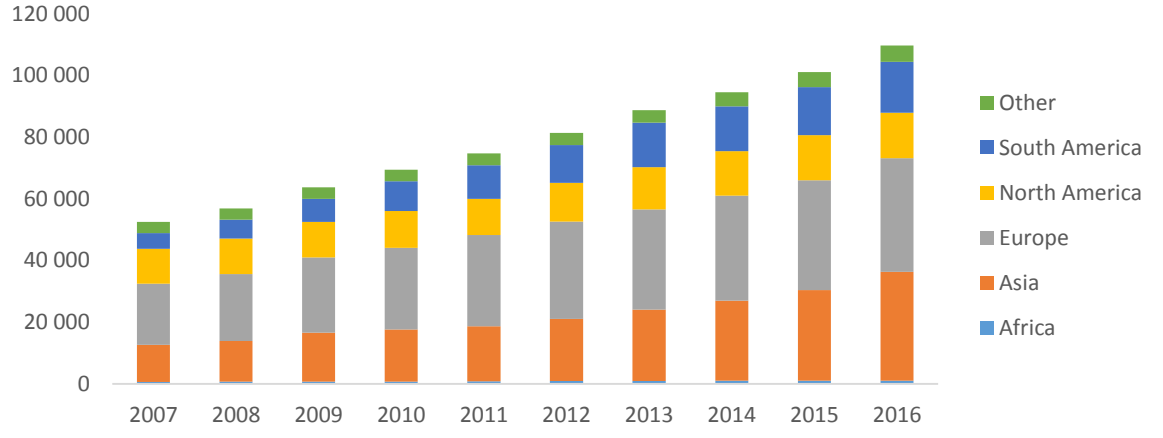

Asia is the leading producer of solar energy, with 47% of installed global capacity in 2016, followed by Europe, with 35% of global capacity. North America ranks third in terms of solar capacity. Finally, South America and Africa have begun to increase capacity in recent years, with average growth rates of 99% and 50% respectively over the 2007-2016 period.

### 6.4.2.3 Biomass

Biomass enables electricity to be produced from agricultural or forestry plant matter. The particular technique of biomass combustion is a technique for electricity production providing optimum yield when it takes the form of cogeneration (i.e. the simultaneous production of heat and electricity). In many regions, this sector faces a risk of conflict through its exploitation of natural resources.

In 2016, global installed biomass capacity was estimated at 109 GW, with an average annual increase of 8.5% since 2007. Brazil is the largest producer of biomass energy, followed by the United States, China and Germany.

Development of global installed biomass capacity, in MW

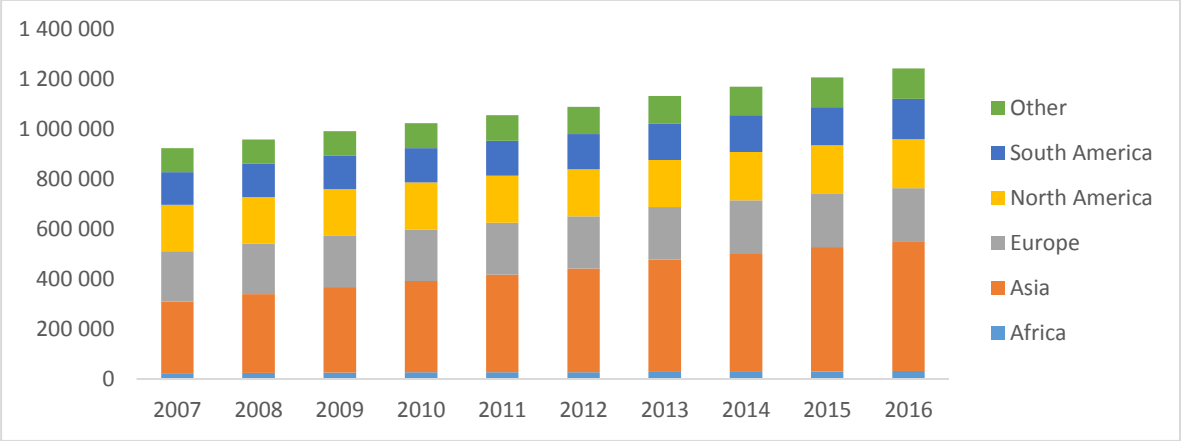


#### 6.4.2.4 Hydropower

Hydropower has historically been the largest source of renewable electricity in the world, accounting for 58%[40] of renewable energy capacity installed in 2016. It represents the second largest source of electrical energy in the world, behind fossil fuels, contributing 16.6% of global electricity production in 2015[41].

Hydropower covers a variety of power ranges, from small hydro, i.e. capacity below 10 MW, to large hydro, which can reach several gigawatts. Despite its potential, growth in hydropower is the weakest among the electricity production sectors using renewable energy sources (average 3.3% per year). Firstly, the large hydro sector is approaching its maximum potential in industrialised countries. Secondly, over the course of the past few years, the power figures for installed small hydro capacity have changed very little since the new projects often face complex administrative and regulatory barriers. Nevertheless, there is high potential for renovation and increasing power and yields, as more than two thirds of current facilities have been in service for more than 40 years.

Development of installed hydropower capacity, 2007-2016, in GW




Since 2006, Asia has emerged as the leader in hydropower, thanks to its population growth and policy of building large dams. It posted average annual growth of 6.7%, while all other major hydropower regions (Europe, South America, North America) are stagnating at an average annual rate of below 3%. Above all, it accounts for nearly three-quarters of the new capacities installed in the world since 2006, now owning 41.5% of the world's hydropower.

### 6.4.3 Competitive environment

#### 6.4.3.1 Competitive environment characteristics

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

- incumbent domestic operators;
- global energy companies;

40 Source: IRENA, RE Capacity Statistics 2016

41 Source: REN 21, GSR2016

- numerous medium-sized operators, usually positioned in a single sector and/or covering a limited geographical area;
- countless small single-project operators.

The large number of small operators results in most countries in windfall profits thanks to the introduction of government incentives in support of renewable energies.

However, in most countries the presence of small players decreases due to regulations becoming more stringent, or to the introduction by public authorities of new criteria for the admissibility of applications (such as the measures adopted in Brazil since 2008), or the implementation of one-off measures (such as the moratorium on solar projects in France in late 2010). This trend is accompanied by a general move towards consolidation of the sector.

Another notable development in the sector is the increase in the number of IPOs on the market. 2016 was notably marked by the IPOs of Dong Energy in June and Innogy in September; these two companies, together, attracted close to 7 billion euros [42]. Note that Innogy's market capitalisation is roughly twice that of RWE.

Overall, the development of the sector is favourable for groups such as Voltalia, positioned on a significant number of medium-sized projects and which possess adequate skills and resources.

Among medium-sized operators, few have Voltalia's ability to pursue projects across the four sectors in which the Group operates; only the historic and the international operators are following such a strategy, while generally focusing on larger projects.

### 6.4.3.2 Electricity production and provision of services

Voltalia is a producer of renewable energy sources integrating all the stages in the process of development of a power plant, from land prospecting to electricity production. As the Group owns its power plants, it is in direct competition with other renewable energy producers, regardless of their position in the value chain (prospecting, development, financing, operation and maintenance).
By expanding its expertise in the development process for third-party clients, notably through the acquisition of Martifer Solar in summer 2016, the Group is opening up new markets and is also competing with several other specialist players as developer, financial engineer, builder or operator. Given the Group's presence throughout the value chain of the sector, its competitors are also likely to be customers.

### 6.4.3.3 Effects of competition

In view of growing global energy demand and the abundance of natural resources and potential installation sites, the market for electricity generation from sources of renewable energy presents few barriers to entry. However, national regulations in terms of environmental protection, administrative authorisation and tariffs are just some of the factors that generate variable constraints from one country to the next, impacting on the competitive environment.

42 Les Echos, Bloomberg

In general, the competitiveness of players in the renewable energies market is measured at several levels:

- project origination (problems of land prospecting);
- access to the financing required for project construction;
- tariffs, for projects developed within the framework of calls for tender and auctions (in Brazil, and in solar in France).

#### 6.4.3.4 Market structure and remuneration

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

- Feed-in tariffs: benefiting from support from public authorities, these contracts impose an obligation on the historical operator (national electricity company) to purchase the production of electricity obtained from renewable sources. The tariff, generally above market prices, is guaranteed over a long period (between 15 and 20 years) and may be revised or decrease over time.

- Calls for tender: projects are selected by public authorities based on factors including the purchase price proposed by the bidders. The final purchase price corresponds to that offered by the candidate in its tender offer. The tender procedure therefore enables the quantity of projects and the volume of production benefiting from public subsidies to be controlled.

- Sale of electricity on the free market: in this configuration, the operator of the renewable power plant sells the electricity produced to a market operator under market conditions, i.e. fluctuating on the basis of supply and demand.

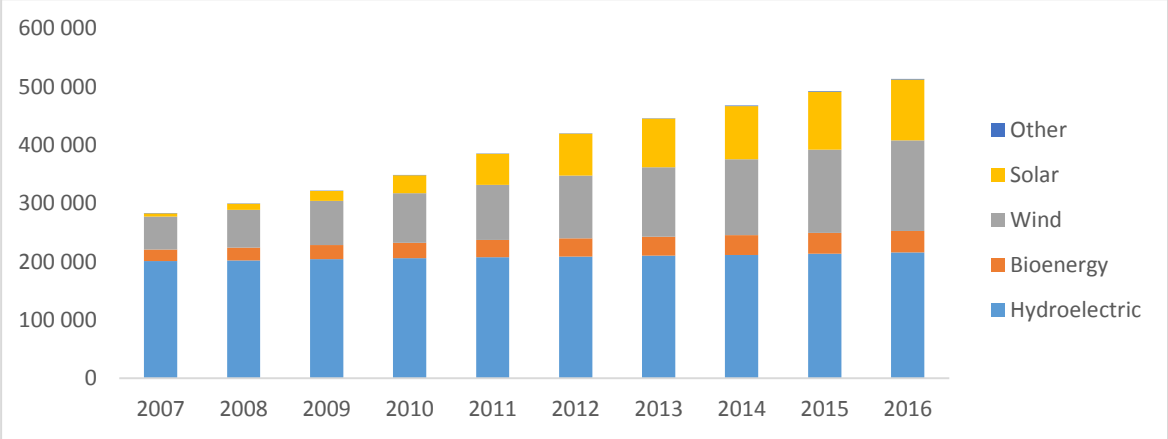
Moreover, projects from renewable sources have lower construction times compared to projects based on conventional energy sources (coal, nuclear, etc.). From prospecting to final commissioning, the completion of a renewable project requires between two and eight years depending on the energy source. For conventional energy power plants these periods are generally much longer, in the order of 10 or 20 years.

Consequently, in countries suffering from a structural lack of energy infrastructure, such as certain emerging countries and notably Brazil, the development priorities are generally granted to renewable projects which allow for a rapid response to be made to a real need.

#### 6.4.3.4.1 The European market

## General information

Development of total installed capacity in Europe, in MW




Source: Irena, RE Capacity Statistics 2017

The European market for renewable energy sources is today the most mature. According to the ENTSOE report[43], the share of renewable energy in the total European installed capacity was already 42% in 2015 (22% excluding hydropower). Its share in electricity production is certainly much lower (34%, of which half excluding hydropower), but should reach 70% in 2040 according to Bloomberg New Energy Finance. In 2016, hydropower represented 43% of the installed renewable capacities in Europe, followed by wind (29%) and solar (20%). These last two sources of energy have experienced a very steady increase since 2006: an average +13% per year for wind, and +43% per year for solar. The largest renewable energy markets are located in Germany, Italy and Spain. France, which ranks fourth in terms of installed capacity but the second most populous country in Europe, still has a strong growth margin.

## Competitive environment

Key players

In Europe, the Group's main competitors include photovoltaic project developers and wind power developers, as well as incumbent electricity producers and/or distributors. The most direct competitors are local players such as Albioma, Neoen and Engie Solar (formerly known as Solaire Direct), in France, or PPC Renewables, a subsidiary of the national electricity company PPC (Public Power Corporation) in Greece, and major groups such as EDF, Engie and ENEL.

However, competition is limited to those groups in the context of calls for tenders; the projects originated by the Group and implemented under purchase obligations at fixed prices set by the government are not subject to effective competition because the number of potential sites is sufficiently high to allow different groups to manage their growth without competing in terms of origination.

Effects of competition

European directives for the opening-up of the energy market encourage Member States to use calls for tender and other systems to promote competition and competitiveness.

43 ENTSOE (European Network of Transmission System Operators for Electricity), Electricity in Europe 2015, June 2016

In Greece, although project development is complex because of administrative complexity, fragmentation of land tenure and the economic problems in the country, guaranteed prices (except for solar) mean that the country remains attractive irrespective of the size of the players. Competition in the country is low-level.

## Description of contracts in which Voltalia holds assets (electricity production business)

### Metropolitan France

a) Electricity profile

As per RTE's electricity summaries for 2016[44], electricity consumption in France stabilised at 473 TWh in 2016. Electric power generation increased by 1.3%, and continues to be dominated by nuclear power and hydropower, of which the shares held by domestic production were 48.3% and 19.5% respectively in 2015. Renewable electricity production (excluding hydropower) continues to grow, with annual growth of 13% for wind power and 9% for solar.

Breakdown of French electricity production in 2015[45]

| Sector | Share |
|---|---|
| Nuclear | 76.3% |
| Hydroelectric | 10.8% |
| Fossil fuel[46] | 6.2% |
| Wind | 3.9% |
| Photovoltaic solar | 1.4% |
| Other renewables | 1.4% |

b) Renewable energies in France

*Wind power in France*

With a 11,681 MW total cumulative installed capacity at year-end 2016 versus 10,217 MW at the end of 2015, France (overseas departments and territories included) has seen sustained growth since the mid-2000s. This growth continued in 2016 with a 14% increase compared to the prior fiscal year.
The MEDDE (Ministry of Ecology, Sustainable Development, Transport and Housing) has set ambitious targets, which forecasts 25 GW of installed wind power capacity in 2020, of which 19 GW of onshore wind power and 6 GW of offshore wind power [47].

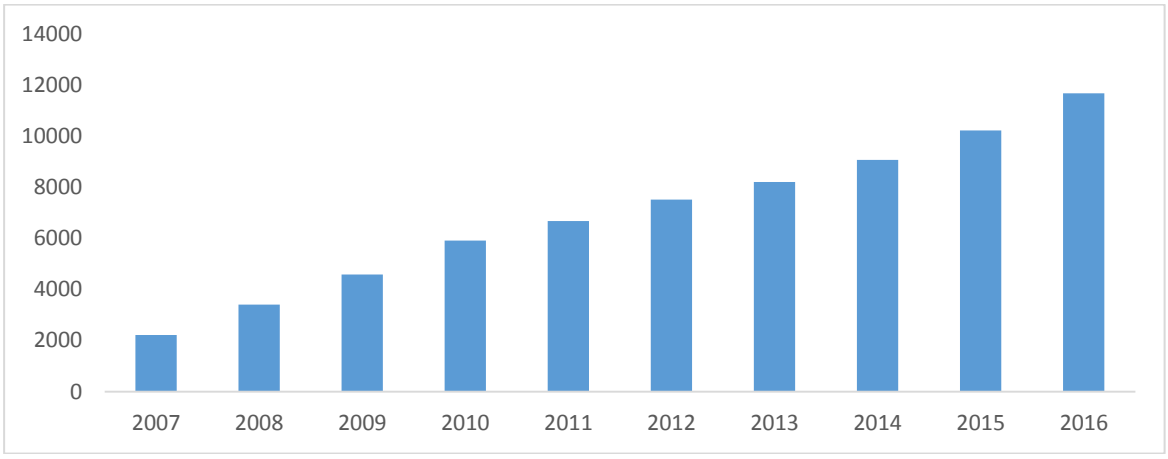
44 Electricity summary 2016 RTE

45 Source: RTE, electricity summary 2015, page 13

46 Included: coal, gas, fuel oil

47 REN21, GSR 2016

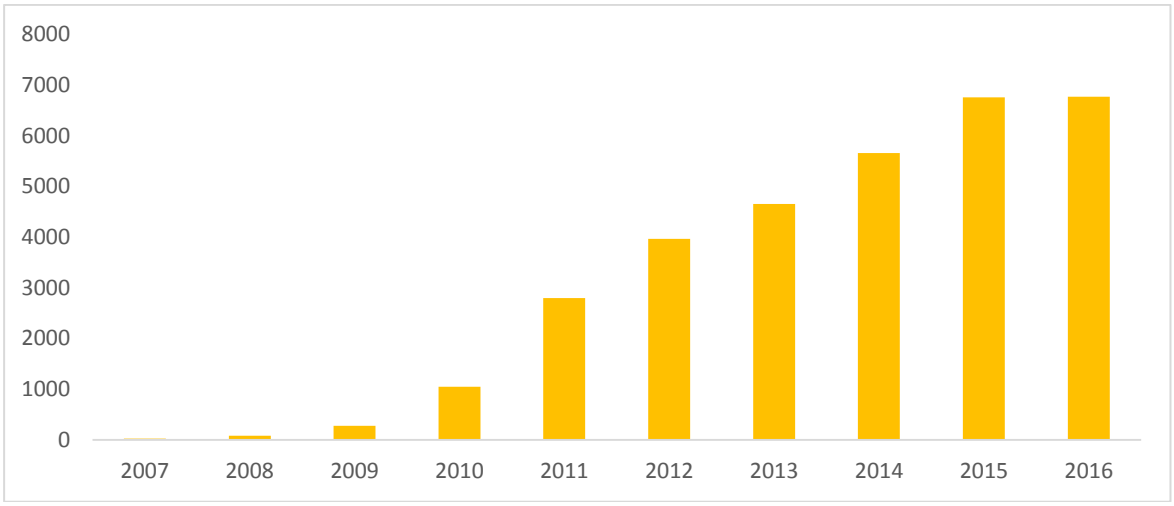
Installed wind power capacity in France, in MW[48]




*Photovoltaic solar*

Legislative advances in 2015 and 2016 (notably the Energy Transition Law in support of green development and multiannual energy programming) announced the increased development of French photovoltaic energy. The number of connected farms continued to increase with 449 MW installed over the first nine months of 2016[49]. The Grenelle Environment Forum had set a 2020 target of 5.4 GW in installed capacity; this objective was achieved by the end of 2014. The government has now set a target of 10,200 MW for photovoltaic solar by 2018 and 18,200 MW by 2023, a three-fold increase in capacity in eight years.

Installed solar capacity in France, in MW [50]




*Hydropower*

With high-output hydropower having reached its maximum potential in Europe, the sector is driven by the development of the small hydro segment, which is, however, subject to significant administrative barriers. France ranks second in Europe in terms of hydro-power capacity with 26.2 GW in 2016, just behind the 31.7 GW installed in Norway[51]. The government has set a target of 26,050 MW by 2023.

48 Source: IRENA, RE Capacity Statistics 2016

49 Source: Observ'ER. Complete electric barometer 2016

50 Source: IRENA, RE Capacity Statistics 2016

51 Source: IRENA, RE Capacity Statistics 2017

*Biomass*

France is the fourth-largest European country in terms of installed capacity of biomass energy, up by 23% in 2016.
Since late 2008, Ademe has managed the fonds chaleur (heat fund) with total grants of 1.12 billion euros to support projects involving wood-boilers and heat, geothermal, solar thermal and biogas networks, excluding private equipment and cogeneration. The fonds chaleur provides regional support for projects of more than 100 toe/year and grants through BCIAT (Biomass Heat Agriculture Industry Tertiary) calls for projects for production of more than 1,000 toe/year.
While the French State has introduced a call for tender system managed by the CRE (Energy Regulatory Commission) for large-capacity biomass power plants operating in cogeneration mode, very few bids selected from the first three calls for tender have actually materialised.

## French Guiana

a) Electricity profile

In French Guiana, a French department of 250,000 inhabitants, renewables account for just over 63% of the energy mix, mainly thanks to the Petit-Saut dam. Local energy consumption is experiencing sustained growth, driven by a population growing by over +2% per year and rapidly rising living standards. To meet its growing needs, French Guiana must reduce its dependence on imported oil by developing energy production from natural resources, especially biomass and hydropower.

b) Renewable energies in French Guiana

Photovoltaic solar

In French Guiana, the installed capacity increased from 0.9 MW at the end of 2009 to 34 MW as of December 31, 2014.
There were two successive calls for tender for solar power plants with storage. The multi-annual energy schedule (PPE) in French Guiana thus plans additional solar volumes of 18 MW by 2018 and a further 15 MW between 2018 and 2023.

Wind power

French Guiana does not have wind power to date but the PPE plans to add 10 MW of wind power by 2018 and a further 10 MW between 2018 and 2023.

*Hydropower*

French Guiana has major hydropower potential, mainly on the Mana and Approuague rivers. The PPE plans to implement an additional 4.5 MW by 2018 and 12 MW between 2018 and 2030.

*Biomass*

Significant wood energy resources are available over the long term in French Guiana. They come mainly from planned clearing for agricultural development and sustainable forest management for the production of wood for energy.
According to CIRAD (Centre for International Cooperation in Agronomic Research for

Development) and the National Forestry Office, biomass deposits available over the next 20 years are estimated at 700,000 m³/year, i.e. some 840,000 t/year of green wood, while the requirements for biomass power plants with a total output of 40 MW power are about 480,000 t/year of green wood. The PPE therefore has an ambitious biomass plan for French Guiana with an additional target of 15 MW by 2018 and a further 25 MW between 2018 and 2023.

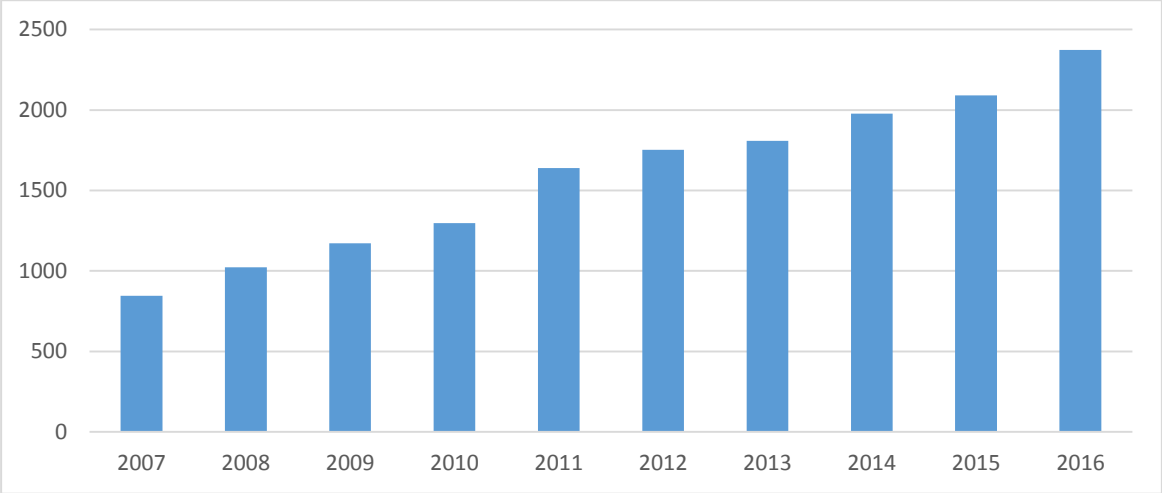
## Greece

### a) Electricity profile

In Greece, 64.1% [52] of current electricity production comes from fossil fuels, whereas the country has great potential for renewable energies. Its solar potential is favourable to the development of the solar sector, which already represents 8.6% of the country's electricity generation; its islands and countless kilometres of coastline are excellent locations for the installation of wind turbines, which represent 9% of Greece's electricity production. However, hydropower remains the main source of renewable electricity, with a 14.3% contribution to the total production. The country's objective is to achieve a target of 40% renewable electricity by 2020.

*Wind power in Greece*

The second largest source of renewable energy after hydropower, wind power is of major economic interest in Greece as it seeks to reduce the high proportion of electricity generated from fossil fuels. With a 2.4 GW installed wind power capacity, the 2020 target of 7.5 GW is still far from being achieved. The Greek government also intends to promote the development of offshore wind.




Installed wind power capacity in Greece, in MW[53]

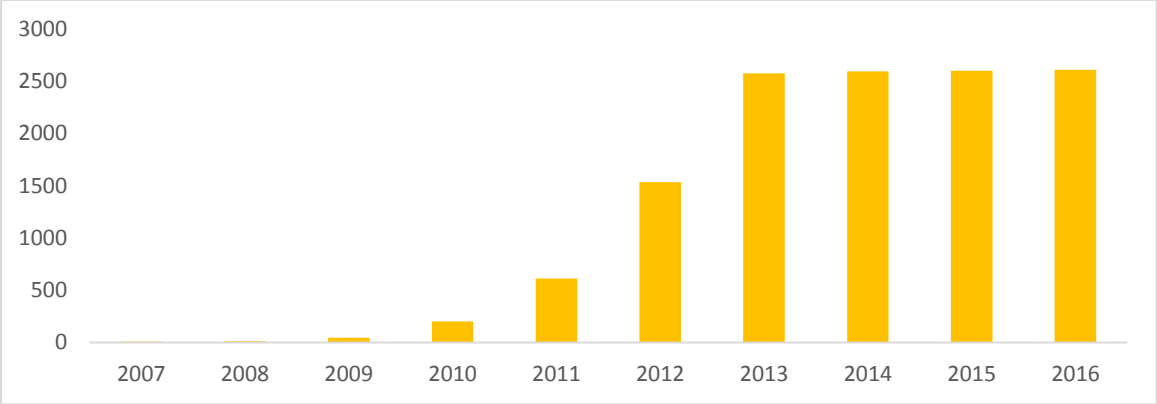
*Photovoltaic solar*

Despite very high potential, the photovoltaic sector has historically seen limited development in Greece. With a 2.6 GW installed photovoltaic capacity, the country has exceeded its 2020 objectives (2.2 GW), due to the very strong growth in 2012 and 2013. This trend was halted with quasi-stagnation: 32 MW installed in four years.

52 ENTSO-E Electricity in Europe 2015

53 Source: IRENA, RE Capacity Statistics 2017

Installed solar capacity in Greece, in MW



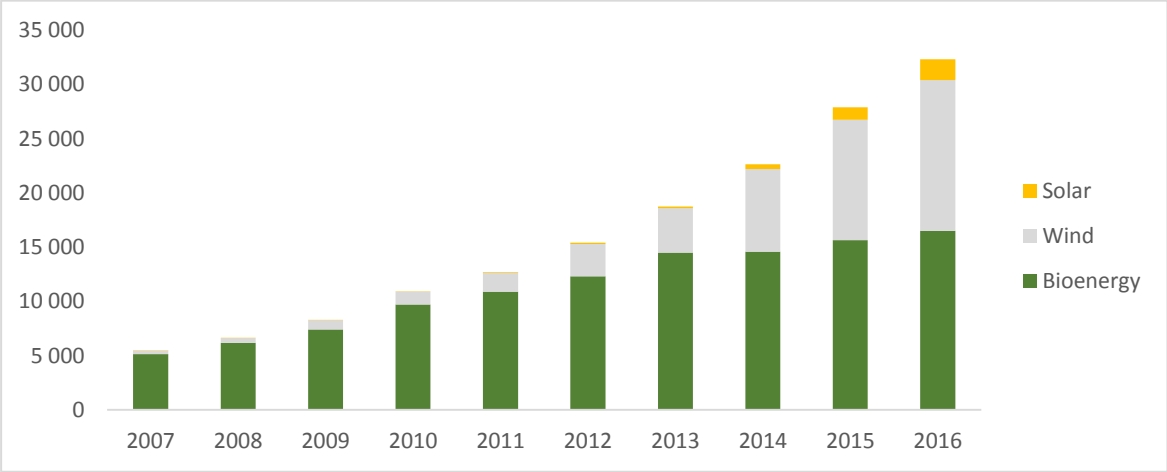

Description of the service provision activity

The European market for renewable energy sources is marked by its maturity and attractiveness. On the one hand, the operating contracts for many existing power stations will expire and the necessary contract renewal offers development opportunities for the sector. On the other hand, renewable energy players plan to build new power plants, driven by the political objectives of increasing installed capacities. The challenge for players in the renewable energy market is therefore to position themselves to benefit from both the maturity of the market and new development opportunities.

#### 6.4.3.4.2 The market in Latin America

General information

Development of the non-hydropower renewable installed capacity in Latin America, in MW during 2005-2016 [54].




Historically, Latin America's energy mix is based on fossil fuels and hydropower. In 2016, it represented 83% of the renewable electricity capacities (large dams included), taking advantage of this extremely water-rich continent (Amazon, large glaciers of the Andes). However, the potential for development in hydroelectricity seems rather low, with annual growth of 4% per year in 2006. With 8% of renewable installed capacity in 2016,

54 Source: IRENA, RE Capacity Statistics 2017

biomass energy is the continent's second-largest renewable energy source, drawing advantage from the Amazon rainforest. Solar and wind energy have seen a remarkable rise; since 2011, wind energy capacity increased by an average 51% per year, now representing 7% of the renewable energy mix for 13.9 GW installed. Although they constitute only a tiny fraction of the South American energy mix (1%) today, solar power capacities are growing at a tremendous rate (+112% per year since 2011). South American solar energy is also one of the cheapest powers in the world: in the summer of 2016, a 120 MW solar project won a multi-energy tender in Chile at $29.1/MWh, a record price for this sector, and the cheapest of all offers[55], including coal projects that were twice as expensive.

## Competitive environment

In Latin America, the market for renewable energy sources comprises players of various sizes:

- large public utility companies such as ENEL, EDF, EDP, Iberdrola and ENGIE;
- other consolidated companies such as Mainstream, EREN, Cubico and Acciona Energia;
- manufacturers such as Jinko Solar, Canadian Solar and Envision.

In Chile, the biggest winner of the last auction in 2016 was Mainstream, with 986 MW. Iberdrola, Acciona and Endesa (ENEL's thermal and hydropower generation subsidiary). Acciona and ENEL dominated the Peruvian auction, while the auction in Mexico demonstrated the strong presence of Iberdrola, EDF, Cubico, ENEL and Acciona Energia, among others. The renewable energy market in Argentina has been revived with two major auctions totalling more than 1.5 GW of installed capacity in contracts won by Solar and Wind.
The winners included international players such as EREN and Isolux, manufacturers such as Envision and Jinko, and saw a strong presence of local players.
In Brazil, 2016 ended with the signing of few new contracts. During the A-5 auction, only contracts for small-scale hydropower plants were signed. 324.9 MW of small-scale hydropower projects found takers during the auctions. These are mainly projects carried out by local players, and two small-scale hydropower projects won by ENEL. The last two auctions were postponed, before being cancelled. Although no wind or solar projects were contracted during the 2016 auctions, the concentration of players remains strong in Brazil. For wind power, players include EDP, EDF, AES, ENEL, Engie and Ômega. For Solar: Engie, Solaire Direct, Enel, Cubico, EDF and Canadian Solar.

*Key players*

The system of auctions introduced by the Brazilian government is accompanied by diversification of the players. Accordingly, apart from the local players, the sector includes numerous foreign groups, such as Voltalia.

**Summary of Brazilian calls for tender in 2016**

| | | Low-power HEPP | Biomass | Gas-fired |
|---|---|---|---|---|
| | A-5 | LER | LER | LER |
| Total MW | 180.3 | 324.9 | 198.4 | 5.5 |
| Main winners | • Low-power HEPP Juina | • HEPP Santa Branca<br>• Enel | • Porto das Aguas | • Oeste de Canoas |

55 Renewable Energy World, Solar sold in Chile at lowest ever half price of coal, August 31,2016

Typology of calls for tender[56]:

In Brazil, developers of energy projects compete in auctions to obtain 20-year power sales contracts. These auctions are not exclusively designed to support renewable energy sources, as contracts for fossil fuel power plants are also sold at auctions. The list below is not exhaustive; there are other types of auctions.

*Regular auctions*
Auctions for new energy sources (*Leilão de Energia Nova*) take place regularly and are based on production capacities to be delivered in three to five years (Auctions A-3 and A-5, respectively). A-3 auctions are generally used for wind, and small-scale hydro projects. A-5 auctions for large-scale hydro projects and for traditional fossil fuel power plants. The counterparty for the contracts is the distribution company, which charges all costs to end-use consumers.

*Reserve auctions*
Known as LER (*Leilão de Energia de Reserva*), they are conducted sporadically at the discretion of the Brazilian authorities. These auctions were created to improve the supply of electricity to the national grid with power stations built for this purpose. They were used to promote the development of renewable energy sources in Brazil. The counterparty is the Chamber of Commerce of Electricity (CCEE), which collects fees from consumers to cover contract costs.

*Auctions of alternative sources*
Known as LFA (*Leilão de Fontes Alternativas*), these auctions were created to increase the share of renewable sources - wind, biomass and energy from small-scale hydropower plants (SHP) - in the Brazilian energy mix.

## Effects of competition

In Brazil, the auction mechanisms help to open up the market and therefore encourage competition.

The tables below detail the average and weighted average prices for each energy source resulting from the 2015 and 2016 auctions:

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | MW sold | Average weighted price (BRL) | MW sold | Average weighted price (BRL) |
| **Solar** | N/A | N/A | 1,763 | 299.46 |
| **Wind** | N/A | N/A | 1,177 | 191.16 |
| **Biomass** | 198.4 | 235.95 | 565 | 223.14 |
| **Hydro** | 505.2 | 195.63 | 413 | 200.72 |
| **Gas-fired** | 5.5 | 258.00 | 1,516 | 279.00 |

## Description of contracts in which Voltalia holds assets (electricity production business)

56 Source: CCEE (Câmara de Comercialização de Energia Elétrica) site

## Brazil

a) Electricity profile

**In Brazil**, the dynamics of renewable energy sources are the result of sustained growth in energy demand (+5%/year) and the need to cover many rural areas, which experienced severe electricity shortages in 2001. According to IRENA, Brazil is the third largest renewable energy market (including hydropower), behind China and the USA. Historically, hydroelectric power accounted for 81% of the 123 GW of renewable installed capacity in 2016.

The Brazilian market offers a framework favourable to the construction of renewable projects. The BNDES, the Brazilian national development bank, is highly active in local currency financing of renewable energy projects. Moreover, objections to planning permit for Brazilian development projects are less frequent than in Europe, enabling the industry to commission power plants within short time frames.

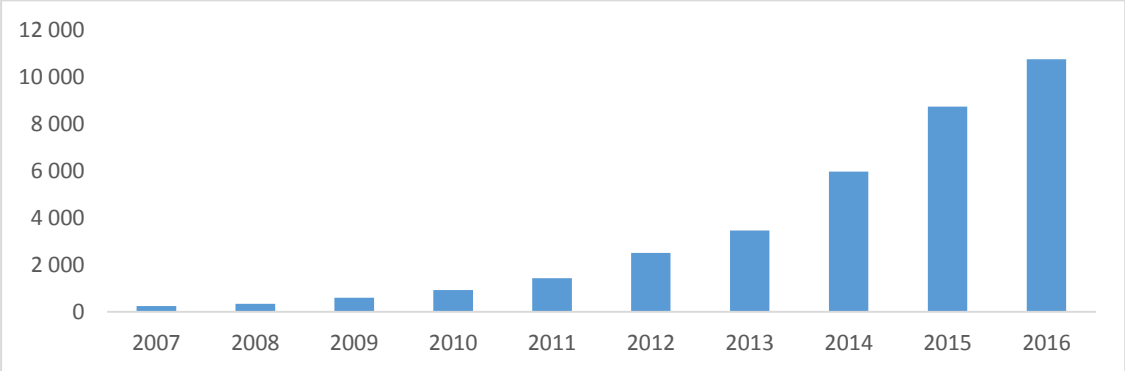
The country needs to diversify its sources of electricity to meet its growing needs and to reduce imports of electricity (equivalent to 7% of consumption in 2011); the PDEE 2008-2017 (ten-year energy expansion plan), introduced in 2008, provides for a +54 GW increase in Brazilian production capacity over the next ten years. This accelerated growth is structured around auction mechanisms established by the government (according to PSR Inc., 30 GW of new capacity has been awarded at the auctions during the past five years), consisting primarily of major hydropower projects with a significant proportion of small hydro plants and the development of biomass and wind energy. Renewable energies currently only cover the increase in electricity needs

b) Renewable energies in Brazil

*Wind power*

The share of wind power in electricity generation is still relatively low (9% of the total electricity generation in 2016), but has been growing rapidly since 2006 (52% average annual growth), thanks notably to government incentives. The growth of the sector has accelerated since the establishment of an auction system in 2009 that has led to the signature of 13,961 MW of contracts to buy/sell electricity since that date (sources: ABEEolica/EPE/CCEE). In September 2016, Brazilian wind power crossed the symbolic mark of 10 GW of installed capacity, which proves the dynamism of the sector. Wind capacity in Brazil should reach a minimum 17 GW of installed capacity by 2022 (source: EPE).

Development of installed wind capacity in Brazil, 2007-2016, in MW[57]




57 Source: ABEOLICA

*Photovoltaic solar*

The Brazilian market for solar energy has great potential in view of the climate conditions (Brazil has more than twice the sunshine of Germany, which has the largest amount of installed solar energy capacity in the world).

The first auctions reserved for solar photovoltaic projects were organised in October 2014. 31 projects with a 1,050 MW total installed capacity were awarded and should be commissioned by early 2017. The call for tender process was very competitive, with an average price of 215 BRL/MWh.
The government announced that calls for tender reserving part of the demand for solar power would continue and that the objective would be 1 GW capacity per year.
In 2015 solar accounted for 32.5% of the MW covered by calls for tender in Brazil, at an average price of 299.5 BRL/MWh.

According to Absolar and the projections of the Energy Research Company (EPE), solar projects could reach 25 gigawatts (GW) in installed capacity by 2030 and represent investments of 36 billion euros[58]. Of the 25 GW of solar energy expected to be installed by 2030, 17 GW will be generated by large plants and 8.2 GW will be distributed among much smaller players (in homes, commercial and public buildings, condominiums and on farms in rural areas).

*Hydropower*

The hydroelectric sector is the main and least expensive source of electricity in Brazil (about 80% of the annual consumption), with 98 GW of installed capacity at the end of 2016. This historic predominance is partly explained by geography and partly by a distinct, but conducive, rainfall pattern. The rainy season in the south, north and north-east corresponds to the dry season in the central-west and south-east regions, and vice versa.

While the Government would like to diversify its energy mix, hydropower is the major focus of its power generation development programme because of its untapped potential; the potential total output of the sector is estimated at more than 260 GW (source: Brazilian Committee on Dams). In September 2012, however, in order to provide electricity at a more competitive price to the population and to increase the competitiveness of the hydropower industry, the government proposed new conditions for the renewal of power plant concessions totalling 22 GW, resulting in a lower purchase price for hydropower in return for financial compensation to operators owning power plants not yet fully depreciated.
.

However, in addition to large projects, Brazil also favours small hydro (capacity below 30 MW) to improve local coverage of electricity needs and to promote the universal availability of energy. The measures adopted since 2007 have focused on establishing a simplified regulatory framework and, along the lines of the wind sector, the introduction of an auction system organised by ANEEL, the national agency for electricity.

In Brazil, the region of highest potential for Voltalia, the small hydro sector has potential capacity exceeding 10 GW, according to the Ministry of Mines and Energy.
Overall, installed capacity is expected to reach 116.7 GW by 2019, according to the Brazilian Committee on Dams. This growth is primarily based on large projects; although some are in construction, they are often the subject of considerable controversy with regard to their environmental impact (including the main project of Belo Monte, with 11.2 GW total capacity).

*Biomass*

Biomass is currently the country's second largest source of renewable energy, after hydropower. With 14.2 GW installed at the end of 2016, it represents 12% of the renewable installed capacity of Brazil.

58 Exchange rate at 31/12/2016. 1 EUR = 3.4253004188 BRL

Bagasse, the fibrous residue of sugarcane, represents Brazil's main biomass potential.

Brazil now has 434 sugar factories that are completely energy independent through the use of bagasse burned in furnaces. But only 20% (88 units) sell their surplus electricity on the market.

The potential bioelectricity reserves from unused sugar cane is considerable. It is estimated that if the entire cane biomass available in the country were to be used, it would be possible to produce an average of 13,000 MW (source: Crebec & Brandao Consultores).

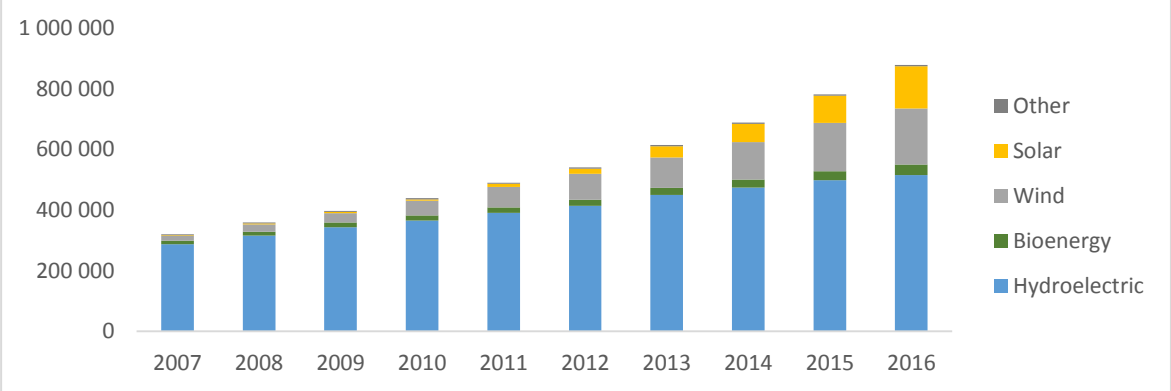
#### 6.4.3.4.3 Asia - Africa - Middle East

##### General information

**Asia**

Asia has increased its renewable energy production capacity the most, with double-digit average annual growth (12%) since 2007 and 558 GW of new installed capacity between 2007 and 2016, accounting for more than half of the world's renewable energy capacity over the period (55%). This rise underlines the progress made by the Asian continent in renewable energy sources, making it the leader in terms of renewable installed capacity, with 40% of the world's capacity.

Development of renewable installed capacity in Asia between 2007 and 2016, in MW[59]




Hydropower is historically the largest renewable energy source in Asia. In 2007, it represented 90% of the continent's renewable capacity. Although it is still the fastest growing energy source due to large dam projects (+228 GW between 2007 and 2016), hydropower now represents only 59% of the continent's renewable capacity, due to the accelerated development of wind and solar power during the same period, with average annual growth rates of 31% and 59% respectively between 2007 and 2016. Wind and solar power now represent 37% of the installed capacities in 2016.

China is the renewable energy sources leader on the continent, with 67% share of Asia's installed capacity. India is the second-largest producer of renewable energy in Asia (11%), mainly based on hydropower (52% of the renewable installed capacity). India has strong potential for developing renewable energies (13.6% of electricity production in 2012 [60] and with 20.3% of the population still without access to electricity). India is followed by Japan, with 91 GW of installed renewable energy capacity, i.e. 11% of Asia's total installed capacity. China and India have announced ambitious targets for increasing their renewable capacity in the medium term. According to REN 21 [61], China is expected to benefit from an installed capacity of 250 GW of wind power and 150 GW of solar power by 2020, which is about 200 GW more compared to the end of 2015 in these two

59 Source: IRENA, Renewable Capacity Statistics 2016

60 Observ'ER, 15th inventory, 2013 edition

61 Global Status Report 2016

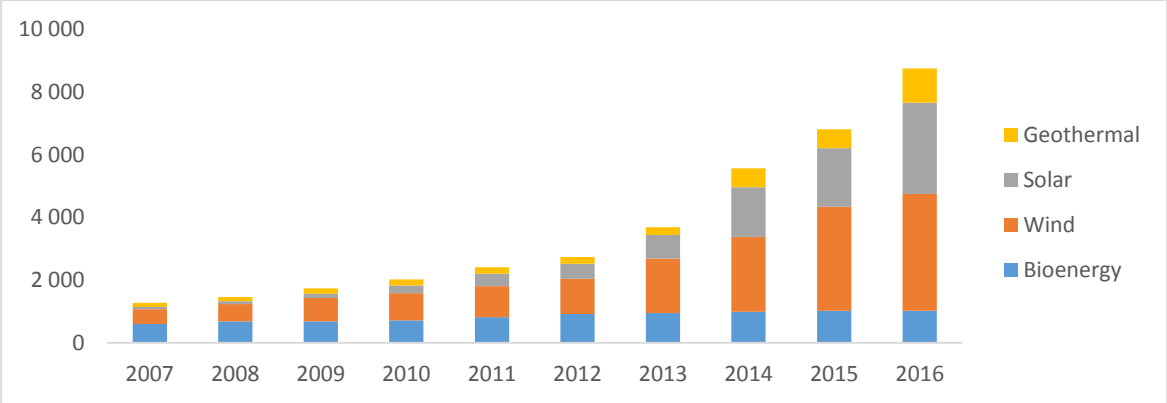
sectors. In 2022, India would like to have 100 GW of solar power (compared to only 5 GW in 2015) and 60 GW of wind power (25 GW in 2015). The country also wants to develop the biomass sector, by adding 4 GW to the 6 GW already installed in 2015, and build 5 GW small-scale hydropower capacity.

## Africa

Africa is the continent with the least developed electricity grid in the world: in 2013, only 46%[62] of the population had access to electricity, i.e. 500 million inhabitants. The continent has lagged behind in its renewable energy development policy, but has considerable potential for development in this sector, thanks to its natural resources and the ease of setting-up these new energies in isolated sites that are not connected to the national electricity grid (off-grid).

Hydropower is Africa's main source of renewable energy, with 79% of the 41 GW renewable installed capacity in 2016. Solar capacities have grown by an average of 50% each year since 2007, reaching 2.9 GW in 2016 and 7% of the continent's renewable installed capacity; the wind power sector has increased its installed capacity at an average of 26% per year during this period, and now accounts for 9% of Africa's renewable power. While these proportions are still low, it may be useful to highlight the acceleration in the development of renewable energies on the continent since 2012 (see chart below).

Development of renewable installed capacity in Africa (excluding hydropower) in MW [63]




- The installed capacity in Africa was 41 GW[64] in 2016 (including hydro capacity), an average increase of 6% per year since 2007. The four largest producers are, in this order, Egypt, South Africa, Democratic Republic of the Congo and Zambia. Africa's share of global production is 2%. Various political and international initiatives suggest that renewable energies have a future on the African continent: COP22, organised in Morocco in November 2016, enabled some countries to ratify the Paris agreements and confirm Morocco's vision, which is resolutely turned towards renewable energies.
- Africa Renewable Energy Initiative, whose October 2016 action plan aims to install 300 GW of new renewable energy production capacity by 2030[65].

According to IRENA's[66] forecasts for Africa, the share of renewable energies (excluding hydropower) in total electricity production is expected to reach 30% by 2030, compared to 2% in 2013. With hydropower, renewable energies would contribute half of the African electricity production by 2030. IRENA predicts that

62 IRENA, Africa Remap 2030

63 Source: IRENA, Renewable Capacity Statistics 2016

64 IRENA, Renewable Capacity Statistics 2016

65 The Africa initiative on renewable energies

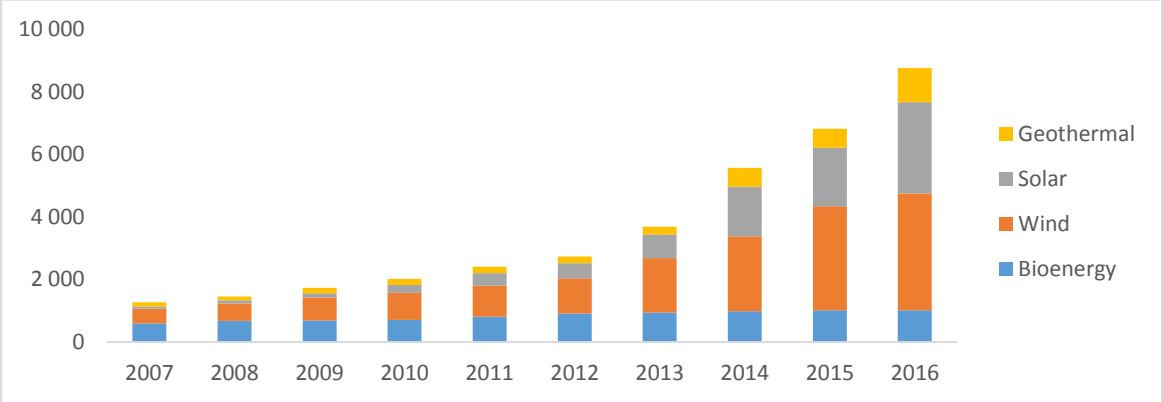
66 Remap 2030 for Africa

solar capacity will be 93 GW in 2030 (of which 24 GW will be off-grid) against just under 3 GW in 2016, and that of wind power will reach 101 GW, against 4 GW in 2015.

## Middle East

The Middle East remains a weak producer of renewable energy. The total installed capacities in 2016 amounted to 17.7 GW, including 15.8 GW of hydropower production. Still insignificant, solar power could see major development in this region. At 5.04 euros[67] per kWH, the contract awarded by DEWA (Dubai Electricity and Water Authority) in January 2015[68] was the lowest unsubsidised purchase price ever recorded at the time of the contract. In the Middle East, solar capacity development is driven by rapidly falling costs, sunshine among the highest in the world, a desire to reduce energy imports, and rising energy demand. Many projects are under development in the region. In 2016, the installed solar energy capacity was 1.4 GW, i.e. 8% of the total in the region.

Development of non-hydro renewable installed capacity in the Middle East, in MW[69]




The future growth of new renewable technologies is certain, but its intensity will depend on the ambitiousness of energy policies of countries in the region.

## Competitive environment in Morocco

*Key players*

Competition in Morocco is structured around two categories of players. Firstly, the major international players (ENEL, Engie, Akwa Power, etc.), which principally target highly competitive national calls for tender, and secondly, medium-sized players that principally target the private market, including Voltalia, one of the credible players given its technical experience and financial solidity, notably vis-à-vis industrial counterparts.

*Effects of competition*

In Morocco, the necessity of signing private electricity sale contracts with industrial concerns (excluding international calls for tender) creates a significant barrier to entry for smaller players. Accordingly, although

67 Average exchange rate at 15/01/2015. 1 EUR = 1.1602264262 USD

68 Middle East Solar Outlook 2016, Middle East Solar Industry Association

69 Source: IRENA, Renewable Capacity Statistics 2017

access to sales contracts is totally liberalised in the medium to very high voltage segments, the positioning of Voltalia is solid and credible.

## Description of contracts in which Voltalia holds assets (electricity production business)

### Morocco

a) Electricity profile

In Morocco, the energy mix[70] is mainly based on coal-fired plants (31% of the installed capacity at end-2015). Adding fuel oil, gas and diesel, fossil fuels accounted for 67% of the country's electricity capacity, but leaves a growing share for renewable energy (33%), with hydropower (16%) in the lead. Wind power saw an average annual growth rate of 37% between 2007 and 2016 and now accounts for 10% of the country's installed capacity.

Morocco's current power profile is expected to evolve significantly over the next 15 years: the Moroccan government wishes to accelerate its energy transition and has set clear targets for the development of renewable energies. By 2020, renewable capacity should thus represent 42% of the Moroccan electricity mix, of which 28% is wind and solar. The target for 2030 is to reach 52% of renewable capacity, including 20% solar and 20% wind. To achieve this transition, Morocco is expected to invest $40 billion in renewable energies by 2030.

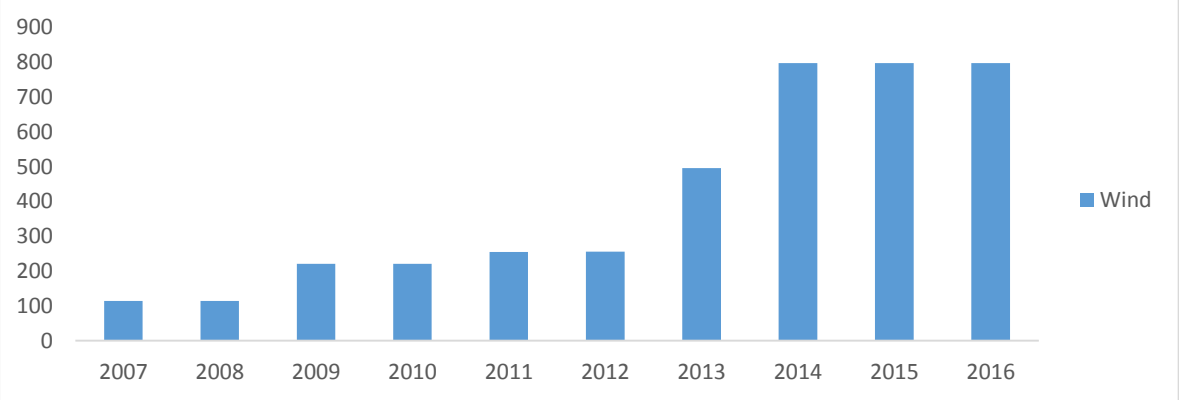
b) Renewable energies in Morocco.

*Wind energy in Morocco*

Morocco has very significant wind power potential with average speeds of up to 11 m/s. The opening up of the national electricity market in terms of renewable energy to competition in 2010/2011 led the private sector to start to develop wind power.

The installed capacity rose from 114 MW in 2007 to almost 798 MW in 2016 and is expected to increase by more than 4 GW by 2030 thanks to the ambitious targets of the country, which hosted the COP22 in November 2016, and which wants to become the spearhead of green energy in Africa.

Development of installed wind capacity in Morocco, in MW[71]




70 ONEE

71 Source: IRENA, Renewable Capacity Statistics 2016

*Photovoltaic solar*

Morocco has significant solar potential and the country has started exploiting it. In February 2016, Morocco inaugurated the first 160 MW tranche of the Noor project, whose total capacity should reach 580 MW by 2020. This power plant illustrates the ambitions of the country, which plans to install 4.5 GW of solar capacity by 2030. It is also following the trend for solar thermal power stations.

*Hydropower*

Morocco benefits from numerous elevations (Atlas mountain range) and a uniform water situation between the northern and southern regions. Accordingly, in addition to the large dams constructed by Morocco to supply drinking and agricultural water, over 200 small and micro hydropower sites have been identified by ONEE and the various hydro basin agencies. The maximum capacity of the plants that can be constructed and operated by private operators is 30 MW, in line with Voltalia's objectives. The first private plant was commissioned in 2015 and several concessions have already been granted to operators.

The estimated technical potential for hydropower in Morocco is approximately 3,800 MW. In view of the installed capacity, the potential of the small hydropower segment in Morocco is estimated at approximately 800 MW.

## 6.5 LEGISLATIVE AND REGULATORY ENVIRONMENT

### 6.5.1 International context

Following the United Nations Framework Convention on Climate Change, which came into force in 1994, whose purpose was to "stabilise greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system", the Kyoto Protocol was signed in 1997 and came into force in 2005. Sharing the same objective as the Convention, the Kyoto Protocol significantly strengthened it through the introduction of individual and mandatory targets to be attained by the parties. For the 2008-2012 period, each party was assigned an individual target for reducing its greenhouse gas emissions leading to a global drop of at least 5% compared to 1990 levels.
On 11 December 2011, following the 17th UN Climate Conference, the 194 member countries of the UN climate convention signed an agreement to extend the Kyoto Protocol up to 2020 after its scheduled expiry at year-end 2012. This agreement provided for a global compact to reduce greenhouse gas to be established by 2015, for implementation in 2020 to replace the Kyoto Protocol.

The 21st Conference of the Parties (COP21), which was held in Paris in December 2015, had set the following objectives:

- maintaining the rise in temperatures below 2°C (by 2100) compared to the pre-industrial temperature and taking all possible measures to prevent temperatures from rising by more than 1.5°C;
- resilience and adaptation to climate change, particularly *via* low carbon development;
- the adoption of financing methods to achieve this "low carbon" development.

Although no quantified reduction in greenhouse gas emissions is mentioned, according to the IPCC, a target of 1.5°C actually means a 70-80% reduction in GHG emissions by the second half of the century, and no emissions in 2100, at the latest.

195 countries finally adopted the Paris Agreement on 12 December, after two weeks of negotiations. It officially came into force on 4 November 2016, after more than 55 countries representing at least 55% of the world's emissions committed to complying with the Agreement.
Another major breakthrough of the agreement is the establishment of a new version of the review and transparency mechanisms for national climate contributions, with an upward revision process every five years for all Parties.

### 6.5.2 EU legislation

In October 2014, the European Council endorsed the EU framework for climate and energy up to 2030, which set an ambitious domestic target for the EU of at least 40% reduction in greenhouse gas emissions by 2030. The implementation of this framework by 2030 as approved by the European Council constitutes a priority, which is in line with the Paris Agreement, ratified by the European Union on 4 October 2016.
The Commission had already put forward key proposals for achieving the EU's target of reducing greenhouse gas emissions by 2030. In 2015, it put forward a proposal for the reform of the Emissions Trading Scheme (ETS) so that the energy sector and energy-intensive industries achieve the necessary emission reductions. In summer 2016, the Commission presented several proposals to accelerate the transition to low carbon emissions in other key sectors of the European economy.
On 30 November 2016, the European Commission presented an action plan to strengthen the measures taken under the 2030 Climate-Energy Package. This plan, which includes the main objectives presented in 2014, focuses on three topics: energy efficiency, renewable energy and consumers.

#### Energy efficiency

The European Union wants to prioritise energy efficiency, and aims to increase energy efficiency by 30% by 2030. Several areas of work have been identified:

- setting-up a general framework for improving energy efficiency;
- improving building energy efficiency;
- improving the energy performance of products (ecodesign);
- informing consumers (energy labels).

This policy expects to have several positive effects on the economy and European society: apart from environmental performance, it aims to reduce the dependence of certain countries on energy imports, contribute to economic growth and reduce unemployment, which is the Union's top priority, and reduce energy bills of consumers by 20%.

#### Renewable energy

Europe aims to become the leader in renewable energies, and reiterates its objectives: by 2030, half of European electricity production and at least 27% of our energy consumption will be from renewable sources. These objectives contribute to the Union's aim of reducing its greenhouse gas emissions by 40% by 2030.
With this in mind, Europe intends to give more flexibility to the renewable energy market:

- by guiding national policies towards a market approach that moves away from national subsidies for renewable energies;
- by reducing the time between the marketing and distribution of renewable electricity;
- by granting more significant rights to consumers, notably by allowing them to produce their own electricity and redirecting surplus to the grid.

Fair conditions for consumers

The European Union wants to put consumers at the centre of energy issues. The new plan is a step in this direction, and aims to give consumers more autonomy and control over their bills:

- each consumer will have the right to produce electricity, store it, share it, consume it or resell it on the market (see above);
- the deployment of intelligent electricity meters will be accelerated, allowing consumers to manage their contracts and be closer to the electricity market;
- consumers will need access to a more efficient information system, which facilitates comparisons between suppliers. In this sense, it should also be easier to switch suppliers, due to the expected decrease in the cost of breach of contract.

Regulation in countries where Voltalia holds assets

The regulations of three countries are developed in this section. These three countries (France, Greece and Brazil) cover a large majority of the assets held by Voltalia with 98% of the Group's installed capacity.

### 6.5.3 Regulations in France

#### Before 1 January 2016

Before 1 January 2016, renewable energies benefited from a compensation system for energy under purchase obligation, EDF OA bought 100% of the production for a defined period.
For solar production units, with the purchase price fixed by calls for tender with quotas defined by the Ministry of the Environment, Sustainable Development and Energy (MEDDE), the energy purchase period was 20 years.
Wind farms that had all the authorisations benefited from a purchase price published by EDF OA for a period of 15 years.

#### After 1 January 2016

On 22 July 2015, the Energy Transition bill in support of green development was adopted. It establishes the new energy development framework in France.

- Reinforcement of objectives in terms of development of renewable energies and reduction of the proportion of nuclear power in the electricity mix:
  - renewable energies must account for 40% of electricity production by 2030;
  - the proportion of nuclear energy in electricity production must be reduced to 50% by 2025.

- Introduction of a multi-annual energy schedule (PPE):
  - established by decree, the PPE establishes the priorities for public authorities regarding the management of all forms of energy in Metropolitan France;
  - it notably contains regulations on the development of renewable energy sources and covers two successive periods of five years, except for an initial first period scheduled to end in 2018;
  - consultation for preparation of the programme began before the end of 2015. Publication is scheduled for Q1 2016.

**Provisions relating to mechanisms for the support and progressive integration of renewable energies within the electricity market**

Implementation of a complementary remuneration mechanism alongside the purchase contract mechanism.

- a list of the characteristics of facilities able to benefit from the mechanisms is determined by decree;
- the ministerial orders planned for each of the renewable energy sectors setting out remuneration conditions may cause the implementation of the decree to be delayed. The Energy and Climate General Division has already provided for delayed implementation to on-shore wind power, contrary to the other renewable energy sectors which should see the mechanism enter into force on 1 January 2016.

- Transition period between the conclusion of the purchase tariff and the ability to benefit from additional remuneration
  - Producers who had requested to benefit from the purchase obligation before the entry into force of the decree setting out the additional remuneration may ask to benefit from the purchase contract.
  - Benefit from the purchase obligation and purchase contract is subject to the facility being completed within eighteen months of the effective date of the decree for a given sector (delayed application for wind power).
  - This period may be extended by order of the Energy Minister if justified by the conditions for facility completion.

- Additional remuneration conditions
  - Notably established by taking into account the investments and operating expenses of high-performance facilities representative of each sector, the cost of integrating the facility into the electrical system and the facility's receipts, notably the valuation of the electricity produced, the valuation by the producers of guarantees of origin and the valuation of the capacity guarantees.
  - The level of the additional remuneration may not equal the total remuneration of the capital tied up, as calculated from the total of all of the facility's receipts and financial or fiscal support, exceeding a reasonable remuneration of the capital in light of the risks inherent to the activities of the beneficiary facility.
  - The additional remuneration conditions are subject to periodic revision in order to take into account of the costs of new and existing facilities benefiting from the remuneration.
  - Ability to benefit from the additional remuneration on expiry of the purchase contract subject to the implementation of an investment programme.
  - Ability to terminate the purchase contract to benefit from the additional remuneration for the remaining duration of the initial contract.
  - System of purchase of last resort in the event of market failure, when producers whose facilities benefiting from the additional remuneration are unable to find a market buyer.

<u>Decree of the Council of State regarding the wind energy application: the State given formal notice to recover from producers part of the aid paid</u>

By decree of April 2016, the Council of State ordered the State to proceed with the recovery of the State aid granted. As a reminder, in a decision dated 28 May 2014, the Council of State cancelled the decree dated 17 November 2008 laying down the conditions for the purchase of electricity produced by installations using wind power. For the Council of State, the scheme for the purchase of electricity produced using wind power at a price higher than that of the market constituted State aid and, as such, the tariff order should have been notified to the European Commission.

Provisions relating to calls for tender

- Modification of the calls for tender procedure to enable the selected candidate to benefit either from a purchase contract or from additional remuneration.

### Tax environment in French Guiana: the "Girardin Law" and the overseas tax credit

Investment in renewable energy projects in French overseas territories, other than those using solar radiation, benefited from a tax scheme allowing operators to reduce the debt of projects through contributions by investors from mainland France. This mechanism was introduced by Law no. 2003-660 of 21 July 2003, referred to as the overseas programme or "Girardin Law"; it has been amended several times since.
Article 21 of the 2014 Finance Act reformed the tax exemption system for companies' overseas investments. Companies with revenues in excess of 20 million euros can now benefit from a tax credit. The reform applies to investments made on or after 1 January 2015, as codified in Article 244 quater W of the French General Tax Code. This new regime enables Voltalia to benefit from a tax credit amounting to 35% of eligible investments.

### Regulation of the electricity sector: The CRE (French energy regulator)

The CRE is an independent administrative authority established under Article 28 of the law dated 10 February, 2000. Its role is to ensure the proper functioning of the markets for electricity and natural gas. It notably ensures that the conditions for access to electricity and natural gas transmission and distribution networks do not hinder the development of competition. For electricity and for natural gas, it monitors transactions between suppliers, traders and producers, transactions on organised markets and cross-border trading. It ensures that offers from suppliers, traders and producers are consistent with their economic and technical constraints. The CRE has consultative powers (power of proposal and power to give an opinion), but also decision-making powers (power of approval and regulatory power). The CRE therefore proposes to energy ministers tariffs for the use of public transmission and distribution networks, rates for public service assignments awarded to electricity producers and associated net contributions. Under the 2013 NOME law, the ARENH price of regulated access to incumbent nuclear electricity has been set in line with proposals issued by the CRE. The same law provides that the regulated tariffs and the sale price will be determined in line with 78 proposals issued by the CRE after expiry of a 5-year period following publication. The CRE is also vested with significant powers of information and investigation as well as a power to settle disputes and impose sanctions, the exercise of which is entrusted under the law of 7 December 2006 to an ad hoc committee within the CRE, namely the CoRDIS (Dispute Resolution and Sanctions Committee), composed of members of the Council of State and the Court of Cassation.

### 6.5.4 Regulations in Greece

#### The regulatory framework

The RES Act of June 2006, which transposed European Directive 2001/77 (the "Renewable Energy Directive"), sets out the general procedural framework for the granting of licences for renewable energy projects in Greece. This law was extensively amended and supplemented in January 2009 by Law 3734/2009 on the promotion of cogeneration (in accordance with related EU Directive 2004/8), subsequently in June 2010 by Law 3851/2010 on accelerating the development of renewable energy sources (by way of implementation of EU Directive 2009/28) and by recent regulatory changes introduced by the New Deal legislation.
The laws relating to renewable energy development and other provisions regulating matters falling under the jurisdiction of the Ministry for the Environment, Energy and Climate Change (MEECC) entered into force on 4 June 2010.

The principal objectives of the law are:

- a share of 20% of renewable energies in final energy consumption by 2020 (i.e. 2 points higher than the level set by the associated European Directive 2009/28/EC of 23 April 2009);
- a share of 40% renewable energy in final electricity consumption, with goals by sector adjusted every two years depending on the progress made against targets.

The power generation sector in Greece is structured around several stakeholders:

- the Ministry for the Environment, Energy and Climate Change (MEECC), created in 2009, bringing together all state agencies involved in the procedures for granting licences to produce electricity from renewable energies;
- the Regulatory Authority for Energy (RAE), an independent administrative authority in charge of regulating tariffs for access to the electricity grid and involved in the settlement of disputes with power transmission and distribution operators;
- suppliers of electricity to consumers, notably the Public Power Corporation (PPC), the historical operator, which operates on the mainland and on islands without a connection to the mainland. PPC is 51% owned by the Greek government;
- the Greek Electricity Transport System Operator (HTSO/ADMIE), which owns the electricity grid and distributes and balances electricity on the grid. ADMIE is a wholly owned subsidiary of PPC;
- the distribution grid operator (HEDNO/DEDDIE), which operates, maintains and develops the electricity grid. DEDDIE is a wholly owned subsidiary of PPC;
- the electricity market operator (EMO/LAGIE), which purchases electricity from producers and resells it to suppliers (it is an operator for the purchase/sale of electricity in Greece), 51% state-owned and 49% owned by the electricity generators;
- the local administrative units acting at municipal, prefectural and regional level in the granting of administrative authorisations (environmental authorisations, archaeological authorisations, permits, etc.).

## Regulations

Law no. 3851/2010 on the "Acceleration of Renewable Energy Development" of June 2010 simplified a number of legislative provisions issued under the RES Act of June 2006 in order to regulate all aspects related to the licensing of power plants, as well as technical and commercial details relating to the structure and functioning of the domestic electricity market, including the production of electricity from renewable energy sources.

For the construction and operation of photovoltaic projects with installed capacity of over 1 MWp, the main licences required are:

- the electricity production licence granted by the Regulatory Authority for Energy (RAE);
- the grid connection offer, obtained from the grid operator (HEDNO/DEDDIE) or from the Greek Electricity Transport System Operator (HTSO/ADMIE);
- the environmental approval (EPO), as applicable, obtained from the administrative authorities after review of the environmental impact;
- the installation licence granted with a two-year validity and renewable for a further period of two years;
- planning permit, granted for a period of four years, is required to construct the foundations and technical buildings of the electricity production facilities;
- the operating licence granted after commissioning and connection of the facility to the grid. It is valid for a period of 20 years, and renewable for an additional period of 20 years.

Photovoltaic projects with a maximum of 1 MWp installed capacity are exempt from the licensing requirements, with the exception of the environmental licence for projects of over 0.5 MWp installed capacity.

In addition, photovoltaic projects on mainland Greece of up to 1 MWp of installed capacity, which are exempt from the licences mentioned above, are sent directly to the network operator (PPC) for connection, and to the transmission system operator (TSO) for the implementation of the electricity sales contract, and are therefore outside the scope of responsibilities of the Regulatory Authority for Energy (RAE). They are supervised by and registered with the Ministry for the Environment, Energy and Climate Change (MEECC).

In light of the success of these measures and the financial difficulties faced by Greece, the Greek government introduced a moratorium from May 2013 to December 2013 during which no electricity sale or grid connection contracts could be signed. Moreover, law nos. 4093/2012 and 4152/2013 also introduced an income tax of between 34% and 40% for solar and 10% for other renewables, applicable from 1 January 2013.

Finally, the Greek law known as the New Deal, passed in April 2014, replaced the power plant income tax with a lower feed-in tariff of between 10% and 37.5%. This law is retroactive to 1 January 2013.

Pursuant to Law no. 4414/2016 on the "New Support Scheme for Renewable Energy Plants and Combined High Efficiency Thermal Power Plants" published in August 2016 by the Ministry of the Environment and Energy, the latest renewable energy power plants (PPA signed after December 2015) are required to participate in the electricity

market. In addition to their revenues from the electricity market, they are entitled to a feed-in premium, which varies according to the changes in market prices.

Law 4414/2016 also provides for the organisation of pilot calls for tender for new photovoltaic projects, which took place during the second half of 2016.

### Subsidies

The Investment Incentives Act includes measures available to domestic and foreign investors, depending on the sector and the investment location. Law 3299/2004 provided for grants of up to 40% of the investment cost, subject to the investor contributing 25% of the subsidised investments.

This law has been suspended since 29 January 2010. After a process of open discussion between the relevant ministries, agencies and organisations from the main sectors of the economy, a reform of this law will be implemented incorporating sustainable development as a priority area of focus.

Under the new regulatory regime for renewable energies that took effect on 4 June 2010, electricity generated by plants built without subsidy will benefit from a higher tariff:

- 20% for electricity from the wind, hydropower and geothermal sectors;
- 15% for electricity from biomass, biogas and gas.

## 6.5.5 Regulation in Brazil

The electricity sector is covered by a regulatory framework consisting of a broad spectrum of laws, decrees and articles, all based on the latest version of the Brazilian Constitution, promulgated in 1988. The current model was introduced in 2004 by Law no. 10.848 and amendments. Following the severe power shortages experienced by the country in 2001, in 2002 the Brazilian Government adopted the PROINFA programme, based on a feed-in tariff designed to stimulate the development of electricity generation from biomass, wind power and small hydro. During the first phase (up to 2007), the programme guaranteed funding (70%) and electricity sale contracts up to 3,300 MW for projects using these technologies. This programme was halted in the late 2000s. Overall, the Brazilian electricity market is characterised by the use of reverse auction mechanisms, in which project developers are in competition and are selected on the lowest bidder in terms of the sale prices for the electricity produced.

### Structure of the electricity sales market

Since the 2004 reform, the electricity market has been divided into two distribution systems: *Ambiente de Contratação Regulada* (ACR) and *Ambiente de Contratação Livre* (ACL). In ACR, an auction is organised by the electrical power sales company (CCEE). Prices are established on the principle of the lowest bidder and capacities are defined to meet the expressed needs of distribution companies.

In ACL, free consumers (consumers with demand exceeding 0.5 MW wishing to operate on the open market), producers and traders freely negotiate contracts and prices.

This system allows electricity producers to operate on a regulated market via an auction system and/or a deregulated market through direct contracts.

### The ACR market

Contracts signed within the framework of ACR have been formalised by regulated bilateral agreements, called Electrical Energy Commercialisation Agreements in the Regulatory Framework (CCEAR – Contratos de Comercialização de Energia Elétrica no Ambiente Regulado), concluded between buyers and

sellers and based on the results of tenders (auctions) determined by the MME and organised by ANEEL and CCEE.

In order to ensure the supply of their markets, electricity suppliers can acquire electrical power via various processes defined by Article 13 of Decree no. 5.163/2004, such as by public auction or through distributed production.

Auctions are held several times a year by the MME and may be open to the entire sector, with tranches sometimes reserved for a particular sector, or auctions reserved for one or more types of sector (high-output hydropower planned by the government, thermal, or "Alternative Sources" grouping together wind, biomass, small hydro and solar).

The auction process is as set out below, where N is the starting year for the provision of electricity acquired by the Distributor Agents at auction:

- the auctions covering electric power to be provided by new power plants occur in N-5 and N-3;
- the auctions covering electric power to be provided by existing power plants occur in N-1.

Other auctions relating to reserve energy may occasionally be held by the government and are often reserved for the purposes of promoting the development of one or more sectors: for example, wind in 2009 or solar in late 2014.

In 2015, solar and wind accounted for 54% of the MWs subject to calls for tender:

**The ACL market (open market)**

Electricity supply agents, sellers, importers, exporters, as well as free consumers are mostly members of the ACL (Ambiente de Contratação Livre) free market. In this context, they are free to set the purchase/sale of electric power in terms of volumes and prices, with transactions being conducted through bilateral agreements. Suppliers, whether state concession-holders, independent producers or self-producers, are authorised to sell electricity within the ACL regulatory framework in order to maintain the competitiveness of production.

All agreements, whether established within the framework of ACR or ACL, are declared and registered in the CCEE and are used to offset variances in the short-term market

### 6.5.6 Regulation in Morocco

Because of its high energy dependency background (over 93%) and sustained growth in domestic demand, Morocco has placed sustainable development at the heart of domestic energy policy through the promotion of renewable energy sources, in order to reinforce competition in the county's productive sectors and to preserve the environment.

The objective is to increase to 52% the proportion of renewable energy sources in the energy mix by 2030, which would correspond to 13,000 MW of installed capacity.

In order to act in synergy with this domestic policy, in 2009 Morocco introduced an institutional and legal framework for the energy sector, which is constantly evolving.

#### The institutional framework

Within the framework of the country's new and integrated vision for the governance of the domestic energy sector, renewable energies including solar, wind and hydropower, will now be managed by MASEN (Moroccan Agency for Sustainable Energy).

The structure is named in order to refocus the management of the sector and to firmly establish Morocco's ambitions in terms of renewable energy and to enhance the synergy between the various players.

## The regulatory framework

A new body of legislative and regulatory texts has therefore been established to act as a foundation for the implementation of the new energy strategy:

- Finance law no. 40-08 establishing the Energy Development Fund: creation of Société d'Investissements Energétiques (Energy investment Company);

- Law no. 16-09 covering the National Agency for the Development of Renewable Energy and Energy Efficiency:
  - promotion of renewable energy projects;
  - reinforcement of energy efficiency;

- Law no. 57-09 covering the creation of the MASEN:
  - project research and design; promotion, investment, financing and implementation of
  - solar projects;
  - contribution to the development of expertise, research and the solar industry;
  - management and monitoring of the implementation of the solar programme;

- Law no. 47-09 on Energy Efficiency (promulgated on 17 November 2011):
  - increase in energy efficiency when using energy resources;
  - integration of sustainable energy efficiency techniques in all
  - development programmes in the sector;
  - encouraging industrial companies to rationalise the use of energy;
  - generalisation of the energy audits.

