



REGISTRATION DOCUMENT 2017

Limited company with share capital of €279,011,084.10
Registered office: 28 rue de Mogador – 75009 PARIS
485 182 448 Trade and Companies Register Paris

REGISTRATION DOCUMENT

2017

Containing
the Annual Financial Report
the Management Report and
the Corporate Governance Report



This Registration Document was filed with the Financial Markets Authority (AMF) on 24 April 2018, in compliance with Article 212-13 of its General Regulation. It may be used in support of a financial transaction when it is accompanied by a transaction note approved by the AMF. The issuer prepared this document and the signatories are responsible for the information contained herein.

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

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General remarks

Definitions

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

1. “Voltalia” or “Company” means the company Voltalia SA;
2. “Group” designates the group of companies constituted by the company Voltalia SA and its subsidiaries (see Section 6.2 of the Registration Document); and
3. “Martifer Solar” designates the company Voltalia Portugal (formerly Martifer Solar SA, which Voltalia acquired in 2016) and the companies of which it holds a significant interest share of the capital and voting rights.
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:
 - the consolidated financial statements for the year ended 31 December 2015 and the corresponding Statutory Auditors' report, shown respectively in Sections 20.1 and 20.2 of the Registration Document filed with the Financial Markets Authority (AMF) on 5 April 2016 under number R.16-017 (the “2015 Registration Document”);
 - the consolidated financial statements for the year ended 31 December 2016 and the corresponding Statutory Auditors' report, shown respectively in Sections 20.1 and 20.2 of the Registration Document filed with the Financial Markets Authority (AMF) on 23 June 2017 under number R.17-047 (the “2016 Registration Document”); and
 - the elements of the management report relating to the financial statements for the years ended 31 December 2015 and 2016 contained in Chapter 9 of the 2015 Registration Document and the 2016 Registration Document.

The parent company financial statements for the year ended 31 December 2017 contained in Section 6.4 of the Registration Document. The Statutory Auditor's report on the parent company financial statements for the year ended 31 December 2017 is contained in Section 6.5 of 6.5Registration Document.

Market Information

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

Risk Factors

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

Forward-looking Information

The Registration Document contains forward-looking statements and information about the Group's objectives, particularly in 11 "The Voltalia Group" 5.13Section 5.13 "Trends", which are sometimes identified by the use of future or conditional verb tenses and terms of a prospective nature, such as "estimate", "consider", "aim", "expect", "intend", "should", "hope", "could", in their affirmative or the negative forms, or any similar terminology. This information is based on data, assumptions and estimates considered reasonable by the Company. The forward-looking statements and objectives contained in the Registration Document may be affected by known and unknown risks, uncertainties related in particular to the regulatory, economic, financial and competitive environment, and other factors that could cause the future results, performance and achievements of the Company to differ materially from the expressed or implied goals. These factors may include, in particular, the factors presented in Chapter 2 of the Registration Document "Risk factors".

1. THE VOLTALIA GROUP

1.1. SELECTED FINANCIAL INFORMATION

The selected financial information presented in this section have been taken from the Group's consolidated financial statements for the years ended on 31 December 2015, 2016 and 2017 shown respectively in Section 20.1 of the 2015 Registration Document, Section 20.1 of the 2016 Registration Document and Chapter 6 of this Registration Document.

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

Extracts of consolidated financial information for the financial years ended 31 December 2015, 2016 and 2017 (IFRS standards)

Selected financial information from the consolidated income statement:

(in thousands of euros)	As of 31 December 2017	As of 31 December 2016	At 31 December 2015
Revenues	180,047	126,966	58,565
EBITDA	71,600	50,018	30,222
Operating income (EBIT)	45,747	34,181	22,298
Profit (loss) (Group share)	3,495	577	4,550
- Of which Group share	566	1,635	3,888
- Of which minority share	2,929	(1,058)	662

Selected financial information from the consolidated balance sheet:

(in thousands of euros)	As of 31 December 2017	As of 31 December 2016	At 31 December 2015
Intangible and tangible assets	734,708	772,443	481,721
Net cash and cash equivalents	71,247	101,353	43,591
Other assets	106,291	93,055	25,845
Total Assets	912,245	966,850	551,157
Equity	389,197	424,753	211,165
Debt	417,376	432,177	305,149
Other liabilities	105,672	109,921	34,843
Total Liabilities	912,245	966,850	551,157

Investments made¹:

(in thousands of euros)

	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
Intangible assets and property, plant and equipment	81,458	130,208	179,539

1.2. HISTORY AND DEVELOPMENT OF THE COMPANY

Registered name of the Company

The registered name of the Company is: Voltalia SA.

Place of registration and registration number of the Company

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

Date of incorporation and duration

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

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

The registered office of the Company is located at 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.

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

Creation of Voltalia Do Brasil.

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

2008 Sale of a 20% stake in Voltalia Guyane to the Caisse des Dépôts et des Consignations.

¹ See "Acquisitions" in Section 6.2 (xi.d and xi.e)

- 2009** 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.
- Commissioning of the biomass power plant at Kourou, French Guiana (**1.7 MW** of installed capacity).
- Commissioning of the 3VD wind farm in France (**10.2 MW** of installed capacity).
- 2010** Commissioning of the Coco-Banane solar farm in French Guiana (**4.3 MW** of installed capacity).
- Commissioning of the La Faye wind farm (**12 MW** of installed capacity) in France.
- 2011** CREADEV, an investment company controlled by the Mulliez family, acquires majority stake in Voltalia Investissement.
- Governance developments at Voltalia: Bertrand de Talhouët, representative of CREADEV, becomes Chairman of the Board of Directors of Voltalia; arrival of Sébastien Clerc as CEO.
- Acceleration of development in Brazil: Voltalia awarded 150 MW then 170 MW in wind power via auctions held by the Brazilian authorities.
- Commissioning of the hydropower plant at Mana, French Guiana (**4.5 MW** of installed capacity).
- Commissioning of solar energy farms in Greece (**1.2 MW** of installed capacity).
- 2012** Capital increase of €63 million, the majority subscribed by Voltalia Investissement.
- Voltalia wins 4.5 MW in France as part of the "CRE I" call for tenders.
- 2013** Commissioning of solar power projects in Greece (**1.5 MW** of installed capacity).
- Commissioning of the Montmayon solar energy power plant in France (**2.8 MW** of installed capacity).
- Commissioning of the Castellet solar energy power plant in France (**4.5 MW** of installed capacity).
- Voltalia awarded 120 MW in wind power via auctions held by the Brazilian authorities.
- 2014** Governance developments at Voltalia: Laurence Mulliez becomes Chairman of the Board of Directors of Voltalia. The company The Green Option, represented by Philippe Joubert, joins the Board of Directors.
- Transfer of Voltalia securities on the regulated market of NYSE-Euronext and capital increase of €100.1 million.
- Voltalia signs its first electricity sale contract on the open market in Brazil, covering the provision of 60 MW of power.
- Signing of a partnership with the Brazilian company Copel that controls 49% of the project Sao Miguel do Gostoso (SMG).
- Signing of a partnership with WWF France.
- Commissioning of the Adriers wind farm in France (**10 MW** of installed capacity).

Commissioning of the Molinons wind farm in France (**10 MW** of installed capacity).

Voltalia won 31.8 MW of contracts for the purchase of electricity in France for solar projects in public calls for tenders launched by the Energy Regulation Commission (CRE II).

2015 Capital increase of €15 million by private investment

Launch of the Voltalia business in Morocco.

Evolution of Voltalia's governance in the Board of Directors: (i) Bertrand de Talhouët withdraws from his director duties; (ii) the company Creadev, represented by Chantal Toulas, is appointed director.

Voltalia wins the grand prix of growing companies in France.

Commissioning of the wind farm Areia Branca in Brazil (**90 MW** of installed capacity).

Commissioning of the SMG power plant in Brazil (**108 MW** of installed capacity).

Commissioning of the first unit (**12 MW** of installed capacity) of the Oiapoque mixed power plant in Brazil.

Acquisition of a portfolio of wind power projects in development with a capacity of 379 MW from Maïa Eolis in France.

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

Voltalia wins solar projects in the national CRE III call for tenders in France launched by the French Energy Regulation Commission for 14.5 MW of installed power.

2016 Acquisition of Martifer Solar, a major player in the photovoltaic market worldwide. With that acquisition, addition of new capacities in solar energy in Portugal (**1 MW** of installed capacity) and the United Kingdom (**7.3 MW** of installed capacity).

Capital increase of €170 million with free allocation of warrants (BSA) to shareholders of the Company.

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

Early start to the production of nearly half of the turbines of the Vila Pará wind power complex in Brazil (total installed capacity of **99 MW**).

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

2017 Voltalia joins the Enternext Tech 40 and CAC Mid&Small indices.

Construction of two new solar power plants in France (Canadel and Carrière-des-Plaines).

Early commissioning of the wind power plant in Vila Acre in Brazil (**27 MW** of installed capacity).

Commissioning of the first solar power plant of Voltalia in Brazil, Oiapoque 2, that joins the Oiapoque mixed power plant (**4.0 MW** of installed capacity).

Commissioning of the Castellet 2 power plant in France (**3.8 MW** of installed capacity).

Voltalia wins a new biomass power plant project in French Guiana (Cacao).

Voltalia wins two solar power plant projects in metropolitan France in the CRE IV national call for tenders (Tresques and Parroc).

First success in Africa: Voltalia wins a solar power plant project in Egypt (Râ Solar, 32 MW of installed capacity).

2018 Construction of the PAGAP solar power plant in metropolitan France.

Voltalia wins 5 MW of solar projects in the French CRE IV national call for tenders for solar power in France launched by the French Energy Regulation Commission.

Signing of a first Voltalia energy supply contract for a Telecom client in Myanmar.

Voltalia launches the construction of two new wind farms in France (Sarrey and Echauffour).

Voltalia launches the construction of a biomass power plant in Cacao, French Guiana.

1.3. GENERAL PRESENTATION OF THE ACTIVITY

Voltalia is an international player in the renewable energy market. The Group has 464 employees and is present in 18 countries on 4 continents and is able to act worldwide on behalf of its clients.

The Group's main business activity is the production and sale of energy generated by the wind, solar, hydro- and biomass power plants that it owns and operates. Generated electricity is sold at prices defined in calls for tenders or in direct sales on the open market. In 2017 the Group thus sold 2,123.5 GWh of renewable energy, generating revenues of €145.6 million.

The Group also provides services linked to the development, construction and operation-maintenance of power plants, for itself and for its investor-customers. Voltalia is thus present in all stages of the projects. In 2017, services activities generated revenues of €59.3 million.

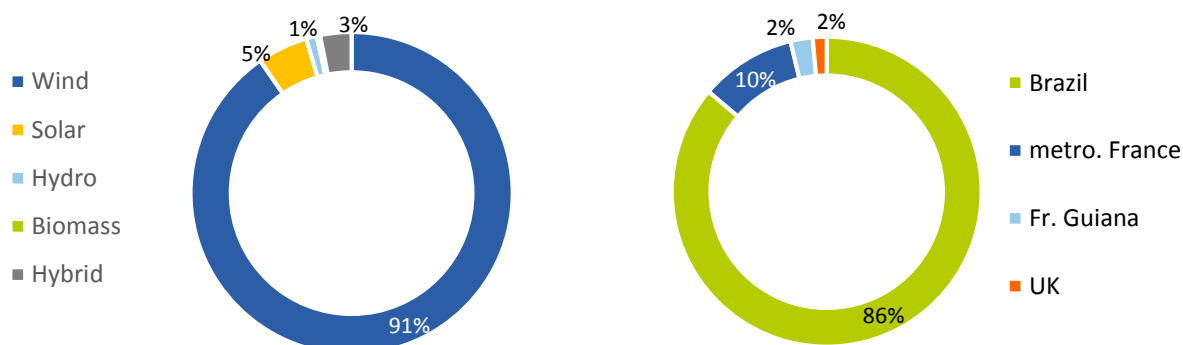
At 31 December 2017, the Group had an installed capacity of 0.5 GW to which should be added 0.7 GW operated for third parties.

It also has 5.1 MW under construction and a portfolio of projects under development representing a total capacity of 3.4 GW.

Its mission:

Improve global environment, foster local development

Breakdown of the installed capacity held by Voltalia by type of energy/geographical area



Consolidated installed capacity at 31 December 2017

Installed capacity by area and source of energy <small>In MW</small>	Wind	Solar	Biomass	Hydro	Hybrid	31/12/2017
Brazil	417.3				16.0	433.3
France	42.2	8.3				50.5
French Guiana		4.5	1.7	5.4		11.6
UK		7.3				7.3
Greece		4.7				4.7
Portugal		1.0				1.0
Total	459.5	25.8	1.7	5.4	16.0	508.4

Annual electricity production at 31 December 2017

2017 power production by area and by source of energy <small>(in GWh)</small>	Wind	Solar	Biomass	Hydro	Hybrid	Total 2017
Brazil	1,937.6				40.4	1,977.9
France	87.3	7.2				94.5
French Guiana		4.6	10.3	19.4		34.4
UK		8.0				8.0
Greece		7.4				7.4
Portugal		1.3				1.3
Total	2,024.8	28.5	10.3	19.4	40.4	2,123.5

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

in millions of euros	2017	2016²	2015³
Energy sales	145.6	102.1	NA
Services	59.3	32.8	NA
<i>Development, construction and procurement</i>	<i>38.0</i>	<i>22.4</i>	<i>NA</i>
<i>Operation & Maintenance</i>	<i>21.2</i>	<i>10.4</i>	<i>NA</i>
Eliminations and Corporate	-24.8	-7.9	NA
Total	180.0	127.0	58.6

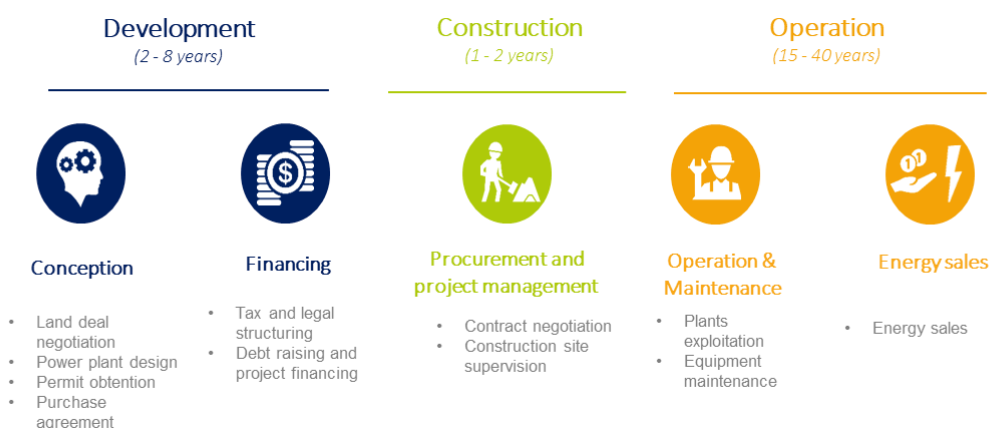
² The Group is unable to provide comparative information as of 31 December 2016[1]. However, in order to assess the changes, the Group has estimated the breakdown of revenue and EBITDA by business for 2016, and presents this comparison in the Management Report (see Management Report - General Presentation of Net Profit and the Financial Position).

³ Information not available due to reporting changes in 2016 and 2017.

in millions of euros	2017	2016	2015
Latin America	133.5	89.7	43.9
Europe	42.0	31.6	14.6
Asia, Africa	4.5	5.6	0.0
Total	180.0	127.0	58.6

1.3.1. Integrated positioning throughout the value chain

Due to its multi-sector expertise, Voltalia positions itself on the entire chain of value from design to the sale of energy, for itself and for third parties.



- Voltalia's teams are involved at every stage of project **development** from evaluation of potential and securing of the best land to launching construction after obtaining the required permits and authorisations.
- The **construction** teams are in charge of designing power plants, selecting suppliers and subcontractors as well as constructing the electricity production infrastructures (power plants and transmission lines if necessary). They supervise the work sites and conduct the connection tests all the way to the commissioning of the power plant;
- **Operation-maintenance** includes preventive and corrective maintenance interventions as well as monitoring performance of the power plants. Administrative management of assets may also be provided by the operation-maintenance teams.

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
	<ul style="list-style-type: none"> Site pre-selection Signing of leases and lease promises 	<ul style="list-style-type: none"> Environmental studies Technical studies Supplier selection Administrative formalities Planning permit 	<ul style="list-style-type: none"> Supply of turbines Financing Grid connection Construction - Installation - Acceptance 	<ul style="list-style-type: none"> Performance monitoring Maintenance

Solar	24 to 36 months	24 to 36 months	24 to 36 months	20 to 30 years
	<ul style="list-style-type: none"> Feasibility study covering the proposed area Site pre-selection Control of land 	<ul style="list-style-type: none"> Administrative formalities Planning permit 	<ul style="list-style-type: none"> Solar panel procurement Financing Grid connection Construction - Installation - Acceptance 	<ul style="list-style-type: none"> Performance monitoring Maintenance
Biomass	24 to 36 months	24 to 36 months	12 to 24 months	20 to 40 years
	<ul style="list-style-type: none"> Feasibility study Tender submissions 	<ul style="list-style-type: none"> Technical specifications of the plant Operating licence application Administrative formalities Planning permit Resource procurement contract Heat supply contract 	<ul style="list-style-type: none"> Equipment procurement Financing Grid connection Construction - Installation - Acceptance 	<ul style="list-style-type: none"> Management of operating teams Performance monitoring Maintenance
Hydropower	3 to 5 years	3 to 5 years	2 to 3 years	20 to 40 years
	<ul style="list-style-type: none"> Feasibility study Negotiation prior to the concession 	<ul style="list-style-type: none"> Technical specifications of the plant Administrative formalities Finalisation of the concession Planning permit 	<ul style="list-style-type: none"> Equipment procurement Financing Grid connection Works/Installation/Acceptance* 	<ul style="list-style-type: none"> Performance monitoring Maintenance

1.3.2. The Group's asset portfolio

Electricity production activity

Electricity production activities in France

Voltaia has been established in metropolitan France since 2006. At 31 December 2017, the Group held and operates 50.5 MW on its own behalf and 8 MW for third parties.

Site	Energy	Installed power (MW)
La Faye	Wind	12.0
Le Bois	Wind	10.2
Castellet	Solar	4.5
Adriers	Wind	10.0
Molinons	Wind	10.0
Castellet II	Wind	3.8
		50.5

Electricity production activities in French Guiana

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

On 31 December 2017 the Group operated an installed capacity of 11.6 MW.

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

Electricity production activities in Greece

Voltalia has been present in Greece since 2007 through its subsidiary Voltalia Greece, a 100% owned subsidiary of Voltalia. At 31 December 2017, the Group held and operates 4.7 MW of solar power plants on its own behalf and 99 MW for third parties.

Site	Energy	Installed power (MW)
Greece	Solar	4.7
		4.7

Electricity production activities in Brazil

Voltalia's representative in Brazil is Voltalia Do Brasil, a 100% owned subsidiary of Voltalia SA. At 31 December 2017, the Group owned and operates 433.3 MW for itself.

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

Services activities

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

Concerning operation-maintenance services in particular, Voltalia operated 0.7 GW for third-party clients at the end of 2017, mainly in Europe, the Middle East and Asia, in addition to the 0.5 GW from its own asset portfolio.

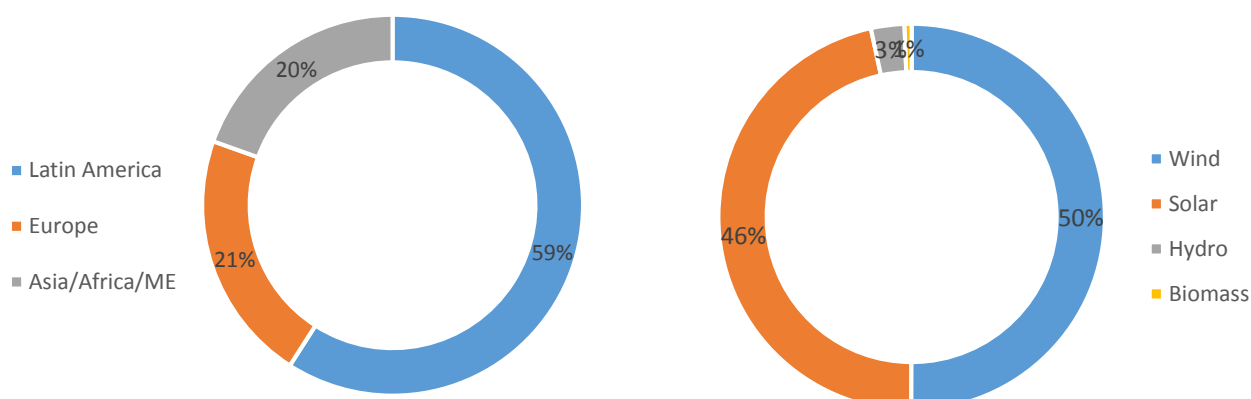
Development by region and source of energy

Voltalia plans to pursue development of its multi-energy, multi-country strategy across all its markets. Brazil and Latin America are an important portion of the Group's portfolio of projects in development and the Group plans to continue developing new geographical areas in order to diversify the distribution of its assets. The acquisition of Martifer Solar thus enabled rebalancing of the portfolio of projects to solar power and to expand Voltalia's opportunities in Africa, for example. Voltalia's portfolio of projects in development thus represents many significant opportunities, both for the renewable energy generation activity and for the services activity.

At 31 December 2017, the Group's portfolio of projects in development amounts to 3.4 GW. The projects meet the following criteria:

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

Breakdown of the 3.4 GW of projects included in the portfolio of Voltalia's projects in development at 31 December 2017



1.4. PRESENTATION OF THE GROUP'S MARKETS AND ITS COMPETITIVE ENVIRONMENT

Unless otherwise indicated, all figures presented in this section are taken from Bloomberg New Energy Finance (BNEF).

The global renewable energy sector is undergoing major growth: its installed capacity has grown by more than 8% per year from 2007 to 2017.

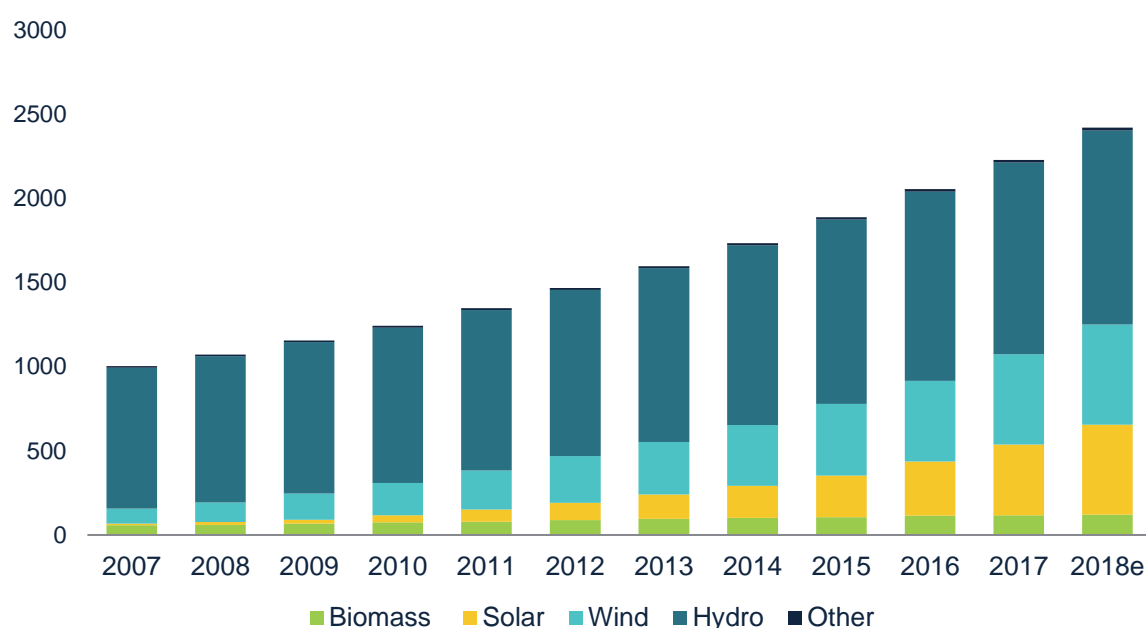
Increasing global energy demand and the favourable development of the energy mix in favour of renewables are drivers of long time growth. Every year since 2013, over 50% of the new installed capacity worldwide consisted of renewable energy.

Stakes	Contribution of renewable energy	Voltalia's contribution
Competitiveness	Production costs are steadily falling.	88% of Voltalia's installed capacity does not rely on subsidies
Growing needs for electricity	Renewable energies are less time-consuming and less difficult to build and connect to the electricity grid than conventional energies	Voltalia's industrial management not only enables the teams to finish works in progress in advance of the initial schedule, Voltalia has also acquired experience building power plants in remote locations.
Geostrategic independence	It minimises imports, thus reducing the geostrategic dependence on energy sources imported from foreign countries (gas, coal, uranium, etc.)	With its expertise in four types of renewable energy, Voltalia can select the resources presenting the best potential depending on the specificities of each region where it develops an electricity power plant

Stakes	Contribution of renewable energy	Voltalia's contribution
Fight against climate change	They benefit from support mechanisms in numerous countries that have introduced policies to fight global warming	Voltalia is established in countries that show clear and ambitious objectives in the fight against global warming

1.4.1. Principal markets

Growth of installed renewable capacity worldwide, 2007-2018e, in GW⁴



According to BNEF statistics, the capacity for production of electricity from renewable energy sources grew by more than 8% per year from 2007 to 2017, effectively doubling the number of gigawatts installed worldwide. The total installed renewable energy capacity in 2017 thus reached approximately 2,200 GW.

Furthermore, since 2013, the quantity of renewable gigawatts newly installed each year has been greater than the new added capacities from fossil fuels. Renewable energy sources represented 61% of the net new electrical production capacity installed globally in 2015. The growing price competitiveness of renewable energy, public policies for support and the increase in world energy demand can help explain this major growth.

In particular, solar and wind energy have increased very rapidly over the past decade, with average annual growth of 45.7% for solar power and 19.6% for wind power, which now represent 14% and 22% of installed renewable capacity respectively.

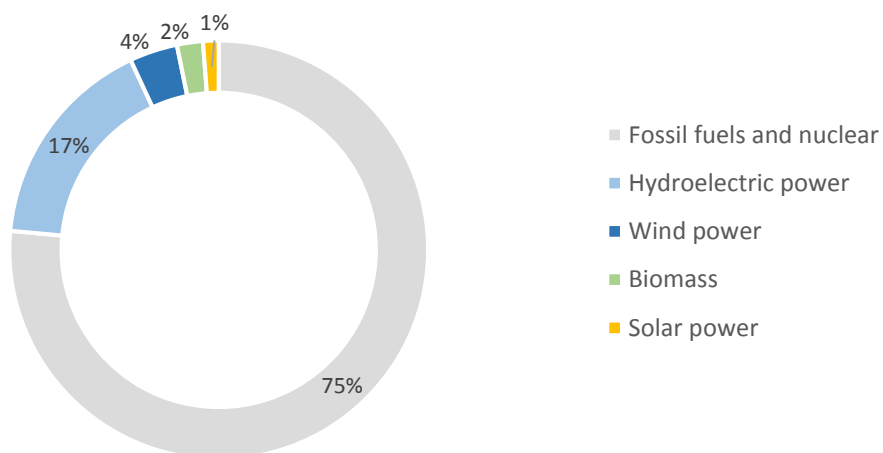
Over the period, renewable energy production capacity has grown the most in Asia (see Section 1.4.6 of the Registration Document), driven by its population and economic growth. Europe has seen constant growth, being the second largest supplier of new renewable capacities for the last ten years, in spite of weaker population dynamics. 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 2017 (43% for Asia, 28% for Europe).

⁴ IRENA, RE Capacity Statistics, page 11-14

Finally, although the African continent is lagging compared with other regions of the world, the growth of the wind and sun power sectors rapidly accelerated starting in 2013–2014. These energies, rapidly implemented, represent in fact an opportunity in a continent where energy needs are growing rapidly.

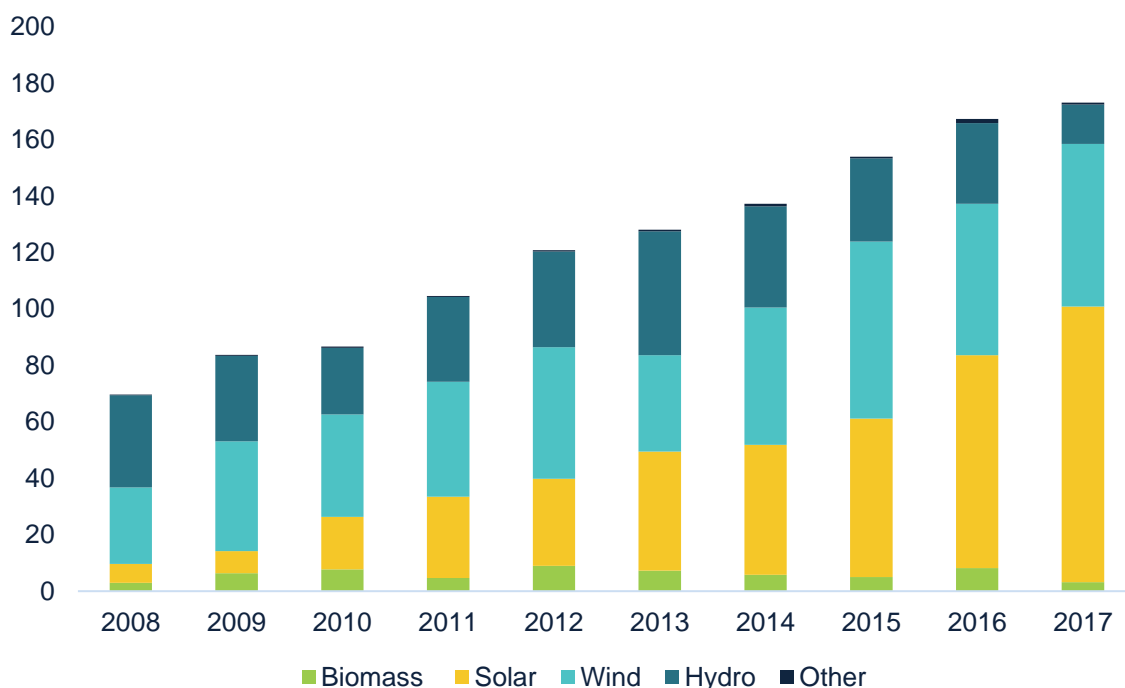
Breakdown of global electricity production⁵

In 2016, renewable energies accounted for nearly 25% of electricity production worldwide, of which 16.6% for hydropower alone (all sizes).



⁵ Source: REN21, Renewables 2016 - Global Status Report

New installed capacities of renewable energy by source worldwide between 2008 and 2017, in GW⁶



Development and prospects

According to an IEA⁷ report 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.

Global electricity demand is also expected to rise significantly due to increased demand in emerging countries and end usage trends which are moving towards electric solutions, as in mobility, and heat. The IEA estimates that every year an additional 45 million households gain access to electricity⁸. Most of these households are located in the emerging markets, in particular India. Although this figure is quite substantial, it is still low with regard to the universal access to electricity objectives set by the international community.

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 this, experts estimate 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 fuels⁹.

Competitiveness of renewable energies

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

Throughout the world and for most renewable energies, a significant decline in the LCOE has been observed in recent decades. Experts agree that this trend is expected to continue in upcoming years

⁶ Source: IRENA, RE Capacity Statistics, 2016

⁷ IEA, World Energy Outlook 2016

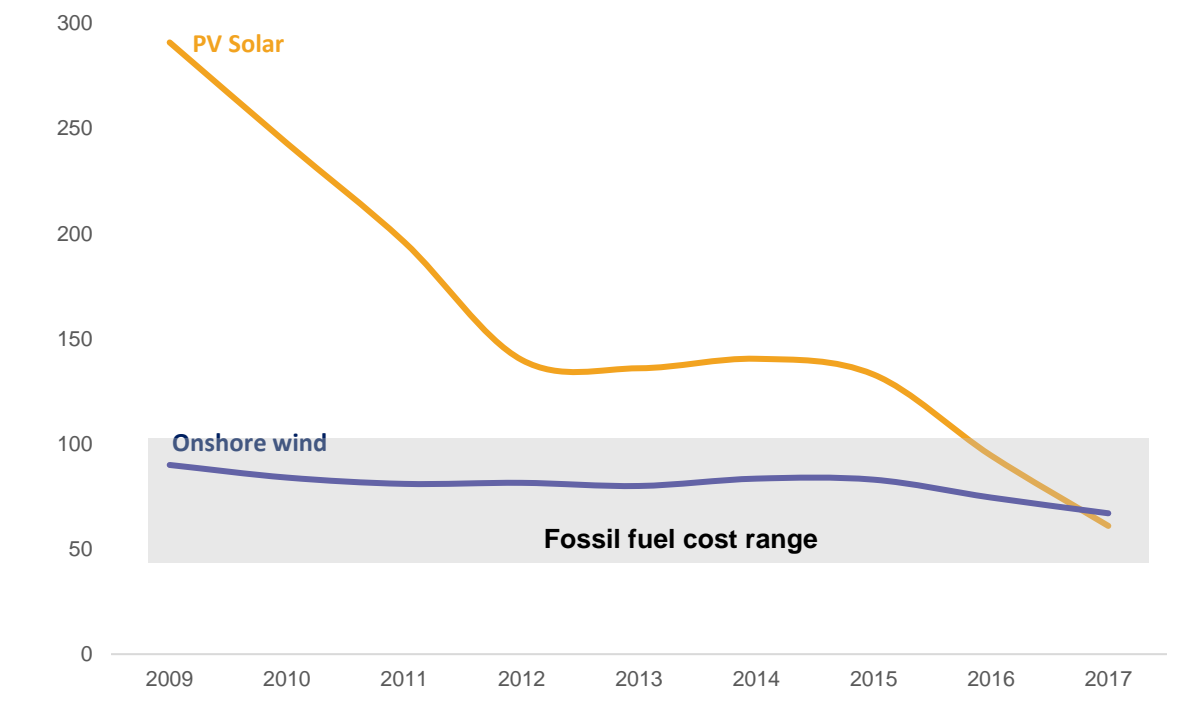
⁸ IEA, World Energy Outlook 2017

⁹ Bloomberg new energy finance, New Energy Outlook 2016

to culminate in renewable energy that is competitive with fossil fuels. In its report (IRENA_2017_Power_Costs_2018), the International Renewable Energy Agency (IRENA) identifies the main levers of the decline in LCOE:

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

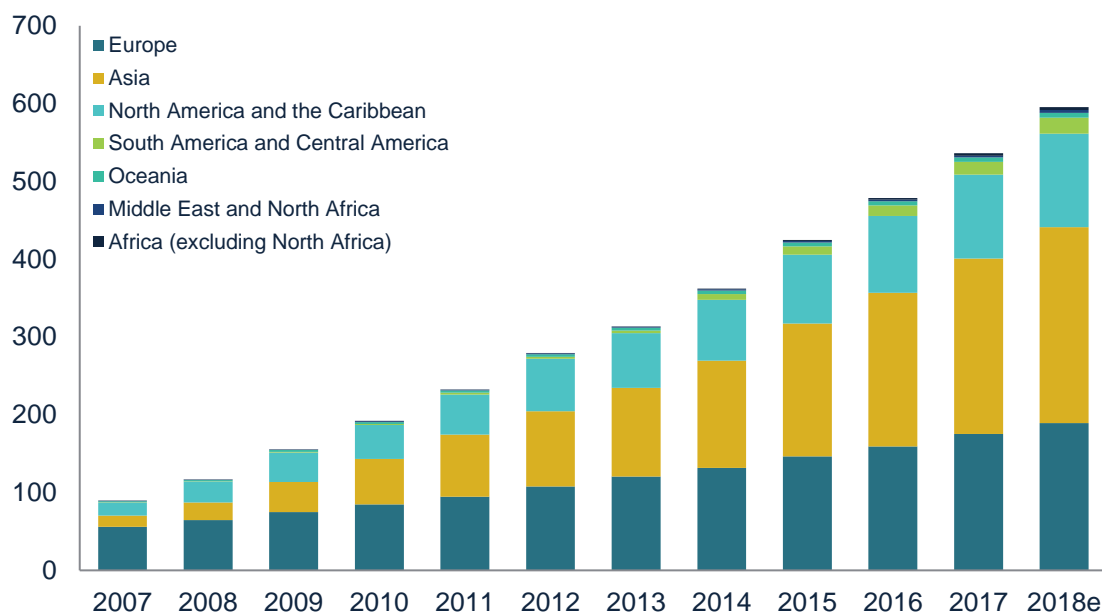
Evolution of LCOE in USD/MWH:



Source: BNEF

Wind power

Development of the cumulative wind capacity worldwide between 2007 and 2018e, in GW

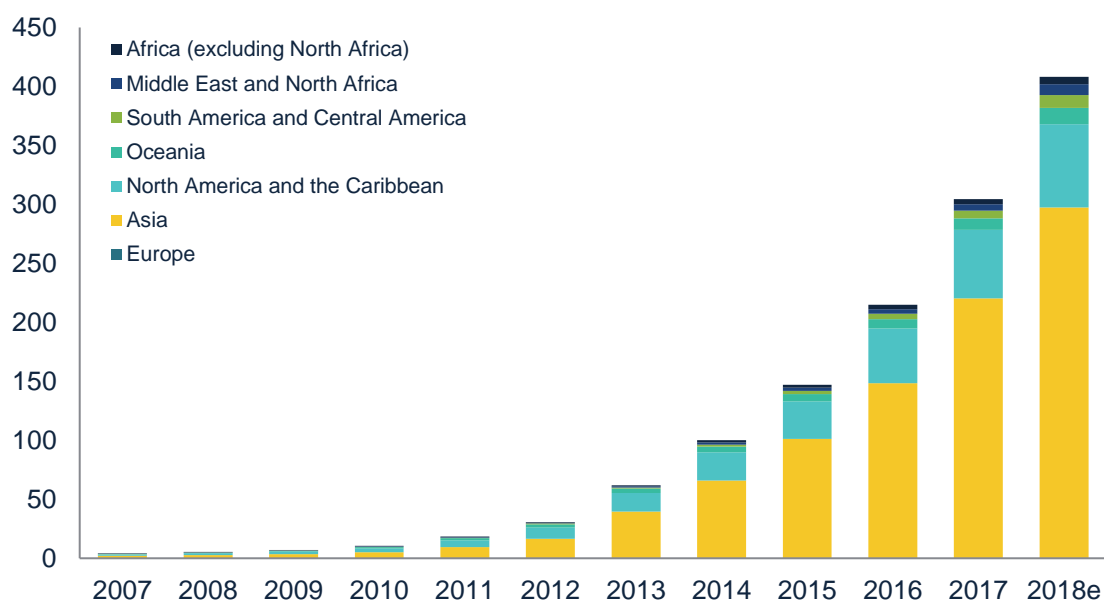


Since 2007, wind power has grown rapidly and continuously throughout the world, from 90 GW of installed capacity worldwide to 540 GW at the end of 2017. In 2017, wind energy worldwide grew by more than 10% compared with 2016.

The total combined installed wind capacity worldwide could reach 2,110 GW in 2030¹⁰, four times more than the current capacity.