- Law no. 13-09 on renewable energies, amended by Law no. 58-15: gradual liberalisation of energy production to competition from private players;

Promulgated in 2009, Law no. 13-09 on renewable energies constitutes the regulatory framework, which notably offers private entities the prospect of constructing and operating electrical energy production facilities from renewable energy sources. The major elements implemented by said law are:

- Opening-up of renewable electricity production to competition;
- Access to the domestic high, extremely high and medium voltage grid for any producer of electricity from renewable sources;
- Ability to export electricity from renewable sources by using the national grid and interconnections;
- Ability for developers to construct a direct transmission line in the event of insufficient grid capacity;
- Energy production facilities using renewable sources
  subjected to an authorisation or notification regime.

The new Law no. 58-15, amending Law no. 13-09, introduces three major new features:

- Installed hydroelectric power threshold increased from 12 to 30 MW;
- Opening-up of the low voltage electricity market;
- Ability to sell up surplus production to the public electricity grid and to distributors up to the level of 20%.

### The electricity market

Two electricity markets coexist in Morocco, namely a regulated market that centres on the ONEE (National Electricity and Drinking Water Office) and the free market open to competition.
On the regulated market, the ONEE is positioned as the reference operator and therefore controls, among other areas:

- production by its own means;
- concessionary production;
- management of interconnections;
- transport and national dispatching;
- distribution (partially).

Under Law no. 13-09, the free market concerns consumers or groups of consumers connected to the grid.

## 6.6 ENVIRONMENTAL POLICY

Through its activities as a producer of electricity from renewable energies, Voltalia actively participates in global sustainable development issues, such as the fight against the greenhouse effect and the security of energy supplies.

### 6.6.1 Environmental requirements

All the installations of the Group are designed and operated in compliance with applicable environmental regulations concerning the protection of the landscape, the elimination of atmospheric and liquid emissions and the control of noise pollution.
.

Similarly, the choice of location for these installations is the result of a lengthy consultation process with local authorities and residents and is carried out in compliance with the various local regulatory constraint

### 6.6.2 Integration of environmental requirements

From the early stages of each project, particular attention is paid to compliance with the various environmental requirements, particularly in the wind sector. In accordance with current regulations, an environmental impact assessment (studies of plant life, birds, landscape, acoustic impact, etc.) is systematically carried out by an independent consultant during the Design/Development phase in order to optimise the design of the installation and to establish which support measures are required. Subsequently, the individual environmental protection specifications are established for each contractor used during the construction stage.
Regarding risk management during the Operations phase, the Group implements a policy of systematic preventive maintenance of equipment that could have a negative impact or decrease power yields due to factors such as obsolescence.

To mark the beginning of this partnership, Voltalia took the novel step of writing the WWF slogan "Seize Your Power" in 10m high letters, visible from the skies, at the top of the platforms of its wind farm at Areia Branca (Brazil). In 2015, the Group identified several areas of cooperation to develop this partnership, notably in French Guiana.

## 6.7 OVERVIEW OF THE GROUP'S PRINCIPAL ACTIVITIES

Voltalia is involved in each of the stages of green energy development, as an integrated producer or service provider. Since 2010, the Group covers the four main renewable energy sectors: solar, wind power, biomass and small hydropower plants.
The Group operates in 15 countries, including five in which it owns plants (Brazil, France and French Guiana, Greece, the United Kingdom and Portugal). It is also active in nine other countries as part of its continued development.

On 31 December 2016 the Group had 481 MW of total installed capacity. It also has 27 MW under construction and a portfolio of projects under development representing total capacity of 2.7 GW.
In 2016, the Group also significantly extended its scope in various sectors of expertise in the sector: by combining power generation and service provision, 900 MW were developed and sold, 1,145 MW were built, and 1,060 MW are operated by the Group as as of December 31, 2016.

Installed capacity in operation as of December 31, 2016:

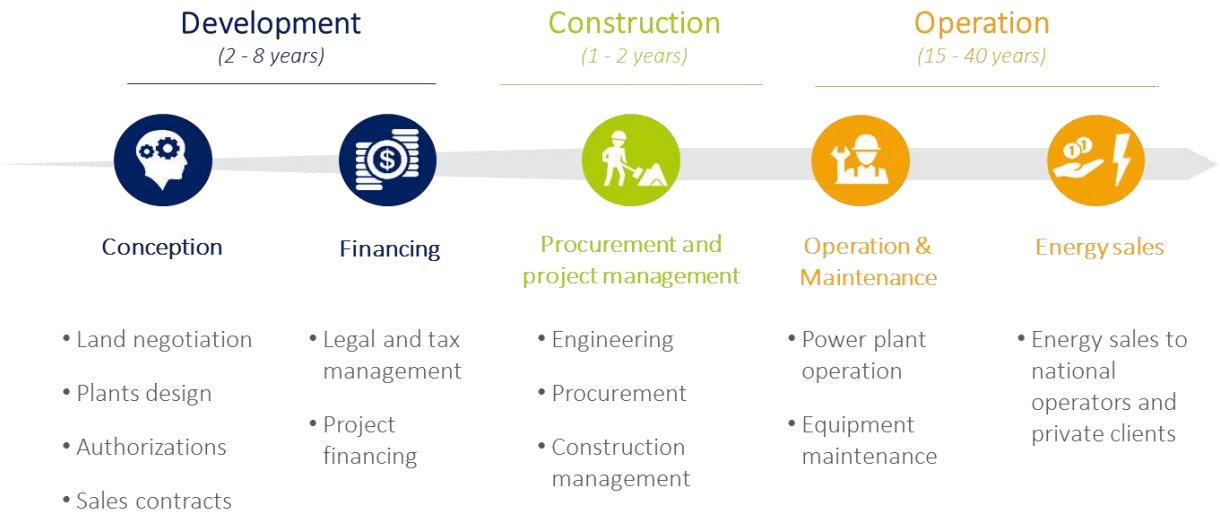
| By region | Number of sites [72] | Capacity (MW) |
|---|---|---|
| Metropolitan France | 5 | 46.7 |
| French Guiana | 5 | 18.9 |
| Greece | 5 | 4.7 |
| Brazil | 16 | 402 |
| Portugal | 4 | 1 |
| UK | 1 | 7.3 |
| **Total** | **36** | **481** |

| By sector | Number of sites | Capacity (MW) |
|---|---|---|
| Wind | 19 | 432.2 |
| Biomass | 2 | 9 |
| Solar | 13 | 21.9 |
| Hydroelectric | 1 | 5.4 |
| Hybrid | 1 | 12 |
| **Total** | **36** | **481** |

72 One site may comprise multiple electricity production units. For example, the Areia Branca site in Brazil has three power plants of 30 MW each.

### 6.7.1 Integrated positioning throughout the value chain

Voltalia's multi-sector expertise has enabled it to position itself successfully along the entire value chain, from design to sale of energy, which is one of its strengths.




#### Development

Voltalia is involved from the very early stages of project implementation, with:

- The identification of sites for the establishment of farms and the signing of long leases with landowners
- Conducting studies and assessments on site (wind measurement campaigns, landscape assessments, impact studies)
- Definition of the technical characteristics of the projects (determination of the type of turbine, selection of manufacturers, etc. according to site characteristics) and administrative procedures (filing of the various applications for authorisations)
- Financing methods. Voltalia negotiates the debt structure with the various counterparties, and in particular the conditions of the contracted debt (notably duration, interest rates and guarantees), accompanied by audits carried out by external service providers to meet the requirements of the lending banks. The power plants are usually financed in the form of project financing (without recourse or with limited recourse to the parent company). Such bank loans, which may take the form of finance leases, are taken out for terms generally of between 10 and 18 years.

#### Financial engineering

The design and development phase is conducted alongside the search for debt financing.
Each project is managed by a specially created Group subsidiary. The financing of power plants is usually in the form of project financing (without recourse or with limited recourse to the parent company); financing negotiations are conducted with the lending banks (usually based in the region in question) focussing on the share of equity provided to the subsidiary and the detailed conditions of the contracted debt (notably duration, interest rate and guarantees), accompanied by audits carried out by external service providers to meet the requirements of the lending banks.
In French Guiana, the Group has also secured financing using the tax scheme under the "Girardin Law" (for details see Section 6.5.3of the Registration Document).

### Construction

The construction of solar and wind energy plants generally lasts between one and two years. It begins once the financing and various administrative authorisations have been obtained. At this stage, Voltalia is involved in the selection of partners for carrying out the work:

- engineering and project management;
- civil engineering works (foundations, installation of the mast mounts, construction of access roads);
- electrical work (cable installation, network connection devices);
- installation of the technical components of the wind turbine (masts, turbines, blades) or solar panels.

Since the acquisition of Martifer Solar, Voltalia has established itself not only as a builder of its own power stations but also for third-party projects. In 2016, the Group has constructed 1,145 MW, including 664 MW for third parties.

### Operation-maintenance

Once the projects have been developed and the power station has been built, Voltalia operates it for its own account or on behalf of customers. This activity constitutes a major asset, which makes it possible to achieve good cost control. Thus, the Group has the ambition to strongly develop this maintenance activity on behalf of third parties, building on the expertise acquired with Martifer Solar.

### Economics of the projects developed by Voltalia

The table below illustrates the typical project schedule depending on the sector:

| Energy | Prospecting/Origination | Design/Development | Financing/Construction | Operation/Maintenance |
|---|---|---|---|---|
| Wind | 12 to 24 months | 12 to 48 months | 6 to 24 months | 15 to 25 years |
| | • Site preselection<br>• Control of land | • Environmental studies<br>• Technical studies<br>• Supplier selection<br>• Administrative formalities<br>• Planning permit | • Supply of turbines<br>• Financing<br>• Grid connection<br>• Construction - Installation - Acceptance | • Performance monitoring<br>• Maintenance |
| Solar | 24 to 36 months | 24 to 36 months | 24 to 36 months | 20 to 30 years |
| | • Feasibility study covering the proposed area<br>• Site pre-selection<br>Control of land | • Administrative formalities<br>Planning permit | • Solar panel procurement<br>• Financing<br>• Grid connection<br>Construction - Installation - Acceptance | • Performance monitoring<br>Maintenance |
| Biomass | 24 to 36 months | 24 to 36 months | 12 to 24 months | 20 to 40 years |

| | | | | |
|---|---|---|---|---|
| | • **Feasibility study**<br>**Tender submissions** | • Technical specifications of the plant<br>• Operating licence application<br>• Administrative formalities<br>• Planning permit<br>• Resource procurement contract<br>• Heat supply contract | • Equipment procurement<br>• Financing<br>• Grid connection<br>Construction - Installation - Acceptance | • Management of operating teams<br>• Administrative formalities<br>Maintenance |
| Hydropower | 3 to 5 years | 3 to 5 years | 2 to 3 years | 20 to 40 years |
| | • **Feasibility study**<br>**Negotiation prior to the concession** | • Technical specifications of the installation<br>• Administrative formalities<br>• Finalisation of the concession<br>Planning permit | • Equipment procurement<br>• Financing<br>• Grid connection<br>• Works/Installation/Acceptance* | • Administrative formalities<br>Maintenance |

### 6.7.2 Locations

Locations in countries where the Group operates its own power stations

#### 6.7.2.1 Group activities in Metropolitan France

Voltalia's activities in France are mainly distributed among six legal entities.
Voltalia is responsible for employees at registered office and for project development costs. The production companies (Bio-Bar, 3V Développement, La Faye Energies, Parc Solaire du Castellet, Adriers Energies and Parc Eolien de Molinons) hold the assets, debt, costs and proceeds from operational projects.
Companies have also been created in preparation for projects in development going operational.

- Operational projects

In Metropolitan France as of 31 December 2016, Voltalia operates consolidated installed capacity of 62.35 MW, including a 40% stake in a wind power plant with a capacity of 8.35 MW.

| Sector | Site | Gross capacity | Date of commissioning | Ownership (%) |
|---|---|---|---|---|
| **Biomass** | Bar-sur Aube, Aube [73] | 1.5 MW<br>+5.8 MWth | December 2006 | 100% |
| **Wind** | La Faye, Charente | 12 MW | June 2010 | 62.71% |
| **Wind** | Saint-Felix, Haute Garonne | 10.2 MW | November 2008 | 100% |
| **Solar** | Castellet, Var | 4.5 MW | July 2013 | 100% |
| **Wind** | Adriers, Vienne | 10 MW | December 2014 | 100% |
| **Wind** | Molinons, Yonne | 10 MW | December 2014 | 100% |
| **Wind** | Saint-Felix, Haute Garonne | 8.35 MW | November 2008 | 40% |
| | | 62.35 MW | | |

- Projects under construction

At the date of the Registration Document, Voltalia has no projects under construction in France.

- Projects in development

In Metropolitan France Voltalia has a portfolio of projects under development totalling 503 MW, of which 46.2 MW of solar power projects benefitting from an electricity sales contract, subsequent to calls for tender, and 260 MW that can benefit from it due to the securing of rates realised at end-2016 (free market + complementary remuneration):

| *In MW* | Projects under development in France |
|---|---|
| **Wind** | 330 |
| **Solar** | 169 |
| **Hydro** | 5 |
| **Total** | **503** |

- Recent events

Sale of a solar power plant

At the end of September 2016, Voltalia announced that it had sold 100% of an operating solar power plant of close to 2.8 MW, located in the Provence-Alpes-Côtes-d'Azur region. This sale to an international financial investor, already client of the Group through Martifer Solar, illustrates Voltalia's capacity to enhance the value of its assets and its development skills, whilst offering its service activities to third party clients. The Group remains the operator of the power plant thanks to a 16-year operation and maintenance contract. In addition to the revenues expected from this new operation and maintenance contract, this sale generated in the second half-year of 2016 pre-tax profit of 6 million euros.

First hydropower project awarded

In August 2016, Voltalia announced that it had been selected by the municipalities of Chamonix-Mont Blanc and Les Houches for the construction and operation of a 4.5 MW capacity run of the river hydropower plant, on the Taconnaz torrent. The hydropower plant is expected to be commissioned in 2019, and the energy sales contract secured runs over a 20-year period. This first hydropower project in metropolitan France emphasises the geographical and energy diversification of the Group's asset portfolio.

73 Project sold on 31 January 2017.

### 6.7.2.2 Group activities in French Guiana

Voltalia has been active in French Guiana since 2004.
The main holding company for Voltalia's activities in French Guiana is Voltalia Guyane SAS, based in Matoury, which is a 80% subsidiary of Voltalia and a 20% subsidiary of the Caisse des Dépôts et Consignations (CDC).
As of December 31, 2016, the Group operates a 11.6 MW installed capacity and is now the leading private operator in French Guiana after EDF.

- Operational projects

| Sector | Site | Gross capacity | Date of commissioning | Ownership (%) |
|---|---|---|---|---|
| **Solar** | Coco-Banane | 4.3 MW | December 2010 | 100%* |
| **Biomass and solar** | Kourou | 1.7 MW + 0.2 MW | September 2009 | 80%* |
| **Hydroelectric** | Mana | 5.4 MW | September 2011 + upgrade in 2014 | 80%* |
| **Total** | | **11.6 MW** | | |

* The power plants are 100% owned by ad hoc SNCs (partnerships) owned by natural persons under the tax scheme introduced by the "Girardin Law"; in view of the existence of a firm promise to sell the power plants to Voltalia at the end of a five-year lease period, the power plants are 100% consolidated by the Group.

- Projects under construction

At the date of the Registration Document, Voltalia has no projects under construction in French Guiana.

- Projects in development

In French Guiana, Voltalia has a portfolio of projects in development in the hydropower, solar, wind and biomass sectors representing a 56 MW total capacity, which may benefit from an electricity sales contract by mutual agreement with EDF SEI [74]:

| *In MW* | Projects in development |
|---|---|
| **Solar** | 10 |
| **Biomass** | 25 |
| **Wind** | 9 |
| **Hydroelectric** | 11 |
| **Total** | **56** |

### 6.7.2.3 Group activities in Greece

Voltalia has been present in Greece since 2007 through its subsidiary Voltalia Greece, which is a wholly owned subsidiary of Voltalia.

The historical development of projects in Greece has been led by both organic growth and the acquisition of shareholdings in project companies. This development has now slowed in light of recent regulatory changes and the country's financial situation.
Voltalia Greece nevertheless continues to capitalise on its local presence by offering operating and maintenance services for third parties. This activity consists of assisting local operators with the running of their solar power plants (plant monitoring, periodic cleaning, inspection of the electrical system, thermal imaging of equipment, etc.) and with preventive and corrective maintenance.

- Operational projects

In Greece, Voltalia Greece, a wholly owned subsidiary of Voltalia, operates an installed capacity of 4.7 MW as of 31 December 2016, entirely in the solar sector.

| Sector | Site | Gross capacity | Date of commissioning | Ownership (%) |
|---|---|---|---|---|
| **Solar** | Achaia | 0.5 MW | June 2010 | 100% |
| **Solar** | Katerini | 0.2 MW | March 2011 | 100% |
| **Solar** | Kavala | 0.2 MW | April 2011 | 100% |
| **Solar** | Katerini | 0.9 MW | October 2011 | 100% |
| **Solar** | Kozani | 1 MW | June 2012 | 100% |
| **Solar** | Kavala | 0.1 MW | June 2012 | 100% |

74 It should be noted that there is a parallel system of calls for tender for solar projects. It is via this system of calls for tenders that Voltalia develops its portfolio of solar projects in French Guiana.

| Sector | Site | Gross capacity | Date of commissioning | Ownership (%) |
|---|---|---|---|---|
| **Solar** | Drama | 0.2 MW | June 2012 | 100% |
| **Solar** | Kastoria | 0.2 MW | June 2012 | 100% |
| **Solar** | Agia Traida | 0.5 MW | Q1 2013 | 100% |
| **Solar** | Amaxolakka | 0.5 MW | Q1 2013 | 100% |
| **Solar** | Vamvakia | 0.5 MW | Q1 2013 | 100% |
| **Total** | | **4.8 MW** | | |

The ground-based solar farm Achaia consists of 5 tranches each of 0.1 MW, operated by four separate project companies.

On the Katerini site, the Group has commissioned two ground-based solar farms, the first consisting of two tranches each of 0.1 MW which are operated by two separate project companies; the second park, with six tranches each of 0.15 MW, is operated by four other project companies.

The Kavala ground-based solar farm consists of two tranches each of 0.1 MW, operated by a single project company.

The Kavala and Kozani projects are operated by Voltalia Greece, the holding company of the Group in Greece; the Drama, Kastoria, Agia Traida, Amaxolakka and Vamvakia projects are each operated by a dedicated structure.

- Projects under construction

At the date of the Registration Document, Voltalia has no projects under construction in Greece.

- Projects in development

At the date of the Registration Document, Voltalia does not have any projects classified as new projects under development. Voltalia Greece, which has reduced its development efforts, is focused on a limited scope of projects representing 52 MW of wind power and 6 MW of solar.

| *In MW* | Projects in development |
|---|---|
| Wind | 52 |
| Solar | 6 |

- Recent events

In April 2014, a new law introduced to develop renewable energies was promulgated in Greece; this law reduces the level of the feed-in tariffs for power plants, including those currently in operation, in return for the elimination of the tax on revenue applied since 1 January 2013. The impact of this new law on project revenues ranges from 10% to 37.5%. The impact of this decline on the project economics is less significant than the previous tax on the renewables industry in Greece.

Furthermore, an "interruption" tax is to be introduced on 1 January 2016. This tax will amount to:

- 1% of revenue for solar power plants with installed capacity of less than 100 kWp;
- 3.6% of revenue for plants with installed capacity greater than 100 kWp;
- 1.8% of revenue for wind power plants;
- 0.9% of revenue for hydroelectric plants.

In December 2015, the Greek Minister of the Environment and Energy signed a decision for the implementation of a so-called "interruption fee" from 2016 onwards, levied on the revenue of electricity production units based on renewables and amounting to 3.6% of the revenue of solar power plants, 1.8% of the revenue of wind power plants and 0.8% of the revenue of low-output hydroelectric plants.

This tax has been set at 3.6% of the revenue of the solar power plants.

### 6.7.2.4 Group activities in Brazil

Voltalia's representative in Brazil is Voltalia Do Brasil, a 100% owned subsidiary of Voltalia SA. Voltalia Do Brasil has the objective of developing a multi-energy production mix from renewables: mainly wind, solar and hydropower. The Group's development in Brazil is based on the development of project clusters. Several medium-sized projects are developed in a single region. The Group creates an intermediate cluster holding company, which owns the various project companies constituting the cluster.

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- Operational projects

As of December 31, 2016, the Group has 15 wind farms and a mixed power plant in operation.

| Sector | Site (municipality) | Installed capacity | Date of commissioning | Ownership (%) |
|---|---|---|---|---|
| Wind | Carcara II (Areia Branca) | 30 MW | November 2014 | 100% |
| Wind | Terral (Areia Branca) | 30 MW | December 2014 | 100% |
| Wind | Carcara I (Areia Branca) | 30 MW | February 2015 | 100% |
| Wind | Santo Cristo (Sao Miguel do Gostoso) | 27 MW | Q2 2015 | 51% |
| Wind | São João (Sao Miguel do Gostoso) | 27 MW | Q3 2015 | 51% |
| Wind | Carnaúbas (Sao Miguel do Gostoso) | 27 MW | Q3 2015 | 51% |
| Wind | Reduto (Sao Miguel do Gostoso) | 27 MW | Q3 2015 | 51% |
| Wind | Caiçara 1 (Vamcruz) | 27 MW | Q4 2015 | 26% |
| Wind | Caiçara 1 (Vamcruz) | 18 MW | Q4 2015 | 26% |
| Wind | Junco 1 (Vamcruz) | 24 MW | Q4 2015 | 26% |
| Wind | Junco 1 (Vamcruz) | 24 MW | Q4 2015 | 26% |
| Hybrid [75] | Oiapoque | 12 MW | Q4 2015 | 100% |
| Wind | Vila Para I (V. Pára) | 27 MW | Q3 2016 | 100% |
| Wind | Vila Para II (V. Pára) | 24 MW | Q4 2016 | 100% |
| Wind | Vila Para III (V. Pára) | 24 MW | Q4 2016 | 100% |
| Wind | Vila Amazonas (V. Pára) | 24 MW | Q3 2016 | 100% |

During its development, the Vamcruz project was the object of a partnership with CHESF, a subsidiary of Electrobras. Subsequently, Voltalia was joined by the Brazilian construction company Encalso in the holding company that owns its stake in the Vamcruz project. Consequently, although only holding a 26% economic interest in Vamcruz, the Group consolidates this project.

75 The Oiapoque power plant has three units: a 12 MW thermal power plant; and a 7.5 MW hydro-power plant, for which construction will start once the detailed technical studies have been completed, with commissioning taking place no later than in 2021.

Similarly, Voltalia was joined by the listed Brazilian company Copel with a 49% stake in the holding company for the SMG project. Voltalia continues to 100% consolidate SMG.

The Group is open to the same type of partnership approach in its other Brazilian projects.

- Projects under construction

| *In MW* | Site | Projects under construction |
|---|---|---|
| **Wind** | Vila Acre | 27 MW |
| **Solar** | Oiapoque | 4 MW |

- Projects in development

Voltalia has a portfolio of 1,167 MW of projects under development in Brazil, of which 38.8 MW benefit from an electricity sales contract:

| *In MW* | Projects in development |
|---|---|
| **Wind** | 1,117 |
| **Solar** | 16 |
| **Hydroelectric** | 35 |
| **Total** | **1,167** |

Projects with a purchase contract in the wind sector (Vila Acre I) are the result of the LER 2015 auctions won by Voltalia in Brazil in 2015. Voltalia reserves the right to commence construction of these projects, in view of its available resources and the opportunities offered by the free market in Brazil allowing for early commissioning of certain power plants.

- Recent events

Commissioning of Vila Para

The turbines of the Vila Pará wind farm in Brazil were gradually commissioned between August and November 2016, increasing Voltalia's installed capacity in Brazil to 402 MW, and to 481 MW globally. The early commissioning of the Vila Pará enabled the Group to sell its electricity production on the free market from Q3 2016, more than one year ahead of the effective start date of the long-term sales contract in January 2018. During this period, Voltalia therefore sells the electricity produced through private contracts, mainly at higher sales prices than those secured in the 20-year long-term sales contract, with the balance being sold on the spot market. The Vila Pará power plant has enabled Brazil to achieve the historic milestone of 10 GW of installed wind capacity, highlighting Voltalia's contribution to achieving the installed capacity targets of countries where it operates.

Construction of the first solar power plant in Brazil in Oiapoque

Just over a year after the commissioning of the first tranche of the Oiapoque 14 plant [76] in Brazil, Voltalia has now announced that it has begun work on the construction of its first solar power plant in Brazil, with a capacity of 4 MW. The commissioning of the new solar power plant is expected in the third quarter of 2017. This project is the first project on which the Voltalia teams have worked together with the teams of Martifer Solar [77], benefiting in particular from their experience in plant design and their attractive conditions for equipment purchases.

### 6.7.2.5 Group activities in Morocco

Voltalia has been present in Morocco since April 2015.

The principal holding company for Voltalia's activities in Morocco is Voltalia Maroc SAS, based in Rabat, a 99.97%-owned subsidiary of Voltalia SA.

- Operational projects

At the date of the Registration Document, Voltalia has no operational projects in Morocco.

- Projects under construction

At the date of the Registration Document, Voltalia has no projects under construction in Morocco.

- Projects in development

Voltalia has a portfolio of projects under development in Morocco in the wind, solar and hydroelectric sectors, representing 306 MW total capacity as of December 31, 2016, which may benefit from an electricity sales contract by mutual agreement with industrial companies:

| *In MW* | Projects in development |
|---|---|
| Wind | 158 |
| Solar | 93 |
| Hydroelectric | 54 |
| Total | 306 |

- Recent events

Signing of a strategic partnership with Green of Africa

Announced at the twenty-second Conference of the Parties in Marrakech (COP22) in November 2016, this partnership between Voltalia and Green of Africa highlights the major ambitions of both groups in Morocco and throughout the African continent. The agreement foresees the creation of a company which will co-develop a series of projects contributed by each of the two parties. The new company benefits from the know-how of the shareholders of Green of Africa and Voltalia Maroc in the energy, industrial and financial sectors with a view to providing innovative technical and financial solutions for the development, construction and operation of green power stations.

76 See press release dated 9 December 2015.

77 See press release dated 19 August 2016.

### 6.7.3 Provision of services

The Group's service provision business began in 2014 and included operations and maintenance activities. In 2015, the business represented 1.8% of the Group's revenues. The acquisition of Martifer Solar enabled the Group to develop the service business considerably, both from the point of view of the customer portfolio and the Group's range of expertise for third parties, which now includes all stages of the value chain, from design and construction to operation.

# 6.8 OPERATIONAL STRUCTURE OF THE GROUP

## 6.8.1 Functional organisation chart of the Group

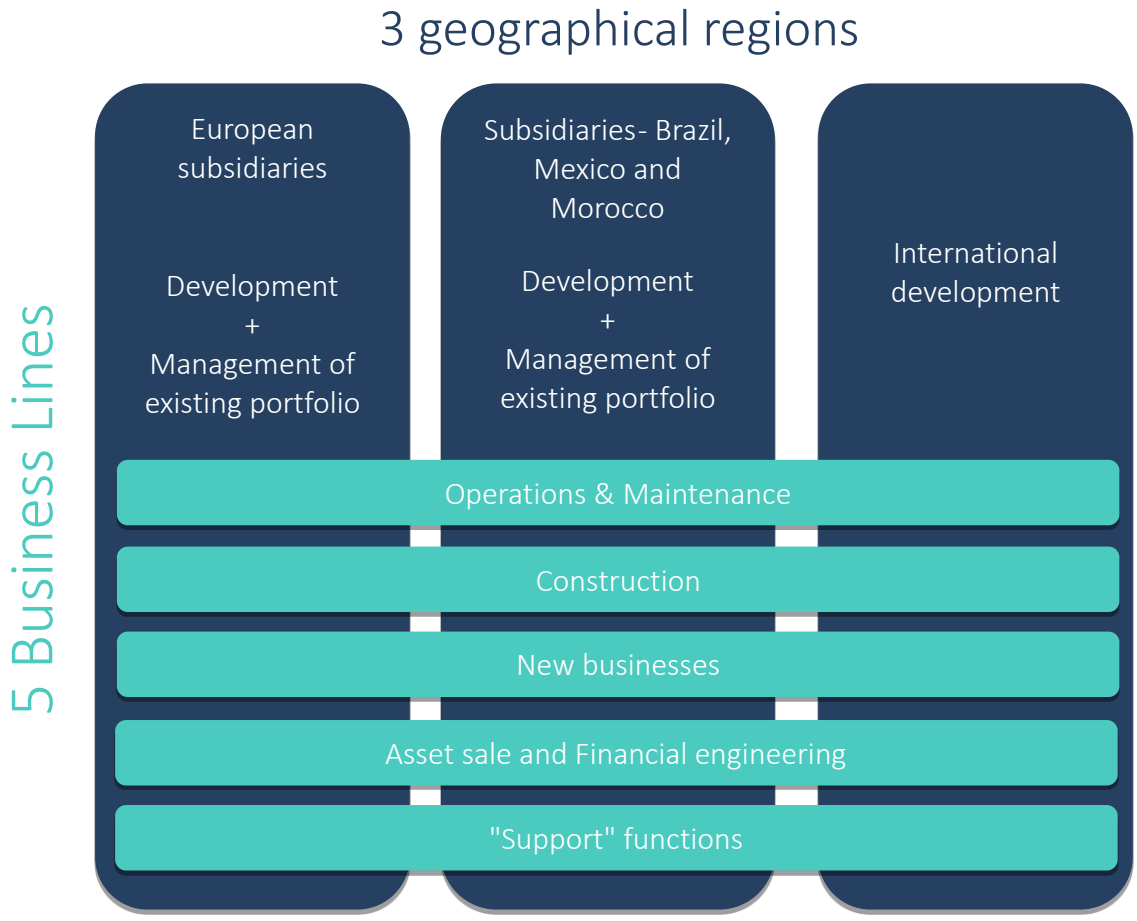
Following the consolidation of Martifer Solar, a matrix organization, by geographical area and business lines, was adopted in October 2016.

Geographical structuring:

1. In countries with permanent and structured teams, such as in both Latin America and in Europe-Asia-Africa, country teams are responsible for managing local subsidiaries and power plants, where applicable, and developing new projects;
2. In other countries without a permanent team, the International Development team is responsible for new projects.

The transversal business lines are the following:

1. Construction Division;
2. Operations-Maintenance (O&M) Division, which also includes a Centre of Expertise (*CoE*);
3. "New Activities" Division, which includes equipment supply activities;
4. Financial Engineering Division, which primarily covers raising project financing and project acquisitions/disposals;
5. "Support" functions: Administration and Finance Division, Human Resources Division, Marketing and Communication Division, Information Systems Division, General Secretariat and Investor Relations Division.



*Sébastien Clerc, Chief Executive Officer:*

Sébastien Clerc joined Voltalia in 2011 as CEO. He is a specialist in infrastructure development and financing, notably renewable energies, with almost 25 years' experience. He also has proven expertise in company creation and management.

After 10 years in project financing at Crédit Lyonnais in Canada and New York, he returned to France in 1999 to join Ixis, then a subsidiary of Caisse des Dépôts, where he created and developed three activities: infrastructure financing and acquisitions consulting, management of infrastructure investment funds and project financing. In 2007 he participated in the merger of Ixis and Natexis, by managing the fusion of the two banks' project financing teams in France and abroad.

Sébastien Clerc was Chairman of Natixis Environnement & Infrastructures from 2000 to 2011. From 2009 to 2011, he managed Natixis Alternative Assets, a multi-specialist alternative fund manager. He is a graduate of Sciences Po and the University of Paris X.

*Marco Alves, Commercial Head of Operations and Maintenance:*

Marco Alves has 15 years of international experience in the management of O&M activities in several industrial sectors, including four years in the solar sector.

He began his career in asset management at ABB, as head of asset performance and oversight of asset management teams in the industrial sector.

Following this experience, Marco Alves joined Transdev-Veolia where he focused on business management and operational efficiency management for metro networks in Europe.

He is currently Head of Operations and Maintenance at Martifer Solar and is the driving force behind the strategic direction of the business.

Marco has a Masters in Electrical Engineering and completed his studies with an MBA in Management at the University of Porto Business School/IE Madrid. He speaks Portuguese, English and Spanish and also French.

*Olivier Cormarie, Financial Engineering Director:*

Olivier Cormarie joined Voltalia in 2013. He oversees project financing and disposals/acquisitions.

He worked in structured finance at Société Générale and Dexia, primarily in New York, where his scope of responsibilities included Latin America, before becoming an entrepreneur in the photovoltaic sector in France. He also participated in the creation of renewable energy investment portfolios for German closed-end funds.

Olivier Cormarie is a graduate of Sciences Po Paris.

*Gustavo Fernandes, Head of International Development:*

Gustavo Fernandes has been Voltalia's Head of International Development since August 2016. He developed Martifer Group's business as Research and Development Manager in solar energy and then as Development Head of Martifer Solar. He began his career at Microprocessador - Sistemas Digitais in the research and development department. Gustavo graduated in electrical engineering and computer science and obtained his Master's degree in instrumentation and automation from the University of Engineering in Porto.

*Ludovic Fort, Operational Director:*

Ludovic Fort worked for multinational groups in the energy sector for 16 years, including 10 years in renewable energies. Having successfully managed multiple electrical installation projects, mainly at Cegelec, Alstom and Areva in Europe and Africa, from 2004 he devoted himself to the development and construction of renewables power plants in Europe and South America. Before joining Voltalia, Ludovic Fort spent three-and-a-half years in the United States working for Areva Renewable, initially in the biomass sector in partnership with a US electricity producer, Duke Energy, and subsequently in solar as Vice President for Operations at Areva Solar. He joined Voltalia in 2012. As Operational Director, he is mainly responsible for the optimisation of operations at existing power plants and supervises all of Voltalia's operational and maintenance activities. He also heads Voltalia in Portugal, in Oliveira de Frades. Ludovic Fort is a graduate of the Ecole Supérieure d'Electricité, SUPELEC.

*Michel Crémieux, Deputy CEO - Strategy and Organisation;*

Michel Crémieux has over 35 years' experience in the energy sector, notably in renewable energy. After having founded and managed two energy management companies (Sinerg and Scet-Environnement) in the 1990s, Michel Crémieux joined the EDF group in 1999, managing the development division (where he was one of the initiators of EDF Energies Nouvelles) and subsequently international operations. From 2005 to 2008 he worked for Edison, an Italian electricity and gas producer, as Chief Operating Officer. Since 2008 Michel Crémieux has managed Enel France, a French subsidiary of the largest Italian electricity producer. He joined Voltalia back in 2015 as Head of Development. Michel Crémieux is a graduate of the Ecole Polytechnique and of ENSAE and holds a Master's from the University of Paris-Dauphine.

*Marie de Lauzon, Chief Administrative Officer:*

Marie de Lauzon has extensive experience assisting companies and management teams with strategic financing and change management issues. After starting her career in commercial banking with Citigroup, where she spent seven years in London and Zurich, she subsequently spent three years at PwC. More recently, Marie de Lauzon occupied positions as COO and CEO within a French asset management company. Marie de Lauzon is a graduate of HEC Paris and holds a CEMS Master's in International Management from the University of St. Gallen (Switzerland). As General Secretary, she is responsible for information technology, communication activities and investor relations within the Group.

*Patrick Delbos, Director - France and Belgium:*

After experience at an electricity company, Patrick Delbos successively held positions over 18 years as developer and operations manager in the areas of renewable energy in Europe and Southeast Asia. He joined Voltalia in 2006 and helped to launch the multi-country and multi-energy strategy, notably with the Brazilian and Greek subsidiaries, in the wind and photovoltaic sectors. Since 2008, he has organised and directed the Voltalia operations team in metropolitan France. Since 2017, he has also been responsible for development in French Guiana and Belgium. He is an engineer from the merchant navy.

*Alexis Goybet, Head of Development Europe:*

Alexis Goybet has worked for 16 years in renewable energies, much of which in emerging countries such as India (where he worked for 4 years) and Sri Lanka (8 years), particularly in the area of hydropower, having commercialised and commissioned more than twenty hydroelectric plants. He joined Voltalia in 2008. His main responsibilities were in the area of the development of the hydroelectric sector within Voltalia and, at the same time, managed the company's activities in French Guiana before taking over, at the end of 2016, project development in several European countries. Alexis Goybet is a graduate of the Ecole de Commerce Solvay in Brussels.

*Yoni Ammar, Morocco Director:*

After an initial experience in the financing of the renewable energy sector at Natixis Bank, from 2008 Yoni Ammar managed a company developing solar and wind projects in France, Poland and Morocco. Yoni Amar joined Voltalia in 2015 as Director of the Voltalia Morocco subsidiary. He is an engineering graduate from the Ecole Centrale de Lyon (2003) and holds a Master's in Industrial Engineering (2003).

*Christian Egal, Head of European subsidiaries:*

Christian Egal has over 35 years' experience in the energy sector, notably in renewables.
After starting his career with ADEME, he joined Sinerg, the leading French third-party energy financing company, where he became Deputy Chief Executive Officer. After moving to Cogetherm, EDF's subsidiary specialising in the development of cogeneration projects, he joined Gamesa as CEO France in 2003.
He then became CEO of EDF Energy Renewables (a subsidiary of EDF EN in the UK). Since 2015, he was International Director at EDF EN.

*Robert Klein, Head of Latin America Countries:*

Robert Klein joined Voltalia in 2006. He created Voltalia's subsidiary in Brazil, a subsidiary that has developed exceptionally well under his leadership. In addition to managing Voltalia Brazil, since 2016, he has been responsible for the Group's development in Mexico. After starting his career in offshore oil drilling in Brazil, Robert Klein participated at the set-up and development of French companies in particular in the United-States, the Middle East, and Asia, predominantly in the energy domains. His last role before joining Voltalia was in international development for a subsidiary of the Fives-Lille group.
Robert Klein graduated from the Ecole Centrale Marseille and has an MBA from IAE in Aix-en-Provence.

*Marie-Odile Lavenant, Chief Financial Officer:*

Marie-Odile Lavenant, 50, was Finance Director of the Services division of DCNS, a French industrial group specialising in the military naval industry, nuclear power and marine infrastructure. She began her career in operational roles before assuming the role of controller and then Finance Director in international industrial groups, mainly in the electrical sector, such as Cegelec, Honeywell, Areva T&D and Cockrill Maintenance &

Ingénierie. She joined Voltalia as Chief Financial Officer in 2016.

She is a graduate of the Ecole Centrale Paris and holds an executive MBA from HEC.

*Henri-François Prat, Head of Construction:*

Henri-François Prat joined Voltalia in 2015. He leads the teams responsible for the construction of new power plants, for all energy types, in all of the countries covered by Voltalia. He is also responsible for the deployment of the Group Health and Safety policy for all Voltalia activities.
For 25 years, Henri-François Prat worked on completing major industrial projects in the Middle East, ASEAN, China, Africa and LATAM regions, in major companies such as Cegelec, Alstom and Areva. For the past 10 years, he has worked on the construction of power plants in the renewable energy sector.
Henri-François Prat has a dual degree in ENSEEIHT Engineer/Master I.A.E for the management of companies.

*Henrique Rodrigues, Head of New Business:*

Henrique Rodrigues joined Voltalia in August 2016 following the acquisition of Martifer Solar. He is currently Head of New Business in the company after having been founder and CEO of Martifer Solar since 2006.

After gaining experience in civil construction, food distribution and the automotive sector, Henrique founded a manufacturer of aluminium frames, Caixilhar, with two friends in 1991.

*Filipe Santos, Head of Financial Engineering - Europe & Americas:*

Filipe Santos joined Voltalia in August 2016 following the acquisition of Martifer Solar. He is Head of Financial Engineering - Europe and Americas.
He was Chief Financial Officer of Martifer Solar and a member of the Board, Home Energy II SA and MPRIME SA, since 2008.
Holder of a Ph.D. in Economics from the University of York (UK) and an MBA in Management from the Institute of Economics and Social Development (IUDPS) and in Business and Economics from the Viseu Portuguese Catholic University, Filipe began his career in 1993 as an executive assistant in the Portuguese shipping companies, Romeu Portugal and LDA. In 1994, he taught management, microeconomics and macroeconomics at the IUDPS of the Portuguese Catholic University.
He began working at the Martifer Group in 2007 as Chief Financial Officer of Martifer Solar SA.

*Bernardo Veiga, Head of Trading and Distribution:*

Bernardo Veiga joined Voltalia in August 2016 following the acquisition of Martifer Solar. He currently manages the solar equipment sale business.
Bernardo, 41, was part of the Martifer Solar management team, which he joined in 2010, taking on various roles in the renewables sector. He has had diverse experiences in the distribution sector as Purchasing and Logistics Head, Production Manager, as well as Business Development Manager for the Balkans region.
Bernardo Mota Veiga holds a degree in Physical Engineering from the University of Aveiro, an MBE (Master in Business in Engineering) from the Portuguese Catholic University/Oporto Business School and is also a graduate in biotechnology.

### 6.8.2 Committees reporting to the Board of Directors

As part of the supervision of the Group's operations, the Board of Directors of Voltalia has decided to establish the following committees:

#### Strategic Orientation Committee for French Guiana

On 10 November 2011, the Board of Directors of Voltalia decided to create a Strategic Orientation Committee for French Guiana with an advisory brief, whose mission is to develop the Group's operations in French Guiana.

The Strategic Orientation Committee for French Guiana is composed of the following members:

- Sébastien Clerc (Chairman of the Strategic Orientation Committee)
- Alexis Goybet
- Stéphane Mauduit, representative of the Caisse des Dépôts et Consignations.

The existence of a specific committee for activities in French Guiana is part of the governance structure of Voltalia Guyane, 20% owned by the Caisse des Dépôts et Consignations.

#### Executive Committee

As part of a tightening of controls and commitment procedures, in July 2012 the Board of Directors was informed of the creation of an Executive Committee. The Committee is also called upon within the framework of the Group's operational activities and strategy implementation. The members of the Executive Committee are:

- Sébastien Clerc, Chief Executive Officer;
- Marco Alves, Head of Operations and Maintenance;
- Gustavo Fernandes, Head of International Development;
- Marie de Lauzon, Chief Administrative Officer;
- Marie-Odile Lavenant, Chief Financial Officer;
- Henri-François Prat, Head of Construction;
- Olivier Cormarie, Financial Engineering Director;
- Ludovic Fort, Operational Director;
- Alexis Goybet, Head of Development Europe;
- Patrick Delbos, Director - Metropolitan France and Belgium;
- Christian Egal, Head of European subsidiaries;
- Robert Klein, Country Head, Latin America;
- Michel Crémieux, Deputy CEO - Strategy and Organisation;
- Yoni Ammar, Morocco Director;
- Henrique Rodrigues, Head of New Business;
- Filipe Santos, Head of Financial Engineering - Europe & Americas;
- Bernardo Veiga, Head of Trading and Distribution.

## Audit Committee

See Section 16.3.2

## Appointments and Remuneration Committee

See Section 16.3.2

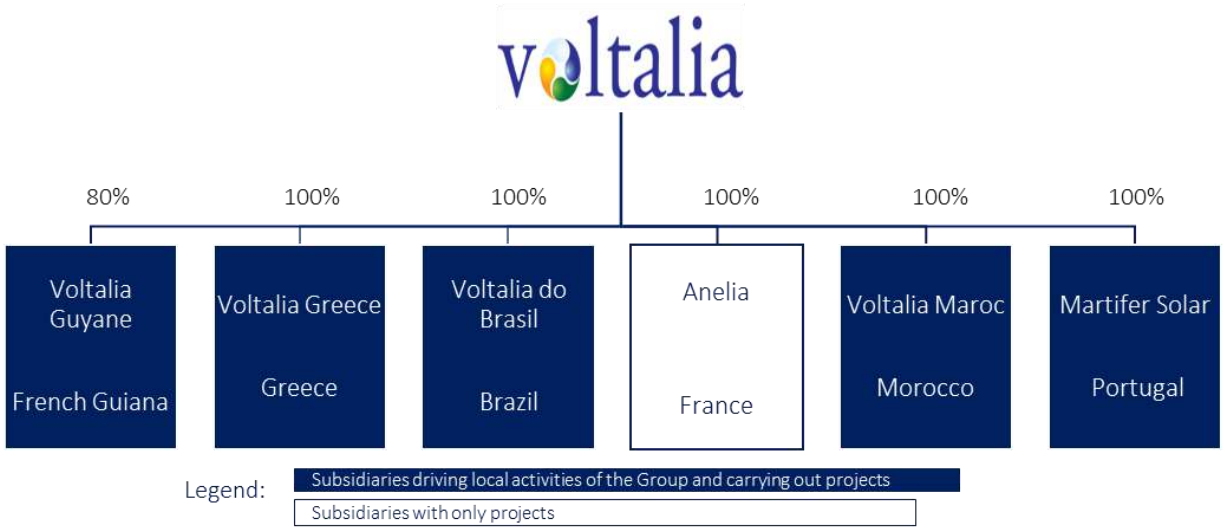
# 7 ORGANISATIONAL STRUCTURE

## 7.1 LEGAL STRUCTURE

As as of December 31, 2016, Voltalia holds direct and indirect stakes in 184 companies, of which 151 are consolidated and presented below. They are mainly project/development companies and operating companies.

| Consolidated companies | Europe | Latin America | Asia and Africa |
|---|---|---|---|
| Holding company | 5 | 15 | 3 |
| Plants in operation (energy sales) | 17 | 19 | - |
| Plants under construction | - | 1 | - |
| Financing companies | - | 7 | - |
| Operating companies (O&M, construction) | 8 | 3 | 3 |
| Project/development companies | 47 | 19 | 4 |

Voltalia is a shareholder in project companies, operating companies, construction companies and finance companies, either directly or through seven subsidiaries:




Capital held in the companies mentioned above reflects the voting rights held.

The remaining capital of Voltalia Guyane is held by the Caisse des Dépôts et Consignations.
The balance capital of Voltalia Greece is held by Agionoriou Korinthias.

Sébastien Clerc holds one share in Voltalia Do Brasil.
Voltalia Investissement holds one share in Voltalia Maroc.

The activities of the Company and of subsidiaries that control the Group's local activities are described in Section 7.2 of the Registration Document.

The operational organisation of the Group and the main cross-divisional functions are presented in Section 6.7.3 6.7.3of the Registration Document.

A breakdown of the Group's salaried workforce is presented in Section 17of the Registration Document.

The main financial flows between Group companies take place under the intra-group agreements described in Section 7.3 of the Registration Document.

## 7.2 OVERVIEW OF THE GROUP'S PRINCIPAL COMPANIES

The entire scope of the Group's consolidated companies is available in NOTE 5- of the consolidated financial statements found in Section 20.1 of the Registration Document.

### 7.2.1 Voltalia SA

With a workforce of 57 salaried employees as as of December 31, 2016, Voltalia is primarily responsible for the Group's central services (21 people) and for the development, financing, construction and operational activities of the Group and/or in France (36 people), providing technical support to Group subsidiaries involved in its activity. In addition, the Bio-Bar subsidiary, which operates a biomass cogeneration plant in France, employs three people.

### 7.2.2 Voltalia Guyane

With a workforce of five employees, Voltalia Guyane is responsible for all of the Group's development and operational activities in French Guiana, providing technical support to Group subsidiaries active in its field. In addition, the subsidiary Voltalia Kourou employs five people and the hydropower plant at Saut Maman Valentin has one employee.

### 7.2.3 Voltalia Greece

With a workforce of 13 employees, Voltalia Greece is responsible for all of the Group's operational (5 employees), development (2 employees) and support (6 employees) activities in Greece, providing technical support to Group subsidiaries active in its field.

### 7.2.4 Voltalia Do Brasil

With a workforce of 74 employees, Voltalia Do Brasil is responsible for all of the Group's development (29 employees), construction (4 employees), operational (6 employees) and support (38 employees) activities in Brazil. This company provides technical support for Group subsidiaries active in its field.

### 7.2.5 Voltalia Maroc

Established in April 2015, Voltalia Maroc is responsible for all of the Group's development (5 employees) and support (3 employees) activities in Morocco.

### 7.2.6 Martifer Solar

As of December 31, 2016, Martifer Solar, which was acquired by the Group in August 2016, comprised 242 employees responsible for operational, support, construction and development activities. The headcount breaks down as follows:

- MT Solar Portugal
- Mprime Solar (Portugal)
- MT Solar Belgium
- MT Solar Italy
- MT Solar Japan
- MT Solar Jordan
- MT Solar Slovakia
- MT Solar Spain
- MT Solar UAE
- MT Solar UK
- MT Solar Ukraine
- MTS Chile
- MTS França (France)
- MTS Mexico

The financial implications of the acquisition of Martifer Solar, its economic weight in the Group and the strategy are specified in Section 6 of the Registration Document in the chapter "Strategy" (6.3).

### 7.2.7 SPVs

The Group has created special purpose vehicles (SPVs) that generally carry plants under construction and in operation. These SPVs are either owned directly by the Company through country subsidiaries, or through intermediate holding companies.

The companies included in the scope of consolidation of the Group as of December 31, 2016 are listed in Note 5 to the Company's consolidated financial statements for the year ended 31 December 2015, featuring in Section 20 "Financial information concerning the assets, financial position and results of the issuer" *of* the Registration Document.

### 7.2.8 Other

As stated in Section 7.1 above, Voltalia is a shareholder in project, operating and finance companies, either directly or through subsidiaries that control the Group's local activities, as described above, or through four subsidiaries whose sole purpose is to carry project companies, notably through co-development activities:

ANELIA: wholly owned by Voltalia, ANELIA is a co-development company that manages wind energy projects in Metropolitan France. None of these projects are in operation at the date of the Registration Document.

ENVOLVER: owned by Voltalia (50.2%) and Encalso (49.8%), a state-owned civil engineering company based in the state of São Paulo, the Envolver holding company owns 51% of the shares of subsidiaries in charge of the construction (and ultimately the operation) of the Vamcruz wind farms; CHESF, another major player in the Brazilian electricity sector, holds 49% of Vamcruz subsidiaries.

SMG Participacoes 1: owned by Voltalia and Voltalia do Brasil (51%) and COPEL (49%), the sole activity of SMG Participacoes 1 is to hold shares in SMG Participacoes, which itself holds 100% of the shares in the subsidiaries in charge of the construction (and ultimately the operation) of the Sao Miguel do Gostoso wind farms.

Minority shareholders do not participate in the operational management of SPVs. Shareholders' pacts were signed for Voltalia Guyane (with the CDC)

and for the La Faye plant in Metropolitan France, as well as in Brazil for the Vamcruz and Sao Miguel do Gostoso plants.

### 7.2.9 Summary

| (In thousands of euros) | France | French Guiana | Brazil | Greece | Morocco | Other Europe | Other | Total |
|---|---|---|---|---|---|---|---|---|
| Goodwill and assets | 70,359 | 41,811 | 574,044 | 12,156 | 1,525 | 27,710 | (2) | **727,602** |
| Non-current assets | 4,482 | 3 | 70 | 15 | 10 | 20,044 | 133 | **24,757** |
| Current assets | 67,555 | 3,530 | 56,291 | 6,634 | 639 | 23,578 | 10,786 | **169,012** |
| Non-current liabilities | 59,691 | 17,078 | 229,844 | 2,038 | 152 | 25,042 | 538 | **334,383** |
| Current liabilities | 21,070 | 7,776 | 133,778 | 2,688 | 491 | 31,248 | 9,515 | **206,567** |

## 7.3 MAIN INTRA-GROUP TRANSACTIONS

The main financial flows between Group companies take place under the intra-group agreements described in Section 19.1 of the Registration Document.

In terms of managing transactions within the Group, based on cash flow forecasts (e.g., financing of working capital requirements or bridging loans), the Company provides the funds required by the various subsidiaries by way of cash supply agreements.

Regarding the financing of power plant construction, via current account advances and/or capital advances, Voltalia SA offers its subsidiaries the funds they require to make the equity contributions to the project companies in which they hold an interest. Regarding bank financing, this is arranged by the project companies.

Voltalia re-invoices project development costs and administrative expenses to certain subsidiaries. Finally, there are currently no intra-group flows in respect of dividend payments or loan repayments (see Section 19.2 of the Registration Document).

# 8 PROPERTY, PLANT AND EQUIPMENT

## 8.1 PROPERTY, PLANT AND EQUIPMENT

### 8.1.1 Significant property, plant and equipment - existing or planned

In 2014, the Group entered into a commercial lease for the premises located at 28, rue de Mogador, 75009 Paris, the new registered office of the Company. Its details are as follows:

| | |
|---|---|
| Surface area | 555m² |
| Start date | 23 June 2014 |
| Term | 9 years |

In its decision dated 25 July 2014, the Company's Board of Directors decided to transfer the registered office of the Company, originally located at 28, rue Blaise Pascal, 92200 Neuilly sur Seine, to 28, rue de Mogador, 75009 Paris, with effect from 28 August 2014. This decision was approved by the Company's Annual General Meeting on 11 June 2015.

The equipment owned by Group companies consists of wind farm installations, photovoltaic power plants, biomass power plants and hydropower plants. The main fixed assets held by the Company are described in note 10 of the Notes to the consolidated financial statements for the year ended 31 December 2016, in Section 20.1 of the Registration Document. See also Section 6.7: Overview of the Group's principal activities.

The Group also consolidates the companies set up under the Girardin Law that hold assets in French Guiana (see Section 6.5.3 of the Registration Document).

### 8.1.2 Other property, plant and equipment

The other fixed assets held by the Company are described in note 10 of the Notes to the consolidated financial statements for the year ended 31 December 2016, in section 20.1 of the Registration Document. See also section 6.7: 6.7of the Group's principal activities.

The Group owns all the assets necessary for its operations, except for assets held under finance leases and those financed within the framework of mechanisms similar to those provided under the Girardin Law. The Group will become the owner of the assets under finance leases on exercise of the purchase option under the lease agreement and after a period of five years for assets with financing of the type provided for under the Girardin Law.

## 8.2 INTANGIBLE ASSETS

The main intangible assets held by the Company are described in NOTE 10-of the Notes to the consolidated financial statements for the year ended 31 December 2016, contained in Section 20.1 of the Registration Document.

## 8.3 ENVIRONMENTAL CONSTRAINTS THAT MAY AFFECT THE GROUP'S UTILISATION OF ITS PROPERTY, PLANT AND EQUIPMENT

Environmental issues that could have an influence on the various facilities owned or operated by the Group are described in Sections 4.1.3.1and 6.5and in Appendix 1of the Registration Document.
The provisions for decommissioning under the ICPE regulations are set out in the Registration Document in Section 4.1.2.10.

# 9 REVIEW OF RESULTS AND FINANCIAL POSITION

The reader is invited to read the following information relating to the financial position and results of the Group in conjunction with the Group's consolidated financial statements prepared under IFRS for the years ended 31 December 2014, 2015 and 2016.

## 9.1 GENERAL PRESENTATION

The financial information selected and presented below is extracted from the Company's consolidated financial statements established under IFRS for the years ended 31 December 2016, 2015 and 2014 detailed in Sections 20.1 respectively of the first part of the prospectus approved by the AMF on 23 June 2014 under number 14-315, the Registration Document registered with the AMF on 30 April 2015 under number R.15-029 and the Registration Document registered with the AMF on 5 April 2016 under number R.16-017.

### 9.1.1 Financial statements

In accordance with (EC) Regulation no. 1606/2002 of 19 July 2002, the consolidated financial statements of Voltalia, approved by the Board of Directors on 31 March 2017, were prepared in accordance with IFRS as adopted by the European Union.

### 9.1.2 Principal factors affecting activities and results

At the date of the Registration Document, the Group considers that the main factors having a significant influence on its financial performance are as follows:

**Pace of commissioning of the Group's power plants**

The increase in revenue from production activities from one year to the next is linked to the pace at which power plants reaching the end of the construction phase are commissioned. The Group does not begin to generate revenue from power plants until this phase has been completed, with the Group subsequently benefiting from a long-term electricity sales contract (15 to 25 years) or from contracts of varying maturities contracted on the open market. If the power plant is handed over at year end, revenue is recognized for the amount of production during the year, the first year of production rarely constituting a full year. The handover schedule is therefore likely to affect the comparability of fiscal years and profitability calculations for invested capital.

**Financing policy**

The Group's growth model consists of developing and financing electrical power plant projects before entering the production phase. The Group must therefore arrange specific financing for each project in the form of both debt and equity. For this reason, the construction of several power plants during the year may result in a significant increase in the Group's debt and larger equity commitments compared to the previous year.

### Differences in regulatory frameworks and tariff conditions

Regulatory frameworks, tariff conditions and incentive schemes vary significantly between different regions and sectors, leading to different levels of profitability. The Group's results may notably vary in accordance with direct or indirect subsidy mechanisms, tax exemption mechanisms, or any delays in obtaining the planning permission and authorisations required for project development. However, once the electricity sales contract has been concluded on power plant commissioning or when a tariff is awarded under a tender, the Group enjoys a stable long-term framework (see § 4.1.1.2 4.1.1.2 of national and international policies in support of renewable energy).

### Change in climatic conditions

The Group's business activity is the production of electricity from renewable energy sources. These energies are, however, highly dependent on climatic conditions. Although the electricity sale contracts usually specify a purchase obligation irrespective of the level of electricity production, output is directly linked to climatic conditions, particularly wind conditions for wind farms and sunshine for photovoltaic plants. Despite the geographical diversification of sites, weather conditions therefore affect the financial performance of the Group from one year to the next, notably revenue, and therefore also operating results (see § 4.4.1.1.1 on risks related to energy yield forecasts and climatic conditions).

### Exchange rate effects

The Group carries out part of its activities in Brazil (Brazilian real). All assets (electricity generating plants), liabilities (related project financing) and revenues related to the operation of the plants are, and will continue to be, denominated in the domestic currency of the country concerned. Accordingly, as the assets and the corresponding debt financing are expressed in the same currency, valuation distortions on the balance sheet are minimised. However, any appreciation or depreciation of the Brazilian real against the euro would affect the Group's financial performance (see § 4.1.4.1 on currency risks).

### **New businesses related to the acquisition of Martifer**

The Group is expanding by carrying out development, construction and operation-maintenance activities, both for its own account and for third parties.

The sale of development projects as well as construction contracts is a process that takes place over a long period, and time lags may therefore need to be factored in. This schedule for concluding contracts is therefore likely to affect the comparability of the financial years.

## 9.2 COMPARISON OF THE LAST THREE FISCAL YEARS

### 9.2.1 Income statement - comparative figures between 31 December 2014, 31 December 2015 and 31 December 2016

| In thousands of euros | 31/12/16 | 31/12/2015 | 31/12/2014 |
|---|---|---|---|
| IFRS | | | |
| Income | 126,966 | 58,565 | 27,609 |
| **EBITDA** | **50,018** | **30,222** | **12,536** |
| Current operating income | 36,821 | 22,629 | 6,736 |
| Operating income | 34,181 | 22,298 | 5,962 |
| Net profit (loss) | 577 | 4,550 | 4,896 |
| **Net income Group share** | **1,635** | **3,888** | **4,495** |

*EBITDA: "Earnings Before Interest, Taxes, Depreciation, and Amortization"

### 9.2.2 Structure of operating income

#### Income

| (In thousands of euros) | 31/12/16 | 31/12/2015 | 31/12/2014 |
|---|---|---|---|
| Biomass revenues | 2,844 | 2,854 | 3,786 |
| Wind power revenues | 72,196 | 44,077 | 12,709 |
| Solar power revenues | 30,733 | 7,427 | 7,858 |
| Hydropower revenues | 2,320 | 1,628 | 2,896 |
| Hybrid power revenues | 17,740 | 1,503 | - |
| Corporate revenues | 1,134 | 1,077 | 848 |
| **Total** | **126,966** | **58,565** | **28,097** |

As of December 31, 2016, revenues from the Group's activities amounted to 126,966 thousand euros against 58,565 thousand euros for the previous year.
The exceptional growth of 68,401 thousand euros in revenues for the year is mainly based on:

- new revenues in Brazil (10,463 thousand euros) from the Vila Pará wind farms commissioned gradually between August and November 2016;
- the full-year impact of revenues generated from the São Miguel do Gostoso, Oiapoque and Vamcruz wind farms in Brazil for 10,168 thousand euros, 16,237 thousand euros and 14,998 thousand euros respectively;
- gains on the disposal of Montmayon for 6,021 thousand euros;

- revenues generated by services activities from the merger with Martifer consolidated over five months for 17,742 thousand euros;
- BRL exchange rate effect offsets this income growth in the negative amount of (4,279) thousand euros.

### Operating expenses

| (In thousands of euros) | 31/12/16 | 31/12/2015 | 31/12/2014 |
|---|---|---|---|
| Other purchases and external expenses | 54,927 | 19,555 | 8,253 |
| Taxes other than on income | 6,883 | 3,046 | 3,411 |
| Payroll expenses | 12,039 | 4,930 | 2,559 |
| Other operating income and expenses | 3,096 | 481 | 76 |
| Income from disposal of investments | - | (79) | 0 |
| Other non-current operating income and expenses | 2,640 | 589 | 774 |
| Reversal of impairment of other operating income and expenses | - | (180) | - |
| Net depreciation, amortisation and provisions | 13,197 | 7,924 | 6,574 |
| **Total operating expenses** | **92,782** | **36,267** | **21,647** |

The significant changes in operating expenses break down as follows:

- The increase in current operating expenses is due to the increased capacity of plants that became operational or had a full-year effect in 2016 as well as the cost related to the acquisition of new companies.

- Personnel expenses allocated to development and construction projects are recorded as assets. Other personnel expenses are included in the income statement. The increase in personnel expenses is mainly due to the significant increase in the workforce following the acquisition of Martifer Solar in August 2016.

- Depreciation and amortization in the amount of 17,943 thousand euros (versus 10,714 thousand euros as of 31 December 2015) reflects the depreciation of plants in operation. Its increase is in line with the new farms commissioned gradually in 2016 (99 MW at Vila Pará).
    - These provisions also include depreciation calculated according to the units-of-output method (amount nil) for the Sao Miguel de Gostoso wind farm. This wind farm has been operational since June 30, 2015, but is not generating energy due to the delay in building the transmission line (construction is the responsibility of the French government). During this period before connection to the electrical grid, the wind turbines in question are locked into

a protective position. In this way they are subject to little to no wind conditions. This position was confirmed by a study carried out by an independent firm. Similarly, all rotating and wear-prone parts are kept stationary until the start of electrical generation, that date being the effective start date of depreciation, using the straight-line method, over 25 years. This will lead to a depreciation charge of about 4,800 thousand euros per year (impact calculated on the basis of average exchange rates in 2016).

- As of December 31, 2016, the net reversal of impairment losses and provisions came to 4,747 thousand euros, including 1,539 thousand euros for net reversal of asset impairment.
    - Details of the variations in provisions for risks and charges are given in NOTE 11-of the notes to the financial statements contained in Section 20.1 of the Registration Document.

Accordingly, current operating income amounted to 36,821 thousand euros, 22,629 thousand euros and 6,736 thousand euros for the years ended 31 December 2016, 2015 and 2014 respectively.

### EBITDA

EBITDA is the Anglo-Saxon equivalent of Excédent Brut d'Exploitation (Gross Operating Profit). It is calculated by restating current operating income for allocations and reversals of depreciation and provisions. EBITDA was positive at 50,018 thousand euros as of December 31, 2016 (versus 30,042 thousand euros as of December 31, 2015), the result of enhanced cash flows from developments. This strong growth (x1.7 compared to 2015) should be considered alongside revenue growth (x2.2).

### Other non-current operating income and expenses

Other non-current operating income and expenses amounted to (2,640) thousand euros. They mainly include the costs borne as part of the work related to the acquisition of Martifer Solar.

### Net financial income

| (In thousands of euros) | 31/12/16 | 31/12/2015 | 31/12/2014 |
|---|---|---|---|
| Cost of net financial debt | (28,550) | (14,237) | (999) |
| Other financial income and expenses | (498) | (606) | 422 |
| **Net financial income** | **(29,048)** | **(14,843)** | **(577)** |

The change in financial income can be analysed as follows:

- the sharp increase in the cost of the Group's net financial debt is directly related to the increase in interest expense for new projects commissioned in July 2015 (SMG), end of 2015 (Vamcruz) and end of 2016 (Vila Para), and the revaluation of the main Brazilian interest rate applicable to Group borrowings, the TJLP, which increased from an average 6.25% in 2015 to 7.5% in 2016;

- investment income recorded mainly in Brazil (3,527 thousand euros at end 2016);

- the balance of translation gains and losses of 820 thousand euros from the liquidation of debts.

### Taxes and net income

Income tax expense and related liabilities of (4.6) million euros mainly includes current taxes of Brazilian subsidiaries under the "lucro presumido" and "lucro real" tax regimes respectively at (3) and (1.2) million euros and, to a lesser degree, corporate income taxes on operating entities that are not tax consolidated.

Accordingly, consolidated net income for the period amounted to 577 thousand euros, 4,550 thousand euros and 4,896 thousand euros for the years ended 31 December 2016, 2015 and 2014 respectively.

## 9.3 BALANCE SHEET ANALYSIS

### 9.3.1 Non-current assets

| (In thousands of euros) | 31/12/16 | 31/12/2015 | 31/12/2014 |
|---|---|---|---|
| Goodwill | 45,413 | 1,056 | 1,068 |
| Intangible assets | 64,655 | 35,043 | 38,521 |
| Property, plant and equipment | 662,377 | 445,622 | 369,430 |
| Investments in associates | 523 | 278 | 187 |
| Deferred taxes | 1,024 | 339 | 1,155 |
| Non-current financial assets | 23,735 | 5,411 | 5,209 |
| Other non-current assets | 0 | 0 | 10 |
| **Total non-current assets** | **797,727** | **487,750** | **415,582** |

Non-current assets mainly include:

- goodwill: the goodwill related to the acquisition of Martifer Solar was recognised for an amount of 45,366 thousand euros during the period;
- intangible assets: this increase is explained on the one hand by the recognition of the study and engineering expenses of the Group's operating plants, and on the other hand by the revaluation of the fair value intangible assets as part of the allocation of the acquisition price of Martifer Solar;
- property, plant and equipment: the increase in tangible fixed assets is explained mainly by the construction of the Vila Para farms in 2016.

### 9.3.2 Current assets

| (In thousands of euros) | 31/12/16 | 31/12/2015 | 31/12/2014 |
|---|---|---|---|
| Inventories and work in progress | 2,542 | 596 | 107 |
| Customers | 59,784 | 16,361 | 15,663 |
| Current tax assets | 1,907 | 379 | 2 |
| Other receivables and accruals | 3,405 | 1,979 | 2,191 |
| Financial assets | 101,375 | 43,591 | 58,779 |
| Assets held for sale | 135 | 500 | 1,557 |
| **Total current assets** | **169,148** | **63,406** | **78,299** |

The item "current assets" includes multiple security deposits as part of the response to the call for tenders totalling 1.1 million euros.

### 9.3.3 Equity

| (In thousands of euros) | 31/12/16 | 31/12/2015 | 31/12/2014 |
|---|---|---|---|
| Capital | 278,976 | 149,406 | 139,107 |
| Issue premium | 96,439 | 61,325 | 56,267 |
| Reserves | 14,032 | (30,296) | (10,573) |
| Retained earnings | (41,264) | (30,919) | (26,897) |
| Net profit (loss) | 1,635 | 3,888 | 4,495 |
| Non-controlling interests | 74,935 | 57,761 | 48,342 |
| **Total equity** | **424,753** | **211,165** | **210,741** |

In November 2016 the Company proceeded with a capital increase of approx. 170 million euros. 22,723,610 new shares were issued and subscribed. At the end of the operation, the share capital totalled 279 million euros and the issue premium was at 96.4 million euros (after charging the fees related to the operation).

### 9.3.4 Non-current liabilities

| (In thousands of euros) | 31/12/16 | 31/12/2015 | 31/12/2014 |
|---|---|---|---|
| Long-term provisions | 2,869 | 1,335 | 2,552 |
| Loans and other debt | 322,688 | 260,784 | 152,602 |
| Other long-term liabilities | 2,721 | 102 | 115 |
| Non-current liabilities | 2,793 | (1) | - |
| Derivative liabilities | 3,314 | 2,889 | - |
| **Total non-current liabilities** | **334,885** | **265,108** | **155,268** |

Provisions for non-current expenses consist mainly of decommissioning provisions in the amount of 1,209 thousand euros.

The increase over the period is mainly due to the continued investment in Brazil and the construction of the Brazilian wind farms of Vila Para for which 230,000 thousand *reals* (approximately 67,000 thousand euros) were raised locally in the form of a short-term bridging loan. The latter was refinanced on a long-term basis by the National Bank for Economic and Social Development (BNDES) in February 2017. The interest expense corresponding to this bridge loan corresponds to the significant increase in accrued interest on borrowings for 26,096 thousand *reals*, i.e. approximately 7,609 thousand euros.
In Q1 2016, a bond issue for 59,339 thousand *reals*, or about 17,301 thousand euros was offered by private investors to finance part of the construction of Brazilian SMG farms.
Corporate debt was down by 16,008 thousand euros compared to 31 December 2015. This is explained by the capital increase that the Group carried out in November 2016, which made it possible to repay, to a large extent, the short-term corporate debt raised during the year.

### 9.3.5 Current liabilities

| (In thousands of euros) | 31/12/16 | 31/12/2015 | 31/12/2014 |
|---|---|---|---|
| Short-term portion of loans | 109,955 | 44,365 | 92,371 |
| Other current liabilities | 70,301 | 28,630 | 32,992 |
| Current provisions | 17,693 | - | - |
| Current tax liabilities | 1,711 | 702 | 586 |
| Other current liabilities | 2,592 | 7 | 519 |
| Liabilities held for sale | 1,169 | 1,179 | 1,403 |
| Derivative liabilities | 4,316 | - | - |
| **Total current liabilities** | **207,736** | **74,883** | **127,872** |

The share of the indebtedness under one year is explained for 67,000 thousand euros by the bridging loan raised to finance the construction of the Brazilian Vila Para farms.

Other current liabilities notably include:

- trade payables amounting to 36,585 thousand euros;
- social and tax liabilities in the amount of 12,162 thousand euros;
- advances received from minority shareholders in the amount of 12,343 thousand euros.

Other current liabilities include:

- deferred income related to long-term contracts;
- current provisions: the Group recognised provisions for guarantee and risks for projects located in the UK, Portugal and Jordan.

# 10 CASH AND SHAREHOLDERS' EQUITY

The reader is invited to refer to Notes 14 and 15 in the Notes to the consolidated financial statements for the year ended 31 December 2016, contained in Section 20.1 of the Registration Document.

## 10.1 INFORMATION ON THE GROUP'S CAPITAL, LIQUIDITY AND SOURCES OF FINANCING

See also NOTE 12-and NOTE 15-in the notes to the consolidated financial statements for the year ended 31 December 2016, contained in Section 20.1 of the Registration Document. As of December 31, 2016, the amount of cash and cash equivalents held by the Company amounted to 101.4 million euros, versus 43.6 million euros as of December 31, 2015 and 58.8 million euros as of December 31, 2014.

### 10.1.1 Capital financing

The Company received a total of 408.5 million euros (before deduction of charges related to capital increases) through capital increases carried out between 2005 and 2016. The table below summarises the main capital increases in terms of value between the Company's creation date and the date of the Registration Document.

| Date | Amount raised | Transaction |
|---|---|---|
| 30/11/2005 | €37,000 | Creation of the Company |
| 13/01/2006 | €1,054,053 | Capital increase |
| 08/03/2006 | €416,908 | Capital increase |
| 05/05/2006 | €2,204,502 | Capital increase |
| 20/12/2006 | €2,105,250 | Capital increase |
| 15/03/2007 | €1,751,143 | Capital increase |
| 19/04/2007 | €19,999,999 | Capital increase |
| 29/11/2007 | €474,281 | Exercise of BSA warrants |
| 11/06/2008 | €2,951,520 | Capital increase |
| 20/06/2008 | €851,682 | Capital increase |
| 20/10/2009 | €57,120 | Exercise of BSPCE founders' warrants |
| 17/12/2009 | €28,000,000 | Capital increase |
| 17/12/2009 | €23,800 | Exercise of BSPCE founders' warrants |
| 15/06/2010 | €19,040 | Exercise of BSPCE founders' warrants |
| 10/08/2012 | €63,262,703 | Capital increase |
| 05/05/2014 | €60 | Exercise of BSPCE founders' warrants |
| 10/07/2014 | €100,101,076 | Capital increase |
| 23/01/2015 | €15,350,020 | Capital increase |
| 30/11/2015 | €97,750 | Exercise of BSA warrants (equity line) |
| 31/12/2015 | 115,490 | Exercise of BSA warrants (equity line) |
| 31/08/2016 | €73,600 | Exercise of BSA warrants (equity line) |
| 08/11/2016 | €169,518,131 | Capital increase |
| Total | €408,465,128 | |

### 10.1.2 Financing through project disposals

In 2014, the sale of 49% of the SMG holding company to the Brazilian partner Copel, for the sum of 17.3 million euros, made it possible to repay the cash advances made by the Company in connection with the construction of SMG's wind farms and realise gains on the disposal.
In 2016, the Group disposed of its Montmayon solar power plant (2.8 MW) for a capital gains on disposal of 6,021 thousand euros.

### 10.1.3 Debt financing

Beyond the current cash flow generated by its activities, the Group finances its investments through bank loans taken out at project company level.

Such bank loans, which may take the form of finance leases, are taken out for terms generally of between 10 and 18 years, with no recourse, limited recourse or benefiting from guarantees from the parent company, and secured against the project company and its assets (pledging of project company shares, mortgage on land, assignment of insurance payments, assignment of trade receivables, 3-6 month cash guarantee of loan instalments, etc.). In order to meet the construction schedule, bridging loans can be set up and then repaid through a long-term loan, as with the financing of the Vila Para wind farm, for which the bridging loan of 67 thousand euros as of December 31, 2016 will be repaid in full when a long-term loan planned in 2017 is put in place.

Operating companies that have taken out loans to finance their assets must comply with bank covenants. Depending on the terms of the financing agreement, failure to comply with these ratios may primarily constitute a default event that could require the full repayment of a loan and/or a restriction on dividends or current account payments by the operating companies. In 2016 fiscal year, all the covenants were complied with.

The "corporate" debt taken out at head office level does not include any obligation to comply with financial ratios.

Tables showing the breakdown of bank debt 1 year / 1-5 years / > 5 years:

| (In thousands of euros) | Total | < 1 year | 1 to 5 years | > 5 years |
|---|---|---|---|---|
| **Corporate** | 17,461 | 7,961 | 8,750 | 750 |
| **Project** | 392,390 | 91,517 | 103,564 | 197,309 |
| **Finance leases** | 14,149 | 1,531 | 8,796 | 3,822 |
| **Debt at 31/12/2016** | **423,999** | **101,009** | **121,110** | **201,880** |

**without Biobar and ICNE**

The table below shows the situation of the Group's borrowings and interest-rate swaps as of December 31, 2016 in thousands of euros:

| **Loans and interest-rate swaps position** | **31/12/16** |
|---|---|
| **Fixed-rate loans** | **64,242** |
| *of which project* | *46,781* |
| *of which corporate* | *17,461* |
| | |
| **Variable-rate loans** | **57,157** |
| *of which amount subject to an interest rate swap* | *41,134* |
| *of which corporate* | *7,011* |
| | |
| **Adjustable-rate loans** | **302,601** |
| *of which BNDES loans* | *228,529* |
| | |
| **Total loans** | **423,999** |
| **Maturity ≤ 1 year** | 101,009 |
| **Maturity 1 to 5 years** | 121,110 |
| **Maturity ≥ 5 years** | 201,880 |
| **Total by maturity** | **423,999** |
| **without Biobar and ICNE** | |

During 2016, the main variations were due to the establishment of short-term loans for the construction of the Vila Para wind farms in Brazil and obtaining a bond loan from private investors for financing part of the construction of the Brazilian SMG wind farms.

### 10.1.4 Off-balance sheet commitments

#### Commitments given:

I. OFF-BALANCE SHEET COMMITMENTS GIVEN

| (in thousands of euros) | 12.31.2016 |
|---|---|
| Commitments given by Voltalia to suppliers, in favour of its subsidiaries | 7,693 |
| Commitments given by Voltalia to customers, in favour of its subsidiaries | 259,834 |
| Guarantees relating to the decree ensuring the safety of installations classified for the protection of the environment (ICPE) | 1,119 |
| Other commitments | 44 |
| **Commitments given relating to operating activities** | **268,690** |

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

Commitments to customers consist mainly of guarantees granted by the Group in which the Group acts as joint guarantor for the proper performance of contractual commitments made on contracts relating to studies, design, development, construction, operation and maintenance. These guarantees are generally granted for the duration of the contract in question, with a ceiling amount.
As part of the remediation guarantee for facilities classified for environmental protection (ICPE), the Group companies affected by this requirement benefit from a grandfather provision and took out surety insurance with a top-tier insurer in July 2016. The dismantling obligation is recognized as a dismantling asset. The dismantling insurance coverage is 1,119 thousand euros.
Notes: The share of commitments given for Martifer's operating activities represents 233,323 thousand euros as at 31 December 2016.
As of December 31, 2015, the commitments given by the Group represented 35,649 thousand euros.

### Commitments given in relation to financing activities

Debts contracted by the Group in the framework of project financing are guaranteed by collateral (mortgages, pledge on equipment, pledge of securities and receivables, and reserve accounts) as collateral for their repayment, in the amount of 406,539 thousand euros (283,800 thousand in 2015). This amount represents the outstanding balance on 31 December 2016, of debts for projects that are in operation or under construction or receiving bank financing. The furthest maturity of these debts is in 2033.

On 22 December 2016, the Sarry wind farm and the association "Les amis du patrimoine Tonnerrois" signed a memorandum of understanding to end the proceedings brought by the association before the courts. This agreement was concluded for an amount of 230 thousand euros, including payments of 100 thousand euros in 2017 and 130 thousand euros in 2018.

## II. OFF-BALANCE SHEET COMMITMENTS RECEIVED

- 35,000 thousand euros in syndicated credit lines due in March 2021:
  This line is not used as as of December 31, 2016
- Confirmed bilateral credit lines of 27,500 thousand euros:
  These lines are not used as as of December 31, 2016

| (in thousands of euros) | 31/12/2016 |
|---|---|
| Commitments received by the Group from suppliers | 83,262 |
| Subsidies received | 1,291 |
| Other commitments | - |
| Commitments given relating to operating activities | 84,553 |

The commitments received from suppliers are mainly performance/completion guarantees or even advance payments in favour of the Group under supply contracts concluded by subsidiaries with these suppliers.
The Greek government has committed to pay the Group investment subsidies totalling 1,291 thousand euros. These subsidies enable early repayment of loans contracted for the construction of projects. Given the estimated counterparty risk with the Greek state, these subsidies are not recognised in the balance sheet.

See NOTE 16- to the financial statements as as of December 31, 2016, contained in Section 20.1 of the Registration Document.

## 10.2 CASH FLOWS

### 10.2.1 Cash flows from operating activities

Cash flows from operating activities for the years ended 31 December 2016, 2015 and 2014 amounted to 14,969 thousand euros, 45,738 thousand euros and 2,472 thousand euros respectively.

| (In thousands of euros) | 31/12/16 | 31/12/2015 | 31/12/2014 |
|---|---|---|---|
| **TOTAL NET CONSOLIDATED INCOME** | **577** | **4,550** | **4,896** |
| Elimination of expenses and income not affecting cash or not related to activities | - | - | - |
| Depreciation, amortization and provisions | 14,371 | 9,286 | 5,967 |
| Change in deferred taxes | - | - | - |
| Gains on disposals, net of taxes | (2,591) | 544 | 861 |
| Elimination of share of results of associates | (24) | (91) | (66) |
| Gains or losses from the fair value revaluation | 2,721 | - | - |
| Other income and expenses not affecting cash | 355 | 162 | 14 |
| **CASH FLOW FROM OPERATING ACTIVITIES OF CONSOLIDATED COMPANIES** | **15,410** | **14,451** | **11,672** |
| Elimination of tax expense (income) | 4,580 | 2,996 | 555 |
| Cost of net financial debt | 28,550 | 14,237 | 999 |
| **CASH FLOW FROM OPERATING ACTIVITIES OF CONSOLIDATED COMPANIES BEFORE COST OF FINANCIAL DEBT** | **48,540** | **31,684** | **13,226** |
| Dividends received from companies accounted for using the equity method | - | - | - |
| Tax paid | (4,878) | (2,607) | (381) |
| **CHANGE IN WORKING CAPITAL RELATED TO ACTIVITIES** | **(28,693)** | **16,300** | **(10,373)** |
| **NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES** | **14,969** | **45,378** | **2,472** |

The worsening of the working capital requirement in 2016 is largely due to an increase in trade payables (17,682 thousand euros) which exceeds the increase in trade receivables (10,263 thousand euros).

### 10.2.2 Cash flows from investments

Cash outflows from investments for the years ended 31 December 2016, 2015 and 2014 amounted to 137,001 thousand euros, 194,430 thousand euros and 260,990 thousand euros respectively.

| (In thousands of euros) | 31/12/16 | 31/12/2015 | 31/12/2014 |
|---|---|---|---|
| **Acquisition of non-current assets** | **(131,563)** | **(192,577)** | **(261,117)** |
| Intangible assets | (9,461) | (19,157) | (6,689) |

| | | | |
|---|---|---|---|
| Property, plant and equipment | (122,023) | (173,183) | (254,428) |
| Financial assets | (79) | (237) | (0) |
| **Disposal of assets, net of taxes** | **1** | **3** | **35** |
| Disposals of property, plant and equipment (net of variation in receivables) | 1 | 3 | 35 |
| Disposals of intangible assets (net of variation in receivables) | - | - | - |
| Disposals of financial assets (net of variation in receivables) | - | - | - |
| Investment subsidies received | - | **718** | **106** |
| **Changes in loans and advances granted** | **1,907** | **9** | **(13)** |
| Loans and advances granted | **(2,311)** | **(652)** | **(724)** |
| Decrease in other financial assets | 4,219 | 661 | 711 |
| **Impact of changes in the scope of consolidation** | **(7,346)** | **(2,583)** | **-** |
| **NET CASH FLOWS FROM INVESTING ACTIVITIES** | **(137,001)** | **(194,430)** | **(260,990)** |

The cash flows from investments totalling 137 million euros mainly comprise investments made in Brazilian construction projects (Vila Para).

### 10.2.3 Cash flows from financing activities

Cash inflows from financing activities for the years ended 31 December 2016, 2015 and 2014 amounted to 171,994 thousand euros, 143,371 thousand euros and 287,160 thousand euros respectively.

| **(In thousands of euros)** | **31/12/16** | **31/12/2015** | **31/12/2014** |
|---|---|---|---|
| Capital increases (reductions) | 164,843 | 40,763 | 126,077 |
| Partial disposal without loss of control | - | - | 17,352 |
| Net disposal of treasury shares | 18 | (10) | (242) |
| Loans issued | 98,211 | 194,140 | 188,994 |
| Financing by bank overdrafts | (16,674) | 4,775 | |
| Loans repaid | (52,415) | (82,287) | (44,498) |
| Net financial interest paid | (21,678) | (13,930) | (523) |
| Dividends paid to minority shareholders | (311) | (80) | - |
| **NET CASH FLOWS FROM INVESTING ACTIVITIES** | **171,994** | **143,371** | **287,160** |

For the purposes of financing construction projects in Brazil and new projects related to the acquisition of Martifer Solar, the Group used a mix of equity financing through capital increases (165 million in 2016, 41 million in 2015 and 126 million in 2014), sales to minority partners (17.3 million euros in 2014) and debt raised from credit institutions (98 million euros in 2016, 194 million euros in 2015 and 189 million euros in 2014).

## 10.3 INFORMATION ON TERMS OF BORROWING AND FINANCING STRUCTURE

See Note 12 to the financial statements contained in Section 20.1 of the Registration Document.

## 10.4 RESTRICTIONS ON THE USE OF CAPITAL

Bank financing without recourse or with limited recourse includes restrictive clauses on project companies transferring cash to shareholders based on financial ratios for the fiscal year. Such financing also provides for a cash security equal to three to six months of loan instalments to be frozen until the loan matures.

Some of the credit agreements signed by the Group have restrictive clauses on project companies transferring cash to their shareholders. They usually provide for a restriction on cash transfers until an annual certificate of compliance with financial ratios has been issued (within 6 months of the end of the fiscal year), notably the Debt Service Coverage Ratio (after-tax operating cash flow over debt service) and the capital structure ratio (equity or quasi-equity over total investment).

In addition, banks generally require the creation of a reserve account, generally covering one or two debt service instalments. On a case-by-case basis, such reserve accounts can be funded either on commissioning of the project via equity or bank debt, or during the first months or years of operation via the operating cash flows from the power plants. Cash transfers to shareholders are restricted until the reserve account has been fully constituted.

## 10.5 SOURCES OF FINANCING FOR FUTURE DEVELOPMENT

In order to obtain the financial resources necessary for its growth and the achievement of the target installed capacity of one gigawatt in 2019, the Group increased its equity by carrying out a capital increase of 170 million euros in November 2016.

The Group repaid corporate debts with the proceeds of this capital increase. Firstly, these involved five-year revolving lines available to Voltalia. In addition, the Group reimbursed the credit lines enjoyed by Martifer Solar to finance its WCR, in order to replace them in the longer term with more competitive credit lines. Finally, Voltalia used its increased cash flow to finance the majority of the construction of the Vila Acre (27 MW) power plant, allowing the use of indebtedness to be deferred until the setting-up of the long-term project debt and thus saving financial expenses.
As of December 31, 2016, Voltalia thus had cash amounting to 101.4 million euros and 62.5 millions euros in unused "corporate" bank credit lines.

# 11 RESEARCH AND DEVELOPMENT, PATENTS, LICENCES, TRADEMARKS AND DOMAIN NAMES

## 11.1 TRADEMARKS

The Company is the owner of the French trademarks:

- "VOLTALIA" in classes 9, 35, 37, 39, 40, 41, 42;
- "VOLTALIA" in class 40;
- " " in classes 9, 35, 37, 39, 40, 41, 42.

The Company is also the owner of the EU trademarks:

- "VOLTALIA" in classes 9, 35, 37, 39, 40, 41, 42;
- " " in classes 9, 35, 37, 39, 40, 41, 42 ;
- "SmartPark" in classes 6, 40;
- "Smartracker" in classes 6, 7, 9, 40.

The Company also owns the international trademark "VOLTALIA" in classes 9, 35, 37, 39, 40, 41, 42 in the following countries: USA, Morocco, Turkey and Vietnam.

The Company also owns the Portuguese trademark "SmartVolt" in classes 6 and 9.

Following the acquisition of Martifer Solar in August 2016, Voltalia is authorised to use the trademark "Martifer" for 30 months, knowing that the trademark "Martifer" is registered as follows:

| Trademark | Class | Countries concerned | Registration date |
|---|---|---|---|
| MARTIFER | 9 | MX | 04/11/2011 |
| MARTIFER | 37 | MX | 19/04/2012 |
| MARTIFER | 36 | MX | 04/11/2011 |
| MARTIFER | 35 | MX | 29/02/2012 |
| MARTIFER | 40 | MX | 08/11/2011 |
| MARTIFER | 9; 37; 40 | PT | - |
| MARTIFER | 35; 36 | PT | - |
| MARTIFER | 35; 36 | LV,LU,LT,GB,HR,RO,HU,FR,BG,BE,DE,FI,DK,IE,CZ,AT,CY,US,SE, AU,SI,SK,IT,MT,PL,PT,RU,EM,GR,ES,NL,EE | 19/09/2008 |
| MARTIFER | 9; 35; 36; 37; 40 | LV,LU,LT,GB,HR,RO,HU,FR,BG,BE,DE,MA,FI,DK,IE,CZ,AT,CY, US,IL,SE,MZ,SI,SK,IT,MT,PL,PT,EM,GR,ES,NL,EE | 18/04/2011 |
| MARTIFER | 40 | BR | 05/08/2014 |
| MARTIFER | 37 | BR | 05/08/2014 |
| MARTIFER | 6 | BR | 05/08/2014 |
| MARTIFER | 9 | BR | 05/08/2014 |
| MARTIFER | 36 | BR | 22/02/2011 |
| MARTIFER | 35 | BR | 22/02/2011 |

At the date of the Registration Document, the following changes of names had been made:

- in Italy, Martifer Solar srl became Voltalia Italia srl;
- in the UK, Martifer Solar UK Ltd became Voltalia UK Ltd;
- in Portugal, Martifer Solar SA became Voltalia Portugal SA;

- in Greece, Martifer Solar Hellas SA Photovoltaic Systems became Voltalia Solar Hellas SA Photovoltaic Systems.

## 11.2 DOMAIN NAMES

The domain names registered by the Company are:

– voltalia.at
– voltalia.be
– voltalia.ca
– voltalia.cl
– voltalia.cn
– voltalia.co.uk
– voltalia.com
– voltalia.es
– voltalia.eu
– voltalia.gy
– voltalia.it
– voltalia.ma
– voltalia.mx
– voltalia.pe
– voltalia.pt
– voltalia.us

# 12 INFORMATION ON TRENDS

## 12.1 TRENDS

The main trends relating to and/or affecting the Company's activities are described in Chapters 6 and 9 above, and in the Group's management report.

The targets and trends presented below are based on data, assumptions and estimates deemed reasonable by the Company as of the date of the Registration Document.

These targets, based on the Group's strategic plan, should not be taken as Group forecasts or profit data. The data and assumptions on which these targets are based are subject to change in response to economic, financial, competitive, regulatory and fiscal developments and/or other factors of which the Company was not aware as at the date of the Registration Document.

In addition, should certain risks materialise as described in Chapter 4 of the Registration Document entitled "Risk Factors", they could have an impact on the activities, financial position, results and outlook of the Group and thereby affect its ability to meet the targets presented below.

Furthermore, the attainment of objectives presupposes the success of the Group's strategy; the Group therefore makes no commitment or guarantee regarding the attainment of the objectives presented in this section.

### Plants in operation

Plants currently under construction planned for completion in 2017 will automatically increase Voltalia's installed capacity during the year. Installed capacity should therefore increase from 480.5 MW to 507.5 MW following the construction of the Vila Acre wind farm.

### Plants under construction

In addition to the current projects at Vila Acre, Voltalia plans to launch a number of new construction projects. In France, the Group won a solar project in French Guiana in June 2016 as part of a call for tenders for non-interconnected zones. The project, named Savane des Pères, has a capacity of 4 MW. In September 2016, the Group was selected to take over the construction and operation of a run-of-river hydroelectric power plant with a capacity of 4.5 MW on the Taconnaz torrent in Haute-Savoie. The project's electricity sales contract was awarded for a 20-year duration.

These plants could be constructed by Group subsidiaries, or may be wholly or partially sold, in accordance with the Group's strategy to sell a proportion of its plants either before or during construction.

Just over a year after the commissioning of the first tranche of the Oiapoque plant in Brazil, in January 2017, Voltalia announced that it has begun work on the construction of its first solar power plant in Brazil, with a capacity of 4 MW.

### Plants under development

Voltalia is pursuing its strategy of developing new power plants in countries where it has a historic presence (Metropolitan France, Morocco, Brazil and French Guiana) as well as new countries in Africa, Asia and the Middle East.

### Other developments

In 2015, the Group began to develop its operating and maintenance services for ground-based solar farms in Greece on behalf of third-party clients. Following the acquisition of Martifer Solar in August 2016, the businesses of providing operation and maintenance services, as well as the development and construction of power plants, will see particularly significant development efforts in 2017.

In addition to researching other facilities abroad, Voltalia remains open to new partnership and/or acquisition opportunities that may arise on the market.

### Cash flow outlook

Following the 170 million euro (excluding fees and commissions) capital increase at the end of 2016, the Group plans major investments in the construction of power plants for its own account and the development of its business internationally.

### Disposal of power plant projects

In 2016, the Group disposed of its Montmayon solar power plant (2.8 MW).

As part of its service activities for third parties, Voltalia may have to dispose of certain power plants under development or under construction; such disposals may be partial (entry of minority or majority shareholders) or total.

## 12.2 MAIN TRENDS SINCE THE END OF THE LAST FISCAL YEAR ENDED 31 DECEMBER 2016

### Change in revenues by activity [78] in the first quarter of 2017

| Income [(2)]<br>(in millions of euros) | Q1 2017 | Q1 2016 | *Change* |
|---|---|---|---|
| Energy sales | 30.0 | 17.8 | *+68.1%* |
| Development, construction and procurement | 5.3 | N/A | *N/A* |
| Operation and maintenance | 5.3 | 0.2 | *ns* |
| Other* | (1.9) | N/A | *N/A* |
| **Consolidated revenues** | **38.7** | **18.0** | ***x2.1*** |

** Corporate elements and eliminations of intra-group revenues. From 1 January 2017 and following the acquisition of Martifer Solar, Voltalia identifies the revenues from services provided internally.*

### Breakdown of the 2017 Q1 revenues by geographical area

| Revenues by area<br>(in millions of euros) | Q1 2017 | Q1 2016 | *Change* |
|---|---|---|---|
| Latin America | 28.3 | 13.7 | *x2.1* |
| Europe | 11.9 | 4.3 | *x2.7* |
| Asia/Africa/Middle East | 0.4 | N/A | *N/A* |
| Other* | (1.9) | N/A | *ns* |
| **Consolidated revenues** | **38.7** | **18.0** | ***x2.1*** |

** Corporate elements and eliminations of intra-group revenues. From 1 January 2017 and following the acquisition of Martifer Solar, Voltalia identifies the revenues from services provided internally.*

78 Revenues include the Group's revenues (or revenues from ordinary activities) and other revenues related to the business.

The consolidation of businesses acquired from Martifer Solar resulted in revenues from the provision of services being recognised by Voltalia in Q1 2017. This acquisition also enabled Voltalia to internalise a larger number of services, henceforth included in the revenues so as to fairly reflect the level of activity of the Group's business lines. These internal revenues are then eliminated to obtain a consolidated view of the Group. It should be noted that the Q1 2017 figures communicated in the two tables above are unaudited. This financial information was taken from the Q1 2017 press release dated 26 April 2017.

## 12.3 KNOWN TRENDS, UNCERTAINTIES, REQUESTS FOR COMMITMENT OR EVENTS REASONABLY LIKELY TO AFFECT THE PROSPECTS OF THE COMPANY

None.

# 13 EARNINGS FORECASTS AND ESTIMATES

The Company does not intend to make any earnings forecasts or estimates.

Following the acquisition of Martifer Solar in August 2016, the Group's objective is to reach 1 GW of consolidated installed capacity by end-2019, thereby achieving its previous target three years ahead of schedule. For operations and maintenance activities, Voltalia's objective is to increase its capacity to 3 GW by 2019, of which 1 GW on its own behalf and 2 GW for third parties. Finally, with the Group benefiting from gradually reaching these objectives of installed capacity, as well as from its new activities as a service provider, it will seek to increase its consolidated EBITDA to 180 million euros by the end of the 2019 financial year [79].

79 Based on an exchange rate of one euro for four Brazilian real.

# 14 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

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

A summary of the key provisions of the Articles of Association and rules of procedure for the special committees is contained in Sections 16.3.2 and 21.9 of the Registration Document respectively.

## 14.1 MANAGERS AND DIRECTORS

### 14.1.1 Managers

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

| Name | Age | Nationality | Position in the Company | Date of appointment or renewal | Year of renewal | Number of shares held (1) |
|---|---|---|---|---|---|---|
| **Sébastien Clerc** | 52 | French | CEO | 12/05/2016 | 2020 | 9,329 |

(1) As of December 31, 2016

Sébastien Clerc's management expertise and experience are the result of the variety of posts and management positions previously held (see Section 6.8 of the Registration Document).

### 14.1.2 Composition of the Board of Directors

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

| Name | Age | Nationality | Position in the Company | Date of appointment or renewal | Year of renewal | Number of shares held (1) | Independent Member |
|---|---|---|---|---|---|---|---|
| **Laurence Mulliez** | 51 | French | Chairman Director | 11/06/2015 | 2018 | (2) | No |
| **Creadev represented by Chantal Toulas** | 45 | French | Director | 11/06/2015 | 2018 | - | No |

| Name | Age | Nationality | Position in the Company | Date of appointment or renewal | Year of renewal | Number of shares held (1) | Independent Member |
|---|---|---|---|---|---|---|---|
| Robert Dardanne | 61 | French | Director | 12/05/2016 | 2017 (5) | (3) | No |
| André-Paul Leclercq | 53 | French | Director | 11/06/2015 | 2018 | (4) | No |
| The Green Option represented by Philippe Joubert | 62 | French | Director | 11/06/2015 | 2018 | 6,517 | Yes |
| Vincent Vliebergh | 53 | Belgian | Director | 11/06/2015 | 2018 | - | No |

(1) As of December 31, 2016.
(2) The investment by Laurence Mulliez was made under the conditions of the 2014 Voltalia capital increase through a special purpose vehicle (Soparvoltalia), the sole asset of which is approximately 0.70% of the share capital/securities of Voltalia Investissement, which in turn holds securities of Voltalia as its only asset.
(3) Robert Dardanne holds indirect interests amounting to 0.1% of the capital of the Company through Voltalia Investissement and FIDEXI.
(4) The investment by André-Paul Leclercq was made under market conditions through a special purpose vehicle (Soparvoltalia), the sole asset of which is approximately 0.70% of the share capital of Voltalia Investissement SA, which in turn holds securities of Voltalia, listed on Euronext, as its only asset.
(5) The Combined General Meeting of 12 May 2016 renewed the directorship of Robert Dardanne for an exceptional period of one year.

The management expertise and experience of these individuals are the result of the variety of posts and management positions previously held (see Section 6.8 of the Registration Document).
It should be noted that Sébastien Clerc, in his capacity as CEO of the Company, attends most Board meetings.
As of December 31, 2016, the Board of Directors included four men and two women. Since the number of directors did not exceed eight members, the composition of the Board complied with the provisions of Article L.225-18-1 of the French Commercial Code.
In addition, in order to further improve the Board's diversity, a new female director was recommended and appointed during the General Shareholders' Meeting of 1 June 2017. The Board's new composition was thus taken to four men and three women.

## Other directorships

**Other current directorships**

| Name | Office held | Company |
|---|---|---|
| **Laurence Mulliez** | Chairman and Director | Voltalia Investissement SA |
| | Director | Aperam<br>Green Investment Bank<br>SBM offshore<br>Morgan Advanced Materials |
| **Creadev** | Director | Yes Holding SAS<br>Helexia Developpement SA<br>Helexia SA<br>Voltalia Investissement SA<br>Groupe Maisons de Famille SA |
| | Member of the Supervisory Board | Groupe Acticall SAD<br>Abilways SAD<br>Sculpteo, SAS<br>Ysance, SAS<br>Digischool, SARL |
| | Manager | Crea-Five SC |
| **Chantal Toulas – representative of Creadev** | Director | Creadev USA, Inc. |
| | Permanent representative of Creadev SAS, Director | Voltalia Investissement SA |
| | Permanent representative of CREADEV SAS, Member of the Supervisory Board | Abilways SAD |
| **Robert Dardanne** | Chairman of the Board of Directors and Director | Eurofinance Travel SA |
| | Director | Voltalia Investissement SA<br>Le Noble Age SA<br>DRC SA<br>KD Developpement<br>Antillaise de Participations<br>Aéronautiques SA (KD subsidiary)<br>Travel Technology Interactiv (TTI SA)<br>SA Résidence le Point du jour – Belgian company |
| | Chairman | Fidexi SAS |
| | Manager | SARL Hortense |

| Name | Office held | Company |
|---|---|---|
| | | FGD SPRL |
| André-Paul Leclercq | Chairman of the Supervisory Board | Enterprise Promotion SAD |
| | Manager | BERAND SC<br>Ancre SC |
| | Director | Auchan Romania<br>Mobilis Banque SA |
| The Green Option or its representative Philippe Joubert | Director | Nexans<br>Eneo Electricity of Cameroon |
| Vincent Vliebergh | Chairman of the Board of Directors and Director | Eurowatt SA |
| | Director | Parkwind NV<br>Korys Capital SARL |
| | Observer | Vendis Capital NV |
| | Deputy Director<br>(as part of his duties with the Korys/DHAM Group) | Kory management<br>DHAM NV<br>COFIN CVBA<br>Stonefund NV<br>Korys Real Estate NV<br>Stonefund3 NV<br>Anima NV<br>Farik NV<br>Herbeco NV |
| Sébastien Clerc | Deputy CEO | Voltalia Investissement SA |

*Directorships held during the past five fiscal years but not currently held*

| Name | Office held | Company |
|---|---|---|
| Laurence Mulliez | Director | Leroy Merlin Groupe<br>Eoxis BV<br>Eoxis Holding SA<br>Eoxis Asia<br>Eoxis BV<br>Eoxis India<br>Resource Power<br>Sunborne Gujarat One<br>Moron Fotovoltaica<br>Parque solar Mesa de Ocana<br>Tagoro Energias Renobables<br>Anemia Energias Fotovoltaicas |

| Name | Office held | Company |
|---|---|---|
| | | Cantillana 1 photovoltaic |
| | | Cantillana 2 photovoltaic |
| | | Cantillana 3 photovoltaic |
| | | Cantillana 4 photovoltaic |
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| | | Cantillana 19 photovoltaic |
| | | Anecua Cantillana |
| | | Sunedison Mediterraneo 06 Srl |
| | | Starquattro Srl |
| | | Agrosei Srl |
| | | Fotostar Srl |
| **Creadev** | Director | Mauna Kea Technologies SA |
| | | Greenland SA |
| | | Voltalis SA |
| | Member of the Supervisory Board | Groupe Acticall |
| | | Tradholding SAD |
| | Vice Chairman and Member of the Supervisory Committee | Groupe Maisons de Famille SAS |
| **Chantal Toulas** | Permanent representative of Creadev SAS, Director | N/A |
| **Robert Dardanne** | Manager | E.Genius SARL |
| | | SNC Guadev |
| | | Elda SARL |
| | Member of the Supervisory Board | Travel Technology Interactive SA |

| | | |
|---|---|---|
| **André-Paul Leclercq** | Chairman of the Board of Directors | Enterprise Promotion |
| | Director | Auchan Polska |
| **The Green Option or its representative Philippe Joubert** | None | |
| **Vincent Vliebergh** | Director | Biocartis<br>Stonefund2 NV |
| **Sébastien Clerc** | none | none |

## Statements regarding the managers and directors

Two directors have family ties and are sixth-degree cousins:

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

Apart from the above, there is no other relationship between the corporate managers.
To the best knowledge of the Company, during the past five years none of these individuals has been:

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

## Biographies of the managers and directors

- CEO

*Sébastien Clerc:*

52 years old, Sébastien Clerc has specialised in the infrastructure sector, and notably renewable energies, for over 20 years. He also has proven expertise in change management and in company creation and development. After 10 years in project financing at Crédit Lyonnais in Canada and New York, he returned to France in 1999 to join Ixis, then a subsidiary of Caisse des Dépôts, where he created and led the development of three activities: project financing consulting, management of infrastructure investment funds and project financing. In 2007 he actively participated in the merger of Ixis and Natexis, notably by managing the fusion of the two banks' project financing teams in France and abroad. Sébastien Clerc was president of Natixis Environnement & Infrastructures (formerly IXIS Environnement & Infrastructures) from 2000 to 2011. From September 2009 he also managed Natixis Alternative Assets. He is a graduate of IEP Paris and the University of Paris X.

- Chairman of the Board of Directors

*Laurence Mulliez:*

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

- Directors

*Chantal Toulas:*

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

*Robert Dardanne:*

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

*André-Paul Leclercq:*

53 years old, a graduate of IESEG, André-Paul Leclercq served as financial consolidator and management controller for Decathlon in Asia and France, Financial Officer of Immochan France and CEO of Immochan Poland. He is currently a regional councillor for the Hauts-de-France region.

*Philippe Joubert:*

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

*Vincent Vliebergh:*

53 years old, Vincent Vliebergh founded and directed the development of Korys, of which he has been CEO since its creation in 2011. Previously he was actively involved in the investment strategy of the Colruyt family through Mazerine Partners, a financial advisory company founded by him in 2003. Vincent's professional career began in 1987. He has held positions in management, strategic consultancy and investment management in both the United States and Europe, for companies including Solvay, Arthur D. Little, Putnam Investments and Goldman Sachs. Vincent gained his MBA from the Yale School of Management (USA) and his Masters in Engineering from the Université Catholique de Louvain (Belgium).

## 14.2 CONFLICTS OF INTEREST AMONG MEMBERS OF ADMINISTRATIVE AND MANAGEMENT BODIES

Some directors are shareholders in the Company, either directly or indirectly (see Sections 14.1.2and 21.4of the Registration Document).
Some related-party agreements are in place. These are described in Sections 16.2 and 19.2 of the Registration Document, specifically:

- monthly remuneration of 2,500 euros (excluding VAT) under a service contract with a company managed by Robert Dardanne;
- quarterly fixed remuneration of 5,000 euros (excluding VAT) under the service agreement with The Green Option SAS, represented by Philippe Joubert; and
- unemployment insurance taken out in favour of Sébastien Clerc, the cost of which was 12,051 euros in 2016.

With the exception of the above, the Company is not aware of any current or potential conflicts of interest between the duties vis-à-vis the Group and personal interests and/or other duties of directors and the general management of the Company, as referred to in Section 14.1 of the Registration Document.
To the best of the Company's knowledge, there are no arrangements or agreements with any shareholders, customers, suppliers or other persons under which any of the persons referred to in Section 14.1 of the Registration Document have been appointed.
To the best of the Company's knowledge, at the date of the Registration Document there are no restrictions accepted by the persons referred to in Section 14.1 of the Registration Document concerning the disposal, within a certain period of time, of their interest in the Company's capital.

# 15 COMPENSATION AND BENEFITS

## 15.1 COMPENSATION OF DIRECTORS AND MANAGERS

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

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

| Executive corporate officer | 2015 fiscal year | 2016 fiscal year |
|---|---|---|
| Laurence Mulliez – Chairman of the Board of Directors | | |
| Compensation for the fiscal year (1) | 80,000 | 80,000 |
| Valuation of multi-year variable compensation granted during the fiscal year | - | - |
| Valuation of options, BSPCEs and BSAs granted during the fiscal year | - | - |
| Valuation of free shares granted during the fiscal year | - | - |
| Sébastien Clerc – Chief Executive Officer | | |
| Compensation for the fiscal year (1) | 207,000 | 207,000 |
| Valuation of multi-year variable compensation granted during the fiscal year | - | - |
| Valuation of options, BSPCEs and BSAs granted during the fiscal year | - | - |
| Valuation of free shares granted during the fiscal year | - | - |
| Total in euros | | |

(1) See table 2

(2) See table 6

Table 2: Summary of compensation of each executive corporate officer

| Executive corporate officer | 2015 fiscal year | | 2016 fiscal year | |
|---|---|---|---|---|
| | Amounts payable(*) | Amounts paid (*) | Amounts payable (*) | Amounts paid (*) |
| Laurence Mulliez – Chair of the Board of Directors (1) | | | | |
| Fixed compensation | 80,000 | 80,000 | 80,000 | 80,000 |
| Annual variable compensation | - | - | - | - |
| Multi-year variable compensation | - | - | - | - |
| Exceptional compensation | - | - | - | - |
| Attendance fees | 0 | 5,100 | 0 | 0 |
| Benefits in kind | | | | |
| Sébastien Clerc – Chief Executive Officer | | | | |

| Executive corporate officer | 2015 fiscal year | | 2016 fiscal year | |
|---|---|---|---|---|
| | Amounts payable(*) | Amounts paid (*) | Amounts payable (*) | Amounts paid (*) |
| Fixed compensation | 207,000 | 207,000 | 207,000 | 207,000 |
| Annual variable compensation (2) | 127,500 | 125,000 | 150,000 | 127,500 |
| Multi-year variable compensation | - | - | - | - |
| Exceptional compensation | - | - | | - |
| Attendance fees | | | | |
| Benefits in kind (3) | 10,662 | 10,662 | 12,051 | 12,051 |
| **Total in euros** | **425,162** | **427,762** | **449,051** | **426,551** |

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

(1) Laurence Mulliez was appointed Chair of the Company's Board of Directors on 6 Ma, 2014. Prior to that she was a Director of the Company. Having received attendance fees when she was a director, Laurence Mulliez received fixed compensation of 50 thousand euros per year from 6 May 2014. This amount was increased to 80 thousand euros per year from 1 January 2015.

(2) The variable compensation of Sébastien Clerc for 2016 is a maximum amount of 160 thousand euros, subject to the attainment of qualitative objectives (success of the Brazilian subsidiary, optimisation of internal processes, employee satisfaction, etc.) and quantitative objectives (launch of a number of MW under construction or commissioned, optimisation of operating margins, etc.) predetermined annually by the Company's Board of Directors. It is paid on or before 30 April of the following year. The achievement of the 2016 objectives was confirmed by the Board of Directors on 31 March 2017. The maximum variable compensation of Sébastien Clerc increased to 180 thousand euros for 2017 during the Board of Directors meeting of 31 March 2017.

(3) The benefits in kind for Sébastien Clerc correspond to unemployment insurance for company managers and executives.

The details of the principles and rules for fixing the compensation granted to the Chairman and CEO are set out in Appendix 2 of the REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS DRAWN UP IN ACCORDANCE WITH THE REQUIREMENTS OF ARTICLE L. 225-37 OF THE FRENCH COMMERCIAL CODE presented in the Appendix.

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

| Corporate officers | 2015 fiscal year | | 2016 fiscal year | |
|---|---|---|---|---|
| | Amounts payable (*) | Amounts paid (*) | Amounts payable (*) | Amounts paid (*) |
| André-Paul Leclercq - Director | | | | |
| Attendance fees | 15,875 | 7,650 | 21,888 | 15,875 |
| Other compensation | | | | |
| Robert Dardanne (1) - Director | | | | |
| Attendance fees | - | - | - | - |
| Other compensation | 30,000 | 30,000 | 30,000 | 30,000 |
| The Green Option (2) - Director | | | | |
| Attendance fees | 30,000 | 12,000 | 30,000 | 30,000 |
| Other compensation | 40,000 | 40,000 | 20,000 | 20,000 |
| Créadev (3) - Director | | | | |
| Attendance fees | - | - | - | - |
| Other compensation | - | - | - | - |
| Vliebergh Vincent (4) - Director | | | | |
| Attendance fees | - | - | - | - |
| Other compensation | - | - | - | - |
| **Total in euros** | **115,875** | **89,650** | **101,888** | **95,875** |

*Attendance fees payable for year N are paid in year N+1.*

(1) Robert Dardanne indirectly receives compensation in his capacity as manager of FGD S.P.R.L under the terms of a service agreement.

(2) Philippe Joubert indirectly receives compensation in his capacity as manager of The Green Option under the terms of a service agreement between The Green Option and the Company (see Section 16.2 of the Registration Document).

(3) Creadev SAS, a company represented by Chantal Toulas, was appointed Director of the Company on 11 June, 2015.

(4) Vincent Vliebergh was appointed Director of the Company on 11 June, 2015.

In accordance with the 9th resolution of the Combined General Meeting of 12 May 2016, the annual budget for attendance fees is set at 100 thousand euros. The allocation is decided by the Board of Directors based on the attendance of the directors and the time they devote to their duties, including, where applicable, within the committees set up by the Board.

Table 4: Company founder warrants (BSPCEs), stock warrants (BSAs) and stock options allocated to each executive corporate officer by the Company or any Group companies during the fiscal years ended 31 December 2015 and 2016

None.

Table 5: Company founder warrants (BSPCEs), stock warrants (BSAs) and stock options exercised by each executive corporate officer during the fiscal years ended 31 December 2015 and 2016

None.

Table 6: Free shares allocated to each corporate officer

Regarding the Company, see the table in Section 21.4 of the Registration Document.

Regarding Voltalia Investissement, the company controlling the Company within the meaning of Article L. 233-16 of the French Commercial Code, see the table below:

| | | Free share allocation |
|---|---|---|
| Date of the General Meeting of Voltalia Investissement that authorised the allocation | | 16 December 2016 |
| Date of Voltalia Investissement's Board of Directors' meeting | | 16 December 2016 |
| Free shares allocated by Voltalia Investissement during the fiscal year to each corporate officer of the Company | | |
| | *Laurence Mulliez* | 301,830 |
| | *Sébastien Clerc* | 3,018,270 |
| Number of shares allocated during the fiscal year | | 5,702,288 |
| Vesting date | | 30/07/2020 |
| Availability date | | 31/07/2020 |
| Performance conditions | | (1) |

(1) The shares will be definitively acquired by their beneficiaries after a vesting period of four years, subject to performance conditions linked to the Company's results (such as EBITDA, IRR on an investment or ROCE).

Table 7: Free shares allocated to each corporate officer, now vested

None.

Table 8: History of allocations of Company founder warrants (BSPCEs), stock warrants (BSAs) and stock options to executive corporate officers

Regarding the Company, see the table in Section 21.4 of the Registration Document.

Regarding Voltalia Investissement, the company controlling the Company within the meaning of Article L. 233-16 of the French Commercial Code, see the table below:

| | Stock warrants | Options |
|---|---|---|
| Stock warrants Date of Voltalia Investissement's General Meeting | 29/06/2012 | 29/06/2012 |
| Date of the Board of Directors' meeting of Voltalia Investissement | 29/06/2012 | 29/06/2012 |
| Number of BSAs/Options authorised | 1,086,957 | 6,111,112 |
| Total number of BSAs/Options awarded | 1,086,957 | 6,111,112 |
| Total number of Voltalia Investissement shares that can be subscribed | 1,086,957 | 6,111,112 |
| *of which the total number that may be subscribed by corporate officers* | | |
| Sébastien Clerc | 1,086,957 | 6,111,112 |
| Number of non-officer beneficiaries | 0 | 0 |
| Starting date of BSAs/Options exercise period | 30/06/2016 | 30/06/2016 |
| BSA/option expiration date | 30/07/2020 | 30/07/2020 |
| Voltalia Investissement single share option price | €0.18 | €0.18 |
| Conditions of exercise | (1) | (2) |
| Number of Voltalia Investissement shares subscribed at the date of the Registration Document | 0 | 0 |
| Cumulative number of BSAs/Options cancelled or exercised | 0 | 0 |
| Remaining BSAs/Options at the date of the Registration Document | 1,086,957 | 6,111,112 |
| Total number of Voltalia Investissement shares that may be subscribed at the date of the Registration Document | 1,086,957 | 6,111,112 |

(1) Stock warrants (**BSAs**) in force on the date of the Registration Document are exercisable from 30 June 2016.

(2) Stock options (**Options**) in force on the date of the Registration Document are exercisable from 30 June 2016.

*Table 9: Company founder warrants (BSPCEs), stock warrants (BSAs) and stock options granted to, and exercised by, the top ten non-corporate officer employee beneficiaries*

| BSPCEs, BSAs and Options granted to and exercised by the top 10 non-corporate officer employee beneficiaries | Total number of BSPCEs, BSAs and Options allocated/shares subscribed | Average weighted price | BSPCE April 2009 | BSPCE August 2009 |
|---|---|---|---|---|
| BSPCEs, BSAs and Options granted during the fiscal year by the Company and any company included in the scope of allocation of securities, to the ten employees of the Company and any company included in this scope with the highest number of securities thus granted (overall information). | 0 | 0 | n/a | n/a |
| BSPCEs, BSAs and Options held in the Company and companies referred to previously, exercised, during the fiscal year, by the ten employees of the Company and employees of these companies with the highest number of securities thus exercised (global information). | 0 | n/a | 0 | 0 |

Table 10: History of free shares allocated

Regarding the Company, see the table in Section 21.4 of the Registration Document.
Regarding Voltalia Investissement, the company controlling the Company within the meaning of Article L. 233-16 of the French Commercial Code, see the table below:

| | Free share allocation |
|---|---|
| Date of the General Meeting of Voltalia Investissement that authorised the allocation | 16/12/2016 |
| Date of allocation by the Board of Directors of Voltalia Investissement | 16/12/2016 |
| Number of Voltalia Investissement shares that can be allocated | 14,758,807 |
| Total number of Voltalia Investissement shares allocated | 5,702,288 |
| *of which the total number of shares granted to corporate officers of the Company* | 3,320,100 |
| *Laurence Mulliez* | 301,830 |
| *Sébastien Clerc* | 3,018,270 |
| Number of non-officer beneficiaries | 8 |
| Number of Voltalia Investissement shares currently awaiting vesting | 5,702,288 |
| Vesting date | 31/07/2020 |
| Vesting conditions | [1] |
| Number of Voltalia Investissement shares vested at the date of the Registration Document | - |
| Number of Voltalia Investissement shares cancelled or lapsed | - |
| Length of holding period | - |

(1) The shares will be definitively acquired by their beneficiaries after a vesting period of four years, subject to performance conditions linked to the Company's results (such as EBITDA, IRR on an investment or ROCE).

Table 11: Clarification of the terms of compensation and other benefits granted to executive corporate officers

| Executive corporate officers | Employment contract | Supplementary pension plan | Compensation or benefits due or likely to be due on termination or change of function | Compensation due under a non-competition clause |
|---|---|---|---|---|
| Laurence Mulliez | | | | |
| Chairman of the Board of Directors | No | No | No | No |
| Start of mandate | | | | 05/05/2014 |
| End of term of office | Ordinary General Meeting held to approve the financial statements for the year ended 31 December 2017 | | | |
| Sébastien Clerc<br>CEO | No | no | No | Yes (2) |
| Start of term of office | | | | 10/11/2011 |
| Date of renewal of term of office | | | | 12/05/2016 |
| End of term of office | Ordinary General Meeting held to approve the financial statements for the year ended 31 December 2019 | | | |

(2) See Section 16.2of the Registration Document.
In addition, Sébastien Clerc benefits from unemployment insurance for managers and company executives; see Sections 14.2 and 16.2 of the Registration Document.

## 15.2 PENSIONS AND OTHER BENEFITS

There is no contract between the members of the Board of Directors and the Company or its subsidiaries providing for benefits or allowances due or likely to be due on the termination or change of functions within the Company or its subsidiaries, other than the unemployment insurance of the CEO and collective supplementary pension plans.

As part of the corporate officer's agreement that binds him to the company, Sébastien Clerc undertakes not to compete with the Company on conclusion of his term. In such an event he would benefit from a monthly allowance corresponding to his compensation during the period of non-competition, for a maximum period of six months. However, the Company has reserved the right to waive this clause.

## 15.3 STATEMENT OF TRADES DURING THE PAST FISCAL YEAR INVOLVING SHARES IN THE COMPANY PERFORMED BY OFFICERS AND PERSONS REFERRED TO IN ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE

| Person concerned | Transaction type | Transaction date | Transaction amount (in euros) | Number of shares |
|---|---|---|---|---|
| Voltalia Investissement | Acquisition | 7 December 2016 | 1,818,000 | 225,000 |
| Voltalia Investissement | Acquisition | 17 November 2016 | 88,000 | 11,000 |
| Laurence Mulliez | Disposal | 17 November 2016 | 88,000 | 11,000 |
| Laurence Mulliez | Acquisition | 15 November 2016 | 88,000 | 11,000 |
| Voltalia Investissement | Exercise of BSA warrants<br>Acquisition | 8 November 2016 | 87,499,914.06<br>1,593,520 | 11,729,211<br>199,190 |
| The Green Option | Exercise of BSA warrants | 4 November 2016 | 22,596.34 | 3,029 |
| DHAM | Subscription | 28 October 2016 | 3,000,000 | 375,000 |

## 15.4 ELEMENTS SUBJECT TO THE VOTING OF SHAREHOLDERS PURSUANT TO ARTICLE L. 225-37-2 OF THE FRENCH COMMERCIAL CODE

### COMPENSATION POLICY RELATING TO THE PRINCIPLES AND CRITERIA FOR SETTING THE COMPENSATION OF EXECUTIVE CORPORATE OFFICERS

The following paragraphs constitute the compensation policy for the Chairman of the Board of Directors and CEO of Voltalia drawn up pursuant to Article L. 225-37-2 of the French Commercial Code. This policy sets out the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to Chairman of the Board of Directors and the CEO of Voltalia. It is specified that the payment, in 2018, of the variable and exceptional components of the compensation for fiscal year 2017, as set out below, is subject to the approval of the components of compensation of the corporate officers in question by the Ordinary General Meeting pursuant to the provisions of Article L. 225-100 of the French Commercial Code.

The compensation policy for corporate officers is prepared by the Appointments and Compensation Committee, which makes a proposal approved by the Board of Directors. The Board refers to the Middlenext Code as published in September 2016 by Middlenext, which Voltalia uses as guidance, for the determination of the compensation and benefits granted to corporate officers and executive corporate officers.

#### Compensation policy for the Chairman of the Board of Directors

The compensation for the Chairman of the Board of Directors comprises only the following two elements:

Fixed compensation paid monthly and a component subject to the fulfillment of the medium-term performance conditions consisting of free shares, the details of which can be found below.

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

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

*Share-based payment*
Share-based payment for the Chairman is subject to the achievement of performance conditions in line with the targets announced by the Group to the market. Thus, the criteria used for the allocation in December 2016 relate to Voltalia's EBITDA and ROCE in 2018 and 2019, as well as the intrinsic valuation of the Group by 2019.
Each allocation granted to the Chairman takes into account his previous allocations and total compensation. The valuation of free shares allocated is calculated on their date of allocation.
Once the vesting period is over, the allocations are also made with demanding retention obligations for the Chairman.

## CEO's compensation policy

*General principles*
Voltalia's compensation policy seeks consistency with market and industry practices to ensure competitive compensation levels, a strong link with the company's performance and maintenance of a balance between short-term and medium/long-term performance. Its objective is to align compensation with shareholders' interests both in the short term and over the longer term.
The compensation of the Chief Executive Officer is determined by the Board of Directors on the recommendation of the Appointments and Compensation Committee in accordance with market practices. Share-based payment will be 50% in the form of Voltalia SA shares and 50% in the form of the shares of Voltalia Investissement, the major shareholder. It is an important component aimed at aligning the interests of the beneficiary and those of the shareholders and strengthening attachment to the Group.
On the recommendation of the Appointments and Compensation Committee, the Board of Directors determines the performance conditions attached to share-based payment for all beneficiaries of Voltalia and its subsidiaries, which encourages the achievement of targets based on the consolidated performance of the Voltalia Group. The shares allocated by Voltalia Investissement have performance conditions similar to the shares allocated by Voltalia SA.
Once the vesting period is over, the allocations are also made with demanding retention obligations for the Chief Executive Officer.

*Compensation structure*
The Group's objective is to establish and maintain a balanced compensation structure between the fixed portion, the benefits in kind, the short-term variable portion in cash and the medium-term variable portion in the form of shares.
The amounts of the fixed and the annual variable compensation are reviewed annually by the Appointments and Compensation Committee.
Voltalia's compensation policy is designed to motivate and reward performance by ensuring that a significant portion of the compensation is subject to the achievement of the financial, operational and social criteria reflecting the Company's interest and the creation of shareholder value. The two main levers of action are variable compensation in cash and share-based payment.
*Annual variable compensation*
The annual variable compensation ranges between 0 and 69% of the fixed compensation. It is based on quantitative and qualitative criteria, set annually by the Board of Directors and in line with the medium-term objectives announced by the Group.
As with other Voltalia employees, at least 5% of the annual variable compensation of the Chief Executive Officer depends on the achievement of health and safety objectives within the Group.

*Share-based payment*
Share-based payment of CEO may go on to represent the equivalent of one year of his fixed compensation at the time of allocation. Vesting of these shares is subject to the achievement of performance targets fixed at the time of their allocation. In case of overperformance, the number of free shares allocated can be increased.

These performance conditions are in line with the targets announced by the Group to the market. Thus, the criteria used for the allocation in December 2016 relate to Voltalia SA's EBITDA and ROCE in 2018 and 2019, as well as the intrinsic valuation of the Group by 2019.
The valuation of free shares allocated is calculated on their date of allocation.
Each allocation granted to the CEO takes into account his previous allocations and total compensation.

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

*Non-compete undertaking*
If the CEO leaves the Company, he undertakes not to join as employee or corporate officer of, or perform services for, or cooperate with, a competitor of the Company. The Board of Directors fixes the duration of this undertaking as well as the amount and terms of payment of the compensation that the Chief Executive Officer receives in return for this undertaking.
If the Chief Executive Officer leaves the Company, the Board of Directors may nevertheless decide to release him from this undertaking, for all or part of the period covered by the undertaking. In this event, the non-compete compensation is not due for the period waived by the Company.

*Consequences of the Chief Executive Officer's departure on share-based payments*
If the Chief Executive Officer leaves Voltalia before the end of the vesting period of the shares, he irrevocably loses the shares not yet vested, irrespective of any partial or full discharge of his non-compete undertaking under his term of office as CEO, which may be decided by the Board of Directors.
In the event of retirement before the end of the vesting period of the free shares, the Chief Executive Officer also loses the benefit of the shares allocated initially.

# 16 BOARD AND MANAGEMENT PRACTICES

## 16.1 COMPANY MANAGEMENT

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

Laurence Mulliez assumed her duties as the non-executive chairwoman of the Company on 5 May 2014; her term of office was renewed for a period of three years during the General Shareholders' Meeting on 11 June 2015. Sébastien Clerc assumed his duties as CEO in November 2011; his term of office was renewed on 12 May 2016 for a period of four years.

## 16.2 SERVICE CONTRACTS LINKING THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BOARD WITH THE ISSUER

The following agreements concluded in previous years were renewed during the fiscal year ended 31 December 2016:

**Corporate officer agreement concluded with Sébastien Clerc**

Sébastien Clerc concluded a corporate officer agreement with the Company dated 10 November 2011. Under this agreement, Sébastien Clerc undertakes in particular not to compete with the Company on conclusion of his term of office. In such an event he would benefit from a monthly allowance corresponding to his compensation during the period of non-competition, for a maximum period of six months. However, the Company has reserved the right to waive this clause. Under this agreement, the Company paid Sébastien Clerc an amount of 207,000 euros in the fiscal year ended 31 December 2016.

Having decided to renew the term of office of Sébastien Clerc as Chief Executive Officer, the Board of Directors of 12 May 2016 authorised the renewal of the corporate officer agreement between Sébastien Clerc and the Company.

**Service agreement concluded with the company FGD S.P.R.L. (represented by Robert Dardanne as manager)**

FGD S.P.R.L., represented by Robert Dardanne as director, has an agreement for the provision of services with the Company under which it undertakes to provide the Company with assistance and consultancy services for the transactions required for authorisations and the construction of electrical power plants in the department of French Guiana.

Under this agreement, during the fiscal year ended 31 December 2016, the Company paid FGD S.P.R.L, a monthly amount of 2,500 euros excluding taxes as compensation for the services rendered to the Company.

The Board of Directors dated 2-3 February 2017 authorized the renewal of this service agreement. The agreement was renewed for a period of one year by way of an addendum dated 3 February 2017.

**Service agreement concluded with the company The Green Option SAS**

The Green Option SAS, represented by Philippe Joubert as Chairman, has an agreement with the Company for the provision of services, under which it undertakes to provide the Company with assistance and consultancy services in the development of Group activities in Brazil and other countries.

Under this agreement, during the fiscal year ended 31 December 2016, the Company paid The Green Option SAS a quarterly amount of 5,000 euros excluding taxes as compensation for the services rendered to the Company.

This agreement was tacitly renewed for a further period of one year.

The following agreement concluded in previous years, continued during the year ended 31 December 2016:

**Unemployment insurance for Sébastien Clerc**

The Board of Directors of 10 November 2011 authorised the Company to purchase unemployment insurance with Sébastien Clerc as beneficiary.

This agreement has not undergone substantial changes in its amount or its financial conditions during the past fiscal year and does not provide for any adjustment rules to this effect.

The agreements concluded between the Company and FGD S.P.R.L. and The Green Option SAS respectively, as well as the executive unemployment insurance purchased for Sébastien Clerc, are mentioned in the special report of the Statutory Auditors (see Section 19.2 of the Registration Document).

# 16.3 BOARD OF DIRECTORS AND SPECIAL COMMITTEES

## 16.3.1 Board of Directors

The composition and information about members of the administrative and management bodies are the subject of the developments presented in Chapters 14 "Administrative, management, supervisory and general management bodies" and 21.9 "Memorandum and Articles of Association" of the Registration Document.

Following an amendment to the Articles of Association decided by the Extraordinary General Meeting held on 11 June 2015, all directors have been appointed for a period of three years. The term of office of each of them ends on the date of the Company's General Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2017. However, by way of exception the term of office of Robert Dardanne was renewed by the Company's General Meeting on 12 May 2016 for a period of one year. A staggering may therefore be implemented by exceptionally renewing certain terms of office for shorter periods, waiving the statutory provisions.

The independent directors may be remunerated by means of attendance fees based on their attendance at meetings of the Board of Directors and their participation in special committees, and depending on the time they devote to their duties. The Company has taken steps to be able to propose the appointment of an additional independent director no later than during the General Shareholders' Meeting to approve the financial statements for 2017.

The Board of Directors adopted new rules of procedure at its meeting of 31 March 2017.

These rules of procedure notably include the principles of conduct and the obligations of the members of the Board of Directors of the Company. Each member of the Board of Directors undertakes to maintain their independence of analysis, judgement and action and to actively participate in the activities of the Board of Directors. The member shall inform the Board of Directors of any conflict of interests he or she may face and draw consequences therefrom in respect of the exercise of his/her term of office. In addition, each member of the Board of Directors is bound by an obligation of non-competition and attendance. In addition, the rules of procedure reiterate applicable regulations concerning the dissemination and exploitation of insider information and specify that its members must refrain from trading in the securities of the Company when they have access to insider information. Each member of the Board of Directors must notify the Company and the AMF of any direct

or indirect transactions they perform in the Company's securities.

The Board of Directors believes that it has, in The Green Option and in its permanent representative, Philippe Joubert, an independent member under the provisions of the Corporate Governance Code as published in September 2016 by MiddleNext, since neither The Green Option nor its permanent representative, Philippe Joubert:

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

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

In accordance with its rules of procedure, the Board of Directors reviews its mode of operation and the preparation of its output once a year; at least every three years it conducts a formal assessment with the assistance, as necessary, of an external consultant. In addition, once a year, the Board of Directors reviews known conflicts of interest. Each director informs the Board, as necessary, of the change in his/her situation.

During the year ended 31 December 2016, the Company's Board of Directors met 19 times and the attendance rate of the members of the Board of Directors was 87%.

### 16.3.2 Special committees

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

#### Audit Committee

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

**Composition**

The members of the Audit Committee are chosen from among the members of the Board of Directors and, to the extent possible, at least one of the members of the Audit Committee must be an independent member according to the criteria defined by the MiddleNext Code, as published in September 2016 by MiddleNext, to which the Company refers.

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

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

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

The members of the Audit Committee may only receive attendance fees payable in respect of their directorship and as members of the Committee, from the Company and its subsidiaries, in addition to

reimbursement of any expenses. Any other compensation must be exceptional and must have been previously authorised by the Board of Directors. The term of office of the members of the Audit Committee coincides with that of their directorship. The term of office of a Committee member may be renewed at the same time as the directorship.
However, the Board of Directors may at any time change the composition of the Committee.

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

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

André-Paul Leclercq has specific expertise in finance and accounting.

### Responsibilities

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

1. monitoring the financial reporting process and, where appropriate, making recommendations or proposals to ensure their integrity;
2. monitoring the effectiveness of the internal control and risk management systems as far as the procedures relating to the preparation and processing of accounting and financial information are concerned, including in particular, a periodic review of major disputes;
3. monitoring the statutory audit of the annual and consolidated financial statements by the Statutory Auditors, which now includes monitoring of derivatives and their use. The Audit Committee takes into account any observations made by the French auditors' supervisory body (Haut Conseil du Commissariat aux Comptes - H3C);
4. ensuring compliance with the procedure for the selection of Statutory Auditors and the rules for the rotation of firms and key signatories, in accordance with legal provisions; issuing a recommendation on the proposed appointment of the Statutory Auditors as put forward by the General Meeting and reviewing their terms of compensation;
5. monitoring the independence of the Statutory Auditors, in particular with regard to the basis of the provision of non-audit services to the entity, its parent companies and the controlled subsidiaries. As of today, the Audit Committee delegates prior authorisation to the Chief Executive Officer and the Chief Financial Officer for any service other than the certification of financial statements (SACC) by the Statutory Auditors and the members of their networks at Voltalia SA and entities controlled by the company. The use of this delegation will be presented to the Audit Committee at least once a year. For other services, with the exception of prohibited services, prior authorisation should be requested on the basis of an analysis of the compatibility of the mission by the Statutory Auditors;
6. more generally, providing any advice and making appropriate recommendations in the aforementioned areas.

### Functioning

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

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

The Committee shall interview the Statutory Auditors. Such interviews may be held in the absence of any representative of the Company.

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

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

The secretary of the Committee shall prepare minutes of Committee meetings, which shall be transmitted to the Board of Directors within 15 days following the date of the meeting.

### Reports

The Chairman of the Committee shall ensure that the minutes of the Committee, forwarded to the Board of Directors, enable it to be kept fully informed, thus supporting its deliberations.
The annual report shall include a presentation on the activities of the Committee during the year.
Should the Committee detect a material risk, which does not appear to be adequately addressed during the course of its work, its Chairman shall immediately alert the Chairman of the Board.

## Appointments and Compensation Committee

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

### Composition

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

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

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

### Responsibilities

The Appointments and Compensation Committee is notably responsible for:

- vis-à-vis appointments:
  - presenting recommendations to the Board of Directors on the composition the Board of Directors and its committees;
  - each year, proposing to the Board of Directors a list of its members who may be classified as "independent members" under the criteria defined by the Corporate Governance Code as published in September 2016 by MiddleNext;
  - establishing a succession plan for executives

of the Company and assisting the Board of Directors in the selection and evaluation of members of the Board of Directors;

- preparing a list of persons whose appointment to the Board of Directors may be recommended; and
- preparing a list of members of the Board of Directors whose appointment as a member of a special committee of the Board of Directors may be recommended.
- vis-à-vis salaries:
- reviewing the main objectives proposed by management for the compensation of non-executive corporate officers of the Company, including bonus share plans and stock options or warrants;
- reviewing the compensation of non-executive corporate officers, including bonus share plans and stock options or warrants, pension and insurance plans and benefits in kind;
- establishing recommendations and proposals for the Board of Directors concerning:
- compensation, pension and insurance plans, benefits in kind, other pecuniary entitlements, including in the event of cessation of functions, for corporate officers. The committee proposes compensation amounts structures, notably the rules for calculating the variable element taking into account the strategy, objectives and results of the Company and market practices; and
- plans for free shares, stock options or warrants and other similar profit-sharing mechanisms and, in particular, individual allocations to the corporate officers eligible for such mechanisms;
- examining the total amount of attendance fees and the system of allocation between the directors, including the conditions for reimbursement of any expenses incurred by members of the Board of Directors;
- preparing and submitting any reports required under the rules of procedure of the Board of Directors; and
- preparing any other recommendations as may be requested by the Board of Directors with regard to compensation.

More generally, the Appointments and Compensation Committee may provide any advice and make appropriate recommendations related to the aforementioned areas.

## Functioning

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

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

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

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

## Reports

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

The annual report shall include a presentation on the activities of the committee during the year.
The Compensation Committee shall notably examine the Company's draft report on executive compensation.

## 16.4 CORPORATE GOVERNANCE

In the interests of transparency and public information, especially since the admission of its shares to trading on Euronext, the Company has undertaken a comprehensive review of corporate governance practices.
In order to comply with the requirements of Article L. 225-37 of the French Commercial Code, the Company has designated the Corporate Governance Code published in September 2016 by MiddleNext (the "**MiddleNext Code**") as reference code to which it will refer.
The Company seeks to comply with all recommendations of the MiddleNext Code. The table below lists the various recommendations of the MiddleNext Code and specifies whether the Company complies with the recommendations. The details of the recommendations that the Group complies with are available as appendix to the report of the Chairman of the Board on internal control, in Appendix 3 of the Registration Document.

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

| Last name First name | Title | Date of appointment or renewal | Expiry of the term of office | Audit Committee | Appointments and Compensation Committee | Experience and expertise |
|---|---|---|---|---|---|---|
| **Laurence Mulliez** | Chairman of the Board of Directors | 11/06/2015 | 2018 | - | - | Energy, renewable energies, international development, governance, etc. |
| **Creadev represented by Chantal Toulas** | Director | 11/06/2015 | 2018 | Member | Chairman | Finance, human resources, company development, etc. |
| **Robert Dardanne** | Director | 12/05/2016 | 2017 | - | - | Renewable energies, entrepreneurship, etc. |
| **André-Paul Leclercq** | Director | 11/06/2015 | 2018 | Chairman | Member | Finance, international development, etc. |
| **Vincent Vliebergh** | Director | 11/06/2015 | 2018 | - | - | Renewable energies, finance, company development, etc. |

| | | | | | | |
|---|---|---|---|---|---|---|
| **The Green Option**<br><br>**represented by Philippe Joubert** | Director<br>Independent director | 11/06/2015 | 2018 | Member | - | Energy, industry, governance, corporate social responsibility (CSR), Brazil, finance, etc. |

## Chairman's report on internal control and corporate governance

In accordance with the provisions of Article 222-9 of the AMF General Regulation and pursuant to the provisions of Article L. 225-37 of the French Commercial Code, the Chairman of the Board of Directors reports on the composition of the Board and the application of the principle of balanced representation of women and men within it, the conditions for preparing and organising the work of the Board of Directors, the internal control and risk management procedures put in place by the Company, as well as the financial risks related to the effects of climate change and the measures taken by the Company to reduce them by implementing a low carbon strategy in all aspects of its business. This report can be found in Appendix 3 of the Registration Document.

# 17 EMPLOYEES – HUMAN RESOURCES

## 17.1 HUMAN RESOURCES

### 17.1.1 Organisation chart as as of December 31, 2016

The organisational structure of the Group is presented in Section 6.8 of the Registration Document.

Sébastien Clerc has been responsible for the general management of the Group since 10 November 2011.

Sébastien Clerc: 52 years old, he has specialised in the infrastructure sector, renewable energies in particular, for over 20 years. He also has proven expertise in change management and in company creation and development. After 10 years in project financing at Crédit Lyonnais in Canada and New York, he returned to France in 1999 to join Ixis, then a subsidiary of Caisse des Dépôts, where he created and led the development of three activities: project financing consulting, management of infrastructure investment funds and project financing. In 2007 he actively participated in the merger of Ixis and Natexis, notably by managing the fusion of the two banks' project financing teams in France and abroad. Sébastien Clerc was president of Natixis Environnement & Infrastructures (formerly IXIS Environnement & Infrastructures) from 2000 to 2011. From September 2009 he also managed Natixis Alternative Assets. He is a graduate of IEP Paris and the University of Paris X.

### 17.1.2 Number and distribution of employees

The Group's headcount as as of December 31, 2016 breaks down as follows:

| | France | Brazil | Portugal | Italy | Africa/Asia/ME | Other Europe | Other Latin Am. | Total |
|---|---|---|---|---|---|---|---|---|
| Administrative and financial support | 24 | 26 | 23 | 3 | 5 | 14 | 2 | **157** |
| Development | 35 | 34 | 15 | 3 | 7 | 7 | 5 | **85** |
| Construction | 3 | 6 | 35 | 3 | 6 | 6 | - | **43** |
| Operations | 19 | 8 | 43 | 34 | 5 | 38 | - | **122** |
| **Total** | **81** | **74** | **116** | **43** | **23** | **65** | **7** | 409 |
| *of which breakdown by energy of operating personnel* | | | | | | | | |
| *Multi-energy* | *7* | *19* | - | - | *2* | - | - | ***28*** |
| *Biomass* | *4* | - | - | - | - | - | - | ***4*** |
| *Wind* | *6* | *4* | - | - | *1* | - | - | ***11*** |
| *Solar* | *5* | - | - | *43* | *1* | *13* | *5* | ***67*** |
| *Hydroelectric* | *6* | - | - | - | *1* | - | - | ***7*** |

For more details on the breakdown of the Group's workforce as well as on the change in the workforce from 2015 to 2016, refer to Section 1.3 of the CSR Report found in Appendix 1 of this Registration Document.

## 17.2 INTERESTS AND STOCK OPTIONS OF DIRECTORS AND OFFICERS

As as of December 31, 2016, the direct and indirect interests of the members of the Board of Directors and the CEO are set out in Section 15.1of the Registration Document.

## 17.3 PARTICIPATION OF EMPLOYEES IN THE CAPITAL OF THE COMPANY

On the last day of 2016, employee shareholding in the capital of the Company, calculated in accordance with the provisions of Article L. 225-102 of the French Commercial Code, was nil.

The General Meeting of 2 April 2008 authorised the Board of Directors to grant 312,454 BSPCE warrants with rights to the subscription of the same number of Company shares. The Board of Directors approved the allocation of 150,000 BSPCE warrants on 1 April 2009, and the allocation of the remainder (162,454 BSPCE warrants) was approved by the Board of Directors on 3 August 2009.

In total 42,105 BSPCEs were exercised and 116,354 BSPCEs expired, resulting in 153,995 exercisable BSPCEs on the date of the Registration Document. On the date of the Registration Document, the number of exercisable BSPCEs was 153,995, with an entitlement to 16,580 shares, taking into account the regrouping of shares decided by the General Shareholders' Meeting held on 13 June 2014 and the adjustment in the subscription price and the number of shares that may be subscribed through the exercise of the BSPCE decided upon following the Company's November 2016 capital increase, in accordance with the provisions of Article L. 228-99 of the French Commercial Code.

The General Meeting of 13 June 2014 authorised the allocation of free shares, subject to a ceiling, to Company employees or certain categories of them and/or corporate officers who meet the conditions established by law. The Board of Directors on 25 July 2014, used this authorisation to award 21,667 free shares to employees.

The General Meeting of 11 June 2015 authorised the allocation of stock options and share purchase options, subject to a maximum limit, to the salaried personnel and/or corporate officers of the Company and of companies and EIGs affiliated to the Company under conditions established by law. The Board of Directors made use of this delegation on 6 August 2015 and allocated 201,204 stock options to salaried employees of the Company and to a corporate officer of a subsidiary of the Company.

The General Shareholders' Meeting of 12 May 2016 authorised the allocation of stock options and share purchase options, subject to a maximum limit, to the salaried personnel and/or corporate officers of the Company and companies of EIGs affiliated to the Company under conditions established by law. The Board of Directors used this resolution on 16 December 2016 by allocating 52,500 free shares to employees of the Company.

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## 17.4 EMPLOYEE INCENTIVE AND PROFIT-SHARING SCHEMES

As of 31 December 2016, there is no Group employee savings scheme.

# 18 MAJOR SHAREHOLDERS

## 18.1 DISTRIBUTION OF CAPITAL AND VOTING RIGHTS

The table below shows the shareholding structure of the Company as as of December 31, 2016:

| Shareholder | Number of shares | % of capital | Number of theoretical voting rights (1) | % of theoretical voting rights | Number of voting rights exercisable at the General Meeting (2) | % of voting rights exercisable at the General Meeting |
|---|---|---|---|---|---|---|
| Voltalia Investissement | 34.502.389 | 70.49% | 56,840,376 | 79.32% | 56,840,376 | 79.32% |
| DHAM | 2.468.023 | 5.04% | 2,816,860 | 3.93% | 2,816,860 | 3.93% |
| Subtotal other shareholders holding more than 5% of the capital | - | - | - | - | - | - |
| Treasury shares | 33,777 | 0.07% | 33,777 | 0.05% | - | 0.05% |
| Free float | 11,938,984 | 24.39% | 11,971,107 | 16.70% | 11,971,107 | 16.70% |
| **Total** | **48,943,173** | **100%** | **71,662,120** | **100%** | **71,628,343** | **100%** |

(1) A double voting right is granted to all fully-paid shares which can be demonstrated to have been registered in the name of the same shareholder for at least two consecutive years.

(2) Number of theoretical voting rights, less the voting rights attached to the 33,777 treasury shares held under the terms of a liquidity contract.

To the best knowledge of the Company, there is no action in concert between shareholders.

To the best knowledge of the Company, no other shareholder, directly or indirectly, alone or in concert, holds more than 5% of the share capital and voting rights.

Furthermore, as of December 31, 2016, four corporate officers directly hold shares in the Company (see Section 14.2 of the Registration Document).

The main transactions involving the Company's share capital between 31 December 2015 and the date of the Registration Document are the following:

- in August 2016, Voltalia Investissement acquired 10,500,000 double voting rights justified by its presence within the share capital of the Company for over two years; and

- in November 2016, the Company performed a capital increase of approximately 170 million euros through the free allocation of stock warrants to its existing shareholders, with the specification that warrants not exercised by existing shareholders of the Company were repurchased and that the shares issued through the exercise of the repurchased warrants were offered as part of a public offering within France and a global placement mainly intended for institutional investors in France and in certain countries (with the exception of the United States). A prospectus was issued regarding this transaction which received AMF visa no. 16-483 dated 14 October 2016.

  Thanks to the success of this capital increase, Voltalia was able to strengthen its existing shareholder base and to attract new high-profile investors to its share capital, such as the Société de Promotion

et de Participation pour la Coopération Economique ("**Proparco**"), as well as numerous specialists from the sector, and mid-cap companies.

The Company and Proparco took this opportunity to sign an investment agreement on 13 October 2016. This agreement incorporates a number of commitments made by the Company and Voltalia Investissement regarding the fight against money-laundering and the financing of terrorism, as well as environmental and social matters. It also includes a clause through which the Company and Voltalia Investissement respectively commit to do their best to improve the liquidity of the security and to facilitate an orderly exit for Proparco.

Finally, as part of this transaction, Voltalia Investissement and Proparco made a commitment to Natixis, Oddo & Cie and Invest Securities to retain the shares they own until 7 May 2017 (inclusive), subject to certain standard exceptions.

The following tables show the change in the share capital and voting rights of the Company for the last three fiscal years:

**Changes in shareholder structure**

| Shareholder | 31/12/2014 | 31/12/2015 | 31/12/2016 |
|---|---|---|---|
| Voltalia Investissement (1) | 91.53% | 85.22% | 70.49% |
| DHAM (2) | 1.43% | 7.99% | 5.04% |
| Subtotal other shareholders holding more than 5% of the capital | 0.0% | 0.0% | 0.0% |
| Subtotal other shareholders holding less than 5% of the capital | 7.04% | 6.79% | 24.46% |
| Total | 100% | 100% | 100% |

(1) Voltalia Investissement, a company governed under French law, is owned by investment holding companies controlled by the Mulliez family.

(2) DHAM, a Belgian company, is controlled by the investment company Korys NV.

**Changes in the distribution of voting rights**

| Shareholder | 31/12/2014 | 31/12/2015 | 31/12/2016 |
|---|---|---|---|
| Voltalia Investissement | 94.22% | 89.77% | 79.32% |
| DHAM | 0.096% | 5.50% | 3.93% |
| Subtotal other shareholders holding more than 5% of the capital | 0.0% | 0.0% | 0.0% |
| Subtotal other shareholders holding less than 5% of the capital | 4.82% | 4.73% | 16.75% |
| Total | 100% | 100% | 100% |

During the fiscal year ended 31 December 2016, the Company received the following notifications regarding the crossing of thresholds:

- Voltalia Investissement indicated that it had exceeded the threshold of 90% of the voting rights of the Company on 11 July 2016 as a result of the allocation of double voting rights; and

- Voltalia Investissement indicated that it dropped below the threshold of 90% of the voting rights of the Company on 8 November 2016.

The Company has received no further notifications of the crossing of thresholds from 31 December 2016 until the date of this Registration Document.

## 18.2 MAJOR SHAREHOLDERS NOT REPRESENTED ON THE BOARD OF DIRECTORS

As of the date of the Registration Document, Voltalia Investissement and DHAM each own over 5% of the share capital of the Company and are not represented on the Board of Directors; however, it is nevertheless acknowledged that:

- Creadev, a director, controls Voltalia Investissement; and

- Vincent Vliebergh, a director, manages the investment company Korys NV, which controls DHAM.

## 18.3 VOTING RIGHTS OF THE MAJOR SHAREHOLDERS

Article 9 of the Company's Articles of Association states that one share of the Company provides the right to one vote and that, by exception, double voting rights compared to those conferred on other shares, taking into consideration the proportion of share capital they represent, are granted to all fully-paid shares which can be demonstrated to have been registered for at least two consecutive years to the same shareholder.

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## 18.4 CONTROL OF THE COMPANY

As of December 31, 2016, Voltalia Investissement (a French *société anonyme* 98.03% owned by investment holding companies of the Mulliez family and 1.27% owned by Robert Dardanne) held 70.49% of the share capital and 79.32% of the voting rights of the Company.

Changes in the shareholder structure of Voltalia Investissement

| Shareholder | 31/12/2014 | 31/12/2015 | 31/12/2016 |
|---|---|---|---|
| Creadev SA | 98.03% | 98.03% | 98.03% |
| Subtotal Mulliez Family | 98.03% | 98.03% | 98.03% |
| Robert Dardanne | 1.27% | 1.27% | 1.27% |
| SOPARVOLTALIA | 0.7% | 0.7% | 0.7% |
| Total | 100% | 100% | 100% |

Although the Company does not believe this control poses any risk in terms of abusive practices, it has established the following measures:

- the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer; and
- the presence of an independent director on the Board of Directors and the Audit Committee.

## 18.5 AGREEMENT WHICH MAY RESULT IN CHANGE OF CONTROL

No particular element of the Company's memorandum, articles of association, charter or bylaws could have the effect of delaying, deferring or preventing a change in control.
To the best knowledge of the Company, there is no action in concert between the shareholders of the Company.

## 18.6 STATEMENT OF PLEDGES OF COMPANY SHARES

None.