Solar power

Development of installed solar capacity worldwide between 2007 and 2018e, in GW



¹⁰ Source: GWEC (Global Wind Energy Council, The Global Wind Energy Outlook Scenarios 2016)

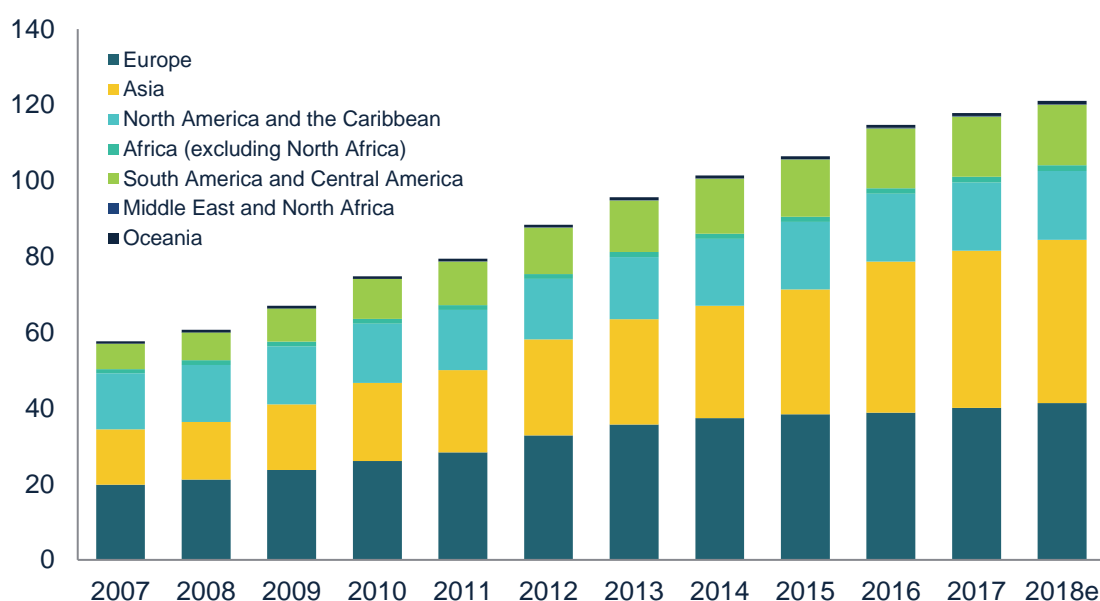
Solar energy is the sector with the greatest growth worldwide: between 2007 and 2017, installed solar capacities went from 10 to 420 GW. The sector has experienced significant growth over the last five years, from 2012 to 2017. The average annual growth rate of solar power has been nearly 33%. In 2017, growth totalled 30% compared with 2016.

The major decline in the production cost of solar panels supports this growth: since 2010 the costs of new photovoltaic power plants has dropped by 70%¹¹. The IEA estimates that from now to 2040, photovoltaic power will be the largest source of low-carbon energy production.

As a decentralised energy source, the demand for solar panels is also maintained by households that wish to install them for their own personal use, which suggests yet another major potential for growth of this sector.

Biomass

Development of installed biomass power capacity worldwide between 2007 and 2018e, in GW



Biomass had slower but sustained growth: between 2007 and 2017, installed biomass power capacity worldwide went from 57 to 120 GW. Average annual growth has totalled 7% since 2007. In 2017, growth totalled 3% compared with 2016. Brazil is the largest producer of biomass energy, followed by the United States, China and Germany.

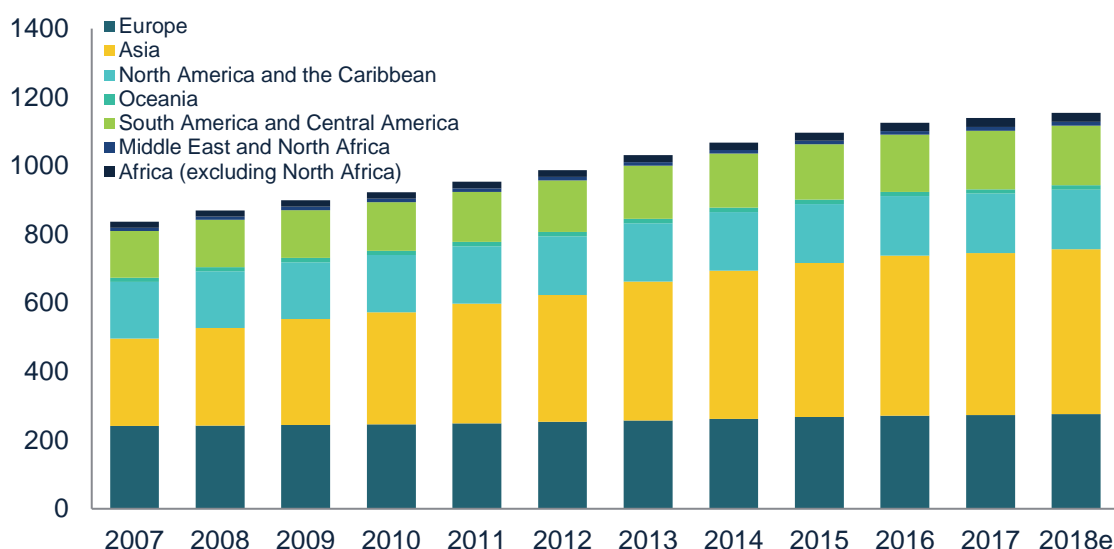
Biomass is the first historical source of energy of the world's population. Although still largely used in a traditional manner in developing countries, biomass has found a new future in the generation of electricity and renewable heat. In fact, biomass enables electricity to be produced practically continuously from plant materials of agricultural or forestry origin, and is referred to as bioenergy.

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 in the world, this industry faces the risk of a conflict of use of natural resources, in particular as part of the production of agricultural fuels. There are several challenges: reducing traditional uses, improving the efficiency and sustainability of the industry, etc. Biomass has today been expanded to meet the needs for electricity generation, for heat and transportation, etc.

Hydropower

¹¹ Source: IEA, *World Energy Outlook 2017*

Development of installed hydropower capacity, 2007-2018, in GW



Hydropower has historically been the largest source of renewable electricity in the world, accounting for 51%¹² of renewable energy capacity installed in 2017. It represents the second largest source of electrical energy in the world, behind fossil fuels, contributing 16.6% of global electricity production in 2016¹³.

Between 2007 and 2017, installed capacity has grown by nearly 300 GW. Over the reporting period, the average annual rate of growth was 3%. In 2017, growth was modest and totalled 1% compared with 2016.

Hydropower presents many advantages, in particular it is a well-controlled, mature technology and it provides major storage capacity for managing the intermittent supply of renewable energy. The installed capacity 1,155 GW could nearly double and reach 2,000 GW from now to the year 2050¹⁴. This growth especially concerns developing countries that have not yet reached their maximum potential for hydropower production.

Other

The other sources of energy include marine and geothermal power. Today these represent less than 1% of total installed capacities of renewable energy.

Although they had significant growth in the period from 2007 to 2017, it would require a technological leap to allow these technologies to expand on a large scale.

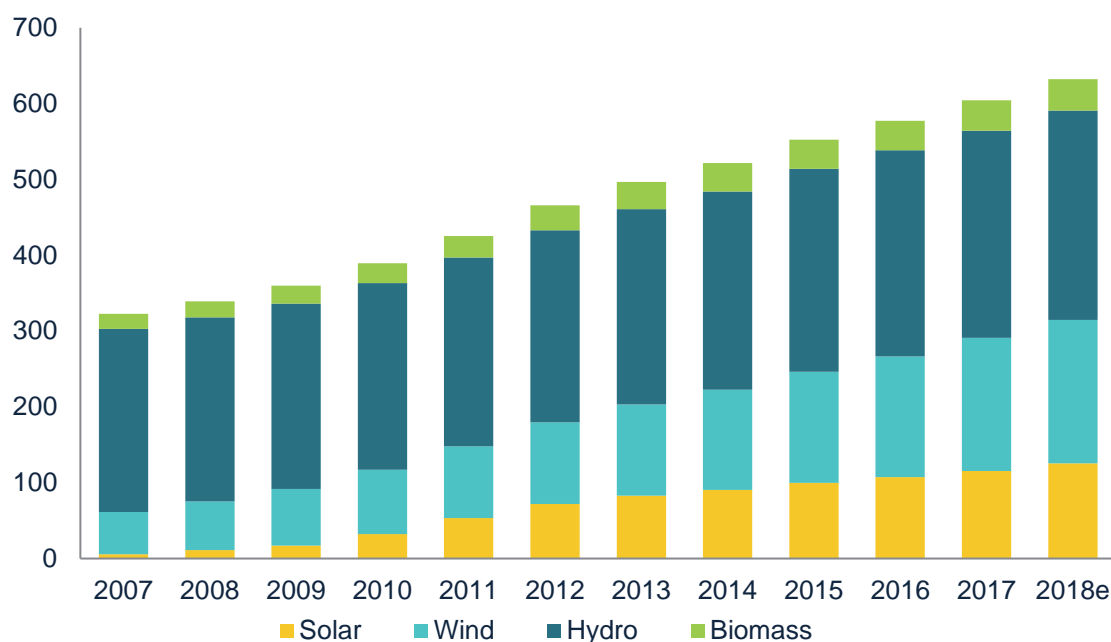
¹² Source: IRENA, RE Capacity Statistics 2017

¹³ Source: REN 21, GSR 2017

¹⁴ Source: IEA Technology Roadmap: Hydropower 2012

Europe

Development of the total installed capacity in Europe, 2007-2018e, in GW.



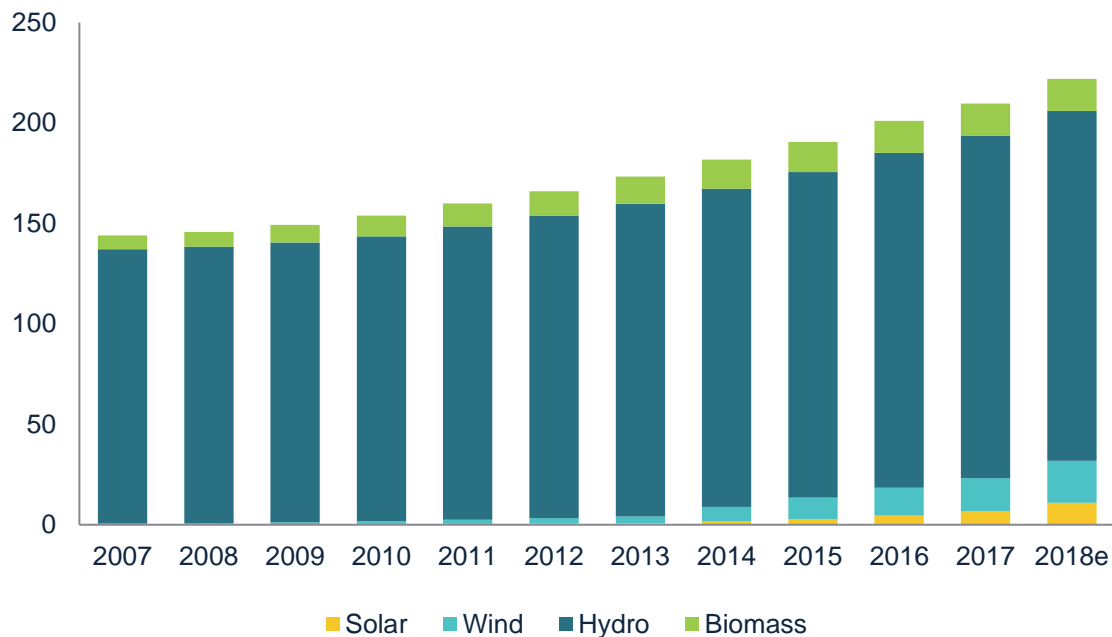
The European market for renewable energy sources is today the most mature. According to a report by the ENTSOE¹⁵, the share of renewable energy in total European installed capacity was already 42% in 2015 (of which 22% non-hydropower). Its share in electricity production is certainly lower (34%, of which half is non-hydropower) but should reach 70% in 2040. In 2017, hydropower represented 45% of the installed renewable capacities in Europe, followed by wind (29%) and solar (20%). These two sources of energy have experienced a sustained increase since 2007: +12% per year on average for wind power, and +35% per year for solar power. The largest renewable energy markets are located in Germany, Italy and Spain.

The European Union has moreover shown ambitious objectives for fighting climate change. In 2014, the third Energy-Climate package showed a 27% objective for electricity production based on renewable sources (excluding hydropower) in the energy mix.

Latin America

Development of the installed renewable energy capacity in Latin America, 2007-2018e, in GW.

¹⁵ ENTSOE (European Network of Transmission System Operators for Electricity), Electricity in Europe 2015, June 2016



Historically, Latin America's energy mix is based on fossil fuels and hydropower. In 2017, it represented 81% of the renewable electricity capacities (large dams included), taking advantage of this extremely water-rich continent (Amazon, large glaciers of the Andes). The development potential for hydropower seems however fairly weak, with average annual growth of 2% per year since 2007. With 7.6% of renewable installed capacity in 2016, 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 (3%) today, solar power capacities are growing at a very sustained rate (+41% per year since 2007). South American solar power moreover is one of the least expensive sources of energy in the world. In the summer of 2016, a 120 MW solar power project won a multi energy call for tenders in Chile at US \$29.1/MWh, a record price for this sector, and the least expensive bid among all proposals made¹⁶, including carbon-based projects twice as expensive. In 2017, a new record was achieved during auctions in Mexico, with an average price of 20.57 USD/MWh.

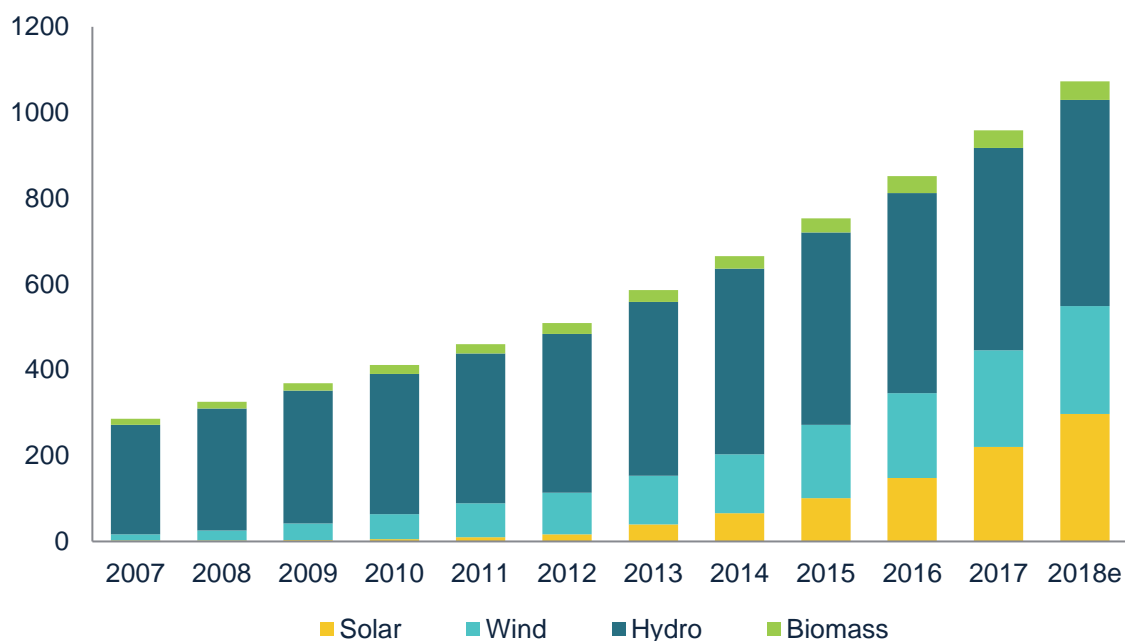
Asia, Africa and Middle East

Asia

Development of installed renewable energy capacity in Asia between 2007 and 2018e, in GW¹⁷

¹⁶ Renewable Energy World, Solar sold in Chile at lowest ever half price of coal, 31 August 2016.

¹⁷ Source: BNEF

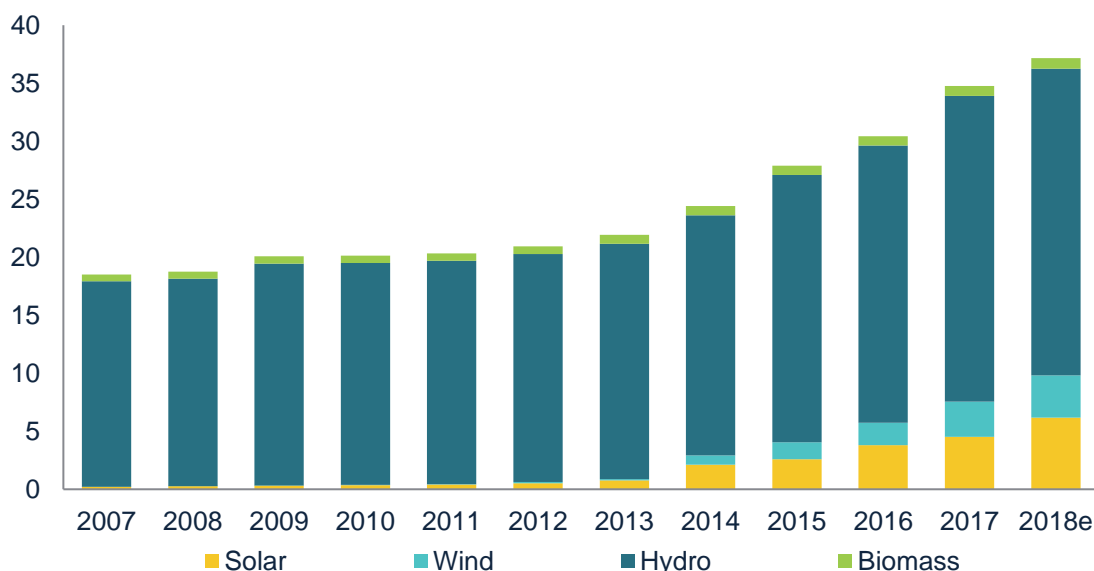


Asia has increased its renewable energy production capacity the most, with double-digit average annual growth (12%) since 2007 and 670 GW of new installed capacity between 2007 and 2017, accounting for more than half of the world's renewable energy capacity added over the period (55%). Hydropower remains the largest source of renewable energy production on the continent with 470 GW in 2017, but the very strong growth of solar and wind capacities on the continent contributes to reducing its relative share.

China, in particular, has become the largest producer of renewable energy worldwide. Carried by its large population, its economic growth, and its pollution reduction goals - a major public health¹⁸ issue - this dynamic does not seem to be slowing down.

Africa (excluding North Africa)

Development of the installed renewable energy capacity in Africa between 2007 and 2018e, in GW¹⁹



The African continent has the least developed electricity grid in the world: in 2013, only 46%²⁰ of the population had access to electricity, that is 500 million people. 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 75% of the 35 GW renewable installed capacity in 2017. Solar capacities have grown by an average of 35% each year since 2007, reaching 4.5 GW in 2017 and 17% 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 4.5% of Africa's renewable power.

According to IRENA's forecasts²¹ 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 could supply half of Africa's needs for electricity in 2030. IRENA predicts that the solar capacity will be 93 GW in 2030 (including 24 GW in off-grid power), compared with slightly more than 4.5 GW in 2017, and that of wind power will reach 101 GW, compared with 3 GW in 2017.

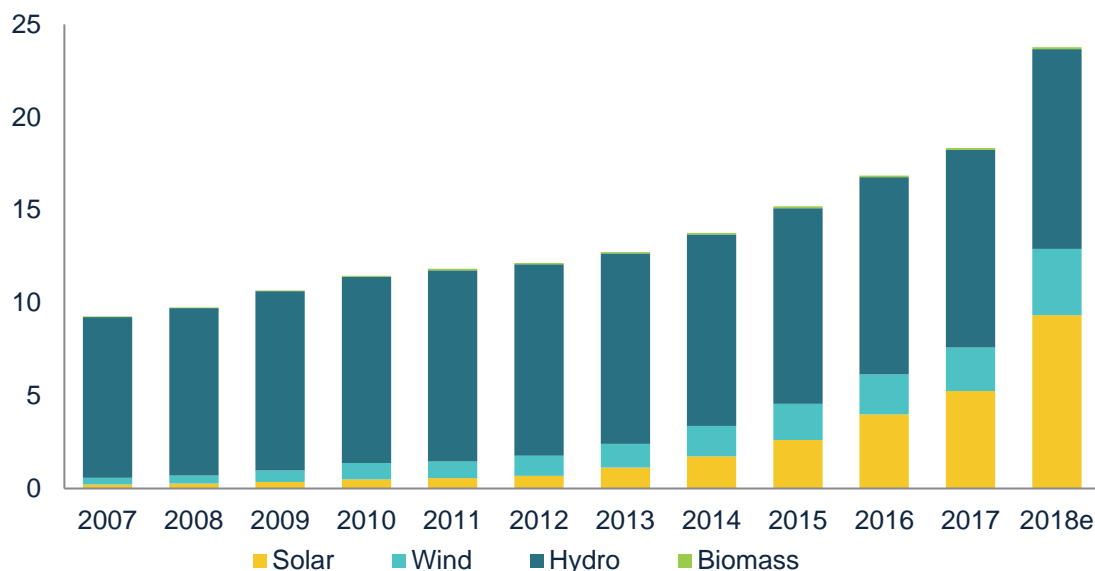
¹⁹ Source: BNEF

²⁰ IRENA, Africa Remap 2030

²¹ Remap 2030 for Africa

North Africa and Middle East

Development of the installed renewable energy capacity in North Africa and the Middle East between 2007 and 2018e, in GW²²



The Middle East and North Africa remain weak producers of renewable energy. Between 2007 and 2017, the average annual increase totalled 7%. The total installed capacity is approximately 18.5 GW in 2017, and hydropower represents 58% of this total.

However photovoltaic solar power saw significant development in the region, carried by the rapid declining costs, one of the highest rates of sunshine in the world, and a desire to diversify its energy sources, etc. Many projects are in progress in the region. For the year 2017 alone, solar power grew by 31%.

1.4.2. Competitive environment

Energy sales

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

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

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

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

²² Source: BNEF

energy players. The many transactions carried out by the historical operators in France in recent years are an illustration of this trend.

Overall, the development of the renewable energy sector is favourable for groups such as Voltalia that are positioned on a significant number of medium-sized projects and possess adequate skills and resources. Among medium-sized operators, few have Voltalia's ability to pursue projects across the 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.

Services

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

1.4.3. Market structure and remuneration

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

- Feed-in tariffs: benefiting from the support of public authorities, these contracts require the historical operator (national electricity company) to purchase energy generated from renewable sources. The tariff, generally above market prices, is guaranteed over a long period (between 15 and 20 years) and may be revised or decrease over time;
- Calls for tenders: in calls for tenders, projects are selected by public authorities based on factors such as the purchase price proposed by the bidders. The 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 in the open market: in this configuration, the operator of the renewable power plant sells the electricity produced to a market operator in market conditions, i.e. fluctuating on the basis of supply and demand.

1.5. LEGISLATIVE AND REGULATORY ENVIRONMENT

1.5.1. A favourable regulatory environment

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.

	Brazil	France	Greece	Egypt
National objectives	24 GW of new wind capacities and 7 GW of solar energy in 2024	78 GW of renewable installed capacity in 2023	2.4 GW of new renewable installed capacities in 2020	20% of clean electricity in the total consumption of energy in 2022 - 7.2 GW of wind energy - 3.5 GW of solar energy 2027
Regulatory framework	<ul style="list-style-type: none"> • National reverse auctions (reserve energy and capacities) • Local calls for tenders 	<ul style="list-style-type: none"> • National calls for tenders • Calls for projects 	<ul style="list-style-type: none"> • Calls for tenders • Auctions • Net metering (net invoicing) 	<ul style="list-style-type: none"> • Calls for projects

	Brazil	France	Greece	Egypt
Compensation model	<ul style="list-style-type: none"> - Long-term sales contracts - Open market 	<ul style="list-style-type: none"> - Before 2017: purchase obligation - Since 2017: additional compensation 	<ul style="list-style-type: none"> - Fixed rate for projects < 500 kW - Fixed rate and bonus for projects > 500 kW 	<ul style="list-style-type: none"> - Purchase rate for public initiative projects - Over-the-counter for private investors
Duration of electricity sales contracts	20 years	15-20 years	20-25 years	20-25 years
Availability of long-term debt in local currency	YES	YES	YES	YES

1.5.2. Environmental policy

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

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.

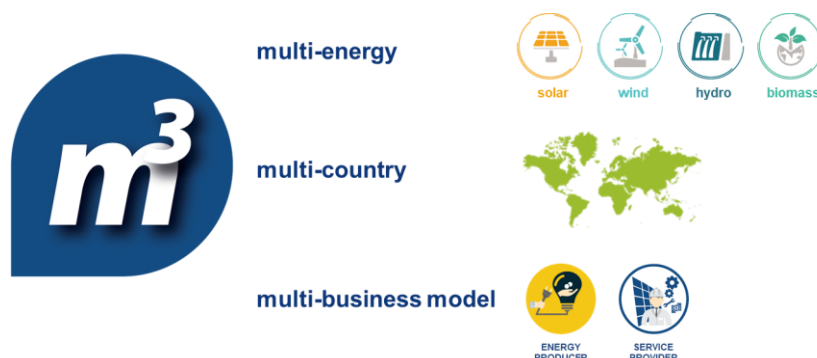
Finally, the Company does not have any facility appearing on the list specified in Article L. 515-36 of the French Environmental Code.

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 by an external engineering firm to optimise the design of the facility and define 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 due to obsolescence could have a negative impact or decrease power yields.

1.6. POSITIONING OF THE GROUP



The strengths of the Group: M3 positioning

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

An integrated industrial player

The full mastery of the value chain of a renewable project enables to internalise a certain number of tasks and therefore the associated margin, and offers the possibility of developing services activities that possess good potential for growth with low capital needs.

Moreover, the long-term visibility of revenues drawn from sales of electricity offsets the relative volatility of revenues from the services activities such as the sale of projects developed by the Group or construction.

Multi-energy and multi-country expertise

Mastering the generation of electricity from solar, wind, hydroelectric and biomass sources, Voltalia is able to best use locally available natural resources, which distinguishes it from other players in the sector that are generally concentrated in one or two energy resources. The multi-country approach allows it to select the countries with the best potential and notably those in which renewable energy is already competitive independently of policies for support.

Recognised operational agility

The development followed by construction of projects in renewable energy production is a complex and long process. The complexity and duration of the process are not only technical in nature: they also come from the necessity to obtain many administrative authorisations specific to each country and each source of energy.

Voltalia has full control over the phases of development, construction and operations of energy plants due to highly experienced teams. Well-established locally, competent, active in all key phases, its teams have proven their know-how, enabling the Group to be a recognised player in each country in which it is present. The industrial expertise and proven ability of its teams 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.

1.7. STRATEGY



To continue growing by focusing on its portfolio of development projects

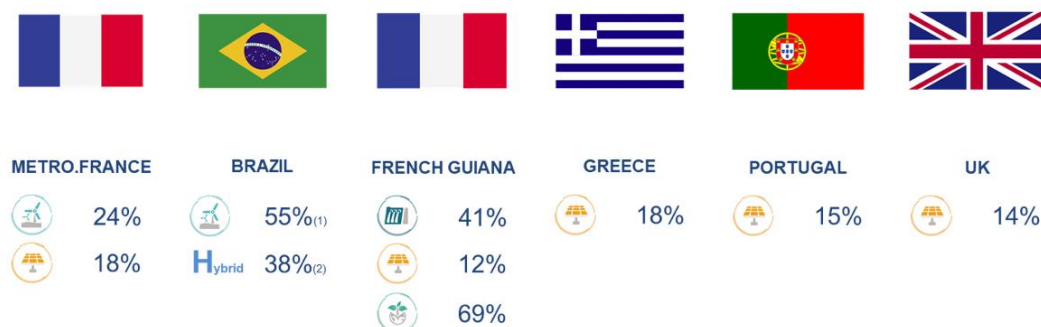
The Group's development portfolio provides the growth of two of Voltalia's activities: the production of renewable energy and the provision of services.

To maintain strong independence with respect to subsidy policies for renewable energies and long-term financial visibility

Voltalia favours the countries in which renewable energies do not benefit from a specific system of support. Over 88% of the Group's installed capacity supplies energy costing less than conventional alternatives (for example in Brazil and French Guiana, excluding solar).

All projects led by the Group²³ are backed by electricity sales contracts secured for terms generally between 15 and 20 years in length. As of 31 December 2017, the residual duration of the Group's electricity sale contracts was 17 years.

This long-term financial visibility is complemented by the excellent operating performance of the power plants held by Voltalia. The load factors of Voltalia's power plants in 2017²⁴ are shown below:



(1) Vila Acre (27 MW – Brazil) annualised

(2) Total installed production capacity data (12 MW vs. contractual obligation level of 9 MW)

Keeping strict investment criteria

Finally, for its investment as part of its electricity production activity, the Group has defined a series of criteria to identify its future international facilities, among which:

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

A unique industrial profile as an integrated developer-operator

Voltalia has developed historical know-how in the production of electricity from renewable energies.

With their technical expertise and specific knowledge of each step in the value chain, Voltalia's teams can adapt to all environments to maximise the potential of each available resource. For example, the Group has developed know-how in the construction of power plants at isolated sites, such as Oiapoque in Brazil. This power plant also illustrates the Group's ability to optimise the resources and infrastructure available. The Oiapoque hybrid power plant combines a thermal unit, a solar unit and a hydropower plant.

Objectives that match the Group's ambitions

²³The plant in the United Kingdom, consolidated following the acquisition of Martifer Solar, is the subject of short-term contracts renewed pending its sale.

²⁴ The load factor of an electricity production unit is the ratio between the energy that it produces over a given period and the energy that it would have produced during that period if it had been constantly operating at nominal power. It provides an important indication for calculating the profitability of an electrical facility.

After reaching the objectives set at the time of the transfer to the Euronext Paris exchange in 2014 and following the acquisition of Martifer Solar, Valtalia had announced, in the month of September 2016, three objectives to achieve by the 2019 horizon:

- an objective of 1 GW of installed capacity;
- an objective of 3 GW of operated capacity (including 2 GW for third parties);
- EBITDA of €180 million.

In December 2017, after encountering some delays in call for tenders, a review of the commissioning schedule led Valtalia to postpone by one year the 2019 ambitions announced in September 2016. The Group now forecasts by 2020:

- installed capacity of 1 GW (previously targeted in 2019), a shift explained by tender delays, for example in Brazil;
- total operated capacity of 3 GW (initially targeted for 2019), including 2 GW for third parties;
- EBITDA from €140 to €180 million²⁵ generated in 2020 (compared with €180 million initially targeted in 2019), depending on the phasing of new commissioning in 2020.

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

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

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

²⁵ Based on an identical exchange rate of one euro for four Brazilian reals

1.8. OPERATIONAL STRUCTURE OF THE GROUP

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

Geographical structuring:

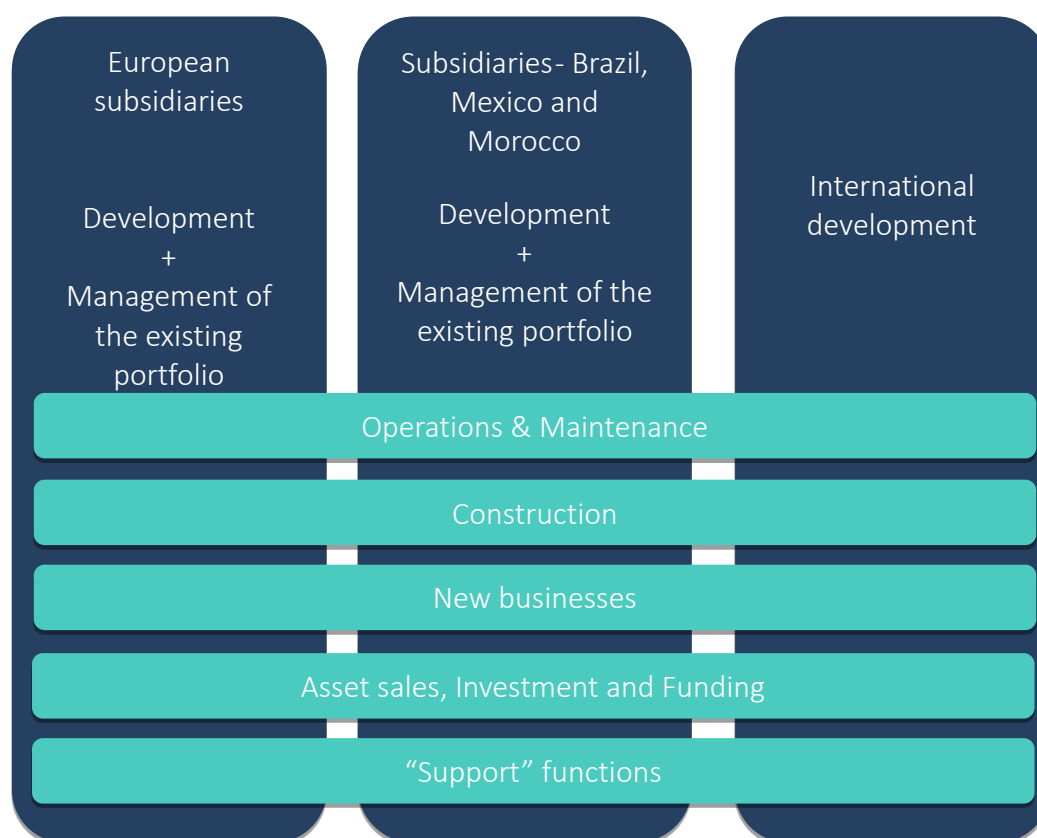
1. In countries with permanent and structured teams, such as in both Latin America and in Europe-Asia-Africa, country teams are responsible for managing existing power plants and developing new projects;
2. In other countries without a permanent team, the International Development team is responsible 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 Businesses" Division, which includes equipment supply activities;
4. Financial Engineering Division, which primarily covers raising project financing and project acquisitions/disposals;
5. The support functions: Health and Safety Division, Administration and Finance Division, Legal Division, Human Resources Division, Marketing and Communication Division, Information Systems Division, General Secretariat and Investor Relations Division.

3 geographical regions

5 Business Lines



1.9. SIGNIFICANT CONTRACTS

1.9.1. Electricity sales contract

Brazil

Long-term sales contract

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

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

The plants affected by CER contracts are:

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

The plants affected by CCEAR contracts are:

- (i) 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.
- (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).

Nature of the sale contracts and the counterparties

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

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

Special features of the CER contracts

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

Special features of CCEAR contracts

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

Short-term sale contracts

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

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. At maturity, these short-term contracts are replaced by long-term contracts; however, the Group reserves the possibility of using this type of contract again.

France

Purchase obligation:

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

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

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

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

Additional compensation:

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

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

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

Transition:

Projects currently under Purchase Obligation contracts may continue to benefit from them until expiration of those contracts.

1.9.2. 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 steps: general and detailed studies, equipment purchasing, subcontractor management, equipment assembly, commissioning, and generally managing all activities necessary for the construction of a solar power plant.

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

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

Operation and maintenance service contracts

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

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

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

1.10. INFORMATION FROM THIRD PARTIES, EXPERT OPINIONS AND DECLARATIONS OF INTEREST

None.

2. RISK FACTORS

2.1. ISSUER RISKS

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

The Group uses risk mapping approved by the Audit Committee to define and implement action plans to prevent their occurrence and limit their impact in the event they occur. The mapping is regularly monitored and updated annually. The main risks identified are described below.

2.1.1. Risks related to the Group's business environment

Risks related to fluctuations in weather conditions

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

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

In this context, budgets rely on a very long-term (20 years) assessment of the potential of the selected sites and take into account average production values calculated based on historical meteorological data involving the longest possible timeframes or economically desirable time periods, obtained on site, at nearby weather stations and/or via satellite.

Risks related to the competitiveness of renewable energy

Demand for power plants generating electricity from renewable energy sources depends on factors such as the cost of the electricity produced from this type of energy compared to electricity generated from other energy sources (nuclear, oil, coal, gas and other fossil fuels, etc.). The cost of electricity produced from renewable energy sources, especially wind and solar photovoltaic power, primarily varies in line with the cost of construction (including the price of turbines and solar panels), financing and maintenance of the production site concerned as well as weather conditions.

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

Nevertheless, the Group notes that as at the date of the Registration Document, the cost of the electricity it produces has consistently decreased over the last few years. Accordingly, sectoral analyses have recorded a drop of -73% in the photovoltaic sector over the 2010-2017 period and of -23% in the wind power sector for the 2010-2016 period²⁶. Depending on the region, this decrease translates into a price for electricity generated through renewable energy sources that is already and/or is becoming increasingly competitive compared to other sources of production.

Risks related to the sustainability of policies supporting renewable energy

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

This is the case in some countries where Voltalia operates such as France, Greece, or to a small extent, Brazil.

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

The Group cannot guarantee that these general policies of support will continue or that arrangements will not be cut back in the future. In addition, a drop in support for renewable energies, all other things being equal, would result in a future slowdown in the growth of the Group as certain projects would no longer have the profitability required for their implementation. The Group could be forced to abandon these projects, or may, despite a lack of profitability, have to continue them due to contractual obligations.

In this context, the Group is pursuing a strategy aimed at establishing itself primarily in markets where renewable energy is competitive and is not, or only slightly, dependent on policies of support.

Risks related to 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.). Some provisions, such as the ICPE regulations in France, also involve the decommissioning of installations and turbines at the end of a contract.

²⁶ IRENA study: <http://www.irena.org/publications/2018/Jan/Renewable-power-generation-costs-in-2017>

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

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

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

In this context, the Group monitors regulations in order to comply with the regulatory framework in effect. With respect to the decommissioning of plants in relation to known items and work performed by the Group, it is estimated that the cost of the remediation and decommissioning of the sites currently being operated could be covered by the income from the sale of the equipment.

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. The signature of these contracts therefore prevents any reduction in prices. 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.

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

In particular, it cannot guarantee that:

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

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

Risk related to competition

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

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

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

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

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

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

Country risks

The Group operates in 18 countries around the world.

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

The growth level in the countries of operation could have a particular impact on electricity demand and accordingly on the Group's business. The same applies to other macroeconomic items that are more or less interdependent, such as inflation, credit access and/or terms or conditions, currency levels (see Note xiv to the Notes to the consolidated financial statements for the year ended 31 December 2017 in Section 6.2 of the Registration Document).

The Group has significant exposure to the situation in Brazil, inasmuch as 70% of its energy sales revenues in 2017 came from this country. The Brazilian economy, like that of many emerging countries, is experiencing substantial fluctuations that are likely to have a significant impact on the Group's business.

Key Brazil data for 2017

The "TJLP"²⁷ rate of the BNDES national bank was 7% in December 2017 / 6.75% during Q1 2018. The short term "SELIC"²⁸ rate serving as the basis for short-term loans by commercial banks was roughly 7% in December 2017 and 6.75% during Q1 2018.

Inflation, to which the prices of the Group's electricity sales contracts are indexed, was 2.95% in December 2017 and 2.86% in January 2018 (on an annual basis).

²⁷ TJLP: Taxa de Juros Longo Prazo: Long term Brazilian interest rate

²⁸ SELIC: Systema Especial de Liquidacao e Custodia: Brazilian banking base rate

Accordingly, the Group is increasing its vigilance regarding political risks as well as the macroeconomic stability of the countries where it operates and attaches particular importance to these aspects in any potential new countries. Clauses for the indexation of electricity sales contracts to inflation are negotiated in the majority of contracts.

2.1.2. Risks related to the business and to transactions

Risks related to the electricity sales business

80% of the Group's 2017 revenues were generated by electricity sales.

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

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

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

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

Risks related to project development

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

Indeed, the 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. For accounting purposes, these expenses are recognised under intangible assets and are submitted to an impairment test at least once a year. (See Note xi of the Notes to the consolidated financial statements for the year ended 31 December 2017 in Section 6.2 of the Registration Document).

The success of the development phase relies on meeting a number of conditions that, if not met, would threaten the viability of the project and therefore its capacity to generate future revenues. These conditions include:

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

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

In order to limit this risk, the Group regularly assesses the probability of project completion, and projects in development that no longer meet the activation criteria, or that have been abandoned, are fully depreciated.

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

Risks related to the construction business

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

Regulatory risks

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

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

Risks related to the construction phase

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

Risks related to the operational phase

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

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

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

Risks related to the guarantees granted by the Group to its clients

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

At the date of the Registration Document, the plants under construction are not facing any significant delays. Furthermore, the Group's policy is to insure itself, to the extent possible, against extra-contractual risks during the construction phase of power plants. The level of insurance is negotiated on a case by case basis according to the specific characteristics of each project.

Risks related to the operation-maintenance business

Voltalia's operation-maintenance business represented 12% of revenues in 2017 this business involves multi-year contracts, limiting the volatility of revenues generated by the operation & maintenance business compared to other services activities.