# 19 RELATED-PARTY TRANSACTIONS

## 19.1 INTRA-GROUP TRANSACTIONS

Intra-group transactions are described in Section 7.3 of the Registration Document.

## 19.2 RELATED-PARTY TRANSACTIONS

Related-party transactions are described in NOTE 16- of the Notes to the consolidated financial statements for the year ended 31 December 2016, contained in Section 20.1 of the Registration Document.
The current related-party agreements are referred to in the special reports by the Statutory Auditors, presented in Section 19.2.1below.
Furthermore, pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code, it is specified that no agreement has been concluded between a subsidiary of the Company and a manager or major shareholder thereof during the year ended 31 December 2016.
Since the issue of the special report of the Statutory Auditor for fiscal year 2016, no new related-party agreements have been submitted to the Board of Directors for approval.

### 19.2.1 Statutory Auditors' special report on regulated agreements and commitments

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby present our report on regulated agreements and commitments.
Based on the information provided to us, our responsibility is to report on the main features and conditions of the agreements and commitments that have been disclosed to us or that we have discovered during the course of our work, and on the nature of the Company's interest therein, without commenting on their relevance or appropriateness or researching the existence of other agreements and commitments. In accordance with Article R. 225-31 of the French Commercial Code, it is your responsibility to determine whether these agreements and commitments are appropriate and should be approved.
Furthermore, it is our responsibility, where applicable, to inform you of the information set out in Article R. 225-31 of the French Commercial Code pertaining to the performance during the past year of agreements and commitments already approved by General Meeting.

We have performed the verifications we considered to be necessary in order to comply with the professional standards covering our assignment issued by the Compagnie nationale des commissaires aux comptes (French national institute of statutory auditors). This process consisted of verifying that the information provided to us is consistent with the documentation from which it has been extracted.

#### Regulated agreements concluded during the year subject to the approval of the General Shareholders' Meeting

In 2016, one agreement was authorised after its conclusion by the Board during its meeting. The service agreement between VOLTALIA SA and FGD S.P.R.L.
Since the agreement was authorised by the Board of Directors after its conclusion, the special report of the statutory auditors will include it and it will be subject to the approval of the Ordinary General Meeting so as to

proceed with its regularisation pursuant to the provisions of Article L. 225-42 paragraph 3 of the French Commercial Code.

### FGD S.P.R.L: Service Provision (I-A)

VOLTALIA SA drew up a service agreement with FGD S.P.R.L. Robert Dardanne, director of VOLTALIA SA, is its representative.
The purpose of this service agreement is to provide VOLTALIA SA with assistance and advice in relation to the necessary authorisations and the construction of electricity generation plants in French Guiana.
The Board of Directors drew up and authorised a service agreement with FGD S.P.R.L on 10 November 2011. This service contract has been renewed every year since.
It was subject of a one-year extension amendment signed on 10 January 2016, validated during the Board of Directors meeting of 2 and 3 February 2017.
The amendment will be subject to approval during the General Shareholders' Meeting of June 2017, for regularisation.
For the financial year ended 31 December 2016, the amount of services, excluding taxes, invoiced to VOLTALIA SA totalled 30 thousand euros.

The agreements below are agreements concluded prior to 2016, however the renewal conditions, extensions and increased amounts require the prior approval of the Board of Directors.
The special report of the Statutory Auditors will include them and they will be subject to the approval of the Ordinary General Meeting so as to proceed with their regularisation pursuant to the provisions of Article L. 225-42 paragraph 3 of the French Commercial Code.

### 1. The Green Option: Service Agreement (I-B)

VOLTALIA SA drew up a service agreement with The Green Option. Philippe Joubert, director of VOLTALIA SA, is the Chairman of this Company.
The purpose of this service contract is to provide VOLTALIA SA with strategic intelligence and initiate targeted relationships in new countries. The service also includes strategic consulting as part of the development of Voltalia's business in Brazil and other countries.
The Board of Directors approved this service agreement with The Green Option during the Board meeting dated 19 December 2014.
For the year ended 31 December 2016, the pre-tax amount for services invoiced by The Green Option excluding expenses amounted to 20 thousand euros.

### 2. Sebastien Clerc: Unemployment insurance for executives (I-C)

VOLTALIA SA has purchased unemployment insurance for Sébastien Clerc, CEO.
The Board of Directors approved this unemployment insurance for the executive during the Board meeting held on 10 November 2011.
For the year ended 31 December 2016, the amount paid for the unemployment insurance stood at 12,051 euros.

### 3. Envolver: Loan Agreement (I-D)

VOLTALIA SA signed a loan agreement with Envolver for an amount of 13.5 million euros at an interest rate of 16%. Repayment was due no later than August 2016.
The Board of Directors approved this loan agreement during the Board meeting held on 19 February 2016 and it was approved by the General Shareholders' Meeting on 12 May 2016.

In the year ended 31 December 2016, the amount of financial income recognised by VOLTALIA SA for the period 1 September 2016 to 31 December 2016 amounted to 749,860 euros.

### 4. SMG Participacoes: Loan Agreement (I-E)

VOLTALIA SA signed a loan agreement with Sao Miguel Do Gostoso Participacoes for a loan of 2,020,145 euros at a floating rate of interest, to be repaid no later than June 2016.
The agreement was authorised during the Board meeting held on 19 February 2016.
The loan was not repaid during the year ended 31 December 2016; the amount of financial income recognised by VOLTALIA SA for the period 1 July 2016 to 31 December 2016 amounted to 294,152 euros.

### 5. Current account advance: VOLTALIA Investissement lender - VOLTALIA SA borrower (I-F)

VOLTALIA Investissement signed two agreements with VOLTALIA SA for current account advances. The agreements provide for an advance bearing interest at an annual rate of 5%.
The agreement was authorised during the Board meeting held on 27 June 2011, 29 July 2011, continued on 21 June 2012.
In the year ended 31 December 2016, the amount of advances granted by VOLTALIA Investissement amounted to 320,754 euros and the amount of financial expenses for VOLTALIA SA stood at 16,043 euros.

### 6. Current account advance: VOLTALIA SA lender - VOLTALIA Guyane borrower (I-G)

VOLTALIA SA signed an agreement with VOLTALIA Guyane for current account advances. The agreement provides for an advance bearing interest at an annual rate of 5% and initially limited to 200 thousand euros.
The agreement was authorised during the Board meeting held on 19 December 2007.
In the year ended 31 December 2016, the amount of advance granted by VOLTALIA SA amounted to 1,700,719 euros and the financial income was recognised at 10,129 euros.

### 7. Cash management: VOLTALIA SA - VOLTALIA Greece (I-H)

VOLTALIA SA signed a cash management agreement with VOLTALIA Greece, appended to the framework agreement signed on 8 January 2007 between VOLTALIA SA and its subsidiaries for coordinating cash transactions.
The agreement was authorised during the Board meeting held on 30 April 2007.
In the year ended 31 December 2016, the amount of advances granted by VOLTALIA SA amounted to 2,076,319 euros and no financial income was recorded.

### 8. Loan Agreement: Voltalia SA lender - Voltalia Greece borrower (I-I)

VOLTALIA SA signed a loan agreement with Voltalia Greece. The loan amount of 4,100,000 is granted under the following conditions: an annual interest rate of 2.15% and an initial maturity of the loan no later than 30 June 2014.
The agreement was authorised during the Board meeting held on 9 October 2007.
In the year ended 31 December 2016, the amount of advance granted by VOLTALIA SA amounted to 13,277,149 euros.

### 9. Administrative services VOLTALIA SA – La Faye Energies (I-J)

VOLTALIA SA signed a service agreement with La Faye Energies in which it undertook to provide administrative services to the latter (I-Accounting, Personnel Management, legal and fiscal monitoring, IT maintenance).

The agreement was authorised during the Board meeting held on 8 June 2010.

In the year ended 31 December 2016, the amount of services, excluding taxes, invoiced by VOLTALIA SA totalled 4,320 euros.

### 10. VOLTALIA SA – VOLTALIA Greece development agreement (I-K)

VOLTALIA SA signed a rebilling agreement with VOLTALIA Greece for the development and realisation of projects from 15 October 2008. Under this agreement, VOLTALIA SA undertook to charge back the expenses related to development projects on behalf of VOLTALIA GREECE and vice versa.

The agreement was authorised during the Board meeting held on 15 October 2008.

In the year ended 31 December 2016, the pre-tax amount of development costs invoiced by VOLTALIA SA to VOLTALIA GREECE amounted to 9,175 euros. There was no invoicing from VOLTALIA GREECE.

### 11. Provision of services VOLTALIA SA – La Faye Energies (I-L)

VOLTALIA SA signed a service agreement with La Faye Energies in which it undertook to provide operations services to the latter for a maximum period of six years.

The agreement was authorised during the Board meeting on 8 June 2010.

In the year ended 31 December 2016, the amount of services, excluding taxes, invoiced by VOLTALIA SA totalled 61,448 euros.

### 12. Provision of services VOLTALIA SA – 3L Energies (I-M)

VOLTALIA SA signed a service agreement with 3L Energies in which it undertook to provide operations services to the latter for a maximum period of four years.

The agreement was authorised during the Board meeting held on 21 June 2012.

In the year ended 31 December 2016, the amount of services, excluding taxes, invoiced by VOLTALIA SA totalled 34,859 euros.

## Regulated agreements concluded and authorised during the previous year

No new agreements were signed and authorised for the year ended 31 December 2016.

## Regulated agreements previously approved and which continued to be implemented in the current year

### Current account advance: VOLTALIA SA lender - VOLTALIA Morocco (III-A)

VOLTALIA SA signed an agreement with VOLTALIA Morocco for current account advances. The agreement provides for an interest-bearing advance of a maximum amount of 1 million euros per year at the annual maximum legal interest rate applicable in Morocco, i.e. 2.53% as of December 31, 2016.

The agreement was authorised during the Board meeting held on 24 July 2015.

In the year ended 31 December 2016, the amount of advance granted by VOLTALIA SA amounted to 1,498,386 euros and the amount of financial income was recognised at 23,089 euros.

### CASH MANAGEMENT: VOLTALIA SA AND ITS SUBSIDIARIES IN FRANCE IN FRENCH GUIANA (III-B)

On 8 January 2007, VOLTALIA SA signed a cash management agreement with the subsidiaries Anelia, les 4 Termes 1 and 2, and Le Fangas 1 and 2 in France, as well as with Voltalia Kourou and SIG CACAO in French Guiana.
This agreement relates to the organisation, coordination and optimisation of the cash transactions of the VOLTALIA Group. Interest accruing on the centralising bank account opened in the name of VOLTALIA SA is charged to the subsidiary companies based on the credit lines used.
The agreement was authorised during the Board meeting on 8 January 2007.
In the year ended 31 December 2016, VOLTALIA SA recognised income, on behalf of its subsidiaries, amounting to: Anelia: 39,852 euros, Les 4 Termes 1: 317 euros, Les 4 Termes 2: 275 euros, Le Fangas 1: 238 euros, Le Fangas 2: 267 euros, Voltalia Kourou: 15,763 euros and for SIG CACAO: 2,491 euros.

### CASH MANAGEMENT: VOLTALIA SA – LA FAYE ENERGIES (III-C)

On 26 February 2007, VOLTALIA SA signed a cash management agreement with La Faye Energies, appended to the framework agreement signed on 8 January 2007 between VOLTALIA and its subsidiaries (§ agreement III-C).
The agreement was authorised during the Board meeting held on 26 February 2007.
In the year ended 31 December 2016, VOLTALIA SA recognised a loan of 902,542 euros and income of 41,348 euros on behalf of La Faye.

### CASH MANAGEMENT: VOLTALIA SA – VOLTALIA GREECE (III-D)

On 26 February 2007, VOLTALIA SA signed a cash management agreement with VOLTALIA Greece, appended to the framework agreement signed on 8 January 2007 between VOLTALIA and its subsidiaries (§ agreement III-C).
VOLTALIA SA did not recognise any financial income during the year ended 31 December 2016.

### CURRENT ACCOUNT ADVANCE: VOLTALIA SA LENDER - VOLTALIA GUYANE BORROWER (III-E)

VOLTALIA SA signed an agreement with VOLTALIA Guyane for current account advances. The agreement provides for an advance bearing interest at an annual rate of 5%.
The agreement was authorised during the Board meeting held on 19 December 2014.
In the year ended 31 December 2016, the amount of advance granted by VOLTALIA SA amounted to 9,066,028 euros and the amount of financial income was recognised at 453,301 euros.

### CURRENT ACCOUNT ADVANCE: VOLTALIA SA LENDER - 3L ENERGIES BORROWER (III-F)

VOLTALIA SA signed a loan agreement with SARL 3L Energies. The loan amount of 2,245 thousand euros was granted under the following conditions: a maximum period of 12 years from the commissioning of the six wind turbines financed by a leasing agreement dated 26 October 2007, expiring on or before 31 December 2020. Interest is calculated at a rate equivalent to the annual average of the average effective rates applied to variable rate loans to companies, i.e. 2.07% for 2016.
The agreement was authorised during the Board meeting held on 9 October 2007.
The balance of the loan as of December 31, 2016 stood at 1,019,979 euros and the amount of financial income recognised by VOLTALIA SA totalled 26,133 euros.

### VOLTALIA SA – VOLTALIA GUYANE DEVELOPMENT AGREEMENT (III-G)

VOLTALIA SA signed an agreement to support French Guiana from 1 July 2014. VOLTALIA SA undertook to bear all the development costs and risks of projects in French Guiana.
The agreement was authorised during the Board meeting held on 19 December 2014.

In the year ended 31 December 2016, the pre-tax amount of development costs invoiced by VOLTALIA Guyane amounted to 394,614 euros.

### VOLTALIA SA – SUBSIDIARIES OF VOLTALIA GUYANE DEVELOPMENT AGREEMENT (III-H)

VOLTALIA SA signed a support agreement with the subsidiaries of VOLTALIA Guyane from 1 July 2014. VOLTALIA SA undertook to bear all the development costs and risks of projects in French Guiana.
The agreement was authorised during the Board meeting held on 19 December 2014.
No development costs were invoiced by the subsidiaries of VOLTALIA Guyane to VOLTALIA SA for the fiscal year ended 31 December 2016.

### VOLTALIA SA – VOLTALIA KOUROU ADMINISTRATIVE SERVICES (III-I)

VOLTALIA SA signed a service agreement with VOLTALIA Kourou in which it undertook to provide administrative services to the latter (I-accounting, personnel management, legal and fiscal monitoring, IT maintenance).
The agreement was authorised during the Board meeting held on 19 December 2014.
In the year ended 31 December 2016, the amount of services, excluding taxes, invoiced by VOLTALIA SA totalled 101,820 euros.

### VOLTALIA SA – HYDROPOWER PLANT AT SAUT MAMAN VALENTIN ADMINISTRATIVE SERVICES (III-J)

VOLTALIA SA signed a service agreement with Centrale Hydroélectrique de Saut Maman Valentin (I-CHSMV) in which it undertook to provide administrative services to the latter (I-accounting, personnel management, legal and fiscal monitoring, IT maintenance).
The agreement was authorised during the Board meeting held on 19 December 2014.
In the year ended 31 December 2016, the amount of services, excluding taxes, invoiced by VOLTALIA SA totalled 128,770 euros.

### ADMINISTRATIVE SERVICES VOLTALIA SA – VOLTALIA GUYANE (III-K)

VOLTALIA SA signed a service agreement with VOLTALIA Guyane in which it undertook to provide administrative services to the latter (I-Accounting, Personnel Management, legal and fiscal monitoring, IT maintenance).
The agreement was authorised during the Board meeting on 1 October 2008.
In the year ended 31 December 2016, the amount of services, excluding taxes, invoiced by VOLTALIA SA totalled 15,025 euros.

### VOLTALIA SA – ANELIA ADMINISTRATIVE SERVICES (III-L)

VOLTALIA SA signed a service agreement with ANELIA in which it undertook to provide administrative services to the latter (accounting, personnel management, purchasing, cash management, technical services).
No amounts were invoiced for the fiscal year ended 31 December 2016.

### ENVOLVER: LOAN AGREEMENT (III-M)

VOLTALIA SA signed a loan agreement with Envolver for an amount of 13,500 thousand euros at an interest rate of 16%. Repayment was due no later than August 2016.
The Board of Directors approved this loan agreement during the Board meeting held on 19 February 2016 and it was approved by the General Shareholders' Meeting on 12 May 2016.
In the year ended 31 December 2016, the amount of financial income recognised by VOLTALIA SA for the period 1 January 2016 to 31 August 2016 amounted to 1,628,978 euros.

Loan Agreement: VOLTALIA SA - Sao Miguel Do Gostoso Participacoes borrower (III-N)
VOLTALIA SA signed a loan agreement with Sao Miguel Do Gostoso Participacoes for a loan of 2,020,145 euros at a floating rate of interest, to be repaid no later than June 2016.
The agreement was authorised during the Board meeting held on 19 February 2016.
The loan was not repaid during the year ended 31 December 2016; the amount of financial income recognised by VOLTALIA SA for the period 1 January 2016 to 30 June 2016 amounted to 153,525 euros.

## REGULATED AGREEMENTS EXPIRED AS OF 31 DECEMBER 2015

The following agreements ended in the previous fiscal year.

Debt waiver agreement for 39,366 euros under which VOLTALIA granted to Parc solaire du Pays de Jalès a waiver of the debt that it holds in the company Parc solaire du Pays de Jalès.
The company was sold in 2015.

Debt waiver agreement for 26,502 euros under the terms of which VOLTALIA granted to Parc solaire de Saint Marcel de Careiret a waiver of the debt that it held in the Parc solaire de Saint Marcel de Careiret.
The company was sold in 2015.

Service contract entered into on 19 December 2014 with the subsidiaries of the Sao Miguel Do Gostoso cluster (Reduto, Carnauba, Sao Joao, Santo Cristo). Under this contract, VOLTALIA SA invoices the SPEs of SMG for the amount of financial expenses corresponding to currency hedging contracts on behalf of the subsidiaries of SMG.
Hedging contracts were unwound in 2015, terminating the service.

# 20 FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS, FINANCIAL POSITION AND RESULTS

See Section 9.2of the Registration Document for a comparison of figures over the last three fiscal years.

## 20.1 2016 CONSOLIDATED FINANCIAL STATEMENTS

### 20.1.1 STATEMENT OF COMPREHENSIVE PROFIT OR LOSS

| *(In thousands of euros)* | 31/12/2016 | 31/12/2015 | Chge | CHANGE % | NOTE NO. |
|---|---|---|---|---|---|
| Income * | 126,966 | 58,565 | 68,401 | x2.2 | 7 |
| Consumables | (31,815) | (8,570) | (23,245) | x3.7 | 7 |
| External expenses | (23,112) | (10,985) | (12,127) | x2.1 | 7 |
| Payroll expenses | (12,039) | (4,930) | (7,110) | x2.4 | 9 |
| Taxes on other than income | (6,883) | (3,046) | (3,837) | x2.3 | 13 |
| Depreciation and amortization | (17,943) | (10,714) | (7,230) | x1.7 | 7 |
| Depreciation, amortization and provisions | 4,747 | 2,789 | 1,958 | x1.7 | 7 |
| Changes in inventories of finished goods and work in progress | (3) | - | (3) | n/a | |
| Other operating income and expenses | (3,096) | (481) | (2,615) | x6.4 | |
| **Current operating income** | **36,821** | **22,629** | **14,192** | **x1.6** | |
| Income from disposal of consolidated assets | - | 79 | (79) | n/a | |
| Other financial income and expenses | (2,640) | (409) | (2,230) | x6.4 | 7 |
| **OPERATING INCOME** | **34,181** | **22,298** | **11,883** | **x1.5** | |
| Income from cash and cash equivalents | 3,535 | 3,493 | 41 | +1% | |
| Cost of gross financial debt | (32,085) | (17,730) | (14,354) | x1.8 | |
| **Cost of net financial debt** | **(28,550)** | **(14,237)** | **(14,313)** | **x 2** | **12** |
| **Other financial income and expenses** | **(498)** | **(606)** | **108** | **-18%** | **12** |
| **PROFIT BEFORE INCOME TAXES** | **5,133** | **7,455** | **(2,322)** | **-31%** | |
| Income tax and other taxes | (4,580) | (2,996) | (1,584) | n/a | 13 |
| **AFTER TAX INCOME** | **553** | **4,459** | **(3,906)** | **-88%** | |
| Income from companies at equity | 24 | 91 | (67) | -74% | |
| **TOTAL NET INCOME** | **577** | **4,550** | **(3,973)** | **-87%** | |
| **GROUP SHARE** | **1,635** | **3,888** | **(2,253)** | **-57.9%** | |
| NON-CONTROLLING INTERESTS | (1,058) | 662 | (1,720) | n/a | |
| **Group share of earnings per share - in euros** | | | | | **14** |
| before dilution | 0.055 | 0.1492 | | | |
| after dilution | 0.053 | 0.1426 | | | |

(*) See Note 7. a) of the consolidated financial statements.

### 20.1.2 OTHER ELEMENTS OF COMPREHENSIVE INCOME

| *(In thousands of euros)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| TOTAL NET CONSOLIDATED INCOME | 577 | 4,550 |
| Items of comprehensive income that will not be recycled as income | | |
| | - | - |
| Items of comprehensive income that may be recycled as income | | |
| Currency conversion adjustments resulting from the conversion of foreign operations | 50,974 | (45,707) |
| Change in value of hedging instruments | (2,019) | 562 |
| Deferred taxes related to changes in value of hedging instruments | (103) | (88) |
| COMPREHENSIVE INCOME OR LOSS | 49,429 | (40,683) |
| | | |
| Share attributed to owners of the Company | 33,470 | (24,847) |
| Share attributed to non-controlling shareholders | 15,959 | (15,836) |

### 20.1.3 STATEMENT OF FINANCIAL POSITION

| *(In thousands of euros)* | 31/12/2016 | 31/12/2015 | Chge | CHANGE % | NOTE NO. |
|---|---|---|---|---|---|
| Non-current assets | 797,727 | 487,750 | 309,977 | +64% | |
| Goodwill | 45,413 | 1,056 | 44,357 | x43 | 10 |
| Intangible assets | 64,655 | 35,043 | 29,612 | +85% | 10 |
| Property, plant and equipment | 662,377 | 445,622 | 216,755 | +49% | 10 |
| Share of equity associates | 523 | 278 | 245 | +88% | 5 |
| Non-current financial assets | 23,735 | 5,411 | 18,323 | x4.4 | 12 |
| Deferred tax assets | 1,024 | 339 | 685 | x3 | 13 |
| Current assets | 169,148 | 63,406 | 105,742 | +167% | |
| Inventories | 2,542 | 596 | 1,947 | x4.3 | |
| Trade payables and related accounts | 59,784 | 16,361 | 43,423 | x3.7 | 8 |
| Tax assets payable | 1,907 | 379 | 1,527 | x5 | |
| Other current assets | 3,405 | 1,979 | 1,426 | +72% | 8 |
| Cash and cash equivalents | 101,375 | 43,591 | 57,783 | x2.3 | 15 |
| Assets held for sale | 135 | 500 | (365) | -73% | 5 |
| TOTAL ASSETS | 966,875 | 551,157 | 415,718 | +75% | |

| *(In thousands of euros)* | 31/12/2016 | 31/12/2015 | Chge | CHANGE % | NOTE NO. |
|---|---|---|---|---|---|
| Equity of controlling interests | 349,819 | 153,404 | 196,414 | +128% | 14 |
| Share capital | 278,976 | 149,406 | 129,570 | +87% | |
| Additional paid-in capital | 96,439 | 61,325 | 35,114 | +57% | |
| Consolidated reserves | (27,231) | (61,215) | 33,983 | -56% | |
| Income for the year | 1,635 | 3,888 | (2,253) | -58% | |
| Non-controlling interests | 74,935 | 57,761 | 17,173 | +30% | |
| Group equity | 424,753 | 211,165 | 213,588 | +101% | |

| | | | | | |
|---|---|---|---|---|---|
| Non-current liabilities | 334,385 | 265,108 | 69,277 | +26% | |
| Borrowings and financial liabilities | 322,688 | 260,784 | 61,904 | +24% | 12 |
| Non-current provisions | 2,869 | 1,335 | 1,535 | x2.2 | 11 |
| Deferred tax liabilities | 2,721 | 102 | 2,619 | x26.7 | 13 |
| Non-current liabilities | 2,793 | (1) | 2,794 | N/A | |
| Derivative liabilities | 3,314 | 2,889 | 425 | 15% | 12 |
| Current liabilities | 207,736 | 74,883 | 132,853 | +177% | |
| Trade and other payables | 70,301 | 28,630 | 41,671 | x2.5 | 8 |
| Borrowings and financial liabilities | 109,955 | 44,365 | 65,590 | x2.5 | 12 |
| Current provisions | 17,693 | - | 17,693 | N/A | 11 |
| Current tax liabilities | 1,711 | 702 | 1,008 | x2.4 | |
| Other current liabilities | 2,592 | 7 | 2,585 | N/A | |
| Derivative liabilities | 4,316 | - | 4,316 | N/A | 12 |
| Liabilities held for sale | 1,169 | 1,179 | (10) | -1% | 5 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 966,875 | 551,157 | 415,718 | +75% | |

### 20.1.4 STATEMENT OF CASH FLOWS

| *(In thousands of euros)* | 31/12/2016 | 13/12/2015 |
|---|---|---|
| TOTAL NET CONSOLIDATED INCOME | 577 | 4,550 |
| Elimination of expenses and income not affecting cash or not related to activities | | |
| Depreciation, amortization and provisions | 14,371 | 9,286 |
| Gains on disposals | (2,591) | 544 |
| Elimination of share of results of associates | (24) | (91) |
| Gains or losses from the fair value revaluation | 2,721 | - |
| Calculated expenses and income related to share-based payments | 355 | 162 |
| CASH FLOW FROM OPERATING ACTIVITIES OF CONSOLIDATED COMPANIES | 15,410 | 14,451 |
| Tax liability | 4,580 | 2,996 |
| Cost of net financial debt | 28,550 | 14,237 |
| CASH FLOW FROM OPERATING ACTIVITIES OF CONSOLIDATED COMPANIES BEFORE COST OF FINANCIAL DEBT | 48,540 | 31,684 |
| Tax paid | (4,878) | (2,607) |
| Change in working capital requirement for operating activity | (28,693) | 16,300 |
| NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES | 14,969 | 45,377 |
| Acquisition of non-current assets | (131,563) | (192,577) |
| Disposal of non-current assets | 0 | 3 |
| Changes in loans and advances granted (*) | 1,907 | 9 |
| Investment subsidies received | - | *718* |
| Acquisition/(loss) of control over subsidiaries net of cash | (7,346) | (2,583) |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | (137,001) | (194,430) |
| Capital increase | 164,843 | 40,763 |
| Partial disposal without loss of control | - | - |
| Bonds and borrowings with credit institutions | 98,211 | 194,140 |
| Financing of non-controlling interests | - | - |
| Financing by bank overdrafts | (16,674) | 4,775 |
| Loan repayments to credit institutions | (52,415) | (82,287) |
| Net financial interest paid | (21,678) | (13,930) |
| Treasury share purchases | 18 | (10) |
| Dividends paid to non-controlling interests | (311) | (80) |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | 171,994 | 143,371 |
| Impact of changes in accounting principles | - | - |

| | | |
|---|---|---|
| Impact of changes in currency prices | 7,936 | (9,555) |
| **CHANGE IN CASH** | **57,899** | **(15,236)** |
| Cash at beginning of period | 43,454 | 58,690 |
| Cash at end of period | 101,353 | 43,454 |

It should be noted that the disposal of Montmayon is treated as a flow related to operating activity.
(*) For fiscal year 2015, changes in financial assets were reclassified under the item "Change in loans and advances granted".

## 20.1.5 STATEMENT OF CHANGE IN CONSOLIDATED EQUITY

| | SHARE CAPITAL | ADDITIONAL PAID-IN CAPITAL | GROUP CONSOLIDATED RESERVES | CONVERSION RESERVES | INCOME FOR THE YEAR | SHAREHOLDERS' EQUITY - GROUP SHARE | NON-CONTROLLING INTERESTS | EQUITY UNDER IFRS |
|---|---|---|---|---|---|---|---|---|
| **Total at 12/31/2014** | **139,107** | **56,267** | **(24,459)** | **(13,011)** | **4,495** | **162,399** | **48,342** | **210,741** |
| Appropriation of earnings | | | 4,495 | | (4,495) | 0 | | 0 |
| Income for the period | | | | | 3,888 | 3,888 | 662 | 4,550 |
| Translation adjustments | | | | (29,142) | | (29,142) | (16,564) | (45,707) |
| Change in value of hedging instruments | | | 407 | | | 407 | 66 | 473 |
| **Total comprehensive income** | | | **4,903** | **(29,142)** | **(607)** | **(24,847)** | **(15,836)** | **(40,683)** |
| Scope changes | | | 667 | | | 667 | 1 | 668 |
| Distributions paid to non-controlling interests | | | | | | | (260) | (260) |
| Capital increase | 10,299 | 5,058 | | | | 15,357 | 25,684 | 41,042 |
| Other (including stock options, treasury shares, etc.) | | | (172) | | | (172) | (171) | (342) |
| **Total at 12/31/2015** | **149,406** | **61,325** | **(19,061)** | **(42,154)** | **3,888** | **153,404** | **57,761** | **211,165** |
| Appropriation of earnings | | | 3,888 | | (3,888) | (0) | 0 | (0) |
| Income for the period | | | | | 1,635 | 1,635 | (1,058) | 577 |
| Translation adjustments | | | | 33,958 | | 33,958 | 17,016 | 50,974 |
| Change in value of hedging instruments | | | (2,123) | | | (2,123) | 1 | (2,122) |
| **Total comprehensive income** | | | **1,764** | **33,958** | **(2,253)** | **33,470** | **15,959** | **49,429** |
| Scope changes | 0 | | (1,815) | | (0) | (1,815) | 545 | (1,270) |
| Distributions paid to non-controlling interests | | | | | | | (297) | (297) |
| Capital increase | 129,570 | 35,114 | | | | 164,684 | 1,001 | 165,685 |
| Other (including stock options, treasury shares, etc.) | | | 76 | | | 76 | (35) | 40 |
| **Total at 31/12/2016** | **278,976** | **96,439** | **(19,036)** | **(8,195)** | **1,635** | **349,819** | **74,935** | **424,753** |

## 20.1.6 NOTES

### NOTE 1- FORMATION AND DEVELOPMENT OF THE GROUP

The Voltalia company was founded on 28 November, 2005. Its corporate headquarters are in Paris, France. Its development, initiated in French Guiana in 2003, continued in Brazil, France, Greece, and Morocco. More recently, Voltalia acquired Martifer Solar, which further extended the Group's geographical presence.
Listed on the free market of Euronext Paris from May 2005 to June 2014, the company was transferred to compartment B of Euronext in July 2014.
The attached annual consolidated financial statements as of 31 December 2016 report the operations of Voltalia and its subsidiaries (together referred to as the "Group") and the Group's proportionate share in associates and joint ventures.

### NOTE 2- THE GROUP'S ACTIVITIES

The activities of the Voltalia Group fall within the framework of sustainable development, with respect for the environment and for future generations.
Voltalia is an integrated and independent player in the renewable energy market and benefits from a strong growth. The Group develops, constructs and operates medium-size renewable energy power plants, on its own behalf or on behalf of third parties.
The principal source of profits for the Group comes from the sale of renewable electricity produced by its power plants. Such sales are predominantly governed by long-term contracts with full transparency of the volumes and prices of the electricity sold. The Group also generates income from the sale of projects developed in-house or of services, such as the construction or operation and maintenance of power plants owned by third-party clients.
Throughout its history, Voltalia has established lasting relationships with many partners. The Caisse des Dépôts has been a shareholder of Voltalia Guyane since 2008. COPEL and CHESF, the Brazilian leaders in power production, and Encalso, a leading civil engineering company in Brazil, are shareholders in major Voltalia power plants in Brazil. Other partners in the areas of capital, banking, and operations, as well as public partners, have also contributed to the development of Voltalia since its inception.
Voltalia has also been a partner of the WWF since 21 November, 2014.

### NOTE 3- HIGHLIGHTS AND SUBSEQUENT EVENTS

#### HIGHLIGHTS OF THE 2016 FISCAL YEAR

**Acquisition of the Martifer Solar group**

On 18 August 2016, Voltalia finalised the takeover of the entity Martifer Solar, group head of the sub-group with the same name.
Created 10 years ago by the Portuguese group Martifer, the Martifer Solar sub-group develops, constructs and operates photovoltaic power plants on behalf of third party clients. Martifer Solar is a major player in the global photovoltaics market. The revenues of the Martifer Solar sub-group amounted to 17.7 million euros for the period from 1 August to 31 December 2016.
The acquisition covered all of the securities of the Group parent company. Therefore, it indirectly concerns all the subsidiary entities, partnerships and associates of the Martifer Solar consolidation scope. As an exception, subsidiaries based in the United States were not included in the transaction and were sold to the Martifer Group by Martifer Solar prior to the takeover by Voltalia.

The cost of the securities was 9 million euros. Financing was exclusively provided from capital. The share purchase agreement does not contain an earn-out clause. The costs related to the acquisition and recognised as expenses amounted to 2.2 million euros.
In addition to the acquisition of the securities, Voltalia was also required to acquire the receivables previously covered by the former shareholder. At 18 August 2016, this current account amounted to 8,889 thousand euros. It was the subject of a transaction with a reduced nominal value of 700 thousand euros. The commercial debts of the former shareholder amounting to 4,336 thousand euros were paid at their nominal value.
In terms of business volume, Martifer Solar has developed 757 MW of projects sold to investors since its creation. During the same period, Martifer Solar has built solar farms for its clients with total capacity of 599 MW, with a further 85 MW to be added at the time of the acquisition.
Finally, operations and maintenance on behalf of third-party clients is the fastest growing business within Martifer Solar. The capacity of its farms under management is currently 585 MW.
In terms of volumes and synergies relating to the business segment, Voltalia's historical renewable electricity production activity is now enhanced by the provision of development, construction and operation-maintenance services for third-party clients. Since Martifer Solar does not own the power plants held and therefore financed by third-party clients, the business appears as though it is not capital intensive. The capacity operated by the Group was multiplied by 2.4 after the acquisition of Martifer Solar, from 418 MW to more than 1,000 MW (1 GW), including an installed capacity of 481 MW and 696 MW operated on behalf of third-party clients as of December 31, 2016.
At the time of acquisition, Voltalia had 158 employees. The new group thus formed had 409 employees as of December 31, 2016.
In summary, this merger allows Voltalia to accelerate its development strategy based on the diversification of its international footprint, its energy mix and now its business model. Accordingly, it should be noted that:

- Voltalia is strengthening its international footprint with teams in 15 countries (compared to four previously) and operating in 24 countries;

- the portfolio of projects under development in solar energy has increased from 13% to 32%. As of December 31, 2016, solar energy is the fastest growing renewable energy in the world.

By adding development, construction and operation-maintenance services to its historic activity of renewable electricity production, Voltalia is strengthening its industrial expertise and acquiring a new, low-capital business.

## GOVERNANCE AND FINANCING

### *Capital increase of 170 million euros*

In November 2016 the company proceeded with a capital increase of approximately 170 million euros. 22,723,610 new shares were issued and subscribed. The reference shareholder, Voltalia Investissement (Creadev), took part in the operation and now holds 70% of the capital. In addition, the capital increase allowed the entry of new shareholders such as Proparco.

### *Signing of a 35 million euros syndicated loan agreement*

In order to support the implementation of its strategy over the long term, on 29 March 2016, the company concluded a revolving credit agreement with BPCE group banks, totalling 35 million euros over a five-year term. As of December 31, 2016, the amounts raised during the period were fully repaid.

*Signing of a strategic partnership between Voltalia and Green of Africa*

The two parties announced their partnership during the COP22.

The agreement foresees the creation of a company which will co-develop a series of projects contributed by each of the two parties.

The partners will start their agreement by finalising the development of two wind projects located in Morocco and coming from Voltalia's portfolio, for a total of 140 MW.

## 2016 BIDDING SUCCESSES

*Solar tender bid: 1 project won for 4 MW*

On 11 June 2016, a Group solar project with a capacity of 4 MW was selected by the Ministry of Ecology, Sustainable Development and Energy (MEDDE) as part of the solar call for tenders dedicated to non-interconnected areas.

The winning project, named Savane des Pères, has a capacity of 4 MW. It is located in French Guiana, on the outskirts of the Sinnamary municipality. Particular attention was paid to the site selection: the project will make it possible to reuse the land of a former landfill site.

The Voltalia project will link a production forecasting tool to a 2.4 MW battery storage unit to refine the level of predictability and stability of solar power plant production. Its commissioning is planned by June 2019.

*Hydropower tender bid: a project won for 4.5 MW*

A 4.5 MW Group hydropower project has been selected by the municipalities of Chamonix-Mont Blanc and Les Houches for the construction and operation of a run of the river hydropower plant, on the Taconnaz torrent.

The plant is expected to cover the annual electricity consumption of nearly 90% of the population of the two municipalities concerned.

The hydropower plant is expected to be commissioned in 2019, and the energy sales contract secured runs over a 20-year period.

## CONSTRUCTION in 2016

*Launch of construction work at the Vila Acre power plant in Brazil (27 MW)*

On 21 July 2016, Voltalia announced the start of construction work on the Vila Acre power plant at the end of 2016. The project was won in the auctions organised by the Brazilian federal authorities in November 2015. Commissioning of the farms is scheduled for Q3 of 2017.

## COMMISSIONING IN 2016

*Commissioning of the Vila Para power plant in Brazil (99 MW)*

On 11 October 2016, Voltalia announced the commissioning of the Vila Para power plant (99 MW). This step brings Brazil to the historic 10 GW cap of installed capacity. As of December 31, 2016, the company had installed capacity of 481 MW, all energies combined.

## OTHER DEVELOPMENTS

*Buyback of shares held by the minority investor in a portfolio of controlled wind projects in France.*

Voltalia purchased the minority stake (49.9%) of a portfolio of four wind farm projects from a long-standing partner, as well as 100% stake in a wind power project from the same partner. The projects acquired, at various stages of advancement, represent a total potential capacity of 118 MW. This operation allows the Group to

strengthen its exposure in France, a country with ambitious targets for the installation of new renewable electricity production capacities.

*Acquisition of a project development company in Morocco*

In June 2016, Voltalia acquired Alterrya Maroc, a development company for renewable projects in Morocco.
This transaction enables Voltalia to acquire a portfolio of projects under consideration and under development, representing a total potential capacity of 185 MW in wind and 100 MW in solar energy.
The acquired projects are at various stages of advancement, and construction on the first projects could begin within the next two weeks.

## SUBSEQUENT EVENTS

***Disposal of shares***

On 31 January 2017, Voltalia sold all of the securities and the current account of its subsidiary Bio-Bar to France Bedding Group (now Adova) at the price of one euro each.
As a reminder, in February 2015, a global agreement was signed between Voltalia, Bio-Bar and Cauval, mainly providing for the repayment of arrears between February 2015 and the end of June 2016, together with the disposal of all Bio-Bar shares to Cauval.
While it made the bulk of the repayments provided for in the protocol, Cauval filed for suspension of payments in February 2016. At the end of May 2016, the Commercial Court of Meaux selected Adova's takeover bid, which provides for the continued operation of the Bar sur Aube site. After several months of discussion, on 22 December 2016, Voltalia and Adova came to an agreement, which led to the disposal of 100% of the shares of the subsidiary Bio-Bar on 31 January 2017. The financial debt of the project was also taken on by the buyer at its book value.
The positive impact of the disposal of Bio-Bar on the consolidated financial statements to 30 June 2017 will be approximately 900 thousand euros.

*Start of construction work at the Oiapoque solar power plant (4 MW)*

On 23 January 2017, Voltalia announced the start of construction work on its first 4 MW Brazilian solar power plant. This announcement follows the commissioning of the first phase of the Oiapoque plant in Brazil in 2015.
Voltalia won the call for tenders organised by the city of Oiapoque in 2014 and then distinguished itself as the only competitor to propose a mixed hydro/thermal power plant producing cleaner and cheaper electricity than that produced until then by the municipality.
The commissioning of the new power plant is expected in the third quarter of 2017.

# NOTE 4- ACCOUNTING RULES AND METHODS

## a. Statement of compliance

The Voltalia Group's consolidated financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union and applicable at the closing date of the accounts, i.e. on December 31, 2016. The standards applied are available on the website:
http://ec.europa.eu/internal_market/accounting/ias/index_fr.html

The consolidated financial statements of the Voltalia Group were approved by the Board of Directors of Voltalia SA on March 31, 2017.
New standards, amendments to standards and interpretations of mandatory standards in the European Union as of December 31, 2016.
As of December 31, 2016, the Voltalia Group applied the standards, interpretations, principles and accounting policies effective at the time of the financial statements for the year 2015, with the exception of the mandatory changes required by the

IFRS, applicable from January 1st, 2016 and presented below:

Amendment to IAS 1 "Disclosure initiative"

Amendments to IAS 19 "Employee contributions"

Amendments to IAS 16 and IAS 38 "Clarification of acceptable methods of depreciation and amortization"

Amendments to IFRS 11 "Accounting for acquisitions of interests in joint operations" in which the activity constitutes a business as defined in IFRS 3

These standards had no impact on the Group's consolidated financial statements.

Standards and amendments published and approved by the European Union, not yet effective and which have not been applied early by the Voltalia Group

IFRS 9 "Financial instruments" applicable from 1 January 2018.

IFRS 15 "Revenue from Contracts with Customers" applicable from 1 January 2018.

The impacts of these texts on the Voltalia Group's financial statements, still in the process of being analysed, are not expected to be significant.

## b. Financial statements

The Group presents the income statement by type, including revenue, current operating income, other operating income and expense, financial income, income from equity affiliates and net income from consolidated companies.

Following the recommendation of the Accounting Standards Authority No. 2013-03 of November 7, 2013, relating in particular to the income statement format under IFRS, the Voltalia Group decided to include in its income statement the item "Current operating income", calculated as the difference between "Operating income" and "Other operating income and expenses", the latter corresponding to unusual, abnormal and infrequent events of a significant material nature.

Non-current operations of material amounts that could make current operating performance more difficult to interpret are classified in "other operating income and expenses". This may include the following:

- Gains or losses on disposal or significant and unusual impairment of non-current tangible or intangible assets;
- Certain restructuring expenses: These are solely restructuring costs that would be likely to make the interpretation of recurring operating income more difficult as a result of their unusual nature and size;
- Other operating income and expenses, such as a provision for litigation, are of very significant materiality.

For the presentation of the statement of financial position, the distinction between current and non-current items required by IAS 1 corresponds essentially to the division of assets (fixed/circulating) and liabilities (long term/short term).

## c. Functional and presentation currency

The consolidated financial statements are presented in thousands of euros, the reporting currency and functional currency of the parent company.

## d. Valuation basis of the financial statements

In the consolidated financial statements for the year ended on December 31, 2016, the Group applied the same accounting principles and valuation methods as those used on 31 December 2015.

As of December 31, 2016, the financial statements were prepared in accordance with the principles of operational continuity and historical cost, with the exception of financial items held for trading valued at fair value. The methods used to measure fair value are discussed in NOTE 12-.

## e. Use of estimates

As part of the process of drawing up the consolidated financial statements, the valuation of certain balance sheet items requires the use of assumptions, estimates and assessments. This includes the valuation of the intangible assets and, in particular, the assets related to projects in development, the determination of provisions, the recognition of revenues, impairment tests, and the valuation of financial instruments. These assumptions, estimates or assessments are made based on information or situations existing at the financial statement preparation date and that may differ from the actual situation in the future.

In addition, at each reporting date the Group identifies assets whose sale is in progress and assesses whether the sale is highly probable as specified in IFRS 5, which requires an entity to classify a non-current asset (or group held for sale) as held for sale if its carrying

amount will be recovered principally through a sale transaction rather than through continuing use.
Finally, most of the Group's operating entities have multi-year contracts with significant clients. During the course of these contracts and on the occasion of their termination and/or renewal, discussions may take place between these entities and their clients about the conditions, including financial, from the past performance of these contracts.

## NOTE 5- SCOPE OF CONSOLIDATION

### a. Consolidation and equity accounting methods

#### Full Consolidation

In accordance with IFRS 10 "Consolidated Financial Statements", the consolidated financial statements include the accounts of all entities that the Group controls directly or indirectly, whatever their level of participation in the equity of these entities. An entity is controlled when the Group has power over this entity, when it is exposed to or has rights to variable returns because of its involvement in this entity, and when it has the ability to use its power over the entity to influence the amount of these returns. The determination of control takes into account the existence of potential voting rights if they are significant, i.e. if they can be exercised on a timely basis when decisions about the relevant activities of the entity must be taken.
The consolidated entities of the Group are classified as "subsidiaries". The entities that the Group controls by means other than voting rights are described as "consolidated structured entities."
Reciprocal receivables and liabilities, as well as reciprocal income and expenses related to fully consolidated companies, are eliminated in full. The internal margins between these companies are eliminated.

#### Joint activities and companies at equity

IFRS 11 supersedes IAS 31 "Interests in joint ventures" and SIC 13 "Jointly controlled entities - non-monetary contributions by venturers". This new standard defines how a joint arrangement is to be treated.
Under this new standard, partnerships through which two or more parties have joint control are accounted for on the basis of rights and obligations of each party to the partnership, taking particular account of the structure, the legal form of the agreements, the rights granted to each party by the agreements, as well as the facts and circumstances, where appropriate:

- assets and liabilities (income and expenses) of joint activities that give each of the co-participants direct rights in the assets and obligations reported as liabilities shall be recognized using the interest in the joint activity;

- joint ventures that confer rights in the net assets should be accounted for using the equity method, because the proportional consolidation method is no longer permitted.

In addition to the case of joint ventures (see above), and pursuant to IAS 28 R, the equity method is applied to associates in which the Group has significant influence (generally over 20%), i.e., when it has the power to participate in financial and operating policy decisions, but cannot control or exercise exclusive or joint control over those policies.
This method of consolidation consists of retaining the net assets and net income of a company in proportion to the interest held by the parent company in the capital and the goodwill relating thereto, as appropriate.
Receivables and payables to associates are considered outside of the Group and therefore not eliminated.
Consequently, IFRS standards require consolidation under the equity method of the following:

- associates, companies over which the Voltalia Group has significant influence;

- joint ventures, companies over which the Voltalia Group has joint control.

As as of December 31, 2016, the Voltalia Group has not identified any companies classified as joint ventures.

**Business combinations**

Business combinations are recognised by applying the acquisition method on the date the control is transferred to the Group.

The Group evaluates the goodwill on the acquisition date as:

- the fair value of the consideration transferred; plus
- the amount recognised for non-controlling interests in the acquired company; plus
- if business combinations are made in stages, the fair value of all interests previously held in the acquired company; less
- the net amount recognised (generally at fair value) under identifiable assets acquired and liabilities taken on.

When the difference is negative, a profit in view of the acquisition under favourable conditions is immediately recognised in income.

Acquisition costs, other than those related to the issue of a debt or capital securities, that the Group bears due to a business combination, are recorded as expenses when they are incurred.

Any potential consideration to be paid is assessed at fair value on the acquisition date. Any potential consideration that has been classified as shareholders' equity is not re-assessed and its settlement is recognised under shareholders' equity. On the other hand, future changes in the fair value of any potential consideration are recognised in income.

## b. Consolidated companies

As of December 31, 2016, the consolidated companies break down as follows:

| Entity | Percentage interest at 31/12/2016 | Percentage interest at 31/12/2015 | Consolidation method |
|---|---|---|---|
| **Parent Company** | | | |
| Voltalia SA | | Consolidating entity | |
| **Subsidiaries** | | | |
| **Europe** | | | |
| Anelia | 100.00% | 50.10% | FC |
| Bio-Bar | 100.00% | 100.00% | FC |

| Entity | Percentage interest at 31/12/2016 | Percentage interest at 31/12/2015 | Consolidation method |
|---|---|---|---|
| Parc Eolien Argenteuil | 100.00% | 50.10% | FC |
| Parc Eolien Laignes | 100.00% | 50.10% | FC |
| Parc Eolien Sarry | 100.00% | 50.10% | FC |
| Adriers Energies | 100.00% | 100.00% | FC |
| La Faye Energies | 62.71% | 62.71% | FC |
| Echauffour Energies | 100.00% | 100.00% | FC |
| Parc Eolien Coulmier | 100.00% | 50.10% | FC |
| 3VD | 100.00% | 100.00% | FC |
| 3LE | 40.00% | 40.00% | EM |
| Meje Energies | 100.00% | 100.00% | FC |
| Molinons wind farm | 100.00% | 100.00% | FC |
| Parc solaire de Montclar | 100.00% | 100.00% | FC |
| Parc solaire du Castellet (formerly Peyrefuguede) | 100.00% | 100.00% | FC |
| Parc solaire de Piboulon | 100.00% | 100.00% | FC |
| Parc Solaire Puy Madame I | 100.00% | 100.00% | FC |
| Parc Solaire Puy Madame II | 100.00% | 100.00% | FC |
| Parc Solaire Puy Madame III | 100.00% | 100.00% | FC |
| Parc Solaire Puy Madame IV | 100.00% | 100.00% | FC |
| Parc solaire Carrière des plaines | 100.00% | 100.00% | FC |
| Parc solaire de Tresques | 100.00% | 100.00% | FC |
| Parc solaire du Castellet 2 | 100.00% | 100.00% | FC |
| Parc solaire de Grignan | 100.00% | 100.00% | FC |
| Fangas 1 | 40.00% | 40.00% | EM |
| Fangas 2 | 40.00% | 40.00% | EM |
| 4 Termes 1 | 40.00% | 40.00% | EM |
| 4 Termes 2 | 40.00% | 40.00% | EM |
| Voltalia Greece | 100.00% | 100.00% | FC |
| Energiaki Agionoriou | 100.00% | 100.00% | FC |
| Energiaki Aguelokastrou | 100.00% | 100.00% | FC |
| Energiaki Sesklou Magnisias | 100.00% | 100.00% | FC |
| Greek Wind Power | 45.00% | 45.00% | EM |
| Cluster Holding SA | 80.00% | 80.00% | FC |
| Energen SA | 100.00% | 100.00% | FC |
| Rougero Holding SA | 51.00% | 51.00% | FC |
| Lakka Kokkini Aioliki SARL | 100.00% | 100.00% | FC |
| Energiaki Sesklou 1 Ltd | 100.00% | 100.00% | FC |
| Xenakis Yorgos SCS | 98.00% | 98.00% | FC |
| Sarafadis SNC | 100.00% | 100.00% | FC |
| Fotovoltaiki Systimata Katerin | 100.00% | 100.00% | FC |
| Fotovoltaiki Parka Pieras | 100.00% | 100.00% | FC |
| Fotovoltaiki Katerinis SNC | 100.00% | 100.00% | FC |
| Kalaitzidis St - Ofidis AR | 100.00% | 100.00% | FC |
| GSolar Energiaki | 64.00% | 64.00% | FC |
| Gerovolt Ltd | 100.00% | 100.00% | FC |
| Forgero Holding SA | 65.00% | 65.00% | FC |

| Entity | Percentage interest at 31/12/2016 | Percentage interest at 31/12/2015 | Consolidation method |
|---|---|---|---|
| Montsinery SNC (Volta G holding) | 100.00% | 100.00% | FC |
| *Acquisitions during the period* | | | |
| Martifer Solar N.V. BE | 100.00% | | FC |
| Martifer Solar S.A.S. FR | 100.00% | | FC |
| Home Energy France SAS | 100.00% | | FC |
| MTSFR-PARROC FR | 100.00% | | FC |
| MTSFR-LASOUT FR | 100.00% | | FC |
| MTSFR-PARROU FR | 100.00% | | FC |
| Parc Solaire du Canadel | 100.00% | | FC |
| PEP Energie France | 100.00% | | FC |
| GEP Energie France | 100.00% | | FC |
| ECM Energie France | 100.00% | | FC |
| SVNC Energie France | 100.00% | | FC |
| Parc Eolien de Marly | 100.00% | | FC |
| Martifer Solar Hellas | 71.15% | | FC |
| Martifer Solar Investments B.V. NL | 100.00% | | FC |
| Khepri Solar B.V. NL | 100.00% | | FC |
| Martifer Solar S.R.L. | 100.00% | | FC |
| MTS1 S.R.L. IT | 100.00% | | FC |
| MTS2 S.R.L. IT | 100.00% | | FC |
| Martifer Solar, S.A. P | 100.00% | | FC |
| MPrime Solar Solutions, S.A. PT | 100.00% | | FC |
| Sol Cativante | 100.00% | | FC |
| Greencoverage Unipessoal Lda. | 100.00% | | FC |
| Believe in Bright Unipessoal Lda | 100.00% | | FC |
| Martifer Solar SK s.r.o. | 100.00% | | FC |
| Martifer Solar Sistemas Solares, S.A. ES | 100.00% | | FC |
| Solar Parks Construccion Parques Solares ETVE S.A. ES | 100.00% | | FC |
| Parque Solar Sesena I | 37.48% | | EM |
| Martifer Solar UK GB | 100.00% | | FC |
| MTS Tonge Solar Limited GB | 100.00% | | FC |
| *Disposal for the period* | | | |
| Montmayon | | 100.00% | - |

| Entity | Percentage interest at 31/12/2016 | Percentage interest at 31/12/2015 | Consolidation method |
|---|---|---|---|
| Latin America | | | |
| Voltalia Do Brasil | 100.00% | 100.00% | FC |
| Paracatu Energia | 51.00% | 51.00% | FC |
| Sapeel | 95.00% | 95.00% | FC |
| Junco 1 | 25.60% * | 25.60% | FC |
| Junco 2 | 25.60% * | 25.60% | FC |
| Caiçara 1 | 25.60% * | 25.60% | FC |
| Caiçara 2 | 25.60% * | 25.60% | FC |

| Entity | Percentage interest at 31/12/2016 | | Percentage interest at 31/12/2015 | Consolidation method |
|---|---|---|---|---|
| Terral | 100.00% | | 100.00% | FC |
| Carcara 1 | 100.00% | | 100.00% | FC |
| Carcara 2 | 100.00% | | 100.00% | FC |
| Usina de Energia Eolica Reduto S.A | 51.00% | | 51.00% | FC |
| Usina de Energia Eolica Santo Cristo S.A | 51.00% | | 51.00% | FC |
| Usina de Energia Eolica Carnauba S.A | 51.00% | | 51.00% | FC |
| Usina de Energia Eolica Sao João S.A | 51.00% | | 51.00% | FC |
| Envolver | 50.20% | | 50.20% | FC |
| Areia Branca I | 100.00% | | 100.00% | FC |
| Areia Branca II | 100.00% | | 100.00% | FC |
| Tourinho I | 100.00% | | 100.00% | FC |
| Tourinho II | 100.00% | | 100.00% | FC |
| Vila Para I | 100.00% | | 100.00% | FC |
| Vila Para II | 100.00% | | 100.00% | FC |
| Vila Para III | 100.00% | | 100.00% | FC |
| Vila Amazonas V | 100.00% | | 100.00% | FC |
| Voltalia Sao Miguel Do Gostoso Participacoes S.A | 51.00% | | 51.00% | FC |
| Voltalia SMG I | 51.00% | | 51.00% | FC |
| Oiapoque Energia | 100.00% | | 100.00% | FC |
| Vamcruz Participacoes SA | 25.60% | * | 25.60% | FC |
| Vamcruz 1 Participacoes SA | 25.60% | * | 25.60% | FC |
| Serra Pará I Paticipações S.A | 100.00% | | 100.00% | FC |
| Serra Pará Paticipações S.A | 100.00% | | 100.00% | FC |
| Voltalia Guyane | 80.00% | | 80.00% | FC |
| SIG Mana | 99.90% | | 99.90% | FC |
| SIG Kourou - manager = Gerinves | 80.07% | | 80.07% | FC |
| SIG Cacao | 100.00% | | 100.00% | FC |
| Voltalia Kourou | 80.07% | | 80.07% | FC |
| Voltalia Caraïbes | 100.00% | | 100.00% | FC |
| Centrale Hydroélectrique de Saut Maman Valentin (CHSMV) | 80.00% | | 80.00% | FC |
| Belle Etoile energie Guyane | 80.00% | | 80.00% | FC |
| VLT saut Mapaou Investissement | 79.92% | | 79.92% | FC |
| Voltalia Organabo Investissement | 79.92% | | 79.92% | FC |
| Hydro Régina 2 Investissement | 80.00% | | 80.00% | FC |
| Bon Espoir energie Guyane | 80.00% | | 80.00% | FC |
| Voltalia Biomasse Amazone Investissement | 79.20% | | 79.20% | FC |
| Tamanoir energie Guyane | 80.00% | | 80.00% | FC |
| Voltalia Saut Mapaou Exploitation | 80.00% | | 80.00% | FC |
| Volta Guyane | 100.00% | | 100.00% | FC |
| Saut Dalles Energie Guyane | 80.00% | | 80.00% | FC |
| Maripasoula Energie Guyane | 80.00% | | 80.00% | FC |
| *Acquisitions during the period* | | | | |
| Martifer Solar Ltda BR | 99.99% | | | FC |
| Martifer Solar S.A. Brazil branch | 100.00% | | | FC |
| Usina de Energia Eólica Vila Acre I S.A | 100.00% | | | FC |

| Entity | Percentage interest at 31/12/2016 | Percentage interest at 31/12/2015 | Consolidation method |
|---|---|---|---|
| Voltalia Energia do Brasil Consultoria e Participações S.A | 100.00% | | FC |
| Alameda Acre Participações S.A | 100.00% | | FC |
| Martifer Solar Chile Holding Limitada CL | 100.00% | | FC |
| Maria del Sol Norte S.A. CL | 49.00% | | EM |
| MSN Solar Uno SpA CL | 49.00% | | EM |
| MSN Solar Dos SpA CL | 49.00% | | EM |
| MSN Solar Tres SpA CL | 49.00% | | EM |
| Roura Bois Energie | 100.00% | | FC |
| Cr'Eole | 100.00% | | FC |
| MTS Solar sistemas Solares S.A. MX | 100.00% | | FC |
| Martifer Solar Servicios Mexico MX | 100.00% | | FC |
| Mire Solar, SA de CV MX | 35.00% | | EM |
| Mire Solar SPV1 MX | 34.90% | | EM |

(*) These companies are controlled by the Group.

| Entity | Percentage interest at 31/12/2016 | Percentage interest at 31/12/2015 | Consolidation method |
|---|---|---|---|
| **Asia and Africa** | | | |
| Voltalia Maroc | 99.97% | 99.97% | FC |
| *Acquisitions during the period* | | | |
| Martifer Solar Middle East | 100.00% | | FC |
| RA Solar S.A.E. EG | 99.00% | | FC |
| Inspira Solar IN | 51.00% | | FC |
| Martifer Solar Japan KK JP | 100.00% | | FC |
| Solariant Portfolio GK One JP | 100.00% | | FC |
| Martifer Solar SA (Jordan branch) | 100.00% | | FC |
| Alterrya Maroc | 100.00% | | FC |
| Voltalia Maroc Sahara | 100.00% | | FC |
| Martifer Solar Singapura PTE. LTD. | 100.00% | | FC |

## c. Non-consolidated companies

As of December 31, 2016, the following entities were majority-held by the Group but were not consolidated as these were not significant:

- Europe:
  - Voltalia Energie
  - Parc Solaire du Seranon
  - Parc Solaire du Talagard
  - Parc Solaire de Laspeyres
  - Croix et Jorasse Energie
  - Jalandre Energie
  - Arpettaz Energie
  - Merderel Energie
  - Ferme Eolienne de Pouligny Saint Pierre
  - Le Guil Energie
  - Parc Solaire du Domaine des Selves
  - Eviva solar 1
  - Eviva solar 2
  - PVGlass Itália, SRL
  - Solar Spritehood S.R.L.
  - Ginosa Solar Farm S.R.L.
  - MTS6 S.R.L.
  - Visiontera Unipessoal, Lda
  - Martifer Solar RO SRL
  - Martifer Solar Ucrania
  - Steadfast Fairview Solar, Ltd
  - MTS Exbury Solar Limited

- MTS Manton Manor Solar Limited
- MTS Stud Farm Solar Limited
- MTS Penderi Solar Limited

- Latin America:
  - Iracoubo Biomasse Energie
  - Mencey Solar SpA
  - Dehesa Solar SpA

- Asia & Africa:
  - Martifer Solar MZ, S.A.
  - Société de Développement Local S.A.
  - Martiper Solar Initiative Enerji Uretim Dagitim Sanayi Ve Ticaret Ltd Sirketi
  - Martimak Solar Initiative Enerji Uretim Dagitim Sanayi Ve Ticaret Ltd Sirketi
  - Alterrya Wind

## d. Change in the scope

Changes in scope, and/or restructuring operations in the first half of 2016, are as follows:

### d1) Historical scope

In Brazil:

- Creation of two holding companies:
  - Voltalia Energia do Brasil Consultoria e Participações S.A
  - Alameda Acre Participações S.A

  The Group created these two companies. They are wholly owned and fully consolidated.
  Voltalia Energia do Brasil Consultoria e Paricipacoes S.A was created so as to carry out a new O&M activity in Brazil in future.
  Alameda Acre Participações S.A was created so as to subsequently own the equity of Usina de Energia Eolica Vila Acre I S.A.

- Creation of a company in view of the construction of a wind farm following success in the Brazilian calls for tender in November 2015.
  The project Usina de Energia Eólica Vila Acre I S.A was thus created. It is fully controlled and fully consolidated.

In metropolitan France:

- Creation of Parc Solaire du Canadel following success in the French call for tenders for solar energy in November 2015.

- First consolidation of the companies making up the portfolio of wind projects acquired in the second half of 2015.

  The following companies were thus consolidated:
  - PEP Energie France
  - GEP Energie France
  - ECM Energie France
  - SVNC Energie France

  They are wholly owned by Voltalia and fully consolidated.

- Acquisition of Marly

  Marly was acquired in early July 2016.

  It is wholly owned by Voltalia and fully consolidated.

In French Guiana:

- Acquisition of Cr'Eole:

  Cr'Eole was acquired at the end of 2015. It is wholly owned by Voltalia and fully consolidated.

- Creation of Roura Bois Energie

  The Group created the company Roura Bois Energie, wholly owned by Voltalia and fully consolidated.

Roura Bois Energie is the biomass supply company dedicated exclusively to feeding a biomass power plant belonging to the Group, currently in an advanced phase of development.

Morocco:

- Acquisition of Alterrya Maroc and Voltalia Maroc Sahara

The companies were acquired at the end of June 2016.

They are wholly owned by Voltalia and fully consolidated.

### d2) Merger with the Martifer Solar sub-group

On 18 August 2016, Voltalia acquired 100% of the securities of the sub-group Martifer Solar (MTS) for a price of 9 million euros. This acquisition was financed solely through capital. This acquisition enables Voltalia to add development, construction and operation-maintenance services on behalf of third-party clients to its offering.
The Martifer sub-group was consolidated for accounting purposes from 1 August 2016, with fair value allocation of the various assets and liabilities acquired. As of December 31, 2016, this allocation remains provisional and is likely to require various adjustments. As a result, after the allocation work, provisional goodwill comes to 45.3 million euros, the details of which are as follows:

| In millions of euros | Consolidated companies | Goodwill | Total |
|---|---|---|---|
| *Net assets acquired* | (30.7) | | |
| *PWC adjustments (1)* | 3.1 | | |
| *Impairment of asset & related receivables* | (0.6) | | |
| *Provisions for expenses* | (1.09) | | |
| *Review of construction contracts (2)* | (4.5) | | |
| *Adjustments of guarantee provisions (3)* | (10.5) | | |
| *Other* | (1.0) | | |
| *Revaluation of assets (4)* | 10.1) | | |
| *Deferred taxes (5)* | (1.2) | | |
| Net assets after adjustments | (36.3) | | (36.3) |
| *Goodwill* | | 45.3 | 45.3 |
| Provisional allocation of the acquisition price | (36.3) | 45.3 | 9 |

(1) The condensed unaudited consolidated financial statements of MTS for the seven months closed at 31 July 2016 have been prepared in accordance with international accounting standards as adopted by the European Union. They were prepared for the purposes of the acquisition and were subject to a limited review by PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lta ("PWC"). The report of the limited review issued in September 2016 included five reserves, relating to:

1. the absence of justification for the recoverability of certain assets leading to an adjustment of 4.4 million euros;
2. the absence of justification of provisions for risks and charges recognised for 7.5 million euros;
3. the lack of sufficient documentation to justify the recognition of various provisions for contractual penalties, risks and impairments, not retained by management.,
4. the recognition in 2015 of a disposal for 2.7 million euros, which was cancelled in the income in the first half of 2016, with no impact at 31 July 2017;

5. the recognition in 2016 of the adjustments proposed by the statutory auditors of MTS not recognised in 2015 for a total amount of 2.6 million euros, leading to an underestimation of the 2016 income for the same amount, with no impact as at 31 July 2017.

The total impact of these reserves on the opening balance sheet amounted to 3.1 million euros.

**(2)** The costs to be incurred that are necessary for completing the construction work were assessed, resulting in a change in the costs to complete certain contracts, and due to the percentage of completion method for recognising income, led to a downward revision of the rate of advancement of these contracts.

**(3)** This amount corresponds to (i) the two-year construction contract guarantees for which the level of provision was insufficient, (ii) the costs necessary to lift the reserves identified in the provisional acceptance, and (iii) the penalties identified.

**(4)** The firm Duffs & Phelps, appointed to carry out the valuation work, identified the following assets not recognised by MTS:

- depreciable intangible assets amounting to 5.5 million euros corresponding to the portfolio of operating projects and the assets making it possible to complete them;
- non-amortisable intangible assets amounting to 7.7 million euros, mainly the pipeline of projects under development and a trademark;
- amortisable intangible assets in the amount of 0.8 million euros.

Furthermore, the firm CBRE proceeded with the evaluation of the fixed assets in Portugal, which lead to a negative adjustment of 3.9 million euros.

**(5)** The recognition of all the adjustments described above led to a deferred tax charge of 1.2 million euros. The final calculation of the deferred taxes will be carried out for the 30 June 2017 closing.

Goodwill

Adjustments and PPA work resulted in residual goodwill valued of 45.3 million euros at the balance sheet date.
The main elements used to justify residual goodwill are as follows:

- Human capital:
  The know-how of the Martifer Solar teams is concentrated mainly on operations and maintenance activities, construction and international project development. It enables the Group to develop its know-how in solar energy and services;
- Synergies:
  The expansion of the development portfolio, in both different energies and different countries, will allow the new group to have better selectivity in the choice of construction of its power plants and thus ensure better profitability for its future power plants.
  The ability to develop projects associated with expertise in construction and maintenance in different energies will enable the Group to develop a global offer.
  Voltalia's know-how, particularly in wind energy, combined with the experience of Martifer, will enable us to develop the operating and maintenance activity for this energy.

By contributing Martifer's new businesses in order to allocate and test residual goodwill by business segment, the Group's new organisation (see Note 6, segment reporting) will lead to the identification of two new Cash Generating Units (CGU) and the consolidation of the production assets into a dedicated CGU in 2017.
The two new CGUs correspond to the new business segments, the basis for reporting to the operational decision-maker:

- The *Development, Construction and Equipment Sale* businesses group together:
  - Project development (DEV), for Voltalia or others;
    This concerns the new power plant project development business. At the end of the development phase, Voltalia may decide either to construct the plant for the purpose of producing and selling electricity for its own account or to sell the project to a third party;

- Construction of power plants (EPC), for Voltalia or for others.
  This is the engineering, equipment supply and services business, and/or construction services (Engineering Procurement Construction) for the completion of power plants, whether these are owned by the Group or by third parties;
- Distribution of equipment for solar power plants.

In accordance with IFRS 8 "Segment reporting", we have combined these businesses within the same sector. Indeed, the sale of the power plant construction project is negotiated at the same time as that of the development of the same project. Furthermore, the prices negotiated with equipment suppliers used for the construction work allow us to have an ancillary business of equipment distribution.

- The *Operation – Maintenance* business:
  This is the power plant operation-maintenance business, either on the Group's own behalf when these plants are owned by Voltalia or on behalf of external clients

The *Electricity Production* CGU will consolidate the operating power plants (or power plant clusters) and will make it possible to carry out an impairment test including the goodwill allocated to this sector, each power plant or cluster continuing to be subject to individual tests whenever there is an indication of impairment.
The two new CGUs identified, i.e. "Project development, construction of power plants and equipment resale" and "Operation and maintenance" constitute operating segments within the meaning of IFRS 8. The expected weight of each of the segments in 2017 is within the range 10% to 50% for the revenue and net income criteria. In addition, all three CGUs represent 98% of the external income for 2017.
Given the acquisition date and the new Group organisation following the acquisition, goodwill has not been allocated to the various CGUs. The allocation will be completed for the publication of the financial statements of the 1st half of 2017.

Financial statements

The consolidated financial statements of Voltalia include income from operations of this activity since 1 August 2016, contributing to revenue in the amount of 17.7 million euros and to a negative EBITDA in the amount of 6 million euros.

- Opening balance sheet

The provisional opening balance sheet, after taking into account provisional adjustments, is presented below. In accordance with IFRS 3R, this balance sheet will be finalised within twelve months of the acquisition date

| In millions of euros | Financial statements of MTS at 31 July after revaluation at fair value |
|---|---|
| Fixed assets | 28.6 |
| Current assets excluding cash | 51.0 |
| Cash and cash equivalents | 1.1 |
| Equity | (36.3) |
| Current and non-current liabilities (excluding financial liabilities) | 99.1 |
| Financial liabilities | 17.9 |
| **Total balance sheet** | **80.7** |

- Pro forma financial information

The pro forma financial information is of two types: retrospective pro forma information, which aims to present the main income statement aggregates as if the acquisition of Martifer Solar had not taken place, and prospective pro forma information, which aims to present the main income statement aggregates as if the acquisition of Martifer Solar had taken place on 1 January 2016.

Pro forma adjustments are directly attributable to the acquisition. These adjustments were prepared and calculated based on the information available.

Only the adjustments that were expected to have an impact on Voltalia's financial statements were taken into account. For example, pro forma financial information does not reflect any exceptional items such as restructuring payments or consolidation costs that may be incurred as a result of the acquisition. Pro forma financial information does not include economies of scale that could result from synergies and cost savings.

No reclassification has been made to align the presentation of the historical financial statements of the acquisition with the presentation of Voltalia's financial statements. However, no discrepancies were identified in the presentation as having a material impact on the pro forma financial information presented.

Retrospective pro forma financial information

This information makes it possible to restate the consolidated financial statements of the sub-group acquired so as to facilitate the comparison with the consolidated financial statements of Voltalia for 2015. In this context, it may be useful to present Voltalia's financial statements at the end of 2016 subtracting five months of operations relating to the Martifer Solar sub-group.

Pro forma adjustments related to pro forma income statement items are calculated as if the Acquisition had not been completed.

| In millions of euros | Voltalia's audited financial information | - | MTS' unaudited financial information | = | Voltalia's income statement excluding MTS |
|---|---|---|---|---|---|
| | For the 12-month period closing 31/12/2016 | | For the 5-month period from 01/08/2016 to 31/12/2016 | | Unaudited pro forma For the 12-month period closing 31/12/2016 |
| Income | 127.0 | | 17.7 | | 109.2 |
| Revenues | 118.0 | | 17.7 | | 100.2 |
| EBITDA | 50.0 | | (6.1) | | 56.1 |
| Operating income | 34.2 | | (2.7) | | 36.9 |

Prospective pro forma financial information

This information will facilitate the comparison with Voltalia's 2017 consolidated financial statements by comparing 12 months of operations on the historical scope and on the new Martifer Solar sub-group. Accordingly, it is necessary to include the 12 months of the Martifer Solar sub-group as if the acquisition had been made on 1 January 2016.

Pro forma adjustments related to pro forma income statement items are calculated as if the Acquisition had been completed on 1 January 2016 (excluding US operations).

| In millions of euros | Voltalia's audited financial information<br><br>For the 12-month period closing 31/12/2016 | + | MTS' unaudited financial information<br><br>For the 7-month period from 1/01/2016 to 31/07/2016 | = | Voltalia's income statement with MTS<br><br>Unaudited pro forma For the 12-month period closing 31/12/2016 |
|---|---|---|---|---|---|
| Income | 127.0 | | 38.1 | | 165.0 |
| Revenues | 118.0 | | 38.0 | | 156.0 |
| EBITDA | 50.0 | | (10.1) | | 36.9 |
| Operating income | 34.2 | | (31.0) | | 3.2 |

## e. Partnerships and associates

As of December 31, 2016, the breakdown of interests in equity associates was as follows:

| *(In thousands of euros)* | 31/12/16 | 31/12/2015 |
|---|---|---|
| Maria del Sol Norte S.A. CL | (50) | - |
| MSN Solar Uno SpA CL | (1) | - |
| MSN Solar Dos SpA CL | (1) | - |
| MSN Solar Tres SpA CL | (1) | - |
| Parque Solar Sesena I | 193 | - |
| 3LE | 493 | 379 |
| Fangas 1 | (21) | (20) |
| Fangas 2 | (21) | (20) |
| 4 Termes 1 | (21) | (21) |
| 4 Termes 2 | (21) | (20) |
| Greek Wind Power | (27) | (19) |
| Mire Solar, SA de CV MX | 1 | - |
| Mire Solar SPV1 MX | 1 | - |
| Total | 523 | 278 |

## f. Information on interests in other entities

### f1) Structured entities

The Voltalia Group does not hold any entity referred to as a structured entity that would justify inclusion in the scope of consolidation.

A structured entity is an entity designed so that voting rights are not the determining factor in control.