Nevertheless, this business, due to an abundance of clients, some of whom have a lower financial standing than traditional clients for electricity sales (long established large producers and/or distributors of electricity or public authorities) further exposes the Group to risks associated with client counterparties, including the risk of the non-recovery of guarantees, non-payment or non-compliance with commitments by certain clients (in this regard, see the *Client risks* section of the Registration Document).

Client risks

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. These customers may represent a significant portion of revenues. Thus, in Brazil, 38% of revenue from electricity sales in 2017 was generated with the CCEE, which is the clearing house for energy purchases and sales for the national market regulator, the ANEEL.

In addition to the risk of termination in the event of the non-fulfilment of contractual obligations by the Group (see *Risks related to changes in electricity sales prices*), the loss (especially in the event of

termination of a contract) and/or the insolvency of one of these clients could affect the Group's ability to develop, build, maintain and operate its facilities in a cost-effective and timely manner.

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

The Services business and particularly the Construction and Operation-Maintenance businesses also expose the Group to client risks, even if no client individually represents a significant share of revenues.

Supplier risks

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. This equipment may represent a significant portion of the investment required for the construction of a power plant.

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

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.

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

Nevertheless, the Group notes that, to date, supply largely meets demand and it has never faced a lack of suppliers.

For each project, Voltalia organises calls for tenders involving most of the leading suppliers and reviews the offers received from them with the utmost attention using qualitative and quantitative criteria.

Risks relating to partnerships

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

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

Risks related to the effect of acquisitions or investments

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

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

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

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

Risks related to 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.

The Group is continuing its geographical diversification strategy but remains very dependent on its electricity production from wind power in Brazil. A weather event in this region could have an adverse effect on the Group's financial position.

Risks related to the preparation of the financial information

The Group prepares the consolidated financial information based on the statutory financial statements of each of its subsidiaries. In order to perform this work, the Group has installed consolidation software *HFM* coupled with a reporting software package *PBCS*.

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

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

Risks related to litigation involving the Group

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

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

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

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

Financial risks

Risk related to access to financing

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

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

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

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

Risks related to debt and restrictive financing clauses

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

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

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

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

The Group's ability to comply with these restrictive clauses may be affected by events beyond its control (see Section 2.1.1 and mainly Country risks, Risks related to fluctuations in weather conditions).

In 2017, the Group complied with all the commitments made under the terms and conditions of the loans it contracted.

Moreover, to guarantee the repayment of its loans, the Group has granted a number of pledges on its assets (see the Section *Risks related to off-balance sheet commitments* of the Registration Document).

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

Details of the financing can be found in Note xvi of the Notes to the consolidated financial statements for the year ended 31 December 2017 in Section 6.2 of the Registration Document.

Currency risk

This risk relates to the Group's activities outside the eurozone. In 2017, this risk mainly involved the euro/Brazilian real exchange rate.

The Group is exposed to currency risk (impact on translation reserves in equity) primarily at the level of its Brazilian subsidiaries, which represent 66% of its assets and 63% of its debt. A sharp drop in the Brazilian real would have a significant adverse impact on the Group's consolidated reserves.

The summary table in Note xiv of the Notes to the consolidated financial statements for the year ended 31 December 2017 in Section 6.2 of the Registration Document shows the exposure to currency exchange risk.

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

These hedging instruments are described in Note xiv to the Notes to the consolidated financial statements for the year ended 31 December 2017 in Section 6.2 of the Registration Document.

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

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

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

Nevertheless, in the short term, a sudden fall in the real would have a significant unfavourable effect on the Group's results.

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.

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

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

In order to protect itself from this risk, the Group has implemented a policy of hedging interest rate risks by encouraging the use of fixed-rate financing or, when rates are variable, of interest-rate swaps to hedge against adverse fluctuations in interest rates. This is the most common scenario in France. However, the Group cannot guarantee that it will obtain such protection for each of its projects, nor, if it obtains it, that it will be under satisfactory financial conditions. Thus, the Group was unable to obtain such guarantees in Greece at acceptable conditions.

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

A summary table in Note xiv of the Notes to the consolidated financial statements for the financial year ended 31 December 2017 in Section 6.2 of the Registration Document shows the exposure to interest rate risk.

Risks related to off-balance sheet commitments

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

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

Moreover, 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.

Lastly, debts contracted by the Group in the framework of project financing are guaranteed as collateral (mortgages, pledge on equipment, pledge of securities and receivables, and reserve accounts) for their repayment. The committed amount represents the outstanding balance on 31 December 2017, of debts for projects that are in operation or under construction and are receiving bank financing.

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

2.1.3. Other risks

Risks related to information systems

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

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

In this context, the Group has opted to store the majority of its data in Cloud architecture and a portion in on-site servers with geographical replication of saved data in order to limit the risk of data loss.

In addition, in its ordinary activities, the Group has to manage data of a personal nature. The regulations regarding this type of data are becoming increasingly strict, particularly with the entry into effect of the GDPR in May 2018. The Group's inability to comply with these new regulations could also result in financial penalties and/or harm the image of the Group.

Risks related to human resources policies

As the Group has grown and diversified, it has had to make changes to its organisation and operation. This period of change being a risk factor, the Group has strengthened its HR organisation and has implemented a suitable type of governance. Nevertheless, the Group could find itself in a position where it is unable to retain its key personnel or to attract new personnel. Thus, the Group is exposed to the risk of loss of expertise, knowledge and experience related to the departure of certain employees.

In addition, although the Group strengthened its health and safety policy in 2016 through a dedicated body, better internal communication and management engagement, its personnel working on its construction sites, plants and offices could incur workplace accidents.

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.

Risks related to shareholding structure

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

Furthermore, as part of its incentive policy for management and employees, the Company has issued and allocated company creator share subscription warrants (BSPCE warrants), free shares and stock options (see Note xii of the Notes to the consolidated financial statements for the financial year ended 31 December 2017 in Section 6.2 of the Registration Document).

The maximum potential dilution resulting from the exercise of all dilutive instruments would be 2.57% based on the existing capital at the balance sheet date.

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 for the shareholders of the Company.

2.2. RISK MANAGEMENT

2.2.1. Risk management and internal control procedures

For the preparation of this section, the Company has drawn on the application guide issued by the AMF on 22 July 2010 covering the reference framework for risk management and internal control within small and midcap companies, as well as the principles of the COSO²⁹, international reference benchmark for internal control.

Definition and objectives of internal control and risk management

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

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

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

- having, by 2020, 3 GW of operated capacity, of which 1 GW for itself and 2 GW for third parties;
- reinforcing its multi-energy and multi-country profile by optimising its asset portfolio;
- confirming its status as an international operator and energy producer that is integrated and independent by strengthening its value chain;
- maintaining sustained growth of its capacity and expertise in development;
- 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.

Organisation of internal control

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

²⁹ COSO: The Committee of Sponsoring Organizations of the Treadway Commission

EMPLOYEES INVOLVED IN CONTROL

The internal control system relies on a certain number of identified individuals but remains the concern of all Group employees: raising the awareness of all staff with respect to the values of Voltalia is therefore the first step in the internal control system. This vertical transmission of values is achieved both through seminars (Executive Committee seminars, annual team seminars, etc.), 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:

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

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

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 main risk factors facing the Group are described in Section 2.1 of the Registration Document.

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

In 2014, the Group initiated a formal risk mapping process providing it with a standardised framework for identifying the risks it encounters. Each risk is therefore assessed in a matrix format through the combination of its financial impact and the probability of its occurrence, thus permitting an assessment of the gross risk, without taking into account the action plans or existing components of control:

1. Strategic risk: this category encompasses risks such as reputation risk, risk associated with changes in regulations or even exposure to climate risks. It also includes the risks associated with the creation of long-term policies to ensure the sustainability of the business and the organisation;
2. Financial risks: this classification includes risks that are inherent in cash flows and external financing activities under the control of the Group. It also includes the currency risk, the variable interest rate risk and the fluctuations in electricity prices on open markets;
3. Operational risks: these risks are directly tied to the conduct of the Voltalia activities identified as being the most significant, including the risks associated with IT developments.

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.

The risk factors described in Section 2.1 of the Registration Document take into account the risk mapping updated by the Board of Directors in December 2017.

CONTROL ACTIVITIES AND PROCEDURES

a. Procedures related to managing activities

Standardised information collection 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:

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

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

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

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 Management Control Division, the Consolidation & Reporting Division, as well as the implementation of financial and treasury-specific approaches (monitoring of financial debt, interest rate hedging, cash flow management). The consolidation process is 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 collection 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. For more information on the Audit Committee, see Section 7.5 of the Registration Document.

Role of the Statutory Auditors

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

2.2.2. Insurance

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

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

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

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

As soon as the power plant is commissioned, the company owning the project takes out a general liability policy if it is not covered by the Group policy. It also takes out a policy that typically covers machinery breakdowns, fire and related risks, natural disasters and, in most cases, operating losses. The Group generally also holds contractual guarantees provided by the manufacturers of components and technical equipment of its electricity power plants, covering damage that occurs in the event of the malfunction of such components and equipment (during the warranty period).

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

2.3. LEGAL AND ARBITRAL PROCEEDINGS

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

- 3VD litigation – project under operation: individuals sued the company 3VD for devaluation of their property, as well as for noise and visual pollution. By decision dated 26 April 2017, 3VD was ordered to pay an amount of 80 thousand euros plus expert's fees and costs. 3VD introduced a partial declaration of appeal in July 2017 and the proceedings are ongoing;
- Valtalia Greece litigation: a partner in a development company issued 600 thousand euros of unsubstantiated invoices, for which it is demanding payment from Valtalia Greece. In the first instance, the court dismissed the plaintiff, who had appealed by claiming 380 thousand euros. The appeals hearing took place on 8 February 2018, but the conclusions will not be rendered for several months;

- Voltalia Spain litigation: Canaverosa Fotovoltaica SLU sued Martifer Solar Sistemas Solares SA regarding the construction contract for the Photovoltaic Power Plant of Moratalla due to defective panels. As of the date of the Registration Document, an amicable settlement is being discussed;
- Martifer SAS litigation: Upon the conclusion of litigation with SPV12 (a commercial dispute regarding unpaid invoices, see the 2016 Registration Document) the parties have agreed to resolve the dispute between them via a settlement agreement signed on 1 March 2017.

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

3. CORPORATE SOCIAL RESPONSIBILITY

3.1. 2017 HIGHLIGHTS

3.1.1. Voltalia continues its transformation

In 2017, Voltalia pursued the initiatives it began in 2016 to integrate new employees following the acquisition of Martifer Solar.

It also continued to expand its Human Resources team to support this integration and the strategy set out in 2016. Specifically, new employees in charge of mobility and recruitment joined the team to put in place Voltalia's careers development policy. In 2017, to promote exchange between the regions and meet the needs of the different activities, Voltalia encouraged internal and international mobility whenever possible to ensure employee development kept pace with the company's growth. As part of this employee career progression, Voltalia placed particular emphasis on the development of managerial skills.



New initiatives launched in 2017 included the definition then implementation of a new common IT architecture and the deployment of a number of shared tools. All the projects were supported by a team working exclusively on the Group's transformation, reporting directly to Voltalia's Deputy CEO. Finally, to strengthen team cohesion and reinforce corporate culture, induction seminars were rolled out for all new arrivals in France, Brazil and Portugal. The programme for these induction days included a presentation about Voltalia and the Group's different activities, strategy and values.



3.1.2. A community of committed employees: creation of the we@Votalia association



The we@votalia project came about because employees wanted to go one step further in their commitment to provide access to energy and water through a sustainable and environmentally-friendly approach. we@votalia ("w@v") is a not-for-profit association founded in December 2017 which unites all company employees in every country.

Many Votalia employees wanted to volunteer their skills to assist projects aimed at improving the living conditions of disadvantaged populations. So they decided to create an association which brought together all employees who wished to support, or initiate, such projects on a voluntary basis. The first projects proposed by the employees are energy access projects initiated by local partners to which the association will lend financial or technical support.

The employees behind this initiative approached Votalia, suggesting it became a member of the association and lent its support. The Group felt that the initiative was in line with its mission and values so it decided to accept the proposal. Votalia SA agreed to help set up the association as a founder member. Votalia supported the initiative with a symbolic financial donation which helped to launch the project; finally, in further support of the initiative, the Company offered to match member employees' skills-based sponsorship contributions.



3.2. IMPROVING GLOBAL ENVIRONMENT

3.2.1. General environmental policy

Organisation of the Company to take into account environmental issues and, as required, environmental assessment and certification requirements

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



company's activities have on the local environment. Environmental studies are carried out to ensure that impact reduction measures are identified at the very early stages of development and are implemented at each plant. The development teams take particular care in their choice of land and the carbon footprint of the projects. Finally, the Group has the technical expertise and multi-energy experience to optimise the areas used and existing installations, as it does in Kourou (French Guiana) and Oiapoque (Brazil) where the plants in operation combine several sources of renewable energy.

1. TONGE SOLAR FARM (UK)

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 team meetings held at the sites. To ensure it meets regulatory requirements these, and the required action plans, are regularly discussed with employees. On-site environmental protection is incorporated into the training documents available to the construction and operation and maintenance teams. Finally, audits are conducted regularly to help Voltalia's subsidiaries better monitor their installations' compliance with environmental regulations.

Resources dedicated to the prevention of environmental risk and pollution

Voltalia's activities contribute to a better environment: its renewable electricity plants are reducing greenhouse gas emissions and incorporating the statutory measures in place to limit and reduce the environmental impact of infrastructure. The Group takes a proactive approach in these matters whenever possible.

The requirements vary according to each country's regulatory framework. As a general rule, the development phase includes an environmental impact study and the preparation of programmes to monitor biodiversity protection and/or preservation of protected species where required. Whenever possible, Voltalia also includes environmental considerations in the plant design and the protocol applied at the Group's construction sites has an environmental angle. Finally, when the plant is in operation, the Voltalia teams are also charged with monitoring the plant's waste and emissions into the atmosphere.

These provisions are also in place for the plants developed for and/or sold to customers of the Group. For example, in France the Group's leases include a commitment to dismantle solar power plants 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.

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 per wind plant and €30 thousand per installed megawatt for certain solar plants. At the date of the Registration Document, and notably following implementation of ICPE regulations for wind farms, the rehabilitation and dismantling costs at wind and solar sites are covered by provision in the financial statements as at 31/12/2017 in the amount of €1,240 thousand. This provision is included in the overall cost of planned projects. It should be noted, however, that in view of the known factors and the work undertaken by the Group, it is estimated that the refurbishment and dismantling costs of solar farms currently in operation could be completely covered by the proceeds from the sale of the equipment.

3.2.2. Pollution

Prevention, recycling, reuse and other forms of waste recovery and elimination

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 maintenance operations.

With installed thermal power of less than 10 MW, Voltalia's biomass power plant is 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 2017, the appropriate authorities did not carry out any inspection tests on the Group's biomass plants. However, Voltalia has fitted sensors to its biomass plant to monitor combustion and emissions on an ongoing basis in order to optimise production.

To limit the pollution emitted from the Kourou plant in French Guiana, the water used is treated in a hydrocarbon separator before being routed to the local waste water system. The ash produced is removed by an external service provider or stored on site to be re-used in farming.

Dealing with noise pollution and all other forms of pollution specific to an activity

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.



2. SAINT-FELIX WIND FARM (FRANCE)

In France, Voltalia complies with the various regulations (such as planning restrictions and ICPE regulations) combating noise pollution and pollution of any type that may disrupt the lives of local residents and local populations. The applicable regulations mainly concern the new wind farms. Such farms must notably be located at a minimum distance from homes, in addition to meeting a variety of noise standards. Consequently, starting from the design phase of its wind farms, Voltalia now defines protection areas and undertakes acoustic studies to

determine the measures to be put in place in order to minimise noise pollution, as was the case for the Molinons wind farm (France).

During the commissioning of its new wind farms, the Company also carries out compliance measurements that it submits to the public authorities.

In addition, for its wind farms in service before the entry into force of the new regulations, Voltalia had taken measures ahead of the new ICPE NFS 31-114 standards. The noise level measurements taken confirmed that the Group's wind farms already complied with the new acoustic limits, including neighbourhood noise, in addition to the existing ICPE standards.

In Brazil, the Group takes a similar approach to that used in France. Wind farms are located in low-population areas and are installed at a minimum distance of 500 metres from houses in 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.

3.2.3. Circular economy

Prevention, recycling, reuse and other forms of waste recovery and elimination

As of 31 December 2017, only the biomass power plant of Kourou in French Guiana (1.7 MW) required the introduction of waste treatment measures.

Thus, the ash from wood combustion at the Kourou plant is reprocessed or used for farming, depending on the pollutant levels measured. In French Guiana, regulations allow it to be sprayed on agricultural land: the ash discharged by the Kourou plant is systematically sprayed on land by local farmers, who are able to benefit from this natural fertilizer.

The other main waste products come from plant operations and maintenance: 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.

Throughout the life cycle of a project, each business unit is responsible for its own waste (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

Because of its strong environmental protection commitment, Voltalia adopts the most environmentally-friendly practices possible in the course of its activities. Its employees use their ingenuity to find the best solutions to minimise and optimise their use of natural resources on site. With this in mind, Voltalia has developed expertise in the construction and operation of multi-energy plants: in Oiapoque (Brazil) the hybrid plant initially planned combined a diesel-powered thermal unit and a hydropower unit. In 2017, Voltalia's teams reduced the use of fossil fuels by installing solar panels³⁰ with a capacity of 4 MW resulting in almost 90% of its electricity coming from renewable sources.

Oiapoque, Voltalia's first isolated hybrid site

The subject of a call for tenders won in 2014, since 2015 this hybrid plant has replaced the diesel generators used until then by the city of Oiapoque, which were not linked in to the Brazilian national grid. Initially designed to be operated by a diesel-powered thermal unit (12 MW – commissioned in 2015) supplemented by a hydropower unit (7.5 MW – to be commissioned by 2021 at the latest), the plant also has 4 MW of solar panels added in 2017 to replace even more of the fossil fuels. Thus, as soon as the hydropower unit is commissioned in 2021, priority will be given to generating electricity from the solar power and hydropower plants, with the thermal power plant supplementing this during peak periods, the dry season and maintenance periods.



³⁰ See press release dated 4 December 2017.

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

An exemplary initiative: the Petit Saut project in French Guiana

The Petit Saut biomass project in French Guiana involves transforming the dead wood at the bottom of Petit Saut lake into timber and then wood energy for use by Voltalia's plants in Guiana. This innovative project is the result of a collaboration between Voltalia and Triton, a Canadian company which specialises in the mechanical exploitation of submerged forests for use as restraints at large dams.

The environmental benefits are manifold: recovering the dead wood reduces the direct greenhouse gas emissions from the submersion of this organic matter and also, by using the by-products from sawing the timber, Voltalia's plants can reduce the emissions generated when procuring wood supplies. The Petit Saut project also promotes the development of the biomass industry in French Guiana as it creates over 60 direct jobs and the construction of the plant creates a further 100 or so. The plant's future technicians and maintenance operatives will also be trained at the Kourou biomass site.

Beyond Voltalia's commitment to Guiana, the Petit Saut biomass project was also designed to keep its environmental impact to a minimum. The project's carbon balance revealed that using this wood reserve to produce electricity met French Guiana's energy requirements, with lower greenhouse gas emissions and the same continuity and reliability as the diesel generators generally used to produce the electricity. In addition, reduction and offsetting measures will be put in place to limit the lake project's biodiversity impact.

This project, which is still at the development stage, underlines the technical expertise and ingenuity of Voltalia's teams who are all truly committed to the development of this exemplary project.

Water consumption and water supply depending on local constraints

Industrial water consumption only concerns Voltalia's biomass plant, i.e. 0.3% of the Group's installed capacity as of 31 December 2017³¹.

In 2017 water consumption from Voltalia plants was 7,297 m³. This is the quantity of water used at the Kourou site and all the Brazilian wind farms in operation. Generally, the Group's on-site operating facilities use part of the electricity which it produces and electricity from the grid is only used when the plants are shut down for maintenance.

Consumption of raw materials and measures to improve efficient use

Industrial raw material consumption only concerns the Kourou biomass plant and the Oiapoque hybrid plant. Wood waste (sawdust, pallets) is the main raw material used; in 2017, the Group recovered 27,565,780 kg of wood waste and 182 tonnes of kilogrammes [sic] of ash to operate its biomass plant in French Guiana. In addition to the ongoing control of plant hydrometry and combustion, the annual maintenance operations are also an opportunity to further improve plant processes in order to optimise and manage wood waste consumption.

³¹ The Biobar power plant on mainland France was sold in 2017.

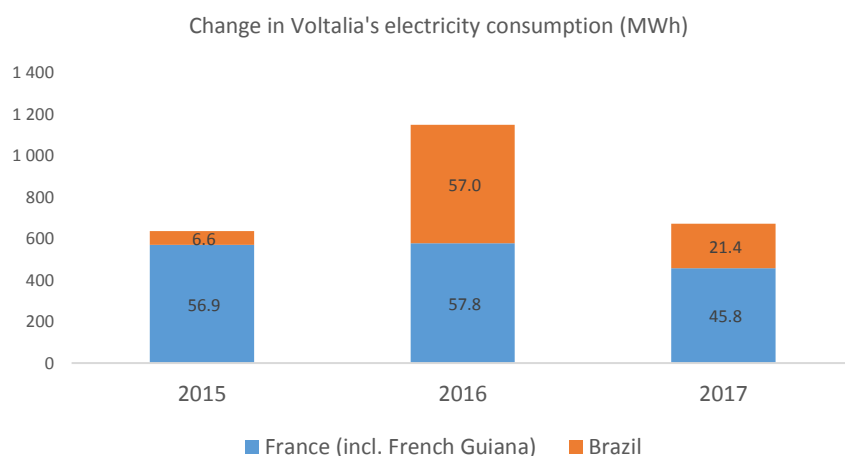
The Oiapoque site reduced its diesel consumption by 5% in 2017; the addition of the solar farm at the end of the year will further reduce its fossil fuel use in 2018.

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.

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

Voltalia uses electricity produced by its own plants to operate monitoring facilities. The Group uses electricity from the grid when the plants are on shutdown (for maintenance, for example) or to meet the needs of its construction sites. In 2017, Voltalia used less electricity from the Brazilian grid due to completion of work which began in 2016. In France, electricity consumption has also fallen because the plants have less need to be shut down for maintenance.



To operate its plants and monitoring facilities, the Group uses the electricity produced on site, except during maintenance periods or when the resource is not available (solar power plants at night, for example). This significantly reduces its electricity consumption, which was less than 1% of the Group's total production in 2017 (in France and Brazil).

MWh	Brazil	France
2017 electricity production	1,977, 940.7	128,915.6
2017 electricity consumption	213.9	457.6
	0,03%	0,45%

Land use

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. When conducting studies for the installation of solar panels, Voltalia ensures that land use is kept to the absolute minimum. 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 2017, the Canadel, Carrière-des-Plaines and Castellet II plants were equipped with SunPower panels as these are more efficient and perform better at these sites.

In France, as part of its operation-maintenance procedure, whenever possible Voltalia gives farmers the opportunity to bring their herds to graze at these solar farms. So the areas used for the project are also of benefit to local farming. In Brazil, any infrastructure for the production of wind, solar or small-scale hydraulic energy must meet two requirements: the first is the legal requirement to preserve untouched land (between 30% and 90% of the land depending on the States and the owners), and the second is the requirement to maintain a certain distance between the site and Permanent Protection Areas (APP). In compliance with local Brazilian requirements, the Group also ensures that a minimum of land is cleared and replants vegetation in the local ecosystem to compensate for the areas cleared for site construction purposes only. In the event of the land being cleared permanently, the Group replants in another area in order to compensate for the damage to the site used.

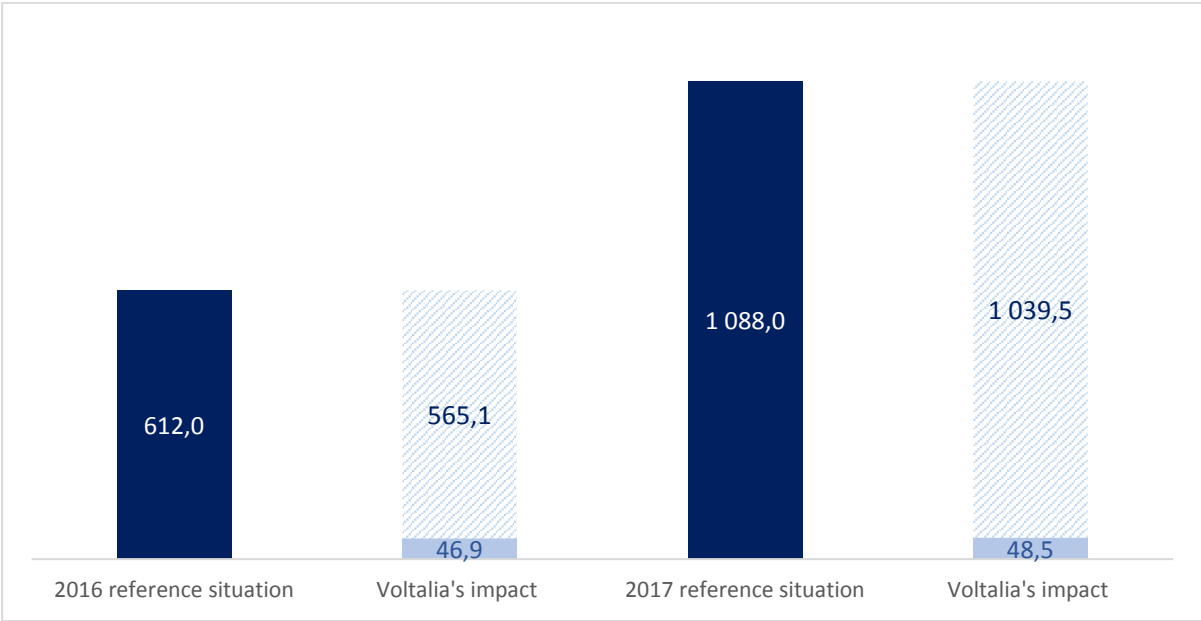
3.2.4. Climate change

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 raw materials used (waste wood or diesel, for example). As of 31 December 2017, only the biomass power plant of Kourou in French Guiana (1.7 MW) and the thermal unit of the Oiapoque hybrid plant (12 MW) in Brazil emit greenhouse gases as part of the electricity generation. As of 31 December 2017, these power plants accounted for 2.7% of the Group's installed capacity.

As explained above (see 0), the Voltalia teams make every effort to keep greenhouse gas emissions to a minimum. For instance, the Oiapoque solar farm enabled greenhouse gas emissions to be reduced by 85% and then 90% compared to a conventional thermal plant.

In 2017, Voltalia's plants worldwide avoided a total of 1,039 tonnes of CO₂, which is almost twice as much as the previous year. As such, the Group's activity avoided 96% of the carbon dioxide which would have been emitted into the atmosphere if the Group's installed capacity had reflected the current energy mix of the countries in which it operates.



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

Finally, because its teams are in different locations throughout the world, the highest carbon equivalent emissions are attributable to air travel. In 2017, flights generated 257 tonnes of carbon dioxide equivalent. To mitigate this, in 2017 Voltalia equipped itself with a video-conferencing system to reduce the CO₂ emissions generated by employee business travel.

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. To prevent flood risks, the hydro-power plants are calibrated to cope with exceptionally high water levels. 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.

3.2.5. 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 natural environment are therefore conducted as part of the project validation process, including:

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

Thanks to these upstream studies, Voltalia applies the principles of the “avoid, reduce, compensate” 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.

The biodiversity protection measures are regularly monitored by the competent authorities in both France and Brazil. In 2018, the development teams in France hired someone to monitor the environmental impact of the projects, from development to operation. The role of this person, who reports to the Director for France, is to ensure the coherence of the environmental protection action taken by the teams throughout the lifespan of the power plant.

Offsetting measures are implemented during the construction and operational phases of Voltalia's projects and can take many forms, including:

- prohibiting the movement of construction vehicles within certain protected areas;
- demarcation and physical protection for certain sensitive species;



3. SAO MIGUEL DO GOSTOSO POWER PLANT (BRAZIL)

- 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.

... FOSTERING LOCAL DEVELOPMENT.

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

3.2.6. Local economic impact

Regional employment and development

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 and helping them meet their environmental objectives. For instance, the Râ Solar plant (32 MW) will not only help improve access to a reliable electricity supply but will also help the Egyptian Government meet the renewable capacity targets it set itself as part of the 2015 Paris Agreement.

During the development phase of its projects, Voltalia 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 encourages the recruitment of people from surrounding regions. 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

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. For example, it is anticipated that several hundred local workers will be hired to work on the construction site for the Râ Solar power plant in Egypt and, once in operation, it should create some 20 permanent jobs. Voltalia's impact is even greater in Brazil because of the socio-economic projects linked to the wind farms in the Rio Grande do Norte region. In addition to the initiatives described in point 0, the progress of the agricultural industry in this region in 2017 testifies to Voltalia's commitment to the local communities. By helping local beekeepers come together as an industry, creating jobs and training, the Group has supported the emergence of a sustainable economic fabric in the region.



4. MANA HYDRO-POWER PLANT (FRENCH GUIANA)

Voltalia's expertise in the development, construction and operation of power plants in isolated locations enables it to provide access to electricity to populations which are not connected to the national grid. These populations have access to cleaner and more affordable energy than that generated by the fossil fuels traditionally used. For example, the Cacao biomass plant project (French Guiana) not only reduces the region's dependency on imported fossil fuels, but also helps to structure the country's biomass industry.

Indeed, the creation and consolidation of several dozen jobs for the construction, operation and supply of the plant will contribute to the economic development of the region, in which Voltalia has operated since 2005.

3.2.7. Relations 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.

Dialogue with stakeholders

Voltalia believes that its stakeholders play a vital role at each stage of the value chain. Relationships of trust forged and maintained by the Group's local teams help foster acceptance of the projects and reduce the Group's exposure to operational risks. Whenever possible, the teams give priority to local partners to work with them in the development, construction and operation of the power plants.

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.

For the Râ Solar plant project in Egypt, a contract it won in 2017, Voltalia conducted a stakeholder analysis according to the rules of the international institutions which are helping to fund the project. The key stakeholders were identified and the terms and conditions of dialogue and agreement stipulated according to their exposure to Voltalia's project. 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 also actively promotes renewable energies. In December 2017, the French teams joined forces with other companies in the industry to organise a conference on the regional challenges of the development of renewable energies. Voltalia is also a member of several professional networks which promote the development of the industry. This enables the Company to offer its expertise and work hand-in-hand with the various players in the sector to ensure the long-term development of solar energy, in France and subsequently abroad. For instance, Voltalia is particularly active within the French "Federation for renewable energy" (SER), the "French photovoltaic solar professionals' grouping" (SOLER), the "Federation of solar energy professionals" (ENERPLAN), "France Wind Energy (FEE)" and "AMORCE", the French network providing information, experience sharing and support for local authorities and other local players on regional Energy-Climate policies.

In October 2017, the Board of Directors amended its rules of procedure to incorporate the notion of stakeholders in its missions. As a result, the Board "determines the strategy of the Company and oversees its implementation. Subject to the powers expressly conferred to shareholders' meetings and within the limit of the Company purpose, it shall deal with any issue affecting the Company's efficient operation and make business decisions within its remit. In doing so, it defends the long-term interests of the Company with respect for all stakeholders".



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. For example, in 2017 the Group made a financial contribution to several local initiatives in France (Castellet community festival, Argenteuil town festival, etc.)

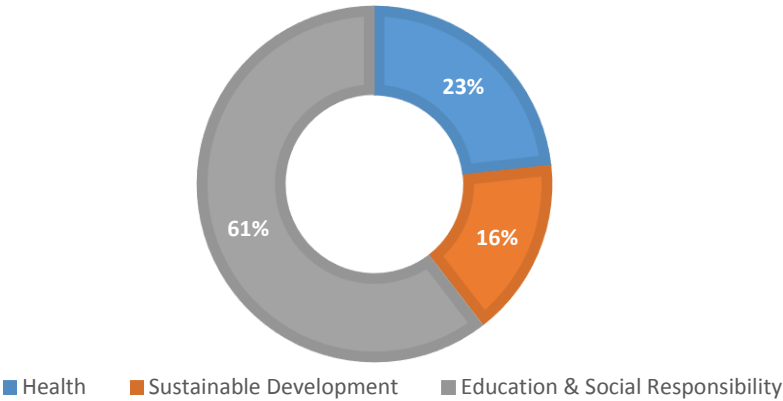
Initiatives in countries where Voltalia has a presence

In Brazil, Voltalia has a dedicated socio-economic project team. Its socio-economic development campaigns help to establish mutual trust over the long-term between the Group and the local

communities near its installations. The themes include health, education and sustainable development, in line with Voltalia's mission: "improve" global environment, foster local development. As of 31 December 2017, almost 6 million reais has already been invested in Brazil in response to the National Development Bank's requirement to devote 1% of investments to social projects.

Voltalia's portfolio of socio-economic projects in Brazil as of 31 December 2017

In the town of Mossoro in Rio Grande do Norte state, in the north-east of Brazil, near the Sao Miguel do Gostoso wind farm complex, Voltalia and its partner COPEL linked up with Opération Sourire, for



example. This initiative attracted almost 414 volunteers from many countries and saw 168 patients – mainly children - with cleft palates receiving operations in a region where this disfigurement is often left untreated.

At Areia Branca, Voltalia promotes social integration through sport of the youngest members of society with its educational project "bien dans son sport, bien à l'école" [happy in sport, happy at school] which gave almost 250 children the opportunity of playing tennis and football. The Group helped to upgrade access facilities for the oldest members of society with its renovation of the "home for the elderly", a facility which provides specialist care for the elderly.

On the Vamcruz site, the Group has financed and implemented well-drilling and desalination projects to improve access to water, a scarce resource in this arid region. Voltalia also contributed to the "*Quintais Produtivos*" (Productive Plots") project which aims to install systems in private houses to treat waste water, which is then used to irrigate crops. The intention is to install over 60 systems, train local farmers and provide environmental education in schools nearby. As for each of the projects to which it contributes, the company ensures the sustainability of its actions by providing training for local communities and promoting the creation of economic sectors. It is also on this basis that the Group is contributing to the restructuring of the beekeeping sector as part of its development of the Vila Para wind plant.

Finally, in 2017 the teams not only increased the number of development projects but also stepped up their procedures by adopting an appropriate methodology to measure the Social Return On Investment (SROI). For the time being, this methodology has been applied to Voltalia's first social project in Brazil, *Água e renda* ("Water and Income"). This project aims to develop in the community of Serra do Mel, where most of Voltalia's wind farms are located in Brazil, local subsistence farming through the installation of an irrigation system which will be of direct benefit to almost 695 people and will indirectly benefit a further 1,500. Once validated, this methodology will be progressively rolled out to all of the Group's projects in Brazil.

3.2.8. 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 are applied to all of the Group's construction sites.

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. Subcontractors are responsible for collecting and managing their own waste. Waste management clauses are therefore generally included in construction and maintenance contracts.

3.2.9. 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 Valtalia'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, all Valtalia do Brasil employees signed the Ethics Code established in 2015. At the same time, the Group's employees based in Brazil receive 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 Valtalia 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: an Ethics Code and a Code of Conduct are currently being finalised.

In 2017, as part of the implementation of the Sapin II act, Valtalia's legal team prepared a framework document outlining corruption practices and prevention, which will be circulated Group-wide in 2018.

Consumer safety measures

Safety is a central concern for the Group. Before wind farms are commissioned, hazard studies are carried out by Valtalia's teams to evaluate the risk of accidents for the surrounding populations. Means of prevention and crisis management plans are put in place for each risk identified. In 2017, Valtalia's HSE teams installed common signage at each site under construction or in operation outlining the appropriate safety measures for the plant in question. A card with emergency contact numbers, first-aid actions and the basic rules of good conduct is also available.

Human rights initiatives



stakeholders on a day-to-day basis.

For Valtalia, 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.

Valtalia therefore strives to promote respect for human rights among its employees and all its

3.3. OUR STAFF, THE SOURCE OF OUR SUCCESS

Employee support is a priority for the company. Its Human Resources team has expanded each year since 2014 to enable it to put in place a policy which is in line with its strategy. Specifically, the Voltalia group wants every employee to progress, feel part of the company and share the following values:



Resourcefulness



Entrepreneurship



Team spirit



Integrity

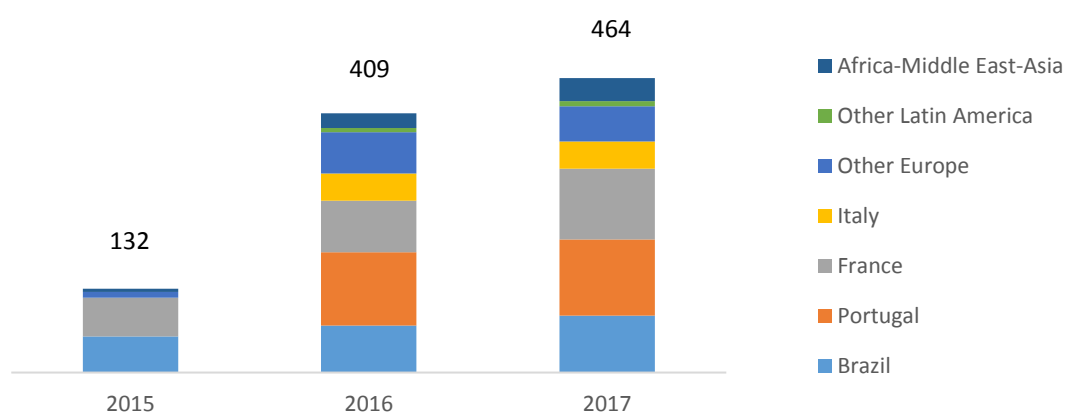
3.3.1. Employment

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, on Overseas Volunteering Secondments (Volontariat International en Entreprise (VIE), professional training contracts, apprentices and interns.

With a presence in Portugal, France, Brazil, Italy and 11 other countries (see details regarding geographical regions in the note on methodology), Voltalia had 464 employees as of 31 December 2017. Employee numbers have grown 14% since 31 December 2016. This is the result of ongoing recruitment campaigns which aim to support the Group's transformation and Voltalia's strong business growth.

Change in the geographic distribution of Voltalia's workforce (2015-2017)

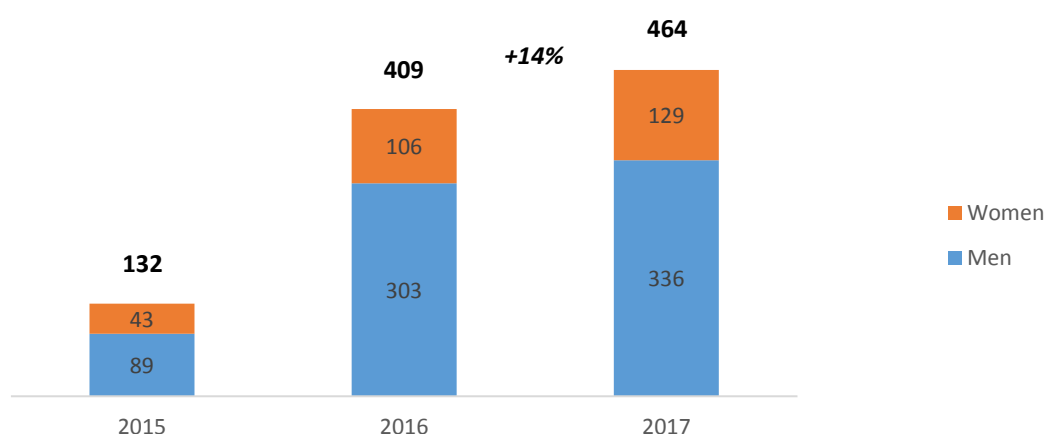


Since the 2016 acquisition of Martifer Solar, almost half of employees are located in Europe, mainly in Portugal (26%) and France (24%).

As of 31 December 2017, Voltalia's total workforce³² comprised 28% women and 72% men, reflecting a 1.8% increase in the percentage of women employed by the company. In 2016, the percentage of women within the overall workforce had declined following the acquisition of Martifer Solar, since this company had a large number of technicians, most of whom are male.

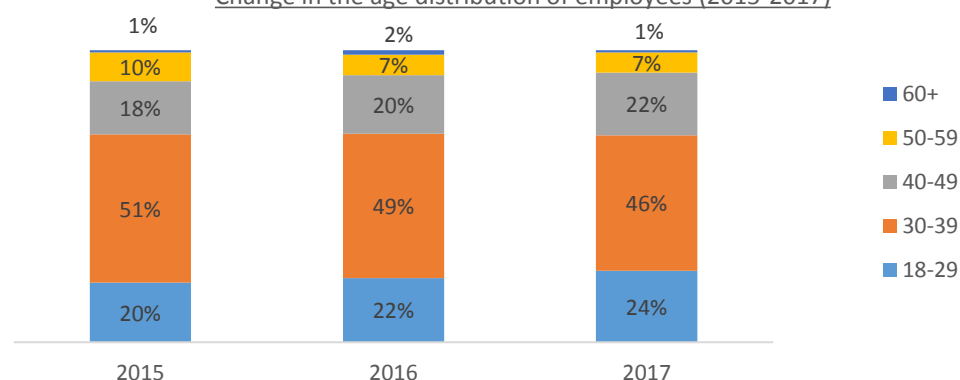
³² For 2017, the total workforce equates to the total of Full time Equivalents (FTE), rounded up or down.

Change in the employee gender split (2015-2017)



The employee age pyramid remains unchanged.

Change in the age distribution of employees (2015-2017)



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.

Geographical region	2017		2016	
	Arrivals	Departures	Arrivals	Departures
France	54	27	20	14
Brazil	28	9	21	10
Portugal	32	25	5	na
Italy	6	6	3	na
Other Europe	13	20	2	2
Other Latin Am.	6	6	0	na

Geographical region	2017		2016	
	Arrivals	Departures	Arrivals	Departures
Africa-ME-Asia	16	4	7	0
Total	155	97	58	32

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, 87 persons were recruited on permanent contracts (CDI) and 68 on fixed-term contracts (CDD).

A high number of new hires in 2017 led to the expansion of the development teams in France and Brazil and the support functions.

Most of the departures were due to office closures, voluntary departures and departures at the company's request.

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. In 2017 the average gross monthly salary of Voltalia's employees was €3,135, compared to €3,035³³ in 2016.

In 2017, the average gross monthly salary for women employed by the company increased by 9%, from €2,314 to €2,520. For men, it increased by 2%, from €3,291 to €3,369.

3.3.2. 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 2017, the number of hours worked in France, Brazil, Portugal and Italy (four countries representing 78% of the Group's workforce) was 606,111 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 2017, 2,850 days worked were recognised as absences for the entire Group. In 2017 the absenteeism rate was 4%. This percentage excludes long-term absences since 2016.

Breakdown of days of absence by reason in 2017 (number of days worked)

³³ The methodology has changed since the 2016 CSR report, the 2016 and 2017 figures given here are calculated using the new methodology.

Grounds	France		Brazil		Portugal		Italy	
	2017	2016	2017	2016	2017	2016 ³⁴	2017	2016 ⁵
Illness	301	204	77	50	139	110	166	41
Workplace accident	44	56	2	9	0	0	2	0
Family events	1	21	10	1	56	6	0	0
Maternity/paternity	317	186	135	5	1,291	638	258	27
Parental leave	36	0	3	0	10	0	0	7
Total	699	467	227	65	1,496	754	428	75

3.3.3. Labour relations

Organisation of social dialogue

Voltalia strives to sustain respectful and constructive labour relations with all its employees, which is all the more important because the Group is in the course of finalising the integration of Martifer Solar employees. Furthermore, Voltalia's expanded human resources team has enabled it to increase employee dialogue within the company in a quest to forge a bond between employees and encourage their support of its mission.

In 2017, Voltalia SA created a single employee representative body (Délégation Unique du Personnel, DUP), to comply with anticipated labour regulations in France. This body, which comprises eight employees from the Paris and Aix-en-Provence offices, improves communication with management and between the teams. Elected for two years, its members include employee representatives and members of the works council and of the Health, Safety & Working Conditions Committee. In 2017, employees of Voltalia in Italy elected a safety representative.

Review of collective bargaining agreements

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

Voltalia do Brasil (VDB) signed a collective bargaining agreement in September 2016 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 career development of employees within the company (training, career planning, bonus system). This agreement was renewed in 2017.

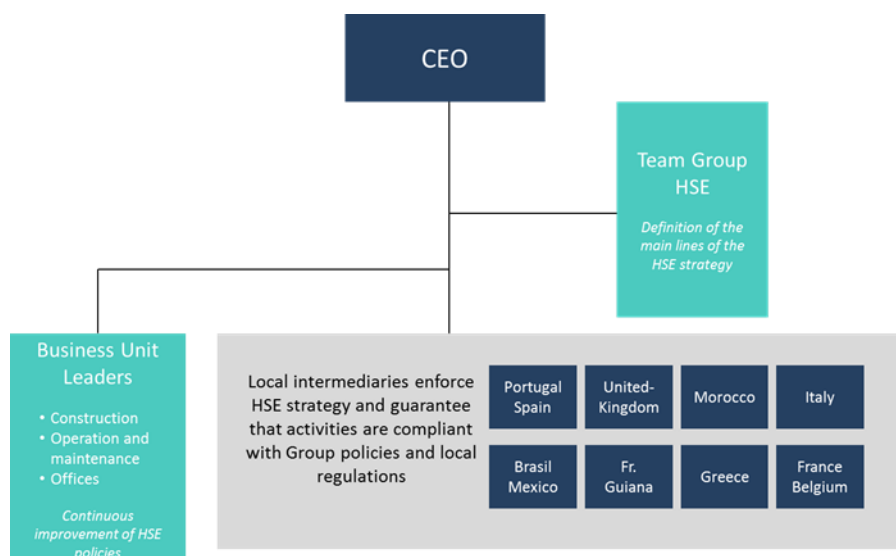
3.3.4. Health and safety

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 2017 Voltalia continued to roll out its HSE policy. It also completed its first integrated report for a full year. Improvements were made to HSE organisation and policy: in addition to local HSE officers responsible for reporting accidents and ensuring

³⁴ In 2016 the figures for Portugal and Italy (ex-Martifer countries) recorded from the time of the acquisition (period from August to December 2016)

compliance with local regulations, additional intermediaries were identified in the various departments and charged with promoting best practices.



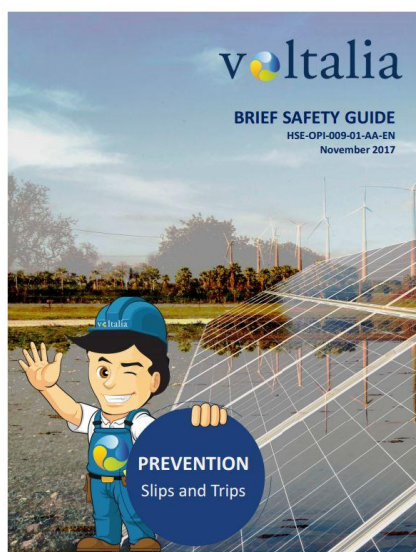
There were quarterly information campaigns and health and safety training sessions for all employees and a special training session was run for the management teams when they gathered together at the second seminar in France in October.

The focus of the corporate HSE teams was deploying and stepping up local HSE initiatives through training adapted to the employees' work situation: safety in the office, at the building site and at the plants in operation. The training methods are specific to the sector of employment (construction, operations and maintenance) and the type of site (solar, wind, biomass or hydro). Based on an analysis of workplace accidents in 2017 (see Section 0), Voltalia decided to step up its communication on best practices: key intermediaries, representing the different activities and regions in which the Group operates, were identified and will be directly responsible for the correct application of the guidelines in 2018.

The Group's desire to improve and standardise health and safety conditions across all of Voltalia's sites was confirmed by a personal commitment from the Group's CEO and all members of the Executive Committee. A document was signed in 2017 and distributed to all Group employees.



5. VOLTIA, VOLTALIA'S HSE MASCOT



Review of agreements signed with trade unions or personnel representatives regarding health and safety in the workplace

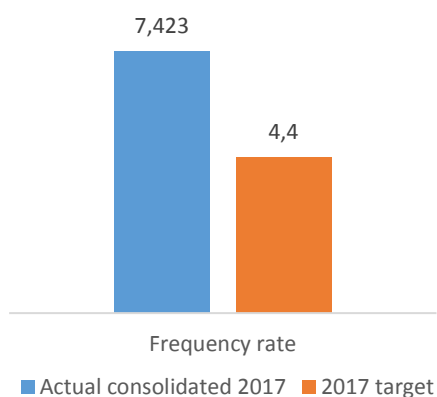
A number of initiatives have been implemented by the different subsidiaries of Voltalia to ensure the health and safety of employees.

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 drawn up and the site's HSE officer ensures that they are adhered to for the full duration of the work.

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 HSE reporting progressively incorporated the workplace accidents of its employees, then those of its subcontractors for all the countries where the Group operates, including the new sites integrated following the acquisition of Martifer Solar. Despite reinforcement of the health and safety policy, the consolidated HSE indicators for Voltalia activities as at 31 December 2017 painted a worse picture than 2016:

	Voltalia		Subcontractors		Consolidation	
	2017 actual	2016	2017 actual	2016	2017 actual	2016
Frequency rate	6,069	5,704	8,830	4,291	7,423	4,898
Severity rate	0,059	0,029	0,053	0,058	0,056	0,046



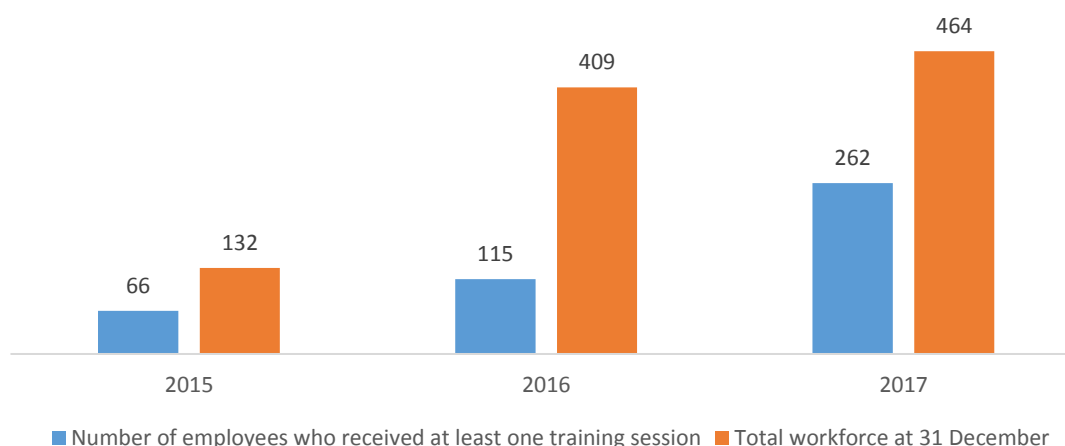
Most of the accidents occurred in low-risk situations and were due to employees failing to adhere to the safety rules. As a result, the HSE initiatives in 2018 will focus on reinforcing the awareness and training campaigns. New sanctions will automatically be applied to employees who fail to comply with Voltalia's safety rules.

Equipped with an HSE policy and organisation decided by the Executive Committee and reviewed by the Board of Directors, the Group has decided to keep to its three-year objective of attaining a frequency rate of 2.019 by 31 December 2019, with the following intermediary stages:

	2016	Performance 2017	Objectives 2018	Objectives 2019
Frequency rate	4,898	7,423	3,018	2,019
Severity rate	0,046	0,056	0,028	0,024

3.3.5. Training & mobility

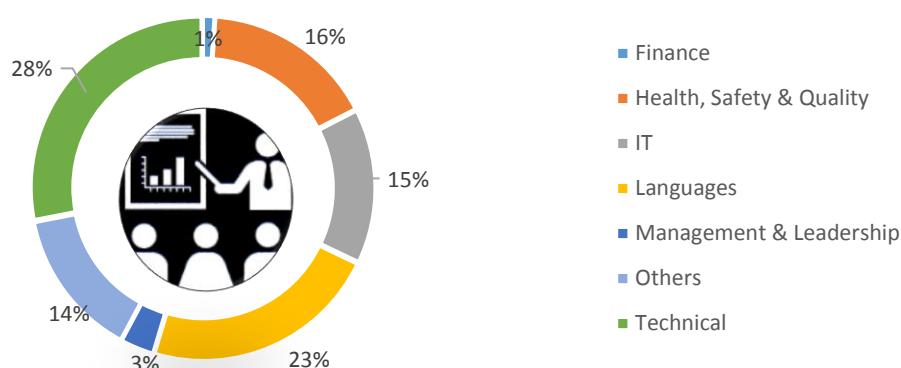
Voltalia believes that the professional and personal development of each employee is an essential prerequisite for its growth. The annual performance review is an opportunity for each employee to review their training requirements in the light of their past performance against set objectives. The career 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). This approach, which is mandatory in France, was applied throughout the Group because it meets Voltalia's objective of encouraging intra-Group development and enables Human Resources to offer employees training courses appropriate for their performance and their career aspirations.



Voltalia has 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. As at 31 December 2017, 59%³⁵ of employees had received at least one training session during the year, which is a 128% increase in the number of employees trained in the company. In 2017, 8,076 training hours were provided to Voltalia employees, broken down as follows:

³⁵ Number of employees who received training divided by the average workforce in 2017.

Breakdown of training hours provided to Voltalia employees in 2017



In 2017, the majority of training hours were clocked up for technical subjects and languages, thereby underlining Voltalia's policy to use training to upskill its employees and benefit the company's growth strategy. On this basis, in 2017 Voltalia also introduced a training programme for managers in order to improve the skills of employees who were taking on managerial responsibilities for the first time and also to develop good team management practices among existing managers. Finally, mobility is a key component of Voltalia's human resources policy. In 2017, 45 employees were transferred to another part of the company, 26 of them abroad.

3.3.6. Equality of treatment

Measures taken to promote gender equality

Eager to promote equal chances for men and women, the Group is committed to advancing diversity in its workforce. In 2017, 32% of new recruits were women. This is partially due to the over-representation of male candidates for technician or engineer positions. As of 31 December 2017, women represented one quarter of executive-grade staff and one third of the Group's total workforce.

	% of category	% of total workforce
% of women executives in 2017	16%	1%
% of female executive managers in 2017	25%	9%
% of women employed in 2017	30%	18%
Total		28%

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

Thanks to its recruitment policy and Ethics Code, Voltalia is committed to combating all forms of discrimination and sees diversity as a source of dynamism and creativity - competitive assets it will require to support its development. The Company strives to promote the integration of young people

and older workers into the labour market. The percentage of young people (aged 20-29) in the Group's workforce grew to 24% in 2017 (22% in 2016) and the percentage of seniors (50+) fell from 8.5% as at 31 December 2016 to 8% in 2017.

Promotion and compliance with the provisions of conventions

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

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

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.



6. VAMCRUZ SITE (BRAZIL)

3.4. NOTE ON METHODOLOGY

The note on methodology is available in appendix 1 to this Registration Document.

3.5. STATUTORY AUDITORS' REPORT ON THE CSR REPORT

Report by the independent third party, on the consolidated human resources, environmental and social information included in the management report

This is a free English translation of the Independent third party's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31st 2017

To the Shareholders,

In our capacity as independent third party, certified by COFRAC number 3-1058 (scope available at www.cofrac.fr), and member of the Mazars network of one of the company's Statutory Auditors, we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st 2017, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The *Board of Directors* is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the protocol used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the company's head office.

Independence and quality control

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

Responsibility of the independent third party

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

It is however not our responsibility to attest compliance with other legal dispositions where appropriate, in particular those included in article L. 225-102-4 of the French Commercial Code (vigilance plan of parent companies) and law n° 2016-1691, dated December 9th, 2016, said Sapin II (fight against corruption).

Our work involved 3 persons and was conducted between January 2018 and March 2018 during a 2-week period.

We performed our work in accordance with the French professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000³⁶ concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in section 1.9 of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted 10 interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important³⁷:

³⁶ ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

³⁷ **HR information:** Total Headcount and breakdown by age, number of hirings and departures, absenteeism rate, number of occupational injuries, occupational injury frequency rate, occupational injury severity rate, number of training hours and deployment of EHS policy.

Environmental information: Electricity consumption, water consumption, land-use, avoided CO₂ emissions.

Societal information: Partnership or sponsorship actions, economic impact on the local population.

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected by us³⁸ on the basis of their activity, their contribution, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 50% of headcount considered as material data of social issues and between 68% and 100% of quantitative environmental data considered as material data³⁹ of environmental issues.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no other material misstatements have come to our attention that cause us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris La Défense, 18th April 2018

The Independent Third Party

MAZARS SAS

Edwige REY

CSR & Sustainable development Partner

³⁸ Voltalia France, Voltalia Guyane and Voltalia Portugal entities.

³⁹ Electricity consumption, water consumption, avoided CO₂ emissions.

4. GOVERNANCE

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

Laurence Mulliez assumed her duties as the non-executive chairwoman of the Company on 5 May 2014. Her term of office was renewed for a period of three years during the General Shareholders' Meeting on 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.

4.1. CORPORATE GOVERNANCE

4.1.1. Governance rules

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

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

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

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

- (1) The Chairman of the Board of Directors holds a director's mandate with companies outside the Group, including three listed companies, but it is stipulated that he has no executive function within the Group.
- (2) Any independent director(s) the Company appoints to the Board of Directors may, depending on their specific skills and expertise, be appointed chairman of certain committees.
- (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 on 24 May 2018 to approve the financial statements for 2017. A resolution will be put forward for approval calling for some terms of office to be staggered, with some renewed for shorter periods on an exceptional basis.
- (4) Allocations of options and shares to executive corporate officers since 2012 are subject to performance conditions in line with the company's medium-term objectives.

4.1.2. Organisation of governance at Voltalia

EXECUTIVE MANAGEMENT

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

a) BOARD OF DIRECTORS

The Board of Directors is composed of six members:

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

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, with the Board thereby comprising an equal number of men and women, placing the Company above the legal requirements.

Sébastien Clerc, in his capacity as CEO of the Company, attends most Board meetings.

Restrictions on the powers of the Chief Executive Officer

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

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

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

xv) an agreement or commitment of any type (other than an employment contract) between the Company and one of its directors or employees acting directly or indirectly, through an intermediary in particular;

xvi) recruitment by the Company or one of its subsidiaries of persons with a compensation package in excess of €350,000, if the Appointments and Compensation Committee has not been informed.

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

b) Special committees

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

4.2. BOARD OF DIRECTORS AND SPECIAL COMMITTEES

4.2.1. Board of Directors

The composition and information about members of the administrative and management bodies are the subject of the developments presented in Sections 4.1 “Administrative, management, supervisory and general management bodies” and 7.9 “Memorandum and Articles of Association” of the Registration Document.

The directors are appointed for a period of three years. The term of office of four 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 1 June 2017 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 directors, especially the independent directors, may be remunerated by means of attendance fees based on their attendance at meetings of the Board of Directors and their participation in special committees, and depending on the time they devote to their duties (see Section 4.6.2 of the Registration Document).

The Board of Directors adopted new rules of procedure at its meetings of 31 March and 20 October 2017.

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

that its members must refrain from trading in the securities of the Company when they have access to insider information. Each member of the Board of Directors must notify the Company and the AMF of any direct or indirect transactions they perform in the Company's securities.

As of the date of the Registration Document, the Board of Directors recognises that the company The Green Option and its permanent representative, Philippe Joubert, and Robert Dardanne are independent members under the provisions of the MiddleNext Code. Neither The Green Option nor its permanent representative, Philippe Joubert, nor Robert Dardanne:

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

- have been a Statutory Auditor of the Company over the last six years.

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

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

In the financial year ended 31 December 2017, the Company's Board of Directors met nine times and the attendance rate of the members of the Board of Directors was 85.2% (93% excluding five absences of a director on health grounds).

4.2.2. Special committees

By decision of the Board of Directors on 13 June 2014, the Company established an Audit Committee and an Appointments and Compensation Committee for a period mirroring their term of office as a director. The same Board

approved the rules of procedure of each of these two committees. An update of these rules was approved by the Board of Directors on 31 March 2017 and 20 October 2017.

Audit Committee

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

Composition

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

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

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

The Chairman of the Committee is appointed by the Board of Directors for the duration of their term of office on the Committee, whenever possible by the independent directors.

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

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

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

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

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

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

André-Paul Leclercq has specific expertise in finance and accounting.

The expertise of the members of the Audit Committee is detailed in Section 4.2.

Responsibilities

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

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

Functioning

The Committee meets at least four times a year, according to a schedule set by its Chairman, in order to discuss the annual, half-yearly and, if applicable, quarterly (in each case consolidated if applicable) financial statements, on an agenda drawn up by its Chairman and sent to the members of the Committee. 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.

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

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

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

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

Functioning

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

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

The Chairman of the Company's Board of Directors, if not a committee member, may be

invited to attend meetings of the committee. The committee invites the Chairman of the Board of Directors to submit proposals. The Chairman of the Board of Directors may not vote or attend deliberations concerning their own situation.

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

Reports

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

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

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

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

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

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

The meetings are held at the registered office or any other address indicated in the notice of meeting. All shareholders have the right to obtain the necessary documentation to enable them to make an informed decision and judgement on the management and operations of the Company.

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

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

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

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

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

4.3. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

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 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	Independent director	01/06/2017	2018	-	-	Renewable energies, entrepreneurship, etc.
André-Paul Leclercq	Director	11/06/2015	2018	Chairman	Member	Finance, international development, etc.
The Green Option represented by Philippe Joubert	Independent director	11/06/2015	2018	Member	-	Energy, industry, governance, corporate social responsibility (CSR), Brazil, finance, etc.
Solène Guéré	Director	01/06/2017	2020	-	-	Renewable energies, environment, entrepreneurship, etc.

4.4. MANAGERS AND DIRECTORS

4.4.1. Managers

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

Name	Age	Nationality	Position in the Company	Date of appointment or renewal	Year of next renewal	Number of shares held ⁽¹⁾
Sébastien CLERC	53	French	Chief Executive Officer	12/05/2016	2020	9,329

(1) As of 31 December 2017

Sébastien Clerc's management expertise and experience are the result of the variety of posts and management positions previously held (see Section 4.3.5 "Biographies of the managers and directors" of the Registration Document).

4.4.2. Composition of the Board of Directors

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

Name	Age	Nationality	Position in the Company	Date of appointment or renewal	Year of renewal	Number of shares held ⁽¹⁾	Independent Member ⁽⁶⁾
Laurence Mulliez	52	French	Chairman of the Board of Directors	11/06/2015	2018	(2)	No
Creadev represented by Chantal Toulas	46	French	Director	11/06/2015	2018	-	No
Robert Dardanne	62	French	Director	01/06/2017	2018 ⁽⁵⁾	(3)	Yes
André-Paul Leclercq	54	French	Director	11/06/2015	2018	(4)	No
The Green Option represented by Philippe Joubert	63	French	Director	11/06/2015	2018	6.517	Yes
Solène Guéré	29	French	Director	1/06/2017	2020	-	No

(1) As of 31 December 2017 Note that the directors are not obliged to hold Voltalia shares, either directly or indirectly.

(2) The investment by Laurence Mulliez was made under the conditions of the July 2014 Voltalia capital increase through a special purpose vehicle (Soparvoltalia), the sole asset of which is approximately 0.46% of the share capital/securities of Voltalia Investissement, which in turn holds securities of Voltalia as its only asset. Her indirect holding via Soparvoltalia increased when Voltalia Investissement increased its direct shareholding in Voltalia in November 2016 and December 2016.

(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 0.46% of the share

capital of Voltalia Investissement SA, which in turn holds securities of Voltalia, listed on Euronext, as its only asset. His indirect holding via Soparvoltalia increased when Voltalia Investissement increased its direct shareholding in Voltalia in November 2016 and December 2016.

- (5) The Combined General Meeting of 1 June 2017 renewed the directorship of Robert Dardanne for an exceptional period of one year.
- (6) The independent members satisfy the MiddleNext Code criteria.

Vincent Vliebergh resigned from his position as Director on 28 June 2017. This decision was noted by the Board of Directors at its meeting on 22 September 2017.

The management expertise and experience of these individuals are the result of the variety of posts and management positions previously held (see Section 4.3.5 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 31 December 2017, the Board of Directors comprised three men and three women. As such, the Company is in compliance with article L.225-18-1 of the French Commercial Code.

4.4.3. Other directorships

Other current directorships

Name	Office held	Company
Directors		
Laurence Mulliez	Chairman of the Board of Directors	Voltalia Investissement SA
	Director	LEMH Advisory LTD TLWWC
	Director	Aperam SBM offshore Morgan Advanced Materials Arcus Infrastructure Partners LLP NTR Wind Fund LLP
Creadev	Director	Yes Holding SAS Helexia Développement SA Helexia SA Voltalia Investissement SA Groupe Maisons de Famille SA Actility SA
	Member of the Supervisory Board	Groupe Acticall SAD Acticall SA (until 29 October 2015) Abilways SAD
	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	Eurofinance Travel SA
	Director	Voltalia Investissement SA Le Noble Age SA DRC SA KD Développement Antillaise de Participations Aéronautiques SA (KD subsidiary) Travel Technology Interactiv (TTI SA)

Name	Office held	Company
		SA Résidence le Point du jour – Belgian company
	Chairman	Fidexi SAS
	Manager	FGD SPRL
André-Paul Leclercq	Chairman of the Supervisory Board	Enterprise Promotion SAD
	Manager	BERAND SC Ancre SC
	Director	Mobilis Banque SA Picardie Investissement SA
	Director appointed to the Board of Directors by the Regional Council	BPI Banque Publique Lille Inovam Tourcoing SAS Finorpa Finncement Lens
	Director appointed to the Board of Directors to represent the Chairman of the Regional Council	Finorpa – PP Lens Finorpa – SCR Lens FRG Finorpa Lille
The Green Option (representative: Philippe Joubert)	Director	Nexans Eneo Electricity of Cameroon
Solène Guéré	Director	Immochan Ukraine
CEO		
Sébastien CLERC	Deputy CEO	Volitalia Investissement SA

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

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

Name	Office held	Company
Directors		
Laurence Mulliez	Director	Green Investment Bank
		Eoxis BV
		Eoxis Holding SA
		Eoxis Asia
		Eoxis UK
		Eoxis India
		Resource Power
		Sunborne Gujarat One
		Moron Fotovoltaica
		Parque solar Mesa de Ocana
		Tagoro Energias Renobables
		Anemia Energias Fotovoltaicas

Name	Office held	Company
		Cantillana 1 photovoltaic
		Cantillana 2 photovoltaic
		Cantillana 3 photovoltaic
		Cantillana 4 photovoltaic
		Cantillana 5 photovoltaic
		Cantillana 6 photovoltaic
		Cantillana 7 photovoltaic
		Cantillana 8 photovoltaic
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		Cantillana 16 photovoltaic
		Cantillana 17 photovoltaic
		Cantillana 18 photovoltaic
		Cantillana 19 photovoltaic
		Anecua Cantillana
Creadev	Director	Sunedison Mediterraneo 06 Srl
		Starquattro Srl
		Agrosei Srl
		Fotostar Srl
		Mauna Kea Technologies SA
Robert Dardanne	Member of the Supervisory Board Vice Chairman of the Supervisory Committee	Greenland SA
		Groupe Acticall SA (until 29 October 2015)
		Voltalis SA
		Tradholding SAD
		Groupe Maisons de Famille SAS (until 16 December 2016)
André-Paul Leclercq	Manager	E.Genius SARL
		SNC Guadev
		Elda SARL
		Travel Technology Interactive SA
		Enterprise Promotion
The Green Option (representativ	None	Auchan Polska
		Auchan Roumania
		None

Name	Office held	Company
e Philippe Joubert)		
Solène Guéré	Observer	Voltalia Investissement SA
CEO		
Sébastien CLERC	None	None

4.4.4. Company Statements regarding the managers and directors

Three directors have family ties:

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

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

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

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

4.4.5. Biographies of the managers and directors

- Chief Executive Officer

Sébastien Clerc: 53 years old, Sébastien Clerc has specialised in the infrastructure sector, and notably renewable energies, for over 25 years. He also has proven expertise in change management and in company creation and development. Following 10 years in project financing at Crédit Lyonnais in Canada, then in New York, he returned to France in 1999 to join Ixis, then a subsidiary of Caisse des dépôts, where he created and developed three activities: project financing consulting, management of infrastructure investment funds, then project financing. In 2007 he actively participated in the merger of Ixis and Natexis, notably by managing the fusion of the two banks' project financing teams in France and abroad. Sébastien Clerc was president of Natixis Environnement & Infrastructures (formerly IXIS Environnement & Infrastructures) from 2000 to 2011. From September 2009 he also managed Natixis Alternative Assets. He is a graduate of IEP Paris and the University of Paris X.

- Chairman of the Board of Directors

Laurence Mulliez: 52 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 also spent 10 years on the Board of Directors of the Leroy Merlin Groupe (until 2010), following which she was an independent director at companies such as Aperam, the independent stainless steel group listed on the Luxembourg, Amsterdam and Paris stock exchanges (and formerly a subsidiary of the Arcelor Mittal Group). Laurence was elected Chairwoman of the Company's Board of Directors on 5 May 2014. This appointment was renewed on 11 June 2015.

- Directors

Chantal Toulas:

46 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:

62 years old, founder and former Chairman and Chief Executive Officer 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:

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

Philippe Joubert:

63 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.

Solène Guéré

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

4.4.6. Executive Committee

Composition

The members of the Executive Committee are:

Yoni Ammar, Morocco Director;
Sébastien Clerc, Chief Executive Officer;
Olivier Cormarie, Director Asset sales, Investment and Funding (ASIF);
Michel Crémieux, Deputy CEO - Strategy and Organisation;
Marie de Lauzon, Chief Administrative Officer;
Patrick Delbos, Director - France and Belgium,
Pierre-Jérôme Demarquest, Head of Operations and Maintenance;
Christian Egal, Head of European subsidiaries;
Gustavo Fernandes, Head of International Development;
Alexis Goybet, Head of Development Europe;
Robert Klein, Director - Brazil, Mexico and Morocco;
Marie-Odile Lavenant, Chief Financial Officer;
Henri-François Prat, Head of Construction; and
Henrique Rodrigues, Head of New Businesses.

Responsibilities - Functioning

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

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

4.5. CONFLICTS OF INTEREST WITHIN MANAGEMENT BODIES

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

- a service agreement with the company Forest Initiative managed by Robert Dardanne for supplying wood to the Biomass power plants in French Guiana, for a duration of three years and an amount of €300 thousand, excluding specific additional services subject to a ceiling;

- monthly remuneration of €2,500 (excluding taxes) under a service agreement with the company FGD S.P.R.L, of which Robert Dardanne is the manager;
- quarterly fixed remuneration of €5,000 (excluding VAT) under the service agreement with The Green Option SAS, of which Philippe Joubert is the representative; and
- unemployment insurance taken out in favour of Sébastien Clerc, the cost of which was €12,051 in 2017.

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

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

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

4.6. COMPENSATION OF DIRECTORS AND MANAGERS

4.6.1. Principles and rules for determining the compensation and benefits granted to the Chairman of the Board of Directors and CEO

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 to which Voltalia refers, for the determination of the compensation and benefits granted to corporate officers and executive corporate officers.

Compensation policy for the Chairman of the Board of Directors

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

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

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

Share-based payment

Share-based payment for the Chairman is subject to the achievement of performance conditions in line with the targets announced by the Group to the market. Thus, the criteria used for the allocation in 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.

Resolution submitting the principles of compensation of the Chairman of the Board of Directors for 2018⁴⁰ for approval by shareholders

Eleventh resolution

Approval of 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 Laurence Mulliez in her role as Chairperson of the Board of Directors in respect of the 2018 financial year.

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings,

having taken note of the Board of Directors' report,

in application of the provisions of article L.225-37-2 of the French Commercial Code,

approves 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 Ms Laurence Mulliez in her role as Chairperson of the Board of Directors for 2018, as presented in Section 4.6.1 of the 2017 Registration Document "principles and rules for determining the compensation and benefits granted to the Chairman of the Board of Directors and to the CEO".

CEO's compensation policy

General principles

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

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

Compensation structure

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

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

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

Annual variable compensation

⁴⁰ Resolution presented during the General Meeting of 24 May 2018

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

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

Share-based payment

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

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

The performance conditions defined are in line with the targets announced by the Group to the market. Thus, the criteria used for the allocation of free shares of Voltalia Investissement in 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. Once the vesting period is over, the allocations are also made with demanding retention obligations for the Chief Executive Officer.

In the event of end of the term of office

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

Non-compete undertaking

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

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

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

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

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

Chief Executive Officer 2017 compensation

The CEO received a fixed gross compensation of €260,000 in 2017.

His variable compensation was approved by the Board of Directors on 28 March 2018 upon recommendation of the Appointments and Remuneration Committee and in accordance with principles approved by the General Meeting on 1 June 2017.

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

- the quantitative objectives (representing more than 50% of the variable compensation) set for the 2017 financial year included elements relative to Company performance: EBITDA, net earnings and cash flow generation, consolidation costs of the company Martifer Solar and the relaunch of the services activities, as well as the rate of success in winning tenders in 2017 and operational performance of plants in operation;
- the qualitative objectives set for the 2017 financial year included the structuring of the Company's human resources management, the integration of the company Martifer Solar, developing a strategy for future trends and the role of digitalisation within the Group;
- 5% of the Chief Executive Officer's annual variable compensation was related to health and safety performances which failed to reach 2017 objectives.

In total, the Chief Executive Officer attained 70% of his 2017 objectives and his variable compensation for the year was set at €128,000.

The Chief Executive Officer benefited from the free attribution of 900,000 Voltalia Investissement shares during the 2017 financial year. This free-share allocation is contingent upon the beneficiary's presence within the Company and achieving a performance in line with the objectives announced by the Group to the market in September 2016: the performance criteria used include 2018 and 2019 EBITDA and ROCE of Voltalia SA, as well as the intrinsic valuation of the Group in 2019.

Resolution submitting the principles of compensation of the CEO for 2018⁴¹ for approval by shareholders

Thirteenth resolution

Approval of 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 Sébastien Clerc in his role as CEO in respect of the 2018 financial year.

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings,

having taken note of the Board of Directors' report,

in application of the provisions of article L.225-37-2 of the French Commercial Code,

approves 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 Sébastien Clerc in his role as CEO for 2018, as presented in Section 4.6.1 of the 2017 Registration Document "principles and rules for determining the compensation and benefits granted to the Chairman of the Board of Directors and to the CEO".

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

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

⁴¹ Resolution presented during the General Meeting of 24 May 2018

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

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

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

Compensation received by the managers and by all corporate officers of the Company was as follows⁴²:

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

Executive corporate officer	2016 financial year Euros	2017 financial year Euros
Laurence Mulliez – Chairman of the Board of Directors		
Compensation for the financial 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 financial year (1)	369,051	400,051
Valuation of multi-year variable compensation granted during the fiscal year	-	-
Valuation of options, BSPCEs and BSAs granted during the fiscal year	-	-
Valuation of free shares granted during the fiscal year	-	-

(1) Detailed in table no. 2

⁴² The information in this section was prepared by reference to the MiddleNext Code. The tables shown in Appendix 2 of AMF position-recommendation no. 2014-14 are presented below.

Table 2: Summary of compensation of each executive corporate officer

Executive corporate officer	2016 financial year		2017 financial year	
	Amounts payable ^(*)	Amounts paid	Amounts payable ^(*)	Amounts paid
	Euros	Euros	Euros	Euros
Laurence Mulliez – Chairman of the Board of Directors				
Fixed compensation (1)	80,000	80,000	80,000	80,000
Annual variable compensation	-	-	-	-
Multi-year variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Attendance fees	0	0	-	-
Benefits in kind	-	-	-	-
Total	80,000	80,000	80,000	80,000
Sébastien Clerc – Chief Executive Officer				
Fixed compensation (2)	207,000	207,000	260,000	260,000
Annual variable compensation (3)	150,000	127,500	128,000	150,000
Multi-year variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind (4)	12,051	12,051	12,051	12,051
Total	369,051	346,551	400,051	422,051

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

- (1) Laurence Mulliez receives fixed compensation of €80 thousand per year for her office of Chairman of the Board of Directors.
- (2) Sébastien Clerc receives fixed compensation of €260 thousand per year for his office of Chief Executive Officer.
- (3) Sébastien Clerc's annual variable compensation can reach a maximum amount of €180 thousand for the 2017 financial year, per a decision of the Board of Directors of 31 March 2017. This variable compensation is conditional on the achievement of qualitative (success of the Brazilian subsidiary, optimisation of internal processes, team satisfaction, etc.) and quantitative objectives (launch of a number of MW in construction or commissioning, optimisation of the operating margins, etc.) that are annually predetermined by the Board of Directors of the Company. It is paid on or before 30 April of the following year. The achievement of the 2017 objectives was confirmed by the Board of Directors on 28 March 2018.
- (4) The benefits in kind for Sébastien Clerc correspond to unemployment insurance for company managers and executives (GSC).

The principles and rules for the determination of the compensation granted to the Chairman and the Chief Executive Officer are detailed in Section 4.6.1 of the Registration Document.

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

Corporate officers	2016 financial year		2017 financial year	
	Amounts payable*	Amounts paid*	Amounts payable*	Amounts paid*
	Euros	Euros	Euros	Euros
André-Paul Leclercq - Director				
Attendance fees	15,875	7,650	26,563	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
Creadev - Director				
Attendance fees	-	-	-	-
Other compensation	-	-	-	-
Solène Guéré (3) - Director				
Attendance fees	NA	NA	2,650	NA
Other compensation	NA	NA	-	NA
Total in euros	115,875	89,650	109,213	95,875

Attendance fees payable for year N are paid in year N+1.

- (1) Robert Dardanne receives indirect compensation in his capacity as manager of FGD S.P.R.L. under the terms of a service agreement (see Section 4.9 of the Registration Document).
- (2) Philippe Joubert receives indirect compensation in his capacity as manager of The Green Option under the terms of a service agreement between The Green Option and the Company (see Section 4.9 of the Registration Document).
- (3) Solène Guéré was appointed director of the Company on 1 June 2017.

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 2016 and 2017
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 2016 and 2017
None.

Table 6: Free shares allocated to each corporate officer during the financial year
Regarding the Company: none.

Regarding Voltalia Investissement, the company controlling the Company within the meaning of Article L. 233-16 of the French Commercial Code, see the table below:

Name of executive corporate officer	Date of allocation	Number of shares allocated during the financial year	Vesting date	Availability date	Performance conditions
Sébastien Clerc	22 Sept. 2017	900,000	31/07/2020	31/07/2020	[1]
Total	-	900,000	-	-	-

(1) The shares will be definitively acquired by their beneficiaries on 31/07/2020 subject to performance conditions linked to the Company's results (such as EBITDA, ROCE or IRR on an investment in securities of the Company).

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 Section 7.10 of the Registration Document.

Regarding Voltalia Investissement, the company controlling the Company within the meaning of Article L. 233-16 of the French Commercial Code, see the table below:

	Stock warrants	Options
Date of Voltalia Investissement's General Meeting	29/06/2012	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
<i>of which the total number that may be subscribed by corporate officers</i>		
<i>Sébastien Clerc</i>	1,086,957	6,111,112
Number of non-officer beneficiaries	0	0
Starting date of BSAs/Options exercise period	30 June 2016	30 June 2016
BSA/option expiration date	30 July 2020	30 July 2020
Voltalia Investissement single share option price (euros)	0.18	0.18
Conditions of exercise	(1)	(2)
Number of Voltalia Investissement shares subscribed at the date of the Registration Document	1,086,957	2,505,554
Cumulative number of BSAs/Options cancelled or exercised	0	0
Remaining BSAs/Options at the date of the Registration Document	0	3,605,558
Total number of Voltalia Investissement shares that may be subscribed at the date of the Registration Document	0	3,605,558

(1) 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 ten non-corporate officer employee beneficiaries	Total number of BSPCEs, BSAs and Options allocated/shares subscribed	Average weighted price	BSPCE April 2009	BSPCE August 2009
BSPCEs, BSAs and Options granted during the 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).	6,140	8.38	0	0

Table 10: History of free shares allocated

Regarding the Company, see Section 7.10 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	22 September 2017
Date of allocation by the Board of Directors of Voltalia Investissement	16 December 2016	22 September 2017
Number of Voltalia Investissement shares that can be allocated	14,758,807	9,056,519
Total number of Voltalia Investissement shares allocated	5,702,288	900,000
<i>of which the total number of shares granted to corporate officers of the Company</i>	3,320,100	900,000
<i>Laurence Mulliez</i>	301,830	
<i>Sébastien Clerc</i>	3,018,270	900,000
Number of non-officer beneficiaries	8	0
Number of Voltalia Investissement shares currently awaiting vesting	5,702,288	900,000
Vesting date	31/07/2020	31/07/2020
Vesting conditions	[1]	[2]
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	-	-

(2) The shares will be definitively acquired by their beneficiaries after a vesting period of four years, subject to performance conditions linked to the Company's results (such as EBITDA, ROCE or IRR on an investment in securities of the Company).