## f2) Subsidiaries with significant minority interests

| As of December 31, 2016 (in thousands of euros) | Junco 1 | Junco 2 | Caiçara 1 | Caiçara 2 |
|---|---|---|---|---|
| Main activity | Wind | Wind | Wind | Wind |
| Place of operations (and registered office if different) | Brazil | Brazil | Brazil | Brazil |
| Percentage interest | 25.60 | 25.60 | 25.60 | 25.60 |
| Percentage of voting rights held (percentage of control) | 100.00 | 100.00 | 100.00 | 100.00 |
| **Summary - Statement of Financial Position** | | | | |
| Current assets | 2,694 | 7,433 | 9,243 | 3,523 |
| Non-current assets | 42,156 | 33,729 | 36,198 | 24,013 |
| Current liabilities | 9,036 | 6,880 | 2,174 | 1,458 |
| Non-current liabilities | 17,804 | 14,951 | 19,052 | 12,386 |
| Non-controlling interests (aggregate at end N) | (886) | 439 | 582 | 426 |
| **Summary - Income Statement** | | | | |
| Revenues | 4,388 | 4,470 | 5,055 | 3,154 |
| Net earnings attributable to shareholders of the Group | (322) | 42 | 66 | 79 |
| Net earnings attributable to NCI | (935) | 121 | 193 | 229 |
| Net earnings - Total | (1,256) | 163 | 259 | 307 |
| Other items of comprehensive income (OCI) attributable to the Group | (24) | 23 | 35 | 22 |
| Other items comprehensive income (OCI) attributable to NCI | (68) | 66 | 116 | 75 |
| Other items of comprehensive income (OCI) - Total | (92) | 89 | 151 | 98 |
| Comprehensive income attributable to shareholders of the Group | (345) | 65 | 101 | 101 |
| Comprehensive income attributable to NCI | (1,003) | 188 | 308 | 304 |
| Comprehensive income - Total | (1,348) | 252 | 410 | 405 |
| **Summary - Cash flow statement** | | | | |
| Dividends paid to NCI | | | | |
| Net cash flow from operating activities | 254 | 3,755 | 5,177 | (2,849) |
| Net cash flow from investing activities | 275 | (1,146) | (1,350) | (1,210) |
| Net cash flow from financing activities | (1,980) | (1,786) | (5,907) | (1,246) |
| Net cash flow - Total | (1,452) | 823 | (2,080) | (5,305) |

| As of December 31, 2016 (in thousands of euros) | Envolver | Voltalia Sao Miguel Do Gostoso Participacoes S.A | Voltalia Sao Miguel Do Gostoso I Participacoes S.A | Vamcruz Participacoes SA | Vamcruz 1 Participacoes SA | Other | Total |
|---|---|---|---|---|---|---|---|
| Main activity | Holding company | Holding company | Holding company | Holding company | Holding company | | |
| Place of operations (and registered office if different) | Brazil | Brazil | Brazil | Brazil | Brazil | | |
| Percentage interest | 50.20 | 51.00 | 51.00 | 25.60 | 25.60 | | |
| Percentage of voting rights held (percentage of control) | 50.20 | 51.00 | 51.00 | 100.00 | 51.00 | | |
| **Summary - Statement of Financial Position** | | | | | | | |
| Current assets | 356 | 15,980 | 607 | 660 | 329 | 24,312 | 65,137 |
| Non-current assets | 39,183 | 60,370 | 43,018 | 72,251 | 76,310 | 160,919 | 591,148 |
| | | | | | | - | - |
| Current liabilities | 8,667 | 18,214 | 617 | 5 | 36 | 58,419 | 105,505 |
| Non-current liabilities | - | 15,118 | - | - | - | 72,526 | 151,837 |
| Non-controlling interests (aggregate at end N) | 15,800 | (1,625) | 21,014 | 128 | 38,718 | 724 | 75,319 |
| **Summary - Income Statement** | | | | | | - | - |
| Revenues | - | - | - | - | - | 24,108 | 41,174 |
| Net earnings attributable to shareholders of the Group | (1,255) | (909) | (16) | 12 | (7) | 449 | (1,861) |
| Net earnings attributable to NCI | (1,245) | (873) | (15) | 33 | (19) | 1,532 | (979) |
| Net earnings - Total | (2,500) | (1,782) | (30) | 45 | (26) | 1,981 | (2,840) |
| Other items of comprehensive income (OCI) attributable to the Group | 4,092 | (81) | 2,718 | 3 | (2) | (303) | 6,484 |
| Other items comprehensive income (OCI) attributable to NCI | 4,059 | (79) | 4,377 | 9 | 8,448 | 224 | 17,227 |
| Other items of comprehensive income (OCI) - Total | 8,151 | (160) | 7,095 | 12 | 8,447 | 152 | 23,942 |
| Comprehensive income attributable to shareholders of the Group | 2,837 | (990) | 2,702 | 15 | (8) | 348 | 4,826 |
| Comprehensive income attributable to NCI | 2,814 | (952) | 4,362 | 42 | 8,429 | 1,778 | 16,270 |
| Comprehensive income - Total | 5,651 | (1,942) | 7,064 | 57 | 8,421 | 2,126 | 21,096 |
| **Summary - Cash flow statement** | | | | | | - | - |
| Dividends paid to NCI | - | - | 269 | - | - | 28 | 297 |
| Net cash flow from operating activities | (7,033) | 2,574 | (99) | (295) | (154) | 14,835 | 16,165 |
| Net cash flow from investing activities | 0 | 6 | 0 | (0) | (187) | (588) | (4,199) |
| Net cash flow from financing activities | 7,272 | (649) | (71) | (414) | 422 | (15,565) | (19,923) |
| Net cash flow - Total | 239 | 1,932 | (170) | (709) | 82 | (1,604) | (8,244) |

## f3) Associates

| As of December 31, 2016<br>(in thousands of euros) | Parque Solar Sesena I | 3LE |
|---|---|---|
| Main activity | Solar | Wind |
| Place of operations (and registered office if different) | Spain | France |
| Percentage interest | 37% | 40% |
| And if different, percentage of voting rights held (percentage of control) | | |
| Valuation method: fair value or percentage equity | Percentage equity | Percentage equity |
| **Summary - Statement of Financial Position** | | |
| Current assets | 735 | 910 |
| Non-current assets | 11,969 | 968 |
| Current liabilities | 12,145 | 1,707 |
| Non-current liabilities | 43 | 261 |
| **Summary - Income Statement** | | |
| Dividends received during the year | - | - |
| Revenues | 850 | 1,281 |
| Net earnings from continuing activities | (14) | 68 |
| Other items of comprehensive income (OCI) | - | - |
| Comprehensive income | (14) | 68 |
| **Type of risks associated with interests held** | | |
| The type and scope of major restrictions on the transfer of funds (in the form of dividends or other) to the entity presenting the consolidated statements (contractual or regulatory constraints) | | |
| Contractual liabilities to equity associates | | § Pledge of 150 shares in 3L Energies to the Unifergie, Natixis Energeco and Oséo Financement banking pool until full repayment of the finance lease concluded by 3L Energies.<br><br>§ Pledge of a loan to the lessee of 1,745 thousand euros in favour of Unifergie, Natixis Energeco and Oséo Financement until expiry of the lease agreement. |
| **Reconciliation between the summarized information and the equity associates interests line** | | |
| Net assets of the equity associate | 522 | 637 |
| Percentage held by the Group | 0 | 0 |
| Goodwill | - | 238 |
| Other adjustments | | |
| Net carrying amount of equity interests | 193 | 493 |

## g. Assets and liabilities held for sale

In accordance with IFRS 5, when the Group has decided to sell an asset or group of assets, it classifies it as an asset held for sale if:

- the asset or group of assets is available for immediate sale in its present condition subject only to the conditions that are usual and customary for sales of such assets;
- and its sale is likely within one year.

Furthermore, an activity is classified under "discontinued operations" when:

- it forms an integral part of a unique plan to dispose of a business line or of the activities in a geographic area;
- it is a subsidiary acquired in order to be sold or abandoned.

One group of assets is classified under activities held for sale within the meaning of IFRS 5 as as of December 31, 2016.

- all the criteria for classification as non-current assets held for sale or discontinuation are met; and if
- one of the additional criteria described below is also satisfied:
  - it represents a separate major line of business or geographical area of operations;

This group of assets was already held for sale as of December 31, 2015. Following the change of buyer, discussions were restarted and were concluded at the beginning of 2017 (See Note 3 – Subsequent events).

## h. Conversion of foreign currency

**Foreign currency transactions**

Foreign currency transactions are translated into euros using the exchange rate in effect on the transaction date. For practical purposes, an annual average price is generally used. Monetary items and, where appropriate, non-monetary items measured at fair value in a foreign currency are translated using the closing price. The general principle is that translation differences relating to these items are recognized in income over the period.

**Financial statements denominated in foreign currencies**

The functional currency of the foreign subsidiaries of the Voltalia Group always corresponds to the local currency of these entities. On this basis, the assets and liabilities of the companies included in the scope of consolidation and denominated in foreign currencies are translated into euros using the exchange rate at the balance sheet date.

The income and expenses of these companies are translated into euros using the average exchange rate over the period.

Exchange rates used within the Group are as follows::

| | | Closing rate 31/12/2016 | Average rate 2016 | Average rate 2015 | Rate on the date of the business combination | Opening rate 01/01/2016 |
|---|---|---|---|---|---|---|
| MAD | Moroccan Dirham | 0.09359 | 0.09144 | 0.09180 | | 0.09180 |
| BRL | Brazilian Real | 0.29157 | 0.26042 | 0.27410 | | 0.23130 |
| AED | UAE Dirham | 0.25861 | 0.24853 | | 0.24379 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| CLP | Chilean Peso | 0.00140 | 0.00136 | | 0.00137 | |
| EGP | Egyptian Pound | 0.05237 | 0.08293 | | 0.10105 | |
| GBP | Pound Sterling | 1.17221 | 1.15972 | | 1.18448 | |
| INR | India Rupee | 0.01396 | 0.01357 | | 0.01345 | |
| JOD | Jordanian Dinar | 1.33704 | 1.28439 | | 1.26507 | |
| JPY | Japanese Yen | 0.00812 | 0.00860 | | 0.00877 | |
| MXN | Mexican Peso | 0.04580 | 0.04697 | | 0.04778 | |
| SGD | Singapore Dollar | 0.65622 | 0.65787 | | 0.66836 | |

All currency translation differences arising from the conversion of these financial statements are recognized in other comprehensive income.

**Net investments in an overseas business**

Translation differences relating to intragroup assets and liabilities are also recognized in income. On an exceptional basis, such translation differences are temporarily recognized in other comprehensive income when the monetary asset or liability forms an integral part of the net investment in a foreign company. Such is effectively the case of loans and receivables in foreign currencies for which settlement is neither planned nor probable in the foreseeable future.

## NOTE 6- OPERATING SEGMENTS

**Segment reporting**

Segment reporting is presented in accordance with the internal reporting system of the Group, which is used by the General Management to measure performance and allocate resources. Risks and returns are also specific to each of the sectors. Geographical areas are defined according to their specific economic environment and are subject to different risks and returns.

Segment reporting is presented on the basis of the Group's internal organisation, before the consolidation of Martifer Solar, which reflects the different levels of risk and returns in which the Group operates.

Segment reporting by business segment is favoured, because risks and returns of different types depend mainly on the Group's activities rather than their geographical location.

The segmentation used by the management of the Group is as follows:

**Electricity production (by energy source):**

Wind power: This activity includes our wind farms, which provide electricity production pursuant to contracts with a term of at least 15 years from their commissioning.

Solar power: This activity includes our solar parks on the ground or solar roofs, which provide electricity production in accordance with contracts with a term of 20 years from their commissioning.

Hydropower: This activity includes our run of the river hydropower plants, which provide electricity production to national distribution companies in accordance with contracts with a term of at least 20 years from their commissioning.

Biomass: This activity includes our biomass-fuelled thermal power plants, which provide either electricity production or co-generation of electricity and heat for national or private companies in accordance with contracts of 20 to 25 years from their commissioning.

Hybrid: This activity includes power plants that provide electricity from a hydro/thermal mix. During times of peak demand, maintenance, and the dry season, hydropower generation is supplemented by thermal power to meet the demand for electricity.

Corporate:

Income from the provision of services:

- group companies develop projects and carry out tasks in order to obtain construction and production permits. These services can be managed by the services of the Group or delegated and supervised by service providers that the Group partners with. This activity generates operational income when projects are sold. The Group can also perform operations and maintenance services for renewable power plants owned by third parties;
- engineering and unallocated: The Corporate segment includes the operating and financial activities of the Group and the newly created companies that have not made any significant investment.

Change in segment reporting

Following the acquisition of Martifer, the Group modified its organisation and built it around the businesses (§ Note 5.d., change in scope):

- electricity production;
- project development, construction of power plants and equipment resale;
- operation-maintenance.

The setting-up of this new organisation is accompanied by a reorganisation of the reporting, which is being put in place and should be fully available for the 31 December 2017 closing. It is not available for the 31 December 2016 closing, and only income statement items will be available for the 30 June 2017 closing.

For the 31 December 2016 closing, segment reporting presented therefore corresponds to the historic segmentation and is still applicable to the Management's decision-making, i.e. by energy source.

Geographical information is now submitted by zone rather than by country considering the large number of countries.

## Income statement items

### By energy:

2016:

| INCOME STATEMENT ITEMS 31/12/2016 | Corporate | Wind | Biomass | Hydro-power | Solar | Hybrid | Total |
|---|---|---|---|---|---|---|---|
| Income | 1,134 | 72,196 | 2,844 | 2,320 | 30,733 | 17,740 | 126,966 |
| Current operating income | (10,661) | 36,438 | 32 | 529 | 6,971 | 3,513 | 36,821 |
| EBITDA | (9,540) | 49,488 | 31 | 1,267 | 5,190 | 3,581 | 50,018 |
| *% EBITDA margin* | *N/A* | *69%* | *1%* | *55%* | *17%* | *20%* | *39%* |
| OPERATING INCOME | (12,357) | 35,946 | (195) | (28) | 7,303 | 3,513 | 34,181 |
| *% Operating margin* | *N/A* | *50%* | *-7%* | *-1%* | *24%* | *20%* | *27%* |
| NET FINANCIAL INCOME | (152) | (25,472) | (296) | (631) | (2,796) | 298 | (29,048) |
| PROFIT BEFORE INCOME TAXES | (12,508) | 10,474 | (491) | (659) | 4,507 | 3,811 | 5,133 |
| Income taxes | (99) | (3,893) | 0 | 0 | 103 | (691) | (4,580) |
| AFTER TAX INCOME | (12,608) | 6,581 | (491) | (659) | 4,610 | 3,121 | 553 |
| Income from companies at equity | - | 114 | - | - | (90) | - | 24 |
| TOTAL NET INCOME | (12,608) | 6,695 | (491) | (659) | 4,520 | 3,121 | 577 |

2015:

| INCOME STATEMENT ITEMS 31/12/2015 | Corporate | Wind | Biomass | Hydro-power | Solar | Hybrid | Total |
|---|---|---|---|---|---|---|---|
| Income | 1,077 | 44,077 | 2,854 | 1,628 | 7,427 | 1,503 | 58,565 |
| Current operating income | (7,254) | 24,364 | 1,217 | (278) | 4,173 | 407 | 22,629 |
| EBITDA | (7,138) | 31,209 | 288 | 357 | 4,914 | 412 | 30,042 |
| *% EBITDA margin* | *N/A* | *71%* | *10%* | *22%* | *66%* | *27%* | *51%* |
| OPERATING INCOME | (7,217) | 24,318 | 1,212 | (277) | 3,855 | 407 | 22,298 |
| *% Operating margin* | *N/A* | *55%* | *42%* | *-17%* | *52%* | *27%* | *38%* |
| NET FINANCIAL INCOME | 1,559 | (13,403) | (850) | (680) | (1,473) | 5 | (14,843) |
| PROFIT BEFORE INCOME TAXES | (5,658) | 10,914 | 362 | (957) | 2,382 | 412 | 7,455 |
| Income taxes | (298) | (2,496) | 0 | (0) | (155) | (46) | (2,996) |
| AFTER TAX INCOME | (5,956) | 8,418 | 362 | (957) | 2,227 | 365 | 4,459 |
| Income from companies at equity | - | 101 | - | - | (10) | - | 91 |
| TOTAL NET INCOME | (5,956) | 8,519 | 362 | (957) | 2,217 | 365 | 4,550 |

By region:

2016:

| INCOME STATEMENT ITEMS 31/12/2016 | EUROPE | LATIN AMERICA | ASIA AND AFRICA | Total |
|---|---|---|---|---|
| Income | 31,627 | 89,741 | 5,598 | **126,966** |
| Current operating income | **1,892** | **35,867** | (938) | **36,821** |
| EBITDA | **2,687** | 48,257 | (926) | **50,018** |
| *% EBITDA margin* | -74% | | - | 39% |
| OPERATING INCOME | **(20)** | **35,142** | **(940)** | **34,181** |
| *% Operating margin* | -130% | | | 27% |
| NET FINANCIAL INCOME | **(539)** | **(28,518)** | **9** | **(29,048)** |
| PROFIT BEFORE INCOME TAXES | **(559)** | **6,624** | **(932)** | **5,133** |
| Income taxes | 107 | (4,662) | (25) | (4,580) |
| AFTER TAX INCOME | **(452)** | **1,962** | **(956)** | **553** |
| Income from companies at equity | 97 | (74) | - | **24** |
| TOTAL NET INCOME | **(355)** | **1,888** | **(956)** | **577** |
| | - | | - | |

2015:

| INCOME STATEMENT ITEMS 31/12/2015 | EUROPE | | LATIN AMERICA | | ASIA AND AFRICA | Total |
|---|---|---|---|---|---|---|
| | FRANCE | GREECE | FRENCH GUIANA | BRAZIL | MOROCCO | |
| Income | 11,464 | 3,176 | 6,952 | 36,974 | - | 58,565 |
| Current operating income | 1,091 | 863 | 2,256 | 18,734 | (317) | 22,629 |
| EBITDA | 2,857 | 1,417 | 2,939 | 23,323 | (313) | 30,042 |
| *% EBITDA margin* | 25% | 45% | 42% | 63% | N/A | 51% |
| OPERATING INCOME | 1,149 | 832 | 1,923 | 18,711 | (317) | 22,298 |
| *% Operating margin* | 10% | 26% | 28% | 51% | N/A | 38% |
| NET FINANCIAL INCOME | (1,580) | (398) | (1,813) | (11,043) | (8) | (14,843) |
| PROFIT BEFORE INCOME TAXES | (431) | 433 | 110 | 7,668 | (325) | 7,455 |
| Income taxes | (174) | 0 | (155) | (2,667) | - | (2,996) |
| AFTER TAX INCOME | (604) | 433 | (45) | 5,000 | (325) | 4,459 |
| Income from companies at equity | 99 | (8) | - | - | - | 91 |
| TOTAL NET INCOME | (506) | 425 | (45) | 5,000 | (325) | 4,550 |

Balance sheet items:

By energy

2016

| BALANCE SHEET ITEMS 31/12/16 | Corporate | Wind | Biomass | Hydro-power | Solar | Hybrid | Total |
|---|---|---|---|---|---|---|---|
| Goodwill and assets | 58,666 | 623,555 | 8,261 | 22,174 | 56,619 | 3,694 | 772,968 |
| Non-current assets | 1,911 | 2,369 | 0 | 14 | 20,463 | - | 24,757 |
| Current assets | 72,697 | 46,318 | 1,405 | 751 | 42,841 | 5,001 | 169,012 |
| Equity | 414,104 | 10,358 | 122 | 2,472 | (5,263) | 2,960 | 424,753 |
| Non-current liabilities | 29,241 | 255,327 | 3,317 | 8,300 | 38,198 | - | 334,383 |
| Current liabilities | 40,276 | 110,223 | 1,318 | 3,341 | 47,064 | 4,347 | 206,569 |

Excluding assets and liabilities held for sale.

The goodwill related to the acquisition of Martifer Solar, being allocated, was placed in the "Holding company" business (See Note 5. 1.1.1.2 d2) Merger with the Martifer Solar sub-group

2015

| BALANCE SHEET ITEMS 31/12/2015 | Corporate | Wind | Biomass | Hydro-power | Solar | Hybrid | Total |
|---|---|---|---|---|---|---|---|
| Goodwill and assets | 4,578 | 408,075 | 8,680 | 22,464 | 37,071 | 1,131 | 482,000 |
| Non-current assets | 2,215 | 2,850 | 0 | 12 | 673 | 1 | 5,751 |
| Current assets | 9,435 | 44,961 | 692 | 224 | 5,860 | 1,722 | 62,895 |
| Equity | 199,368 | 4,453 | 613 | 3,239 | 3,256 | 235 | 211,165 |
| Non-current liabilities | 6,532 | 224,739 | 3,833 | 9,563 | 20,440 | - | 265,108 |
| Current liabilities | 31,048 | 34,757 | 1,062 | 1,899 | 3,752 | 1,187 | 73,706 |

Excluding assets and liabilities held for sale.

By region:

2016

| BALANCE SHEET ITEMS 31/12/16 | EUROPE | LATIN AMERICA | ASIA AND AFRICA | Total |
|---|---|---|---|---|
| Goodwill and assets | 110,225 | 615,840 | 1,537 | 727,602 |
| Non-current assets | 24,541 | 181 | 34 | 24,757 |
| Current assets | 97,767 | 63,703 | 7,543 | 169,012 |
| Equity | 376,614 | 59,909 | (11,770) | 424,753 |
| Non-current liabilities | 86,771 | 247,461 | 152 | 334,383 |
| Current liabilities | 55,006 | 144,014 | 7,547 | 206,567 |

Excluding assets and liabilities held for sale.

The balance sheet by regions does not include non-allocated goodwill.

2015

| BALANCE SHEET ITEMS 31/12/2015 | EUROPE | | LATIN AMERICA | | ASIA AND AFRICA | Total |
|---|---|---|---|---|---|---|
| | FRANCE | GREECE | FRENCH GUIANA | BRAZIL | MOROCCO | |
| Goodwill and assets | 69,823 | 12,661 | 42,989 | 356,210 | 317 | 482,000 |

| BALANCE SHEET ITEMS 31/12/2015 | EUROPE | | LATIN AMERICA | | ASIA AND AFRICA | Total |
|---|---|---|---|---|---|---|
| | FRANCE | GREECE | FRENCH GUIANA | BRAZIL | MOROCCO | |
| Non-current assets | 5,612 | 8 | 3 | 122 | 6 | 5,751 |
| Current assets | 10,190 | 3,248 | 3,832 | 45,399 | 237 | 62,906 |
| Equity | 199,768 | (15,589) | 9,800 | 17,517 | (331) | 211,165 |
| Non-current liabilities | 62,024 | 2,171 | 19,376 | 181,538 | (0) | 265,108 |
| Current liabilities | 25,361 | 2,240 | 6,004 | 39,887 | 212 | 73,704 |

Excluding assets and liabilities held for sale.

## NOTE 7- OPERATING INCOME

### a. Income

Income includes the Group's revenue (or income from ordinary activities), the sale of securities of plants, and other activity-related income.

- The Group's revenues include:
- the supply of electricity (and heat) from the Group's production units; and
- the provision of operational and maintenance services for power plants and completion of power plant construction projects;
- equipment sale.

Income from ordinary activities (or revenue) corresponds to the fair value of the consideration received or receivable for goods and services sold in the normal course of the Group's activities. Income from ordinary activities is recognized net of discounts and rebates, and net of intragroup sales. No revenue is recognized if there is significant uncertainty as to the recoverability of the consideration due.

The sale of development projects or production units through the sale of securities of the project company is an integral part of the operational activity. Gains or losses on disposal of these project companies thus constitute a revenue item

Since the construction of a plant consists of the construction of an asset for third parties, the Group applies IAS 11, and recognises income on the basis of advancement of costs.

**Elements of income 2016**

Income generated by the Group breaks down as follows:

| *(In thousands of euros)* | 31/12/16 | 31/12/2015 | Chge | Chge % |
|---|---|---|---|---|
| Energy sales | 99,164 | 57,435 | 41,729 | +73% |
| Revenues from services | 18,802 | 1,046 | 17,756 | N/A |
| **Total revenue** | **117,967** | **58,482** | **59,485** | **+102%** |
| Disposal of projects | 6,022 | - | 6,022 | N/A |
| Other activity-related income | 2,978 | 83 | 2,894 | N/A |
| **Total revenues** | **126,966** | **58,565** | **68,401** | **+117%** |

As of December 31, 2016, revenues from the Group's activities amounted to 126,966 thousand euros against 58,565 thousand euros for the previous year.

The exceptional growth of 68,401 thousand euros in revenues for the year is mainly based on:

- new revenues in Brazil (10,463 thousand euros) from the Vila Para wind farms commissioned gradually between August and November 2016;
- the full-year impact of revenues generated from the São Miguel do Gostoso wind farms in Brazil for 10,168 thousand euros (see Note 7.c.);
- the full-year impact of revenues generated from the Oiapoque and Vamcruz wind farms in Brazil for 16,237 thousand euros and 14,998 thousand euros respectively;
- gains on the disposal of Montmayon for 6,021 thousand euros;

- revenues generated by services activities from the merger with Martifer consolidated over five months for 17,742 thousand euros;
- BRL exchange rate effect (average for the period) offsets this income growth in the amount of (4,279) thousand euros;

Other revenues related to the activity include the provision of ancillary services. Exceptionally for the financial year ended 31 December 2016, they include a delay indemnity received on the construction of power plants offsetting a loss of energy sales.

## b. Purchases consumed and external expenses

The increase in purchases consumed and external expenses is explained in part by the increase in expenses of the plants put into operation and in part by the costs related to the new companies acquired.

## c. Allocations and reversals of depreciation

Depreciation and amortization in the amount of 17,943 thousand euros (versus 10,714 thousand euros as of 31 December 2015) reflects the depreciation of plants in operation. Its increase is in line with the new farms commissioned gradually in 2016 (99 MW at Vila Para).

These provisions also include depreciation calculated according to the units-of-output method (amount nil) for the Sao Miguel de Gostoso wind farm. This wind farm has been operational since June 30, 2015, but is not generating energy due to the delay in building the transmission line (construction is the responsibility of the French government). During this period before connection to the electrical grid, the wind turbines in question are locked into a protective position. In this way they are subject to little to no wind conditions. This position was confirmed by a study carried out by an independent firm. Similarly, all rotating and wear-prone parts are kept stationary until the start of electrical generation, that date being the effective start date of depreciation, using the straight-line method, over 25 years. This will lead to a depreciation charge of about 4,800 thousand euros per year (impact calculated on the basis of average exchange rates in 2016).

## d. Net provisions

| *(In thousands of euros)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Reversals of provisions (for impairment, risks and charges, etc.) | 10,345 | 3,818 |
| Provisions (for impairment, risks and charges, etc.) | (5,599) | (1,029) |
| Total | 4,747 | 2,789 |

As of December 31, 2016, the net reversal of impairment losses and provisions came to 4,747 thousand euros, including 1,539 thousand euros for net reversal of asset impairment.

Details of the variations in provisions for risks and charges are given in Note 11.

The amount of reversals without consumption is insignificant both in 2015 and 2016.

## e. Other financial income and expenses

Other income and expenses mainly include the costs borne as part of the work related to the acquisition of Martifer Solar.

## NOTE 8- Operating data on working capital requirement

### a. Inventories

Replacement part inventories are valued at historical cost and in application of the FIFO method. Impairment exists when the fair value is below the purchase cost.

### b. Trade and other receivables

Trade receivables are initially recognized at their nominal value and subsequently measured at amortized cost. An impairment of trade receivables is established when objective evidence exists that the Group will be unable to collect all amounts due according to the original contractual terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial restructuring and default or delinquency in payment are indicators of impairment of a receivable. The amount of the impairment represents the difference between the carrying amount of the asset and the value of the estimated future cash flows.

| *(In thousands of euros)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Trade & other receivables | 43,103 | 11,834 |
| Accrued income - rate of advancement projects | 4,099 | - |
| Employee benefit receivables | 83 | 91 |
| Tax receivables - excl. income tax | 7,302 | 1,796 |
| Current accounts | 167 | 76 |
| Shareholders: Capital called, not paid | 3 | - |
| Accounts receivable on asset disposals | 26 | - |
| Other receivables | 5,001 | 2,563 |
| Total trade and other receivables | 59,784 | 16,361 |

Trade and other receivables, recognised in the amount of 59,784 thousand euros, reflect the following main elements:

- Trade receivables and other receivables related to energy production in December 2016 and to advances paid to suppliers;
- Tax receivables in the amount of 7,302 thousand euros consisting mainly of VAT receivables.

- The change in impairment of trade receivables is as follows:

| (In thousands of euros) | 31/12/2015 | Addition | Reversal | Other | 31/12/16 |
|---|---|---|---|---|---|
| Impairment - trade receivables | (1,785) | (183) | 517 | (11,893) | (13,343) |

- The "Other" column shows the impairment of trade receivables of new companies acquired during the merger with Martifer Solar.
- Receivables by maturity are as follows:

| *Year* | *Gross value* | *Past due* | *Past due and written down* | *Maturity of receivables past due* | |
|---|---|---|---|---|---|
| | | | | *< 6 months* | *> 6 months* |
| 2016 | 56,447 | 27,605 | 10,774 | 9,225 | 18,381 |
| 2015 | 13,619 | 1,796 | 502 | 565 | 1,231 |

## c. OTHER CURRENT ASSETS

Other receivables break down as follows:

| *(In thousands of euros)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Prepaid expenses | 1,885 | 706 |
| Loans, security deposits & other recv. - portion < 1 year | 1,487 | 1,246 |
| Accrued interest on receivables and loans | 33 | 27 |
| **Total other current assets** | **3,405** | **1,979** |

## d. Trade and other payables

All these liabilities are initially recognised at nominal value and subsequently at amortized cost.

| *(In thousands of euros)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Trade and other payables | 70,301 | 28,630 |
| Tax liabilities | 1,711 | 702 |
| Other current liabilities | 2,592 | 7 |
| **Total current liabilities** | **74,604** | **29,339** |

As of December 31, 2016, the main components of trade and other payables are as follows:

- Trade payables amounting to 36,585 thousand euros;
- Social and tax liabilities in the amount of 12,162 thousand euros;
- Advances received from minority shareholders in the amount of 12,343 thousand euros.

Other current liabilities include deferred revenue related to long-term contracts.

# NOTE 9- EMPLOYEE BENEFITS AND EXPENSES

Personnel expenses allocated to development and construction projects on behalf of Voltalia are recorded as assets. Other personnel expenses are included in the income statement.

| *(In thousands of euros)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Employee compensation | (8,180) | (3,348) |
| Social security and social welfare charges | (2,306) | (1,297) |
| Other payroll expenses | (1,553) | (284) |
| **Total payroll expenses** | **(12,039)** | **(4,930)** |

The increase in payroll expenses is mainly related to the acquisition of Martifer Solar in August 2016.

## a. Workforce

Average total workforce as of December 31, 2016 was 404.7 employees in 16 countries. Majority of the workforce is present in four countries: Brazil (Rio de Janeiro and Natal), France (Paris Aix en Provence and Cayenne), Italy (Milan) and Portugal (Oliveira de Frades).

Actual workforce as of December 31, 2016 totalled 409 people versus 132 as of December 31, 2015. The significant increase in the workforce (all categories combined) and the international presence of the Group is mainly related to the acquisition of Martifer Solar in August 2016

| Actual workforce at 31/12/2016 | Brazil | France | Italy | Portugal | Other | Grand total | Total 31/12/2015 |
|---|---|---|---|---|---|---|---|
| Executives | 23 | 44 | 7 | 32 | 48 | 154 | 68 |
| Executive officers | | 10 | 1 | 2 | 6 | 19 | 11 |
| Employees | 51 | 26 | 35 | 61 | 62 | 235 | 53 |
| Temporary staff | | 1 | | | | 1 | |
| Grand total | 74 | 81 | 43 | 95 | 116 | 409 | 132 |

| Average workforce at 31/12/2016 | Brazil | France | Italy | Portugal | Other | Grand total | Total 12/31/2015 |
|---|---|---|---|---|---|---|---|
| Executives | 22.0 | 41.7 | 7.7 | 51.4 | 33.0 | 155.7 | 58.7 |
| Executive officers | | 9.6 | 1.0 | 6.6 | 2.0 | 19.2 | 10.8 |
| Employees | 47.8 | 25.4 | 34.7 | 59.2 | 61.6 | 228.7 | 49.8 |
| Temporary staff | | 1.1 | | | | 1.1 | 0.8 |
| Grand total | 69.8 | 77.8 | 43.4 | 117.1 | 96.6 | 404.7 | 120.1 |

## b. Employee benefits

These benefits may be offered through defined contribution plans or defined benefit plans. Within the framework of defined contribution plans, the Group has no obligation other than to pay contributions; the charge corresponding to the contributions paid is recognized directly in income for the year.

Post-employment benefits

Defined benefit plans are subject to actuarial measurement using the projected unit credit method. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to measure the final obligation. This final obligation is then discounted.

These actuarial calculations include demographic and financial assumptions defined across each of the entities concerned and taking into consideration their local macro-economic environment. All actuarial differences are recognized under other comprehensive income.

Termination benefits

Where necessary, employment contract termination benefits may be reviewed, and provisions are made up to the amount of the resulting commitment. Benefits that fall due more than 12 months after the balance sheet date are discounted.

Short-term benefits

Short-term obligations are measured on an undiscounted basis and recognized when the related service is provided.

A provision for severance benefits at retirement in the amount of 55 thousand euros was recognized as of 31 December 2016.

Share-based compensation expense

Stock options granted to corporate officers and certain key executives are measured at fair value at the grant date by the Board of Directors. This measurement is not subsequently revised. Based on the estimated number of options that will vest at the end of the vesting period, the Group recognizes the overall charge spread equally across this period. These expenses are offset by charges in equity under reserves.

## c. Compensation of managers

### - Compensation and benefits paid to corporate officers

***Summary of compensation of each executive corporate officer***

| Executive corporate officer | 2015 fiscal year | | 2016 fiscal year | |
|---|---|---|---|---|
| | Amounts payable(*) | Amounts paid(*) | Amounts payable(*) | Amounts paid(*) |
| **Laurence Mulliez – Chair of the Board of Directors (1)** | | | | |
| Fixed compensation | 80,000 | 80,000 | 80,000 | 80,000 |
| Variable compensation | - | - | - | - |
| Exceptional compensation | - | - | - | - |
| Attendance fees | - | 5,100 | - | - |
| Benefits in kind | | | | |
| **Sébastien Clerc – Chief Executive Officer** | | | | |
| Fixed compensation | 207,000 | 207,000 | 207,000 | 207,000 |
| Variable compensation (2) | 127,500 | 125,000 | 150,000 | 127,500 |
| Exceptional compensation | - | - | - | - |
| Attendance fees | | | | |
| Benefits in kind (3) | 10,662 | 10,662 | 12,051 | 12,051 |
| **Total in euros** | **425,162** | **427,762** | **449,051** | **426,551** |

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

(1) Laurence Mulliez was appointed Chair of the Company's Board of Directors on 6 May, 2014. Prior to that she was a Director of the Company. Having received attendance fees when she was a director, Laurence Mulliez received fixed compensation of 50 thousand euros per year from 6 May 2014. This amount was increased to 80,000 euros per year from 1 January 2015.

(2) The variable compensation of Sébastien Clerc for 2016 is a maximum amount of 160 thousand euros, subject to the attainment of qualitative objectives (success of the Brazilian subsidiary, optimisation of internal processes, employee satisfaction, etc.) and quantitative objectives (launch of a number of MW under construction or commissioned, optimisation of operating margins, etc.) predetermined annually by the Company's Board of Directors. It is paid on or before 30 April of the following year. The achievement of the 2016 objectives was confirmed by the Board of Directors on 31 March 2017. The maximum variable compensation of Mr Clerc increased to 180 thousand euros for 2017 during the Board of Directors meeting of 31 March 2017.

(3) The benefits in kind for Sébastien Clerc correspond to unemployment insurance for company managers and executives.

*Attendance fees and other compensation received by non-executive directors*

| Corporate officers | 2015 fiscal year | | 2016 fiscal year | |
|---|---|---|---|---|
| | Amounts payable (*) | Amounts paid (*) | Amounts payable (*) | Amounts paid (*) |
| **André-Paul Leclercq - Director** | | | | |
| Attendance fees | 15,875 | 7,650 | 21,888 | 15,875 |
| Other compensation | | | | |
| **Robert Dardanne (1) - Director** | | | | |
| Attendance fees | - | - | - | - |
| Other compensation | 30,000 | 30,000 | 30,000 | 30,000 |
| **The Green Option (2) - Director** | | | | |
| Attendance fees | 30,000 | 12,000 | 30,000 | 30,000 |
| Other compensation | 40,000 | 40,000 | 20,000 | 20,000 |
| **Créadev (3) - Director** | | | | |
| Attendance fees | - | - | - | - |

| Corporate officers | 2015 fiscal year | | 2016 fiscal year | |
|---|---|---|---|---|
| | Amounts payable (*) | Amounts paid (*) | Amounts payable (*) | Amounts paid (*) |
| Other compensation | - | - | - | - |
| Vliebergh Vincent (4) - Director | | | | |
| Attendance fees | - | - | - | - |
| Other compensation | - | - | - | - |
| Total in euros | 115,875 | 89,650 | 101,888 | 95,875 |

*(*) Attendance fees payable for year N are paid in year N+1.*

(1) Robert Dardanne indirectly receives compensation in his capacity as manager of FGD S.P.R.L under the terms of a service agreement.
(2) Philippe Joubert indirectly receives compensation in his capacity as manager of The Green Option under the terms of a service agreement between The Green Option and the Company (see Section 3.17.1.4.2 of the Annual Financial Report).
(3) Creadev SAS, a company represented by Chantal Toulas, was appointed Director of the Company on 11 June, 2015.
(4) Vincent Vliebergh was appointed Director of the Company on 11 June, 2015.

## NOTE 10- INTANGIBLE AND TANGIBLE FIXED ASSETS

### a. Goodwill

The business combinations are recognised in accordance with IFRS 3R. Under this method, assets acquired, liabilities and contingent liabilities are measured at fair value in accordance with the requirements of this standard. The valuation differences arising on consolidation are allocated to the assets and liabilities concerned, including the share attributable to non-controlling interests.
Goodwill corresponds to the difference between the purchase price paid during a business combination and the amount of assets and liabilities acquired, net of the liabilities and contingent liabilities assumed.
The positive difference between the acquisition cost and the proportionate share of the acquirer in the fair value of identifiable assets and liabilities acquired is recognized as goodwill in the balance sheet. If this difference is negative, it is recognized directly in income at the date of acquisition.
Goodwill is not amortized and is subject to impairment tests at each balance sheet.
The details of the changes in goodwill are given below:

| *(In thousands of euros)* | 31/12/2015 | Increase | Decrease | Translation reserve | Scope changes | Other changes | 31/12/16 |
|---|---|---|---|---|---|---|---|
| **Gross values** | | | | | | | |
| Voltalia Greece | 435 | - | - | - | - | - | 435 |
| 3VD | 1,019 | - | - | - | - | (1,019) | - |
| Paracatu | 37 | - | - | 10 | - | - | 47 |
| Sapeel | 472 | - | - | 123 | - | - | 595 |
| Energen | 11 | - | - | - | - | - | 11 |
| Martifer Solar | - | - | - | - | 45,366 | - | 45,366 |
| **Total** | **1,974** | **-** | **-** | **133** | **45,366** | **(1,019)** | **46,454** |
| **Impairment** | | | | | | | |
| Voltalia Greece | (435) | - | - | - | - | - | (435) |
| 3VD | - | - | - | - | - | - | - |
| Paracatu | - | - | - | - | - | - | - |
| Sapeel | (472) | - | - | (123) | - | - | (595) |
| Energen | (11) | - | - | - | - | - | (11) |
| Martifer Solar | - | - | - | - | - | - | - |
| **Total** | **(918)** | **-** | **-** | **(123)** | - | **-** | **(1,041)** |
| **Net values** | | | | | | | |
| Voltalia Greece | - | - | - | - | - | - | - |
| 3VD | 1,019 | - | - | - | - | (1,019) | - |
| Paracatu | 37 | - | - | 10 | - | - | 47 |
| Sapeel | - | - | - | - | - | - | - |
| Energen | - | - | - | - | - | - | - |
| Martifer Solar | - | - | - | - | 45,366 | - | 45,366 |
| **Total** | **1,056** | **-** | **-** | **10** | **45,366** | **(1,019)** | **45,413** |

As of December 31, 2016, the goodwill related to the acquisition of Martifer Solar was recognised for an amount of 45,366 thousand euros (see Note 5 - d2) Merger with the Martifer Solar sub-group).

## b. Other intangible assets

Intangible assets are initially recognized at their cost or fair value if they are acquired in the context of a business combination.

Development costs correspond to the capitalized costs of projects under development. Expenses for each project are capitalised as soon as all of the following criteria are met:

- Visibility with respect to access to land, such as obtaining a lease agreement and favourable environmental impact studies.
- Visibility of authorizations, e.g., filing of administrative records and high probability of obtaining permits.
- Feasibility of the grid connection.
- Sufficient profitability of the project.

Capitalized costs include the internal and external costs recorded for each project:

- External costs correspond to commitments to outside vendors or service providers (invoices, invoices receivable, status reports, etc.)
- Internal costs are measured based on the time allocated to these projects.

All projects are reviewed at each closing, and projects in development that no longer meet the activation criteria or which are abandoned are fully depreciated.

Projects under consideration continue to be recognised in expenses.

Depreciation is recognised in expense using the straight line method over the useful lives of the intangible assets, unless such lives are indefinite. Intangible assets with finite useful lives are amortized as soon as they are brought into service. Intangible assets with an indefinite useful life and intangible assets not yet in service are subject to an annual impairment test and each time there is an index of impairment.

It should also be noted that projects undergoing disposal whose value is less than the book value will be impaired in the amount of the price specified in the contract of sale.

| *(In thousands of euros)* | 31/12/2015 | Increase | Decrease | Scope changes | Change in translation differences | Other changes | 31/12/16 |
|---|---|---|---|---|---|---|---|
| **Gross values** | | | | | | | |
| Lease rights | 59 | - | - | - | - | (5) | 54 |
| Research and development expenses | 2,216 | - | - | 21 | - | - | 2,236 |
| Concessions, patents, licenses | 451 | 129 | (19) | 357 | 24 | 127 | 1,070 |
| Other intangible assets | 22,999 | (26) | - | 17,252 | 2,503 | 1,720 | 44,448 |
| Intangible assets in progress | 24,233 | 8,130 | - | 249 | 1,540 | (848) | 33,304 |
| Prepaid expenses | 56 | - | - | - | 0 | (57) | - |
| **Total gross values** | **50,013** | **8,233** | **(19)** | **17,878** | **4,070** | **938** | **81,114** |
| **Depreciation and amortisation/Impairment** | | | | | | | |
| Lease rights | (29) | (4) | - | - | - | - | (33) |
| Research and development expenses | (599) | (111) | - | (19) | - | 0 | (730) |
| Concessions, patents, licenses | (410) | (91) | 19 | (340) | (8) | 4 | (826) |

| *(In thousands of euros)* | 31/12/2015 | Increase | Decrease | Scope changes | Change in translation differences | Other changes | 31/12/16 |
|---|---|---|---|---|---|---|---|
| Other intangible assets | (2,839) | (1,176) | - | (97) | (58) | 36 | (4,133) |
| Intangible assets in progress | (11,093) | (289) | 759 | (44) | (67) | (1) | (10,736) |
| Prepaid expenses | - | - | - | - | - | - | - |
| **Total depreciation and amortization/Impairment** | **(14,970)** | **(1,672)** | **777** | **(501)** | **(132)** | **39** | **(16,458)** |
| **Net carrying amounts** | | | | | | | **-** |
| Lease rights | 30 | (4) | - | - | - | (5) | 20 |
| Research and development expenses | 1,616 | (111) | - | 1 | - | 0 | 1,506 |
| Concessions, patents, licenses | 41 | 38 | - | 17 | 16 | 132 | 243 |
| Other intangible assets | 20,161 | (1,202) | - | 17,156 | 2,445 | 1,756 | 40,316 |
| Intangible assets in progress | 13,141 | 7,841 | 759 | 204 | 1,473 | (849) | 22,568 |
| Prepaid expenses | 56 | - | - | - | 0 | (57) | - |
| **Total net values** | **35,043** | **6,562** | **759** | **17,378** | **3,937** | **977** | **64,655** |

Intangible investments as of December 31, 2016 of 64,655 thousand euros, net of impairment and amortisation charges, relate mainly to:

- design and engineering expenses for power plants in operation from the Group's historical scope;
- revaluation at fair value of intangible assets as part of the allocation of the acquisition price of Martifer Solar.

## c. Property, plant and equipment

Property, plant and equipment consist mainly of steam and electricity generation facilities. They are recognized at cost (purchase price plus ancillary costs).

When the components of an asset have different useful lives, they are accounted for separately and depreciated over their own useful lives. Significant spare parts are capitalized and depreciated over the useful life of power plants.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental thereto. These finance lease contracts are then recognized at the lower of the fair value of the asset and the present value of the minimum payments under the lease. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to the various periods during the lease term so as to produce a constant periodic effective rate of interest on the remaining balance of the liability under each period.

The straight line amortization method, which leads to a constant expense over the useful life of the assets, is normally used by the Group. The Group may opt for amortization using production units in the specific case where the power plants in production face technical, operations or regulatory constraints. In the absence of connection to the power grid, and therefore an absence of production, amortization is zero. This is the case for the SMG wind farm, operational since June 30, 2015, which is not connected to the grid because of the delay in the connection work which is the government's responsibility. For information, the

annual allocation using the straight line method that would have been recognized would have been 4.8 million euros.

The useful lives used for the main components are the following:

- for wind energy: 25 years;
- for solar energy: 25 years;
- for hydraulic energy: infrastructure from 5 to 40 years; equipment from 8 to 20 years;
- for Biomass: infrastructure 15 to 30 years; equipment from 5 to 30 years.

Other fixed assets are amortized on a straight-line basis over periods of between 2 and 10 years. The Group conducts an annual review of useful lives.
Land is not depreciated.
Decommissioning obligations were recognized as an asset component against a provision in the same amount. Decommissioning obligations are amortized based on the life of the underlying assets concerned.
In the absence of multi-year maintenance expenses, expenses for routine maintenance of power plants to keep them in good working order are recorded as expenses as they arise.
Residual values and useful lives of assets are reviewed and, if necessary, adjusted at each balance sheet date. This was in particular the case as of December 31, 2016, the date on which the Group draws the accounting consequences from the operating experience acquired in very specific regions. It shows, in fact, that at the end of several years of operation the Guiana local environment (very humid climate and high wood density) significantly increases wear on certain components. Power plant operators are now convinced that it was therefore more useful to replace these components more frequently.
The carrying amount of an asset is written down immediately to its recoverable amount when the carrying amount of the asset exceeds its estimated recoverable amount.
Production facilities are amortized on a straight line basis over their estimated useful lives, or actual use if a contract provides for a transfer of ownership, as of the date on which the asset is put into use, i.e., once it is in place and in the condition necessary to be capable of operating in the manner intended by management.

| *(In thousands of euros)* | 31/12/2015 | Increase | Decrease | Scope changes | Change in translation differences | Other changes | 31/12/16 |
|---|---|---|---|---|---|---|---|
| Gross values | | | | | | | |
| Land | 302 | - | - | 929 | 15 | - | 1,246 |
| GER component | 541 | - | - | - | - | - | 541 |
| Buildings | 351,269 | 107,025 | - | 16,197 | 98,230 | 39,477 | 612,197 |
| Leased buildings | 11,160 | - | - | - | - | - | 11,160 |
| Facilities and equip. | 60,425 | 1,048 | - | (5,641) | 415 | 135 | 56,381 |
| Facilities and equip. under finance leases | 13,125 | - | - | - | - | - | 13,125 |
| Other property, plant and equipment | 4,086 | 340 | (112) | 15,980 | 82 | 30 | 20,406 |
| Assets under construction | 1,396 | 4,100 | - | 70 | 646 | (1,646) | 4,566 |
| Prepaid expenses | 33,615 | 9,463 | - | - | 5,298 | (37,567) | 10,809 |
| Total | 475,917 | 121,975 | (112) | 27,534 | 104,687 | 430 | 730,431 |

| *(In thousands of euros)* | 31/12/2015 | Increase | Decrease | Scope changes | Change in translation differences | Other changes | 31/12/16 |
|---|---|---|---|---|---|---|---|
| Depreciation, amortization and impairment losses | | | | | | | |
| Land | - | - | - | (648) | - | - | (648) |
| GER component | (525) | (54) | - | - | (19) | 166 | (432) |
| Buildings | (10,649) | (12,336) | 6 | (5,805) | (2,435) | (228) | (31,446) |
| Leased buildings | (3,384) | (418) | - | - | - | - | (3,802) |
| Facilities and equip. | (9,429) | (2,259) | - | 532 | (25) | (31) | (11,211) |
| Facilities and equip. under finance leases | (3,241) | (524) | - | - | - | - | (3,765) |
| Other property, plant and equipment | (3,059) | (987) | 117 | (12,795) | (27) | 0 | (16,751) |
| Assets under construction | (9) | - | - | - | - | 9 | - |
| Total | (30,295) | (16,578) | 123 | (18,716) | (2,505) | (84) | (68,055) |
| Net carrying amounts | | | | | | | |
| Land | 302 | - | - | 281 | 15 | - | 598 |
| GER component | 16 | (54) | - | - | (19) | 166 | 109 |
| Buildings | 340,620 | 94,689 | 6 | 10,392 | 95,795 | 39,248 | 580,751 |
| Leased buildings | 7,776 | (418) | - | - | - | - | 7,358 |
| Facilities and equip. | 50,996 | (1,211) | - | (5,109) | 391 | 104 | 45,170 |
| Facilities and equip. under finance leases | 9,884 | (524) | - | - | - | - | 9,360 |
| Other property, plant and equipment | 1,027 | (648) | 5 | 3,185 | 55 | 30 | 3,655 |
| Assets under construction | 1,387 | 4,100 | - | 70 | 646 | (1,637) | 4,566 |
| Prepaid expenses | 33,615 | 9,463 | - | - | 5,298 | (37,567) | 10,809 |
| Total | 445,622 | 105,397 | 11 | 8,818 | 102,182 | 345 | 662,377 |

As of December 31, 2016, the increase in property, plant and equipment of 105,397 thousand euros, net of depreciation and impairment charges, was mainly due to the construction of the Vila Para wind farms.
In addition, the "Other" column primarily reflects the reclassification of assets under construction to intangible assets and property, plant and equipment, following the commissioning of the Vila Para wind farms in 2016.

## d. Impairment of goodwill, intangible assets and property, plant and equipment

The Group uses estimates and must use certain assumptions designed to (i) assess the expected useful life of the assets in order to determine their amortization period; and (ii) recognize impairment, if necessary, on the balance sheet value of any asset.
In order to ensure the correct valuation of its assets on the balance sheet, the Group regularly reviews certain indicators that would lead to the performance of an impairment test, if necessary.
Impairment tests are based on the use of assumptions concerning:

- the determination of future operating cash flows (weather conditions, inflation, operating costs, CAPEX of projects in development or in construction);

The assumptions used by the Group to calculate the recoverable value of its assets is based on past experience and on external data.
CGUs correspond to homogeneous sets of assets, the continued use of which generates cash flows.
The Group's activities, primarily composed of electricity sales, are classified in the following categories:

- the activity located in Brazil, which corresponds to the sale of electricity produced primarily by wind farms held and controlled by the Group;
- the activity in Greece, which corresponds to the sale of electricity produced by solar farms held and controlled by the Group;
- the activity located in France and Guiana, which corresponds to the sale of electricity produced by solar, wind, biomass and hydraulic farms held and controlled by the Group.

It should be noted that all these activities are subdivided into as many CGUs as farms or clusters of farms in operation or development.
Discount rates are determined from the weighted average cost of capital (WACC). They are calculated by region: As of December 31, 2016, the discount rates used were as follows:
- between 9.2% and 9.3% for the CGUs in Brazil;
- between 9.3% and 9.5% for the CGUs in Greece;
- between 3.4% and 3.7% for the CGUs in France and French Guiana.

An impairment test is performed:
- at least once a year for assets with an indefinite life span (goodwill and assets in progress or under construction); or
- in the presence of an index of impairment for assets that can be depreciated (property, plant and equipment).

Impairment is recognized, if applicable, in the amount of the potential recoverable loss of value of the asset. The recoverable value is the higher of the fair value of the assets (defined by the CGU) and its useful value. The useful value is exclusively determined from the discounted future cash flows expected from the CGU. These flows are determined on the basis of electricity sale contracts.
The tangible and intangible assets of the farms and clusters in operation present no index of impairment as of December 31, 2016.
While the macro-economic situation is still uncertain in Greece, it has been improving since 30 June 2016. No specific difficulty is encountered on the farms in operation. In this context, no test of impairment was performed.

The non-amortizable assets (goodwill, projects in development and power plants under construction) were tested for impairment. The Greek non-amortizable assets have been depreciated entirely since 2011. Non-amortizable assets in Morocco were activated over the year and are not significant at year-end 2016. The non-amortizable assets in Brazil and France were tested for impairment, which did not result in the recognition of depreciation.
Analysis of the sensitivity of the impairment tests was performed for the CGUs in Brazil and France on a change of +/- 1 point in the discount rates cited above. This would not lead to any potential impairment.

## NOTE 11- CURRENT AND NON-CURRENT PROVISIONS

The Group recognizes provisions when:
- it has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- it can reliably estimate the amount of the obligation.

For the wind energy sector and in application of Decree No. 2011-652, the Voltalia Group has a decommissioning and remediation obligation at the end of the production period. This obligation includes the decommissioning of production installations, excavation of part of the foundations, restoration of the land unless the owner wants to maintain it in its current condition, and recovery or disposal of waste materials resulting from demolition or decommissioning.
A provision for decommissioning the farm is established with an offsetting entry for decommissioning the asset, the cost of which is the subject of an estimate each year and which is amortized on a straight-line basis over the useful life of the asset. In case of a change in estimate that leads to an increase in the provision, the net value of the asset being decommissioned will be increased accordingly. Conversely, if the change in estimate leads to a decrease in the provision, the asset being decommissioned will be depreciated.
For the photovoltaic sector, decommissioning costs are not considered significant.
In rare cases, maintenance obligations assumed by the Group that meet the provisioning requirements summarized above have been recorded as a liability. As with all reserves, the Group regularly reviews these provisions, which must in any case reflect the best estimate at the close of the period.
In this context, operating experience has led the Group to break down these assets in more detail and consequently to revise the depreciation schedule of the most vulnerable components of the production units; some provisions are thus no longer applicable.

The Group's new construction business entails guarantees that are the subject of provisions. These construction contracts entail risks of additional costs or penalties which are the subject of provisions for risks.
As of December 31, 2016, provisions can be analysed as follows:

| *(In thousands of euros)* | 31/12/2015 | Additions | Reversals | Scope changes | Other | 31/12/2016 |
|---|---|---|---|---|---|---|
| *Non-current provisions* | | | | | | |
| Provisions for post-employment benefits | 40 | 15 | - | - | (0) | 55 |
| Provisions for litigation | 50 | 925 | (3,233) | 2,665 | (1) | 407 |
| Provisions for expenses | 1,244 | 274 | (88) | 1,546 | (568) | 2,407 |
| *Current provisions* | | | | | | |
| Provisions for guarantees | - | 3,492 | (4,427) | 13,468 | 197 | 12,731 |
| Provisions for contract losses | - | (1) | (0) | - | 0 | (1) |
| Provisions for contingencies | - | 14 | (63) | 5,005 | 7 | 4,963 |
| Total Provisions | 1,335 | 4,720 | (7,811) | 22,685 | (365) | 20,562 |

Current provisions mainly concern provisions for guarantee and risks for projects located in the UK, Portugal and Jordan.
Provisions for non-current expenses consist mainly of decommissioning provisions in the amount of 1,209 thousand euros.

## NOTE 12- FINANCING AND FINANCIAL INSTRUMENTS

### a. Financial assets and liabilities

Financial assets consist of term deposits, loans, non-consolidated securities, investments and cash equivalents and derivative instruments with a positive value.

Sufficiently liquid investments are considered to be trading assets and are classified as “assets at fair value through profit or loss”.

Non-consolidated investments and other assets available for sale are recognized at fair value, and the consideration for these variations is included in other comprehensive income.

Guarantee deposits and term deposits are recorded using the amortized cost method at the effective interest rate. This method does not result in significant differences with the nominal value of receivables that is used.

In case of difficulties in debt recovery, impairments are recognized on the basis of collection estimates.

Despite the possible negative value of financial instruments, financial liabilities recognized by the Group are recognized using the amortized cost method at the effective interest rate.

| *(In thousands of euros)* | 31/12/2015 | Increase | Decrease | Scope changes | Change in translation differences | Other changes | 31/12/16 |
|---|---|---|---|---|---|---|---|
| Non-current assets | 742 | (11) | (7) | 91 | (2) | (238) | 575 |
| Other receivables related to equity investments | 1,270 | 196 | (2,029) | 19,661 | 2 | 24 | 19,125 |
| Loans, security deposits and other receivables | 3,399 | 1,808 | (2,137) | 975 | 23 | (32) | 4,035 |
| **Total non-current financial assets** | **5,411** | **1,993** | **(4,173)** | **20,726** | **23** | **(245)** | **23,735** |

Non-current financial assets mainly reflect loans and guarantees. These are mainly guarantee deposits payable to banks as part of financing arrangements, and loans to non-controlling interests.

## b. BORROWINGS AND FINANCIAL LIABILITIES (CURRENT AND NON-CURRENT)

Financial liabilities are as follows:

| *(In thousands of euros)* | 31/12/2016 | 31/12/2015 | Chge | Chge % |
|---|---|---|---|---|
| Bonds | 15,805 | - | 15,805 | N/A |
| Borrowings from credit establishments | 306,611 | 260,775 | 45,836 | +18% |
| Other borrowings and similar debts | 272 | 9 | 263 | N/A |
| Derivative liabilities | 3,314 | 2,889 | 425 | +15% |
| **NON CURRENT** | **326,002** | **263,673** | **62,329** | **+24%** |
| | | | - | |
| Bonds - portion due in less than 1 year | 1,496 | - | 1,496 | N/A |
| Borrowings from credit establishments < 1 year | 99,210 | 38,528 | 60,682 | x2.6 |
| Derivative liabilities < 1 year | 4,316 | - | 4,316 | N/A |
| Other borrowings and related debts < 1 year | 173 | - | 173 | N/A |
| Bank overdrafts (debts) | 31 | 4,775 | (4,744) | -99% |
| Accrued interest on borrowings | 9,022 | 924 | 8,098 | x10 |
| Bank overdrafts (cash liability) | 1 | 40 | (39) | -96% |
| Accrued interest not due - liabilities | 21 | 97 | (77) | -79% |
| **CURRENT** | **114,271** | **44,365** | **69,905** | **x2.6** |
| **TOTAL FINANCIAL DEBT** | **440,273** | **308,038** | **132,235** | **+43%** |

As of December 31, 2016, the Group's financial debts amounted to 440,273 thousand euros, up 43%, and corresponded at more than 95% to project financing.

The increase over the period is mainly due to the continued investment in Brazil and the construction of the Brazilian wind farms of Vila Para for which 230,000 thousand Reals (approximately 67,000 thousand euros) were raised locally in the form of a short-term bridging loan. The latter was refinanced on a long-term basis by the National Bank for Economic and Social Development (BNDES) in February 2017. The interest expense corresponding to this bridge loan corresponds to the significant increase in accrued interest on borrowings for 26,096 thousand Reals, i.e. approximately 7,609 thousand euros.

In Q1 2016, a bond issue for 59,339 thousand Reals, or about 17,301 thousand euros was offered by private investors to finance part of the construction of Brazilian SMG farms.

Corporate debt was down by 16,008 thousand euros compared to 31 December 2015. This is explained by the capital increase that the Group carried out in November 2016, which made it possible to repay, to a large extent, the short-term corporate debt raised during the year.

### b1) Analysis by maturity

| *(In thousands of euros)* | 31/12/2016 | < 1 year | 1 > 5 years | > 5 years |
|---|---|---|---|---|
| Bonds | 17,301 | 1,496 | 5,268 | 10,537 |
| Borrowings and liabilities at credit establishments | 400,695 | 106,704 | 102,798 | 191,194 |
| Leases | 14,149 | 1,531 | 8,601 | 4,018 |
| Derivative liabilities | 7,630 | 4,316 | - | 3,314 |
| Bank overdrafts | 53 | 53 | - | - |
| Other borrowings and similar debts | 445 | 173 | 272 | - |
| **Total** | **440,273** | **114,272** | **116,938** | **209,062** |

The share of the indebtedness at more than 5 years is the most significant and is explained by the typology of our financing mainly of long-term projects.
The share of the indebtedness under one year represents 26% and is explained for 67,000 thousand euros by the bridging loan raised to finance the construction of the Brazilian Vila Para farms.

### b2) Analysis by interest rates

| *(In thousands of euros)* | 31/12/2016 | Fixed rate | Variable rate |
|---|---|---|---|
| Bonds | 17,301 | - | 17,301 |
| Borrowings and liabilities at credit establishments | 400,695 | 28,274 | 372,421 |
| Leases | 14,149 | 5,516 | 8,633 |
| Derivative liabilities | 7,630 | 7,630 | - |
| Bank overdrafts | 53 | 32 | 22 |
| Other borrowings and similar debts | 445 | 352 | 93 |
| **Total** | **440,273** | **41,803** | **398,470** |

Variable rate loans include, in the amount of 321,336 thousand euros, debt raised in Brazil. The majority of these borrowings carry interest at an adjustable rate ("TJLP") applicable to borrowings from the public bank BNDES. These Brazilian adjustable rates decided by the public authority are generally correlated with inflation, and therefore with the revenue of the Group's power plants in Brazil. This correlation between changes in interest expenses and changes in revenues makes possible a generally effective economic hedge of long-term interest rate risk in Brazil.

### b3) Analysis by currency

| *(In thousands of euros)* | 31/12/16 | Euros | Real | Pounds sterling |
|---|---|---|---|---|
| Bonds | 17,301 | - | 17,301 | - |
| Borrowings and liabilities at credit establishments | 400,695 | 89,311 | 311,384 | - |
| Leases | 14,149 | 14,149 | - | - |
| Derivative liabilities | 7,630 | 6,056 | 1,574 | - |
| Bank overdrafts | 53 | 45 | - | 8 |
| Other borrowings and similar debts | 445 | 445 | - | - |
| **Total** | **440,273** | **110,005** | **330,260** | **8** |

### b4) Change in borrowings and financial liabilities

| (In thousands of euros) | 31/12/2015 | Increase | Decrease | Scope changes | Translation adjustments | Change in fair value | Other changes | 31/12/16 |
|---|---|---|---|---|---|---|---|---|
| Bonds | - | 14,117 | - | - | 1,689 | - | - | 15,805 |
| Borrowings from credit establishments | 247,006 | 15,468 | (3,447) | 8,839 | 45,669 | - | (19,376) | 294,159 |
| Finance leases | 13,770 | - | - | - | - | - | (1,317) | 12,453 |
| Other borrowings and similar debts | 9 | 0 | (1,409) | 1,818 | 0 | - | (147) | 272 |
| Derivative liabilities | 2,889 | - | | - | - | 425 | - | 3,314 |
| **NON CURRENT** | **263,673** | **29,584** | **(4,855)** | **10,657** | **47,358** | **425** | **(20,840)** | **326,002** |
| Bonds | - | 1,336 | - | - | 160 | - | - | 1,496 |
| Bank overdrafts (cash liability) | 40 | - | (39) | - | - | - | - | 1 |
| Bank overdrafts (debts) | 4,775 | - | (16,674) | 11,990 | - | - | (60) | 31 |
| Accrued interest not due - liabilities | 97 | - | (77) | - | - | - | - | 21 |
| Borrowings from credit establishments | 37,258 | 67,291 | (46,032) | 7,916 | 12,019 | - | 19,436 | 97,888 |
| Finance leases | 1,270 | - | (1,459) | - | - | - | 1,511 | 1,323 |
| Other borrowings and similar debts | - | - | (69) | 169 | - | - | 73 | 173 |
| Accrued interest on borrowings | 924 | 22,104 | (15,226) | 187 | 1,033 | - | - | 9,022 |
| Derivative liabilities | - | - | - | - | - | 4,316 | - | 4,316 |
| **CURRENT** | **44,365** | **90,731** | **(79,576)** | **20,262** | **13,211** | **4,316** | **20,961** | **114,271** |
| **Total financial debt** | **308,038** | **120,316** | **(84,431)** | **30,919** | **60,569** | **4,741** | **121** | **440,273** |

### c) Net financial income

Cost of net financial debt.

The cost of net financial debt includes interest payable on borrowings calculated using the effective interest rate method, net of interest receivable on investments and other financial income.

Income from interest is recognized in the income statement as it accrues, using the effective interest rate method.

Net financial income includes both the cost of debt and other financial income and expenses.

| *In thousands of euros* | 31/12/16 | 31/12/2015 |
|---|---|---|
| Income from cash and cash equivalents | 535 | 3,493 |
| Interest expenses on bank loans and overdrafts | (32,085) | (17,730) |
| **Cost of net financial debt** | **(28,550)** | **(14,237)** |
| Translation gains | 1,991 | 424 |
| Translation losses | (1,171) | (1,155) |
| Other financial income and expenses | (1,318) | 126 |
| **Other financial income and expenses** | **(498)** | **(606)** |
| **Total net financial income** | **(29,048)** | **(14,843)** |

The change in financial income can be analysed as follows:

- the sharp increase in the cost of the Group's net financial debt is directly related to the increase in interest expense for new projects commissioned in July 2015 (SMG), end of 2015 (VamCruz) and end of 2016 (Vila Para), and the revaluation of the main Brazilian interest rate applicable to Group borrowings, the TJLP, which increased from an average 6.25% in 2015 to 7.5% in 2016;

- investment income recorded mainly in Brazil (3,527 thousand euros at end 2016);
- the balance of translation gains and losses of 820 thousand euros from the liquidation of debts.

## d) DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from its operating, financing and investment activities. In accordance with its cash management policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are measured at fair value. The fair value of interest rate swaps is the estimated amount that the Group would receive or would settle to terminate the swap at the balance sheet date, taking into account the current level of interest rates and the credit risk of the counterparties to the swap.

The gain or loss arising from the fair value remeasurement is recognized immediately in income, except when a derivative financial instrument is designated as a hedging instrument for the cash flow variations of a highly probable forecast transaction. The effective portion of the gain or loss on the derivative financial instrument is recognized in other comprehensive income and transferred to profit or loss when the hedged item affects the result itself. The ineffective portion is recognised immediately in income.

| *Hedge Counterparty/Company*<br>*(In thousands of euros)* | Notional | Start date | *Duration (yrs)* | Expiry | Fair value 31/12/15 | Fair value at 31/12/2016 | Change in fair value Impact on earnings | *Change in fair value Impact on equity* |
|---|---|---|---|---|---|---|---|---|
| La Faye Energies | 12,964 | 09/08/2011 | 14 | 30/06/2025 | (1,367) | (1,261) | - | 106 |
| Molinons wind farm | 13,996 | 02/10/2014 | 15 | 15/10/2029 | (1,119) | (1,349) | - | (230) |
| Adriers Energies | 12,060 | 02/10/2014 | 15 | 28/09/2029 | (403) | (704) | - | (301) |
| Voltalia SA | 30,000 | 17/03/2016 | 1 | 01/02/2017 | - | (2,742) | (1,147) | (1,594) |
| Voltalia Do Brasil | 7,000 | 24/03/2016 | 1 | 24/03/2017 | - | (1,574) | (1,574) | - |
| **Total** | **76,020** | | | | **(2,889)** | **(7,630)** | **(2,721)** | **(2,019)** |

In order to hedge against exposure to rising interest rates that impact interest flows related to the variable rate financing of the La Faye, Molinons and Adriers wind farms, Voltalia subsidiaries concluded an interest rate swap whose characteristics in terms of nominal and dates of fixings correspond exactly to the characteristics of the hedged item. Consequently, this financial instrument is accounted for as fully effective.

The main features of this interest rate hedge are described in the Annual Financial Report under the heading "Derivative financial instruments, Note 12 to the Annual Financial Statements as of December 31, 2016".

In order to hedge the purchases denominated in foreign currency for the construction of the Vila Acre project, Voltalia SA entered into a futures contract for a total of 30,000 thousand euros and opted to apply hedge accounting on this derivative financial instrument in order to reduce the effect of its change in value on income. The effective portion was recognised under "Other items of comprehensive income" and the ineffective portion was capitalised on the project.

Voltalia Do Brasil contracted a Cross Currency Swap to hedge a loan denominated in Euros for the construction of Serra Para. The currency portion of this hedging instrument was recognised in the income statement, offsetting the exchange rate effect and the portion for which the hedge could not be demonstrated was recognised in the income statement.

## d1) HIERARCHY OF FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

| 31/12/16<br>*(in thousands of euros)* | Prices listed on an active market for identical assets (level 1) | Prices based on observable data (level 2) | *Prices based on non-observable data (level 3)* | Total |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Other non-current financial assets | - | - | - | - |
| Other non-current assets | - | - | - | - |
| **Current assets** | | | | |
| Cash and cash equivalents | - | - | - | - |

| *31/12/16*<br>*(in thousands of euros)* | Prices listed on an active market for identical assets (level 1) | Prices based on observable data (level 2) | *Prices based on non-observable data (level 3)* | Total |
|---|---|---|---|---|
| **Non-current liabilities** | | | | |
| Non-current bank borrowings | | | | |
| Non-current current accounts of associates | | | | |
| Other non-current financial liabilities | | | | |
| Derivative liabilities | | 3,314 | | 3,314 |
| **Current liabilities** | | | | |
| Trade and other payables | | | | |
| Current borrowings and overdrafts at banks | | | | |
| Current accounts of associates | | | | |
| Other current liabilities | | | | |
| Derivative liabilities | | 4,316 | | 4,316 |

| 31/12/2015<br>*(in thousands of euros)* | Prices listed on an active market for identical assets (level 1) | Prices based on observable data (level 2) | *Prices based on non-observable data (level 3)* | Total |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Other non-current financial assets | | | | |
| Other non-current assets | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | | | | |

| *31/2/2015*<br>*(in thousands of euros)* | Prices listed on an active market for identical assets (level 1) | Prices based on observable data (level 2) | *Prices based on non-observable data (level 3)* | Total |
|---|---|---|---|---|
| **Non-current liabilities** | | | | |
| Non-current bank borrowings | | | | |
| Non-current current accounts of associates | | | | |

| 31/12/2015<br>*(in thousands of euros)* | Prices listed on an active market for identical assets (level 1) | Prices based on observable data (level 2) | *Prices based on non-observable data (level 3)* | Total |
|---|---|---|---|---|
| Other non-current financial liabilities | | | | |
| Derivative liabilities | | 2,889 | | 2,889 |
| **Current liabilities** | | | | |
| Trade and other payables | | | | |
| Current borrowings and overdrafts at banks | | | | |
| Current accounts of associates | | | | |
| Other current liabilities | | | | |
| Derivative liabilities | | 0 | | 0 |

The Voltalia Group distinguishes three categories of financial instruments based on the two valuation methods used (listed prices and valuation techniques), and uses this classification, in accordance with international accounting standards, to present the characteristics of financial instruments recognized on the balance sheet at fair value through income or other comprehensive income at the reporting date:

**Level 1 category**: Financial instruments listed on an active market;

**Level 2 category**: Financial instruments measured at fair value using valuation techniques based on observable market parameters;

**Level 3 category**: Financial instruments measured at fair value using valuation techniques based on non-observable parameters (parameters whose value results from assumptions not based on observable transaction prices in markets in the same instrument or observable market data available at closing) or which are only partially observable.

### d2) CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As of December 31, 2016, the measurement principles used for financial instruments and their market value are as follows:

| *As of December 31, 2016 (in thousands of euros)* | Fair value through income | Available-for-sale assets | Loans and receivables | Debt at amortized cost | Derivative instruments | Balance sheet value | Fair value |
|---|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | | |
| Non-current financial assets | | | 23,735 | | | 23,735 | 23,735 |
| Other non-current assets | | | 0 | | | 0 | 0 |
| **Current assets** | | | | | | | |
| Inventories | | | 2,542 | | | 2,542 | 2,542 |
| Trade and other receivables | | | 59,784 | | | 59,784 | 59,784 |
| Other current assets | | | 3,405 | | | 3,405 | 3,405 |
| Cash and cash equivalents | 101,375 | | | | | 101,375 | 101,375 |
| TOTAL ASSETS | 101,375 | - | 89,466 | - | - | 190,841 | 190,841 |
| **Non-current liabilities** | | | | | | | |

| *As of December 31, 2016 (in thousands of euros)* | Fair value through income | Available-for-sale assets | Loans and receivables | Debt at amortized cost | Derivative instruments | Balance sheet value | Fair value |
|---|---|---|---|---|---|---|---|
| Borrowings and financial liabilities | | | | 322,688 | | 322,688 | 322,737 |
| Non-current liabilities | | | | 2,793 | | 2,793 | 2,793 |
| Derivative liabilities | | | | | 3,314 | 3,314 | 3,314 |
| **Current liabilities** | | | | | | | |
| Trade and other payables | | | | 70,301 | | 70,301 | 70,301 |
| Borrowings and financial liabilities | | | | 109,955 | | 109,955 | 110,742 |
| Other current liabilities | | | | 2,592 | 0 | 2,592 | 3,379 |
| Derivative liabilities | | | | | 4,316 | 4,316 | 4,316 |
| TOTAL LIABILITIES | - | - | - | 508,329 | 7,630 | 515,959 | 517,582 |

As of December 31, 2015, the measurement principles used for financial instruments and their market value were as follows:

| *At Dec 31, 2015 (in thousands of euros)* | Fair value through income | Available-for-sale assets | Loans and receivables | Debt at amortized cost | Derivative instruments | Balance sheet value | Fair value |
|---|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | | |
| Non-current financial assets | | | 5,411 | | | 5,411 | 5,411 |
| Other non-current assets | | | 0 | | | 0 | 0 |
| **Current assets** | | | | | | | |
| Inventories | | | 596 | | | 596 | 596 |
| Trade and other receivables | | | 16,361 | | | 16,361 | 16,361 |
| Other current assets | | | 1,979 | | | 1,979 | 1,979 |
| Cash and cash equivalents | 43,591 | | | | | 43,591 | 43,591 |
| TOTAL ASSETS | 43,591 | - | 24,347 | - | - | 67,938 | 67,938 |
| **Non-current liabilities** | | | | | | | |
| Borrowings and financial liabilities | | | | 261,160 | | 261,160 | 261,290 |
| Non-current liabilities | | | | (1) | | (1) | (1) |
| Derivative liabilities | | | | | 2,889 | 2,889 | 2,889 |
| **Current liabilities** | | | | | | | |
| Trade and other payables | | | | 28,630 | | 28,630 | 28,630 |
| Borrowings and financial liabilities | | | | 44,365 | | 44,365 | 44,388 |
| Other current liabilities | | | | 7 | | 7 | 7 |
| Derivative liabilities | | | | | | 0 | 0 |
| TOTAL LIABILITIES | - | - | - | 334,161 | 2,889 | 337,050 | 337,202 |

## NOTE 13- INCOME TAXES

Income tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income). Tax is recognized in the income statement unless it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current tax is (i) the estimated amount of tax payable on the taxable income of a period, determined using tax rates that have been enacted or substantively enacted by the balance sheet date, and (ii) any adjustment to the amount of tax payable in respect of previous periods.

Tax consolidation scopes have been established within the Group. Each of the areas is treated as a taxable entity under IAS 12 and is accordingly the subject of a corresponding deferred taxation compensation.