(3) The shares will be definitively acquired by their beneficiaries on 31/07/2020, subject to performance conditions linked to the Company's results (such as EBITDA, ROCE or IRR on an investment in securities of the Company).

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 term of office	5 May 2014			
End of term of office	Ordinary General Meeting held to approve the financial statements for the year ended 31 December 2017			
Sébastien CLERC CEO	No	No	No	Yes ⁽¹⁾
Start of term of office	10 November 2011			
Date of renewal of term of office	12 May 2016			
End of term of office	Ordinary General Meeting held to approve the financial statements for the year ended 31 December 2019			

(1) See Section 4.9 of the Registration Document.

In addition, Sébastien Clerc benefits from unemployment insurance for managers and company executives; see Sections 4.6.1 and 4.9 of the Registration Document.

4.7. PENSIONS AND OTHER BENEFITS

There is no contract between the members of the Board of Directors and the Company or its subsidiaries providing for benefits or allowances due or likely to be due on the termination or change of functions within the Company or its subsidiaries, other than the unemployment insurance of the CEO and collective supplementary pension plans.

As part of the corporate officer's agreement that binds him to the company, Sébastien Clerc undertakes not to compete with the Company on conclusion of his term. In such an event he would benefit from a monthly allowance corresponding to his compensation during the period of non-competition, for a maximum period of six months. However, the Company has reserved the right to waive this clause.

4.8. SUMMARY OF THE TRANSACTIONS BY MANAGERS AND PERSONS MENTIONED IN ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE

Person concerned	Transaction type	Transaction date	Transaction amount Euros	Number of shares
Voltalia Investissement (Creadev)	Acquisition	17 November 2017	10,257,000	975,000

4.9. SERVICE CONTRACTS LINKING MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES OF THE ISSUER

The following agreements concluded in previous years were renewed during the fiscal year ended 31 December 2017:

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 €260,000 in the financial year ended 31 December 2017.

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 2017, the Company paid FGD S.P.R.L. a monthly amount of €2,500 excluding taxes as compensation for the services rendered to the Company.

The Board of Directors of 20 October 2017 authorised the renewal of this service agreement. The agreement was renewed for a period of one year by way of an addendum.

Service agreement signed with Forest Initiative

VOLTALIA SA established a service agreement with Forest Initiative. Robert Dardanne, director of VOLTALIA SA, is the Chairman of this Company.

This service agreement is intended to secure wood supplies for the future biomass power plants. It was signed for a three-year term. Total compensation is set at €300 thousand plus the invoicing of additional specific tasks for a maximum annual amount of €150 thousand. The agreement also includes the option for Valtalia SA to purchase Forest Initiative.

The supply of wood being a key factor for Biomass power plants, this agreement received the prior authorisation of the Board of Directors on 31 March 2017 and was signed on 7 April 2017.

For the year ended 31 December 2017, the amount (excluding taxes) of services invoiced, excluding expenses, by The Forest Initiative was €270.4 thousand.

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 2017, the Company paid The Green Option SAS a quarterly amount of €5,000 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 2017:

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.

After having been re-examined by the Board of Directors, this agreement has not undergone substantial changes in its amount or its financial conditions during the past financial 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 4.13 of the Registration Document).

4.10. HUMAN RESOURCES

4.10.1. Organisation chart as of 31 December 2017

The organisational structure of the Group is presented in Section 1.9 of the Registration Document.

4.10.2. Number and distribution of employees

A breakdown of the Group's distribution of employees as well as any changes is provided in Section 3.1 of the Registration Document.

To the best of the Company's knowledge, there are no agreements stipulating indemnities for members of the Board of Directors or employees if they resign or are terminated without real or serious cause or their employment ends due to a takeover bid or public exchange offer.

4.11. INTERESTS AND STOCK OPTIONS OF DIRECTORS AND OFFICERS

As of 31 December 2017, the direct and indirect interests of the members of the Board of Directors and the CEO are set out in Section 4.5 of the Registration Document.

4.12. PARTICIPATION OF EMPLOYEES IN THE CAPITAL OF THE COMPANY

In accordance with Article L. 225-102 of the French Commercial Code, at 31 December 2017, the Company's employees did not hold any interests in the capital of the Company within the framework of collective management.

Furthermore, to the best of the Company's knowledge, at 31 December 2017, the employees of the Group did not directly hold any shares in application of Article L. 225-197-1 of the French Commercial Code.

As of 31 December 2017, there is no Group employee savings scheme.

4.13. STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

To the shareholders of Voltalia SA,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions and interest for the company of the agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain if any other agreements and

commitments exist. It is your responsibility, in accordance with article R225-31 of the French code of commercial law, to evaluate the benefits resulting from those agreements and commitments prior to their approval.

In addition we are required, where applicable, to inform you, in accordance with article R225-31 of the French code of commercial law, of any agreements and commitments previously approved by shareholders which were executed during the year.

We performed the procedures which we considered necessary to comply with the professional guidance applicable in France to this type of engagement. The procedures consisted of verifying that the information provided to us was consistent with the documentation from which it was extracted.

AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE GENERAL MEETING OF SHAREHOLDERS

Agreements and commitments authorized and signed in 2017

In accordance with article L225-40 of the French code of commercial law, we were advised of the following agreements and commitments signed during the year which were previously approved by your Board of Directors.

1.1.1. Agreement for services provided by FGD S.P.R.L

Contracting party: FGD S.P.R.L

Director concerned: Robert Dardanne, representing FGD S.P.R.L and a director of Voltalia SA

Nature and purpose: Under the agreement signed on November 10, 2011 FGD S.P.R.L undertook to provide Voltalia SA with assistance and advice for the purposes of obtaining the requisite authorisations and engaging in the construction of electricity generating plant in French Guyana. The agreement provides for the service beneficiary to be billed in arrears on the 15th of each month and in the amount of €7,500 net of VAT per month to be paid within 5 working days of receipt of the service invoice. An addendum to the agreement signed on January 10, 2016 reduced the service fee from €7,500 to €2,500 net of VAT per month. The agreement also provided for rebilling of travel and entertaining expense.

The service agreement has been the subject of other addendums and notably of an addendum signed on February 3, 2017 and extending the contract for a year.

Amounts involved: The service charge net of VAT and expenses amounted to €30,000 for 2017. The rebilling of travel and entertaining expense amounted to €20,495.14.

Date of the applicable

Board meeting: February 2 and 3, 2017.

Motivation: Your Board of Directors decided at its meeting of February 2 and 3, 2017 to authorise the addendum signed on February 3, 2017. With regard to article L225-38 of the French code of commercial law, the renewal of the agreement

was motivated by the company's wish to continue to have the benefit of advice in the framework of its activities in Guyana.

1.1.2. Agreement for services provided by Forest Initiative

<i>Contracting party:</i>	Forest Initiative
<i>Director concerned:</i>	Robert Dardanne, Chairman of Forest Initiative and a director of Voltalia SA
<i>Nature and purpose:</i>	<p>The service agreement was signed on April 7, 2017 for a period of 3 years. It covers:</p> <ul style="list-style-type: none">- The performance of a procurement plan feasibility review for consideration of €230 thousand including €123 thousand to be paid on remittance of the review and €100 thousand to be paid on commencement of construction of the generating plant;- Technical assistance in respect of another biomass generating plant amounting to €100 thousand including €50 thousand to be paid on signature of the agreement and €50 thousand to be paid on September 30, 2017;- The performance of other assignments pertaining to securing procurement for future biomass plants, in the maximum amount of €150 thousand per annum to be billed monthly on the basis of the assignments performed. <p>The agreement also includes an option for Voltalia SA to purchase Forest Initiative.</p>
<i>Amount:</i>	The service charges, net of VAT, recognised by Voltalia SA for 2017 amounted to €270.4 thousand.
<i>Date of the applicable Board meeting:</i>	March 31, 2017
<i>Motivation:</i>	With regard to article L225-38 of the French code of commercial law, the signature of the agreement was motivated by the company's desire to strengthen its cooperation with Forest Initiative whose vocation is to develop agricultural, forestry and pastoral activity in Guyana.

1.1.3. Agreement for a cash advance to Voltalia Guyana

<i>Contracting party:</i>	Voltalia Guyana
<i>Director concerned:</i>	Sébastien Clerc, Managing Director of Voltalia SA and a director of Voltalia Guyana
<i>Nature and purpose:</i>	On July 21, 2017 an addendum to the existing current account financing agreement was signed under which the maximum advance granted by Voltalia SA to Voltalia Guyana rose from €0.2 million to €2 million remunerated at the rate of 5% per annum. The latest date for repayment was maintained at August 31, 2031.
<i>Amounts involved:</i>	As at December 31, 2017 Voltalia SA had granted a total advance of

€1,849,319.71 and recorded interest income for the year of €79.7 thousand.

Date of the applicable

Board meeting: July 18, 2017

For the period from January 1 to July 21, 2017 the increased limit applicable to the agreement resulted from a change to the agreement which should have been authorised by the Board of Directors in 2016 but was approved by the General Meeting of Shareholders held on June 1, 2017.

Motivation:

With regard to article L225-38 of the French code of commercial law, the signature of the agreement was motivated by the company's desire to cope with any unforeseen operating problems.

1.1.4. Current account financing agreement with Voltalia Guyana

Contracting party: Voltalia Guyana

Director concerned: Sébastien Clerc, Managing Director of Voltalia SA and a director of Voltalia Guyana

Nature and purpose: On July 21, 2017 an addendum to the current account financing agreement dated December 23, 2014 was signed, under which Voltalia SA granted Voltalia Guyana an additional loan of €2 million, thereby raising the amount of the loan from €9,129,744.74 to €11,129,329.40 including €732,186.48 of accrued interest and €1,267,813.52 of reclassified cash advances. The addendum provides for remuneration at the rate of 5% per annum and repayment at the latest by August 31, 2031.

Amounts involved: As at December 31, 2017 Voltalia SA had granted a total advance of €11,519,329, including accrued interest for 2016 of €453,301.40, and recorded interest income for the year of €554,031.52.

Date of the applicable

Board meeting: July 18, 2017

Motivation:

With regard to article L225-38 of the French code of commercial law, the signature of the agreement was motivated by the company's desire to cope with any unforeseen operating problems and finance the development of its projects and generating plants already in service.

1.1.5. Agreement for services provided by The Green Option

Contracting party: The Green Option

Director concerned: The Green Option represented by Philippe Joubert, a director of Voltalia SA

<i>Nature and purpose:</i>	Under the agreement signed on September 15, 2014 for a period of one year subject to tacit renewal, The Green Option performs strategic watch on behalf of Voltalia SA and proposes targeted business relationships for the company in new countries.
<i>Amount involved:</i>	The service charge, net of VAT and expenses, recognised by Voltalia SA amounted to €20,000 for 2017.
<i>Date of the applicable Board meeting:</i>	The renewal of the agreement for an additional year with effect from December 19, 2016 was approved by the General Meeting of Shareholders held on June 1, 2017. On October 10, 2017 the Board of Directors authorised the agreement's renewal for an additional year with effect from December 9, 2017.
<i>Motivation:</i>	With regard to article L225-38 of the French code of commercial law, the signature of the agreement was motivated by the company's desire to reap the benefit of strategic watch and targeted business relationships in new countries.

1.1.6. Framework agreement for intragroup cash management and financing

<i>Contracting parties:</i>	Voltalia SA subsidiaries
<i>Director concerned:</i>	Sébastien Clerc, Managing Director of Voltalia SA
<i>Nature and purpose:</i>	Under the framework agreement for intragroup cash management and financing, any existing or future Voltalia SA subsidiary may, if it wishes, subscribe to the agreement. Voltalia SA is responsible for centralising and managing the Group's cash resources.
<i>Amounts involved:</i>	The services available include, without limitation, the receipt and payment of cash advances, the scope for loaning or borrowing funds to or from Voltalia SA and authorisation for investing funds and engaging in interest rate hedging. The services are remunerated by interest charges at rates correlated to the applicable financing periods, plus a margin. During 2017, Voltalia SA did not provide any cash advance or loan in the framework of this agreement and within the scope of the legislation on related party agreements.
<i>Date of the applicable Board meeting:</i>	July 18, 2017
<i>Motivation:</i>	With regard to article L225-38 of the French code of commercial law, the signature of the agreement was motivated by the company's desire to pool cash resources at the level of the Group.

1.1.7. Agreement for a specific cash advance to Voltalia Guyana

<i>Contracting party:</i>	Voltalia Guyana
<i>Director concerned:</i>	Sébastien Clerc, Managing Director of Voltalia SA and a director of Voltalia Guyana
<i>Nature and purpose:</i>	The agreement pertains to a specific cash advance designed to finance Voltalia's subsidiary Biomasse Amazone Investissement. It provides for a maximum advance of €15 million up to December 31, 2017, remunerated at 5% per annum.
<i>Amounts involved:</i>	As at December 31, 2017 Voltalia SA had granted a total advance of €570,261.39 and recorded interest income for the year of €19,261.39.
<i>Date of the applicable Board meeting:</i>	July 18, 2017.
<i>Motivation:</i>	With regard to article L225-38 of the French code of commercial law, the signature of the agreement was motivated by the company's desire to settle certain expenditure related to completion of the Cocoa biomass generating plant.

Agreements and commitments authorised and signed since the year-end

We were not informed of any agreements and commitments authorised by your Board of Directors and signed since the year-end.

Agreements and commitments not authorised in advance by your Board of Directors

In accordance with articles L225-42 and L823-12 of the French code of commercial law, we hereby inform you that the following agreements and commitments were not authorised in advance by your Board of Directors. We are required to inform you of the reasons for which the requirement for prior authorisation was not met.

1.1.8. Agreement for administrative services rendered to La Faye Energies SAS

<i>Contracting party:</i>	La Faye Energies SAS
<i>Director concerned:</i>	Sébastien Clerc, Managing Director of Voltalia SA and a director of La Faye Energies SAS.

Nature and purpose: Under the agreement signed on June 10, 2010 for a period of one year subject to tacit renewal, Voltalia SA rebills to its subsidiary La Faye Energies SAS the administrative, accounting, personnel, legal and fiscal services required for the company's functioning, on the basis of €4 thousand of fixed annual remuneration payable in two half-yearly instalments of €2 thousand each. Any direct costs borne by Voltalia SA on behalf of La Faye Energies SAS are rebilled without mark-up.

Amounts involved: The service charge net of VAT and expenses amounted to €4,336.36 for 2017.

Date of the applicable

Board meeting: June 8, 2010. The agreement's renewal was approved by the General Meeting of Shareholders held on June 1, 2017.

The failure of your Board of Directors to authorise the agreement's renewal for 2017 in advance was the result of a material error.

1.1.9. Agreement for operating and maintenance services rendered to La Faye Energies SAS

Contracting party: La Faye Energies SAS

Director concerned: Sébastien Clerc, Managing Director of Voltalia SA and a director of La Faye Energies SAS

Nature and purpose: Under the agreement signed on June 9, 2010 (following Board authorisation on June 8, 2010), Voltalia SA provides La Faye Energies SAS with operating management services for consideration which was set at a fixed amount of €20 thousand per annum, plus €0.01 per megawatt in excess of the P90 level, subject to annual adjustment.

Amounts involved: The service charge net of VAT amounted to €21,681.80 for 2017.

Date of the applicable

Board meeting: June 8, 2010. The agreement's renewal was approved by the General Meeting of Shareholders held on June 1, 2017.

The failure of your Board of Directors to authorise the agreement's renewal for 2017 in advance was the result of a material error.

1.1.10. Agreement for administrative services rendered to Voltalia Guyana

Contracting party: Voltalia Guyana

Director concerned: Sébastien Clerc, Managing Director of Voltalia SA and a director of Voltalia Guyana

Nature and purpose: Under the agreement signed on January 1, 2008 for a period of one year

subject to tacit renewal, Voltalia SA provides Voltalia Guyana with administrative services in the areas of:

- Accounting,
- Personnel management,
- Tax and legal affairs,
- Computer maintenance.

The services are billed quarterly on the basis of time spent.

Amounts involved: The service charge net of VAT amounted to €15,025 for 2017.

Date of the applicable

Board meeting: October 1, 2008

The failure of your Board of Directors to authorise the agreement's renewal for 2017 in advance was the result of a material error.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

In accordance with Article R225-30 of the French code of commercial law, we were informed that the following agreements and commitments, previously approved by General Meetings of Shareholders of previous financial years, continued to be executed during the year.

Agreements and commitments approved during previous financial years:

1.1.11. Current account financing agreement with Voltalia Investissement

Contracting party: Voltalia Investissement

Directors concerned: Sébastien Clerc, Managing Director of Voltalia SA and Deputy Managing Director of Voltalia Investissement, Laurence Mulliez, Chairman and a director of both companies and Chantal Toulas, a director of both companies

Nature and purpose: Under the agreement renewed on May 5, 2014 Voltalia Investissement agreed to grant Voltalia SA current account advances up to a maximum cumulative amount of €40 million, repayable at the latest on May 31, 2015 and bearing interest at the rate of 5% per annum.

Date of the applicable

Board meeting: June 27, 2011

Amounts involved: At December 31, 2017 the advances were repaid by Voltalia SA with the exception of the interest charge of €6,146.29 for 2017 which remained outstanding.

1.1.12. Treasury management agreement with the company's Guyana subsidiaries dated January 8, 2007

Contracting parties: Voltalia Kourou, La Faye Energies SAS

Directors concerned: Sébastien Clerc, Managing Director of Voltalia SA and a director of Voltalia Kourou and of La Faye Energies SAS

Date of the applicable

Board meeting: January 8, 2007

Nature and purpose: The treasury management agreement was set up on January 8, 2007 for future subsidiaries such as Voltalia Kourou and for La Faye Energies SAS; the specific ensuing agreement with La Faye Energies SAS was signed on February 26, 2007. The agreement, which is for an indefinite period, covers the organisation, coordination and optimisation of Voltalia Group's treasury management. The interest charged on the central bank accounted opened in the name of Voltalia SA is rebilled to subsidiaries on the basis of their use of the facilities available and of the average annual rate of interest charged by banks for floating rate business loans with initial durations in excess of two years.

Amounts involved: The applicable amounts of principal and interest for 2017 and for the central bank accounted opened in the name of Voltalia SA were as follows:

- Voltalia Kourou: €18,394.38 euros and €274.81 of interest;
- La Faye Energies SAS: €943,939.99 and €43,067.14 of interest.

1.1.13. Agreement for project development assistance provided by Voltalia Guyana

Contracting party: Voltalia Guyana

Director concerned: Sébastien Clerc, Managing Director of Voltalia SA and a director of Voltalia Guyana

Date of the applicable

Board meeting: December 19, 2014

Nature and purpose: Under the 6 year agreement signed on December 23, 2014 with retroactive effect from July 1, 2014, Voltalia SA undertook to bear the totality of the costs and risks associated with the development of projects in Guyana, which are billed quarterly on the basis of time spent.

Amount involved: The development charge net of VAT amounted to €443,533.83 for 2017.

1.1.14. Agreement for administrative services rendered to Voltalia Kourou

Contracting party: Voltalia Kourou

Director concerned: Sébastien Clerc, Managing Director of Voltalia SA and a director of Voltalia Kourou

Date of the applicable

Board meeting: December 19, 2014

Nature and purpose: Under the agreement signed on December 23, 2014 for a period of 5 years with effect from July 1, 2014, Voltalia SA provides Voltalia Kourou with administrative services in the areas of:

- Accounting,
- Personnel management,
- Tax and legal affairs,
- Computer maintenance.

The agreement also covers the remuneration for a guarantee provided to Voltalia Kourou by Voltalia SA. Services are billed twice per year on the basis of time devoted to operating services and of a fixed half-yearly charge of €30,050 for administrative services.

Amounts involved: The service charge net of VAT amounted to €96,756.88 for 2017.

1.1.15. Agreement for administrative services rendered to CHSMV

Contracting party: Centrale Hydroélectrique de Saut Maman Valentin (CHSMV)

Date of the applicable

Board meeting: December 19, 2014

Director concerned: Robert Dardanne, a director of Voltalia SA and of CHSMV

Nature and purpose: Under the agreement signed on December 23, 2014 for a period of 5 years with effect from July 1, 2014, Voltalia SA provides CHSMV with administrative services in the areas of:

- Accounting,
- Personnel management,
- Tax and legal affairs,
- Computer maintenance.

The agreement also covers the remuneration for a guarantee provided to CHSMV by Voltalia SA. Services are billed twice per year on the basis of time devoted to operating services and of a fixed half-yearly charge of €15,025 for administrative services.

Amounts involved: The service charge net of VAT amounted to €116,392.73 for 2017.

1.1.16. Agreement for project development assistance provided by Voltalia Guyana's subsidiaries, not subject to any performance in 2017

Contracting party: Subsidiaries of Voltalia Guyana

Date of the applicable

Board meeting: December 19, 2014

Director concerned: Sébastien Clerc, Managing Director of Voltalia SA and a director of certain subsidiaries and Robert Dardanne, a director of Voltalia SA and of certain subsidiaries of Voltalia Guyana

Nature and purpose: Under the 6 year agreement (tacitly renewable for a maximum of 3 successive one year periods) signed on December 23, 2014 with retroactive effect from July 1, 2014, Voltalia SA undertook to bear the totality of the costs and risks associated with the development of projects in Guyana.

Amounts involved: Voltalia Guyana did not, in 2017, rebill any development costs in respect of its subsidiaries.

1.1.17. Treasury management agreement with the company's Guyana subsidiaries dated January 8, 2007

Contracting parties: Iracoubo Biomasse Energie, Belle Etoile Energie Guyana, Bon Espoir Energie Guyana, Hydro Regina 2 Investissement, Voltalia Saut Mapaou Investissement, Voltalia Organabo Investissement

Directors concerned: Sébastien Clerc, Managing Director of Voltalia SA and a director of Iracoubo Biomasse Energie; Robert Dardanne, a director of Voltalia SA and of Belle Etoile Energie Guyana, Bon Espoir Energie Guyana, Hydro Regina 2 Investissement, Voltalia Saut Mapaou Investissement and Voltalia Organabo Investissement

Nature and purpose: The treasury management agreement was set up on January 8, 2007 for future subsidiaries such as Iracoubo Biomasse Energie, Belle Etoile Energie Guyana, Bon Espoir Energie Guyana, Hydro Regina 2 Investissement, Voltalia Saut Mapaou Investissement and Voltalia Organabo Investissement. The agreement, which is for an indefinite period, covers the organisation, coordination and optimisation of Voltalia Group's treasury management. The interest charged on the central bank accounted opened in the name of Voltalia SA is rebilled to subsidiaries on the basis of their use of the facilities available and of the average annual rate of interest charged by banks for floating rate business loans with initial durations in excess of two years.

Amounts involved: The applicable amounts of principal and interest for 2017 and for the central bank accounted opened in the name of Voltalia SA were as follows:

- Iracoubo Biomasse Energie: €1,794.27 and €13.49 of interest;
- Belle Etoile Energie Guyana: -€38,003.54 and -€577.97 of interest;
- Bon Espoir Energie Guyana: -€2,277.61 and -€34.64 of interest;
- Hydro Regina 2 Investissement: -€2,277.61 and -€34.64 of interest;
- Voltalia Saut Mapaou Investissement: €731.60 and €11.13 of interest;
- Voltalia Organabo Investissement: €1,000.74 and €15.22 of interest.

Date of the applicable

Board meeting: January 8, 2007

As required by law, we hereby inform you that your Board of Directors did not perform the annual review of this agreement provided for by article L225-40-1 of the French code of commercial law.

Agreements and commitments approved during the latest financial year

Commitments for the benefit of the company's Managing Director

Date of the applicable

Board meeting: May 12, 2016. The commitments were approved by the General Meeting of Shareholders held on June 1, 2017.

Director concerned: Sébastien Clerc, Managing Director of Voltalia SA

Nature and purpose: In accordance with paragraph 4 of article L.225-42-1 of the French code of commercial law, the following commitments have been made by the company for the benefit of Sébastien Clerc whose appointment as Managing Director of Voltalia SA was renewed by decision of the Board of Directors on May 12, 2016: (i) the subscription of unemployment insurance cover; (ii) the payment, for 6 months in the event of cessation of his functions, of a non-competition benefit equating with 1/12th per month of his most recent fixed annual remuneration (it being noted that the company has the faculty of waiving its requirement for a non-competition undertaking).

Amount involved: Voltalia SA paid €12,064.51 of unemployment insurance premium for 2017.

Paris La Défense and Levallois, April 23, 2018

The statutory auditors

MAZARS
Juliette DECOUX

H3P REAL ASSETS
Eric HINDERER

5. MANAGEMENT REPORT

5.1. GENERAL PRESENTATION OF NET PROFIT AND THE FINANCIAL POSITION⁴³

2017 key figures

In € million	Energy Sales	Services	Eliminations* and Corporate	2017 ⁴⁴	2016 ⁴⁵	Change
Revenues	145.6	59.3	(24.8)	180.0	127.0	+42%
EBITDA	94.2	(9.8)	(12.8)	71.6	50.0	+43%
EBITDA margin	65%	(17)%	52%	40%	39%	
Net profit				3.5	0.6	x6.1

(*) Eliminations: services provided by the Service business for Group-owned power plants are eliminated during financial consolidation.

2017 revenues recorded a +42%, increase reaching €180 million. At constant exchange rates⁴⁶, consolidated revenues increased by +36% compared to 2016. Growth was profitable, with a 43% EBITDA increase. At constant exchange rates, the increase was 33%.

Revenues and EBITDA

PROFITABLE GROWTH OF ENERGY SALES

In € million	2017	2016 ⁴⁵	Change
before eliminations of services provided internally			
Revenues	145.6	102.1	+43%
EBITDA	94.2	60.2	+57%
EBITDA margin	65%	59%	

Growth in energy sales revenues (+43%) was mostly driven by the Brazilian operations and derived from two factors:

- positive price effect, especially during the second half, mainly due to (i) the Group's profitable contract suspension strategy⁴⁷ on some of its power plants and (ii) very high spot price levels in the second semester;
- contribution to revenues of the new wind farms of Vila Para and of Vila Acre (whose commissioning was anticipated at the end of June 2017).

⁴³ The Group is unable to provide comparative information as of December 31, 2016 (see 6.2, note iv.B). However, in order to assess the changes, the Group has estimated the breakdown of revenue and EBITDA by business for 2016.

⁴⁴ 2017 includes a post-closing adjustment on revenues for a Brazilian wind farm, as well as some minor inter-activity reclassification vs. figures published on January 24, 2018

⁴⁵ Includes the contribution of Martifer Solar as of August 1, 2016 (5 months)

⁴⁶ 2017 figures rebased at 2016 rates, as published in the 2016 registration document

⁴⁷ See press release on half-year results dated September 25, 2017

The positive price effect in Brazil drove margins higher in the second half of the year.

SERVICES TEAMS MOBILIZED ON OWN PROJECTS

In € million before eliminations of services provided internally	Development, Construction & Procurement			Operation & Maintenance		
	2017	2016 ⁴⁵	Change	2017	2016 ⁴⁵	Change
Revenues	38.0	22.4	+71%	21.2	10.4	x 2.0
EBITDA	(11.4)	(0.8)	nm	1.6	0.6	x 2.7
EBITDA Margin	(30)%	(4)%		8%	6%	

For its first full year of contribution, the Services activity grew to reach revenues of €59.3 million. Around 40% of revenues came from services provided internally, as teams were mobilized on the design and construction of the Group's own projects, notably in Brazil and France.

- The Development, Construction & Procurement business recorded revenues of €38.0 million in 2017, up by +71% compared to 2016. In 2017, revenues mainly came from Voltalia's own projects including the design and construction of the Group's first solar power plant in Brazil (Oiapoque, 4 MW) and of three solar power plants in France. These were either commissioned at year-end 2017 (Castellet II, 3.8 MW), or to be commissioned in 2018 (Canadel, 10.4 MW, and Carrière-des-Plaines, 8.2 MW). EBITDA is negative, in line with the performance of the first semester, due to (i) investment in development of future projects and (ii) construction volume being below breakeven.
- Revenues of the Operation & Maintenance business reached €21.2 million in 2017 up by 104% over the year and broadly stable quarter on quarter. EBITDA margin improved from 6% to 8%. As of the end of 2017, the Group operated a total capacity of 1.2 GW, including 0.7 GW on behalf of third party clients.

Eliminations and corporate

In € million	2017	2016 ⁴⁵
Revenues	(24.8)	(7.9)
EBITDA	(12.8)	(10.0)

Thanks to the expansion into Services activities, Voltalia now manages many services internally that were previously outsourced. The growth in elimination of revenues reflects this strategy.

EBITDA is affected by the increase in costs, corresponding mainly to the structuring costs incurred in 2017 to support the Group's continued growth in the short and medium term.

Other items from the consolidated statement of profit and loss

Net profit increases sharply

In € million	2017	2016 ⁴⁵	Change
EBITDA	71.6	50.0	+43%
<i>EBITDA margin</i>	<i>40%</i>	<i>39%</i>	
Depreciation, amortisation and provisions	(27.1)	(13.2)	x2.0
Other operating income and expense	1.3	(2.6)	
Operating profit (EBIT)	45.7	34.2	+34%
Financial result	(36.5)	(29.0)	+26%
Taxes and net income of equity affiliates	(5.8)	(4.6)	+27%
Net profit	3.5	0.6	x6.1
of which minority interests	2.9	(1.1)	
of which Group share	0.6	1.6	-65%

- Depreciation, amortisation and provisions double. This progression is driven by the commissioning of new power plants in 2017 and includes, from July 1st, the first contribution of SMG, whose turbines were previously in preservation mode.
- Financial result (mainly financing costs) increases by 26%, less than EBITDA growth, due to improved financing conditions in Brazil.
- The growth in the tax charge is driven by the increase in performance, notably in Brazil.
- Net profit increases (x6.1) with minority interests growing from €(1.1) million to €2.9 million. The Group's contract suspension strategy in Brazil⁴⁸ benefited mainly to wind farms located in subsidiaries with minority partners. The net result Group share decreases on a year-to-year basis, with the positive second half of 2017 compensating for the slow start to the year.

Simplified consolidated statement of financial position

Sound financial structure, negative currency impact

In € million	2017	2016 ⁴⁵
Tangible and intangible assets	734.7	772.4
Cash and cash equivalent	71.2	101.4
Other assets	106.3	93.1
Total assets	912.2	966.9
Equity, Group share	322.0	349.8
Minority interests	67.2	74.9
Financial debt	417.4	432.2

⁴⁸ See press release on half-year results dated September 25, 2017

In € million	2017	2016 ⁴⁵
Other liabilities	105.6	109.9
Total liabilities	912.2	966.9

The decrease in the Group's tangible and intangible assets is mainly attributable to the depreciation of the Brazilian real, which had a negative impact of €82 million. In fact, the Group maintained its strong investment strategy and invested a total of €81.4 million for the development and construction of new production capacities in 2017.

The Group's financial structure remains robust. All operating power plants are financed to date by long-term project finance debt in local currency, which represented 85% of the total financial debt of Voltalia at the end of the year. At December 31, 2017, Voltalia had a €71.2 million cash balance.

5.2. HIGHLIGHTS AND EVENTS AFTER THE CLOSING DATE

The highlights for the period are set out in Section 6.2 of the Registration Document.

5.3. INFORMATION ON THE CAPITAL, THE LIQUIDITIES AND SOURCES OF FINANCING

The reader is invited to refer to Notes xiii and xiv in the Notes to the consolidated financial statements for the year ended 31 December 2017, contained in Section 6.2 of the Registration Document.

As of 31 December 2017, the amount of cash and cash equivalents held by the Group amounted to €71,247 thousand, versus €101,353 thousand as of 31 December 2016.

5.3.1. Capital financing

The Group received a total of €408.5 million (before deduction of charges related to capital increases) through capital increases carried out between 2005 and 2017. The table below summarises the main capital increases in terms of value between the Group's creation date and 31 December 2017.

Date	Amount raised	Transaction
30/11/2005	€37,000	Creation of the Company
13/01/2006	€1,054,053	Capital increase
08/03/2006	€416,90	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	€19,999,99	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
02/02/2018 ⁴⁹	€51,453	Exercise of BSPCE founders' warrants
Total	€408,516,581	

5.3.2. 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 less than 20 years, with no recourse, limited recourse or benefiting from guarantees from the parent company, and secured against the project company and its assets (pledging of project company shares, mortgage on land, assignment of insurance payments, assignment of trade receivables, three to six month cash guarantee of loan instalments, etc.). In order to meet the construction schedule, bridging loans can be set up and then repaid through a long-term loan. As of 31 December 2017 the Group had no bridging loans in place, all the constructions underway being financed by long-term borrowings or equity.

Operating companies that have taken out loans to finance their assets must comply with bank covenants. Depending on the terms of the financing agreement, failure to comply with these ratios may constitute a default situation with the bank which requires the full repayment of a loan and/or a restriction on dividends or current account payments by the operating companies. In 2017 fiscal year, all the covenants were complied with.

To finance its growth, the Group has also taken out credit lines with the banks.

⁴⁹ On 2 February 2018, the Board of Directors recorded the capital increase arising from the exercise of dilutive instruments during the fourth quarter of 2017. The capital increase was recorded by accounting before 31 December 2017 and recognised at the February 2018 meeting of the Board of Directors.

The loans taken out by the project companies may be at fixed or variable rates. The details are set out in note xiv to the consolidated financial statements for the financial year ended 31 December 2017 contained in Section 6.2 of the Registration Document.

5.3.3. Off-balance sheet commitments

Refer to note xvii to the consolidated financial statements for the financial year ended 31 December 2017 contained in Section 6.2 of the Registration Document.

5.4. CASH FLOWS

Refer to note xii to the consolidated financial statements for the financial year ended 31 December 2017 contained in Section 6.2 of the Registration Document.

5.5. INFORMATION ON THE CONDITIONS OF BORROWING AND FINANCING STRUCTURE

Refer to note xiv.C to the consolidated financial statements for the financial year ended 31 December 2017 contained in Section 6.2 of the Registration Document.

5.6. RESTRICTIONS ON 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 through the reserve account equal to three to six months of loan instalments to be frozen at the project company until the loan matures.

Some of the credit agreements signed by the Group have restrictive clauses on project companies transferring cash to their shareholders. They usually provide for a restriction on cash transfers until an annual certificate of compliance with financial ratios has been issued (within six months of the end of the 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.

5.7. SOURCES OF FINANCING FOR FUTURE DEVELOPMENT

In order to obtain the financial resources necessary for its growth and the achievement of the target installed capacity of one gigawatt in 2020 (see Section 5.14 of the Registration Document), the Group increased its equity by carrying out a capital increase of €170 million in November 2016. These new funds will be used mainly to finance projects underway or future projects.

As of 31 December 2017, Voltalia thus had cash amounting to €71,247 thousand and €51,000 thousand in unused “corporate” bank credit lines.

5.8. BALANCE SHEET ANALYSIS

On this topic, the reader is invited to refer to the Notes detailing the different items in the Notes to the consolidated financial statements for the financial year ended 31 December 2017 contained in Section 6.2 of the Registration Document:

- Note xi: Intangible and tangible fixed assets;
- Note xii: Net cash flows;
- Note xiii: Equity and earnings per share;
- Note xiv: Financing and financial instruments;
- Note xv: Current and non-current provisions;
- Note xvi: Operating data on working capital requirement.

5.9. PROPERTY, PLANT AND EQUIPMENT

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 registered office of the Company. Its details are as follows:

Surface area 555m²

Start date 23 June 2014

Term 9 years

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 Group are described in Note xi of the Notes to the consolidated financial statements for the financial year ended 31 December 2017 contained in Section 6.2 of the Registration Document.

The Group also consolidates the companies set up under the Girardin Law that hold assets in French Guiana.

Other property, plant and equipment

The other fixed assets held by the Company are described in Note xi of the Notes to the consolidated financial statements.

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

5.10. INTANGIBLE ASSETS

The fixed assets held by the Company are described in Note xi of the Notes to the consolidated financial statements for the financial year ended 31 December 2017 contained in Section 6.2 of the Registration Document.

5.11. ENVIRONMENTAL CONSTRAINTS THAT COULD INFLUENCE THE GROUP'S USE OF ITS TANGIBLE ASSETS

Environmental issues that could have an influence on the various facilities owned and/or operated by the Group are described in Sections 1.5 and 2.1.1.

The provisions for decommissioning under the ICPE regulations are set out in note xvii of the Notes to the consolidated financial statements for the financial year ended 31 December 2017 contained in Section 6.2 of the Registration Document.

5.12. MAIN INVESTMENTS

The main investments made by the Group relate to project development and the construction of power plants.

The total amount of investments made by the Group amounted to €81.4 million in 2017, versus €130.2 million in 2016 and €179.5 million in 2015.

In 2018, the Group continues its investments in project development and the construction of power plants, mainly in Fr. Guiana (Cacao), Egypt (Ra Solar), France (Echauffour, Sarry), and the launch of construction of power plants for which calls for tender have been won.

5.13. TRENDS

The targets and trends presented below are based on data, assumptions and estimates deemed reasonable by the Company as of the date of the Registration Document. These targets, based on the Group's strategic plan, should not be taken as Group forecasts or profit data. The data and assumptions on which these targets are based are subject to change in response to economic, financial, competitive, regulatory and fiscal developments and/or other factors of which the Company was not aware as at the date of the Registration Document.

In addition, should certain risks materialise as described in Chapter 2 of the Registration Document entitled "Risk Factors", they could have an impact on the activities, financial position, results and outlook of the Group and thereby affect its ability to meet the targets presented below. Furthermore, the attainment of objectives presupposes the success of the Group's strategy; the Group therefore makes no commitment or guarantee regarding the attainment of the objectives presented in this section.

2018 Trends

In 2018, consolidated total installed capacity is expected to increase slightly. Pricing should remain key in Brazil, with another positive impact resulting from contract suspensions. However, the Brazilian currency is expected to remain weak over the coming quarters.

In Services, teams will continue to be mainly mobilized on the Group's own projects, with the launch of construction of a series of new projects, while the third-party clients' sales are to build up progressively.

Development of the electricity sales activity

Plants currently under construction planned for completion in 2018 will automatically increase Voltalia's installed capacity during the year. As of the date of the Registration Document, the plants currently under construction planned for completion in 2018 are located in France and represent a total capacity of 23.6 MW. In addition, the Group will continue to seize opportunities, principally by renewing the contract suspensions for some of its Brazilian power plants, as it did in 2017. In Q1 2018, revenue reached €26.8 million, with good operating performance offset by the negative impact of strong growth in the euro compared to most currencies, including the Brazilian Real.

Development of the Services activity

As part of its development policy, in 2018 the Group will actively pursue projects primarily in Africa, Latin America and Europe.

In 2018, the Group will begin new construction projects on its own behalf and on behalf of third party clients, when it has already secured the terms and conditions of sale of the electricity produced. These sites are mainly in French Guiana, Metropolitan France, Brazil and the African continent. In Q1 2018, the Development, Construction and Procurement business recorded revenues of €14.0 million, thanks to a growing contribution of Construction services.

The operation & maintenance business will continue to grow to support the power plants owned by the Group and those owned by third party clients. In Q1 2018, revenues from the Operation & Maintenance business amounted to €5.1 million, including revenue from Voltalia's main markets, such as Brazil, Italy, Portugal and the UK.

Services provided by the Service business for Group-owned power plants are eliminated during financial consolidation. In Q1, these intra-group flows represented €8 million, or 44% of the Services business.

Cash flow outlook

The Group intends to use its current cash and cash equivalents and available credit lines to pursue its growth.

5.14. EARNINGS FORECASTS AND ESTIMATES

The Company does not intend to make any earnings forecasts or estimates.

5.15 KNOWN TRENDS, UNCERTAINTIES, REQUESTS FOR COMMITMENTS OR

EVENTS REASONABLY LIKELY TO INFLUENCE THE COMPANY'S PROSPECTS

In December 2017, a review of the commissioning scheduling led Voltalia to postpone by one year the 2019 ambitions announced in September 2016. The Group now expects by 2020:

- installed capacity of 1 GW (previously targeted in 2019), a shift explained by delays in calls for tenders, such as in Brazil;
- total operated capacity of 3 GW (initially targeted for 2019), including 2 GW for third parties; and
- EBITDA of €140 to €180 million generated in 2020 (compared with €180 million initially targeted in 2019), depending on the phasing of new commissionings in 2020.

5.16 SIGNIFICANT CHANGE IN THE ISSUER'S FINANCIAL OR TRADING POSITION

There were no changes in the Group's economic or legal organisation during the financial year ended 31 December 2017.

6. GROUP CONSOLIDATED FINANCIAL STATEMENTS

6.1. FINANCIAL STATEMENTS

The financial information at 31 December 2016 presented in the statement of comprehensive profit or loss, the statement of financial position and the statements of cash flows and change in equity, differs in form but not in content from that of the Registration Document of 31 December 2016 (see Note iv.B)

6.1.1. Statement of comprehensive profit or loss⁵⁰

<i>(in thousands of euros)</i>	Note	As of 31 December 2017	As of 31 December 2016	Change	%
Revenues	vii	180,047	126,966	53,081	42%
Purchases and sub-contracting	vii	(37,701)	(31,815)	(5,886)	19%
External expenses	vii	(49,296)	(29,995)	(19,301)	64%
Payroll expenses	viii	(21,438)	(12,039)	(9,399)	78%
Other operating income and expenses		(12)	(3,098)	3,086	(100)%
Total operating expenses		(108,447)	(76,948)	(31,499)	41%
EBITDA		71,600	50,018	21,582	43%
% EBITDA		40%	39%		
Other financial income and expenses		1,279	(2,641)	3,920	x (0.5)
Fees		-	-	-	N/A
Depreciation, amortisation and provisions	vii	(27,132)	(13,196)	(13,936)	x 2.1
Operating income (EBIT)		45,747	34,181	11,566	34%
% EBIT		25%	27%		
Gross loan expenses	xiv	(30,873)	(32,085)	1,212	(4)%
Other financial income and expenses	xiv	(5,613)	3,037	(8,649)	x (1.8)
Income tax and other taxes	x	(5,970)	(4,580)	(1,390)	30%
Income from companies at equity		203	24	179	x 8.5
Net profit (loss)		3,495	577	2,918	x 6.1
% net profit (loss)		2%	N/A		
Group Share		566	1,635	(1,069)	(65)%
Minority interests		2,929	(1,058)	3,987	x (2.8)
Earnings per share (in euros):					
Before dilution		0,012	0,055	(0,044)	N/A
After dilution		0,011	0,053	(0,042)	N/A

⁵⁰ The non-financial indicators "Revenues", "EBITDA" and "EBIT" are defined in Notes iv and vii.

6.1.2. Other items of comprehensive income

<i>(in thousands of euros)</i>	Note	As of 31 December 2017	As of 31 December 2016	Change	%
Net profit (loss)		3,495	577		x 6.1
Currency conversion adjustments resulting from the conversion of foreign operations		(40,565)	50,974	(91,539)	x (0.8)
Actuarial gains/(losses) on pension commitments	i	(254)	-	(254)	N/A
Gross change in value of hedging instruments	xviii	2,720	(2,019)	4,739	x (1.3)
Deferred taxes related to changes in value of hedging instruments		(91)	(103)	12	(12)%
Other items of comprehensive income		(38,191)	48,852	(87,043)	x (0.8)
Comprehensive income		(34,696)	49,429	(84,125)	x (0.7)
Comprehensive income:					
Group Share		(26,338)	33,470	(59,807)	x (0.8)
Minority interests		(8,359)	15,959	(24,318)	x (0.5)

6.1.3. Statement of financial position ⁵¹

(in thousands of euros)	Note	As of 31 December 2017	As of 31 December 2016	Change	%
Goodwill	xi	46,080	45,413	667	N/A
Intangible assets	xi	70,053	64,653	5,400	8%
Property, plant and equipment	xi	618,575	662,377	(43,802)	(7)%
Equity affiliates	v	748	523	225	43%
Non-current financial assets	xiv	18,008	23,735	(5,727)	(24)%
Deferred tax assets	x	616	1,024	(408)	(40)%
Other non-current assets	xvi	949	(0)	949	N/A
Non-current assets		755,028	797,725	(42,697)	(5)%
Inventories and work in progress	xvi	2,824	2,542	282	11%
Trade receivables	xvi	56,347	49,113	7,234	15%
Other current financial assets	xiv	6,757	1,690	5,068	x 4
Other current assets	xvi	18,928	12,386	6,542	53%
Current tax assets ⁵²	x	1,113	1,907	(794)	(42)%
Net cash and cash equivalents	xii	71,247	101,353	(30,106)	(30)%
Current assets		157,217	168,991	(11,773)	(7)%
Assets held for sale		-	135	(135)	x (0)
Total Assets		912,245	966,850	(54,605)	(6)%
Group equity		321,964	349,819	(27,855)	(8)%
Non-controlling interests		67,232	74,935	(7,702)	(10)%
Equity	xiii	389,197	424,753	(35,557)	(8)%
Non-current provisions	xv	10,457	2,814	7,643	x 3.7
Provisions for post-employment benefits	xv	664	55	609	x 12
Deferred tax liabilities	x	1,776	2,721	(945)	(35)%
Long-term borrowings	xiv	339,177	322,448	16,738	5%
Other non-current financial liabilities		13,164	272	12,892	x 48.4
Non-current liabilities		3,494	6,075	(2,581)	(42)%
Non-current liabilities		368,732	334,385	34,358	10%
Current provisions	xv	6,142	17,693	(11,550)	(65)%
Short-term borrowings	xiv	78,199	109,729	(31,538)	(29)%
Trade and other payables	xvi	45,623	40,022	5,601	14%
Other tax liabilities		8,586	7,507	1,079	14%
Other current liabilities		15,764	31,599	(15,741)	(50)%
Current liabilities		154,316	206,542	(52,227)	(25)%
Liabilities associated with assets held for sale		-	1,169	(1,169)	x (0)

⁵¹ (i) As part of its reorganisation and the production of new management elements required by the main deciders, the Company has adapted the presentation of its financial statements. In this context, the presentation of the financial information at 31 December 2016 differs in form but not in content from that presented in the Registration Document of 31 December 2016.

(ii) The changes in "Equity - Group Share" and "Non-controlling interests" are presented in the "Statement of changes in equity".

⁵² These are tax receivables associated with corporate tax.

Total Liabilities	912,245	966,850	(54,605)	(6)%
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6.1.4. Statement of cash flows

(in thousands of euros)	Note	As of 31 December 2017	As of 31 December 2016
Operating income (EBIT)		45,747	34,181
Depreciation, amortisation and provisions of non-current assets	vii	27,132	13,196
Other operating income and expenses		(1,279)	2,641
EBITDA		71,600	50,018
Income and expenses not affecting cash and cash equivalents		(91)	-
EBITDA Cash		71,509	50,018
Change in working capital requirement		1,685	(28,236)
Tax paid		(5,702)	(4,878)
Cash and cash equivalents from operating activities, excluding non-current items		67,492	16,904
Cash flows generated by exceptional items		(1,941)	(1,933)
Other operational cash flows		319	-
Net cash flow from operating activities		65,870	14,971
Net flow from financial investments	xi	393	(7,346)
Net flow from tangible investments	xi	(61,604)	(131,563)
Net flow from intangible investments	xi	(18,800)	-
Other flows from investments	xi	1,235	1,907
Subsidies		185	-
Dividends received		55	-
Net cash flow from investing activities		(78,536)	(137,002)
Capital increase		0	164,843
Financial income and expenses	xiv	(2,941)	-
Other financial items	xiv	(439)	(16,656)
Interest paid to shareholders		(1,277)	-
Interest paid to banks	xiv	(28,951)	(21,678)
Repayments on leasing loans	xiv	(645)	-
Bond issues	xiv	168,639	98,211
Borrowing repayments	xiv	(147,540)	(52,415)
Dividends paid to shareholders of the Parent Company		2,976	-
Dividends paid to non-controlling interests		-	(311)
Net cash flow from financing activities		(10,177)	171,994
Impact of changes in accounting principles		0	0
Change in cash		(22,843)	49,963
Opening cash and cash equivalents	xii	101,353	43,454
Impact of changes in currency prices		(7,308)	7,936
Impact of scope changes		46	-
Closing cash and cash equivalents	xii	71,247	101,353

6.1.5. Statement of changes in equity

(in thousands of euros)	Share capital	Additional paid-in capital	Conversion reserves	Consolidated reserves	Net profit for the year	Shareholders' equity
As of 1 January 2016	149,406	61,325	(42,154)	(19,061)	3,888	
Appropriation of earnings	-	-	-	3,888	(3,888)	
Net profit (loss)	-	-	-	-	1,635	
Other items of comprehensive income	-	-	33,958	(2,123)	-	
Comprehensive income	-	-	33,958	1,765	(2,253)	
Change in equity	129,570	35,114	-	-	-	
Dividends	-	-	-	-	-	
Scope changes	-	-	-	(1,815)	-	
Other movements	-	-	-	76	-	
As of 31 December 2016	278,976	96,439	(8,196)	(19,035)	1,635	
Appropriation of earnings	-	-	-	1,635	(1,635)	
Net profit (loss)	-	-	-	-	566	
Other items of comprehensive income	-	-	(29,193)	2,290	-	
Comprehensive income	-	-	(29,193)	3,925	(1,069)	
Change in equity ⁵³	35	16	-	-	-	
Scope changes	-	-	-	(1,549)	-	
Other movements	-	-	-	(18)	-	
As of 31 December 2017	279,011	96,455	(37,389)	(16,679)	566	

⁵³ This capital increase through the exercise of stock options was recognised during the 2017 financial year and noted during the meeting of the Company's Board of Directors of 2 February 2018.

6.2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

i. Formation, development and business 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, continued in Brazil, France, Greece, and Morocco. In August 2016, Voltalia acquired Martifer Solar, which further extended the Group's geographical presence. The Company has been listed on Compartment B of Euronext since July 2014.

The attached annual consolidated financial statements as of 31 December 2017 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.

The acquisition of Martifer Solar, on 18 August 2016⁵⁴, modified the Group's business and its translation in its financial statements. This information must be taken into account when carrying out a comparative analysis between the two years presented in this Registration Document.

ii. Group's Business

Voltalia is an independent player in the renewable energy market. An integrated industrial player, the Group develops, constructs and operates renewable energy power plants, on its own behalf and on behalf of third parties.

Voltalia is present in the main renewable energy production areas: wind, solar, small hydro and biomass.

As of 31 December 2017, the principal source of revenue for the Group comes from the sale of renewable electricity produced by its power plants. Such sales are predominantly governed by long-term contracts with full transparency of the volumes and prices of the electricity sold. The Group also generates income from the sale of projects developed in-house or of services, such as the construction or operation and maintenance of power plants owned by third-party clients.

Social and environmental responsibility is at the heart of the Company: Voltalia's mission to "improve the global environment, foster local development" highlights the importance that the Group attaches to having a positive local and social impact.

Throughout its history, Voltalia has established lasting relationships with many partners. The Caisse des Dépôts et des Consignations (CDC) has been a shareholder of Voltalia Guyane since 2008. COPEL and CHESF, the Brazilian leaders in power production, and Encalco, 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.

⁵⁴ See Note v of the 2016 Registration Document.

iii. Highlights of the period and subsequent events

A. Highlights of the year

Governance

The appointment of Solène Guéré as director of Voltalia was approved by Voltalia's shareholders at the General Shareholders' Meeting of 1 June 2017. Director of Immochan Ukraine since 2016 and non-voting director of Voltalia Investissement since 2015, Solène Guéré is a graduate of Ecole Normale Supérieure de Paris (2007). She also holds a Master AgroParisTech-IFP Economie du Développement Durable, de l'Environnement et de l'Energie (2011), and an MBA from the Collège des Ingénieurs (2012).

Vincent Vliebergh resigned from his position as Director on 28 June 2017. This decision was noted by the Board of Directors at its meeting on 22 September 2017.

Continued organic growth

First solar plant for Voltalia in Brazil

Just over one year after the announcement of the commissioning of the first tranche of the Oiapoque power plant⁵⁵ in Brazil, on 23 January 2017, Voltalia announced the start of construction work on its first solar power plant in Brazil, with a capacity of 4 MW.

Voltalia won the call for tenders organised by the city of Oiapoque in 2014⁵⁶ 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, using diesel generators.

This project is the first in which Voltalia's teams have worked jointly with those of Martifer Solar⁵⁷, thus benefiting from their experience in power plant design, and their attractive conditions for equipment procurement. On 4 December 2017, Voltalia announced the commissioning of the Oiapoque solar power plant. Thus, the commissioning of the hydropower plant (at the latest in 2021); will stand out by the combination of several renewable energy sources and a thermal system, with 90% of the production coming from renewable energy.

New biomass power plant project in French Guiana

On 21 April 2017, Voltalia announced that it has obtained a long-term contract for a 5.1 MW biomass power plant project in French Guiana. Located near the village of Cacao in the municipality of Roura, the power plant will generate electricity by burning wood from logging operations or from sawmills and will benefit from a private contract with a guaranteed price over a 25-year period. The plant could be commissioned at the end of 2019.

Voltalia will use the experience acquired at its existing Kourou biomass plant to train young technicians in the operation of the future Cacao site. This new project should also create around 40 direct and indirect jobs.

Early commissioning of the wind power plant in Vila Acre (27 MW), Brazil

⁵⁵ See press release dated 9 December 2015.

⁵⁶ See press release dated 2 October 2014.

⁵⁷ See press release dated 19 August 2016.

On 29 June 2017, Voltalia announced the early commissioning of the 13 turbines at the Vila Acre wind site in Brazil, with a total capacity of 27.3 MW. After winning the electricity sales contract during the November 2015⁵⁸ call for tenders, Voltalia launched the construction work on the Vila Acre power plant in Q4 2016⁵⁹ with completion due for Q3 2017. The long-term sales contract of duration of 20 years will start in November 2018, thus enabling the Group to generate revenues more than one year ahead of schedule. During this period, in accordance with the tender provisions, the electricity generated will be sold at the same price as that secured in the long-term contract.

Launch of the construction of three new solar power plants in Metropolitan France

On 7 July 2017, Voltalia announced the launch of construction of the French Canadel (10.4 MW) and Castellet 2 (3.8 MW) solar power plants, located in the Var department. These winning projects in the CRE III call for tenders of December 2015⁶⁰ are both located in the sunniest region of France. The Canadel power plant will be located in Brignoles and the second plant, Castellet II, will be right next to the first solar plant of the same name and commissioned by Voltalia in July 2013 following the 2012 CRE I tender. Each benefiting from a 20-year electricity sales contract, the power plants should be commissioned during the first half of 2018, in accordance with the tender terms.

On 30 August 2017, Voltalia announced the launch of construction of the new Carrière-des-Plaines (8.2 MW) solar power plant in the Bouches-du-Rhône, Metropolitan France. In accordance with the tender terms, half of the power plant will comprise high yield photovoltaic modules (4.1 MW) with the other half comprising concentrated photovoltaic modules (CPV) with sun trackers (4.1 MW). Unlike the generally used photovoltaic panels, CPV panel lenses concentrate the sun's beams on high performance cells, thus optimising use of the solar resource. The commissioning of the power plant is expected at the latest for Q2 2018.

Two solar projects in Metropolitan France, winners of the CRE IV national tender

On 1 August 2017, Voltalia announced that two solar projects with a total capacity of 8 MW had been selected by the Ministry for Ecological and Solidarity Transition as part of the CRE IV tender, for which the results were announced on 28 July 2017.

Having won projects as part of previous tenders (CRE I, CRE II and CRE III), Voltalia confirms its competitiveness in the French market. The winning Tresques (3 MW) and Parroc (5 MW) solar projects are located in the Occitanie and Nouvelle Aquitaine regions, with both regions subject to particularly strong competition due to their good solar resources.

The two Tresques (Gard) and Parroc (Haute-Vienne) power plants will benefit from a 20-year contract for difference from their commissioning, expected for July 2019 at the latest.

⁵⁸ See press release dated 16 November 2015.

⁵⁹ See press release dated 18 November 2016

⁶⁰ Press release dated 7 December 2015.

Voltalia won its first project in Africa

The future 25 MW plant, called Râ Solar, will be located in the Ben Ban complex in the Aswan region (Upper Egypt). Voltalia's project is part of the Egyptian national plan to develop 4.3 GW in renewable capacity, including 2 GW in photovoltaic solar power. The Râ Solar power plant will be equipped with photovoltaic panels mounted on "tracker" structures with an axis, and will benefit from a 25 year electricity sales contract with the national company, EETC (Egyptian Electricity Distribution Company). The launch of construction will take place at the start of 2018 with commissioning planned for Q2 2019.

Voltalia won 155 MW in wind power via auctions held in Brazil on 18 and 20 December 2017

In addition to the 64 MW won as part of the national A-4 auctions organised by the ANEEL on 18 December⁶¹, Voltalia won 91.3 MW in additional wind power projects as part of the A-6 auctions organised on 20 December. The sites for these three new winning projects, Vila Acre II (27.3 MW), Vila Paraíba I (32 MW) and Vila Paraíba IV (32 MW), are adjacent to those of the projects won on 18 December. The contracts won provide for commissioning at the latest on 31 December 2020 (for the A-4 projects) and 31 December 2022 (for the A-6 projects). With duration of 20 years, they will enable the Group to generate cumulative secured revenues of over €400 million. Moreover, Voltalia will sell the power plant production on the free market by commissioning early from 2020 as it has already done in the past.

Other developments

Disposal of the Bio-Bar biomass power plant in Metropolitan France

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.

Voltalia joins the EnterNext Tech 40 index

On 21 April 2017, Voltalia joined the Tech 40 index. The "Tech 40" label distinguishes 40 innovative Tech companies listed on Euronext (Amsterdam, Brussels, Lisbon and Paris) amongst the 330 companies operating in the life sciences, eco-industry and technology, media and telecommunications sectors.

Companies are selected by a committee of independent European experts according to economic, financial and stock market performance criteria. In the renewable energy sector, only two companies including Voltalia have been selected.

⁶¹ See press release dated 18 December 2017.

This label enables Voltalia shares to enter the EnterNext Tech 40 index from 21 April 2017.

Voltalia joins the CAC Mid & Small index

Following the annual reconfiguration by Euronext (the pan-European stock market) of its CAC indices, Voltalia announced that from 18 September 2017, it joined the Euronext CAC® Small, CAC® Mid & Small and CAC® All-Tradable indices. The expected benefits for Voltalia shares are greater visibility and a possible increase in share exchange volumes.

Disposal of the Japanese Shibushi project

During August 2017, Voltalia sold a "ready-to-build" solar power plant project in Japan, historically developed by Martifer Solar. This future photovoltaic power plant will have a capacity of 2.2 MW and will be located in the Kagoshima region in the south of Japan.

Voltalia has delayed its growth targets for 2019 by one year

Following the announcement of the results of the Brazilian auctions of December 2017, Voltalia announced the shift of its 2019 targets to 2020. During its presentation to the financial community in September 2016, Voltalia had 451 MW in operation and 239 MW under construction and advanced development, for a total of 690 MW. Having built new capacities and enriched its portfolio of projects in the advanced development phase, today Voltalia has 508 MW in operation (+13%) and 395 MW under construction and advanced development (+65%), for a total of 903 MW, close to the 1 GW threshold. A schedule delayed by one year, in line with the programmed commissioning. The review of the forecast commissioning schedule leads it to shift by one year its 2019 ambitions announced in September 2016. The Group forecasts by 2020: (i) Installed capacity of 1 GW (previously targeted in 2019), a shift explained by delays in calls for tenders, such as in Brazil; (ii) A total operated capacity of 3 GW (initially targeted in 2019), including 2 GW for third parties; and (iii) an EBITDA of €140 to €180 million generated in 2020 (compared to €180 million initially targeted for 2019), according notably to the phasing of the new commissioning in 2020.

B. Subsequent events

Launch of construction of the PAGAP solar power plant (5 MW) in France

On 9 February 2018, Voltalia announced the start of construction work on the Parc d'Activité de Grenoble Air Parc (PAGAP) solar plant in Metropolitan France. With a capacity of 5 MW, the project is located in Saint Etienne de Saint Geoirs, Isère department (38), within the joint development zone (Zone d'Aménagement Concertée - ZAC) of Grenoble Air Parc.

Winner of the CRE III call for tenders and initially developed by the teams of Martifer Solar, this is a project for which the Group will carry out both the construction and the operation-maintenance. Its commissioning is expected for Q3 2018.

Voltalia wins the CRE IV solar call for tenders

On 13 February 2018, Voltalia announced that it had won two new solar projects in France following the CRE IV solar call for tenders of 9 February 2018 by the Ministry for Ecological and Solidarity Transition.

The winning project of Talagard (5 MW), located in Salon-de-Provence, in the Provence-Alpes-Côte d'Azur (PACA) region, will be a fixed photovoltaic installation, and will benefit from an additional remuneration contract⁶² for a duration of 20 years. In accordance with the terms of the call for tenders, the commissioning of Talagard should take place at the latest in Q1 2020. It will produce renewable electricity equivalent to the electricity consumption of almost 3,000 French households⁶³.

Voltalia was also selected for the installation of an agrivoltaic project of 3 MW as part of the first solar call for tenders in innovative technologies. By combining agricultural and electricity production, the Saint Etienne du Grès (PACA) project will promote dual land use whilst optimising agricultural production. The date of commissioning for this installation will depend on obtaining the last authorisations.

Two hydropower plants authorised in Morocco

On 15 February 2018, Voltalia announced that it had obtained the authorisations, from the Ministry of Energy, for two hydropower plants of 9.8 MW and 7.2 MW in the Middle Atlas region in Morocco. They follow the positive technical opinion issued by the National Office for Electricity and Drinking Water for the connection of the plants to the national grid. The concerned Hydraulic Basin Agencies also issued positive opinions due to the quality of the projects presented by Voltalia. The electricity produced by the plants will be sold as part of long-term over-the-counter contracts currently being negotiated with private customers.

Signature of a first energy supply contract for a Telecom customer in Myanmar

On 21 February 2018, Voltalia announced that it had been selected by MNTI as an energy services company (ESCO) for the energy supply of an initial batch of 171 telecom towers. As part of a ten-year contract, Voltalia will provide continuous 2 KW electricity power to each of the sites, located in the Bago and Ayeyarwaddy regions. MNTI is the owner of a network of telecom towers made available to MyTel, a telecom operator owned jointly by Myanmar National Telecom Holdings and Viettel (national Vietnamese operator).

Launch of construction of Voltalia's new wind farm in Metropolitan France

On 8 March 2018, Voltalia announced the start of construction on the Sarry wind farm. With 22 MW installed power, the Sarry wind farm is located in Sarry and Châtel-Gérard, in the Yonne department (89). The farm comprises 11 wind turbines supplied by Senvion, with unit power of 2 MW and benefiting from the good wind resources of the Bourgogne-Franche-Comté region. The project will benefit from secured revenues (additional remuneration contract⁶⁴) for 15 years from the date of commissioning, planned for the second half year of 2019.

The construction of the power plant will contribute to achieving the renewable energy development target set by the region, which aims for 2,100 MW in wind power installed by 2020⁶⁵.

⁶² Introduced by the Law on Energy Transition for Green Growth of 2016, the additional remuneration is a mechanism enabling the producer to compensate the difference between the revenues from the direct sale of electricity on the market and the level of benchmark remuneration set by the tariff ruling or the provisions of the call for tenders.

⁶³ Sources: INSEE, INES and RTE

⁶⁴ Introduced by the Law on Energy Transition for Green Growth of 2016, the additional remuneration is a mechanism enabling the producer to compensate the difference between the revenue from the direct sale of electricity on the market and the level of benchmark remuneration set by the tariff ruling or the provisions of the call for tenders.

⁶⁵ Objectives specified in the Regional Climate-Air-Energy diagram.

Voltalia launches the construction of a new biomass power plant in French Guiana

On 20 March 2018, Voltalia announced the launch of construction of the Cacao biomass power plant (5.1 MW). With installed power of 5.1 MW, this biomass power plant was designed by Voltalia, who will also carry out the construction and operation-maintenance. The main equipment (boiler, turbine...) will be supplied and installed by Bocard and Berkes. The work will take around 30 months, with commissioning planned for the first half of 2020.

As announced in April 2017⁶⁶, the plant will benefit from a private contract with a guaranteed price over a 25-year period, leading to annual electricity sales revenues of between €10 and 15 million. The production injected into the public network will be sold at a significantly lower price than the thermal power plants located in French Guiana, which operate with diesel.

After the power plant is commissioned, Voltalia will have six renewable energy plants in French Guiana (three solar, two biomass and one hydropower) for a total installed capacity of 22.7 MW, enabling production of almost 10%⁶⁷ of the net delivered electricity on the Guiana coast.

Voltalia launched construction on the Echauffour wind farm in Metropolitan France

On 12 April, Voltalia announced the launch of construction on the Echauffour wind farm in Normandy, France (10 MW). Located in the town of Echauffour in the Orne département (61), the wind farm is Voltalia's first in Normandy, a region with the second best wind potential in France, after Brittany. Equipped with wind turbines supplied by Senvion, the project will be built and operated by Voltalia. It will benefit from secured revenues for 15 years (contract for difference).

iv. Accounting rules and methods

A. Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union and applicable on 31 December 2017.

The standards applied are available at the following address:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en

The consolidated financial statements of the Voltalia Group were approved by the Board of Directors of Voltalia SA on 28 March 2018.

B. Preparation basis

In the consolidated financial statements for the year ended 31 December 2017, the Group applied the same accounting principles and valuation methods as those used on 31 December 2016, with the exception of the new applied standards as described in Note iv.C.

As of 31 December 2017, the financial statements were prepared in accordance with the principles of operational continuity and historical cost, with the exception of financial or hedging instruments held for trading valued at fair value⁶⁸.

⁶⁶ See press release dated 21 April 2017

⁶⁷ Source: EDF SEI (base 2016)

⁶⁸ The methods used to measure fair value are discussed in Note xiv.

As part of its reorganisation associated with the acquisition of Martifer Solar, in 2016⁶⁹, the Group identified new management items, new operating segments (see Note vii) and, in 2017, implemented new reporting tools to provide more detailed information to the reader. Within this framework, the Group is unable to provide comparative information at 31 December 2016, for certain items indicated in the Notes to the consolidated financial statements, without incurring disproportionate costs.

The reader is reminded that following the Martifer Solar acquisition in Q3 2016, the Group consolidated it into its consolidated financial statements from 1 August 2016⁶⁹.

C. New standards

New standards and application interpretations adopted by Europe and applicable as of 1 January 2017

As of 31 December 2017, the Group applied the standards, interpretations, principles and accounting policies effective at the time of the financial statements for the 2016 financial year, with the exception of the new standards and interpretations adopted by Europe and applicable as of 1 January 2017:

- Amendments to IAS 7 "Statement of Cash Flows: Initiative with regard to disclosure";
- Amendments to IAS 12 "Recognition of Deferred tax assets for unrealised losses".

These standards had no impact on the Group's consolidated financial statements.

New standards and application interpretations already adopted by Europe and applicable in advance as of 31 December 2017

The Group has chosen not to apply the following texts in advance to the accounts closed as of 31 December 2017:

- IFRS 9 "Financial Instruments":

IFRS 9 applicable from 1 January 2018 deals with the classification, measurement and derecognition of financial assets and liabilities;
- IFRS 15 "Revenue from Contracts with Customers":

IFRS 15, including the amendment "Clarifications to IFRS 15", applicable as of 1 January 2018, establishes the principles that an entity applies when recognising revenue from contracts with customers. It replaces IAS 11 and IAS 18;
- IFRS 16 "Leases":

IFRS 16, applicable as of 1 January 2019, establishes the principles of recognition, measurement and presentation of lease contracts, with the aim of ensuring that lessors and lessees provide relevant information that fairly represents these transactions. It replaces IAS 17 and the corresponding interpretations. Its early application is conditional on the application of IFRS 15.

The impacts of IFRS 9 and IFRS 15 on the Group's financial statements are not expected to be significant. The impact of IFRS 16 on the Group's financial statements is still in the process of being analysed.

⁶⁹ See Note vi to the consolidated financial statements in the 2016 Registration Document.

New standards and application interpretations not yet adopted by Europe but applicable in advance as of 31 December 2017

The Group has chosen not to apply the following texts in advance to the accounts closed as of 31 December 2017:

- Amendments to IFRS 2 "Classification and measurement of share-based payment transactions";
- Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts";
- Amendments to IFRS 10 and IAS 28 "Sales or contributions of assets between an investor and its associate/joint venture";
- IFRIC 22 "Foreign currency transactions and advance consideration";
- IFRIC 23 "Uncertainty over revenue tax treatments";
- "Annual Improvements to IFRS Cycle 2014 - 2016":
 - IFRS 12: clarification of the scope of the disclosure requirements,
 - IAS 28: measurement of investments at fair value through profit or loss by investment.

D. Presentation of the financial statements

The Group presents the comprehensive income statement by type, including revenue, current operating result, other operating income and expense, financial income, income from equity affiliates and net income from consolidated companies.

Following the recommendation of the French Accounting Standards Authority no.2013-03 of 7 November 2013, relating in particular to the income statement format under IFRS, the Group decided to include in its comprehensive income statement an "EBITDA"⁷⁰, calculated from the difference between "Operating income (EBIT)"⁷¹, "Depreciation, amortisation and provisions" and "Other financial income and expenses".

"Other financial income and expenses" corresponds to unusual, abnormal and infrequent events of a significant material nature that could make current operating performance more difficult to interpret. This may include the following:

- gains or losses on disposal or significant and unusual impairment of non-current tangible or intangible assets⁷²;
- certain restructuring expenses: These are solely restructuring costs that would be likely to make the interpretation of recurring operating income more difficult as a result of their unusual nature and size;
- other operating income and expenses, such as a provision for litigation, are of very significant materiality.

For the presentation of the statement of financial position, the distinction between current and non-current items results from the application of IAS 1.

⁷⁰ EBITDA is defined as Earnings Before Interest, Taxes, Depreciation and Amortisation. It is calculated by restating current operating income for allocations and reversals of depreciation and provisions.

⁷¹ EBIT is the English equivalent of Operating income.

⁷² It is specified that gains or losses on project disposals or SPVs are presented in Revenues (see Note vii).

E. Functional and presentation currency

The consolidated financial statements are presented in thousands of euros, the reporting currency and functional currency of the parent company.

F. Use of estimates

As part of the process of drawing up the consolidated financial statements, the valuation of certain balance sheet items requires the use of assumptions, estimates and assessments. This includes the valuation of the intangible assets and, in particular, the assets related to projects in development, the determination of provisions, the recognition of revenues, impairment tests, and the valuation of financial instruments.

These assumptions, estimates or assessments are made based on information or situations existing at the financial statement preparation date and that may differ from the actual situation in the future.

In addition, at each reporting date, the Group identifies assets whose sale is in progress and assesses whether the sale is highly probable. If applicable, it applies IFRS 5, which requires an entity to classify a non-current asset (or group of assets held for sale) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Finally, most of the Group's operating entities have multi-year contracts with significant clients. During the course of these contracts and on the occasion of their termination and/or renewal, discussions may take place between these entities and their clients about the conditions, including financial, from the past performance of these contracts.

v. Scope of consolidation

A. Accounting rules and methods

Consolidation method

Full Consolidation

In accordance with IFRS 10 "Consolidated Financial Statements", the consolidated financial statements include the accounts of all entities that the Group controls directly or indirectly, whatever its level of participation in the capital of these entities. An entity is controlled when the Group has power over this entity, when it is exposed to or has rights to variable returns because of its involvement in this entity, and when it has the ability to use its power over the entity to influence the amount of these returns. The determination of control takes into account the existence of potential voting rights if they are significant, i.e. if they can be exercised on a timely basis when decisions about the relevant activities of the entity must be taken.

The consolidated entities of the Group are classified as "subsidiaries". The entities that the Group controls by means other than voting rights are described as "consolidated structured entities."

Reciprocal receivables and liabilities, as well as reciprocal income and expenses related to fully consolidated companies, are eliminated in full. The internal margins between these companies are eliminated.

Joint activities and companies at equity

The Group applies IFRS 11, which supersedes IAS 31 “Interests in joint ventures” and SIC 13 “Jointly controlled entities - non-monetary contributions by venturers”. This new standard defines how a joint arrangement is to be treated.

Under this standard, partnerships through which two or more parties have joint control are accounted for on the basis of rights and obligations of each party to the partnership, taking particular account of the structure, the legal form of the agreements, the rights granted to each party by the agreements, as well as the facts and circumstances, where appropriate:

- assets and liabilities (income and expenses) of joint activities that give each of the co-participants direct rights in the assets and obligations reported as liabilities shall be recognised using the interest in the joint activity;
- joint ventures that confer rights in 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 indicated above, and pursuant to IAS 28, the equity method is applied to associates in which the Group has significant influence (generally over 20%), i.e. when it has the power to participate in financial and operating policy decisions, but cannot control or exercise exclusive or joint control over those policies.

This method of consolidation consists of retaining the net assets and net income of a company in proportion to the interest held by the parent company in the capital and the goodwill relating thereto, as appropriate.

Receivables and payables to associates are considered 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 Group has significant influence;
- and joint ventures, companies over which the Group has joint control.

As of 31 December 2017, the Group has not identified any companies classified as joint ventures.

Business combinations

Business combinations are recognised by applying the acquisition method on the date the control is transferred to the Group.

Up to now, the Group has always evaluated the goodwill on the acquisition date according to the full goodwill method. It corresponds to the difference between:

- the acquisition cost of the business combination;
- the proportionate share of the fair value of the net identifiable asset acquired.

Goodwill does not include goodwill related to minority interests.

When the difference is negative, a profit in view of the acquisition under favourable conditions is immediately recognised in income.

Acquisition costs, other than those related to the issue of a debt or capital securities, that the Group bears due to a business combination, are recorded as expenses when they are incurred.

Any potential consideration to be paid is assessed at fair value on the acquisition date. Any potential consideration that has been classified as shareholders' equity is not reassessed, and its settlement is recognised under shareholders' equity. On the other hand, future changes in the fair value of this consideration will be recognised in income.

Assets and liabilities held for sale

In accordance with IFRS 5, when the Group has decided to sell an asset or group of assets, it classifies it as an asset held for sale if:

- the asset or group of assets is available for immediate sale in its present condition subject only to the conditions that are usual and customary for sales of such assets; and
- its sale is likely within one year.

Furthermore, an activity is classified under “discontinued operations” when:

- all the criteria for classification as non-current assets held for sale or discontinuation are met; and if
- one of the additional criteria below is also satisfied: (a) represents a main and separate business line or geographical region, or (b) it forms an integral part of a unique plan to dispose of a business line or of the activities in a geographic area, or (c) is a subsidiary acquired for the purpose of being resold or abandoned.

As of 31 December 2017, no assets or group of assets have been recognised under assets held for sale. The Bio-Bar biomass power plant sold at the beginning of 2017, contributed €(37) thousand to Net Profit.

As of 31 December 2016, one asset was recognised as an "asset held for sale". This asset was sold at the beginning of 2017 (see Note iii – Disposal of the Bio-Bar biomass power plant in Metropolitan France).

B. Conversion of foreign currency

Foreign currency transactions

Foreign currency transactions are translated into euros using the exchange rate in effect on the transaction date. Monetary items and, where appropriate, non-monetary items measured at fair value in a foreign currency are translated using the closing rate.

Financial statements denominated in foreign currencies

The functional currency of the foreign subsidiaries of the Group always corresponds to the local currency of these entities. On this basis, the assets and liabilities of the companies included in the scope of consolidation and denominated in foreign currencies are translated into euros using the exchange rate at the balance sheet date. The income and expenses of these companies are converted into euros using the average exchange rate over the period.

All currency translation differences arising from the conversion of the financial statements are recognised in other comprehensive income. All currency translation differences from foreign currency transactions are recognised in income over the period.

Exchange rates used within the Group

Code	Currency	As of 31 December 2017		As of 31 December 2016	
		Closing rate	Average rate	Closing rate	Average rate
AED	UAE Dirham	4.39982	4.14933	3.86686	4.02367
BRL	Brazilian Real	3.96830	3.60686	3.42974	3.84000
CLP	Chilean Peso	737.16430	729.52056	714.79628	733.36365
EGP	Egyptian Pound	21.29626	20.12959	19.09636	12.05778
GBP	Pounds sterling	0.88785	0.87640	0.85309	0.86227
INR	India Rupee	76.40327	73.45730	71.63324	73.67465
JOD	Jordanian Dinar	0.85015	0.79915	0.74792	0.77858
JPY	Japanese Yen	134.96980	126.68874	123.13754	116.21407
MAD	Moroccan Dirham	11.19804	10.82787	10.68524	10.93649
MXN	Mexican Peso	23.58153	21.32419	21.83645	21.29198
MZN	Mozambique Metical	70.63732	72.14600	N/A	N/A
SGD	Singapore Dollar	1.60127	1.55843	1.52388	1.52006
TRY	Turkish Lira	4.53400	4.11748	3.33337	3.26049
TZS	Tanzanian Shilling	2,683.98302	2,495.30143	N/A	N/A

Net investments in an overseas business

Translation differences relating to intragroup assets and liabilities are also recognised in income. On an exceptional basis, such translation differences are temporarily recognised in other comprehensive income when the monetary asset or liability forms an integral part of the net investment in a foreign company. Such is effectively the case of loans and receivables in foreign currencies for which settlement is neither planned nor probable in the foreseeable future.

C. Scope of consolidation

Consolidated companies

As of 31 December 2017, 162 companies are consolidated (excluding VSA consolidating entity), including 150 through full consolidation and 12 through equity accounting. The list of consolidated companies is provided in Note xviii.

Non-consolidated companies

As of 31 December 2017, 22 companies were majority-held by the Group but were not consolidated, as these were not significant. The list of non-consolidated companies is provided in Note xviii.

Change in scope

In 2017, the Group created new companies:

- in France, for development reasons;
- in Japan, with the implementation of an Operation-Maintenance business;
- in Egypt, Tanzania, Mexico, French Guiana and Brazil.

In 2017, the Group consolidated 16 companies for the first time.

The list of the scope changes is provided in Note xviii.

Partnerships and associates

The 12 equity affiliates correspond to companies under notable influence. No partnerships were signed in respect of the presented periods.

As of 31 December 2017, shares in equity associates contributed to the Group's consolidated financial statements as follows:

(in thousands of euros)	Total
As of 1 January 2016	278
Net profit (loss)	24
Translation reserve	(3)
Other	224
As of 31 December 2016	523
Net profit (loss)	203
Translation reserve	(5)
Other	27
As of 31 December 2017	748

vi. Operating segments

A. Accounting rules and methods

Segment reporting is presented in accordance with the internal reporting system of the Group, which is used by the General Management to measure performance and allocate resources.

Segment reporting by business segment is favoured by the Group, because the risks and returns depend mainly on the Group's activities rather than the type of energy to which they refer.

The segmentation used by the Group includes three operating segments:

- the "Energy sales" business: which brings together the owned operating power plants;
- the "Development, Construction & Procurement" business⁷³, which comprises:
 - the development and sale of projects⁷⁴,
 - the construction of power plants for Voltalia or on behalf of third parties⁷⁵,
 - the procurement of equipment for solar power plants for Voltalia or on behalf of third parties;
- the "Operation-Maintenance" business, a services activity, for Voltalia or on behalf of third parties.