### a. Income tax and other taxes

Income tax expense and related liabilities of (4.6) million euros mainly includes current taxes of Brazilian subsidiaries under the "lucro presumido" and "lucro real" tax regimes respectively at (3) and (1.2) million euros and, to a lesser degree, corporate income taxes on operating entities that are not tax consolidated.

| *(In thousands of euros)* | 31/12/16 | 31/12/2015 |
|---|---|---|

| | | |
|---|---|---|
| Current tax | (1,287) | (559) |
| Taxes other than on income | (3,066) | (2,369) |
| Deferred taxes | (227) | (67) |
| Total | (4,580) | (2,996) |

The tax rationalisation is shown in the following table:

| *(In thousands of euros)* | 31/12/16 |
|---|---|
| Net income from consolidated companies, before tax | 577 |
| Share of companies at equity | 24 |
| Net income from consolidated companies excluding companies at equity | 553 |
| Net income from entities outside the scope of IAS 12 - Income Taxes | (3,066) |
| Net income from consolidated companies excluding companies at equity and entities outside the scope of IAS 12 | 3,620 |
| Income tax expense | (1,514) |
| Profit before income taxes | 5,133 |
| Theoretical tax rate | 33.33% |
| Theoretical tax | (1,711) |
| Reconciliation | |
| Permanent differences | 4,093 |
| Effect of non-recognition of deferred tax assets on deductible temporary differences | (8,603) |
| Consumption of tax income on other deductible temporary differences not recognised previously | 1,801 |
| Effect of non-recognition of deferred tax assets on tax loss carryforwards | (6) |
| Entities excluded from the scope of IAS 12 | (49) |
| Difference between the tax rate of the parent company and that of its subsidiaries | (105) |
| Taxes recognized | (4,580) |

## b. Deferred taxes

Deferred taxes are recognized in the income statement and statement of financial position to reflect the temporary differences between the carrying amounts and tax bases of assets and liabilities.
Deferred taxes are accounted for using the balance sheet approach of the liability method. Deferred taxes are measured taking into account known changes in tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The impact of possible changes in tax rates on deferred taxes previously recognized on the income statement or in equity is recognized on the income statement or in equity during the year in which these rate changes become effective.

Deferred taxes are recognized in the statement of net income or in other comprehensive income or in equity during the year in which they relate to the items themselves recognized in profit or loss or in equity.
Deferred tax assets are recognized if and only if it is probable that taxable profits will be available against which the deferred tax asset can be utilized. In the absence of a high degree of probability, such assets are not recognized. The carrying amount of deferred tax assets is reviewed at each balance sheet date to determine whether this value should be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Conversely, any such reduction must be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are not discounted.

A deferred tax asset is recognized for tax losses if and only if it is likely that there will be taxable profits in the near future against which these tax losses and unused tax credits can be utilized.

Deferred tax assets, and deferred tax income, as shown respectively in the Group's statement of financial position and statement of comprehensive income, relate exclusively to French subsidiaries outside the tax consolidation arrangement or foreign entities that pay current tax.

Deferred tax assets and liabilities were recognized within the Group at a per entity net value of zero. They relate mainly to (8.7) million euros in deferred tax liabilities and 3 million euros in deferred tax assets on tax loss carryforwards, 1.7 million euros in financial instruments and 2.3 million euros in other temporary differences. Taxes are mainly on the value of assets (projects in development or in operation) and related financial instruments, as shown in the statement of financial position.

Available deferred tax losses amount to 109.4 million euros as such and 30.5 million euros under the tax consolidation arrangement. The corresponding tax values are respectively 28.7 million euros and 8.5 million euros.

## NOTE 14- EQUITY AND EARNINGS PER SHARE

### a. Equity

#### a1) Share capital

Ordinary shares are classified as equity instruments. Supplementary costs directly attributable to the issue of new shares or options are recognized in equity as a reduction of income from the issue.

During fiscal year 2016, the share capital evolved as follows:

| Date | Transaction | Initial number of shares | Issued shares | Total shares | Value per share | Capital in euros |
|---|---|---|---|---|---|---|
| 1 January 16 | Number of shares | **26,211,563** | | 26,211,563 | 5.70 | 149,405,909 |
| 31 August 16 | Exercise of December 2015 BSAs (equity line) | | **8,000** | 26,219,563 | 5.70 | 149,451,509 |
| 8 November 16 | 13th capital increase | | **22,723,610** | 48,943,173 | 5.70 | 278,976,086 |

| Date | Transaction | Initial number of shares | Issued shares | Total shares | Value per share | Capital in euros |
|---|---|---|---|---|---|---|
| | Capital as of December 31, 2016 | | | 48,943,173 | 5.70 | 278,976,086 |

### a2) Stock option plan

The General Meeting of 2 April, 2008, gave permission to the Board of Directors to grant 312,454 BSPCE warrants with rights to the subscription of that same number of shares. The Board of Directors approved the allocation of 150,000 BSPCE warrants on 1 April 2009, and the allocation of the remainder (162,454 BSPCE warrants) was approved by the Board of Directors on 3 August 2009.

In total 42,105 BSPCEs were exercised and 114,354 BSPCEs expired resulting in 155,995 exercisable BSPCEs as of December 31, 2016. Taking into account share consolidation decided by the Combined General Meeting of 11 June 2015, there were 155,995 exercisable BSPCEs as of 31 December 2016 giving rights to 15,599 shares.

### a3) Free share plan

The General Meeting of 13 June 2014 authorised the allocation of free shares, subject to a ceiling, to Company employees or certain categories of them and/or corporate officers who meet the conditions established by law. The Board of Directors on 25 July 2014, used this authorisation to award 21,667 free shares to employees. This amount was unchanged as of December 31, 2016.

### a4) Stock option plan for key managers

The General Meeting of 11 June, 2015 gave permission to the Board to allocate share subscription or purchase options, subject to a ceiling, to key managers who meet the conditions established by law. The Board of Directors used this authorization on 6 August, 2015 to allocate 201,204 subscription options to certain employees and one corporate officer. The exercise price is 9.03 euros. The validity period of the plan is 7 years. The options will be exercisable until 6 August, 2022.

### a5) Stock option plan as part of an equity financing facility

In October 2015, a contract was signed between Voltalia SA and Kepler Cheuvreux to issue stock options to increase the number of floating shares and have a higher reserve of liquidity.
The Company issued a total of 1,000,000 warrants giving the right to subscribe the same number of shares in favour of Kepler Cheuvreux which, subject to fulfilment of the conditions agreed by the parties, has undertaken to exercise them over the next 36 months after the allocation plan has been drawn up. The exercise in full of these warrants would increase the free float of the Company from 14.7% to 17.8%.
As of 31 December 2016, 30,000 warrants had been exercised reducing the number of exercisable warrants to 970,000.

### a6) Free share plan

The General Meeting of 12 May 2016 authorised the allocation of free shares, subject to a ceiling, to Company employees or certain categories of them and/or corporate officers who meet the conditions established by law. The Board of Directors on 16 December 2016 used this authorisation to award 52,500 free shares to employees.

### a7) Dividends

No dividends have been paid since the Company's creation.

## b. EARNINGS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

As of December 31, 2016, the earnings from non-controlling interests amounted to (1,058) thousand euros.

## c. EARNINGS PER SHARE

The information presented is calculated using the following principles:

Basic earnings per share: the ratio of earnings for the period (Group share) relative to the weighted average number of ordinary shares outstanding during the period, after deduction of treasury shares held during the period. The average number of ordinary shares in circulation is an adjusted annual weighted average of the number of ordinary shares bought back or issued during the period and calculated based on the date of issue of shares during the period.

Diluted earnings per share: earnings for the period (Group share) and the weighted average number of shares outstanding, used to calculate basic earnings per share, are adjusted for the effects of all potentially diluting ordinary shares: stock options, free shares and other diluting instruments (BSPCE).

### c1) Basic earnings per share:

| *In euros* | 31/12/16 | 31/12/2015 |
|---|---|---|
| Net earnings attributable to the parent company in the period | 1,634,791 | 3,887,632 |
| Net earnings taken into account to calculate earnings per share | 1,634,791 | 3,887,632 |
| Weighted average number of outstanding shares | **29,542,331** | **26,052,668** |
| Earnings per share in euros | 0.0553 | 0.1492 |
| Retrospective adjustment | | |
| Weighted average number of outstanding shares | **29,542,331** | **29,542,331** |
| Basic earnings per share (in €) | 0.0553 | 0.1316 |

It is calculated by dividing the earnings attributable to the Group by the weighted average number of common shares outstanding during the period, less any treasury shares. The weighted average number of common shares is an average calculated from the date of issue or redemption of shares during the period.

### c2) Diluted earnings per share

| *In euros* | 31/12/16 | 31/12/2015 |
|---|---|---|
| Net earnings attributable to the parent company in the period | 1,634,791 | 3,887,632 |
| Net earnings taken into account to calculate diluted earnings per share | 1,634,791 | 3,887,632 |
| Weighted average number of outstanding shares | 29,542,331 | 26,052,668 |
| Number of shares resulting from the conversion of dilutive instruments | 1,260,970 | 1,216,670 |
| Weighted average number of outstanding shares used to calculate diluted earnings per share | 30,803,301 | 27,269,338 |
| Diluted earnings per share in euros - after consolidation | 0.0531 | 0.1426 |
| Retrospective adjustment | | |
| Weighted average number of outstanding shares | 30,803,301 | 30,803,301 |
| Basic earnings per share (in €) | 0.0531 | 0.1262 |

Diluted earnings per share takes into account the dilutive instruments outstanding at the end of the period.
As of 31 December 2016, dilutive instruments included:

- 155,995 exercisable BSPCEs giving rights to 15,599 shares;
- 21,667 free shares;
- 201,204 share subscription options (in favour of employees) giving rights to the same number of shares;
- 970,000 share subscription warrants (equity line), giving rights to that same number of shares,
- 52,500 free shares.

## NOTE 15- NET CASH

Cash and cash equivalents comprise cash on hand and demand deposits. They also include UCITS that meet the definition of IAS 7. UCITS that do not meet the definition of cash and cash equivalents are classified as other current financial assets.
Any bank overdrafts repayable on demand that are an integral part of the Group's cash management are a component of cash and cash equivalents for purposes of the statement of cash flow.
The concept of net cash used by the Group corresponds to the total of cash and cash equivalents less bank overdrafts.
An instrument is classified as an investment at fair value through profit or loss if it is held for trading or designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value.
On initial recognition, directly attributable transaction costs are recognized in income as incurred. Financial instruments at fair value through profit or loss are measured at fair value and any resulting change is recognized in income.
As of December 31, 2016, net cash can be analysed as follows:

| *(In thousands of euros)* | 31/12/2015 | Changes linked to activities | Translation adjustments | Other changes | 31/12/16 |
|---|---|---|---|---|---|
| Financial and short-term investment receivables | 27,742 | (11,135) | 5,896 | - | 22,504 |
| Cash assets | 15,849 | 60,126 | 2,007 | 75 | 78,871 |
| **Cash and cash equivalents** | **43,591** | **48,991** | **7,903** | **75** | **101,375** |
| Bank overdrafts | (138) | 116 | - | - | (22) |
| **Cash inflow (outflow)** | **(138)** | **116** | **-** | **-** | **(22)** |
| **Total net cash** | **43,454** | **49,107** | **7,903** | **75** | **101,353** |

The change in cash and cash equivalents is mainly due to the success of the capital increase of 165,685 thousand euros (expenses and fees included), offset mainly by the continued investment in wind power plants in Brazil, financing of the acquisition of Martifer Solar and the development of the services business.

## NOTE 16- COMMITMENTS GIVEN OR RECEIVED

### a. Off-balance sheet commitments given

| | |
|---|---|
| Commitments given by Voltalia to suppliers, in favour of its subsidiaries | **7,693** |
| Commitments given by Voltalia to customers, in favour of its subsidiaries | **259,834** |
| Guarantees relating to the decree ensuring the safety of installations classified for the protection of the environment (ICPE) | **1,119** |
| Other commitments | **44** |
| Commitments given relating to operating activities | **268,690** |

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

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

As part of the remediation guarantee for facilities classified for environmental protection (ICPE), the Group companies affected by this requirement benefit from a grandfather provision and took out surety insurance with a top-tier insurer in July 2016. The dismantling obligation is recognized as a dismantling asset. The dismantling insurance coverage is 1,119 thousand euros.

*Notes: The share of commitments given for Martifer's operating activities represents 233,323 thousand euros as at 31.12.2016.*

*At 31.12.2015, the commitments given by the Group represented 35,649 thousand euros.*

**Commitments given in relation to financing activities**

Debts contracted by the Group in the framework of project financing are guaranteed by collateral (mortgages, pledge on equipment, pledge of securities and receivables, and reserve accounts) as collateral for their repayment, in the amount of 406,539 thousand euros (283,800 thousand in 2015). This amount represents the outstanding balance on 31 December 2016, of debts for projects that are in operation or under construction or receiving bank financing. The furthest maturity of these debts is in 2033.

On 22 December 2016, the Sarry wind farm and the association "Les amis du patrimoine Tonnerrois" signed a memorandum of understanding to end the proceedings brought by the association before the courts. This agreement was concluded for an amount of 230 thousand euros, including payments of 100 thousand euros in 2017 and 130 thousand euros in 2018.

## b. Off-balance sheet commitments received

- 35,000 thousand euros in syndicated credit lines due in March 2021:
  This line is not used as at 31.12.2016
- Confirmed bilateral credit lines of 27,500 thousand euros:
  These lines are not used as at 31.12.2016

| | |
|---|---|
| Commitments received by the Group from suppliers | 83,262 |
| Subsidies received | 1,291 |
| Other commitments | - |
| **Commitments given relating to operating activities** | **84,553** |

The commitments received from suppliers are mainly performance/completion guarantees or even advance payments in favour of the Group under supply contracts concluded by subsidiaries with these suppliers.
The Greek government has committed to pay the Group investment subsidies totalling 1,291 thousand euros. These subsidies enable early repayment of loans contracted for the construction of projects. Given the estimated counterparty risk with the Greek state, these subsidies are not recognised in the balance sheet.

## c. Related party disclosures

- Loans to associates

As of December 31, 2016, there were no loans to key Group executives.

- Related party transactions

The transactions made by the Voltalia Group with its non-consolidated or equity participations are included in the consolidated accounts.
As of December 31, 2016, the Company had no significant balance sheet commitments vis-à-vis related parties.

### NOTE 17- STATUTORY AUDITORS' FEES

As of December 31, 2016:

| *(In thousands of euros)* | MAZARS | H3P | TOTAL |
|---|---|---|---|
| **Voltalia SA** | **360** | **206** | **566** |
| *Statutory audit* | 178 | 108 | 286 |
| *Other missions* | 182 | 98 | 280 |
| **Subsidiaries** | **448** | **56** | **504** |
| *Statutory audit* | 435 | 56 | 491 |
| *Other missions* | 13 | 0 | 13 |
| Total | 809 | 262 | 1,071 |

As of December 31, 2015:

| *(In thousands of euros)* | MAZARS | H3P | CONCEPT AUDIT ET ASSOCIÉS | VINCENT RUSÉ CONSEIL | KPMG | CONTROLLER AUDITORES ASSOCIADOS | TOTAL |
|---|---|---|---|---|---|---|---|
| STATUTORY AUDIT | 509 | 122 | 22 | 5 | 10 | 26 | 694 |
| ANCILLARY ASSIGNMENTS | 17 | 5 | 0 | | | | 22 |
| TOTAL | 526 | 127 | 22 | 5 | 10 | 26 | 716 |

The increase is mainly related to the work relating to the consolidation of Martifer and the capital increase as well as the increase in the scope of consolidation.

## 20.2 REPORT OF THE STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS PREPARED UNDER IFRS

To the shareholders,
In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying consolidated financial statements of Voltalia SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by 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 professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as as of December 31, 2016 and of the results of its operations for the

year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.
Without qualifying the opinion expressed below, we would draw your attention to:

- Note 6 "Segment reporting" section "Changes in segment reporting" of the notes to the consolidated financial statements, which shows the changes in the operating segments from 2017 onwards as a result of the acquisition of Martifer;
- Note 7 "Operating income" section "Revenues" and "Allocations and reversals of depreciation" and Note 10 "Intangible and tangible fixed assets" paragraph "Tangible fixed assets" of the notes to the consolidated financial statements, which set out the terms and conditions for recognition of revenues and the absence of fixed asset depreciation of the Sao Miguel De Gostoso farm in 2016.

## II – Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matter:

- For the preparation of its consolidated financial statements, Voltalia makes estimates and assumptions on several issues, the most significant of which are identified in Note 4.e “Accounting policies - Use of estimates” to the consolidated financial statements. We reviewed all of the assets relating to these issues, we examined the available documentation and verified the translation into figures of the assumptions used. We also carried out an assessment of the consistency of these assumptions and verified the reasonableness of the estimates used.
- Notes 3 "Highlights and subsequent events" and 5.d "Scope of consolidation – Change in the scope" to the consolidated financial statements set out in particular the takeover of Martifer Solar, group head of the sub-group with the same name and its impact on the consolidated financial statements, it being specified that the allocations of the acquisition price in accordance with the revised IFRS 3 are not finalised as of December 31, 2016. Our work consisted in particular of verifying the proper accounting treatment of this acquisition in accordance with the conditions described in Note 10.a "Goodwill" and the appropriateness of the information presented in this respect in Notes 3 and 5.d to consolidated financial statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

## III – Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group’s management report.
We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

*Courbevoie and Paris, 28 April 2017*

The Statutory Auditors

| Juliette Decoux | Jean-Benoît Monnais |
|---|---|
| MAZARS | H3P REAL ASSETS |

## 20.3 2016 COMPANY FINANCIAL STATEMENTS

### Balance sheet assets

| Heading | Gross amount | Prov. Amort. | Net 31/12/2016 | Net 12/31/2015 |
|---|---|---|---|---|
| Uncalled subscribed capital | | | | |
| INTANGIBLE ASSETS | | | | |
| Start-up costs | | | | |
| Development costs | | | | |
| Concessions, patents and similar rights | 89,262 | 42,264 | 46,998 | 24,660 |
| Goodwill | | | | 3,796,388 |
| Other intangible assets | 215,685 | | 215,685 | 450 |
| Advances and payments on intangible assets | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | |
| Land | | | | |
| Buildings | | | | |
| Facilities and equipment | 12,922 | 4,349 | 8,572 | |
| Other property, plant and equipment | 483,497 | 140,966 | 342,531 | 328,400 |
| Assets under construction | 13,613 | | 13,613 | |
| Prepaid expenses | | | | |
| FINANCIAL ASSETS | | | | |
| Equity participations | | | | |
| Other equity investments | 202,539,830 | 11,766,443 | 190,773,388 | 143,069,859 |
| Receivables related to equity investments | 38,975,671 | 4,865,780 | 34,109,891 | 27,825,074 |
| Other long-term investments | | | | |
| Loans | | | | |
| Other financial assets | 2,401,843 | | 2,401,843 | 2,156,798 |
| **FIXED ASSETS** | **244,732,323** | **16,819,801** | **227,912,521** | **177,201,629** |
| INVENTORIES AND WORK IN PROGRESS | | | | |
| Raw materials, supplies | | | | |
| Production of goods in progress | 12,437,731 | 2,127,270 | 10,310,461 | 5,833,930 |
| Production of services in progress | | | | |
| Semi-finished and finished products | | | | |
| Goods | | | | |
| Advances and prepayments on orders | 392,472 | | 392,472 | |
| ACCOUNTS RECEIVABLE | | | | |
| Trade payables and related accounts | 5,500,123 | 2,380,089 | 3,120,034 | 1,233,394 |
| Other receivables | 90,716,072 | 3,310,299 | 87,405,773 | 34,173,047 |
| Subscribed and called-up capital, not paid | | | | |
| MISCELLANEOUS | | | | |
| Investment securities | 5,000,000 | | 5,000,000 | 1,293 |
| (Of which treasury shares): | | | | |
| Cash assets | 52,060,541 | | 52,060,541 | 92,004 |
| ACCRUED INCOME | | | | |
| Prepaid expenses | 207,663 | | 207,663 | 176,226 |

| Heading | Gross amount | Prov. Amort. | Net 31/12/2016 | Net 12/31/2015 |
|---|---|---|---|---|
| CURRENT ASSETS | 166,314,602 | 7,817,658 | 158,496,944 | 41,509,895 |
| Debt issuance costs to be amortised | 322,849 | | 322,849 | |
| Bond redemption premiums | | | | |
| Translation reserve - assets | 24,719 | | 24,719 | 578,003 |

## Balance sheet liabilities

| Headings | 2016 fiscal year | 2015 fiscal year |
|---|---|---|
| Share capital or individual capital (of which paid: 278,976,086) | 278,976,086 | 149,405,909 |
| Issue, merger, contribution premiums | 96,438,981 | 61,325,368 |
| Revaluation reserve (of which equity accounting reserve: ) | | |
| Legal reserve | 58,367 | 58,367 |
| Statutory or contractual reserves | | |
| Regulated reserves (including reserves for prov. for price fluct.: ) | | |
| Other reserves (including purchase of original works of art: ) | | |
| Retained earnings | (18,342,474) | (17,592,835) |
| **INCOME FOR THE YEAR (profit or loss)** | **3,502,851** | **(749,639)** |
| Investment subsidies | | |
| Tax-regulated provisions | 345,080 | 211,444 |
| **EQUITY** | **360,978,891** | **192,658,614** |
| Proceeds from equity issues | | |
| Conditional advances | | |
| **OTHER EQUITY** | | |
| Provisions for contingencies | 1,452,248 | 629,647 |
| Provisions for expenses | 47,549 | 34,419 |
| **PROVISIONS** | **1,499,797** | **664,066** |
| **FINANCIAL LIABILITIES** | | |
| Convertible bonds | | |
| Other bonds | | |
| Borrowings and liabilities at credit establishments | 10,470,508 | 16,050,000 |
| Other borrowings and financial liabilities (including equity loans: ) | 29,024 | 4,792,566 |
| Other borrowings and financial liabilities - Associates | 3,661,841 | 939,101 |
| Prepaid expenses received on orders in progress | | |
| **OPERATING DEBTS** | | |
| Trade payables and related accounts | 4,320,646 | 1,578,514 |
| Tax and employee-related expenses | 2,440,607 | 2,343,530 |
| **OTHER LIABILITIES** | | |
| Fixed asset liabilities and related accounts | 57,862 | 73,578 |
| Other debts | 2,885,396 | 83,682 |
| **ACCRUED INCOME** | | |
| Deferred income | 87,666 | 105,875 |
| **LIABILITIES** | **23,953,549** | **25,966,846** |
| Translation reserve - Liabilities | 324,796 | |

## Income statement

| Headings | 2016 fiscal year | | | 2015 fiscal year |
|---|---|---|---|---|
| | France | Exports | Total | |
| Sale of goods | | | | |
| Production of goods sold | | | | |
| Production of services sold | 747,694 | 1,998,194 | 2,745,888 | 1,195,430 |
| **NET REVENUE** | **747,694** | **1,998,194** | **2,745,888** | **1,195,430** |
| Production transferred to inventory | | | 4,435,585 | 3,280,494 |
| Capitalised production | | | | - |
| Operating subsidies | | | | (24) |
| Reversals on impairment, prov. (and depreciation), transfer of expenses | | | 283,011 | 1,121,634 |
| Other income | | | 23 | 183 |
| **OPERATING INCOME** | | | **7,464,508** | **5,597,717** |
| Purchases of goods (including customs duties) | | | | |
| Change in inventories (goods) | | | | |
| Purchases of raw materials and other supplies | | | | |
| Change in inventories (raw materials and supplies) | | | | |
| Other purchases and external expenses | | | 7,711,471 | 4,879,287 |
| Taxes and similar payments | | | 250,843 | 293,649 |
| Wages and salaries | | | 4,414,210 | 3,431,390 |
| Social charges | | | 1,942,579 | 1,525,503 |
| Operating allocations: | | | | |
| On fixed assets: depreciation and amortisation | | | 81,760 | 60,995 |
| On fixed assets: impairment charges | | | | |
| On current assets: impairment charges | | | 19,371 | 729,443 |
| Provisions | | | 1,289,015 | 31 |
| Other expenses | | | 103,363 | 57,933 |
| **OPERATING EXPENSES** | | | **15,812,613** | **10,978,231** |
| **OPERATING PROFIT/LOSS** | | | **(8,348,105)** | **(5,380,514)** |
| **JOINT OPERATIONS** | | | | |
| Profit appropriated or loss transferred | | | | |
| Loss borne or profit transferred | | | | |
| **FINANCIAL INCOME** | | | **9,679,664** | **6,804,138** |
| Financial income from investments | | | 7,346,830 | 4,291,982 |
| Income from other securities and receivables from fixed assets | | | | |
| Other interest and similar products | | | 14 | 524,874 |
| Reversals on provisions and transfer of expenses | | | 1,754,625 | 1,742,614 |
| Positive currency differences | | | 578,195 | 244,668 |
| Net income from disposals of marketable securities | | | | |
| **FINANCIAL EXPENSES** | | | **2,406,940** | **2,491,149** |
| Financial depreciation, amortisation and provisions | | | 1,392,996 | 1,081,903 |
| Interest and similar expenses | | | 750,684 | 270,218 |
| Negative currency differences | | | 263,260 | 1,139,028 |
| Net expenses on disposals of marketable securities | | | | |
| **NET FINANCIAL INCOME** | | | **7,272,725** | **4,312,989** |
| **CURRENT EARNINGS BEFORE TAXES** | | | **(1,075,380)** | **(1,067,524)** |
| **NON-RECURRING INCOME** | | | **10,363,734** | **74,480,211** |
| Non-recurring income from management operations | | | 798,596 | 794 |
| Non-recurring income from capital transactions | | | 9,565,138 | 74,479,418 |
| Reversals on provisions and transfer of expenses | | | | |
| **NON-RECURRING EXPENSES** | | | **5,785,503** | **74,162,326** |
| Non-recurring expenses on management operations | | | 31,146 | 2,479 |
| Non-recurring expenses on capital transactions | | | 5,518,562 | 74,133,278 |
| Non-recurring depreciation, amortisation and provisions | | | 235,794 | 26,569 |

| Headings | 2016 fiscal year | | | 2015 fiscal year |
|---|---|---|---|---|
| | France | Exports | Total | |
| NON-RECURRING INCOME (EXPENSES) | | | 4,578,231 | 317,885 |
| Employee participation in the results of the company | | | | |
| Income taxes | | | | |
| TOTAL INCOME | | | 27,507,906 | 86,882,067 |
| TOTAL EXPENSES | | | 24,005,056 | 87,631,706 |
| | | | | |

### 20.3.1 Highlights of the year

Notes to the balance sheet, which totalled 386,757,034 euros before appropriation as of December 31, 2016, and to the income statement for the year, presented in the form of a list and indicating an income of 3,502,851 euros.
The review period is 12 months, beginning on 1 January 2016 and ending on 31 December 2016.
The notes indicated below are an integral part of the annual financial statements.
These financial statements were approved by the company's Board of Directors on 31 March 2017.

#### Governance and financing

*Capital increase of 170 million euros*

In November 2016 the company proceeded with a capital increase of approximately 170 million euros. 22,723,610 new shares were issued and subscribed by Voltalia Investissement subscribed in the amount of 87.5 million euros, by Proparco in the amount of 15 million euros and the public for 67 million euros. The free float has been strengthened by the operation, increasing from 7% to 21% of the capital.

*Signing of a 35 million euros syndicated loan agreement*

In order to support the implementation of its strategy over the long term, on 29 March 2016, the company concluded a revolving credit agreement with BPCE group banks, totalling 35 million euros over a five year term.

*Signing of a strategic partnership between Voltalia and Green of Africa*

The two parties announced their partnership during the COP22.
The agreement foresees the creation of a company which will co-develop a series of projects contributed by each of the two parties.
The partners will start their agreement by finalising the development of two wind projects located in Morocco and coming from Voltalia's portfolio, for a total of 140 MW.

#### Successful tenders in 2016 and the development of French wind power

*Solar tender bid: 1 project won for 4 MW*

On 11 June 2016, a Group solar project with a capacity of 4 MW was selected by the Ministry of Ecology, Sustainable Development and Energy (MEDDE) as part of the solar call for tenders dedicated to non-interconnected areas.
The winning project, named Savane des Pères, has a capacity of 4 MW. It is located in French Guiana, on the outskirts of the Sinnamary municipality. Particular attention was paid to the site selection: the project will make it possible to reuse the land of a former landfill site.

The Voltalia project will link a production forecasting tool to a 2.4 MW battery storage unit to refine the level of predictability and stability of solar power plant production. Its commissioning is planned by June 2019.

*Hydropower tender bid: a project won for 4.5 MW*

A 4.5 MW Group hydropower project has been selected by the municipalities of Chamonix-Mont Blanc and Les Houches for the construction and operation of a run of the river hydropower plant, on the Taconnaz torrent.
The plant is expected to cover the annual electricity consumption of nearly 90% of the population of the two municipalities concerned.
The hydropower plant is expected to be commissioned in 2019, and the energy sales contract secured runs over a 20-year period.

*Buyback of shares held by the minority investor in a portfolio of controlled wind projects.*

Voltalia purchased the minority stake (49.9%) of a portfolio of four wind farm projects from a long-standing partner, as well as 100% stake in a wind power project from the same partner. The projects acquired, at various stages of advancement, represent a total potential capacity of 118 MW. Construction could begin within the next 18 months. This operation allows the Group to strengthen its exposure in France, a country with ambitious targets for the installation of new renewable electricity production capacities.

*Acquisition of a project development company in Morocco*

Voltalia acquired Alterrya Maroc, a renewable project development company in Morocco.
This transaction enables Voltalia to acquire a portfolio of projects under consideration and under development, representing a total potential capacity of 185 MW in wind and 100 MW in solar energy.
The acquired projects are at various stages of advancement, and construction on the first projects could begin within the next two weeks.

## Acquisition of the Martifer group on 18 August 2016

On 18 August 2016, Voltalia finalised the takeover of the entity Martifer Solar, group head of the sub-group with the same name
Created ten years ago by the Portuguese group Martifer, the Martifer Solar sub-group develops, constructs and operates photovoltaic power plants on behalf of third party clients. Martifer Solar is a major player in the global photovoltaics market.
The acquisition covers all of the securities of the Group parent company. Therefore, it indirectly concerns all the subsidiary entities, partnerships and associates of the Martifer Solar consolidation scope. As an exception, subsidiaries based in the United States were not included in the transaction and were sold to the Martifer Group by Martifer Solar prior to the takeover.
In terms of volumes and synergies relating to the business segment, Voltalia's historical renewable electricity production activity is now enhanced by the provision of development, construction and operation-maintenance services for third-party clients. Since Martifer Solar does not own the power plants held and therefore financed by third-party clients, the business appears as though it is not capital intensive. The capacity operated by the Group was multiplied by 2.4 after the acquisition of Martifer Solar, from 418 MW to more than 1,000 MW (1 GW), including an installed capacity of 481 MW and 627 MW operated on behalf of third-party clients.

## Raising corporate debt

At the end of the 2016 fiscal year, Voltalia raised 67.5 million euros of corporate financing, including a five year syndicated loan of 35 million euros. Of the new credit lines raised, 22.5 million euros is repayable in the short-term.

### Protocol for the disposal of Bio-Bar

On 31 January 2017, Voltalia sold all of the securities and the current account of its subsidiary Bio-Bar to France Bedding Group (now Adova) at the price of one euro each. As a reminder, in February 2015, a global agreement was signed between Voltalia, Bio-Bar and Cauval, mainly providing for the repayment of arrears between February 2015 and the end of June 2016, together with the disposal of all Bio-Bar shares to Cauval.
While it made the bulk of the repayments provided for in the protocol, Cauval filed for suspension of payments in February 2016. At the end of May 2016, the Commercial Court of Meaux selected Adova's takeover bid, which provides for the continued operation of the Bar sur Aube site. After several months of discussion, on 22 December 2016, Voltalia and Adova came to an agreement, which led to the disposal of 100% of the shares of the subsidiary Bio-Bar on 31 January 2017. The financial debt of the project was also taken on by the buyer at its book value.

### Disposal of Parc solaire de Montmayon

In September 2016, Voltalia disposed of Parc Solar de Montmayon. The Group remains the operator of the power plant thanks to a 16-year operation and maintenance contract. In addition to the operating and maintenance contract, this disposal had a very positive effect on the financial statements for the second half of 2016.

### Change in accounting policy

Reminder: Recognition of losses after the merger: technical losses are not depreciable because the duration of their future economic benefit may not be reliably determined. Depreciation will be recorded when the value in use of the underlying asset to which the losses are allocated falls below the book value of the same asset. The valuation is based on the present value of future cash flows.
In order to comply with the new accounting rule, the ANC 2015-06 regulation, effective from 1 January 2016, the technical merger losses (3,796 thousand euros) incurred following the complete transfer of assets between Voltalia and Volta Investissement for the fiscal year 2015, were reclassified to equity.

## SIGNIFICANT EVENTS SINCE YEAR-END

On 31 January 2017, Voltalia sold all of the securities and the current account of its subsidiary Bio-Bar to France Bedding Group (now Adova) at the price of one euro each. As a reminder, in February 2015, a global agreement was signed between Voltalia, Bio-Bar and Cauval, mainly providing for the repayment of arrears between February 2015 and the end of June 2016, together with the disposal of all Bio-Bar shares to Cauval. In 2017, the disposal of the plant resulted in a loss of approximately 790 thousand euros.

## 20.3.2 ACCOUNTING RULES AND METHODS

The annual financial statements have been prepared in accordance with generally accepted accounting principles in France and notably the provisions of the latest version of the Accounting Plan and Regulation 2016-07 of the French Accounting Regulation Committee approved on 4 November 2016 and incorporating the provisions of the new regulations of the Accounting Regulation Committee, including Regulation 2002-10 relating to the depreciation, amortisation and impairment of assets and Regulation 2004-06 concerning the definition, recognition and measurement of assets.

## Basis for preparation of the financial statements

In the separate financial statements to 31 December 2016, the company applied the following rules:

- going concern;
- consistency of methods;
- independence of fiscal years.

## Use of estimates

The preparation of the financial statements requires management to make assumptions and estimates affecting the financial statements. The main estimates made by the Group notably relate to the assumptions used to:

- value and depreciate property, plant and equipment and intangible assets;
- value investments;
- constitute provisions.

These estimates are based on the best information available to the management on the date of the financial statements. They include, for example, the assessment on that date of the state of the markets in which the company operates. Considering the uncertainties inherent to the sector, the countries and the economic and financial conditions that impact the business of Voltalia SA and its subsidiaries, these estimates may need to be revised if the circumstances on which they were based change or as a result of new information. Actual results may therefore differ from these assumptions and estimates.

## Intangible assets

Purchased software is recognised as an intangible asset and is amortised over its useful life of between three and five years. Tax derogations allowing accelerated amortisation of such software may also be applied.
In the specific case of mergers, the accounting cost of assets received under the merger is the contribution value.
Technical losses on mergers represent the negative difference between the value of the net asset received and the book value of securities held by the acquiring company.
Recognition of losses after the merger: technical losses are not depreciable because the duration of their future economic benefit may not be reliably determined. Depreciation will be recorded when the value in use of the underlying asset to which the losses are allocated falls below the book value of the same asset.
In order to comply with the new accounting rule, the ANC 2015-06 regulation, effective from 1 January 2016, the technical merger losses (3,796 thousand euros) incurred following the complete transfer of assets between Voltalia and Volta Investissement for the fiscal year 2015, were reclassified to equity.

## Property, plant and equipment

The gross amount of property, plant and equipment corresponds to its historical acquisition cost. This cost includes expenses directly attributable to bringing the asset to the location and the cost of enabling to be operated in the manner intended by management. Amortisation of fixed assets is calculated on a straight-line basis over the estimated useful life.
Table of estimated useful lives:

| Type of asset | Method | Duration |
|---|---|---|
| Concessions and similar rights | L | 3 years |
| Fixtures and fittings | L | 8 to 10 years |
| Vehicles | L | 4 years |
| Office and computer equipment | L | 3 years |
| Office equipment | L | 10 years |

## Equity investments and other financial assets

The gross value of financial assets corresponds to their acquisition cost excluding ancillary costs. Impairment exists when the value in use is less than the book value. Different methods are used for assessing the value in use of equity securities held. The valuation methods used are the present value of future cash flows and proportional share of net assets, applied according to the situation and the nature of the company.

## Inventories and work in progress

Production costs correspond to the capitalised costs of projects under development. Expenses for each power plant project are capitalised as soon as the all of the following criteria are met:

- Visibility with respect to access to land, such as obtaining a lease agreement and favourable environmental impact studies
- Visibility of authorisations, e.g. submission of administrative documents and high probability of obtaining permission
- Feasibility of connection to the grid
- Sufficient project profitability

Capitalised costs include the internal and external costs recorded for each power plant project:

- External costs correspond to commitments to suppliers or external service providers (invoices, invoices receivable, status reports, etc.), and
- Internal costs are measured on the basis of overhead expenses applicable to the projects and the time allocated to these projects.

All projects are reviewed at each reporting date, with the implementation of individual impairment tests. If an indication of impairment is identified, the projects under development in question are fully impaired. It should be noted that Voltalia initially opted for fixed impairment charges calculated according to project type. This change was made possible by the progressive structural development of the company which has improved the data collection processes.
It should also be noted that projects undergoing disposal whose value is less than the book value will be impaired in the amount of the price specified in the contract of sale.
Power plant projects under consideration continue to be recognised in expenses.
Abandoned projects are recognised as losses.

## Accounts receivable

Accounts receivable are recognised at face value. They are depreciated according to the risk of non-recovery, assessed on a case-by-case basis.

## Investment securities

Investment securities are valued at the lower of acquisition value and market value.

## Tax-regulated provisions

Regulated provisions consist of excess depreciation and amortisation; associated provisions and reversals are constituted in accordance with the tax rules.

## Foreign currency transactions

The accounts are prepared in euros. Income and expenses denominated in foreign currencies are recognised at their equivalent value in euros at the transaction date. Liabilities, receivables and cash in foreign currencies are recognised at their equivalent value in euros on the basis of the exchange rates prevailing on the balance sheet date. The translation adjustment resulting from the valuation of foreign currency liabilities and receivables is recognised in accrued income in assets if it is an unrealised loss and in liabilities in the case of an unrealised gain. A provision for risks is made for unhedged unrealised losses.

## Litigation and provisions

In general, each of the known legal cases in which the company is involved has been reviewed by management as at the balance sheet date and, where applicable, on the advice of outside counsel, any provisions deemed necessary have been made to cover the estimated risks.

## Retirement benefits

Under French law, Voltalia SA is obliged to pay a pension to employees on retirement. The corresponding liabilities are calculated annually using the projected unit credit method based on final salary. Such calculations are made in accordance with the applicable collective agreement.

Contingent liabilities are calculated and recognised in provisions. Any differences resulting from changes in actuarial assumptions are immediately recognised in profit and loss. Retirement benefits are recognised as an expense when actually incurred.

## Revenue

The revenue of Voltalia SA mainly consists of:

- project development and monitoring services for projects in the development phase on behalf of its various subsidiaries: services are recognised in revenue as and when they are provided;
- services related to the construction of power plants on behalf of its various subsidiaries: revenue is recognised according to the advancement and corresponds to the technical progress of the construction site, along with construction monitoring services, which are recognised as revenue in accordance with the stage of completion;
- services related to the operation of power plants on behalf of its various subsidiaries: services are recognised in revenue as and when they are provided.

Miscellaneous services (administrative services, etc.) on behalf of its various subsidiaries: services are recognised in revenue as and when they are provided.

## 20.3.3 NOTES TO THE BALANCE SHEET

### Fixed assets

Intangible assets and property, plant and equipment

| Figures expressed in euros | At 31/12/2015 | Acquisitions | Transfers between items and corrections +/- | Disposals | At 31/12/2016 |
|---|---|---|---|---|---|
| Start-up and development costs<br>Other intangible asset items | 3,864,204 | 40,131 | (3,796,388) | (18,685) | 89,262 |
| Total 1 Intangible assets | 3,864,204 | 40,131 | (3,796,388) | (18,685) | 89,262 |
| Intangible assets in progress | 450 | 215,685 | (450) | | 215,685 |
| Total 2 Outstanding amount of intangible assets | 450 | 215,685 | (450) | 0 | 215,685 |
| Land<br>Buildings on freehold land<br>Buildings on non-freehold land<br>Construction of installations, fitting, etc.<br>General installations and fixtures and fittings<br>Facilities and equipment<br>Vehicles<br>Office and computer equipment, furniture<br>Recoverable packaging and miscellaneous | 286,647<br>3,331<br>225,505 | 6,167<br>3,793<br>42,825 | 27,506<br>5,798<br>582 | (105,735) | 320 320<br>12,922<br>163,177 |
| Total 2 Property, plant and equipment | 515,483 | 52,785 | 33,886 | (105,735) | 496,419 |
| Property, plant and equipment in progress | | 47,049 | (33,436) | | 13,613 |
| Total 3 Outstanding amount of property, plant and equipment | | 47,049 | (33,436) | 0 | 13,613 |
| Advances | | | | | |
| TOTAL | 4,380,137 | 355,650 | 3,796,388 | (124,420) | 814,979 |

The main change in fixed assets concerns the reclassification of the 3,796 thousand euros technical merger loss generated in 2015 during the complete transfer of assets between Voltalia and Volta Investissement.
In accordance with the new accounting rules as of 1 January 2016, this loss was reclassified to equity.

Depreciation

| Figures expressed in euros | At 31/12/2015 | Additions | Decrease or reversals | At 31/12/2016 |
|---|---|---|---|---|
| Start-up and development costs | | | | |
| Other intangible assets | 43,156 | 17,793 | 18,685 | 42,264 |
| Total intangible assets | 43,156 | 17,793 | 18,685 | 42,264 |
| Land | | | | |
| Buildings | | | | |
| General installations and fixtures and fittings | 19,326 | 31,103 | | 50,429 |
| Facilities and equipment | 3,331 | 1,018 | | 4,349 |
| Vehicles | | | | |
| Office and computer equipment, furniture | 164,425 | 31,846 | 105,735 | 90,536 |
| Recoverable packaging and miscellaneous | | | | |
| Total property, plant and equipment | 187,082 | 63,967 | 105,735 | 145,314 |

Financial Assets

| Figures expressed in euros | Gross value at 12/31/2015 | Acquisitions and transfers between items | Disposals and Transfers between items | Gross value at 31/12/2016 | Provision | Net value at 31/12/2016 |
|---|---|---|---|---|---|---|
| Equity investments | 154,563,432 | 51,210,575 | 5,407,696 | 200,366,311 | (11,766,443) | 188,599,868 |
| Acquisition costs of equity investments | 238,009 | 1,975,830 | 40,320 | 2,173,520 | | 2,173,520 |
| Loans to subsidiaries | 31,449,374 | 5,992,728 | 1,149,912 | 36,292,191 | (5,219,384) | 31,072,807 |
| Other receivables related to equity investments | 1,034,755 | 15,084,641 | 15,261,694 | 857,702 | | 857,702 |
| Accrued interests on loans | 1,201,957 | 1,529,327 | 905,506 | 1,825,778 | | 1,825,778 |
| Other financial assets | 2,156,799 | 1,979,794 | 1,734,750 | 2,401,843 | | 2,401,843 |
| TOTAL | 190,644,326 | 77,772,895 | 24,499,878 | 243,917,345 | (16,985,827) | 226,931,518 |

The main changes of 51,210 thousand euros to Voltalia's investments and related receivables during 2016 are broken down into the following items:

- the net increase in equity investments in the amount of 45,803 thousand euros was primarily linked to the capital increases of the Brazilian subsidiaries Serra Para1, Vila Acre1, Alameda Acre and Envolver totalling 32,062 thousand euros, to meet the cash requirements of ongoing construction projects;
- the acquisition of Martifer Solar's securities for 9,000 thousand euros;

- the technical merger loss (3,796 thousand euros) generated in the 2015 fiscal year following the universal transfer of assets and liabilities (TUP) of Volta Investissement was reclassified to equity in accordance with the new accounting regulation effective 1 January 2016 (ANC Regulation 2015-06).

Furthermore, the changes in securities during 2016 include an internal transfer of Brazilian subsidiary securities which took place in August 2016 in relation to the Brazilian wind farm cluster of Vila Acre 1 for an amount of 5,370 thousand euros.
In the second phase, Voltalia SA subscribed to the Alameda capital increase via the contribution of Vila Acre1 securities.

## Subsidiaries and investments

| Financial information for subsidiaries and investments at 31/12/2016 (in euros) | Capital | Reserves, additional paid-in capital and retained earnings before allocation of earnings | Share of capital held as a percentage | Carrying amount of securities | Carrying amount of securities - unpaid capital | Loans granted by the company at 31/12/2016 | Advances/current account liabilities at 31/12/2016 | Revenue excl. taxes - non-Group at 31/12/2016 | Dividends received in 2016 | Net income (profit or loss) at 31/12/2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| **France** | | | | | | | | | | |
| Anelia Holding | 40 000 | -1 435 970 | 100% | 20 041 | | | 2 055 642 | 0 | | 810 307 |
| Bio-Bar | 50 000 | -50 000 | 100% | 50 000 | | 1 276 560 | | 6 573 | | -486 850 |
| La Faye Energies | 59 000 | 2 061 488 | 63% | 29 601 | | 902 542 | | 1 812 395 | 47 401 | -38 572 |
| Adriers Energies | 336 380 | 33 638 | 100% | 582 680 | | | 3 327 490 | 2 098 155 | 382 626 | 191 400 |
| Echauffour Energies | 37 000 | -111 966 | 100% | 37 000 | | | 550 687 | 0 | | -12 784 |
| 3V Développement | 39 000 | -246 757 | 100% | 1 050 000 | | 1 991 407 | | 1 670 257 | | -290 868 |
| 3L Energies | 3 000 | -161 580 | 40% | 1 200 | | 1 019 979 | | 1 281 201 | | 68 275 |
| Taconnaz Energie Renouv. | 37 000 | -151 115 | 100% | 37 000 | | | 119 564 | 0 | | -5 138 |
| Parc éolien de Molinons | 37 000 | 3 701 | 100% | 37 000 | | | 2 794 828 | 2 142 870 | 498 379 | 139 469 |
| Parc solaire de Montclar | 37 000 | -337 678 | 100% | 37 000 | | | 3 231 | 0 | | 312 673 |
| Parc solaire du Castellet | 37 000 | -18 049 | 100% | 37 000 | | | 1 218 896 | 1 088 538 | | 38 466 |
| Parc solaire de Piboulon | 5 000 | -30 128 | 100% | 5 000 | | | 30 596 | 0 | | -3 231 |
| Parc solaire Puy Madame I | 5 000 | -278 535 | 100% | 5 000 | | | 43 396 | 0 | | -3 499 |
| Parc solaire Puy Madame II | 5 000 | -281 521 | 100% | 5 000 | | | 106 830 | 0 | | -4 806 |
| Parc solaire Puy Madame III | 5 000 | -279 587 | 100% | 5 000 | | | 44 532 | 0 | | -3 519 |
| Parc solaire Puy Madame IV | 5 000 | -281 323 | 100% | 5 000 | | | 110 253 | 0 | | -4 723 |
| Parc éolien d'Argenteuil | 37 000 | -403 501 | 0,05% | 11 | | | 5 673 | 0 | | 205 446 |
| Parc eolien de Laignes | 37 000 | -457 956 | 0,05% | 11 | | | 9 625 | 0 | | 241 288 |
| Parc éolien de Coulmier | 37 000 | -391 796 | 0,05% | 11 | | | 5 137 | 0 | | -15 482 |
| Parc éolien de Sarry | 37 000 | -254 394 | 0,05% | 11 | | | 3 426 | 0 | | -16 538 |
| Parc solaire de Carrière des plaines | 10 000 | -26 228 | 100% | 10 000 | | | 103 563 | 0 | | -6 620 |
| Parc solaire de Tresques | 10 000 | -130 369 | 100% | 10 000 | | | 139 143 | 0 | | 99 355 |
| Ombrière Solaire du Marché | 10 000 | -38 168 | 100% | 10 000 | | | 35 109 | 0 | | -3 272 |
| Parc solaire Castellet 2 | 10 000 | -39 021 | 100% | 10 000 | | | 50 564 | 0 | | -2 981 |
| Parc Solaire du Canadel | 10 000 | 0 | 100% | 10 000 | | | 56 337 | 0 | | -4 714 |
| GEP Energie France | 10 000 | 0 | 100% | 10 000 | | | | 0 | | -2 901 |
| PEP Energie France | 10 000 | 0 | 100% | 10 000 | | | | 0 | | -2 763 |
| ECM Energie France | 10 000 | 0 | 100% | 10 000 | | | | 0 | | -2 510 |
| SVNC Energie France | 10 000 | 0 | 100% | 10 000 | | | | 0 | | -2 721 |
| Parc solaire Le Fangas 1 | 5 000 | -335 611 | 40% | 2 000 | | | 12 041 | 0 | | -3 265 |
| Parc solaire Le Fangas 2 | 5 000 | -337 006 | 40% | 2 000 | | | 13 436 | 0 | | -3 294 |
| Parc solaire Les 4 Termes 1 | 5 000 | -337 985 | 40% | 2 000 | | | 15 762 | 0 | | -1 174 |
| Parc solaire Les 4 Termes 2 | 5 000 | -338 394 | 40% | 2 000 | | | 13 743 | 0 | | -1 132 |
| Voltalia Energie | 10 000 | 0 | 100% | 10 000 | | | 329 495 | 0 | | - |
| Parc éolien de Marly | 1 000 | -6 274 | 100% | 328 215 | | | 31 785 | 0 | | -1 901 |
| Parc solaire du Seranon | 5 000 | 0 | 100% | 5 000 | | | 273 | 0 | | - |
| Parc solaire du Talagard | 5 000 | 0 | 100% | 5 000 | | | 273 | 0 | | - |
| Parc solaire de Laspeyres | 5 000 | 0 | 100% | 5 000 | | | 273 | 0 | | - |
| Croix et Jorasse Energie | 5 000 | 0 | 100% | 5 000 | | | 273 | 0 | | - |
| Jalandre Energie | 5 000 | 0 | 100% | 5 000 | | | 273 | 0 | | - |
| Arpettaz Energie | 5 000 | 0 | 100% | 5 000 | | | 273 | 0 | | - |
| Merderel Energie | 5 000 | 0 | 100% | 5 000 | | | 273 | 0 | | - |
| Ferme Eolienne de Pouligny St Pierre | 5 000 | 0 | 100% | 5 000 | | | 273 | 0 | | - |
| Le Guil Energie | 5 000 | 0 | 100% | 5 000 | | | 273 | 0 | | - |
| Parc solaire du Domaine de Selves | 5 000 | 0 | 100% | 5 000 | | | 273 | 0 | | - |
| **French Guiana** | | | | | | | | | | |
| Voltalia Caraïbes | 37 000 | -30 898 | 100,00% | 37 000 | | | | 0 | | -2 379 |
| Voltalia Guyane | 1 043 841 | -6 514 366 | 80,00% | 835 051 | | 9 066 028 | 1 700 719 | 0 | | -333 008 |
| Volta Guyane | 1 325 | 133 | 100,00% | 4 591 600 | | | | 2 369 061 | 331 988 | 647 055 |
| SIG Cacao | 1 000 | -1 192 817 | 100,00% | 1 000 | | | 121 847 | 0 | | -5 279 |
| Voltalia Kourou | 300 000 | -429 855 | 0,33% | 1 000 | | | | 2 835 967 | | -564 312 |
| Roura Bois Energie | 10 000 | 0 | 100,00% | 10 000 | | | 341 068 | 0 | | -4 026 |
| Cr'Eole | 174 000 | -2 429 | 100,00% | 200 100 | | | 6 548 | 0 | | -3 064 |
| Iracoubo Biomasse Energie | 5 000 | 0 | 100,00% | 5 000 | | | 273 | 0 | | - |
| **GREECE** | | | | | | | | | | |
| Voltalia Greece | 8 061 002 | -9 272 917 | 99,04% | 11 480 242 | | 13 277 149 | 2 076 319 | 2 047 790 | | 272 083 |
| **BRAZIL** | | | | | | | | | | |
| Voltalia Do Brasil | 15 363 709 | -7 116 832 | 100,00% | 19 789 843 | | 3 510 315 | | 2 619 | | 4 786 610 |
| Envolver | 33 194 447 | -1 170 176 | 50,00% | 17 316 411 | | | 6 607 448 | 0 | | 250 509 |
| Voltalia Areia Branca I Participaçaoes | 46 189 197 | 7 054 922 | 99,00% | 51 300 533 | | | | 0 | 165 489 | 705 570 |
| Usina de Energia Eolica Tourinho I | 292 | -10 475 | 95,00% | 292 | | | | 0 | | -14 212 |
| Usina de Energia Eolica Tourinho II | 292 | -11 269 | 95,00% | 292 | | | | 0 | | -13 270 |
| Oiapoque Energia | 466 799 | -533 426 | 0,01% | 16 | | | | 17 739 810 | 26 | 3 493 866 |
| Voltalia Sao Miguel Do Gostoso I Particip. | 42 805 885 | -429 404 | 30,00% | 12 681 048 | | | | 0 | 185 657 | 2 586 089 |
| Serra Para I | 71 186 083 | -448 771 | 97,00% | 54 392 325 | | 5 248 210 | | 0 | 396 514 | 1 759 068 |
| Alameda Acre Participaçoes | 16 685 105 | -41 176 | 100,00% | 15 677 628 | | | | 0 | 41 176 | 173 372 |
| Voltalia Energia Do Brasil Consultoria | 29 | 0 | 5,00% | 1 | | | | 0 | | -4 390 |
| **MOROCCO** | | | | | | | | | | |
| Voltalia Maroc | 561 522 | -329 075 | 100,00% | 547 760 | | | 1 498 386 | 0 | | -523 370 |
| Alterrya Maroc | 128 682 | -222 248 | 80,00% | 40 737 | | | 1 | 0 | | 5 555 |
| Voltalia Maroc Sahara | 9 359 | 0 | 100,00% | 28 650 | | | | 0 | | -2 854 |
| **Portugal** | | | | | | | | | | |
| Martifer Solar | 50 000 000 | -56 305 241 | 100,00% | 9 000 000 | | | 58 862 401 | 903 039 | | -169 661 |
| Interest in 2016 from loans and advances | | | | | | 1 825 778 | 3 564 231 | | | |
| **TOTAL** | | | | **200 366 311** | **0** | **38 117 968** | **86 012 756** | **35 998 273** | **2 049 256** | **14 221 373** |

On 18 August 2016, Voltalia finalised the takeover of the entity Martifer Solar, group head of the sub-group with the same name.
It also acquired the following companies: Anélia and its subsidiaries as well as Marly wind farm.

- **Receivables related to equity investments**

Receivables related to equity investments represent current account advances that have a maturity greater than one year.

| Figures expressed in euros | Gross value at 12/31/2015 | Acquisitions and transfers between items | Disposals and Transfers between items | Gross value at 31/12/2016 | Impairment | Net value at 31/12/2016 |
|---|---|---|---|---|---|---|
| Voltalia Guyane loan | 9,066,028 | | | 9,066,028 | | 9,066,028 |
| 3VD loan | 2,189,506 | 54,502 | 252,601 | 1,991,407 | | 1,991,407 |
| 3LE loan | 1,269,995 | 30,932 | 280,949 | 1,019,979 | | 1,019,979 |
| La Faye loan | 893,585 | 44,946 | 35,989 | 902,542 | | 902,542 |
| Bio-Bar loan | 1,543,778 | 193,130 | 460,349 | 1,276,560 | 486,850 | 789,710 |
| Voltalia Greece loan | 13,277,149 | | | 13,277,149 | 4,732,533 | 8,544,616 |
| Voltalia Do Brasil loan | 3,209,333 | 301,006 | | 3,510,315 | | 3,510,315 |
| Serra Para 1 loan | | 5,248,210 | | 5,248,210 | | 5,248,210 |
| Other receivables related to equity investments | 1,034,755 | 14,814,260 | 14,991,313 | 857,702 | | 857,702 |
| Accrued interests on loans | 1,201,957 | 1,529,327 | 905,506 | 1,825,778 | | 1,825,778 |
| TOTAL | 33,686,087 | 22,216,312 | 16,926,707 | 38,975,670 | 5,219,383 | 33,756,287 |

- **Schedule of receivables related to equity investments**

| Schedule of receivables related to equity investments | Gross value at 31/12/2016 | < 1 year | > 1 year |
|---|---|---|---|
| Voltalia Guyane loan | 9,066,028 | | 9,066,028 |
| 3VD loan | 1,991,407 | | 1,991,407 |
| 3LE loan | 1,019,979 | | 1,019,979 |
| La Faye loan | 902,542 | | 902,542 |
| Bio-Bar loan | 1,276,560 | | 1,276,560 |
| Voltalia Greece loan | 13,277,149 | | 13,277,149 |
| Voltalia Do Brasil loan | 3,510,315 | | 3,510,315 |
| Serra Para 1 loan | 5,248,210 | | 5,248,210 |

| | | | |
|---|---|---|---|
| Other receivables related to equity investments | 857,702 | 857,702 | |
| Accrued interests on loans | 1,825,778 | 1,825,778 | |
| TOTAL | 38,975,670 | 2,683,480 | 36,292,190 |

- **Other financial assets**

| Figures expressed in euros | Gross value at 12/31/2015 | Acquisitions and transfers between items | Disposals and Transfers between items | Gross value at 31/12/2016 |
|---|---|---|---|---|
| Deposits | 1,168,062 | 16,759 | 6,800 | 1,178,021 |
| Oseo loan guarantee | 150,000 | | | 150,000 |
| BPI loan guarantee retention | 250,000 | | | 250,000 |
| BPI loan guarantee retention | | 250,000 | | 250,000 |
| Other long-term receivables | 248,059 | 266,255 | 248,059 | 266,255 |
| ICNE without Oseo deposit | 27,323 | 5,500 | | 32,823 |
| Treasury shares | 313,355 | 1,441,280 | 1,479,891 | 274,743 |
| TOTAL | 2,156,799 | 1,979,794 | 1,734,750 | 2,401,843 |

As of December 31, 2016, the company held 33,777 treasury shares with a value of 8.1340 euros per share. In the 2016 fiscal year, the company sold 139,563 of the 141,986 treasury shares purchased.

## Current assets

Under construction

| Figures expressed in euros | Gross amount | Impairment | Balance at 31/12/2016 |
|---|---|---|---|
| Raw materials | | | |
| Goods | | | |
| Finished products | | | |
| Under construction<br>Production of goods in progress | 12,437,731 | 2,127,270 | 10,310,461 |
| Production of services in progress | | | |
| TOTAL | 12,437,731 | 2,127,270 | 10,310,461 |

As of December 31, 2016, 57 projects were recognised in Voltalia SA's financial statements as being under construction. They are at different stages of development and have differing development costs. They have been individually analysed.

These projects under development have a high probability of success, which justifies their capitalisation.

At the balance sheet date, projects under development are reviewed and, where applicable, are fully impaired.

Schedule of current receivables

| Figures expressed in euros | Gross amount | Within one year | At more than one year |
|---|---|---|---|
| Customers | 5,500,123 | 5,500,123 | |
| Doubtful clients | | | |
| Personnel and related receivables | 11,517 | 11,517 | |
| Social security bodes | 42,887 | 42,887 | |
| State: Taxes other than on income | 907,761 | 907,761 | |
| Group and associates | 86,012,757 | 3,564,231 | 82,448,526 |
| Miscellaneous receivables | 3,741,150 | 515,068 | 3,226,082 |
| Prepaid expenses | 207,663 | 207,663 | |
| TOTAL | 96,423,858 | 10,749,250 | 85,674,608 |

- **Trade receivables**

Trade receivables are mainly composed of internal invoices for development and maintenance costs to special purpose vehicle (SPV) subsidiaries.

- **Group and associates**

The amount recognised under current accounts includes cash contributions made by Voltalia SA to its subsidiaries. These current accounts were written down in the amount of 2,590 thousand euros to reflect the negative net assets of subsidiaries.

- **Miscellaneous receivables**

The "Miscellaneous receivables" item primarily includes the short-term advances paid to Brazilian subsidiaries (1,955 thousand euros), the interest accrued on these advances (294 thousand euros), the rights acquired from Maia Eolis under the repurchase of a wind power portfolio of 379 MW (722 thousand euros), as well as the option to purchase fully impaired shares of La Faye Energies (721 thousand euros).

Cash and cash equivalents

| Figures expressed in euros | At 31/12/2015 | At 31/12/2016 |
|---|---|---|
| Investment securities | 1,293 | 5,000,000 |
| Carbon credit quotas | | |
| Cash assets in interest-bearing accounts | | |
| Cash assets | 92,004 | 52,060,541 |
| Accrued interest | | |
| | | |

Available cash as of December 31, 2016 stood at 57,060 thousand euros.

Equity

Changes in equity

| Figures expressed in euros | 12/31/2015 | Appropriation of earnings | Acquisitions and transfers between items | Disposals and Transfers between items | 31/12/2016 |
|---|---|---|---|---|---|
| Capital | 149,405,909 | | 129,570,177 | | 278,976,086 |
| Issue premium | 61,324,868 | | 40,021,554 | (4,907,940) | 96,438,981 |
| Share subscription warrants | 500 | | | | 500 |
| Legal reserve | 58,367 | | | | 58,367 |
| Retained earnings - debit | (17,592,835) | (749,639) | | | (18,342,474) |
| Income for the year | (749,639) | 749,639 | 3,502,851 | | 3,502,851 |
| Special depreciation allowances | 211,444 | | 135,794 | (2,158) | 345,080 |
| TOTAL | 192,658,614 | 0 | 173,230,376 | (4,910,098) | 360,978,891 |

In November 2016 the company proceeded with a capital increase of approximately 170 million euros. 22,723,610 new shares were issued and subscribed by Voltalia Investissement subscribed in the amount of 87.5 million euros, by Proparco in the amount of 15 million euros and the public for 67 million euros. The free float has been strengthened by the operation, increasing from 7% to 21% of the capital.
As of December 31, 2016, the share capital of Voltalia SA totalled 278,976,086 euros, consisting of 48,943,173 shares of 5.70 euros each.

## Liquidity contract

As part of its share repurchase programme, the Company has entrusted Invest Securities with the implementation of a liquidity contract, to which 500,000 euros were allocated in July 2014.
As of December 31, 2016, the following assets featured in the liquidity account:

- 33,777 securities representing a value of 290,144.43 euros;
- liquidities in the amount of 266,255.39 euros

## Stock option plan

The General Meeting of 2 April, 2008, gave permission to the Board of Directors to grant 312,454 BSPCE warrants with rights to the subscription of that same number of shares. The Board of Directors approved the allocation of 150,000 BSPCE warrants on 1 April 2009, and the allocation of the remainder (162,454 BSPCE warrants) was approved by the Board of Directors on 3 August 2009.

In total 42,105 BSPCE warrants were exercised and 114,354 BSPCE warrants expired resulting in 155,995 exercisable BSPCEs as of December 31, 2016. Taking into account share consolidation decided by the Combined General Meeting of 11 June 2015, there were 155,995 exercisable BSPCE warrants as of December 31, 2016 giving rights to 15,599 shares.

### Bonus share plan

The General Meeting of 13 June 2014 authorised the allocation of free shares, subject to a ceiling, to Company employees or certain categories of them and/or corporate officers who meet the conditions established by

law. The Board of Directors on 25 July 2014, used this authorisation to award 21,667 free shares to employees. This amount was unchanged as of December 31, 2016.

### Stock option plan for key managers

The General Meeting of 11 June, 2015 gave permission to the Board to allocate share subscription or purchase options, subject to a ceiling, to key managers who meet the conditions established by law. The Board of Directors used this authorisation on 6 August, 2015 to allocate 201,204 subscription options to certain employees and one corporate officer. The exercise price is 9.03 euros. The validity period of the plan is 7 years. The options will be exercisable until 6 August, 2022.

### The stock option plan as part of a share-based credit facility

In October 2015, a contract was signed between Voltalia SA and Kepler Cheuvreux to issue stock options to increase the number of floating shares and have a higher reserve of liquidity.
The Company issued a total of 1,000,000 warrants giving the right to subscribe the same number of shares in favour of Kepler Cheuvreux which, subject to fulfilment of the conditions agreed by the parties, has undertaken to exercise them over the next 36 months after the allocation plan has been drawn up. The exercise in full of these warrants would increase the free float of the Company from 14.7% to 17.8%.
As of 31 December, 2016, 30,000 warrants had been exercised reducing the number of exercisable warrants to 970,000.

### Bonus share plan

The General Meeting of 12 May 2016 authorised the allocation of free shares, subject to a ceiling, to Company employees or certain categories of them and/or corporate officers who meet the conditions established by law. The Board of Directors on 16 December 2016 used this authorisation to award 52,500 free shares to employees.

## Change in share capital

| Date | Trigger event | Initial number of shares | Issued shares | Total shares | Value per share | Amount |
|---|---|---|---|---|---|---|
| 30/11/2005 | Company creation | 0 | 37 000 | 37 000 | 1,00 | 37 000 |
| 13/01/2006 | First capital increase | 37 000 | 3 900 | 40 900 | 1,00 | 40 900 |
| 13/01/2006 | Incorporation of issue premium | 40 900 | 0 | 40 900 | 25,00 | 1 022 500 |
| 03/02/2006 | Division of the nominal values of the shares | 40 900 | 4 049 100 | 4 090 000 | 0,25 | 1 022 500 |
| 08/03/2006 | Second capital increase | 4 090 000 | 154 410 | 4 244 410 | 0,25 | 1 061 103 |
| 08/03/2006 | Incorporation of issue premium | 4 244 410 | 1 695 590 | 5 940 000 | 0,25 | 1 485 000 |
| 05/05/2006 | Third capital increase | 5 940 000 | 436 535 | 6 376 535 | 0,25 | 1 594 134 |
| 05/05/2006 | Incorporation of issue premium | 6 376 535 | 0 | 6 376 535 | 0,50 | 3 188 268 |
| 20/12/2006 | Fourth capital increase | 6 376 535 | 525 000 | 6 901 535 | 0,50 | 3 450 768 |
| 15/03/2007 | Fifth capital increase | 6 901 535 | 436 694 | 7 338 229 | 0,50 | 3 669 115 |
| 19/04/2007 | Sixth capital increase | 7 338 229 | 3 076 923 | 10 415 152 | 0,50 | 5 207 576 |
| 29/06/2007 | Incorporation of issue premium | 10 415 152 | 0 | 10 415 152 | 2,00 | 20 830 304 |
| 29/11/2007 | Exercise of warrants at 17/01/2007 | 10 415 152 | 118 125 | 10 533 277 | 2,00 | 21 066 554 |
| 11/06/2008 | Seventh capital increase | 10 533 277 | 378 400 | 10 911 677 | 2,00 | 21 823 354 |
| 20/06/2008 | Eighth capital increase | 10 911 677 | 109 190 | 11 020 867 | 2,00 | 22 041 734 |
| 17/12/2009 | Ninth capital increase | 11 020 867 | 5 600 000 | 16 620 867 | 2,00 | 33 241 734 |
| 31/12/2009 | Exercise of BSPCE in 2009 | 16 620 867 | 34 000 | 16 654 867 | 2,00 | 33 309 734 |
| 17/06/2010 | Exercise of BSPCE in 2010 | 16 654 867 | 8 000 | 16 662 867 | 2,00 | 33 325 734 |
| 12/07/2012 | Capital reduction | 16 662 867 | 0 | 16 662 867 | 0,57 | 9 497 834 |
| 10/08/2012 | Tenth capital increase | 16 662 867 | 110 987 198 | 127 650 065 | 0,57 | 72 760 537 |
| 05/05/2014 | Exercise of BSPCE in 2014 | 127 650 065 | 105 | 127 650 170 | 0,57 | 72 760 597 |
| 10/07/2014 | Eleventh capital increase | 12 765 017 | 11 639 660 | 24 404 677 | 5,70 | 139 106 659 |
| 23/01/2015 | Capital increase | 24 404 677 | 1 784 886 | 26 189 563 | 5,70 | 149 280 509 |
| 05/11/2015 | Exercise of 5,000 BSA - equity line | 26 189 563 | 5 000 | 26 194 563 | 5,70 | 149 309 009 |
| 13/11/2015 | Exercise of 5,000 BSA - equity line | 26 194 563 | 5 000 | 26 199 563 | 5,70 | 149 337 509 |
| 03/12/2015 | Exercise of 5,000 BSA - equity line | 26 199 563 | 5 000 | 26 204 563 | 5,70 | 149 366 009 |
| 22/12/2015 | Exercise of 7,000 BSA - equity line | 26 204 563 | 7 000 | 26 211 563 | 5,70 | 149 405 909 |
| 02/08/2016 | Exercise of 8,000 BSA | 26 211 563 | 8 000 | 26 219 563 | 5,70 | 149 451 509 |
| 08/11/2016 | Capital increase | 26 219 563 | 22 723 610 | 48 943 173 | 5,70 | 278 976 086 |
| **31/12/2015** | **Year-end** | | | **26 211 563** | **5,70** | **278 976 086** |

## Change in issue premium

| Date | Trigger event | Initial balance | Additions | Reductions | Balance |
|---|---|---|---|---|---|
| 13/01/2006 | First capital increase | | 1 050 153 | | 1 050 153,00 |
| 13/01/2006 | Incorporation of premium into the capital | 1 050 153 | | 981 600 | 68 553,00 |
| 08/03/2006 | Second capital increase | 68 553 | 378 305 | | 446 857,50 |
| 08/03/2006 | Incorporation of premium into the capital | 446 858 | | 423 898 | 22 960,00 |
| 05/05/2006 | Third capital increase | 22 960 | 2 095 368 | | 2 118 328,00 |
| 05/05/2006 | Incorporation of premium into the capital | 2 118 328 | | 1 594 134 | 524 194,25 |
| 05/05/2006 | Gross introduction expenses | 524 194 | | 396 028 | 128 166,41 |
| 05/05/2006 | Gross capital increase expenses | 128 166 | | 12 154 | 116 012,87 |
| 20/12/2006 | Fourth capital increase | 116 013 | 1 842 750 | | 1 958 762,87 |
| 20/12/2006 | Capital increase expenses | 1 958 763 | | 285 724 | 1 673 039,09 |
| 02/03/2007 | Heartstream expenses | 1 673 039 | | 25 000 | 1 648 039,09 |
| 15/03/2007 | Fifth capital increase | 1 648 039 | 1 532 796 | | 3 180 835,03 |
| 20/03/2007 | Caplyptus credit note | 3 180 835 | | -2 000 | 3 182 835,03 |
| 15/03/2007 | Capital increase expenses | 3 182 835 | | 39 000 | 3 143 835,03 |
| 23/04/2007 | Sixth capital increase | 3 143 835 | 18 461 538 | | 21 605 373,03 |
| 23/04/2007 | Capital increase expenses | 21 605 373 | | 775 450 | 20 829 923,03 |
| 29/06/2007 | Incorporation of premium into the capital | 20 829 923 | | 15 622 728 | 5 207 195,03 |
| 29/11/2007 | Hearstream exercise of warrants | 5 207 195 | 238 031 | | 5 445 226,28 |
| 31/12/2007 | Incorporation of premium into the capital | 5 445 226 | | 136 586 | 5 308 640,26 |
| 01/01/2008 | Incorporation of premium into the capital | 5 308 640 | | -5 600 | 5 314 240,26 |
| 31/03/2009 | Incorporation of premium into the capital | 5 314 240 | | 85 200 | 5 229 040,26 |
| 11/06/2008 | Seventh capital increase | 5 229 040 | 2 194 720 | | 7 423 760,26 |
| 11/06/2008 | Capital increase expenses | 7 423 760 | | 114 096 | 7 309 664,20 |
| 20/06/2008 | Eighth capital increase | 7 309 664 | 633 302 | | 7 942 966,20 |
| 17/12/2009 | Ninth capital increase | 7 942 966 | 16 800 000 | | 24 742 966,20 |
| 17/12/2009 | Capital increase expenses | 24 742 966 | | 1 189 064 | 23 553 902,20 |
| 31/12/2009 | PE on exercise of BSPCEs | 23 553 902 | 12 920 | | 23 566 822,20 |
| 17/06/2010 | PE on exercise of BSPCEs | 23 566 822 | 3 040 | | 23 569 862,20 |
| 05/05/2014 | Capital increase | 23 569 862 | 190 | | 23 570 052,25 |
| 10/07/2014 | Eleventh capital increase | 23 570 052 | 33 755 014 | | 57 325 066,25 |
| 01/10/2014 | Capital increase expenses | 57 325 066 | | 1 057 910 | 56 267 156,25 |
| 01/01/2015 | Capital increase expenses | 56 267 156 | 2 374 | | 56 269 529,76 |
| 23/01/2015 | Twelfth capital increase | 56 269 530 | 5 176 169 | | 61 445 699,16 |
| 25/01/2015 | Capital increase expenses | 61 445 699 | | 1 622 | 61 444 077,46 |
| 27/01/2015 | Capital increase expenses | 61 444 077 | | 2 802 | 61 441 275,48 |
| 01/06/2015 | Capital increase expenses | 61 441 275 | | 204 247 | 61 237 028,60 |
| 05/11/2015 | Exercise of 5,000 BSA - equity line | 61 237 029 | 19 850 | | 61 256 878,60 |
| 13/11/2015 | Exercise of 5,000 BSA - equity line | 61 256 879 | 20 900 | | 61 277 778,60 |
| 03/12/2015 | Exercise of 5,000 BSA - equity line | 61 277 779 | 20 000 | | 61 297 778,60 |
| 22/12/2015 | Exercise of 7,000 BSA - equity line | 61 297 779 | 27 090 | | 61 324 868,60 |
| 02/08/2016 | Exercise of 8,000 BSA | 61 324 869 | 28 000 | | 61 352 868,60 |
| 08/11/2016 | Capital increase | 61 352 869 | 39 993 554 | | 101 346 422,20 |
| 31/12/2016 | Capital increase expenses | 101 346 422 | | 4 907 940 | 96 438 482,02 |
| **31/12/2016** | **Year-end** | | | | **96 438 482** |

4.2.5. Provisions

Provisions for risks break down as follows:

| Figures expressed in euros | At 31/12/2015 | Additions | Reversals | At 31/12/2016 |
|---|---|---|---|---|
| Provisions for pensions and similar obligations | 34,419 | 13,130 | | 47,549 |
| Provisions for taxes | | | | |
| Provisions for renewal of fixed assets | | | | |
| Provisions for major maintenance | | | | |
| Provisions for social and fiscal charges for paid holidays | | | | |
| Other provisions for risks and charges | 1,645 | 1,352,814 | | 1,354,459 |
| Provisions for translation losses | 578,003 | 24,719 | 578,003 | 24,719 |
| Other provisions | 50,000 | 23,070 | | 73,070 |
| TOTAL | 664,067 | 1,413,733 | 578,003 | 1,499,797 |

Provisions for contingencies and charges totalling 1,353 thousand euros were mainly due to impairment losses on the subsidiaries Sig Cacao for 1,071 thousand euros and Voltalia Energie for 174 thousand euros.

The provision for translation losses of 25 thousand euros reflects the risk of unrealised foreign exchange losses recognised as of December 31, 2016 on short-term advances in Brazilian reals paid to the Brazilian subsidiaries.

As of December 31, 2016, the provision for retirement benefits was adjusted upwards (addition of 13 thousand euros) to reflect the increase in the number of employees.