The business sectors described above are presented by the Group, since 1 January 2017, in a "stand alone"⁷⁶ vision, i.e. by considering the business sector as an autonomous unit and as one of the components contributing to the Voltalia consolidated entity. This presentation enables revenues and

⁷³ In accordance with IFRS 8 "Segment reporting", the Group has combined the three activities indicated within the same sector.

⁷⁴ At the end of the development phase, the Group may decide either to construct the plant for the purpose of producing and selling electricity on its own behalf or to sell the project to a third party.

⁷⁵ This is an engineering, supply of equipment and services and/or construction services activity (Engineering, Procurement Construction - EPC) for the completion of power plants.

⁷⁶ The business sectors are considered here to be structures that are totally independent from the other structures owned by the Group.

the service costs from internal services to be identified and isolated under the item "Eliminations and Corporate"⁷⁷.

This presentation complies with the needs identified by the General Management and enables the Group to (a) measure the individual performance of the identified operating segments, (b) compare the level of services provided internally, for Volitalia, to the cost of identical services available outside of the Group, and lastly, (c) as part of the financing of its activities, to present the performance of the financed entity, consistent with the business of the said entity.

The identification of the new operating segments described above is the direct result of the organisational changes in 2016⁷⁸. Consequently, the Group is not materially able to provide segment reporting by business, as of 31 December 2016, without incurring disproportionate costs. (See Note iv.B).

B. Segment reporting by business

Items from the income statement by business

(in thousands of euros)	Energy sales	Development, construction and procurement	Operation-Maintenance	Eliminations and corporate	As of 31 December 2017
Revenues	145,555	38,041	21,247	(24,796)	180,047
EBITDA	94,249	(11,407)	1,601	(12,843)	71,600
<i>EBITDA margin (in %)</i>	65%	(30)%	8%	52%	40%

The Group is unable to provide comparative information as of 31 December 2016⁷⁹. However, in order to assess the changes, the Group has estimated the breakdown of revenue and EBITDA by business for 2016, and presents this comparison in the Management Report (see Management Report - General Presentation of Net Profit and the Financial Position).

Items of the financial position by business

As of 31 December 2017, the Group is unable to reliably measure the items of financial position by business, without incurring disproportionate costs. Moreover, the Group's management does not have balance sheet indicators by activity available. However, the Group aims to provide and present significant and representative items of its financial position in the future.

⁷⁷ They are corporate items, to which are added the effects of intra-group eliminations corresponding to internal re-invoicing of services carried out within the Group, for the Group.

⁷⁸ See Note vi of the 2016 Registration Document.

⁷⁹ See Note iv.B

A SEGMENT REPORTING BY REGION

(in thousands of euros)	Europe	Latin America	Asia and Africa	As of 31 December 2017
Revenues	42,024	133,545	4,479	180,047
EBITDA	(13,016)	84,901	(285)	71,600
<i>EBITDA margin (in %)</i>	<i>(31)%</i>	<i>64%</i>	<i>(6)%</i>	<i>40%</i>

The "Development, construction and procurement" business as well as Corporate are mainly located in Europe whilst installed capacity is mainly located in Brazil. These two factors explain the differences in revenues and profitability between these two regions.

(in thousands of euros)	Europe	Latin America	Asia and Africa	As of 31 December 2016
Revenues	31,627	89,741	5,600	126,966
EBITDA	2,687	48,257	(926)	50,018
<i>EBITDA margin (in %)</i>	<i>8%</i>	<i>54%</i>	<i>(17)%</i>	<i>39%</i>

vii. Operating income

A. Accounting rules and methods

Revenues

Revenues include (i) revenue from contracts with customers (revenue), (ii) revenue from the sale of development projects and power plants, and (iii) other activity-related revenues.

Revenues comprise of:

- "Energy sales" from the Group's production units;
- "Services sales" from:
 - o the completion of power plant construction contracts,
 - o the supply of equipment,
 - o the supply of power plant operation and maintenance services.

Revenue corresponds to the fair value of the consideration received or receivable for goods and services sold, net of discounts and rebates, in the normal course of the Group's activities. No revenue is recognised if there is significant uncertainty as to the recoverability of the consideration due.

Power-plant energy sales revenue corresponds to the sale of electricity produced and sold to the operator in accordance with various contracts which notably guarantee sales prices in relation to volumes produced and sold. 15- to 20-year contracts for the sale of energy generally include tolerance and adjustment mechanisms for the volumes actually sold relative to those contracted.

When tolerance thresholds are crossed, either way, adjustments calculated on an annual basis are estimated and recorded.

In the case of early commissioning of power plants or suspension of long-term contracts, the Group can sign short-term contracts with a private distributor or sell on the open market.

Services sales mainly comprise power plant construction for which Voltalia is the general contractor (design, building site supervision, supplier and sub-contractor selection), as well as all power-plant construction (turnkey contracts) and maintenance activities:

- Revenue from power plant construction contracts is accounted on the advancement of costs basis (new activity linked to the acquisition of Martifer and for which the contracts did not generate any significant revenue in the 2017 financial year);
- Maintenance revenue is based on multi-year contracts with duration of between 5 and 15 years in general and up to 25 years. These contracts can include clauses related to availability or performance.

"Other revenues" includes income and/or losses due to the disposal of development projects or production units. This is through the sale of assets that are an integral part of the operational activity. Gains or losses on disposal of these project companies thus constitute a revenue item.

Depreciation, amortisation and provisions

The rules and methods applicable to depreciation, amortisation and provisions are presented in Notes xi and xv.

B. Revenues

<i>(in thousands of euros)</i>	As of 31 December 2017	As of 31 December 2016
Energy sales	145,508	119,810
Services sales	33,020	-
Revenues	178,528	119,810
Other revenues	1,519	7,156
Revenues	180,047	126,966

C. Operating expenses

<i>(in thousands of euros)</i>	As of 31 December 2017	As of 31 December 2016
Purchases and sub-contracting	(37,701)	(31,815)
Equipment rental	(4,005)	(33)
Maintenance and repairs	(8,278)	(263)
Cost of external services	(15,724)	(7,933)
Operating expenses	(12,185)	(14,884)
Non-revenue based taxes	(9,105)	(6,883)
Operating expenses	(86,997)	(61,810)

Operating expenses do not include payroll expenses, which are presented in Note viii.

As part of the Group's reorganisation⁸⁰, the classification of operating expenses was reviewed and refined.

⁸⁰ See Note iv.B

D. Allocations and reversals of depreciation

(in thousands of euros)	As of 31 December 2017	As of 31 December 2016
Additions	(27,771)	(17,960)
Reversals	-	17
Depreciation and amortisation of intangible fixed assets and property, plant and equipment	(27,771)	(17,943)

Depreciation and amortisation in the amount of €27,771 thousand (versus €17,943 thousand as of 31 December 2016) reflects the depreciation of plants in operation. Their increase is the result of commissioning in 2016 (for the Brazilian Vila Para power plants (97MW), then in 2017 for the Vila Acre (27 MW) and Oiapoque (4MW) power plants.

As the Sao Miguel de Gostoso farm, operational since 30 June 2015, did not produce any electricity due to the delay in the construction of a transmission line (construction under the government's responsibility), the Group had opted for the depreciation method according to production units, leading to an expense of zero⁸¹.

The farm was connected on 18 June 2017 and as contractual production began on 27 June 2017, the depreciation method was reviewed and depreciation recognised according to the straight line method (over 25 years). Depreciation and amortisation according to the straight line method from 1 January 2017 would have led to an additional depreciation and amortisation expense for the first half year 2017 of around €2,800 thousand.

E. Depreciation, amortisation and provisions

(in thousands of euros)	As of 31 December 2017	As of 31 December 2016
Additions	(7,094)	(5,598)
Reversals	7,734	10,345
Impairment and provisions	639	4,747

Depreciation, amortisation and provisions presented in the table below relate to the current and non-current asset groups, presented in the statement of financial position.

As of December 31, 2017, reversals of provisions amounted to €5,979 thousand and provisions amounted to €(4,714) thousand. The changes in provisions are presented in note xv.

viii. Employee benefits and expenses

A. Accounting rules and methods

Payroll expenses

Payroll expenses allocated to development and construction projects on behalf of the Group are recorded as assets, when projects meet the activation criteria. Other personnel expenses are included in the revenue statement.

⁸¹ See Note xi.A

Employee benefits

These benefits may be offered through defined contribution plans or defined benefit plans. Within the framework of defined contribution plans, the Group has no obligation other than to pay contributions; the charge corresponding to the contributions paid is recognised directly in the profit for the year.

Post-employment benefits

Defined benefit plans are subject to actuarial measurement using the projected unit credit method. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to measure the final obligation. This final obligation is then discounted.

These actuarial calculations include demographic and financial assumptions defined across each of the entities concerned and taking into consideration their local macro-economic environment. All actuarial differences are recognised under other comprehensive income.

Such regimes only concern the following countries, within the Group: Metropolitan France, French Guiana, Greece, Italy, Slovakia and Mexico.

Termination benefits

Where necessary, employment contract termination benefits may be reviewed, and provisions are made up to the amount of the resulting commitment. Benefits that fall due more than 12 months after the balance sheet date are discounted.

Share-based compensation expense

Stock options granted to corporate officers and certain key executives are measured at fair value at the grant date by the Board of Directors. This measurement is not subsequently revised. Based on the estimated number of options that will vest at the end of the vesting period, the Group recognises the overall charge spread equally across this period. These expenses are offset by charges in equity under reserves.

B. Payroll expenses

As of 31 December 2017, payroll expenses amounted to €(21,438) thousand compared to €(12,039) thousand as of 31 December 2016.

The increase in payroll expenses relates to the full-year recognition of the workforce of Martifer Solar (compared to seven months in 2016), and to the increase in the Group's workforce to support growth.

C. Workforce

Average total workforce as of 31 December 2017 was 442 employees in 18 countries. Most of the workforce is located in four countries: Brazil (Rio de Janeiro and Natal), France (Paris and Aix en Provence and Cayenne), Italy (Milan) and Portugal (Oliveira de Frades). The significant increase in the average workforce (all categories) is mainly related to the acquisition of Martifer Solar in August 2016.

Actual workforce as of 31 December 2017 totalled 464 people versus 409 as of 31 December 2016.

Actual workforce at 31/12/2017	Brazil	France & Fr. Guiana	Italy	Portugal	Other	Total	Total 31/12/2016
Managers	21	72	2	52	26	173	154
Executive managers	1	10	1	5	2	19	19
Employees	68	30	40	62	72	272	235
Temporary employees		0		1	0	1	1
Total	90	111	43	120	100	464	409

Average workforce at 31/12/2017	Brazil	France & Fr. Guiana	Italy	Portugal	Other	Total	Total 31/12/2016
Managers	22.2	56.5	2.6	57.2	33.8	172.3	58.7
Executive managers	1.0	9.5	1.0	4.8	2.0	18.3	10.8
Employees	60.9	25.5	39.2	60.4	63.9	250.0	49.8
Temporary employees		1.1			0.0	1.1	0.8
Total	84.1	92.7	42.8	122.4	99.7	441.7	120.1

D. Employee benefits

Change in the net carrying amounts of pension and other benefit commitments to personnel

(in thousands of euros)	Post-employment benefits	Total
Commitments as of 31 December 2016	55	55
Net cost for the period	61	61
<i>Cost of services rendered</i>	53	53
<i>Discount effect</i>	3	3
<i>Other items</i>	5	5
Acquisition/disposal	419	419
Net amount recognised in comprehensive income	181	181
<i>Experience effects</i>	65	65
<i>Changes in demographic assumptions</i>	97	97
<i>Changes in economic assumptions</i>	19	19
Net employer contribution	(38)	(38)
Translation reserve	(2)	(2)
Commitments as of 31 December 2017	676	676

(in thousands of euros)	Post-employment benefits	Total
Defined obligation benefits	676	676
Fair value of the plan	-	-

Total amount of commitment	676	676
Commitments as of 31 December 2017	676	676

Main actuarial assumptions

As of December 31, 2017, the discount rates, and the wage increase rates (including long term inflation) are:

	France Fr. Guiana Greece	Italy	Mexico	Slovakia
Discount rate	1.30%	0.88%	7.80%	1.30%
Wage increase rate	2.00%	3.40%	4.40%	2.00%

Analysis of sensitivity to the key discount rate assumption

(in thousands of euros)	Total
0.5% decrease	35
0.5% increase	(33)

Compensation of managers

The information relating to the compensation of managers is presented in Section 4.5.

ix. Statutory Auditors' fees

(in thousands of euros)	MAZARS	H3P	As of 31 December 2017	MAZARS	H3P	As of 31 December 2016.
Voltaia SA	253	193	446	360	206	566
Statutory audit	243	193	437	178	108	286
SACC	10	-	10	182	98	280
Subsidiaries	464	107	571	448	56	504
Statutory audit	456	100	556	435	56	491
SACC	8	7	15	13	-	13
Total fees	717	300	1,017	808	262	1,071

As of 31 December 2017, Statutory Auditors' fees amounted to €1,025 thousand (including €170 thousand in additional invoicing in respect of the 2016 financial year).

The increase in the fees for statutory audit is mainly due to the increase in the Group's scope with the acquired full year scope of Martifer Solar for 2017 (absence of statutory audit for the Martifer scope at 30 June 2016).

Services other than statutory audit (SACC) relate to the Group's Corporate Social Responsibility (CSR), validations of loan indices in Brazil and contractual audits. The decrease in SACC fees is due to the nature of the missions in 2016, marked by the acquisition of Martifer Solar, and a capital increase.

x. Income tax

A. Accounting rules and methods

Income tax and other taxes

Income tax (expense or income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income). Tax is recognised in the income statement unless it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is (i) the estimated amount of tax payable on the taxable income of a period, determined using tax rates that have been enacted or substantively enacted by the balance sheet date, and (ii) any adjustment to the amount of tax payable in respect of previous periods.

Tax consolidation scopes have been established within the Group. Each of the areas is treated as a taxable entity under IAS 12 and is accordingly the subject of corresponding deferred taxation compensation.

Deferred taxes

Deferred taxes are recognised in the income statement and statement of financial position to reflect the temporary differences between the carrying amounts and tax bases of assets and liabilities.

Deferred taxes are accounted for using the balance sheet approach of the liability method. Deferred taxes are measured taking into account known changes in tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The impact of possible changes in tax rates on deferred taxes previously recognised on the income statement or in equity is recognised on the income statement or in equity during the year in which these rate changes become effective.

Deferred taxes are recognised in the statement of net income or in other comprehensive income or in equity during the year in which they relate to the items themselves recognised in profit or loss or in equity.

Deferred tax assets are recognised if and only if it is probable that taxable profits will be available against which the deferred tax asset can be utilised. In the absence of a high degree of probability, such assets are not recognised. The carrying amount of deferred tax assets is reviewed at each balance sheet date to determine whether this value should be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Conversely, any such reduction must be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are not discounted.

B. Income tax and other taxes

Income tax expense and related liabilities of €(5,970) thousand mainly includes current taxes of Brazilian subsidiaries under the "lucro presumido" and "lucro real" tax regimes at €(6,151) thousand and, to a lesser degree, corporate income taxes on operating entities that are not tax consolidated.

(in thousands of euros)	As of 31 December 2017	As of 31 December 2016
Current tax	(6,553)	(4,353)
Deferred taxes	583	(227)
Income tax and other taxes	(5,970)	(4,580)

C. Tax rationalisation

(in thousand euros)	As of 31 December 2017	As of 31 December 2016.
Net profit (loss) from consolidated companies	3,495	577
Net income of equity affiliates	203	24
Net income from consolidated companies excluding companies at equity	3,292	553
Income tax expense	(2,605)	(1,514)
Tax liability of entities outside of the IAS 12 scope of application	(3,365)	(3,066)
Profit before income taxes	9,262	5,133
Normal income tax rate applicable in France (%)	28%	33.33%
(Expenses) Income from theoretical tax	(2,593)	(1,711)
Impact of:		
- Differences between the tax rate of the parent company and that of its subsidiaries	(808)	(105)
- Entities excluded from the scope of IAS 12	3,762	(49)
- Effects of non-recognition of deferred tax assets on deductible temporary differences	(481)	(6)
- Effects of non-recognition of deferred tax assets on tax loss carryforwards	(7,917)	(8,603)
- Consumption of tax income on other deductible temporary differences not recognised previously	311	1,801
- Consumption of tax income on tax loss carryforwards	767	
- Permanent differences	989	4,093
(Expenses) / Income from effectively recognised tax	(5,970)	(4,580)

D. Deferred taxes

Deferred tax assets and liabilities leading to a net position of zero per entity were recognised within the Group. They relate mainly to €(10.3) million in deferred tax liabilities, €4.6 million in deferred tax assets on tax loss carryforwards, and €4.6 million in other temporary differences. Taxes are mainly on the value of assets (projects in development or in operation) as shown in the statement of financial position.

Available deferred tax losses amount to €115.4 million as such and €33.7 million under the tax consolidation arrangement. The corresponding tax values are respectively €29.2 million and €8.4 million.

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.

xi. Intangible assets and property, plant and equipment

A. Accounting rules and methods

Business combinations - Goodwill

Business combinations are recognised in compliance with the instructions of IFRS 3. According to these standard, acquired assets, liabilities and possible liabilities are assessed at their fair value.

The valuation differences arising on consolidation are allocated to the assets and liabilities concerned, including the share attributable to non-controlling interests.

Goodwill corresponds to the difference between the purchase price paid during a business combination and the amount of assets and liabilities acquired, net of the liabilities and contingent liabilities assumed. The positive difference between the acquisition cost and the proportionate share of the acquirer in the fair value of identifiable assets and liabilities acquired is recognised as goodwill in the balance sheet. If this difference is negative, it is recognised directly in income at the date of acquisition.

Goodwill is not amortised but is subject to impairment tests at least once a year.

Intangible assets

Intangible assets are initially recognised at their cost or fair value if they are acquired in the context of a business combination.

Intangible assets correspond to the capitalised costs of projects under development.

Expenses for each project are capitalised as soon as all of the following criteria are met:

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

Such capitalised costs include external costs (corresponding to commitments to outside vendors or service providers (invoices, invoices receivable, status reports, etc.)) and internal costs (measured based on the time allocated to these projects).

All projects are reviewed at each reporting date. Projects in development that no longer meet the capitalisation criteria or which are abandoned are depreciated up to the capitalised expenses.

Depreciation is recognised in expense using the straight line method over the useful lives of the intangible assets, unless such lives are indefinite. Intangible assets with finite useful lives are amortised as soon as they are brought into service. Intangible assets with an indefinite useful life and intangible assets not yet in service are subject to an annual impairment test and/or each time there is an indication of impairment.

It should be noted that projects undergoing disposal whose value is less than the carrying amount will be impaired in the amount of the disposal price, if this can be reliably measured.

Property, plant and equipment

Property, plant and equipment consist mainly of electricity generation facilities. They are recognised at cost (purchase price plus ancillary costs).

Property, plant and equipment under construction correspond to the capitalised costs of projects under construction.

When the components of an asset have different useful lives, they are accounted for separately and depreciated over their own useful lives. Significant spare parts are capitalised and depreciated over the useful life of power plants.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental thereto. These finance lease contracts are then recognised at the lower of the fair value of the asset and the present value of the minimum payments under the lease. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to the various periods during the lease term so as to produce a constant periodic effective rate of interest on the remaining balance of the liability under each period.

The straight line amortisation method, which leads to a constant expense over the useful life of the assets, is normally used by the Group.

The Group may opt for amortisation using production units in the specific case where the power plants in production face technical, operations or regulatory constraints. The absence of connection to the power grid, and therefore an absence of production, results in amortisation expenses of zero.

The useful lives used for the main components are the following:

- for wind power plants: 25 years;
- for solar power plants: 25 years;
- for hydro-power plants: infrastructure from 5 to 40 years; equipment from 8 to 20 years;
- for biomass power plants: infrastructure from 15 to 30 years; equipment from 5 to 30 years.

Other fixed assets are amortised on a straight-line basis over periods of between 2 and 10 years.

The Group conducts an annual review of useful lives.

Land is not depreciated.

Decommissioning obligations were recognised as an asset component against a provision in the same amount. Decommissioning obligations are amortised based on the life of the underlying assets concerned.

In the absence of multi-year maintenance expenses, expenses for routine maintenance of power plants to keep them in good working order are recorded as expenses as they arise.

The carrying amount of an asset is written down immediately to its recoverable amount when the carrying amount of the asset exceeds its estimated recoverable amount.

Production facilities are amortised on a straight line basis over their estimated useful lives, (or actual use if a contract provides for a transfer of ownership), as of the date on which the asset is put into use, i.e. once it is in place and in the condition necessary to be capable of operating in the manner intended by management.

Impairment of goodwill, intangible assets and property, plant and equipment

The Group uses estimates⁸² and must use certain assumptions designed to (i) assess the expected useful life of the assets in order to determine their amortisation period; and (ii) recognise impairment, if necessary, on the balance sheet value of any asset.

In order to ensure the correct valuation of its assets on the balance sheet, the Group regularly reviews certain indicators that would lead to the performance of an impairment test, if necessary.

Impairment of assets with fixed life spans

Assets with fixed life spans are subject to an impairment test if an indication of impairment is identified.

Impairment of assets with indefinite life spans

The net carrying amount of Goodwill and assets under construction is subject to review at least once a year, or in the presence of an indication of impairment.

To test impairment, goodwill is allocated to the CGUs (Cash Generating Units) or to CGU groups likely to benefit from business combination synergy, corresponding to the level at which goodwill is monitored by the Group.

The CGUs defined by the Group correspond to homogeneous groups of assets belonging to the same cash generating division, largely independent from the flows generated by other CGUs and broken down as follows:

- the "Energy sales business" CGU;
- the "Development, Construction and Procurement business" CGU;
- the "Operation – Maintenance business" CGU.

The "Energy Sales" business is divided into as many CGUs as there are farms or clusters in operation. The two "Development, Construction and Procurement" and "Operation-Maintenance" businesses are broken down by region.

The impairment tests are carried out for all intangible assets and property, plant and equipment, as well as for assets and liabilities making up the CGUs' working capital requirement. When the net carrying amounts for all the elements exceed their recoverable value, impairment is recognised and allocated in priority to Goodwill.

⁸² See Note iv.F

The recoverable value is the higher of the fair value of the asset (or group of assets) net of disposal costs, and its value in use. The value in use is thus exclusively determined from the discounted future cash flows expected from assets (or group of assets) and involve management judgements notably concerning elements such as weather conditions, inflation, operating costs, and costs of investments in projects in development.

Cash flows used as the basis for the calculation of the values in use of the CGUs (or groups of CGUs) is from the Medium Term Plan and the budgets prepared by the Group's management for the next five financial years.

An assumption of zero growth and inflation is applied to determine normative flows, which are extrapolated for the "Energy Sales" CGU over the following 20 years, i.e. the life of the plants operated within the CGU; and for the "Development, Construction and Procurement" and "Operation - Maintenance" CGUs to infinity.

The discount rate used is the average weighted cost of capital. This is established based on rates by region and by business and weighted by the weight of the activity in the region.

B. 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. This acquisition was financed solely through capital.

The Martifer Solar entities were consolidated into the Voltalia scope from 1 August 2016 at their carrying amount.

As of 31 December 2017, goodwill (the difference between the sale price and the adjusted net accounting situation) is €46.1 million. This goodwill is broken down as follows:

In € million	Consolidated companies	Goodwill	Total
Net assets acquired	(32.7)		
<i>PWC adjustments</i>	4.5		
<i>Impairment of asset & related receivables</i>	(2.4)		
<i>Provisions for expenses</i>	(4.6)		
<i>Review of construction contracts</i>	(3.9)		
<i>Adjustments of guarantee provisions</i>	(6.7)		
<i>Other</i>	0.3		
<i>Revaluation of assets</i>	9.4		
<i>Restatement of equity accounting</i>	(0.4)		
<i>Deferred taxes</i>	(0.7)		
Net assets after adjustments	(37.1)		(37.1)
<i>Goodwill</i>		46.1	46.1
Allocation of the acquisition price	(37.1)	46.1	9

Justification for residual Goodwill

This residual goodwill reflects the value of Martifer Solar's human capital and the value of synergies provided by the acquisition to Voltalia's historical business.

Selling price allocation and the justification of Goodwill were completed during the first half 2017 and the results presented in a report drawn up by an independent consultant.

Human capital:

The know-how of the Martifer Solar teams is concentrated mainly on service activities (development, construction and operation-maintenance), in an international context and in the solar energy sector.

The services activity should allow Voltalia to continue its growth, without the requirement for significant capital inputs.

Voltalia's historical business was focused mainly on wind energy whilst the growth rate for the solar market is much greater. Martifer Solar's know-how in this area should allow Voltalia to maintain its ambitious growth targets.

Synergies:

The expansion of the development portfolio, in both different energies and different countries, will allow the new group to have better selectivity according to its assets in the choice of investments and thus ensure better profitability of its future power plants.

The Martifer Solar acquisition should allow Voltalia to position itself in the strong growth market of solar power, to have growth relays in a less capital-intensive service activity, and to consolidate its position as an electricity producer over the long term through a broader development portfolio in terms of energies and geographical regions.

Allocation of residual goodwill by CGU

In accordance with IAS 36, the allocation of goodwill to the three CGUs is as follows:

- Energy sales	: €25.1 M
- Development, Construction and Procurement	: €17.5 M
- Operation-Maintenance	: €3.5 M
- Total	: €46.1 M

C. Goodwill

(in thousands of euros)	Gross value	Depreciation	As of 31 December 2017	Gross value	Depreciation	As of 31 December 2016
Paracatu Energia	47	-	47	47	-	47
Sapeel	595	(595)	-	595	(595)	-
Voltalia Greece	435	(435)	-	435	(435)	-
Energen SA	11	(11)	-	11	(11)	-
Voltalia Portugal, S.A.	46,033	-	46,033	45,366	-	45,366
Goodwill	47,121	(1,041)	46,080	46,454	(1,041)	45,413

<i>(in thousands of euros)</i>	As of 31 December 2016	Adjustment to Goodwill	Allocation by CGU	As of 31 December 2017
CGU				
Energy sales	-	-	25,104	25,104
<i>Of which Martifer Solar</i>	-	-	25,104	25,104
Development, Construction & Procurement	47	-	17,450	17,497
<i>Of which Paracatu Energia</i>	47	-	-	47
<i>Of which Martifer Solar</i>	-	-	17,450	17,450
Operation-Maintenance	-	-	3,479	3,479
<i>Of which Martifer Solar</i>	-	-	3,479	3,479
Non-allocated Goodwill				-
Voltalia Portugal, S.A.	45,366	667	(46,033)	-
Goodwill	45,413	667	-	46,080

During the assessment period, new information obtained enabled an adjustment to goodwill of €667 thousand.

Discount rate

The discount rates used as of 31 December 2017 by CGU are:

- Energy sales: between 4.2% and 17.7%;
- Development, Construction & Procurement: between 4.8% and 15.6%;
- Operation-Maintenance: between 4.8% and 15.6%.

Sensitivity analyses

Energy sales

	WACC -10pts	WACC	WACC +10pts
Zero growth	175	-	(151)
Growth -10%	15	(143)	(279)

The discount rate used in this analysis is 9.20%. At a zero growth rate, the threshold for impairment would take place with a WACC of 13.9%.

Development, Construction and Procurement

	WACC -10pts	WACC	WACC +10pts
Zero growth	74	-	(59)
Growth -10%	(278)	(269)	(310)

The discount rate used in this analysis is 9.74%. At a zero growth rate, the threshold for impairment would take place with a WACC of 61%.

Operation-Maintenance

	WACC -10pts	WACC	WACC +10pts
Zero growth	17	-	(56)
Growth -10%	(56)	(59)	(61)

The discount rate used in this analysis is 7.55%. At a zero growth rate, the threshold for impairment would take place with a WACC of 68%.

D. Intangible assets

(in thousands of euros)	Gross value	Depreciation & Impairment	As of 31 December 2017	Gross value	Depreciation & Impairment	As of 31 December 2016
Other intangible assets	4,087	(463)	3,624	3,360	(1,589)	1,770
Intangible assets in progress	43,808	(10,702)	33,106	33,304	(10,736)	22,568
Intangible assets	41,229	(7,905)	33,323	44,450	(4,133)	40,317
Intangible assets	89,124	(19,070)	70,053	81,114	(16,458)	64,655

(in thousands of euros)	Other intangible assets	Intangible assets in progress	Intangible assets	Total
As of 1 January 2016	1,687	13,141	20,215	35,042
Acquisitions	129	8,130	(26)	8,233
Disposals	(19)	-	-	(19)
Scope changes	18	204	17,156	17,378
Depreciation and amortisation	(187)	(289)	(1,176)	(1,652)
Impairment	-	759	-	759
Translation reserve	16	1,473	2,445	3,934
Other	127	(849)	1,702	980
As of 31 December 2016	1,770	22,568	40,316	64,655
Acquisitions	99	19,422	40	19,562
Disposals	-	-	(762)	(762)
Scope changes	-	(34)	-	(34)
Depreciation and amortisation	(238)	(216)	(2,666)	(3,121)
Impairment	-	-	-	-
Translation reserve	(45)	(1,539)	(1,693)	(3,277)
Other	2,036	(7,095)	(1,911)	(6,970)
As of 31 December 2017	3,623	33,106	33,323	70,053

The total capitalised costs of projects under development were €33,106 thousand. The increase in fixed assets as of 31 December 2017, of an amount of €19,562 thousand, mainly concerns the capitalisation of costs associated with the development of projects and the launch of construction of the Carrières des Plaines, Castelet II, and Canadel power plants for France, and Oiapoque for Brazil.

The decrease noted in property, plant and equipment under construction mainly corresponds to the "property, plant and equipment construction" commissioning of the Vila Acre I plant in Brazil.

E. Property, plant and equipment

(in thousands of euros)	Gross value	Depreciation & Impairment	As of 31 December 2017	Gross value	Depreciation & Impairment	As of 31 December 2016
Land	6,840	(1,867)	4,973	1,246	(648)	598
Buildings	611,253	(64,756)	546,497	693,404	(50,656)	642,748
Materials, equipment and tooling	67,054	(22,389)	44,665	20,406	(16,751)	3,655
Property, plant and equipment in progress	20,829	-	20,829	4,566	-	4,566
Other property, plant and equipment	1,884	(274)	1,610	10,809	0	10,809
Property, plant and equipment	707,859	(89,285)	618,575	730,431	(68,055)	662,377
(in thousands of euros)	Land	Buildings	Materials, equipment and tooling	Property, plant and equipment in progress	Other property, plant and equipment	Total
As of 1 January 2016	302	409,292	1,027	1,387	33,615	445,622
Acquisitions	-	108,073	340	4,100	9,463	121,975
Disposals	-	-	(112)	-	-	(112)
Scope changes	281	5,283	3,185	70	-	8,818
Depreciation and amortisation	-	(15,591)	(987)	-	-	(16,578)
Impairment	-	6	117	-	-	122
Translation reserve	15	96,167	55	646	5,298	102,182
Other	-	39,519	30	(1,637)	(37,567)	346
As of 31 December 2016	598	642,748	3,655	4,566	10,809	662,377
Acquisitions	-	11,560	1,439	28,971	19,926	61,896
Disposals	-	(12)	(213)	(66)	-	(291)
Scope changes	-	-	-	-	-	-
Depreciation and amortisation	(244)	(23,123)	(2,261)	-	(163)	(25,791)
Impairment	-	125	70	-	25	220
Translation reserve	(10)	(75,941)	(320)	(667)	(518)	(77,456)
Other	4,630	(8,862)	42,295	(11,974)	(28,469)	(2,380)
As of 31 December 2017	4,973	546,497	44,665	20,829	1,610	618,575

As of 31 December 2017, property, plant and equipment under construction amounted to €20,829 thousand. The changes noted are, on the one hand, due to the commissioning of the Vila Acre farms, and on the other, by the costs of the other farms.

The "Others" line 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 2017.

xii. Cash and cash equivalents and cash flows

A. Accounting rules and methods

Cash and cash equivalents comprise cash on hand and demand deposits. They also include UCITS that meet the definition of IAS 7. UCITS that do not meet the definition of cash and cash equivalents are classified as other current financial assets.

Any bank overdrafts repayable on demand that are an integral part of the Group's cash management are a component of cash and cash equivalents for purposes of the statement of cash flow.

The concept of net cash used by the Group corresponds to the total of cash and cash equivalents less bank overdrafts. These bank overdrafts are not intended to be financing elements for the company.

An instrument is classified as an investment at fair value through profit or loss if it is held for trading or designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. On initial recognition, directly attributable transaction costs are recognised in income as incurred. Financial instruments at fair value through profit or loss are measured at fair value and any resulting change is recognised in income.

B. Cash and cash equivalents⁸³

(in thousands of euros)	As of 31 December 2017	As of 31 December 2016
Cash assets	58,375	78,871
Marketable securities	13,103	22,504
Cash and cash equivalents	71,478	101,375
Bank overdrafts	(231)	(22)
Net cash and cash equivalents	71,247	101,353

Changes in the Group's net cash and cash equivalents are presented in detail in Section 6.1.4.

Change in net cash and cash equivalents

The net change of €(30,106) thousand is mainly due to the continued investments in development projects, the construction of power plants in Brazil (Vila Acre) and France (Canadel and Carrières de Plaines), the generation of operational cash and cash equivalents and the payment of debt servicing. The net change, excluding the effect of exchange rates, amounts to €(22,798) thousand.

⁸³ Bank overdrafts were presented as the constituting element of the financial liabilities in the Registration Document of 31 December 2016 (see Note iv – Preparation basis).

Net cash flow from operating activities

The improvement of €50,899 thousand (€65,870 thousand as of 31 December 2017 compared to €14,971 thousand as of 31 December 2016) is mainly due to the increase in the Group's activity (notably with the impact of the full-year consolidation of Martifer Solar and the new power plants operated and owned by the Group), as well as a significant decrease in the working capital requirement (notably impacted in 2016 by the restructuring efforts associated with the Martifer Solar acquisition).

Cash flow from investing activities

See Note xi.

Cash flow from financing activities

See Note xiv.

xiii. Equity and earnings per share

A. Accounting rules and methods

Share capital

Ordinary shares are classified as equity instruments. Supplementary costs directly attributable to the issue of new shares or options are recognised in equity as a reduction of income from the issue.

Earnings per share

The earnings for the period (Group share) relative to the weighted average number of ordinary shares outstanding during the period, after deduction of treasury shares held during the period. The average number of ordinary shares in circulation is an adjusted annual weighted average of the number of ordinary shares bought back or issued during the period and calculated based on the date of issue of shares during the period.

Diluted earnings per share

Earnings for the period (Group share) and the weighted average number of shares outstanding, used to calculate the earnings per share, are adjusted for the effects of all potentially diluting ordinary shares: stock options, free shares and other diluting instruments (BSPCE warrants).

B. Equity and dividends

Share capital

During the 2017 financial year, a capital increase was recorded for €35 thousand, bringing the total share capital to €279,011 thousand. This capital increase was noted during the Board of Directors' meeting of 2 February 2018.

Dividends

No dividends have been paid since the Company's creation.

C. Dilutive instruments

BSPCE warrants

	BSPCE April 2009	BSPCE August 2009
Date of General Meeting	2 April 2008	2 April 2008
Date of the Board of Directors' meeting	1 April 2009	3 August 2009
Maximum number of BSPCE warrants authorised	312,454	312,454
Total number of BSPCE warrants awarded	150,000	162,454
Number of Voltalia shares to which the BSPCE warrants were likely to give rights at the date of their allocation	150,000	162,454
<i>of which the total number of shares that may be subscribed by corporate officers</i>	0	0
Number of non-officer beneficiaries	2	18
Starting date of the BSPCE warrant exercise period	1 May 2009	(1)
BSPCE warrant expiration date	1 April 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 31 December 2017	42,105	-
Cumulative number of BSPCE warrants cancelled or lapsed at 31 December 2017		116,354
Remaining BSPCE warrants at 31 December 2017	107,895	46,100
Total maximum number of Voltalia shares that may be subscribed at 31 December 2017 (given the exercise conditions of the BSPCE warrants)	11,619 ⁽²⁾⁽³⁾	4,961 ⁽²⁾⁽³⁾
Total maximum number of shares that may be subscribed during the financial year for all outstanding BSPCE warrants at 31 December 2017 (that are assumed to meet all the conditions for the	11,619 ⁽²⁾⁽³⁾	4,961 ⁽²⁾⁽³⁾

exercise of the said BSPCE warrants)

- (1) The starting date of the BSPCE warrant exercise period depends on the identity of the beneficiary of said BSPCEs, with the specification that in all cases, it begins on 1 June 2013 at the latest.
- (2) The number of shares takes into account the Company's reverse stock split at the rate of ten old shares for one new share decided by the Combined General Meeting on 13 June 2014. Accordingly, each BSPCE holder must exercise ten BSPCEs in order to subscribe to one Voltalia share.
- (3) Taking into account the adjustment in the subscription price and the number of shares that may be subscribed through the exercise of the BSPCE decided upon following the Company's November 2016 capital increase, in accordance with the provision of Article L. 228-99 of the French Commercial Code.
- (4) The BSPCE warrants in circulation on the date of the Registration Document are all exercisable. Their exercise is not conditional on any performance criteria.

Free share allocation

	Free share allocation 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	1,200,000
Total number of shares allocated	23,341 ⁽¹⁾	52,500
<i>of which the total number of shares granted to corporate officers</i>	0	0
Number of non-officer beneficiaries	3	7
Number of shares being vested	19,921 ⁽¹⁾	46,500
Vesting date	25 July 2018	31 July 2020
Vesting conditions	(2)	(2)
Number of shares vested at 31 December 2017		0
Number of shares cancelled or lapsed	3,419 ⁽¹⁾	6,000
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.

Stock warrants allocated in connection with an equity financing facility

By decision dated 9 October 2015, the Board of Directors⁸⁴ 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:

⁸⁴ Making use of the authorisation granted by the nineteenth resolution adopted by the Combined General Meeting on 11 June 2015.

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 to which the stock warrants were likely to give rights at the date of their allocation	1,000,000
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 31 December 2017 ⁽²⁾	30,000
Number of Voltalia shares subscribed at 31 December 2017	30,000
Total number of stock warrants cancelled or lapsed	0
Remaining stock warrants at 31 December 2017	970,000
Total number of Voltalia shares that may be subscribed at 31 December 2017	970,000 ⁽³⁾

(1) Subject to the conditions defined by the parties being met, Kepler Chevreux undertook 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) Of which 22,000 stock warrants exercised between 3 November and 2 December 2015 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.

Stock options

	Stock options
Date of the General Meeting	11 June 2015
Date of the Board of Directors' meeting	6 August 2015
Maximum authorised number of shares that can be issued	800,000
Number of stock options allocated	201,204
Number of Voltalia shares to which the options were likely to give rights at the date of their allocation	216,811 ⁽¹⁾
<i>of which the total number that may be subscribed by corporate officers of the Company</i>	0
<i>of which the total number that may be subscribed by corporate officers of Group subsidiaries</i>	77,896 ⁽¹⁾
Number of non-officer beneficiaries	3
Starting date of option exercise period	7 August 2017
Stock option expiry date	7 August 2022
Single Voltalia share option price	€8.38 ⁽¹⁾
Conditions of exercise	(2)
Number of Voltalia shares subscribed at 31 December 2017	6,140
Cumulative number of options cancelled or lapsed at 31 December 2017	0
Outstanding stock options at 31 December 2017	210,671
Total maximum number of Voltalia shares that may be subscribed at 31 December 2017 (given the exercise conditions of the options)	210,671 ⁽¹⁾
Total maximum number of shares that may be subscribed during the financial year for all outstanding options at 31 December 2017 (that are assumed to meet all the conditions for the exercise of the said options)	210,671 ⁽¹⁾

(1) Taking into account the adjustment in the subscription price and the number of shares that may be subscribed through the exercise of the options decided upon following the Company's November 2016 capital increase, in accordance with the provision of Article L. 228-99 of the French Commercial Code.

(2) Subscription of 6,140 shares by the exercise of share subscription options in 2017.

The exercise of stock options is subject to Group performance conditions and conditions of employment within the Group.