4.2.6. Financial operating liabilities

- **Change in debts**

| Figures expressed in euros | 12/31/2015 | 31/12/2016 | Chge |
|---|---|---|---|
| Convertible bonds | | | |
| Other bonds | | | |
| Borrowings and liabilities at credit establishments: | | | |
| at maximum 1 year at inception | 10,000,000 | | (10,000,000) |
| at more than 1 year at inception | 6,050,000 | 10,450,000 | 4,400,000 |
| Other borrowings and financial liabilities | 8,600 | 29,024 | 20,424 |
| Bank overdrafts | 4,792,566 | 20,507 | (4,772,059) |
| Trade payables and related accounts | 1,578,514 | 4,320,646 | 2,742,132 |
| Personnel and related receivables | 910,006 | 997,206 | 87,200 |
| Social liabilities | 788,189 | 769,657 | (18,532) |
| Tax liabilities | 645,334 | 673,743 | 28,409 |
| Pledged bonds | | | |
| Fixed asset liabilities and related accounts | 73,578 | 57,862 | (15,716) |
| Group and associates | 907,477 | 3,661,841 | 2,754,364 |
| Other debts | 83,682 | 2,885,396 | 2,801,714 |
| Liabilities representing borrowed securities or securities collateral | | | |
| Deferred income | 105,875 | 87,666 | (18,209) |

- **Borrowings**

The proceeds from the capital increase enabled repayment of the short-term borrowings drawn from our available revolving credit lines.

A new loan of 5,000 thousand euros repayable at seven years was secured in August from Bpifrance to finance the further development of the Group.

- **Group and associates**

The amount of 3,662 thousand euros corresponds to the current account advances of Voltalia SA subsidiaries.

- **Tax and employee-related expenses**

This mainly includes:

  - VAT collected in the amount of 557 thousand euros corresponding to the invoices issued to SPVs for construction development and management costs;
  - employee-related debts in the amount of 997 thousand euros and 770 thousand euros owed in respect of social security payments.

- **Fixed asset liabilities and related accounts**

The balance of fixed asset liabilities, as as of December 31, 2016, stood at 58 thousand euros.

- **Other debts**

The amount of 2,885 thousand euros corresponds mainly to the retention of a payment in connection with the obligations related to the acquisition of Martifer Solar.

- **Schedule of debts at 31/12/2016**

| Amounts expressed in euros | Gross amount 31/12/2016 | Less than 1 year | 1 to 5 years | More than 5 years |
|---|---|---|---|---|
| Convertible bonds | | | | |
| Other bonds | | | | |
| Borrowings and liabilities at credit establishments: | | | | |
| at maximum 1 year at inception | | | | |
| at more than 1 year at inception | 10,470,508 | 970,508 | 7,250,000 | 2,250,000 |
| Other borrowings and financial liabilities | 29,024 | 29,024 | | |
| Trade payables and related accounts | 4,320,646 | 4,320,646 | | |
| Personnel and related receivables | 997,206 | 997,206 | | |
| Social security and other welfare bodies | 769,657 | 769,657 | | |
| State and other public authorities: | | | | |
| Income taxes | | | | |
| Value added tax | 556,601 | 556,601 | | |
| Pledged bonds | | | | |
| Other taxes and related accounts | 117,142 | 117,142 | | |
| Fixed asset liabilities and related accounts | 57,862 | 57,862 | | |
| Group and associates | 3,661,841 | 3,661,841 | | |
| Other debts | 2,885,396 | 2,885,396 | | |
| Liabilities representing borrowed securities or securities collateral | | | | |
| Deferred income | 87,666 | 87,666 | | |

| | |
|---|---|
| Borrowings subscribed during the fiscal year | 79,500,000 |
| Borrowings repaid during the fiscal year | 85,100,000 |

Accrued expenses

| Amount of accrued expenses included in the following balance sheet items | 31/12/2016 |
|---|---|
| Borrowings and liabilities at credit establishments | 49,532 |
| Trade payables and related accounts | 1,804,251 |
| Tax and employee-related expenses | 1,537,426 |

Accrued expenses mainly include employee-related provisions (paid holidays and bonuses) and trade payables.

Taxes and tax consolidation scope

The (5,720,790) euros tax deficit for the 2016 fiscal year was added to the losses carried forward from 2015, which stood at (35,759,921) euros.

The table below presents the tax consolidation of the Group as as of December 31, 2016 and the option start dates:

| Scope of the French tax consolidation at 31/12/2016 | Option start date | Tax savings |
|---|---|---|
| VOLTALIA SA (tax group head) | 01/01/2012 | |
| 3V DEVELOPPEMENT | 01/01/2012 | |
| PARC EOLIEN DE MOLINONS | 01/01/2012 | 121,583 |
| PARC SOLAIRE DU CASTELLET | 01/01/2013 | 46,368 |
| ADRIERS ENERGIES | 01/01/2014 | 148,348 |
| VOLTA GUYANE | 01/01/2016 | 196,677 |
| ROURA BOIS ENERGIE | 01/01/2016 | |
| CR'EOLE | 01/01/2016 | |
| TOTAL | | 512,975 |

For the entire tax group, tax savings as as of December 31, 2016 stood at 512,975 euros.

The CICE for 2016 stood at 47 thousand euros. No amount has been received to date.

## 20.3.4 NOTES TO THE INCOME STATEMENT

Operating profit/loss

Breakdown of revenue by energy and region

Voltalia SA invoices its various subsidiaries for amounts corresponding to the sale of goods and services related to the development, construction and operation of power plants and miscellaneous services. Voltalia may also charge third parties, for example, in connection with transfers of rights relating to power plant projects under development.

| Energies | 12/31/2015 | 31/12/2016 | Chge |
|---|---|---|---|
| Biomass | 20,746 | 112,487 | 442% |
| Wind | 1,001,651 | 2,256,208 | 125% |
| Solar | 77,483 | 202,624 | 162% |
| Hydro | | 128,770 | n/a |
| Administrative services | 401,800 | 45,800 | -89% |

| Geographical regions | 12/31/2015 | 31/12/2016 | Chge |
|---|---|---|---|
| Metropolitan France | 176,222 | 365,966 | 108% |
| Brazil | 907,097 | 1,989,019 | 119% |
| Greece | 20,215 | 9,175 | -55% |
| French Guyana | 398,147 | 381,728 | -4% |

Production transferred to inventory

4,436 thousand euros in production transferred to inventory reflects the activation of project development costs.

Other operating income

Other operating income in the amount of 283 thousand euros primarily includes:

- reversals of provisions for impairment of assets under construction in the amount of 60 thousand euros;
- reversals of provisions for impairment of receivables in the amount of 150 thousand euros;

- the expense transfers include the invoicing of rental payments on the subleased registered office premises as well as personnel-related payments (CPAM reimbursements, benefits in kind, training costs).

Purchases and external expenses

Other purchases and external expenses mainly correspond to outsourcing costs related to project development, advertising costs, accountants' fees, auditors' fees, legal expenses and expenses related to personnel costs.

Other operating expenses

Other operating expenses in the amount of (8,101) thousand euros primarily include:

- Taxes (251) thousand euros
- Personnel costs (6,357) thousand euros
- Impairment of assets (19) thousand euros
- Asset depreciation (82) thousand euros
- Provisions for risks and charges (1) (1,289) thousand euros
- Other expenses (103) thousand euros

(1) The provision for risks and charges were mainly due to impairment losses on the subsidiaries Sig Cacao for 1,071 thousand euros and Voltalia Energie for 174 thousand euros.

Net financial income

The financial income in the amount of 7,273 thousand euros mainly consists of the following elements:

- Net interest income on current accounts 4,823 thousand euros
- Dividends received 2,440 thousand euros
- Net reversal on impairment of securities and current accounts (1) 960 thousand euros
- Impairment on provision for financial risks (1) (1,152) thousand euros
- Net translation gains 868 thousand euros
- Cost of interest on loans and bank interest (671) thousand euros

(1) These impairments primarily reflect changes in the proportional shares of the net negative position of Voltalia SA subsidiaries.

Non-recurring income (expense)

The non-recurring income of 4,578 thousand euro primarily relates to the gains on the disposal of the Montmayon solar farm

Net profit (loss)

The profit for the year stands at 3,503 thousand euro compared to a loss of (750) thousand euros as of December 31, 2015.

## 20.3.5 OTHER INFORMATION

### Identity of the companies fully consolidated with Voltalia SA

VOLTALIA INVESTISSEMENT SA, 28 rue de Mogador 75009 Paris. SIRET no.: 517 684 791 00059.
CREADEV SAS: 64 bd de Cambrai 59100 ROUBAIX - SIRET no.: 441 681 889

### Average and actual headcount

| Actual workforce | 12/31/2015 | 31/12/2016 |
|---|---|---|
| Executives | 30 | 35 |
| Non-executives | 10 | 13 |
| Executive officers | 7 | 10 |
| TOTAL | 47 | 58 |

| Average workforce | 12/31/2015 | 31/12/2016 |
|---|---|---|
| Executives | 24.7 | 30.72 |
| Non-executives | 10.0 | 12.40 |
| Executive officers | 7.0 | 9.63 |
| TOTAL | 41.7 | 52.75 |

## Related companies

| In euros | Income | Expenses | Accounts receivable | Liabilities |
|---|---|---|---|---|
| Voltalia do Brasil | 275,083 | 0 | 3,785,398 | 0 |
| Envolver | 2,398,839 | 0 | 9,006,286 | 0 |
| Areia Branca1 | 165,489 | 0 | 208,688 | 0 |
| Vila Para I | 542,460 | 0 | 515,337 | 0 |
| Vila Para II | 482,186 | 0 | 458,077 | 0 |
| Vila Para III | 482,186 | 0 | 458,077 | 0 |
| Vila Amazonas V | 482,186 | 0 | 458,077 | 0 |
| Voltalia SMG Participacoes | 294,152 | 0 | 1,955,096 | 0 |
| Oiapoque Energia | 26 | 0 | 29 | 0 |
| Voltalia SMG 1 | 185,657 | 0 | 211,299 | 0 |
| Serra Para 1 | 650,761 | 0 | 5,898,971 | 0 |
| Alameda Acre Participações | 41,176 | 0 | 0 | 0 |
| Parc éolien Laignes | 125 | 0 | 9,750 | 0 |
| Parc éolien de Sarry | 44 | 0 | 41,247 | 0 |
| Adriers Energies | 758,620 | 0 | 3,718,007 | 28,817 |
| La Faye Energies | 165,269 | 0 | 1,032,394 | 10,800 |
| Echauffour Energies | 10,362 | 0 | 561,049 | 0 |
| Meije (formerly Cheval Blanc) | 2,425 | 0 | 121,989 | 0 |
| Montmayon | 499,947 | 0 | 0 | 1,264 |
| Molinons | 884,496 | 0 | 3,169,107 | 27,709 |
| Voltalia investissement | 0 | 16,043 | 0 | 336,797 |
| Montclar | 18 | 0 | 367,482 | 0 |
| Castellet | 144,756 | 0 | 1,341,619 | 19,076 |
| St Marcel de Careiret | 0 | 0 | 0 | 0 |
| Piboulon (formerly Vauvert) | 601 | 0 | 31,197 | 0 |
| Puy Madame I | 866 | 0 | 326,811 | 0 |
| Puy Madame II | 2,176 | 0 | 391,555 | 0 |
| Puy Madame III | 889 | 0 | 327,970 | 0 |
| Puy Madame IV | 2,250 | 0 | 395,052 | 0 |
| 3VD | 80,770 | 0 | 2,057,221 | 0 |
| Voltalia Investissement | 0 | 0 | 0 | 0 |
| Volta Guyane | 468,101 | 60,832 | 115,826 | 3,210,633 |
| PEP | 0 | 176 | 0 | 8,680 |
| GEP | 0 | 173 | 0 | 8,533 |
| ECM | 0 | 171 | 0 | 8,408 |
| SVNC | 0 | 167 | 0 | 8,247 |
| PS Carrièere des Plaines (formerly Lescure Jaoul) | 1,893 | 0 | 105,456 | 0 |
| Tresques | 2,867 | 0 | 142,010 | 0 |
| 3LE | 60,992 | 0 | 6,972 | 367 |
| Sub-total | 9,057,669 | 77,562 | 37,218,049 | 3,669,331 |

- Related companies (contd.)

| In euros | Income | Expenses | Accounts receivable | Liabilities |
|---|---|---|---|---|
| Sub-total | 9,057,669 | 77,562 | 37,218,049 | 3,669,331 |
| Pays de Jalès | 0 | 0 | 0 | 0 |
| Psde Grignan (formerly St Michel de Chaillol) | 703 | 0 | 35,812 | 0 |
| PS Castellet II (formerly Treves) | 903 | 0 | 51,467 | 0 |
| Fangas 1 | 238 | 0 | 393,290 | 0 |
| Fangas 2 | 267 | 0 | 394,714 | 0 |
| 4 Termes 1 | 317 | 0 | 397,090 | 0 |
| 4 Termes 2 | 275 | 0 | 395,029 | 0 |
| Canadel | 659 | 0 | 56,996 | 0 |
| Bio Bar | 10,667 | 0 | 1,279,744 | 0 |
| Parc éolien de Marly | 323 | 0 | 32,107 | 0 |
| Anelia | 39,852 | 0 | 2,095,494 | 0 |
| Argenteuil | 67 | 0 | 5,740 | 0 |
| Parc éolien de Coulmiers | 59 | 0 | 5,196 | 0 |
| Voltalia Greece | 9,175 | 0 | 15,394,370 | 0 |
| Voltalia Caraïbes | 0 | 104 | 0 | 2,997 |
| Voltalia Guyane | 478,455 | 0 | 12,134,504 | 0 |
| SIG Mana | 0 | 0 | 0 | 0 |
| SIG Cacao | 2,491 | 0 | 124,337 | 0 |
| SIG Kourou | 0 | 0 | 0 | 0 |
| Voltalia Kourou | 117,583 | 0 | 15,763 | 0 |
| Chsmv | 128,770 | 0 | 5,102 | 0 |
| Voltalia Organabo Invest. | 20 | 0 | 1,000 | 0 |
| Belle Etoile Energie (formerly Organabo exploit) | 0 | 771 | 0 | 38,004 |
| Voltalia Saut Mapaou Inv. | 15 | 0 | 732 | 0 |
| Hydro Régina 2 | 0 | 46 | 0 | 2,277 |
| Bon Espoir Energie (formerly Biomasse Amazone Expl.) | 0 | 46 | 0 | 2,277 |
| Marpasoula Energie Guyane | 0 | 5,680 | 0 | 0 |
| Roura | 1,512 | 0 | 342,580 | 0 |
| Cr'Eole | 96 | 0 | 6,644 | 0 |
| Voltalia Maroc | 23,089 | 0 | 1,498,386 | 0 |
| Martifer Solar S.A. | 181,481 | 0 | 59,043,883 | 0 |
| Total | 10,054,686 | 84,209 | 130,928,029 | 3,714,886 |

## Off-balance sheet commitments

Commitments given

1. **Off-balance sheet commitments given**

| (in thousands of euros) | 31.12.2016 |
|---|---|
| Commitments given by Voltalia to suppliers, in favour of its subsidiaries | 7,693 |
| Commitments given by Voltalia to customers, in favour of its subsidiaries | 13,020 |
| Other commitments | 44 |
| **Commitments given relating to operating activities** | **20,757** |

| (in thousands of euros) | 31.12.2016 |
|---|---|
| Commitments given by Voltalia to its subsidiaries as loan repayment guarantees | 161,211 |
| **Commitments given in relation to financing activities** | **161,211** |

The commitments to suppliers are mainly guarantees of payment granted to suppliers in respect of supply contracts concluded by the subsidiaries.
Commitments to customers consist mainly of guarantees granted by Voltalia, in which Voltalia acts as joint guarantor for the proper performance by its subsidiaries of their contractual commitments under contracts relating to studies, design, development, construction, operation and maintenance. These guarantees are generally granted for the duration of the contract in question, with a ceiling amount.
Commitments given as loan repayment guarantees are issued to banks on behalf of the Brazilian, French, French Guiana and Greek subsidiaries.
On 22 December 2016, the Sarry wind farm and the association "Les amis du patrimoine Tonnerrois" signed a memorandum of understanding to end the proceedings brought by the association before the courts. Payments of 100 thousand euros will be made in 2017 and 130 thousand euros in 2018.

### Pledging of securities of subsidiaries

Pledging of 100% of shares held in its French subsidiaries in favour of a bank or a banking pool until the full repayment of the financing received; The subsidiaries in question are 3V Développement, 3L Energies, Bio-Bar, La Faye Energies, Adriers Energies, Parc Solaire du Castellet, Parc Eolien de Molinons and Volta Guyane.
The valuation of the pledged securities in Voltalia's parent company financial statements at 31.12.2016 stands at 6,379 thousand euros.

### Other pledges

Pledge of two loans to the lessee of 1,947,658 euros at 31.12 in favour of Unifergie, Natixis Energeco and Oséo Financement until expiry of the 3V Développement and 3L Energies lease agreement.

Commitments received

- 35,000 thousand euros in syndicated credit lines due in March 2021:
  This line is not used as at 31.12.2016
- Confirmed bilateral credit lines of 27,500 thousand euros:
  These lines are not used as at 31.12.2016

## Summary of compensation of each executive corporate officer

| Amounts expressed in euros | 12/31/2015 | 31/12/2016 |
|---|---|---|
| Laurence Mulliez – Chair of the Board of Directors (1) | | |
| Compensation for the fiscal year | 80,000 | 80,000 |
| Attendance fees | | |
| Other compensation | | |
| Sébastien Clerc - Chief Executive Officer | | |
| Compensation for the fiscal year | 334,500 | 357,000 |
| Attendance fees | | |
| Other compensation | 10,662 | 12,051 |
| **TOTAL** | **425,162** | **449,051** |

## Summary of compensation of each corporate officer

| Executive corporate officer | 2015 fiscal year | | 2016 fiscal year | |
|---|---|---|---|---|
| | Amounts payable (*) | Amounts paid (*) | Amounts payable (*) | Amounts paid (*) |
| Laurence Mulliez – Chair of the Board of Directors (1) | | | | |
| Fixed compensation | 80,000 | 80,000 | 80,000 | 80,000 |
| Variable compensation | - | - | - | - |
| Exceptional compensation | - | - | - | - |
| Attendance fees | - | 5,100 | - | - |
| Benefits in kind | | | | |
| Sébastien Clerc – Chief Executive Officer | | | | |
| Fixed compensation | 207,000 | 207,000 | 207,000 | 207,000 |
| Variable compensation (2) | 127,500 | 125,000 | 150,000 | 127,500 |
| Exceptional compensation | - | - | - | - |
| Attendance fees | | | | |
| Benefits in kind (3) | 10,662 | 10,662 | 12,051 | 12,051 |
| **Total in euros** | **425,162** | **427,762** | **449,051** | **426,551** |

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

(1) Laurence Mulliez was appointed Chair of the Company's Board of Directors on May 6, 2014. Prior to that she was a Director of the Company. Having received attendance fees when she was a director, Laurence Mulliez received fixed compensation of 50,000 euros per year from 6 May 2014. This amount was increased to 80,000 euros per year from 1 January 2015.

(2) The variable compensation of Sébastien Clerc for 2016 is a maximum amount of 160,000 euros, subject to the attainment of qualitative objectives (success of the Brazilian subsidiary, optimisation of internal processes, employee satisfaction, etc.) and quantitative objectives (launch of a number of MW under construction or commissioned, optimisation of operating margins, etc.) predetermined annually by the Company's Board of Directors. It is paid on or before 30 April of the following year. The achievement of the 2016 objectives was confirmed by the Board of Directors on 31 March 2017. The maximum variable

compensation of Mr Clerc increased to 180,000 euros for 2017 during the Board of Directors meeting of 31 March 2017.

(3) The benefits in kind for Sébastien Clerc correspond to unemployment insurance for company managers and executives.

## Attendance fees and other compensation received by non-executive corporate officers

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

| Amounts expressed in euros | 12/31/2015 | | 31/12/2016 | |
|---|---|---|---|---|
| | Amounts payable (*) | Amounts paid (*) | Amounts payable (*) | Amounts paid (*) |
| André-Paul Leclercq - Director | | | | |
| Attendance fees | 13,675 | 7,650 | 21,888 | 15,875 |
| Other compensation | | | | |
| Robert Dardanne (1) - Director | | | | |
| Attendance fees | | | | |
| Other compensation | 30,000 | 30,000 | 30,000 | 30,000 |
| THE GREEN OPTION (2) - Director | | | | |
| Attendance fees | 24,375 | 12,000 | 30,000 | 30,000 |
| Other compensation | 40,000 | 40,000 | 20,000 | 20,000 |
| CREADEV (3) - Director | | | | |
| Attendance fees | | | | |
| Other compensation | | | | |
| Vincent Vliebergh (4) - Director | | | | |
| Attendance fees | | | | |
| Other compensation | | | | |
| **TOTAL** | **108,050** | **89,650** | **101,888** | **95,875** |

(1) Robert Dardanne indirectly receives compensation in his capacity as director of FGD S.P.R.L. under the terms of a service agreement.

(2) Philippe Joubert indirectly receives compensation in his capacity as manager of The Green Option under the terms of a service agreement between The Green Option and the Company (see Section 16.2 of the Registration Document).

(3) Creadev SAS, a company represented by Chantal Toulas, was appointed Director of the Company on 11 June, 2015.

(4) Vincent Vliebergh was appointed Director of the Company on 11 June, 2015.

# 20.4 STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

To the shareholders,
In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the annual financial statements of VOLTALIA SA, as attached hereto,
- the justification of our assessments;
- the specific verifications and information required by law.

The annual 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 financial statements

We conducted our audit in accordance with professional standards applicable in France; these standards require us to perform the necessary verifications in order to obtain reasonable assurance that the annual financial statements are free of material misstatements. An audit is a process that uses sampling techniques or other selection methods to obtain evidence about the figures and information contained in the annual financial statements. It also includes an assessment of the accounting principles applied, of any significant estimates made and of the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the annual financial statements give a true and fair view of the results of the financial year in question and of the financial position and asset base of the company at the end of the fiscal year, in accordance with French accounting rules and principles.

Without calling into question the above opinion, we draw your attention to paragraph 2 of the notes, which describes the change in accounting policy relating to the treatment of the technical merger losses applied by the Company in accordance with ANC regulation 2015-06 applicable on 1 January 2016.

## II – Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter:

- Note 4.5 "Equity investments and other financial assets" to the financial statements describes the accounting rules and principles used to value financial assets. The Company recognises provisions for impairment whenever the value in use of equity is less than the gross book value. Within the context of our assessment of the accounting rules and principles as set out above, on the basis of available evidence, we have verified the appropriateness of the valuation approaches adopted and are assured that they have been correctly applied.
- Note 4.6 "Inventories and assets under construction" describes the accounting rules and principles applied for the valuation of assets under construction. The Company recognises provisions for impairment when an indicator of impairment is identified for a power plant project under development. Within the context of our assessment of the accounting rules and principles as set out above, on the basis of information made available to us, our work consisted of reviewing the calculations made and of ensuring the reasonableness of estimates made by management.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore contributed to the forming of our opinion, as expressed in the first part of this report.

## III – Specific verifications and information

In accordance with professional standards applicable in France, we have also performed the specific verifications required by law.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information provided in the board of directors' management report and in the documents addressed to the shareholders covering the financial position and the financial statements.

Concerning information provided in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code relating to compensation and benefits received by corporate officers and commitments made in their favour, we have verified their consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we certify that this information is accurate and has been fairly presented.

In accordance with the law, we have verified that the required information concerning the acquisition of equity participations and controlling interests and the identity of the shareholders and holders of the voting rights has been duly disclosed in the management report.

*Courbevoie and Paris, 28 April 2017*

The Statutory Auditors

| Juliette Decoux | Jean-Benoît Monnais |
|---|---|
| MAZARS | H3P REAL ASSETS |

## 20.5 THE STATUTORY AUDITORS RESULTS OF THE LAST FIVE FISCAL YEARS

| Fiscal years *(in euros)* | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| **Financial position at year end** | | | | | |
| Share capital | 149,405,909 | 139,106,659 | 72,760,537 | 72,760,537 | 33,325,734 |
| Number of shares issued | 26,211,563 | 24,404,677 | 127,650,065 | 127,650,065 | 16,662,867 |
| **Total income from current operations** | | | | | |
| Revenue excl. taxes | 1,195,429 | 1,968,209 | 6,495,416 | 3,600,003 | 827,151 |
| Earnings before taxes, depreciation and provisions | 40,799 | (2,264,523) | (2,369,043) | (3,146,324) | (17,711,938) |
| Income taxes | | 0 | 0 | 0 | 0 |
| Earnings after taxes, depreciation and provisions | (749,639) | (2,758,008) | (2,878,327) | (11,855,389) | (22,743,192) |
| Amount of profits distributed | | 0 | 0 | 0 | 0 |
| **Earnings per share** | | | | | |
| Earnings before taxes, depreciation and provisions | 0.00 | (0.09) | (0.19) | (0.13) | (0.73) |
| Earnings after taxes, depreciation and provisions | (0.03) | (0.11) | (0.02) | (0.49) | (0.93) |
| Dividends paid per share | 0 | 0 | 0 | 0 | 0 |
| **Personnel** | | | | | |
| Number of employees | 47 | 34 | 27 | 26 | 35 |
| Total payroll | 3,431,389 | 2,321,007 | 2,295,623 | 1,953,903 | 2,247,609 |
| Amount paid in employee benefits | 1,525,503 | 1,060,905 | 977,519 | 787,722 | 959,073 |

## 20.6 VOLTALIA SA SUPPLIER PAYMENT TERMS

Pursuant to Article L. 441-6-1 para. 1 of the French Commercial Code, the breakdown of the balance of trade payables at the end of the last two fiscal years should be indicated by date of maturity:

| *(In thousands of euros)* | 31/12/2016 | 12/31/2015 |
|---|---|---|
| Not received | 1,804 | 499 |
| 0 to 30 days | 1,749 | 759 |
| 30 to 60 days | 319 | 306 |
| More than 60 days | 507 | 91 |
| **Total trade payables** | **4,379** | **1,655** |

## 20.7 DIVIDEND DISTRIBUTION POLICY

### 20.7.1 Dividends paid over the last three years

None.

### 20.7.2 Dividend distribution policy

Voltalia plans to implement a distribution policy in line with its growth trajectory and financial profile. In the light of its financial structure and outlook, the Company plans to pay dividends in 2018 for the 2017 fiscal year and to gradually increase its rate of distribution to 30% of the net income group share. The Company may offer its shareholders the option of receiving the payment of dividends in shares.

## 20.8 LEGAL AND ARBITRAL PROCEEDINGS

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

- 3VD litigation – project under operation: individuals sued the company 3VD for devaluation of their property, as well as for noise and visual pollution. An expert report indicating minor noise pollution was submitted to the court in December 2012. By decision dated 26 April 2017, 3VD was ordered to pay an amount of 80 thousand euros plus expert's fees and costs. This amount had been provisioned as of December 31, 2016. Since the decision had not been notified, Voltalia has not yet decided whether to file an appeal.

- Voltalia Greece litigation: A partner in a development company issued 600 thousand euros of unsubstantiated invoices, for which it is demanding payment from Voltalia Greece. In its ruling of first instance, the court dismissed the suit; the plaintiff has appealed the decision and is now claiming 380 thousand euros. On the date of the Registration Document, no provision has been made for this litigation. The appeal hearing has been scheduled for 8 February 2018.

- Bio-Bar litigation: Since Voltalia SA had sold Bio-Bar on 31 January 2017 (NOTE 3-Highlights and subsequent events), the dispute with Cauval has expired. As a reminder, Voltalia had purchased a biomass cogeneration plant in 2007, whose heating division had been sold to Cauval. Cauval faced financial difficulties since the end of 2008, which led to significant delays in the payment of receivables

due to Bio-Bar. In February 2015, a global agreement was signed between Voltalia, Bio-Bar and Cauval, mainly providing for the repayment of arrears between February 2015 and the end of June 2016, together with the disposal of all Bio-Bar shares to Cauval. While it made the bulk of the repayments provided for in the protocol, Cauval filed for suspension of payments in February 2016. At the end of May 2016, the Commercial Court of Meaux selected Adova's bid to take over the entire Cauval Group. Adova resumed discussions with Voltalia for the disposal of Bio-Bar and concluded an agreement on 31 January 2017.

- Voltalia SA litigation: an individual has filed a claim against Voltalia SA for defects on solar roofing work and is claiming compensation of 188 thousand euros.

- Martifer Solar SAS litigation: Martifer Solar SAS was summoned to appear before the Commercial Court of Paris by Marchegay, to which Martifer Solar SAS had entrusted work in connection with the construction of photovoltaic power plants. Marchegay was claiming payment of the remaining sums due from Martifer Solar SAS for the construction work. Given the significant delay by Marchegay in completing the work, Martifer Solar SAS contested its claim and withheld invoices. The parties reached an agreement for 80 thousand euros. This agreement is currently pending approval by the judge. This amount had been provisioned as of December 31, 2016.

- Martifer SAS litigation: Martifer SAS is in litigation with SPV 12, for which it has constructed solar roofs. Martifer SAS is claiming payment of unpaid invoices; for its part, SPV12 is claiming penalties for delay. A memorandum of understanding is being finalised between the two parties at the date of the Registration Document; this protocol provides for the payment of 850 thousand euros to Martifer SAS.

The Company is not aware of any other pending or potential governmental, judicial or arbitral proceedings that have had during the past 12 months, or are likely to have, a material effect on the financial position or profitability of the Company and/or the Group.

## 20.9 SIGNIFICANT CHANGE IN THE ISSUER'S FINANCIAL OR TRADING POSITION

To the best knowledge of the Company, there have been no significant changes in the financial or trading position of the Group since 31 December 2016.

# 21 SHARE CAPITAL

## 21.1 AMOUNT OF SHARE CAPITAL

On the date of the Registration Document, the Company's share capital totalled 278,976,086.10 euros, consisting of 48,943,173 shares, each with a par value of 5.70 euros, fully paid up.

## 21.2 NON-EQUITY SECURITIES

None.

## 21.3 ACQUISITION BY THE COMPANY OF ITS OWN SHARES

The Company's Combined General Meeting, held on 11 June 2015, authorised the Board of Directors, for a period of 18 months from the date of the General Meeting, to implement a Company share repurchase programme per the provisions of Article L. 225-209 of the French Commercial Code and in compliance with the General Regulation of the AMF, under the terms and conditions stated below. This authorisation was renewed for a period of eighteen months from the date of the General Meeting and under the same terms and conditions by the Combined General Meeting held on 12 May 2016.
Maximum number of shares that can be purchased: 10% of the share capital as of the share repurchase date. Where shares are acquired in order to promote trading and liquidity, the number of shares taken into account for calculating the 10% limit shall correspond to the number of shares purchased minus the number of shares resold during the term of the authorisation.

Objectives of share repurchases:

- to maintain a liquid market in the Company's shares through a liquidity agreement with an investment services provider, in accordance with a code of ethics recognised by the AMF;
- to honour obligations related to share purchase option programmes, free share allocation programmes, employee savings schemes or other allocations of shares to Company employees and managers or those of related companies;
- to issue shares on the exercise of rights attached to securities giving access to the capital;
- to purchase shares for retention and subsequent use in exchange or as payment for any external growth transactions; or
- to cancel all or part of the repurchased shares.

Maximum purchase price: 25 euros per share, excluding fees and commissions and any adjustments to take account of transactions concerning the capital.

It is stipulated that the number of shares acquired by the Company to be retained and subsequently delivered in payment or exchange in connection with a merger, demerger or contribution may not exceed 5% of the share capital.

Maximum amount of funds that may be allocated to purchase shares: 15 million euros.

Repurchased shares may be cancelled.

As part of the aforementioned share repurchase programme, the Company tasked Invest Securities with the establishment of a liquidity contract compatible with the Company's trading and liquidity objectives.

During the fiscal year ended 31 December 2016, the share repurchase programme was exclusively used in the context of the liquidity contract signed with Invest Securities. On 31 December 2016, the following assets featured in the liquidity account:

- 33,777 Company shares (representing 0.01% of its share capital) with a nominal value of 5.70 euros per share and a total book value of 290,144.43 euros valued at the share purchase price; and
- 266,255.39 euros.

These shares were purchased at an average price of 8.89 euros. During the fiscal year ended 31 December 2016, 141,986 shares were purchased and 139,563 shares were sold under the terms of this liquidity contract. The average purchase price was 8.80 euros and the average sale price was 8.99 euros. These shares were not reallocated for any other purposes.

The Company did not acquire any treasury shares outside the liquidity contract.

## 21.4 SECURITIES CONFERRING ENTITLEMENT TO A SHARE IN THE CAPITAL IN THE COMPANY

### 21.4.1 BSPCE warrants

| | BSPCE April 2009 | BSPCE August 2009 |
|---|---|---|
| Date of General Meeting | 2 April 2008 | 2 April 2008 |
| Date of the Board of Directors' meeting | 1 April 2009 | 3 August 2009 |
| Number of BSPCE warrants authorised | 312,454 | 312,454 |
| Total number of BSPCE warrants awarded | 150,000 | 162,454 |
| Total number of Voltalia shares that may be subscribed | 150,000 | 162,454 |
| *of which the total number that may be subscribed by corporate officers* | 0 | 0 |
| Number of non-officer beneficiaries | 2 | 18 |
| Starting date of the BSPCE warrant exercise period | 1 May 2009 | (1) |
| BSPCE warrant expiration date | 1 April 2019 | 3 August 2019 |
| Single Voltalia share option price | €2.21 (2) (3) | €2.89 (2) (3) |
| Conditions of exercise | (4) | (4) |
| Number of Voltalia shares subscribed at the date of the Registration Document | 42,105 | - |
| Cumulative number of BSPCE warrants cancelled or lapsed at the date of the Registration Document | | 116,354 |
| Remaining BSPCE warrants at the date of the Registration Document | 107,895 | 46,100 |
| Total maximum number of Voltalia shares that may be subscribed at the date of the Registration Document | 11,619 (2) (3) | 4,961 (2) (3) |

(1) The starting date of the BSPCE warrant exercise period depends on the identity of the beneficiary of said BSPCEs, with the specification that in all cases, it begins on 1 June 2013 at the latest.
(2) The number of shares takes into account the Company's reverse stock split at the rate of ten old shares for one new share decided by the Combined General Meeting on 13 June 2014. Accordingly, each BSPCE holder must exercise ten BSPCEs in order to subscribe to one Voltalia share.
(3) Taking into account the adjustment in the subscription price and the number of shares that may be subscribed through the exercise of the BSPCE decided upon following the Company's November 2016 capital increase, in accordance with the provision of Article L. 228-99 of the French Commercial Code.
(4) The BSPCE warrants in circulation on the date of the Registration Document are all exercisable. Their exercise is not conditional on any performance criteria.

### 21.4.2 Free share allocation

| | Free share allocation 2014 | Free share allocation 2016 |
|---|---|---|
| Date of the meeting that authorised the allocation | 13 June 2014 | 12 May 2016 |
| Date of allocation by the Board of Directors | 25 July 2014 | 16 December 2016 |
| Number of shares that can be allocated | 26,000 | 52,500 |
| Total number of shares allocated | 23,341 (1) | 52,500 |
| *of which the total number of shares granted to corporate officers* | 0 | 0 |
| Number of non-officer beneficiaries | 3 | 8 |
| Number of shares being vested | 23,341 (1) | 52,500 |
| Vesting date | 25 July 2018 | 31 July 2020 |
| Vesting conditions | (2) | (2) |
| Number of shares vested at the date of the Registration Document | 0 | 0 |
| Number of shares cancelled or lapsed | 0 | 0 |
| Length of holding period | 0 | 0 |

(1) Taking into account the number of free shares allocated decided upon following the Company's November 2016 capital increase, in accordance with the provisions of Article L. 228-99 of the French Commercial Code.
(2) The shares will vest at the end of a four-year period.

### 21.4.3 Stock warrants allocated in connection with an equity financing facility

By decision dated 9 October 2015, the Board of Directors [80]implemented an equity financing facility with the aim of increasing the free float and boosting the liquidity of the security. In this context the Company issued a total of 1 million stock warrants granting entitlement to the subscription of the same number of shares for the exclusive benefit of Kepler Cheuvreux. The latter does not intend to keep the shares subscribed through the exercise of the stock warrants, these shares will be sold on the market or to investors. The features of the stock warrants are described in the table below:

| | Stock warrants |
|---|---|
| Date of the General Meeting | 11 June 2015 |
| Date of the Board of Directors' meeting | 9 October 2015 |
| Total number of stock warrants awarded | 1,000,000 |
| Total number of Voltalia shares that may be subscribed | 1,000,000 |

80 Making use of the authorisation granted by the nineteenth resolution adopted by the Combined General Meeting on 11 June 2015.

| | Stock warrants |
|---|---|
| Starting date of stock warrant exercise period | 23 October 2015 |
| Final date of stock warrant exercise period | 23 October 2018 |
| Exercise price per new share | 95% of the average daily price of one Voltalia share, weighted by the volumes of the two trading days prior to the date of exercise |
| Conditions of exercise | (1) |
| Total number of stock warrants exercised at the date of the Registration Document [(2)] | 30,000 |
| Number of Voltalia shares subscribed at the date of the Registration Document | 30,000 |
| Total number of stock warrants cancelled or lapsed | 0 |
| Remaining stock warrants at the date of the Registration Document | 970,000 |
| Total number of Voltalia shares that may be subscribed at the date of the Registration Document | 970,000 [(3)] |

(1) Subject to the conditions defined by the parties being met, Kepler Cheuvreux undertakes to exercise the stock warrants within 36 months of their date of issue. One of these conditions includes a limit as to the number of new shares to be issued as part of the exercise of stock warrants: the cumulative number of new shares issued when stock warrants are exercised shall be less than or equal to 25% of the number of Voltalia shares traded on the regulated Euronext market in Paris, excluding block trading, from the date of the implementation of the financing facility. The Company may terminate the contract at any time.

(2) Including 22,000 stock warrants exercised between 3 November and 2 December 2015 (see Section 21.4.8.1 of the Registration Document) and 8,000 stock warrants exercised on 2 August 2016.

(3) In compliance with their issue contract, the stock warrants were not subjected to an adjustment following the Company's November 2016 capital increase.

### 21.4.4 Stock options

| | Stock options |
|---|---|
| Date of the General Meeting | 11 June 2015 |
| Date of the Board of Directors' meeting | 6 August 2015 |
| Maximum authorised number of shares that can be issued | 800,000 |
| Number of stock options allocated | 201,204 |
| Total number of Voltalia shares that may be subscribed | 216,811 (1) |
| *of which the total number that may be subscribed by corporate officers of the Company* | 0 |
| *of which the total number that may be subscribed by corporate officers of Group subsidiaries* | 77,896 (1) |
| Number of non-officer beneficiaries | 3 |
| Starting date of option exercise period | 7 August 2017 |
| Stock option expiry date | 7 August 2022 |
| Share subscription price | €8.38 (1) |
| Number of Voltalia shares that may be subscribed at the date of the Registration Document | 216,811 (1) |
| Cumulative number of options cancelled or lapsed | 0 |
| Outstanding stock options at the date of the Registration Document | 201,204 (1) |
| Total number of Voltalia shares that may be subscribed at the date of the Registration Document | 0 |

(1) Taking into account the adjustment in the subscription price and the number of shares that may be subscribed through the exercise of the options decided upon following the Company's November 2016 capital increase, in accordance with the provision of Article L. 228-99 of the French Commercial Code.

The exercise of stock options is subject to Group performance conditions and conditions of employment within the Group.

## 21.5 SUMMARY OF DILUTIVE INSTRUMENTS

On the date of the Registration Document, the total number of ordinary shares that may be created through the full exercise of all rights convertible into shares of the Company amounts to 1,279,232 shares, representing a maximum dilution of 2.55% based on the diluted capital. The dilution of voting rights itself stands at 1.71% on the basis of theoretical voting rights and at 1.75% on the basis of exercisable voting rights.

## 21.6 AUTHORISED CAPITAL

The issue resolutions approved by the General Meeting of 12 May 2016, ruling on an extraordinary basis, are summarised below:

| Subject of the resolutions adopted by the General Meeting of the Company on 12 May 2016 | Resolution number | Authorisation duration and expiry date | Maximum nominal amount (in euros) | Date and conditions of use by the Board of Directors |
|---|---|---|---|---|
| Delegation of authority granted to the Board of Directors for the purpose of increasing the share capital through the issue of ordinary shares and/or securities that are equity securities giving access to other equity securities or giving the right to the allocation of debt instruments, and/or securities giving the right to equity securities to be issued, with preferential subscription rights for shareholders | Thirteenth resolution | 12 July 2018 (26 months) | 130,000,000 (1) | The Board of Directors used this delegation on 24 October 2016 and allocated a total of 26,219,563 free stock warrants to the Company's shareholders as a whole (see additional reports of the Board and the Statutory Auditors) |
| Delegation of authority granted to the Board of Directors to immediately (or in the future) increase the share capital by issuing ordinary shares or securities that are equity securities giving access to other equity securities or giving the right to the allocation of debt instruments, without preferential subscription rights, by way of public offering | Fourteenth resolution | 12 July 2018 (26 months) | 130,000,000 (1) | The Board of Directors did not make use of this delegation during the past fiscal year |
| Delegation of authority granted to the Board of Directors for the purpose of increasing the share capital through the issue of ordinary shares and/or securities that are equity securities giving access to other equity securities or giving the right to the allocation of debt instruments and/or securities giving the right to equity securities to be issued, without preferential subscription rights for shareholders, within the context of an offering to qualified investors or a restricted circle of investors as referred to in Section II of Article L. 411-2 of the | Fifteenth resolution | 12 July 2018 (26 months) | 90,000,000 (1) | The Board of Directors did not make use of this delegation during the past fiscal year |

| Subject of the resolutions adopted by the General Meeting of the Company on 12 May 2016 | Resolution number | Authorisation duration and expiry date | Maximum nominal amount (in euros) | Date and conditions of use by the Board of Directors |
|---|---|---|---|---|
| French Monetary and Financial Code | | | | |
| Delegation of authority granted to the Board of Directors for the purpose of increasing the share capital through the issue of ordinary shares or securities without preferential subscription rights for shareholders for the benefit of a class of persons within the framework of an equity financing facility | Sixteenth resolution | 12 November 2017 (18 months) | 90,000,000 (1) | The Board of Directors did not make use of this delegation during the past fiscal year |
| Delegation of authority granted to the Board of Directors to increase the number of shares to be issued in case of a capital increase with or without preferential subscription rights | Eighteenth resolution | 12 July 2018 (26 months) | (1) | The Board of Directors did not make use of this delegation during the past fiscal year |
| Delegation of authority granted to the Board of Directors to issue ordinary shares and securities convertible into shares of the Company, in case of public offer with an exchange component initiated by the Company | Nineteenth resolution | 12 July 2018 (26 months) | 130,000,000 (1) | The Board of Directors did not make use of this delegation during the past fiscal year |
| Delegation of powers granted to the Board of Directors to increase the share capital up to a maximum of 10% of the share capital to remunerate contributions in kind of equity securities or securities giving access to third-party capital outside of a public exchange offer | Twentieth resolution | 12 July 2018 (26 months) | 90,000,000 (1) | The Board of Directors did not make use of this delegation during the past fiscal year |
| Delegation of authority granted to the Board of Directors in order to increase the share capital by capitalising premiums, reserves, earnings or other accounting items | Twenty-second resolution | 12 July 2018 (26 months) | 1,000,000 | The Board of Directors did not make use of this delegation during the past fiscal year |
| Authorisation given to the Board of Directors to grant stock options or share purchase options of the Company | Twenty-third resolution | 12 July 2019 (38 months) | 4,560,000 corresponding to the issue of a maximum number of | The Board of Directors did not make use of this delegation |

| Subject of the resolutions adopted by the General Meeting of the Company on 12 May 2016 | Resolution number | Authorisation duration and expiry date | Maximum nominal amount (in euros) | Date and conditions of use by the Board of Directors |
|---|---|---|---|---|
| | | | 800,000 shares with a par value of 5.70 euros each(2) | during the past fiscal year |
| Authorisation given to the Board of Directors to make bonus allocations of existing or new shares | Twenty-fourth resolution | 12 July 2019 (38 months) | 6,840,000 corresponding to the issue of a maximum number of 1,200,000 shares with a par value of 5.70 euros each, up to a maximum of 10% of the share capital of the Company(2) | The Board of Directors used this delegation on 24 October 2016 and allocated a total of 26,219,563 free shares to some of the Company's employees (see additional reports of the Board and the Statutory Auditors) |
| Delegation of authority granted to the Board of Directors to issue and allocate stock warrants in favour of (i) members and non-voting directors of the Board of Directors of the Company, who, on the grant date, are not employees or managers of the Company or one of its subsidiaries or (ii) members of any committee that the Board of Directors has or would set up without the status of employees or managers of the Company or one of its subsidiaries or (iii) natural or legal persons linked to the Company or one of its subsidiaries through a services or consulting contract | Twenty-fifth resolution | 12 November 2017 (18 months) | 285,000 corresponding to the issue of a maximum number of 50,000 shares with a par value of 5.70 euros each(2) | The Board of Directors did not make use of this delegation during the past fiscal year |
| Delegation of authority granted to the Board of Directors to issue stock and/or redeemable equity warrants (BSAARs) or stock warrants (BSAs), without preferential subscription rights, in favour of the following class of beneficiaries: employees | Twenty-sixth resolution | 12 November 2017 (18 months) | 2,850,000 corresponding to the issue of a maximum number of 500,000 shares with a | The Board of Directors did not make use of this delegation during the past fiscal year |

| Subject of the resolutions adopted by the General Meeting of the Company on 12 May 2016 | Resolution number | Authorisation duration and expiry date | Maximum nominal amount (in euros) | Date and conditions of use by the Board of Directors |
|---|---|---|---|---|
| and corporate officers of the Company and its subsidiaries | | | par value of 5.70 euros each(2) | |

(1) The total maximum nominal amount of capital increases that may be carried out under the delegations conferred pursuant to the thirteenth to sixteenth resolutions above and the eighteenth to the twentieth resolutions above, is set at 200,000,000 euros; it should be noted that to this ceiling will be added the additional amount of shares to be issued in order to maintain, in accordance with legal and regulatory provisions and, where applicable, the relevant contractual provisions, the rights of holders of securities or other rights providing access to shares.

(2) The sum of (i) shares that may be issued or vested upon exercise of the options granted under the twenty-third resolution, (ii) free shares granted under the twenty-fourth resolution above, (iii) shares that may be issued upon exercise of stock warrants allocated under the twenty-fifth resolution, and (iv) shares that may be issued upon exercise of the stock warrants and/or warrants for the acquisition of ordinary redeemable shares and/or stock subscription warrants to be allocated under the twenty-sixth resolution above, may not exceed 1,500,000 shares with a par value of 5.70 euros per share, it being understood that to this ceiling will be added the additional amount of shares to be issued in order to maintain, in accordance with applicable contractual provisions, the rights of holders of securities and other rights giving entitlement to shares.

## 21.7 INFORMATION ON THE SHARE CAPITAL OF ANY MEMBER OF THE GROUP SUBJECT TO AN OPTION OR TO A CONDITIONAL OR UNCONDITIONAL AGREEMENT TO BE PUT UNDER OPTION

To the best knowledge of the Company, there is no option to buy or sell or other commitments in favour of shareholders of the Company or made by them involving shares of the Company.

## 21.8 SHARE CAPITAL HISTORY

### 21.8.1 Change in share capital over the last three fiscal years

The table below presents a summary of the change in share capital over the last three fiscal years.
The Company was registered with the Trade and Companies Registry on 28 November 2005, with an initial share capital of 37,000 euros.
As of December 31, 2013, the Company's share capital was 72,760,537.05 euros consisting of 127,650,065 shares with a nominal value of 0.57 euros.
The following table presents a summary of the change in the share capital from this date until the date of the Registration Document.

| Date | Type of transaction | Amount of share capital increase | Amount of increase in issue premium | Number of shares issued | Number of shares comprising the | Nominal value | Share capital |
|---|---|---|---|---|---|---|---|
| **05/05/2014** | Exercise of BSPCEs | €60 | €190 | 105 | 127,650,170 | €0.57 | €72,760,596.90 |
| **13/06/2014** | Reverse stock split by 10* | - | - | - | 12,765,017 | €5.70 | €72,760,596.90 |
| **10/07/2014** | Capital increase | €66,346,062 | €33,755,014 | 11,639,660 | 24,404,677 | €5.70 | €139,106,658.90 |
| **23/01/2015** | Capital increase | €10,173,850.20 | €5,176,169 | 1,784,886 | 26,189,563 | €5.70 | €149,280,509.10 |
| **05/11/2015** | Exercise of stock warrants by Kepler Cheuvreux | €28,500 | €19,850 | 5,000 | 26,194,563 | €5.70 | €149,309,009.10 |
| **13/11/2015** | Exercise of stock warrants by Kepler Cheuvreux | €28,500 | €20,900 | 5,000 | 26,199,563 | €5.70 | €149,337,509.10 |
| **24/11/2015** | Exercise of stock warrants by Kepler Cheuvreux | €28,500 | €20,000 | 5,000 | 26,204,563 | €5.70 | €149,366,009.10 |
| **02/12/2015** | Exercise of stock warrants by Kepler Cheuvreux | €39,900 | €27,090 | 7,000 | 26,211,563 | €5.70 | €149,405,909.10 |
| **02/08/2016** | Exercise of stock warrants by Kepler Cheuvreux | €45,600 | €28,000 | 8,000 | 26,219,563 | €5.70 | €149,451,509.10 |
| **08/11/2016** | Capital increase through the free allocation of stock warrants | €129,524,577.00 | €39,993,533.60 | 22,723,610 | 48,943,173 | €5.70 | €278,976,086.10 |

* The reverse stock split transactions took place as of 7 July 2014.

### 21.8.2 Change in the distribution of share capital and voting rights on the date of the Registration Document

See Section 18.1 of the Registration Document.

## 21.9 MEMORANDUM AND ARTICLES OF ASSOCIATION

### 21.9.1 Company purpose

In accordance with Article 3 of its Articles of Association, the purpose of the Company in France and all other countries is:

All operations relating to energy in the broadest sense and including, but without being limited to, the acquisition and sale and the promotion/construction/operation of wind farms, biomass plants, hydropower stations and any power plants that use renewable energies,

All transactions in the acquisition, sale and promotion/construction/operation of plants that process, treat, recover and dispose of waste, whether or not associated with the production of energy,

The production, trading or transactions of any kind relating to energy in the broadest sense of the term, to the treatment of waste and, more generally, all activities related to the environment,

All operations involving the study, design, development, construction, implementation and execution, direct or indirect operation, maintenance and training, and all consulting services provided for third parties,

All transactions relating to acquiring direct or indirect interests in any form whatsoever in any French or foreign companies as well as the administration, management and development of such investments and related interventions,

All uses of funds for the creation, management and development of a portfolio that may consist of equity securities of any company, patents, licences of all origins and transferable securities which the Company may hold by way of sale, transfer, contribution or options and all other legally permissible interventions, all of which may take place directly or indirectly on its own behalf or on behalf of third parties and, more generally, all transactions of any kind, whether economic, legal, financial, civil or commercial, which may relate directly or indirectly to its corporate purpose or to any similar, related or complementary purposes.

### 21.9.2 Provisions under the Articles of Association and other stipulations relating to members of administrative and management bodies

#### Board of Directors (Articles 11, 12 and 13 of the Articles of Association)

**Composition**

The Company is managed by a Board composed of natural or legal persons whose number is set within the limits of the law.

Any legal person shall, upon appointment, designate a natural person as permanent representative to the Board. The term of office of the permanent representative shall be the same as that of the legal

person represented as director. Should the legal person dismiss its permanent representative, it must immediately provide a replacement. The same applies in the event of the death or resignation of the permanent representative.

Directors are appointed for three-year terms. The term of a director shall end at the close of the Ordinary General Shareholders' Meeting called to approve the previous year's financial statements and held in the year during which the appointment expires.

Directors may be re-elected indefinitely; their appointment may be revoked at any time by the General Shareholders' Meeting.

In the event of a vacancy caused by the death or resignation of one or more directors, the Board of Directors may make appointments on a provisional basis between two General Meetings.

Appointments made by the Board of Directors under the previous paragraph are subject to approval by the next Ordinary General Meeting.

If such appointments are not approved, the deliberations and acts previously carried out by the Board shall nevertheless remain valid.

When the number of directors falls below the legal minimum, the remaining directors must immediately convene the Ordinary General Meeting in order to complement the number of directors.

A Company employee may be appointed director. His/her employment contract must, however, correspond to an actual job. In such cases he/she will retain the benefit of their employment contract.

The number of directors who are tied to the Company by an employment contract may not exceed one third of the directors in office.

The number of directors who are over 70 years of age may not exceed one third of the directors in office. When this limit is exceeded during a term, the oldest director shall be deemed to have resigned from office after the next General Shareholders' Meeting.

*Chairman*

The Board of Directors shall elect from among its members a chairman, who must be a natural person. It determines his/her term of office, which may not exceed their term as director, and may revoke it at any time. The Board determines any compensation.

The Chairman organizes and directs the work of the Board, on which he/she shall report to the General Meeting. He/she ensures the smooth functioning of the Company's management and governance bodies and notably ensures that the directors are able to fulfil their responsibilities.

The Chairman of the Board may not be more than 70 years of age. If the Chairman reaches this age limit during their term as Chairman, they will be deemed to have resigned. However, their term of office shall extend to the next meeting of the Board of Directors, during which a successor will be appointed. Subject to this provision, the Chairman may be re-elected indefinitely.

*Observers*

The Board of Directors may at any time appoint one or more observers (up to a maximum of three) who may be natural or legal persons and are chosen from outside the members of the Board of Directors.
Observers are appointed for a maximum of three years. The term of observers shall end on conclusion of the Ordinary Annual General Meeting called to approve the previous year's financial statements and held in the year during which their appointments expire. They are eligible for re-election and may be removed from office at any time by decision of the Board of Directors.
Observers are not corporate officers. They may make any observations they deem to be necessary during

meetings of the Board of Directors. They are at the disposal of Board and its Chairman to provide their opinions on matters of all types submitted to them, including technical, commercial, administrative or financial matters.
The observers' role is solely advisory and they do not vote at meetings of the Board of Directors, which they are invited to attend, in accordance with applicable regulations and, where applicable, the rules of procedure of the Board of Directors and/or any other agreement adopted by its members. Their interventions are limited to a purely consultative role. They may not intervene in the management of the Company. Their opinions are not binding on the directors or senior management, who are free to determine the course of action to take. They may not, therefore, be entrusted with any management, supervision or control duties and may not, under any circumstances, replace the Company's statutory bodies or functions (Board of Directors, Chairman, senior managers or Statutory Auditors). The observers may be tasked with examining issues submitted by the Board of Directors or Chairman and reporting thereon.

Directors have the option of remunerating observers by passing on part of the attendance fees allocated to them by the General Meeting. Observers may obtain reimbursement from the Company for expenses incurred during the performance of their mission against production of receipts.

### Meetings of the Board of Directors

The Board of Directors meets as frequently as warranted by the interests of the Company.

Directors are called to meetings of the Board of Directors by the Chairman. The meeting may be convened by any means, whether in writing or orally.

The Chief Executive Officer may also demand a meeting to be called by the Chairman to discuss a particular agenda.

Where a works council has been established, its representatives, appointed in accordance with the provisions of the French Labour Code, shall be invited to all meetings of the Board of Directors.

The meetings of the Board are held at the registered office or at any other place in France or abroad.

For the decisions of the Board to be valid, the number of members present must be at least half the members.

Decisions of the Board shall be taken by majority vote; in the event of a tie, the Chairman shall have the casting vote.

A rule of procedure may be adopted by the Board of Directors that directors participating in a Board meeting by video conference or other telecommunications system that complies with regulations will be considered present for the purposes of quorum and majority. This provision is not applicable to the adoption of decisions referred to in Articles L. 232-1 and L. 233-16 of the French Commercial Code.

Each director receives the information necessary for the accomplishment of his/her mission and mandate, and may request any documents deemed to be useful.

Any director may, even by letter, telegram, telex or facsimile, authorise another director to represent him/her at a Board meeting, but each director may only have one proxy during a given meeting.

Copies or extracts of the deliberations of the Board may be validly certified by the Chairman, the CEO, a director acting as Chairman or any person duly authorised to this effect.

*Powers of the Board of Directors*

The Board of Directors shall determine the strategy of the Company and oversee its implementation. Subject to the powers expressly conferred to shareholders' meetings and within the limit of the Company purpose, it shall deal with any issue affecting the Company's efficient operation and make business decisions within its remit.

In dealing with third parties, the Company is bound by acts of the Board of Directors that fall outside the Company purpose, unless it is able to prove that the third party knew that the act exceeded the said purpose or could not have been unaware thereof given the circumstances; the mere publication of the Articles of Association is not sufficient to constitute such proof.

The Board of Directors shall undertake any controls and verifications that it considers appropriate.

In addition, the Board of Directors shall exercise the special powers conferred upon it by law.

## Management (extracts from Article 14 of the Articles of Association)

*Conditions of exercise*

The Company shall be managed either under the authority of the Chairman of the Board of Directors or of another individual appointed by the Board of Directors and having the title of Chief Executive Officer.

The CEO may not be more than 70 years of age. If the CEO reaches this age limit, he/she will be deemed to have resigned. However, his/her term of office shall extend to the next meeting of the Board of Directors, during which the new CEO will be appointed.

When the CEO is also a director, his/her term of office may not exceed their term as director.

The Board of Directors may dismiss the CEO at any time. The CEO may be entitled to damages if he/she is dismissed without just cause, except when the CEO assumes the functions of Chairman of the Board of Directors.

On deliberation by a majority vote of the directors present or represented, the Board of Directors chooses between the two methods of exercising general management. Shareholders and third parties shall be notified of the Board's decision in accordance with the applicable statutory and regulatory conditions.

The choice of the Board of Directors remains in force until otherwise determined by the Board or, at the option of the Board, for the term of office of the CEO.

If the general management of the Company is assumed by the Chairman of the Board of Directors, the provisions applicable to the CEO shall apply to the Chairman.

Pursuant to the provisions of Article 706-43 of the French Code of Criminal Procedure, the CEO may validly delegate to any person of their choice the power to represent the Company in the context of any criminal proceedings that may be instigated against it.

*Powers of the Chief Executive Officer*

The Chief Executive Officer is vested with the broadest powers to act in the Company's name in all circumstances. The CEO exercises these powers within the limits of the corporate purpose and to the exclusion of those matters which are expressly reserved by law to the shareholders at Shareholders' Meetings or to the Board of Directors.

The CEO shall represent the Company in its dealings with third parties. The Company is bound by acts undertaken by the CEO that fall outside of the corporate purpose, unless it proves that the third

party knew that the act went beyond this purpose or could not have been unaware thereof given the circumstances; the mere publication of the Articles of Association are not sufficient to constitute such proof.

On the date of the Registration Document, Sébastien Clerc is the Company's CEO as a result of the renewal of his term of office by the Board of Directors of 12 May 2016.

### Deputy Chief Executive Officers (extracts of Article 14 of the Articles of Association)

On the proposal of the CEO, the Board of Directors may appoint one or more natural persons to assist the CEO as Deputy CEO.

In agreement with the CEO, the Board of Directors determines the extent and duration of the powers delegated to any Deputy CEO. The Board of Directors shall determine any compensation of the Deputy CEOs. When a Deputy CEO is also a director, their term of office may not exceed their term as director.

With respect to third parties, Deputy CEOs shall have the same powers as the CEO; Deputy CEOs may notably be a party to legal proceedings.

There may be no more than five Deputy CEOs.

The Deputy CEO(s) may be dismissed at any time by the Board of Directors, at the proposal of the CEO. A Deputy CEO may be entitled to damages if he/she is dismissed without just cause.

A Deputy CEO may not be more than 70 years of age. If an active Deputy CEO reaches this age limit, he/she will be deemed to have resigned. However, their term of office shall extend to the next meeting of the Board of Directors, during which a new Deputy CEO may be appointed.

If the CEO ceases or is unable to perform his/her duties, the Deputy CEOs will retain their functions and powers until the nomination of the new CEO, unless the Board of Directors decides otherwise.

As of the date of the Registration Document, the Company does not have any Deputy CEOs.

## 21.9.3 Rights, privileges and restrictions attached to shares of the Company

### Voting rights

Subject to applicable legal and regulatory provisions, and except for the double voting rights provided for in Article 9 of the Company's Articles of Association, the right to vote attached to the shares is proportional to the amount of capital they represent, and each share is entitled to at least one vote.

Double voting rights were established by decision of the Extraordinary General Meeting of 20 February 2006. Article 9 of the Articles of Association provides for double voting rights compared to those conferred on other shares, taking into consideration the proportion of share capital they represent, to be granted to all fully-paid shares which can be demonstrated to have been registered for at least two consecutive years to the same shareholder.

In the event of a capital increase by capitalisation of reserves, earnings or issue premiums, this right is also conferred on issue to registered shares allocated

to a shareholder who already holds the said right in respect of existing shares.

The shares are stripped of their double voting rights if they are converted into bearer shares or transferred, except in the case of the transfer between registered shareholders as part of an inheritance, family gift or liquidation of community property between spouses.

Finally, double voting rights may also be removed by a decision of the Extraordinary General Meeting after ratification by a Special Shareholders' Meeting of beneficiaries benefiting from double voting rights.

## Rights to dividends and profits

Each share confers rights to a share in the ownership of the Company's assets and to a share in the profits. This share is in proportion to the number of shares in existence, taking into account the nominal value of the shares.

## Period of limitation for dividends

Dividends not claimed within five years from the date of payment will be forfeited to the State (Article L. 1126-1 of the French General Code on the Property of Public Entities).

## Right to liquidation proceeds

Each share confers rights to a share in the liquidation proceeds. This share is in proportion to the number of shares in existence, taking into account the nominal value of the shares and rights to shares in different classes.

## Preferential subscription right

Shares of the Company all have a preferential right to subscribe to capital increases.

## Limitation of voting rights

None.

## Identifiable bearer shares

Shareholders may choose to hold their shares in registered or bearer form. When shares are in registered form, an entry is made in an individual account under the conditions and in the manner prescribed by the laws and regulations in force.

Under the conditions prescribed by applicable laws and regulations, at any time the Company may, at its own expense, request the central depository responsible for maintaining its securities issue account to provide information relating to shareholders with immediate or future voting rights at General Meetings and the number of shares held by each of them and, if applicable, any restrictions applicable to such securities.

### Repurchase by the Company of its own shares

See Section 21.1.3 of the Registration Document.

## 21.9.4 Changes to the rights of shareholders

Shareholder rights as set out in the Articles of Association of the Company may be amended only by the Extraordinary General Meeting of shareholders of the Company.

## 21.9.5 General Meetings

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

General Meetings, whether ordinary, extraordinary or special depending on the purpose of the proposed resolutions, may also be held at any time of year.

General Meetings are convened under the formal requirements and time limits established by law.

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

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

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

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

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

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

## 21.9.6 Provisions for delaying, deferring or preventing a change in control

The Articles of Association of the Company do not contain any provisions for delaying, deferring or preventing a change in control.

## 21.9.7 Specific provisions governing changes in share capital

There is no particular stipulation in the Articles of Association of the Company governing changes to its share capital.

# 22 MATERIAL CONTRACTS

Through the project company developing the asset, for each project the Group signs multiple contracts on which the profitability of the project is based.

## 22.1 TURBINE SUPPLY CONTRACTS IN BRAZIL

The Group has entered into several contracts for the supply of turbines and for construction with the Spanish group Acciona to provide turbines for the Group's projects in Brazil. The signing of these contracts secures the supply of the Group's wind farm construction programme in Brazil for 2015 and 2016.

The contracts notably define the equipment types, prices (including a significant portion denominated in the Brazilian real) and delivery schedules.

## 22.2 ELECTRICITY SALES CONTRACTS

### Brazil

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

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

The plants affected by CER contracts are:

1. Carcara I (Areia Branca);
2. the four plants located between São Miguel do Gostoso and Touros: Reduto, Carnauba, Santo Cristo and São João.

All having won auctions on 18 August 2011 and signed contracts on 8 August 2012.

The plants affected by CCEAR contracts are:

3. Carcara II (Areia Branca), (ii) Terral (Areia Branca), and the four plants located at Serra do Mel (iii) Caiçara I, (iv) Caiçara II (Cruz), (v) Junco I and (vi) Junco II.

   For plants (i) and (ii), the tender took place on 20 November 2011 and the contracts were signed on 23 and 24 September 2013, with an operation start date of 1 January 2016.

4. (a) Vila Para I (Serra do Mel), (b) Vila Para II (Serra do Mel) and (c) Vila Para III (Serra do Mel), Vila Amazonas V (Serra do Mel), auctions won on 13 December 2013, contracts were signed on 1 December 2014 with an initial electricity supply date of 1 January 2018.

*Nature of the sale contracts and the counterparties*

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

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

*Special features of the CER contracts*

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

*Special features of CCEAR contracts*

The aim of these contracts is to supply electricity to a group of distributors that have pooled their requirements for the auctions in question. Depending on the auction, the number of distributors may vary but generally ranges between 25 and 35 distributors from a variety of regions.

Multiple bilateral contracts are therefore signed with the distributors in relation to each site and the contracts are administered by the CCEE.

*Short-term sale contracts*

The Group has also entered into contracts with a private distributor for the sale of electricity from the early commissioning of the Carcara II and Terral plants (total of 60 MW) in 2015. As of 1 January 2016, these two plants are considered long-term contracts (see above).

Short-term sale contracts in Brazil are not renewed. In fact, they are designed to allow the electricity produced by the plants to be sold in the event of early commissioning of these plants. Upon expiry, these short-term contracts are replaced by long-term contracts.

### France

During the establishment of each project in France, EDF and the Group sign an electricity purchase contract for a period of 15 to 20 years, depending on the energy source in question. The Group has concluded a contract with EDF for each of its projects in operation in France and French Guiana, covering all energy sources. These contracts do not include a renewal clause (except for contracts relating to hydraulic power plants, for which the electricity sales contracts can be renewed if a certain CAPEX threshold is crossed). When the contract expires, electricity may be sold to may be sold to aggregators on over-the-counter markets (OTC), on the open market or on electricity purchase and sale exchanges (EEX – European Energy Exchange for medium-term contracts and EPEX – European Power Exchange, a spot electricity exchange for short-term sale contracts).

Voltalia has signed electricity sale contracts for all of its plants in France and French Guyana (see Sections 6.7.2.1 and 6.7.2.2).

Under these contracts, the Group undertakes to supply EDF with the entire output from the facility. EDF is the purchaser of the energy. The electricity purchase price is indexed using an inflation-linked review formula.

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

## 22.3 SERVICE CONTRACTS

### Construction service contracts

As of the date of the Registration Document, the services offered by the Group to its customers include the construction of solar plants on behalf of third parties. The construction takes place when the project is ready to be built, once the development phase has been completed. The construction of solar plants takes an average of one year and commits the Group, as the service provider, to deliver a turnkey plant on the date specified in the service contract. Construction generally includes the following stages: purchase of materials, engineering, sub-contractor management and assembly of equipment. The plant is considered to have been delivered as soon as the operational tests have been performed and it is ready to start generation. In the event of non-compliance with the delivery deadlines, the customer generally benefits from a completion guarantee (performance bond) for an amount defined in the service contract that may be received by the customer as compensation.

In its role as a builder, the Group is also held to a performance guarantee (including the latent defect guarantee), which is generally the responsibility of the materials supplier.
Construction contracts for solar plants are signed either with the purchasers of the projects developed by the Group or directly with third party customers requesting a bid for a construction only service.
As of the date of this Registration Document, the main ongoing construction contracts relate to one project located in Jordan and one in France. These two projects are in the acceptance phase.

## Operation and maintenance service contracts

The Group also provides services related to the operation and maintenance of plants that are already operational. In this context, the Group has signed operation and maintenance contracts for photovoltaic power plants for periods generally ranging between two and twenty years. Under the terms of these contracts, the Group provides preventative maintenance and corrective maintenance services. Depending on the terms and conditions of these contracts, the Group may also be required to ensure that the plant provides a minimum availability rate to the customer.
Contracts with an average duration of two years are automatically renewed after the first year but do not provide for tacit renewal at the end of two years. The Group must then pursue a proactive commercial approach. Conversely, service contracts with a duration of five years or more include tacit renewal clauses, if neither party activates the termination clause.

As of December 31, 2016, the main operating and maintenance contracts were concluded by the Martifer Solar group for photovoltaic power plants located in the following countries:

1. Portugal;
2. Jordan;
3. Italy;
4. Spain;
5. UK;
6. France;
7. Belgium;
8. Slovakia;
9. Brazil;
10. Ukraine.

# 23 INFORMATION FROM THIRD PARTIES, EXPERT OPINIONS AND DECLARATIONS OF INTEREST

None.

# 24 DOCUMENTS AVAILABLE TO THE PUBLIC

The press releases of the Company and the annual registration documents (including historical financial information on the Company submitted to the AMF and any revisions) are available on the website of the Company at the following address: www.voltalia.com; a copy may also be obtained from the registered office of the Company located at 28, rue de Mogador, 75009 Paris, France.

All information published and made public by the Company during the last 12 months in France is available on the website of the Company at the address stated above and on the AMF website at the following address: www.amf-france.org.

Finally, the Articles of Association of the Company, the minutes of the General Meetings, the Statutory Auditors' reports and all other corporate documents may be consulted at the registered office of the Company.

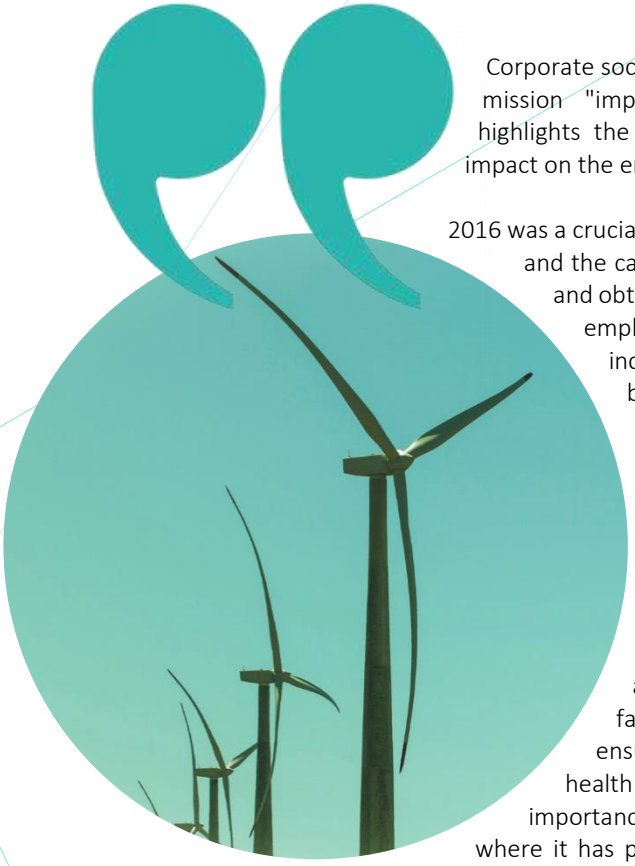
# 25 INFORMATION ON HOLDINGS

Information on companies in which the Company holds a proportion of the capital likely to have a significant impact on the valuation of its assets, its financial position or its results is found in Sections 7, 7,89 9the Registration Document as well as in NOTE 5-e) of the notes to the consolidated financial statements.

# APPENDICES

# 1 REPORT ON SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

# A message from the CEO



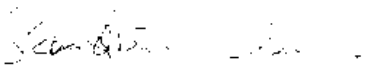
1 VAMCRUZ WIND FARM (BRAZIL)

Corporate social responsibility is a core concern of our business: Voltalia's mission "improve global environment, foster local development", highlights the importance every employee gives to making a positive impact on the environment.

2016 was a crucial year for Voltalia: thanks to the acquisition of Martifer Solar and the capital increase, we experienced a significant increase in size and obtained the means to continue our growth. Now with over 400 employees worldwide and a confirmed role as an integrated industrial leader, Voltalia intends to continue to grow its business while remaining loyal to the values that are central to its workforce: ingenuity, integrity, team spirit and entrepreneurship. These values and this mission are what unite us in this growth objective, supported by our committed shareholders who guarantee the good governance of the Company.

Access to clean and reliable energy is one of the key responses to the major challenges in the decades to come; access to competitive renewable electricity not only facilitates a reduction in greenhouse gas emissions, but also ensures access to indispensable services such as education and health in the most remote regions. Voltalia places the utmost importance on its local and sustainable integration into any region where it has plants in order to provide the most appropriate solutions. Accordingly, our commitment to local populations guarantees mutual and lasting trust in our relations, which in turn guarantees the value created by our projects.

Finally, we are proud to show that it is possible to support a business growth objective that is compatible with our values, while turning our convictions into a common driving force and a competitive advantage that continues to prove its worth. I therefore wish to thank each and everyone of Voltalia's employees who, through their daily individual and collective efforts, transform our mission into reality.



## 2016 Highlights

### Strengthening the Group's health and safety policy

The safety of its employees and of anyone present on its sites is one of Voltalia's greatest concerns: in addition to ensuring its employees' safety on all its sites (construction sites or offices), the Group applies the same health and safety policy to all our subcontractors and external employees. In accordance with the commitments made in 2015, Voltalia expanded the application scope of its workplace health and safety policy in 2016 and finalised the establishment of an organisation dedicated *to* HSE issues *(*health, safety and environment) within the Company.

2 SAO MIGUEL DO GOSTOSO PROJECT (BRAZIL)

In addition, beyond the implementation of standard HSE reporting in all the countries in which it develops, builds and operates plants, Voltalia has defined a dedicated policy specifying a set organisation and quantitative objectives. Under the supervision of the Group's HSE manager and the CEO, the organisation of health and safety within Voltalia meets the following objectives:

- guaranteeing the health and safety of all Group employees as well as of any persons present on its sites;
- ensuring that the Group's activities comply with the applicable local regulations and the relevant international standards through certifications;
- making Voltalia a responsible company that is committed to the permanent improvement of its HSE mechanisms.

By involving the Group's employees at all levels (local, regional and group) within each business line, the 2017 roll-out of the Group's HSE policy will place each employee at the heart of its success.
The Group's desire to improve and standardise health and safety conditions across all of Voltalia's sites was confirmed by the personal commitment of the Group's CEO signed in early 2017 and distributed to all Voltalia staff.

## Acquisition of Martifer Solar: Employees are at the centre of the integration process

The acquisition of Martifer Solar in August 2016 brought a profound change to the Company through the near tripling of its workforce. There have been three major changes in the breakdown of the workforce since 31 December 2015:

- while primarily located in France and Brazil last year, the teams are now mainly located in Portugal, France, Brazil and Italy;
- technical services as well as salespeople tasked with selling these services have been added to the business lines associated with the development of new projects, their financing and completion;
- as of December 31, 2015, Voltalia primarily comprised executives and senior executives, whereas as of December 31, 2016, the Group had a greater number of non-executive employees, primarily technicians.

3 SEMINAR FOR GROUP TOP MANAGEMENT, ERMENONVILLE, 6 OCTOBER 2016

The desire to achieve a rapid integration of the two companies in order to take advantage of the synergies as soon as possible led Voltalia to launch an integration project as soon as the projected acquisition was announced.

Accordingly, in the summer of 2016, Voltalia set up a dedicated integration team responsible for creating and leading mixed groups incorporating employees from each company to reflect on strategic planning and the organisation of each business line and each function. The conclusions of these work groups were presented in the autumn of 2016, leading to the announcement of the new combined organisation at the end of September 2016.

Particular attention is being paid to human resources as they are considered a development priority for achieving the integration process under optimal conditions. As a result, several dozen employees were recruited to ensure the accelerated development of the Company. This active recruitment phase is still ongoing while work is also being done to make the two companies' wage policies consistent and to implement an active training and career development policy.

While the new Executive Committee comprising the management teams from both companies met at the end of September 2016, the team consisting of the main executives from the merged

company met for an inaugural seminar in early October. Cascade meetings involving all employees were then held in October to present the new business plan. The rallying of the entire workforce around the Company's ambitious business plan, its mission and its values will be crucial to a successful integration.

# 1.1 IMPROVE GLOBAL ENVIRONMENT

## General environmental policy

### Organisation of the Company to take into account environmental issues and, as required, environmental assessment and certification requirements

5 PREVEZA 3 (GREECE)

Over and above the production of electricity from renewable energy, Voltalia places its activities within a much broader framework. As defined by its employees, the Group's mission is the following : improve global environment, foster local development. This mission was formulated during a process involving all employees in 2014. The employees highlighted the fact that Voltalia was not only minimising its negative impact on the environment but that, by developing renewable energies, the Company was part of the fight against global warming by contributing to the reduction of greenhouse gas emissions. The sources of renewable energy used by the Group for the production of electricity are flow energies that emit very little $CO_2$, contrary to fossil resources which are available in limited quantities across the planet and emit particularly high levels of $CO_2$.

6 SAO MIGUEL DO GOSTOSO WIND FARM

The power plants owned by the Group are directly integrated into their local communities and the teams are careful to minimise their impact from the earliest development stages of the projects. Particular attention is paid to the selection of land as well as to the projects' environmental footprint and Voltalia optimises the spaces used whenever possible. To this end, the Group combines several renewable energy sources whenever possible, as in Kourou where the Group owns a biomass plant with a solar roof and in Oiapoque, where a solar plant will be combined with hybrid installation.

### Training and information provided to employees regarding environmental protection

For Voltalia's technicians, training and environmental awareness are an integral part of the programme of meetings held at the sites. At these meetings, regulatory obligations and the required action plans are discussed with employees. Environmental awareness sessions are also provided by external organisations during on-site audits. These audits are designed to help Voltalia’s subsidiaries improve the monitoring of their installations' compliance with environmental regulations. Topics covered during these audits include waste management, atmospheric emissions, analysis of discharged ash and liquid discharges.

### Resources dedicated to the prevention of environmental risk and pollution

The Group's business of renewable energy production is not likely to generate significant environmental risks or substantial pollution. Nevertheless, due to its commitment and in order to meet the applicable regulatory requirements in the countries in which it operates, Voltalia takes a proactive approach to the prevention of environmental risks and pollution by taking as many steps as possible prior to the commissioning of its power plants: environmental impact studies, waste monitoring programmes during the construction and operation phases and the monitoring of atmospheric emissions.

For its French solar projects, the Group's leases include a commitment to dismantle and rehabilitate the land it rents.

The future photovoltaic projects developed by Voltalia in France will provide for a solar panel recycling system in accordance with the transposition into French law of the European WEEE Directive 2002/96/EC covering electrical and electronic equipment waste. This provision does not call on the Company to make particular provisions.

7 MOLINONS WIND FARM (METROPOLITAN FRANCE)

8 SAO MIGUEL DO GOSTOSO WIND FARM PROJECT (BRAZIL)

### Amount of the provisions and guarantees for environmental risks

In France, "ICPE" (facilities classified for environmental protection) regulations require the provision of financial guarantees of 50 thousand euros per wind plant and 30 thousand euros per installed megawatt for certain solar plants. At the date of the Registration Document, and notably following implementation of ICPE regulations for wind farms, the rehabilitation and dismantling costs at wind and solar sites are covered by provision in the financial statements as at 31/12/2016 in the amount of 1,209 thousand euros. This provision is included in the overall cost of planned projects. It should be noted, however, that in view of the known factors and the work undertaken by the Group, it is estimated that the refurbishment and dismantling costs of sites currently in operation could be completely covered by the proceeds from the sale of the equipment.

## Prevention, recycling, reuse and other forms of waste recovery and elimination

9 KOUROU BIOMASS POWER PLANT (FRENCH GUIANA)

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

Water discharges relate only to biomass plants. The water discharged from these plants is treated in a hydrocarbon separator before being routed to the local waste water system. In France, such discharges are monitored on a daily basis *by a* report that is also forwarded to DREAL, the environmental, planning and housing authority. The biomass power plants also produce ash that is removed by an external service provider.

With installed thermal power of less than 10 MW, Voltalia's biomass power plants are not subject to the obligation to carry out annual analysis of atmospheric emissions imposed by French law. Detailed inspections and investigations are performed at the request of DREAL. In 2016, the appropriate authorities did not carry out any inspection tests on the Group's biomass plants. However, Voltalia fits sensors to its biomass plants and monitors combustion and emissions on an ongoing basis in order to optimise production.

## Dealing with noise pollution and all other forms of pollution specific to an activity

Noise pollution

Committed to the efficient integration of its power plants into the local environment, the Group pays particular attention to noise pollution from its wind farms.

In France, Voltalia complies with the various regulations (such as planning restrictions and ICPE regulations) combating noise pollution and pollution of any type that may disrupt the lives of local residents and local populations. The applicable regulations mainly concern the new wind farms. Such farms must notably be located at a minimum distance from homes, in addition to meeting a variety of noise standards. Consequently, starting from the design phase of its wind farms, Voltalia now defines protection areas and undertakes acoustic studies to determine the measures to be put in place in order to minimise noise pollution, as was the case for the Molinons wind farm (France). During the commissioning of its new wind farms, the Company also carries out compliance measurements that it submits to the public authorities.

In addition, for those of Voltalia's wind farms in service before the entry into force of new regulations, noise level measurements have been taken under the ICPE standard NFS 31-114. These studies confirmed that the Group's wind farms already complied with the new acoustic limits, including neighbourhood noise, in addition to the existing ICPE standards. In 2016, Voltalia conducted a resurfacing operation on the wind turbines of the Saint-Félix plant in France, thereby reducing noise pollution caused by blade aging.

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

10 DU BOIS WIND FARM (METROPOLITAN FRANCE)

## Circular economy

### Prevention and waste management

Prevention, recycling, reuse and other forms of waste recovery and elimination

The ash from biomass power plants are regularly sent to Voltalia's suppliers. Depending on the pollutant levels measured, they are then reprocessed and used in agriculture. In French Guiana, regulations allow it to be sprayed on agricultural land. Consequently, the ash discharged by Voltalia plants in this region is systematically sprayed on land by local farmers, who are able to benefit from this natural fertilizer.

111 ADRIERS WIND FARM (METROPOLITAN FRANCE)

The other main waste products produced by Voltalia plants are used oils, soiled materials and rags and maintenance parts. Voltalia makes every effort on an ongoing basis to limit the production of this waste, to sort it, to ensure traceability using waste monitoring vouchers and, finally, to recycle it into resources.

Throughout the life cycle of a project, each business unit is responsible for its own waste (i.e. participating companies, subcontractors and suppliers). Subcontractors are contractually obliged to manage their waste throughout the service period. In this regard, Voltalia may demand their waste monitoring vouchers in order to ensure it is correctly managed.

### Sustainable use of resources

Voltalia's concern to minimise as far as possible its environmental impact leads it to seek the best solutions to minimise and optimise its use of natural resources. The Group is therefore committed not only to complying with applicable environmental regulations but also to enhancing its impact reduction systems.

### Water consumption and water supply depending on local constraints

Industrial water consumption only concerns the biomass business, i.e. 1.9% of the Group's installed capacity as of December 31, 2016 [81].

At the power plants in operation, consumption is monitored on a daily basis to detect any leakage likely to cause excessive consumption.

In 2016 water consumption from biomass plants was 6,637 $m^3$. In the context of developing biomass projects, the parameters for optimising water consumption and reusing water are integrated into site design.

### Consumption of raw materials and measures to improve efficient use

The consumption of industrial raw materials relates only to biomass plants. The main raw materials used in these plants are wood waste, such as sawdust and pallets. In 2016, the Group recovered 23,897,713 kilograms of wood waste and 142 kilograms of ash for the operation of the Kourou plant in French Guiana.

12 MOLINONS WIND FARM (METROPOLITAN FRANCE)

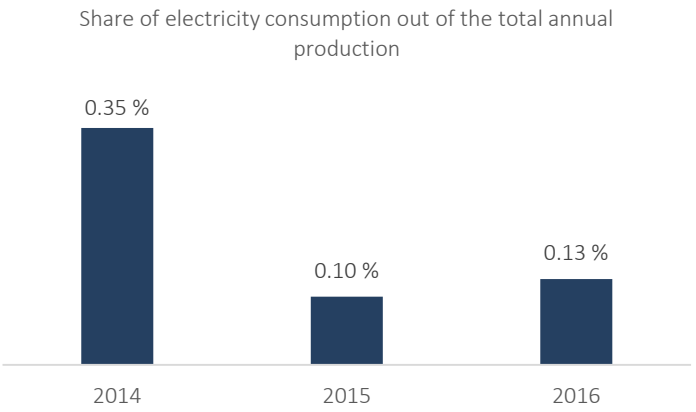
Every year the power plants shut down for two to three weeks for maintenance and servicing. In addition to the ongoing control of plant hydrometry and combustion, these operations are an opportunity to further improve plant processes in order to optimise and manage wood waste consumption.

### Energy consumption, measures to improve energy efficiency and use of renewable energy

Voltalia's power plants generally operate in self-production mode, where the energy required for their operation is drawn from production. The additional electricity consumption corresponds to the plants' shutdown periods. As a result of the operation of the facilities commissioned in 2014 and 2015 throughout the

81 The Biobar plant in Metropolitan France did not operate in 2016 due to litigation with the customer. Only the Kourou plant, in French Guiana, was operational.

entire year, the Group doubled its electricity production in 2016 (1,255 GWh compared to 629 GWh in 2015). Consumption increased just slightly faster (1,587 MWh versus 635 MWh in 2015) due to the commissioning of new facilities.




**Land use**

The question of the use of land is particularly relevant for the installation of ground-based solar panels.

Voltalia pays special attention to the selected land. In Metropolitan France, the Group has opted to reuse some old quarries and factories and makes as much use as possible of the natural landscape and existing infrastructure. For example, as part of the Taconnaz hydraulic project, a bid won in Metropolitan France in 2016, Voltalia identified a site equipped with an avalanche barrier in order to take advantage of the existing infrastructure. When conducting studies for the installation of solar panels, Voltalia ensures that land use is reduced to the minimum necessary. The Group ensures that solar panels are selected offering a good surface yield and plan the layout of supporting structures that optimise the surface area used.

In Brazil, any infrastructure for the production of wind, solar or small-scale hydraulic energy is subjected to two requirements: on the one hand, the legal requirement to preserve untouched land (between 30% and 90% of the land depending on the States and the owners), and on the other hand, the Permanent Protection Areas (APP), which require a certain distance between the site and the area to be preserved. In compliance with local Brazilian requirements, the Group also ensures that a minimum of land is cleared and replants the areas cleared for site construction purposes only. In this respect Voltalia systematically replants temporarily cleared areas; in the event of the land being cleared permanently, the Group replants in another area in order to compensate for the damage to the site used.

## Climate change

**Significant sources of greenhouse gas emissions generated due to the Company's business activities, particularly through the use of goods and services it produces**

The production of renewable electricity contributes to a large extent to combating climate change, since it contributes to the reduction of greenhouse gases and aims to reduce the use of fossil resources (coal, gas, fuel oil). The operation of biomass and hybrid power plants combining combustible fossil fuel and renewable energy are likely to have an impact on the climate due to atmospheric emissions from the burning of the combustibles used (waste wood or diesel, for example). As of December 31, 2016, only the biomass power plant of Kourou in French Guiana (1.7 MW) and the thermal unit of the Oiapoque hybrid plant (12 MW) in Brazil emit greenhouse gases as part of the electricity generation. However, it should be noted that the Oiapoque hybrid power plant combines a 12 MW thermal unit, a 7.5 MW hydropower unit and a 4 MW solar unit. As soon as they are commissioned, the hydropower and solar power plants will generate electricity on a priority basis, with the thermal power plant supplementing this during peak periods, the dry season and maintenance periods. The hydropower plant will enable greenhouse gases emissions to be reduced by at least 90% compared to a conventional thermal plant.

As of December 31, 2016, these power plants accounted for 2.9% of the Group's installed capacity. The Group's efforts are principally focused on reducing its $CO_2$ emissions and on adapting its infrastructure to the consequences of climate change. Because it produces green energy, Voltalia helps reduce greenhouse gas emissions. Yet the fact remains that Voltalia emits greenhouse gases resulting from the business trips made by its employees.

It was calculated that the equivalent of 577,776 tonnes of $CO_2$ emissions were avoided thanks to the Group's activities in 2016.

**Adaptation to the impact of climate change**

Voltalia incorporates measures into its projects in order to adapt to the consequences of climate change, such as extreme weather conditions.

All the wind turbines used by the Company are designed to withstand high winds. In order to prevent the risk of rising water, hydropower plants are rated to cope with exceptional floods. The biomass power plants incorporate the adaptation measures imposed by the regulations of the building code and related ICPE regulations. Finally, the solar panels used by Voltalia are certified to IEC 61215: this standard certifies their resistance to changing meteorological conditions (moisture, hail, frost), and particular attention is paid to installation in order to guarantee resistance in the event of violent winds.

## Protection of biodiversity

Voltalia's activities operate over long cycles and directly impact the natural environment. In order to ensure its preservation, the Group vigilantly applies regulations requiring biodiversity to be taken into account, incorporating such factors from the project design phase. Specific studies on the local environment are therefore an integral part of the project validation process, including:

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

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

Offsetting measures implemented during the construction and operational phases of Voltalia's projects can take many forms, including:

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

The biodiversity protection measures are regularly monitored by the competent authorities in both France and Brazil.

13 ST FELIX WIND FAR M (METROPOLITAN FRANCE)

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## 1.2 FOSTER LOCAL DEVELOPMENT

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

### Local economic impact

#### Regional employment and development

During the development phase of its projects, Voltalia generally works in partnership with local design offices, architects and environmental experts. At every one of its construction sites Voltalia prioritises local suppliers and service providers, all other things being equal. For the maintenance and operation of its wind and solar parks, Voltalia generally hires people from surrounding regions.

For example, at the site of the La Faye wind farm in France, local farmers are engaged to cut the grass and plough land adjacent to access roads. In Brazil, in order to prioritise the hiring of local labour at construction sites, Voltalia forwards recruitment instructions to the construction and assembly companies with which it works.

#### Local populations

Considering the nature of its activities, Voltalia plays a leading role in supplying energy to the regions in which it operates, thereby contributing to their economic development. The installation of facilities for the production of additional renewable electricity allows the Group to help the countries in which it operates to achieve their environmental and energy objectives (in France, for example, Voltalia contributes to local authorities' work regarding energy transition).

Voltalia plays a decisive role in the day-to-day lives of the surrounding populations by promoting the creation of a sustainable local economy, not only thanks to the activities generated by the construction sites and by the operation of the power plants, but also by developing sustainable access to clean energy. In this regard, the Group has developed expertise in the development, construction and operation of power plants in isolated locations to enable populations that are not connected to national electric grids to have access to cleaner and more affordable energy than that generated by the fossil fuels traditionally used. Along the same lines as the mixed Oiapoque power plant, a tender won in 2014 and launched in 2015: composed of a diesel-fired thermal power plant (12 MW) and a hydroelectric power plant (PCH) of 7.5 MW, the plant will meet all the consumption needs of the town of Oiapoque (approximately 23,000 inhabitants) for the next 14 years. This project is the result of the tender call by the CEA (Companhia de Electricidade do Amapa) under the supervision of ANEEL, the Brazilian regulatory agency, and won by Voltalia in Q4 2014. Voltalia set itself apart by being the only competitor to propose renewable energy.

The thermal plant was commissioned on 29 November 2015 and the hydropower unit will be commissioned in 2021 at the latest. In addition to the continuation of the construction work in 2016, the Group announced that the Oiapoque site will become host to its first Brazilian solar power plant in 2017. Once the hydroelectric plant is commissioned, the Oiapoque site will include a thermal unit of 12 MW, a solar plant of 4 MW, as well as the hydroelectric plant of 7.5 MW. The site therefore combines several types of renewable energy and a thermal apparatus producing electricity that is 90% renewable.

Finally, in 2016, Voltalia also became involved in water issues in the Serra do Mel region where the Serra Branca cluster is located in the State of Rio Grande do Norte. Since September 2016, the Group has been developing a programme *(Quintais Produtivos*) for the reuse of wastewater for agricultural purposes. This programme involves 65 families and 400 farmers and aims to provide greater autonomy for these farmers and to educate local communities in the reasonable management of water resources in an arid region. Through this programme, Voltalia is able to take action on two issues that are crucial to the development of a sustainable

economy and the preservation of the environment. The goal of this programme goes well beyond the installation of filtering systems for wastewater: the programme includes training for the 400 farmers regarding the installation, management and maintenance of the system, as well as environmental education courses for 120 students.

14 WATER-REUSE SYSTEM (BRAZIL)

## Relations with stakeholders

### Dialogue with stakeholders

Wherever Voltalia is present, the establishment of durable relationships with stakeholders based on mutual trust is central to priorities. The stakeholders concerned by the Group's power plants cover a broad spectrum:

- local authorities;
- landowners;
- local populations;
- appraisal bodies;
- environmental protection associations;
- electricity distribution networks;
- employees;
- suppliers;
- service providers;
- design offices;
- local administrations and institutions;
- investors.

Group initiatives to establish a dialogue in each of the countries where it is developing power plant projects are designed to listen to and to understand the expectations of the parties involved in order to offer solutions that are satisfactory for all. This approach enables the project and its challenges to be better understood by all parties involved and requires significant work disseminating information from the initial development phases through to construction and operation.

In France, the dialogue with stakeholders is conducted by Voltalia's local teams, which are responsible for ensuring optimal communication with local residents and non-profits. Accordingly, information sessions are organised to enable local residents to ask any questions they may have regarding the project. Information leaflets, as well as presentations about the project in question, are provided to visitors.

Voltalia's Brazil teams are leading significant socio-economic development campaigns that help to establish mutual trust over the long-term between the Group and the local communities near its installations. On the Vamcruz site, for example, the Group has financed and implemented well-drilling and desalination projects to improve access to water, which is difficult in this region known for its arid climate. In partnership with specialised local entities, the Group also participated in the creation of an innovative process for water

treatment combined with an irrigation and livestock farming system (*Agua e Renda*). The training provided to the local populations enables them to autonomously manage the entire process through the creation of a local association, and thereby benefit from the economic advantages of livestock farming.

15 ILLUSTRATION OF THE PROCESS FOR THE TREATMENT AND REUSE OF WATER

Voltalia also implements community-based initiatives.
For example, when constructing the São Miguel do Gostoso wind farm, the Group contributed to the enhancement of the local health facilities by the purchase of an ultrasound scanner for the rural clinic. Lastly, in the city of Areia Branca, Voltalia invested in the association *Bem Na Escola, Bom No Deporte*, which makes it possible to monitor 400 students between the ages of 7 and 12 selected from communities experiencing economic difficulties. The association supports the children's schooling and medical care. In keeping with its long-term vision, the Group endeavours to support projects whose social impact is ensured by the sustainability of the actions taken and through the local communities taking charge of the projects implemented.
Voltalia also actively promotes renewable energies. In France, Voltalia leads initiatives in the field of photovoltaic solar via a number of professional networks. This enables the Company to offer its expertise and work hand-in-hand with the various players in the sector to ensure the long-term development of solar energy, in France and subsequently abroad. Voltalia is particularly active within the French "Federation for renewable energy" (SER), the "French photovoltaic solar professionals' grouping" (SOLER) and the "Federation of solar energy professionals" (ENERPLAN).

SYNDICAT DES ÉNERGIES RENOUVELABLES

GROUPEMENT FRANÇAIS SOLER DES PROFESSIONNELS DU SOLAIRE PHOTOVOLTAÏQUE

ENERPLAN Syndicat des professionnels de l'énergie solaire

### Partnership and sponsorship activities

Voltalia makes every effort to establish deep and sustainable roots within the communities with which it collaborates. The Company is therefore active in the economic and social development of the regions in which it is present and adapts its contribution to the individual context.

### Initiatives in countries where Voltalia has a presence

Since 2012, the Group has sponsored classical music and opera alongside the Castellet town council in France. In 2016, Voltalia contributed and participated in the Salon de Provence marathon.
In Brazil, the department devoted to social projects supporting the development and operation of the power plants has implemented a monitoring system for the initiatives financed by the Group and other local entities. In exchange for its participation in the financing of a project, the BNDES (Brazilian development bank) requires the Company to devote 1% of the sum allotted to social projects. To ensure maximum pertinence of the

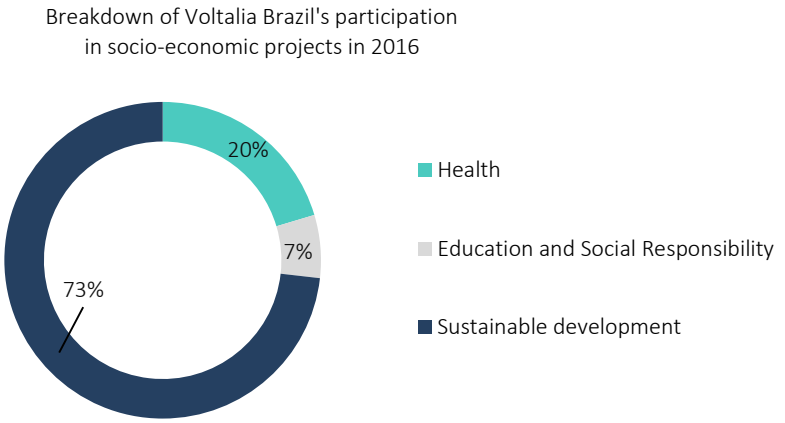
initiatives, the requirements of the local populations are gathered via questionnaire, through which they are able to express the difficulties they encounter on a daily basis. The Brazilian institutions then determine the themes on which Voltalia's social initiatives are to be focused (access to water, education, training, etc.). The projects cover the fields of health, access to culture, youth and local economic development.

*Sanitary conditions*

As part of the planned wind farm in the municipality of Areia Branca, Voltalia has invested almost 930,000 euros ( 3 million Brazilian reals) towards the construction of a drinking water supply station for areas around the site. The station will also be used for fish farming operations and local plantations.

*Health*

In the context of a partnership with the association Opération Sourire, Voltalia and the BNDES, the Brazilian national development bank, provide support to young children suffering from a cleft lip or palate. The first event organised by the association, from 4 to 7 August 2016, resulted in 53 patients receiving operations. In total, 104 patients received 936 consultations for specific needs.




**Partnerships**

To complement its commitments on the ground, in 2014 Voltalia signed a partnership agreement with the WWF with the objective of supporting the development of renewable energy. The launch of this partnership was marked by an unprecedented event: Voltalia inscribed the 2015 WWF slogan "Seize Your Power" on top of the nacelles at its Areia Branca wind farm in Brazil in 10-metre high letters visible from the sky. In 2016, the exceptional staff mobilisation required by the acquisition of Martifer Solar and the capital increase did not enable the launch of new initiatives under this partnership. In 2016, the exceptional staff mobilisation required by the acquisition of Martifer Solar and the capital increase did not enable the launch of new initiatives under this partnership.

17 VILA PARA PROJECT (BRAZIL)

## Subcontracting and suppliers

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

Voltalia makes every effort to run its business in a sustainable, ethical and responsible manner; in 2015, therefore, the Group introduced standard HSE rules to be complied with at all construction and operation sites. Compliance with these rules is an integral part of new contracts signed by the Group and its suppliers and subcontractors. Any failure to comply with this requirement exposes the contractor to being prohibited from the site and/or financial penalties.

These measures have been applied to all of the Group's construction sites in Brazil since 2015, including Vila Para and Vila Acre in 2016. In accordance with the objectives set in 2015, the activities of the Group's subcontractors and suppliers are now incorporated in Voltalia's HSE reporting.

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

Voltalia takes health, safety and environmental (HSE) criteria into account in the selection of its suppliers. Voltalia requires some suppliers to complete carbon assessments in addition to providing information on their innovation policy and on the performance of the technologies they use. In addition to the measures detailed in paragraph 3.3.1, subcontractors are responsible for collecting and managing their own waste. Waste management clauses are therefore generally included in construction and maintenance contracts.

## Fair practices

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

### Anti-corruption initiatives

The Company strives to promote rules of conduct among its employees to ensure that business ethics are respected on a day-to-day basis throughout its subsidiaries. To this end, in 2016, all Voltalia do Brasil employees signed the Ethics Code established in 2015. At that time, the Group's employees based in Brazil had received a day's training on the topics developed in the document (transparency, conflicts of interests, non-discrimination, collective responsibility, equality of treatment, corruption, etc.).

The Ethics Code is also incorporated into the contracts signed between Voltalia do Brasil and its partners and suppliers in order to establish a baseline for transparent collaboration. This approach is to be extended to the other Group subsidiaries.

### Consumer safety measures

Safety is a central concern for the Group. Before wind farms are commissioned, hazard studies are carried out by Voltalia's teams to evaluate the risk of accidents for the surrounding populations. Means of prevention and crisis management plans have been put in place for each risk identified (e.g. collapse of a wind turbine, fire, etc.). In France for example, information signs stating the safety measures to be observed in order to prevent accidents have been placed along the roads leading to the plants.

### Human rights initiatives

For Voltalia, the respect for and protection of human rights are ethical and business imperatives. Protecting the rights of all persons in connection with the Company, whether they are its employees, customers, suppliers'

employees or members of its community, enables it to be acknowledged as a responsible, transparent and, therefore, reliable partner.
This policy enables the Group to attract and keep the best talent and to retain the best business partners.
Voltalia therefore strives to promote respect for human rights among its employees and all its stakeholders on a day-to-day basis.

## 1.3 OUR STAFF, THE SOURCE OF OUR SUCCESS

Voltalia places its staff at the heart of its priorities. Since its performance depends on its personnel, the Group places utmost importance on structured personnel management and development that is consistent with the Group's strategy. Voltalia's staff are united around the following values, which guarantee their cohesiveness:

*Entrepreneurship*

*Team spirit*

*Integrity*

*Ingenuity*

Following the creation of a Human Resources department in September 2014, Voltalia has continued to work on its structure: in 2016, Voltalia recruited a Group level Human Resources manager, who will be at the core of a centralised team in the future.

### Employment

*Total workforce and breakdown of employees by gender, age and geographical region*

The workforce numbers stated in this section take into account the number of employees on permanent contracts (CDI) and those on fixed-term contracts (CDD) as well as temporary employees. They exclude employees on replacement fixed-term contracts, apprentices, interns and professional training contracts.

With a presence in Portugal, France, Brazil, Italy and 13 other countries (see details regarding geographical regions in the note on methodology), Voltalia had 409 employees as of December 31, 2016. The Company's workforce tripled between 2015 and 2016. This increase of 277 employees is mainly due to the acquisition of Martifer Solar and the integration of its workforce.

At the end of 2016, Voltalia's total workforce was 25.9% female and 74.1% male. The percentage of women within the overall workforce declined following the acquisition of Martifer Solar, since this company has a large number of technicians, most of whom are male.

*Distribution of employees at 31/12/2016 by gender, and changes*

| Gender | 2016 | | 2015 | | *Change* |
|---|---|---|---|---|---|
| | Workforce | Proportion | Workforce | Proportion | |
| Women | 106 | 25.9% | 43 | 32.6% | *x2.5* |
| Men | 303 | 74.1% | 89 | 67.4% | *x3.4* |
| **Total** | **409** | **100%** | **132** | **100%** | ***x3.1*** |

*Distribution of employees at 31/12/2016 by age, and changes*

| Age bracket | 2016 | | 2015 | | *Change* |
|---|---|---|---|---|---|
| | Workforce | Proportion | Workforce | Proportion | |
| 20 to 29 | 90 | 22% | 27 | 20% | *x3.3* |
| 30 to 39 | 202 | 50% | 67 | 51% | *x3.0* |
| 40 to 49 | 82 | 20% | 24 | 18% | *x3.4* |
| 50 to 59 | 29 | 7% | 13 | 10% | *x2.2* |
| 60+ | 6 | 1% | 1 | 1% | *x6.0* |
| **Total** | **409** | **100%** | **132** | **100%** | ***x3.1*** |

The acquisition of Martifer Solar had no impact on the Group's age pyramid and the 2016 pyramid remained similar to that of 2015.

*Workforce numbers and trend by geographical region*

| Geographical region | 2016 | | 2015 | | Change |
|---|---|---|---|---|---|
| | Workforce | Proportion | Workforce | Proportion | |
| France | 81 | 20% | 61 | 46% | *+33%* |
| Brazil | 74 | 18% | 57 | 43% | *+30%* |
| Portugal | 116 | 28% | N/A | N/A | *N/A* |
| Italy | 43 | 11% | N/A | N/A | *N/A* |
| Other Europe | 65 | 16% | 9 | 7% | *x7.2* |
| Other Latin Am. | 7 | 2% | N/A | N/A | *N/A* |
| Africa-ME-Asia | 23 | 6% | 5 | 4% | *x4.6* |
| **Total** | **409** | **100%** | **132** | **100%** | ***x3.1*** |

The workforce is classified according to location in this table. It therefore shows the breakdown of the Group's workforce based on its physical presence. The increase in the headcount over all the geographical regions is largely due to the addition of the Martifer Solar workforce. For Brazil and France, this increase is also related to the growth in the Group's business activities.

## Recruitments and dismissals

The workforce numbers stated in this section take into account the number of employees on permanent contracts (CDI) and those on fixed-term contracts (CDD). They exclude temporary employees, employees on replacement fixed-term contracts, apprentices, interns and professional training contracts.

*Movements by geographical region*

| Geographical region | 2016 | | 2015 | |
|---|---|---|---|---|
| | Arrivals | Departures | Arrivals | Departures |
| France | 20 | 9 | 27 | 14 |
| Brazil | 21 | 2 | 20 | 10 |
| Portugal | 5 | 9 | N/A | N/A |
| Italy | 3 | 4 | N/A | N/A |
| Other Europe | 2 | 6 | 3 | 2 |
| Other Latin Am. | 0 | 0 | N/A | N/A |
| Africa-ME-Asia | 7 | 2 | 5 | 0 |
| **Total** | **58** | **32** | **55** | **26** |

In this table, the distribution of the Group's workforce is represented according to employees' contractual geographical regions. Accordingly, an employee whose contract is with one of the Group's French subsidiaries will be recognised in France even if his/her position is based in another country.
At the Group level, 37 persons were recruited on permanent contracts (CDI) and 20 on fixed-term contracts (CDD). The 32 departures recorded correspond to the expiration of 5 CDDs, 8 departures at the initiative of the employer and 19 departures at the initiative of employees.

## Compensation

The Group develops its remuneration policy based on the conditions of the local labour market, on internal consistency and on applicable legislation. Voltalia's compensation policy is consistent with individual responsibilities and results, with team performance and with the Group's financial results. The average gross monthly salary of Voltalia's employees remains stable: it was 4,670 euros in 2016 versus 4,548 euros in 2015. In 2016, the average gross monthly salary for women was 3,007 euros. For men, it stood at 5,531 euros. It should be noted that the average compensation of Martifer Solar employees has not been taken into account in these amounts.

## Organisation of working time

Organisation of working time

At Voltalia's subsidiaries, work is organised within the framework of legal or contractual periods, which vary from one country to another. In 2016, the number of hours worked in France, Brazil, Portugal and Italy (four countries representing 77% of the Group's workforce) was 376,200 hours.

The Group's production sites operate continuously; certain employees are required to work atypical working hours. For example, at the French sites, certain technicians are subject to on-call or joint on-call periods. Depending on the circumstances, these on-call duties are remunerated on a monthly or weekly basis. In the event of an incident, when an alarm is triggered at a production site technicians may need to respond from their homes using remote maintenance techniques, or directly on site. The response time is paid as actual working time, including required travel time.

Absenteeism

In 2016, 1,360.5 days worked were recognised as absences for the entire Group. In 2016 the absenteeism rate was 2%.

*Breakdown of days of absence by reason in 2016 (number of days worked)*

| Grounds | France | | Brazil | | Portugal | | Italy | |
|---|---|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Illness | 204 | 150 | 50 | 13 | 110 | N/A | 41 | N/A |
| Workplace accident | 56 | 246 | 9 | 0 | 0 | N/A | 0 | N/A |
| Family events | 21 | 24 | 1 | 0 | 5.5 | N/A | 0 | N/A |
| Maternity/paternity | 186 | 124 | 5 | 13 | 638 | N/A | 27 | N/A |
| Parental leave | 0 | 0 | 0 | 1 | 0 | N/A | 7 | N/A |
| **Total** | **467** | **544** | **65** | **27** | **753.5** | **N/A** | **75** | **N/A** |

It should be noted that in 2015, the 2.3% absenteeism rate took into account long-term absences. In 2016, it was decided that these long-term absences would not be counted.

## Labour relations

### Organisation of employee dialogue

Voltalia strives to sustain respectful and constructive labour relations for the benefit of its employees. At Voltalia SA, a single employee representative (following the departure of one of the two and the lack of candidates during the 2015 elections) is responsible for representing and defending the interests of employees to management. Following the work carried out by Voltalia in 2014 on its values, in 2015 the Group continued to analyse its mission by including all employees in the process. At the anniversary seminar organised in November 2015, for example, employees were given the opportunity to portray the Group's values by writing, shooting and producing short films. In 2016, employees were consulted in the context of the integration process for Martifer Solar in order to provide answers to their questions.

### Review of collective bargaining agreements

Only Voltalia SA (more than 20 employees) is subject to the obligation to have employee representative bodies. No collective bargaining agreement has been signed. Executive-grade employees of French companies are bound by the *Convention nationale de la métallurgie des cadres et ingénieurs* (Bargaining agreement for executives and engineers in the metallurgy industries). Non-executive grade employees are covered by regional versions of the *Convention collective des ouvriers employés techniciens agents de maitrise de la métallurgie* (collective bargaining agreement for non-executive grades in the metallurgy industries).

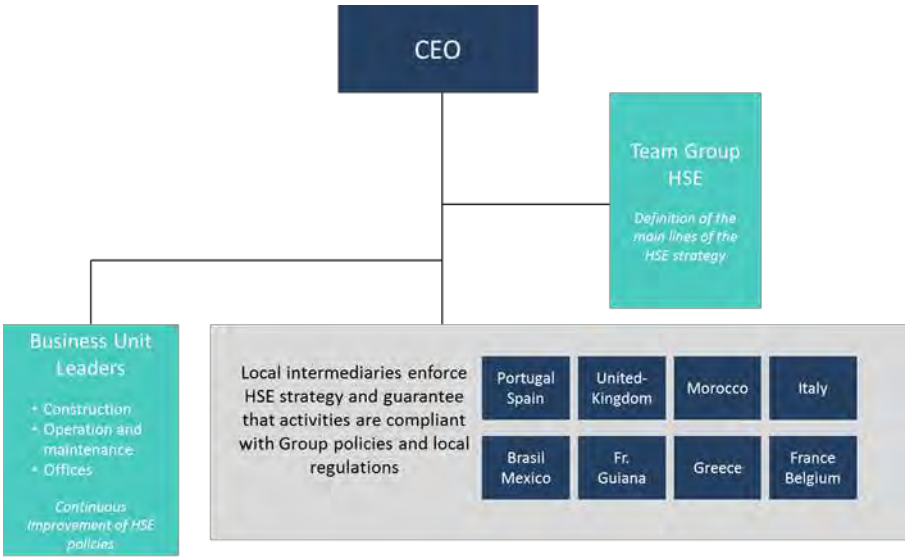
Voltalia do Brasil (VDB) signed a collective bargaining agreement in September 2015 with the Brazilian energy trades' union. The main provisions include: a salary adjustment, an undertaking to provide employees with health and dental insurance cover and actions aimed at promoting the development of employees within the company (training, career planning, bonus system).

### Workplace health and safety conditions

The prevention of occupational risks and issues associated with health and safety at work are of central concern at all of the Group's sites. In 2016, Voltalia once again strengthened its HSE (health, safety and environment) policy. The actions initiated in 2015 to improve HSE conditions continued in 2016: all Group construction sites now meet the requirements of the Voltalia HSE master plan and the Group has also continued to audit all of its sites including those operated and maintained on behalf of third parties.

The Group's desire to improve and standardise health and safety conditions across all of Voltalia's sites was confirmed by the personal commitment of the Group's CEO signed in early 2017 and distributed to all Voltalia staff.

The acquisition of Martifer Solar during the summer of 2016 has led the Group to strengthen its HSE policy and to quickly apply its HSE standards to the entirety of the new scope. To this end, a unit devoted to workplace health and safety conditions, while remaining independent of operational activities, was set up during the second half of 2016 under the direct supervision of the Group's CEO.




1. MATRIX MANAGEMENT OF THE HSE FUNCTION

The HSE policy includes, among other things, compliance with the applicable local standards and strives to foster an ongoing improvement process through the use of matrix management.

The objective of this new unit is to conduct an annual audit campaign that will include 30% of all sites in 2017.

Construction:

In 2015, Voltalia implemented a number of initiatives designed to improve the health and safety of employees working on all construction sites in Brazil. Standard regulations covering HSE procedures to be complied with at all construction sites were drafted and have now been implemented. In addition to employees, subcontractors are also obliged to comply with the HSE regulations; compliance with this plan is an integral part of the contract signed between the Group and the subcontractor and any failure to meet this obligation exposes the contracting party to a prohibition from accessing the site and to financial penalties.

The Group also applies its HSE rules when it provides construction services to its customers, thereby transforming its commitment to safety into a competitive advantage.

Operation and maintenance:

Similarly to the procedures now in place on construction sites, in 2017, Voltalia will deploy HSE standards specific to its O&M activities to all the sites for which it is responsible.

Employees not based at construction or operating sites:

In 2017, Voltalia will deploy its specific HSE standards to non-industrial sites (offices) and will apply the same standards as on construction sites.

New recruits are requested to provide contact information for a person who can respond quickly in the event of unexpected absence or a problem at the workplace. An assistance programme was also established in 2015 for the protection of personnel who travel abroad. This programme will be expanded to cover the entire Group during 2017.

### Review of agreements signed with trade unions or personnel representatives regarding health and safety in the workplace

No new agreements were signed with respect to health and safety in the workplace in 2016. However, as explained above, multiple initiatives have been deployed at Voltalia's subsidiaries in order to maintain employees' health and safety.

On each site, an HSE unit is responsible for ensuring workers' health and safety. During the preliminary phase of the project, a joint site inspection is performed by the Voltalia HSE manager and that of the company in question. Health and safety rules are then defined, and compliance is verified by the site's HSE unit throughout the duration of the work.

18 VAMEROZ PROJECT (BRAZIL)

### Work accidents, notably frequency and severity, and occupational illnesses

The monitoring of workplace accidents was introduced in 2014 in France, Brazil and French Guiana and was expanded to the entire Group in 2015. In 2016, the Group not only incorporated the workplace accidents of its employees but also those of its subcontractors for all the countries where the Group operates, including the new sites integrated following the acquisition of Martifer Solar.

As announced in the 2015 report, accident monitoring was expanded to include Morocco and Greece in 2016.

For the Group's employees, the 2016 frequency rate was 10.334 and the severity rate was 0.056.

Following the expansion of the reporting to include subcontractor activities as well as those activities consolidated within the Group as a result of the acquisition of Martifer Solar, Voltalia HSE indicators were a frequency rate of 4.937 and a severity rate of 0.045 as of December 31, 2016.

This workplace accident monitoring is already being applied to the activities resulting from the acquisition of Martifer Solar in August 2016.

| Scope | | Year | Frequency rate | Severity rate |
|---|---|---|---|---|
| Historic Voltalia employees | Actual | 2015 | 15.750 | 0.287 |
| | Objectives | 2016 | 10.395 | 0.189 |
| | Actual | 2016 | 10.334 | 0.056 |
| Voltalia* | Actual | 2016 | 4.964 | 0.056 |
| Martifer* | Actual | 2016 | 4.749 | 0.020 |
| Voltalia + Martifer | Actual | 2016 | 4.898 | 0.046 |

* Including subcontractors

Now equipped with an HSE policy and organisation decided by the Executive Committee and reviewed by the Board of Directors, the Group has set a three-year objective of attaining a frequency rate of 2.019 by 31 December 2019, with the following intermediary stages:

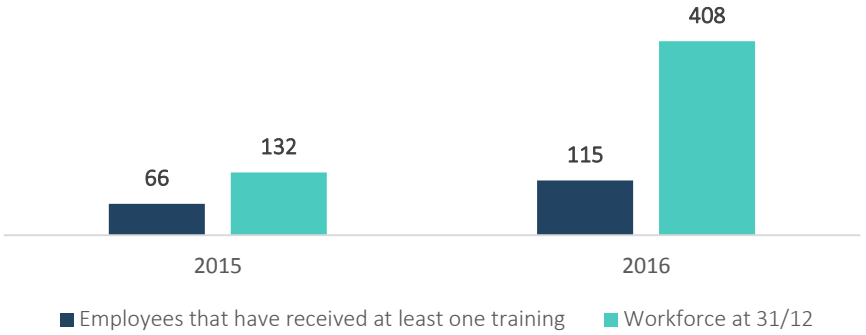
| | 2016 | objective 2017 | objective 2018 | objective 2019 |
|---|---|---|---|---|
| Frequency rate | 4.898 | 4.400 | 3.018 | 2.019 |
| Severity rate | 0.046 | 0.035 | 0.028 | 0.024 |

## Training & mobility

Voltalia believes that the professional and personal development of each employee is an essential prerequisite for its growth. The annual performance review is an opportunity for each employee to review their training requirements in the light of their past performance against set objectives. The career development review, which complements the annual performance review, was introduced in 2015 in France, in compliance with the provisions of training reform legislation (Law no. 2014-288, Article L. 6315-1). As this approach meets Voltalia's objective of encouraging intra-Group development, it enables Human Resources to offer employees training courses adapted to their performance and to their professional and personal aspirations.
Voltalia set itself the objective of increasing the number of people receiving training in order to promote the professional and personal development of a larger number of employees.

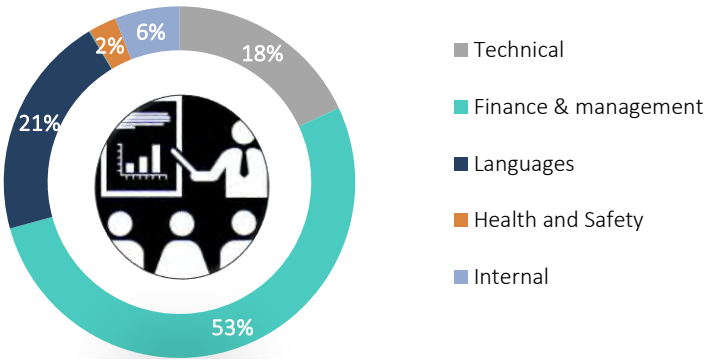
### Total number of training hours

In 2016, some 4,560.5 hours were dedicated to training Voltalia's employees. Finance and Management training represented over half of the training sessions.




In 2016, 115 Group employees benefited from at least one training session, compared to 66 in 2015; the training efforts undertaken led to this number being almost doubled. Overall, 4,560.5 hours of training were provided throughout the entire Group.

*Number of training hours in 2016 by category*



## Equality of treatment

### Measures taken to promote gender equality

Gender equality is a high-profile issue at Voltalia. The Group is committed to advancing diversity in its workforce. Between 2015 and 2016 the percentage of women among new recruits decreased slightly from 31% to 28%. This is partially due to the over-representation of male candidates for technician or engineer positions.

The proportion of female executive grade staff nevertheless increased to one-third. Gender equality

| | 2016 | 2015 |
|---|---|---|
| Percentage of women in the total workforce | 25.9% | 33% |
| Percentage of women among executives | 33% | 28% |
| Percentage of women among new recruits | 38% | 30.9% |

### Measures taken to favour the employment and inclusion of the disabled

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

### Anti-discrimination policy

Voltalia is committed to combating all forms of discrimination and sees diversity as a source of dynamism and creativity - competitive assets it will require to support its development. The Company strives to promote the integration of young people and older workers into the labour market. In 2016, the Company recruited three of its interns in Paris under fixed-term contracts. The percentage of young people (aged 20-29) in the Group's workforce is 22%, and seniors (50+) represent 8.5% [82].

### Promotion and compliance with the provisions of conventions

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

As mentioned in Section 1.31 of this document, Voltalia strives to sustain respectful and constructive labour relations for the benefit of its employees.

At its registered office in Paris, one delegate is responsible for representing and defending the interests of employees to management.

*Elimination of discrimination in employment and occupation*

Voltalia encourages diversity and equity in employment and occupation. The Company offers equal employment opportunities without discrimination based on age, sex, sexual orientation, disability, race, religion, citizenship, marital status, family status, country of origin or other factors, in accordance with the laws and regulations of each country in which it operates.

*Eradication of forced or compulsory labour*

Voltalia condemns forced or compulsory labour, and such labour is not used in any of its activities. In this regard, the Company complies with all laws that apply in the countries in which it operates.

*Abolition of child labour*

Voltalia does not employ children, and no children work in any of its operations. In this regard, the Company complies with all laws that apply in the countries in which it operates.

82 See breakdown of the workforce by age in Section 1.2

## 1.1 NOTE ON METHODOLOGY

The social, environmental and societal reporting process at Voltalia is carried out pursuant to the provisions of Articles L. 225-102-1, R. 225-104, and R. 225-105 of the French Commercial Code.

### SCOPE

The social, environmental and societal disclosures in this report concern the consolidated scope of Voltalia, in accordance with the requirements of Decree no. 2012-557 of 24 April 2012 covering transparency obligations in social and environmental matters.
Committed to a process of continuous improvement, Voltalia structured its non-financial reporting process for FY 2016 such that it extended the scope of publication for social, societal and environmental information in comparison with FY 2015. For the purposes of exhaustiveness and pertinence, the Group firstly extended its scope of environmental reporting to Brazil, as this is where all the sites under construction and the year's main developments are concentrated.

- Social information covers the entirety of the scope post-acquisition of Martifer Solar, with the exception of training data, which relates to France, Brazil and Morocco, and absenteeism data, which relate to France, Brazil, Italy and Portugal.

Social data regarding Martifer Solar covers the period from 1 August 2016 to 31 December 2016. This data has not been incorporated into the information regarding compensation.

- Environmental and societal information covers solely the plants owned by Voltalia in Metropolitan France, French Guiana and Brazil, i.e. 98.3% of the Group's installed capacity as of December 31, 2016.

*$CO_2$ emissions generated by the business trips of operational entities relate to the scope of Metropolitan France, Greece and Brazil.*

### METHODOLOGICAL LIMITATIONS AND CLARIFICATION

*The methodologies used for certain social, environmental and societal indicators may have limits due to:*

- variations in definitions between France and other countries. Voltalia continuously seeks to harmonise its reporting;
- specific features of the social laws in each country;
- changes in definition that could affect comparability;
- information gathering and recording methods.

The employees included in the published social indicators are those on permanent contracts (CDI) and fixed-term contracts (CDD). They exclude employees on replacement fixed-term contracts, apprentices, interns and professional training contracts. It should be noted that for the recruitments and dismissals section, the scope of calculating the workforce differs as temporary workers are not counted in this section.

The absenteeism rate was calculated by dividing the total number of hours of absence by the total number of theoretical hours worked over the year (number of business days * headcount).

19 LE CASTELLET SOLAR PLANT (METROPOLITAN FRANCE)

The workplace accident severity rate was calculated by multiplying the total number of days of lost work following an industrial accident by 1,000, and then dividing the result by the total number of actual hours worked during the year.

The workplace accident frequency rate was calculated by multiplying the total number of workplace accidents (followed by sick leave) by 1,000,000, and then dividing the result by the total number of actual hours worked during the year.

*Travel accidents are not included in the calculation of the severity and frequency rates.*

For electricity consumption, please note that the scope has changed slightly since 2015: water and electricity consumption was calculated on a rolling 12-month basis from December 2014 to November 2015. In 2016, water and electricity consumption were calculated according to the calendar year; Except for the Kourou plant, where it was calculated from October 2015 to November 2016. In 2015, the Group performed a complete carbon assessment with the help of Carbone4, a specialised consulting firm. In 2016, Voltalia updated its avoided carbon emissions based on the methodology used by Carbone4, while updating its actual electricity production.

Geographical region: the classification used for the breakdown of workforce by geographical region is as follows:

- France, Brazil, Portugal, Italy, Other Europe, Other Latin Am., Africa-ME-Asia. France includes the scope of French Guiana;
- the "Other Europe" region includes: Belgium, Spain, Greece, Great Britain, the United Kingdom, Slovakia and Ukraine;
- the "Other Latin Am." region includes: Chile and Mexico;
- the "Africa-ME-Asia" region includes the United Arab Emirates (UAE), Japan, Jordan and Morocco.

Voltalia had seven facilities classified for environmental protection (ICPE) in France and French Guiana as of December 31, 2016. At the time of the preparation of this report, there are a total of six such sites following the sale of a biomass plant in early 2017. These sites are included in the scope of Voltalia Group reports.

## CONSOLIDATION AND INTERNAL CONTROL

The 2016 data and indicators were used and consolidated by Human Resources, the local teams, the various Group divisions and the General Secretariat.

Voltalia also engaged a third-party organisation to verify the inclusion and faithfulness of the information contained in this report.

The issue of food waste does not affect Voltalia's business activities since it does not provide any food services to its employees. This explains why this topic is not included in the report.

# 2 REPORT OF THIRD-PARTY ORGANISATION ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION GIVEN IN THE MANAGEMENT REPORT

To the shareholders,

In our capacity as an independent third-party organisation, member of the Mazars network, statutory auditors of Voltalia and accredited by COFRAC Inspection under number 3-1058[83], we hereby present you with our report on the consolidated social, environmental and societal information presented in the management report prepared for the year ended 31 December 2016 (hereinafter the "CSR Information"), pursuant to Article L. 225-102-1 of the French Commercial Code.

## Responsibility of the company

The Board of Directors is responsible for preparing a management report, including the CSR Information provided for under Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the guidelines used by the Company (hereinafter the "Guidelines"), which are summarised in the management report and are available on request from the Company's registered office.

## Independence and quality control

Our independence is defined by regulatory requirements, by the code of ethics of the profession and by the provisions of Article L. 822-11 of the French Commercial Code. Furthermore, we have introduced a quality control system including documented policies and procedures in order to ensure compliance with ethical standards, the professional doctrine of the *Compagnie Nationale des Commissaires aux Comptes* relating to this intervention and applicable laws and regulations.

## Responsibility of the Independent Third-party Organisation

It is our role, based on our work:

- to certify whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Certification of the presence of CSR Information);
- to express a conclusion of reasonable assurance whether, taken as a whole, the CSR Information is presented faithfully, in all material aspects, in accordance with the adopted Guidelines (reasoned opinion on the faithfulness of the CSR Information);

Our work was carried out by a team of three persons between January and March 2017 and lasted approximately two weeks.

We conducted the work described below in accordance with the professional doctrine of the *Compagnie Nationale des Commissaires aux Comptes* relating to this intervention and to the order of 13 May 2013

83 Scope available on the website www.cofrac.fr

determining the conditions under which an independent third-party organisation conducts its mission and, in relation to the reasoned opinion of faithfulness, in accordance with the international standard ISAE 3000[84].

## I - Certification of presence of CSR Information

Based on interviews with the management of the relevant divisions, we obtained an understanding of the strategy on sustainable development based on the social and environmental consequences linked to the activities of the Company and to its societal commitments and, where applicable, to the resulting actions or programmes.

We have compared the CSR Information with the list provided for under Article R. 225-105-1 of the French Commercial Code.

In the event of the absence of certain consolidated information, we have verified that explanations have been provided in accordance with the provisions of Article R. 225-105, paragraph 3, of the French Commercial Code.

We have verified that the CSR Information covered the consolidated scope, i.e. the company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, subject to the limitations set out in the note on methodology of the section dedicated to the social, environmental and societal information section of the management report.

Based on this work, and given the limitations mentioned above, we confirm the presence in the management report of the required CSR information.

## II - Reasoned opinion on the faithfulness of the CSR Information

### Nature and scope of the work

We held about ten interviews with the people responsible for the preparation of the CSR Information employed by the departments responsible for the process of gathering the information and, where applicable, the people responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in relation to their relevance, comprehensiveness, reliability, neutrality, and understandability, taking into consideration, where applicable, industry best practice;
- verify the implementation of a process for the gathering, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information in relation to the characteristics of the Company, the social and environmental issues connected with its activities, its strategy in relation to sustainable development and industry best practice.

84 ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

Concerning the CSR Information that we deemed to be the most important [85]:

- at the consolidated entity and Investor relations department levels, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), we implemented analytical procedures on the quantitative information and verified, on a sample basis, the calculations and consolidation of the data and verified their coherence and consistency with the other information presented in the management report;
- at the level of a representative sample of entities selected by us [86] based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we held interviews to verify the correct application of the procedures and performed detailed testing on the basis of samples, consisting of verifying the calculations made and reconciling them with supporting documentation.

The sample selected represented on average 48% of the total workforce and between 37% and 100% of the quantitative environmental information.

As regards the other consolidated CSR Information, we assessed its consistency in relation to our knowledge of the Company.

Finally, we assessed the relevance of the explanations given in the event of the total or partial absence of certain information.

We consider that the sample methods and sizes selected by us, exercising our professional judgement, allow us to express a conclusion of reasonable assurance; any assurance of a higher level would have required more extensive verification work. Due to the use of sampling techniques as well as other limits inherent to the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely ruled out.

## Conclusion

Based on our work, we have not identified any significant anomaly that causes us to believe that the CSR Information, as a whole, has not been fairly presented, in compliance with the Guidelines.

*Paris La Défense, 26 April 2017*

The third-party organisation
Edwige Rey
*Partner, CSR & Sustainable Development*
MAZARS SAS

85 Social information: Workforce and its break down: Proportion of employees between 20 and 29 and between 50 and 59 years of age, % of women in total workforce, % of female managers and % of women recruited, recruitments and dismissals, number of accidents, accident frequency and severity rate, absenteeism rate, number of training hours
Environmental information: Electricity consumption, water consumption, land use, savings in terms of CO2 emissions avoided
Societal information: Partnership or sponsorship activities, fight against corruption

86 For all information except CO2 emissions avoided: Voltalia entities in France and Portugal
For CO2 emissions avoided: power plant

# 3 REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS DRAWN UP IN ACCORDANCE WITH THE REQUIREMENTS OF ARTICLE L. 225-37 OF THE FRENCH COMMERCIAL CODE

The purpose of this report, drawn up in accordance with the requirements of Article L. 225-37 of the French Commercial Code, is to report on the composition of the Board of Directors, the application of the principle of balanced gender representation on the Board, the conditions for the preparation and organisation of the work of the Board and the internal control and risk management procedures implemented by the Voltalia Group.

This report has been prepared with the support of the Finance Department, the General Secretariat and Internal Control and has been examined and reviewed by the Audit Committee.

The report was approved by the Board of Directors at its meeting of 31 March 2017.

## A. Corporate governance

### *A.1. Governance rules*

The Company is incorporated as a French *société anonyme à conseil d'administration* (public limited company with a board of directors). It is composed of natural or legal persons whose number is set within the limits of the law.
Directors are appointed for three-year terms. Details of governance rules are given in Articles 11, 12 and 13 of the Articles of Association.
By decision of 13 June 2014, the Board of Directors established an Audit Committee and an Appointments and Compensation Committee for an indefinite period.

In order to comply with the requirements of Article L. 225-37 of the French Commercial Code, the Company has designated the MiddleNext Corporate Governance Code (the "MiddleNext Code") as reference code to which it will refer. The Company seeks to comply with all recommendations of the Code. The table presented in Appendix 1 to this report lists the various recommendations of the MiddleNext Code and specifies their implementation by the Company.

### *A.2. Organisation of governance at Voltalia*

*EXECUTIVE MANAGEMENT*
Sébastien Clerc, as CEO, is responsible for the executive management of the Company.
*BOARD OF DIRECTORS*
The Board of Directors is composed of five members:

- Laurence Mulliez, Chairman - Director;
- Creadev, represented by Chantal Toulas;
- Robert Dardanne;
- André-Paul Leclercq;
- The Green Option, represented by Philippe Joubert; and
- Vincent Vliebergh.

As of December 31, 2016, the Board of Directors included four men and two women. Since the number of directors did not exceed eight members, the composition of the Board complied with the provisions of Article L. 225-18-1 of the French Commercial Code.

In addition, in order to further improve the Board's diversity, a new female director was recommended and appointed during the General Meeting of 1 June 2017. The Board's new composition was thus taken to four men and three women.

Sébastien Clerc, in his capacity as CEO of the Company, attends most Board meetings.
In June 2014, the Board of Directors adopted rules of procedure that were revised in March 2017.
The Board decided to set up two committees and also approved their rules of procedure.
*AUDIT COMMITTEE*
The members of the Audit Committee are chosen from among the members of the Board of Directors and, to the extent possible, at least one of the members of the Audit Committee must be an independent member according to the criteria defined by the MiddleNext Code, to which the Company refers.
If possible, the Committee comprises at least two members appointed by the Board of Directors on recommendation of the Appointments and Compensation Committee.
In choosing the members of the Committee, the Board of Directors ensures their independence and that at least one independent member of the Committee has specific financial and accounting skills.
On the date of this report, the Audit Committee consists of three members:

- André-Paul Leclercq, Chairman of the committee;
- Creadev, represented by Chantal Toulas; and
- The Green Option, represented by Philippe Joubert.

*APPOINTMENTS AND COMPENSATION COMMITTEE*
Whenever possible, the Appointments and Compensation Committee shall consist of at least two members of the Board of Directors designated by the Board itself. On the date of this report, the Appointments and Compensation Committee consists of two members

- Creadev, represented by Chantal Toulas, Chairperson of the committee; and
- André-Paul Leclercq.

### A.3. Conditions for the preparation and organisation of the Board's work

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

In accordance with its rules of procedure, the Board of Directors reviews its mode of operation and the preparation of its work once a year. In addition, once a year, the Board of Directors reviews known conflicts of interest. Each director informs the Board, as necessary, of the change in his/her situation

### A.4. Principles and rules for determining the compensation and benefits granted to the Chairman and CEO

The principles for determining the compensation and benefits granted to the Chairman and CEO are available in appendix 2 to this report.

### A.5. Principles and rules for the payment of attendance fees to directors

The Chairman of the Board of Directors does not receive attendance fees for his directorship. He receives a salary as corporate officer.

The directors are remunerated by means of attendance fees based on their attendance at meetings of the Board of Directors and their participation in special committees, and on the time they devote to their duties.

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

### A.6. Terms for the participation of the shareholders in the General Meeting

The General Meeting consists of all shareholders, regardless of the number of shares they own.
General Meetings, whether ordinary, extraordinary or special, depending on the purpose of the proposed resolutions, may be held at any time of year. General Meetings are convened under the formal requirements and time limits established by law.
The meetings are held at the registered office or any other address indicated in the notice of meeting.
All shareholders have the right to obtain the necessary documentation to enable them to make an informed decision and judgement on the management and operations of the Company.
Regardless of the number of shares they hold, all shareholders may attend General Meetings in person or via a representative by issuing a proxy to another shareholder or their spouse, or to the Company without stipulating the direction of their vote, or by postal vote according to the legal and regulatory conditions in force.
An Ordinary General Meeting is a meeting called to make all decisions that do not amend the Articles of Association.
Only an Extraordinary General Meeting is authorised to amend the Articles of Association and all of the provisions contained therein. Unless unanimously approved by the shareholders, it may not, however, increase the commitments of the shareholders, with the exception of transactions resulting from an exchange or a reverse stock split that has been decided and carried out in a due and proper manner.
Special Meetings ratify the decisions of General Meetings that amend the rights attached to a class of shares.
Ordinary, Extraordinary and Special General Meetings deliberate under the conditions of quorum and majority required under the respective legal provisions by which they are governed.

### *A.7. Disclosure of information required in accordance with Article L. 225-100-3 of the French Commercial Code*

The press releases of the Company and the annual registration documents (including historical financial information on the Company submitted to the AMF and any revisions) are available on the website of the Company at the following address: www.voltalia.com; a copy may also be obtained from the registered office of the Company located at 28, rue de Mogador, 75009 Paris, France.
All information published and made public by the Company during the last 12 months in France is available on the website of the Company at the address stated above and on the AMF website at the following address: www.amf-france.org
Finally, the Articles of Association of the Company, the minutes of the General Meetings, the Statutory Auditors' reports and all other corporate documents may be consulted at the registered office of the Company.

## B. Risk management and internal control procedures

For the preparation of this section, the Company has drawn on the application guide issued by the AMF on 22 July 2010 covering the reference framework for risk management and internal control within small and midcap companies, as well as the principles of the COSO [87], international reference benchmark for internal control.

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

## 2. DEFINITION AND OBJECTIVES OF INTERNAL CONTROL AND RISK MANAGEMENT

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

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

The internal control system incorporates risk management, the objectives of which are:

- to create and preserve the value, assets and reputation of the Group;
- to enable secure decision-making processes to help achieve the Group's objectives;
- to promote actions that are consistent with the Group's values;
- to ensure employee ownership across the Group of a shared perception of the principal risks and to raise employee awareness of the risks inherent to their activities.

While contributing to the prevention and management of the risks faced by the Group during the implementation of its strategy, the internal control system contributes to the management of the Group's activities, the effectiveness of its operations and the efficient use of its resources.

## 3. ORGANISATION OF THE GROUP

Voltalia's historical business is the development, construction and operation of multi-energy plants (solar, wind, hydro, biomass) for its own account. Its activities were spread over five areas: France, French Guiana, Brazil, Greece and more recently, Morocco. Most of the revenues generated came from the sale of power generated by the various power plants.

The acquisition of Martifer Solar in August 2016 made it possible to add a broad service activity for third parties: development, construction (Engineering Procurement and Construction) operation-maintenance of power plants for third-party clients. The acquisition also significantly expanded Voltalia's international presence.

## 4. EMPLOYEES INVOLVED IN CONTROL

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

The internal control system involves:

- the Board of Directors and the Special Committees of the Board, whose operating procedures and principal tasks are described in the first part of this report;
- the CEO and the Executive Committee;
- the Administration and Finance Division and each of the functional divisions in its area of expertise

a. Board of Directors and Special Committees of the Board of Directors

The Board of Directors approves the strategic management proposed by the Chief Executive Officer and periodically verifies, on the basis of the work of its Special Committees, the strategy implemented by the CEO. It also verifies that the implementation of the strategy complies with the levels of risk and profitability that it has deemed to be acceptable in collaboration with management. The Board of Directors regularly monitors the Group's operating performance, financial position and project progress.
Together with the Audit Committee, the Board of Directors also plays an important role in the monitoring of the risk management system. The Audit Committee annually reviews the risk mapping process and the effectiveness of internal control systems.

b. CEO

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

c. Executive Committee

The Executive Committee meets every two weeks to monitor the important events in the life of the Group and responds rapidly, as required. It also constitutes an entity for analysis, reflection and exchange on cross-departmental subjects with a view to establishing action plans for deployment at divisional level.
The Executive Committee also meets four or five times a year over several days for in-depth discussions on the implementation of the Group’s strategy.

d. Administration and Finance Division

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

The Administration and Finance Division is also responsible for the production of monthly reports forwarded to the Executive Committee and the Board of Directors and forming the basis for the analysis and ongoing monitoring of activities.
Finally, the Administration and Finance Division was instrumental in the establishment of a procedure for the delegation of powers and signatures (notably verification covering compliance with signed contracts, dual signatures, ex-post audits, etc.), ensuring effective control over payments and the validation of purchase orders.

In 2016, an Internal Control Division was set up within the Administration and Finance Division in order to structure the Group's control environment and manage its actions.

e. Other functional divisions

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

- the Operation & Maintenance Division and the Construction Division, by ensuring the preservation of the value of the Group's assets and the safety of property and people. These two divisions also periodically verify the environmental compliance of operations and the implementation of compliance action plans;
- the Strategy and Organisation Division,
  - by defining the HR strategy, in terms of recruitment, training, career management, compensation, etc. in accordance with the strategy defined for the Group as a whole, while complying with legal, regulatory and statutory provisions;
  - by ensuring that the Group's information systems provide a level of security that guarantees the integrity, confidentiality and preservation of data, including access to the said data.
- the General Secretariat ensures that the company complies with the regulatory obligations of a listed company and builds regulatory communication.

## 5. RISK MANAGEMENT SYSTEM

The Group is exposed to a number of risks during the exercise of its day-to-day activities. The primary risk factors faced by the Group are described 4Section 4 of the Registration Document, which also includes the elements highlighted in the risk mapping presented in December 2016.
The Group attaches fundamental importance to the identification and to the fullest possible appreciation of the various categories of risk to which it is exposed. This understanding enables it to determine the human, technical, legal and financial measures required to address them and prevent occurrence.

In 2014 the Group introduced a formal risk mapping process providing it with a standardised framework for identifying the risks it encounters, enabling it to assess the probability of occurrence and the extent of impact in matrix form. Based on the work of the Audit Committee, the Board of Directors annually reviews the risk map to ensure completeness, consideration of the changes in the Group and the effectiveness of the resultant action plans implemented.

## 6. CONTROL ACTIVITIES AND PROCEDURES

### a. Procedures related to managing activities

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

The Group has implemented a standardised reporting approach applicable to:

- technical areas and those related to construction and operations (monthly production reports, operations monitoring, reports on construction activities);

- financial matters, covering procedures related to the production of financial and accounting information (see below) and also to monitor budget expenditure and the Group's commitments, debt and cash. The Group is currently improving its information reporting procedures.

Medium-term strategic planning is performed alongside the budgetary processes.

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

The medium-term business plan, the annual budget and the liquidity plan developed by the Administration and Finance Division in collaboration with the Financial Engineering Division and associated with the strategic directions established by senior management are presented and discussed in the Executive Committee. The Board of Directors validates the medium-term plan and the annual budget.

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

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

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

c. Procedures related to the preparation of accounting and financial information

Organisation of the Administration and Finance Division

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

Accounting standards

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

Management Tools

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

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

The Group produces a consolidated monthly report for the principal legal entities included in the scope of consolidation (holding companies, companies carrying projects under construction and in operation). Under

the responsibility of the Administration and Finance Division, extraction of the monthly balances of the main companies in the consolidated scope is used to produce the monthly report, which is subject to consistency checks carried out by the Consolidation & Reporting Division.

Monthly checks are applied at several stages of the process in order to ensure that:
- intercompany transactions are correctly eliminated;
- the main consolidation adjustments are consistent;
- the consolidated data is consistent with the budget approved by the Board of Directors;
- consolidated cash balances are verified via bank reconciliations.

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

### Audit Committee

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

Pursuant to European Directive 2006/43/EC on audit reform, the Audit Committee regulation was updated and validated during the ordinary meeting of the Board of Directors held on 31/03/2017.

### Role of the Statutory Auditors

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

# Appendices

Appendix 1: list of various recommendations of the MiddleNext Code

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

** New recommendations in the version of the Corporate Governance Code published by MiddleNext in September 2016 compared to the one issued by MiddleNext in December 2009.*

(1) The Chairman, having other mandates, three of which in companies as of the date of publication of the new MiddleNext Code published in September 2016 and on the date of the Registration Document, has no executive function within Voltalia.

(2) The Board of Directors considers that it has only one independent member, namely Philippe Joubert, the permanent representative of The Green Option, and that, accordingly, the Company is not compliant with the recommendations of the MiddleNext Code.
An independent review was carried out in February 2017 by the Board of Directors, in accordance with the criteria of the MiddleNext Code. Three directors meet the independence criteria set by MiddleNext. However, the Board has chosen not to consider two of the three as independent: Robert Dardanne, due to his former status as manager of the Company, having renounced all executive functions in 2011, and Vincent Vliebergh, due to the stake (5.0%) held by the investment company Korys, which he manages. The Company has taken steps to be able to propose the appointment of an additional independent director no later than during the General Meeting to approve the financial statements for 2017.

(3) The renewal of the terms of office of directors for a period of three years took place in 2015, i.e. before the new edition of the MiddleNext Code. Six terms of office will expire during the General Meeting to approve the financial statements for 2017; a staggering may therefore be implemented by the Extraordinary General Meeting by exceptionally renewing certain terms of office for shorter periods.

(4) Allocations of options and shares to executive corporate officers since 2012 are subject to performance conditions in line with the company's medium-term objectives.

## Appendix 2: **Principles and rules for determining the compensation and benefits granted to the Chairman and CEO**

### COMPENSATION POLICY RELATING TO THE PRINCIPLES AND CRITERIA FOR SETTING THE COMPENSATION OF EXECUTIVE CORPORATE OFFICERS

The following paragraphs constitute the compensation policy for the Chairman of the Board of Directors and CEO of Voltalia drawn up pursuant to Article L. 225-37-2 of the French Commercial Code. This policy sets out the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to Chairman of the Board of Directors and the CEO of Voltalia. It is specified that the payment, in 2018, of the variable and exceptional components of the compensation for fiscal year 2017, as set out below, is subject to the approval of the components of compensation of the corporate officers in question by the Ordinary General Meeting pursuant to the provisions of Article L. 225-100 of the French Commercial Code.
The compensation policy for corporate officers is prepared by the Appointments and Compensation Committee, which makes a proposal approved by the Board of Directors. The Board refers to the MiddleNext Code as published in September 2016 by MiddleNext, which Voltalia uses as guidance, for the determination of the compensation and benefits granted to corporate officers and executive corporate officers.

#### Compensation policy for the Chairman of the Board of Directors

The compensation for the Chairman of the Board of Directors comprises only the following two elements:
Fixed compensation paid monthly and a component subject to the fulfilment of the medium-term performance conditions consisting of free shares, the details of which can be found below.
The Chairman of the Board of Directors does not benefit from the Voltalia pension scheme or any benefits upon departure. Nor is he subject to a non-compete undertaking.
The Chairman of the Board of Directors does not receive attendance fees.

*Share-based payment*

Share-based payment for the Chairman is subject to the achievement of performance conditions in line with the targets announced by the Group to the market. Thus, the criteria used for the allocation in December 2016 relate to Voltalia's EBITDA and ROCE in 2018 and 2019, as well as the intrinsic valuation of the Group by 2019.
Each allocation granted to the Chairman takes into account his previous allocations and total compensation. The valuation of free shares allocated is calculated on their date of allocation.
Once the vesting period is over, the allocations are also made with demanding retention obligations for the Chairman.

#### CEO's compensation policy

*General principles*

Voltalia's compensation policy seeks consistency with market and industry practices to ensure competitive compensation levels, a strong link with the company's performance and maintenance of a balance between short-term and medium/long-term performance. Its objective is to align compensation with shareholders' interests both in the short term and over the longer term.
The compensation of the Chief Executive Officer is determined by the Board of Directors on the recommendation of the Appointments and Compensation Committee in accordance with market practices. Share-based payment will be 50% in the form of Voltalia SA shares and 50% in the form of the shares of Voltalia Investissement, the major shareholder. It is an important component aimed at aligning the interests of the beneficiary and those of the shareholders and strengthening attachment to the Group.
On the recommendation of the Appointments and Compensation Committee, the Board of Directors determines the performance conditions attached to share-based payment for all beneficiaries of Voltalia and its subsidiaries,

which encourages the achievement of targets based on the consolidated performance of the Voltalia Group. The shares allocated by Voltalia Investissement have performance conditions similar to the shares allocated by Voltalia SA.
Once the vesting period is over, the allocations are also made with demanding retention obligations for the Chief Executive Officer.

*Compensation structure*
The Group's objective is to establish and maintain a balanced compensation structure between the fixed portion, the benefits in kind, the short-term variable portion in cash and the medium-term variable portion in the form of shares.
The amounts of the fixed and the annual variable compensation are reviewed annually by the Appointments and Compensation Committee.
Voltalia's compensation policy is designed to motivate and reward performance by ensuring that a significant portion of the compensation is subject to the achievement of the financial, operational and social criteria reflecting the Company's interest and the creation of shareholder value. The two main levers of action are variable compensation in cash and share-based payment.
*Annual variable compensation*
The annual variable compensation ranges between 0 and 69% of the fixed compensation. It is based on quantitative and qualitative criteria, set annually by the Board of Directors and in line with the medium-term objectives announced by the Group.
As with other Voltalia employees, at least 5% of the annual variable compensation of the Chief Executive Officer depends on the achievement of health and safety objectives within the Group.

*Share-based payment*
Share-based payment of CEO may go on to represent the equivalent of one year of his fixed compensation at the time of allocation. Vesting of these shares is subject to the achievement of performance targets fixed at the time of their allocation. In case of overperformance, the number of free shares allocated can be increased.
These performance conditions are in line with the targets announced by the Group to the market. Thus, the criteria used for the allocation in December 2016 relate to Voltalia SA's EBITDA and ROCE in 2018 and 2019, as well as the intrinsic valuation of the Group by 2019.
The valuation of free shares allocated is calculated on their date of allocation.
Each allocation granted to the CEO takes into account his previous allocations and total compensation.

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

*Non-compete undertaking*
If the CEO leaves the Company, he undertakes not to join as employee or corporate officer of, or perform services for, or cooperate with, a competitor of the Company. The Board of Directors fixes the duration of this undertaking as well as the amount and terms of payment of the compensation that the Chief Executive Officer receives in return for this undertaking.
If the Chief Executive Officer leaves the Company, the Board of Directors may nevertheless decide to release him from this undertaking, for all or part of the period covered by the undertaking. In this event, the non-compete compensation is not due for the period waived by the Company.

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

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

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

# 4 REPORT OF THE STATUTORY AUDITORS ON THE CHAIRMAN'S REPORT

To the shareholders,

As the Statutory Auditors of VOLTALIA SA and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we hereby present our report on the report drawn up by the Chairman of your company in compliance with the provisions of Article L. 225-37 of the French Commercial Code for the fiscal year ended 31 December 2016.

It is the Chairman's responsibility to prepare and submit, for the Board of Directors' approval, a report on the internal control and risk management procedures implemented by the company and to provide the other information required under Article L. 225-37 of the French Commercial Code, notably relating to corporate governance.
Our role is to:

- report to you any observations raised by the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- certify that the report also includes further disclosures required under Article L. 225-37 of the French Commercial Code, it being specified that it is not our role to verify the fairness of this further information.

We conducted our work in accordance with professional standards applicable in France.

## Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

Professional standards require that we perform the necessary due diligence procedures to assess the accuracy of the information relating to internal control and risk management procedures on the preparation and processing of the accounting and financial information in the Chairman's report.
This due diligence consists mainly of:

- examining the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and examining existing documentation;
- examining the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information, and identified by us during the course of our work, are properly disclosed in the Chairman's report.

On the basis of our work, we have no comment to make on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report by the Chairman of the Board of Directors prepared in accordance with Article L. 225-37 of the French Commercial Code.

## Other information

We certify that the report prepared by the Chairman of the Board of Directors Supervisory Board also contains the further information required under Article L. 225-37 of the French Commercial Code.

*Courbevoie and Paris, 28 April 2017*

The Statutory Auditors

| | |
|---|---|
| Juliette Decoux | Jean-Benoît Monnais |
| MAZARS | H3P REAL ASSETS |