D. Earnings per share

(in thousands of euros)	As of 31 December 2017	As of 31 December 2016
Net earnings attributable to the parent company in the period	566	1,635
Net earnings taken into account to calculate earnings per share	566	1,635
Weighted average number of outstanding shares	48,915,591	29,542,331

Earnings per share (in euros)	0,0116	0,0554
Retrospective adjustment		
Weighted average number of outstanding shares	48,915,591	29,542,331
Basic earnings per share (in €)	0,0116	0,0554

E. Diluted earnings per share

(in thousands of euros)	As of 31 December 2017	As of 31 December 2016
Net earnings attributable to the parent company in the period	566	1,635
Net earnings taken into account to calculate diluted earnings per share	566	1,635
Weighted average number of outstanding shares	48,915,591	29,542,331
Number of shares resulting from the conversion of dilutive instruments	1,257,672	1,260,970
Weighted average number of outstanding shares used to calculate diluted earnings per share	50,173,263	30,803,301
Diluted earnings per share in euros - after consolidation	0,0113	0,0531
Retrospective adjustment		
Weighted average number of outstanding shares	50,173,263	30,803,301
Basic earnings per share (in €)	0,0113	0,0531

As of 31 December 2017, dilutive instruments included:

- 153,995 exercisable BSPCEs giving rights to 16,580 shares;
- 19,921 free shares (2014 allocation);
- 201,204 share subscription options (in favour of employees) giving rights to 210,671 shares;
- 970,000 share subscription warrants (equity line), giving rights to that same number of shares;
- 46,500 free shares (2016 allocation).

The potential dilution caused by these instruments would be 2.57%.

xiv. Financing and derivative instruments

A. Accounting rules and methods

Financial assets and liabilities

Financial assets consist of term deposits, loans, non-consolidated securities, investments and cash equivalents and derivative instruments with a positive value.

Sufficiently liquid investments are considered to be trading assets and are classified as “assets at fair value through profit or loss”.

Non-consolidated investments and other assets available for sale are recognised at fair value, and the consideration for these variations is included in other comprehensive income.

Guarantee deposits and term deposits are recorded using the amortised cost method at the effective interest rate. This method does not result in significant differences with the nominal value of receivables that is used. In case of difficulties in debt recovery, impairments are recognised on the basis of collection estimates.

Despite the possible negative value of financial instruments, financial liabilities recognised by the Group are recognised using the amortised cost method at the effective interest rate.

Financial result

The cost of net financial debt includes interest payable on borrowings calculated using the effective interest rate method, net of interest receivable on investments and other financial income.

Income from interest is recognised in the income statement as it accrues, using the effective interest rate method.

Net financial income includes both the cost of debt and other financial revenues and expenses.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate or currency 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 recognised 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 recognised 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 the profit.

Hierarchy of fair value measurement of financial assets and financial liabilities

The Volitalia Group distinguishes three categories of financial instruments based on the two valuation methods used (listed prices and valuation techniques), and uses this classification, in accordance with international accounting standards, to present the characteristics of financial instruments recognised on the balance sheet at fair value through income or other comprehensive income at the reporting date. The three categories are defined as follows:

- level 1: Financial instruments listed on an active market;
- level 2: Financial instruments measured at fair value using valuation techniques based on observable market parameters;
- level 3: Financial instruments measured at fair value using valuation techniques based on non-observable parameters (parameters whose value results from assumptions not based on observable transaction prices in markets in the same instrument or observable market data available at closing) or which are only partially observable.

B. Current and non-current financial assets

(in thousands of euros)	Gross value	Impairment	As of 31 December 2017	Gross value	Impairment	As of 31 December 2016
Deposits and guarantees	6,553	-	6,553	6,165	(137)	6,028
Investments in non-consolidated companies	2,543	-	2,543	1,377	-	1,377
Other financial assets	18,261	(2,592)	15,669	19,783	(1,763)	18,020
Total financial assets	27,357	(2,592)	24,765	27,325	(1,900)	25,424

Other financial assets

(in thousands of euros)	Deposits and guarantees	Investments in non-consolidated companies	Other financial assets	Total financial assets
Non-current financial assets	4,541	1,378	17,816	23,734
Other current financial assets	1,487	-	202	1,690
As of 31 December 2016	6,028	1,378	18,018	25,424
Non-current financial assets	4,988	2,543	10,476	18,008
Other current financial assets	1,565	-	5,193	6,757
As of 31 December 2017	6,553	2,543	15,669	24,765

Other financial assets are mainly loans with non-consolidated companies or companies accounted for with the equity method.

The increase in impairment is due to a reclassification from one item to another in the statement of financial position without an impact on the income statement.

C. Current and non-current financial liabilities

(in thousands of euros)	Borrowings from credit establishments	Finance lease liabilities	Other bank financing	Bank overdrafts (debts) (revolving loans)	Accrued interest on borrowings	Total financial liabilities
As of 1 January 2016	284,264	15,040	-	4,775	924	305,004
Repayments	(49,479)	(1,459)	-	(16,674)	(47)	(67,659)
New loans	82,759	-	15,453	-	7,152	105,364
Capitalised interest	-	-	-	-	-	-
Scope changes	16,755	-	-	11,990	187	28,932
Translation reserve	57,688	-	1,848	0	1,033	60,569
Other	60	194	-	(60)	(227)	(32)
As of 31 December 2016	392,047	13,775	17,301	31	9,022	432,177
Repayments	(109,542)	(1,531)	(3,340)	(31)	(29,517)	(143,961)
New loans	135,310	-	1,243	7,992	24,057	168,601
Capitalised interest	2,214	-	-	-	(2,465)	(251)
Scope changes	(0)	-	-	-	-	(0)
Translation reserve	(39,731)	-	(2,196)	(0)	(527)	(42,454)
Other	1,719	374	431	(0)	740	3,264
As of 31 December 2017	382,017	12,619	13,438	7,992	1,310	417,376

As of 31 December 2017, the total financial liabilities for the Group amounted to €417,376 thousand, down €(14,801) thousand. This change is mainly due to:

- an increase of €168,601 thousand corresponding to new loans;
- a decrease of €(143,961) thousand, corresponding to repayments of loan capital and interest;
- a decrease of €(42,454) thousand in translation reserves, explained by the 13.6% depreciation in the Brazilian Real, compared to 31 December 2016.

It should be noted that the increases and decreases in financial liabilities are notably impacted by the change in loans for the Sera Para power plant cluster in Brazil for €71,000 thousand.

Analysis by maturity

(in thousands of euros)	Less than one year	From 1 to 5 years	Over 5 years	As of 31 December 2017
Borrowings from credit establishments	66,222	104,466	211,329	382,017
Finance lease liabilities	1,419	7,200	4,000	12,619
Other bank financing	1,256	12,182	-	13,438
Bank overdrafts (debts) (revolving loans)	7,992	-	-	7,992
Accrued interest on borrowings	1,310	-	-	1,310
Total financial liabilities	78,199	123,848	215,329	417,376

(in thousands of euros)	Less than one year	From 1 to 5 years	Over 5 years	As of 31 December 2016
Borrowings from credit establishments	97,888	111,400	182,759	392,047
Finance leases	1,322	6,791	5,662	13,775
Other bank financing	1,496	5,268	10,537	17,301
Bank overdrafts (debts) (revolving loans)	31	-	-	31
Accrued interest on borrowings	9,022	-	-	9,022
Total financial liabilities	109,759	123,459	198,958	432,177

The share of the indebtedness at more than five years is the most significant and is explained by the typology of our financing mainly of long-term projects.

Analysis by type of rate and currency

(in thousands of euros)	<1 year	1 < year <5	>5 years	At 31/12/2017
Fixed	5,947	23,253	9,186	38,387
Variable	70,940	100,595	206,143	377,678
Total	76,889	123,848	215,329	416,066

(in thousands of euros)	<1 year	1 < year <5	>5 years	At 31/12/2017
BRL	12,044	74,678	173,688	260,410
EUR	64,845	49,170	41,641	155,656
Total	76,889	123,848	215,329	416,066

Accrued interest on borrowings is excluded from the analysis by type of rate and currency.

Variable rate borrowings represent 91% of the Group's liabilities and include €260,410 thousand in borrowings raised in Brazil. The majority of these borrowings carry interest at an adjustable rate applicable to borrowings from the BNDES⁸⁵.

⁸⁵ 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 income makes possible an effective economic hedge of long-term interest rate risk in Brazil.

D. Financial result

<i>(in thousands of euros)</i>	December 2017	December 2016
Interest on borrowings	(27,708)	(32,085)
Interest on lease contracts	(645)	-
Interest on other borrowings	(2,520)	-
Gross loan expenses	(30,873)	(32,085)
Translation losses	(8,270)	(1,171)
Translation gains	2,588	1,991
Other financial income and expenses	70	2,217
Other financial income and expenses	(5,613)	3,037
Financial result	(36,485)	(29,048)

The gross loan expenses decreased by €1,212 thousand due to the impairment of loans and the change in the interest rates for long term loans in Brazil (going from 7.5% at the start of the period to 7% at the end of the period).

Note that the interest on other borrowings includes the waiver of the debt on Bio-Bar which was sold on 31 January 2017 (see Note iii – Highlights).

Other financial income and expenses corresponds mainly to the fair value of the derivative instruments (see note xiv.E – Derivative instruments).

E. Derivative financial instruments

Hedging instruments eligible for hedging accounting

<i>Hedge Counterparty/ Company</i>	Notional	Start date	Duration (years)	Expiry	Fair value as of 31 December 2016	Fair value as of 31 December 2017	Change in fair value Impact on earnings	Change in fair value Impact on equity
<i>(in thousands of euros)</i>								
La Faye Energies	€12,964 thousand	09/08/2011	14	30/06/2025	(1,261)	(937)	-	325
Molinons wind farm	€13,996 thousand	02/10/2014	15	15/10/2029	(1,349)	(1,013)	-	336
Adriers Energies	€12,060 thousand	02/10/2014	15	28/09/2029	(704)	(460)	-	244
Voltalia SA	108,000 thousand BRL	04/05/2017	1	31/01/2018	-	1,138	1,138	-
Voltalia SA	41,068 thousand BRL	22/02/2016	1	24/02/2017	(2,741)	-	1,102	1,639
Voltalia SA	8,500 thousand GBP	29/06/2017	1	16/02/2018	-	(30)	(30)	
Voltalia Do Brasil	€19,529 thousand	21/12/2017 (*)	1	14/08/2018	-	22	-	22
Voltalia Do Brasil	\$13,980 thousand	21/12/2017 (*)	1	14/08/2018	-	154	-	154
Total					(6,055)	(1,126)	2,210	2,720

(*) These lines include 3 currency hedging instruments, 1 instrument in EUR and USD starting on December 19, 2017, 1 EUR instrument and 1 USD instrument both starting on December 21, 2017. These 3 instruments have expiry dates of 108/14/2018 with an identical underlying.

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, these financial instruments are accounted for as fully effective.

In order to hedge its future cash flows against changes in exchange rates, the Group has subscribed to financial instruments in Pounds, US Dollars and Brazilian Reals.

Hedging instruments not eligible for hedging accounting

During Q1 2017, Voltalia implemented financing in Reals to support the development activities in Brazil. In a context of significant volatility of the Brazilian Real, a derivative instrument had been implemented. This derivative was unwound during the period.

As of 31 December 2017, the Group does not have any derivative instruments not eligible for hedging accounting.

Hierarchy of fair value measurement of financial assets and financial liabilities

As of 31 December 2017, the only financial instruments recognised at fair value are interest rate and currency hedging liabilities for a total net amount of €(1,142) thousand including €1,299 thousand in current assets and €2,441 thousand in non-current liabilities.

As on the 31 December 2016, the fair values of these instruments are all classified in level 2 fair values.

Categories of financial assets and financial liabilities – As of 31 December 2017

(in thousands of euros)	Fair value through income	Available-for-sale assets	Loans and receivables	Debt amortised at cost	Derivative instruments	Balance sheet value	Fair value
Non-current assets							
Non-current financial assets			18,008			18,008	18,008
Other non-current assets			949			949	949
Current assets							
Inventories and work in progress			2,824			2,824	2,824
Trade receivables			56,347			56,347	56,347
Other current financial assets			6,757			6,757	6,757
Other current assets			17,628			17,628	17,628
Derivative assets					1,299	1,299	1,299
Cash and cash equivalents	71,478					71,478	71,478
Total Assets - As of 31 December 2017	71,478	-	102,514	-	1,299	175,291	175,291
Non-current liabilities							
Long-term borrowings				339,177		339,177	340,389
Non-current liabilities				3,494		3,494	3,494
Current liabilities							
Trade and other payables				45,623		45,623	45,623
Short-term borrowings				78,199		78,199	78,444
Other current financial liabilities ⁸⁶				3,048		3,048	3,048
Derivative liabilities					2,441	2,441	2,441
Total Liabilities - As of 31 December 2017	-	-	-	469,542	2,441	471,982	473,440

⁸⁶ The other current liabilities presented in the Balance Sheet, for €15,764 thousand, include €3,215 thousand in other financial liabilities and €2,441 thousand in derivative liabilities.

Categories of financial assets and financial liabilities – As of 31 December 2016

(in thousands of euros)	Fair value through income	Available- for-sale assets	Loans and receivables	Debt at amortised cost	Derivative instruments	Balance sheet value	Fair value
Non-current assets							
Non-current financial assets			23,735			23,735	23,735
Current assets							
Inventories and work in progress			2,542			2,542	2,542
Trade 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 - As of 31 December 2016	101,375	-	89,466	-	-	190,841	190,841
Non-current liabilities							
Long-term borrowings				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
Short-term borrowings				109,955		109,955	110,742
Other current liabilities				2,592		2,592	3,379
Derivative liabilities					4,316	4,316	4,316
Total Liabilities - As of 31 December 2016	-	-	-	508,330	7,630	515,959	517,582

F. Currency risk

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

2017	Impact on revenue		Impact on the EBITDA		Pre-tax impact on equity	
	Appreciation of 10%	Impairment of 10%	Appreciation of 10%	Impairment of 10%	Appreciation of 10%	Impairment of 10%
BRL	14,005	(11,459)	9,251	(7,569)	79,450	(65,004)
Other (all)	939	(769)	(393)	321	(2,585)	2,115
Total	14,944	(12,227)	8,859	(7,248)	76,865	(62,890)

G. Risk related to project financing

Loans and interest-rate swaps position	31/12/2017	31/12/2016
Fixed-rate loans	38,388	64,242
<i>of which project</i>	<i>28,888</i>	<i>46,781</i>
<i>of which corporate</i>	<i>9,500</i>	<i>17,461</i>
Variable-rate loans	117,268	57,157
<i>of which amount subject to an interest rate swap</i>	<i>66,279</i>	<i>41,134</i>
<i>of which corporate</i>	<i>50,992</i>	<i>7,011</i>
Adjustable-rate loans	260,410	302,601
<i>of which BNDES loans</i>	<i>260,410</i>	<i>228,530</i>
Total loans	416,066	423,999
Maturity ≤ 1 year	76,889	101,009
Maturity 1 to 5 years	123,848	121,110
Maturity ≥ 5 years	215,330	201,880
Total by maturity	416,066	423,999

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

31/12/2017	Financial liabilities		Financial liabilities	
	before hedging		after hedging	
	Fixed rate	Variable rate	Fixed rate	Variable rate
Less than one year	5,948	70,941	8,410	68,478
From 1 to 5 years	23,253	100,595	33,462	90,386
More than 5 years	9,187	206,143	27,809	187,520
Total	38,388	377,678	69,682	346,384

As of 31 December 2017, 12.2% of the Group's total debt, corresponding to the Corporate share of the variable-rate loans, is exposed to an interest rate risk.

Adjustable-rate loans represent 62.5% of the Group's total debt and correspond to loans contracted in Brazil (BNDES) for which the change in rates is considered to be naturally hedged⁸⁵.

Fixed rate or variable rate project financing subject to interest rate swaps represents 22.9% of the Group's total debt.

An increase of 100 basis points on loans taken out in the Group (unhedged adjustable or variable-rate loans) before 31 December 2017 would represent approximately €3,154 thousand of additional costs in 2018 and a cumulative amount of approximately €19,451 thousand 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.

xv. Current and non-current provisions

Accounting rules and methods

The Group recognises provisions when:

- it has a present obligation as a result of a past event;
- it considers it probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- it can reliably estimate the amount of the obligation.

For the wind power plants 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 amortised on a straight-line basis over the useful life of the asset. In case of a change in estimate that leads to an increase in the provision, the net value of the asset being decommissioned will be increased accordingly. Conversely, if the change in estimate leads to a decrease in the provision, the asset being decommissioned will be depreciated.

For the photovoltaic power plants, decommissioning costs are not considered significant.

In rare cases, maintenance obligations assumed by the Group that meet the provisioning requirements summarised above have been recorded as a liability. As with all reserves, the Group regularly reviews these provisions, which must in any case reflect the best estimate at the close of the period.

In this context, operating experience has led the Group to break down these assets in more detail and consequently to revise the depreciation schedule of the most vulnerable components of the production units; some provisions are thus no longer applicable.

The Group's 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.

Statement of provisions

<i>(in thousands of euros)</i>	Provisions for contingencies (disputes & litigation on business)	Provisions for guarantees	Provisions for social and tax risks	Provisions for expenses to be allocated	Total
As of 1 January 2016	50	-	-	1,244	1,294
Provisions	925	3,492	14	273	4,705
Reversals used	(3,233)	(4,427)	(63)	(88)	(7,811)
Unused reversals	-	-	-	-	-
Scope changes	2,665	13,468	5,005	1,546	22,685
Translation reserve	(1)	197	7	(1)	202
Other	-	-	-	(568)	(568)
As of 31 December 2016	407	12,731	4,963	2,406	20,507
As of 1 January 2017	407	12,731	4,963	2,406	20,507
Provisions	2,842	1,074	694	32	4,642
Reversals used	(275)	(3,769)	(150)	(859)	(5,052)
Unused reversals	(708)	(220)	-	-	(928)
Scope changes	-	-	-	-	-
Translation reserve	(29)	(756)	(159)	(1)	(945)
Other	818	631	(3,199)	124	(1,625)
As of 31 December 2017	3,055	9,691	2,149	1,703	16,599

(*) These are mainly reclassifications in types of provisions. The balance of €(1,625) thousand mainly corresponds to reclassifications of provisions in asset impairments.

Provisions for social and tax risks mainly cover a tax risk for Brazilian project companies.

During 2017, the Group provisioned a new risk on a construction contract, and the dispute with Canaverosa Fotovoltaica SLU that was settled amicably.

<i>(in thousands of euros)</i>	As of 31 December 2017	As of 31 December 2016
Non-current provisions	10,457	2,814
Current provisions	6,142	17,693
Total Provisions	16,599	20,507

Provisions for non-current expenses mainly comprise provisions for guarantees in the UK and Jordan, a tax risk in Brazil and for decommissioning.

xvi. Operational data on working capital requirement

A. Accounting rules and methods

Inventories and work in progress

Replacement part inventories are valued at historical cost and in application of the FIFO⁸⁷ method. Impairment exists when the fair value is below the purchase cost.

Trade and other receivables

Trade receivables are initially recognised at their nominal value and subsequently measured at amortised 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.

B. Operating working capital requirement

(in thousands of euros)	As of 31 December 2017	As of 31 December 2016
Inventories and work in progress	2,824	2,542
Trade receivables	56,347	49,113
Trade and other payables	45,623	40,022
Operating working capital requirement	13,548	11,634

Trade receivables grew due to the change in revenues and represented 31.3% as of 31 December 2017 compared to 38.7% in 2016.

Trade payables are mainly related to the construction business with their increase due to the construction of the new farms launched this year.

C. Non-operating working capital requirement

(in thousands of euros)	As of 31 December 2017	As of 31 December 2016
Other current assets	18,927	12,385
Other current liabilities	5,489	12,717
Non-operating working capital requirement	13,438	(331)

The change in "Other current liabilities" is mainly due to financial liability instruments, for €(5,189) thousand (see Note xiv.G).

⁸⁷ FIFO: First In, First Out.

xvii. Off-balance sheet commitments

A. Commitments given

As part of its activities, the Group grants certain off-balance sheet commitments to obtain financing and support its direct subsidiaries.

Commitments given relating to operating activities

(in thousands of euros)	31/12/2017	31/12/2016
Commitments given by the Group to suppliers, in favour of its subsidiaries	1,923	7,693
Commitments given by the Group to customers, in favour of its subsidiaries	269,279	259,878
Guarantees relating to the decree ensuring the safety of installations classified for the protection of the environment (ICPE)	1,254	1,119
Commitments given relating to operating activities	272,456	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 recognised as a dismantling asset. The decommissioning insurance coverage is €1,254 thousand.

As of 31 December 2016, the commitments given by the Group represented €268,690 thousand, including €233,323 thousand in commitments given in respect of the operational activities of Martifer Solar.

Commitments given in relation to financing activities

As part of the implementation of project financing, the Group is required to subscribe to financial guarantees in favour of its bank partners. As of 31 December 2017, these commitments amounted to €198,017 thousand.

Pledges

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 €416,066 thousand. This amount represents the outstanding balance on 31 December 2017, of debts for projects that are in operation or under construction or receiving bank financing. The furthest maturity of these debts is in 2033.

B. Commitments received

Commitments received relating to operating activities

(in thousands of euros)	31.12.2017	31.12.2016
Commitments received by the Group from suppliers	49,194	83,262
Subsidies received	419	1,291
Commitments received relating to operating activities	49,613	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.

99% of these commitments received relating to operating activities are for Brazil.

The start of production of the farms in Brazil and the depreciation of the Brazilian Real since the start of 2017 explain the decrease in commitments received

The Greek government has committed to pay the Group investment subsidies totalling €419 thousand. These subsidies enable early repayment of loans contracted for the construction of projects. Given the estimated counterparty risk with the Greek state, these subsidies are not recognised in the balance sheet.

Confirmed Corporate financing lines:

- €70,000 thousand in syndicated credit lines due in December 2022: this line has only been drawn down for €19,000 thousand;
- Confirmed and used bilateral credit lines of €24,000 thousand.

C. Related party disclosures

Loans to associates

As of 31 December 2017, there were no loans to key Group executives.

Related party transactions

The transactions made by the Group with its non-consolidated or equity participations are included in the consolidated financial statements.

As of 31 December 2017, the Company had no balance sheet commitments vis-à-vis related parties.

xviii. List of companies - scope of consolidation

The percentages presented in the tables below correspond to the Group's percentage interest at the closing dates of the financial years.

List of fully-consolidated companies

Country	Entity	As of 31 December 2017	As of 31 December 2016.
Parent Company			
France	Voltalia SA	Consolidating entity	
Europe			
Belgium	Voltalia Belgium NV	100%	100%
Spain	Martifer Solar Sistemas Solares, S.A. ES	100%	100%
	Solar Parks Construcccion Parques Solares ETVE S.A. ES	100%	100%
France	Voltalia SA	100%	100%
	Martifer Solar S.A.S.	100%	100%
	Home Energy France SAS	100%	100%
	MTSFR PARROC	100%	100%
	MTSFR LASOUT	100%	100%
	MTSFR PARROU	100%	100%
	Anelia	100%	100%
	Parc Eolien Argenteuil	100%	100%
	Parc Eolien Laignes	100%	100%
	Parc Eolien Sarry	100%	100%
	Adriers Energies	100%	100%
	La Faye Energies	63%	63%
	Echauffour Energies	100%	100%
	Parc Eolien Coulmier	100%	100%
	3VD	100%	100%
	Meje Energies	100%	100%
	Molinons wind farm	100%	100%
	Parc solaire de Montclar	100%	100%
	Parc solaire du Castellet (formerly Peyrefuguede)	100%	100%
	Parc solaire de Piboulon	100%	100%
	Parc Solaire de Mana	100%	100%
	Parc Solaire Puy Madame II	100%	100%
	Parc Solaire Puy Madame III	100%	100%
	Parc Solaire Puy Madame IV	100%	100%
	Parc solaire Carrière des plaines	100%	100%
	Parc solaire de Tresques	100%	100%
	Parc solaire du Castellet 2	100%	100%
	Parc solaire de Grignan	100%	100%
	Parc Solaire du Canadel	100%	100%
	PEP Energie France	100%	100%

Europe (continued)			
	GEP Energie France	100%	100%
	ECM Energie France	100%	100%
	SVNC Energie France	100%	100%
	Voltalia Energie	100%	100%
	Parc Eolien de Marly	100%	100%
	Parc Solaire du Seranon	100%	100%
	Parc Solaire du Talagard	100%	100%
	Parc Solaire de Laspeyres	100%	100%
	Croix et Jorasse Energie	100%	100%
	Jalandre Energie	100%	100%
	Champs Agrivoltaïque du cabanon	100%	100%
	Merderel Energie	100%	100%
	Ferme Eolienne de Pouligny Saint Pierre: formerly Isère Energie	100%	100%
	Le Guil Energie	100%	100%
	Parc Solaire du Domaine des Selves	100%	100%
UK	Martifer Solar UK	100%	100%
	MTS Tonge Solar Limited	100%	100%
Greece	Voltalia Greece	100%	100%
	Energiaki Agionoriou	100%	100%
	Energeiaki Aggelokastrou Korinthias SA	100%	100%
	Energiaki Sesklou Magnisias	100%	100%
	Cluster Holding SA	80%	80%
	Energen SA	100%	100%
	Rougero Holding SA	51%	51%
	Lakka Kokkini Aioliiki SARL	100%	100%
	Energiaki Sesklou 1 Ltd	100%	100%
	Xenakis Yorgos SCS	98%	98%
	Sarafadis SNC	100%	100%
	Fotovoltaiki Systimata Katerin	100%	100%
	Fotovoltaiki Parka Pieras	100%	100%
	Fotovoltaiki Katerinis SNC	100%	100%
	Kalaitzidis St - Ofidis AR	100%	100%
	GSolar Energiaki	64%	64%
	Gerovolt Ltd	100%	100%
	Forgero Holding SA	65%	65%
	Voltalia Solar Hellas SA	100%	71%
Italy	Martifer Solar S.R.L.	100%	100%
	MTS1 S.R.L.	100%	100%
	MTS2 S.R.L.	100%	100%
The Netherlands	Martifer Solar Investments B.V.	100%	100%
	Khepri Solar B.V.	100%	100%
	Osiris Solar Holding B.V.	100%	-
Portugal	Voltalia Portugal, S.A.	100%	100%
	MPrime Solar Solutions, S.A.	100%	100%
	Sol Cativante	100%	100%
	Greencoverage Unipessoal Lda.	100%	100%
	Believe in Bright Unipessoal LDA	100%	100%
	Martifer Solar SK s.r.o.	100%	100%

Latin America			
Brazil	VLT Solar Ltda	100%	100%
	Martifer Solar S.A. Brazil branch	100%	100%
	Voltalia Do Brasil	100%	100%
	Paracatu Energia	53%	51%
	Sapeel	95%	95%
	Junco 1 (*)	26%	26%
	Junco 2 (*)	26%	26%
	Caiçara 1 (*)	26%	26%
	Caiçara 2 (*)	26%	26%
	Terral	100%	100%
	Carcara 1	100%	100%
	Carcara 2	100%	100%
	Usina de Energia Eolica Reduto S.A	51%	51%
	Usina de Energia Eolica Santo Cristo S.A	51%	51%
	Usina de Energia Eolica Carnauba S.A	51%	51%
	Usina de Energia Eolica Sao João S.A	51%	51%
	Envolver	50%	50%
	Areia Branca I	100%	100%
	Areia Branca II	100%	100%
	Vila Para I	100%	100%
	Vila Para II	100%	100%
	Vila Para III	100%	100%
	Vila Amazonas V	100%	100%
	Voltalia Sao Miguel Do Gostoso Participacoes S.A	51%	51%
	Voltalia SMG I	51%	51%
	Oiapoque Energia	100%	100%
	Vamcruz Participacoes SA (*)	26%	26%
	Vamcruz 1 Participacoes SA (*)	26%	26%
	Serra Pará I Participações S.A	100%	100%
	Serra Pará Participações S.A	100%	100%
	Usina de Energia Eólica Vila Acre I S.A	100%	100%
	Voltalia Energia do Brasil Consultoria e Participações S.A	100%	100%
	Alameda Acre Participações S.A	100%	100%
Chile	Voltalia Solar Chile Holding Limitada	100%	100%
Fr. Guiana	Voltalia Guyane	80%	80%
	SIG Mana	100%	100%
	SIG Kourou - manager	80%	80%
	SIG Cacao	100%	100%
	Voltalia Kourou	80%	80%
	Voltalia Caraïbes	100%	100%
	Centrale Hydroélectrique de Saut Maman Valentin (CHSMV)	80%	80%
	Belle Etoile energie Guyane	80%	80%
	VLT saut Mapaou Investissement	80%	80%
	Voltalia Organabo Investissement	80%	80%
	Hydro Régina 2 Investissement	80%	80%
	Bon Espoir energie Guyane	80%	80%
	Voltalia Biomasse Amazone Investissement	80%	79%
	Tamanoir energie Guyane	80%	80%

(*) As at 31 December 2017, the Group had control over these companies, as defined by IFRS 10.

Latin America (continued)			
Fr. Guiana	Voltalia Saut Mapaou Exploitation	80%	80%
	Coco-Banane solar park	100%	100%
	Saut Dalles Energie Guyane	80%	80%
	Maripasoula Energie Guyane	80%	80%
	Roura Bois Energie	100%	100%
	Cr'Eole	100%	100%
	Iracoubo Biomasse Energie	100%	100%
Mexico	VLT Proyectos y Sistemas Solares	100%	100%
	Voltalia Servicios Mexico	100%	100%
Asia			
India	Inspira Solar	51%	51%
Japan	Martifer Solar Japan KK	100%	100%
	Solariant Portfolio GK One	100%	100%
	VX Solar	100%	-
Singapore	Martifer Solar Singapura PTE. LTD.	100%	100%
Africa			
Egypt	RA Solar S.A.E.	100%	100%
	Eshu Energy Egypt LLC	100%	-
Morocco	Voltalia Maroc	100%	90%
	Alterrya Maroc	100%	100%
	VMA Sahara	100%	100%
Tanzania	Mahale Renewable energy	100%	-
Middle East			
United Arab Emirates	Martifer Solar Middle East	100%	100%
Jordan	Martifer Solar SA (Jordan branch)	100%	100%

List of consolidated companies accounted for by the equity method

Country	Entity	As of 31 December 2017	As of 31 December 2016.
Europe			
Spain	Parque Solar Sesena I, S.L.	37%	37%
France	3LE	40%	40%
	Fangas 1	40%	40%
	Fangas 2	40%	40%
	4 Termes 1	40%	40%
	4 Termes 2	40%	40%
Americas			
Chile	Maria del Sol Norte S.A.	49%	49%
	MSN SOLAR UNO SPA	49%	49%
	MSN SOLAR DOS SPA	49%	49%
	MSN SOLAR TRES SPA	49%	49%
Mexico	Mire Solar, SA de CV	35%	35%
	Mire Solar SPV1	35%	35%

List of non-consolidated companies

Country	Entity	As of 31 December 2017	As of 31 December 2016.
Europe			
France	Parc Solaire de Bayol	100%	-
	Parc Solaire du Clos de la Blaque	100%	-
UK	MTS Exbury Solar Limited	100%	100%
	MTS Stud Farm Solar Limited	100%	100%
	MTS Penderi Solar Limited	100%	100%
Greece	EVIVA SOLAR 1 LTD	100%	100%
	EVIVA SOLAR 2 LTD	100%	100%
	Greek Wind Power	7%	45%
Italy	PVGlass Itália, SRL	100%	100%
	Solar Spritehood S.R.L.	100%	100%
	MTS6 S.R.L.	100%	100%
Ukraine	Martifer Solar Ucraina	100%	100%
Latin America			
Chile	MSN SOLAR CUATRO SPA	49%	49%
	MSN SOLAR CINCO SPA	49%	49%
Fr. Guiana	Sinnamary Biomass Energie	100%	-
Brazil	Voltalia do Brasil Comercializadora de Energia Ltda	100%	-
Mexico	Ojuelos Del Sol SA de CV	100%	-
Africa			
Morocco	Alterrya Wind Solar	50%	50%
Mozambique	Martifer Solar MZ, S.A.	51%	51%
Senegal	Société de Developpement Local S.A.	51%	51%
Turkey	Martiper Solar Initiative Enerji Uretim Dagitim Sanayi Ve Ticaret Ltd Sirketi	80%	80%
	Martiper Solar Initiative Enerji Uretim Dagitim Sanayi Ve Ticaret Ltd Sirketi	80%	80%

Change in the list of Group companies⁸⁸

Country	Entity	Consolidation method		
		As of 31 December 2016	As of 31 December 2017	
Japan	VX Solar	-	IG	Creation
Egypt	Eshu Energy Egypt LLC	-	IG	Creation
Tanzania	Mahale Renewable energy	-	IG	Creation
The Netherlands	Osiris Solar Holding B.V.	-	IG	Creation
France	Parc Solaire de Bayol	-	NC	Creation
France	Parc Solaire du Clos de la Blaque	-	NC	Creation
Fr. Guiana	Sinnamary Biomass Energie	-	NC	Creation
	Voltalia do Brasil Comercializadora de Energia			
Brazil	Ltda	-	NC	Creation
Mexico	Ojuelos Del Sol SA de CV	-	NC	Creation
France	Voltalia Energie	NC	IG	-
France	Parc Solaire du Seranon	NC	IG	-
France	Parc Solaire du Talagard	NC	IG	-
France	Parc Solaire de Laspeyres	NC	IG	-
France	Croix et Jorasse Energie	NC	IG	-
France	Jalandre Energie	NC	IG	-
France	Champs Agrivoltaique du cabanon	NC	IG	-
France	Merderel Energie	NC	IG	-
France	Ferme Eolienne de Pouligny Saint Pierre (*)	NC	IG	-
France	Le Guil Energie	NC	IG	-
France	Parc Solaire du Domaine des Selves	NC	IG	-
Fr. Guiana	Iracoubo Biomasse Energie	NC	IG	-
		Equity associate		
Greece	Greek Wind Power		NC	-
France	Bio-bar	IG	-	Sold
Fr. Guiana	Montsinery SNC	IG	-	Merged
UK	Steadfast Fairview Solar, Ltd	NC	-	Closed
UK	MTS Manton Manor Solar Limited	NC	-	Closed
Italy	Ginosa Solar Farm S.R.L.	NC	-	Closed
Portugal	Visiontera Unipessoal, Lda	NC	-	Closed
Romania	Martifer Solar RO SRL	NC	-	Closed
Chile	Mencey Solar SpA	NC	-	Closed
Chile	Dehesa Solar SpA	NC	-	Closed
Brazil	Tourinho I	IG	-	Closed
Brazil	Tourinho II	IG	-	Closed

⁸⁸ IG (Full Consolidation), NC (Non-consolidated), Equity associate

6.3. STATUTORY AUDITORS' REPORTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Voltalia

Statutory auditors' report on the consolidated financial statements

For the year ended 31 December 2017

To the annual general meeting of Voltalia Company,

Opinion

In compliance with the engagement entrusted to us by your company's annual general meeting, we have audited the accompanying consolidated financial statements of Voltalia for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee

Basis for Opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any

prohibited non-audit services referred to in Article 5 of Regulation (EU) No 537/2014 or in the French Code of ethics (*code de déontologie*) for statutory auditors.

Emphasis of Matter

We draw attention to the following matter described in note vii, “Operating income”, paragraph D, “Allocations and reversals of depreciation”, to the consolidated financial statements relating to the absence of any depreciation and amortisation expense in respect of Sao Miguel De Gostoso farm for the first half of 2017. Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of Martifer Solar goodwill and presentation of segment information

Key audit matter

Consolidated goodwill amounted to €46,080 thousand as at December 31, 2017 including €46,033 thousand for the Martifer Solar acquisition which took place on August 18, 2016. The purchase price allocation to the assets and liabilities acquired, and to the applicable Cash Generating Units (CGUs), was finalised on June 30, 2017 i.e. within 12 months of the acquisition of a controlling interest in the company. The allocation is presented in note xi, “Intangible assets and property, plant and equipment”, to the consolidated financial statements.

- Management verifies at each reporting date, or in the event of any indication of impairment, that the carrying amounts for goodwill do not exceed the corresponding recoverable amounts and performs impairment testing at the level of each CGU.
- The recoverable amount for goodwill is defined as the higher of the goodwill’s fair value and value in use. The determination of value in use requires significant exercise of judgement and formulation of assumptions by management with regard in particular to:
 - Future operating cash flows (climatic conditions, inflation and the operating and investment costs for the applicable development or construction projects);
 - Forecast orders and contract renewals;
 - Forecast sales of projects.
- Any change in those assumptions is liable to modify the recoverable amount of goodwill.

As noted in note vi, “Operating segments”, to the consolidated financial statements, since the acquisition of Martifer Solar and the enlargement of the Group’s offering, management has emphasised its review of financial performance by operating segments.

- Historically presented by type of energy, the Group’s segment information is henceforth presented for three operating segments: Sales of energy; Development, construction and supply of equipment and Operations and maintenance.
- The same note to the consolidated financial statements specifies that the Group was not materially able to present the same segment information as at December 31, 2016 without undue cost, or as at December 31, 2017 in the case of certain balance sheet items.

We considered the final allocation of the goodwill for the Martifer Solar acquisition, its valuation and the presentation of the Group’s segment reporting as a key audit matter given:

- The materiality of the recent acquisition of Martifer Solar and of the resulting goodwill, and of their impact for the consolidated financial statements and the Group’s organisation; and
- The sensitivity for the valuation of the Martifer Solar goodwill of the main data and assumptions retained by management.

Our audit response

Our audit procedures notably consisted in:

- Obtaining and examining the report of the independent expert retained by Voltalia, for the purposes of validating the final goodwill allocation by assessment of the appropriateness of the assumptions and bases applied in valuing the assets and liabilities acquired, and allocating them by CGU, and their compliance with the criteria defined by the applicable accounting standards;
- Verifying, notably by interviewing management, the reasonableness of the main Group business plan data and key assumptions applied for determining:
 - The corresponding operating cash flows;
 - The long-term growth rates for those cash flows;
- Assessing, with help from our specialists, the various discount rates retained by management;
- Assessing management sensitivity testing and performing our own sensitivity testing;
- Analysing the compliance of the Group’s new segment reporting methodology with the criteria defined by IFRS 8, the due application of the accounting criteria defined by the Group and the appropriateness of the information provided in note vi to the consolidated financial statements.

Recognition and measurement of projects under development and generating plants under construction

Key audit matter

As at December 31, 2017 the carrying amount for the Group's projects under development and generating plants under construction amounted to €53,936 thousand (2016: €27,134 thousand) or 6% of total consolidated assets.

Development projects comprise non-amortisable intangible assets, with a carrying amount of €33,106 thousand as at December 31, 2017, meeting the criteria for recognition as assets of costs committed. As described in note xi to the consolidated financial statements, capitalised project development costs must meet the following criteria: visibility as to land access, visibility as to administrative authorisations, feasibility of power network connection and profitability. Following completion of each development project, power plants enter their construction phase (€20,829 thousand of construction in progress as at December 31, 2017) if the development projects have not been sold as such.

Management verifies at each reporting date, or in the event of any indication of impairment, that the carrying amount for these assets do not exceed the corresponding recoverable amounts and performs impairment testing at the level of each CGU equating with the applicable assets or asset clusters.

The recoverable amount for a development project or generating plant under construction is defined as the higher of the asset's fair value and value in use. The determination of value in use requires significant exercise of judgement and formulation of assumptions by management with regard in particular to future operating cash flows (climatic conditions, inflation, investment costs for the applicable development or construction projects and the appropriate discount rates).

We considered the recognition and measurement of projects under development and generating plants under construction as a key audit matter given:

- The degree of management judgement required for estimating development costs and complying with the applicable capitalisation criteria; and
- The sensitivity for those estimates of the main data and assumptions retained by management.

Our audit response

Our audit procedures consisted, on the basis of the documentation communicated by the company, in:

- Examining the compliance of the company's methodology for determining the recoverable amounts of projects under development and generating plants under construction with the applicable accounting standards;
- Analysing the compliance of the capitalisation criteria for development projects with the applicable accounting standards, notably by interviewing management and vouching the work in progress file to supporting documentation (business plan, administrative authorisations, building permits etc.);

- Examining on a test basis, for projects under development and generating plants under construction, the impairment testing performed:
 - By assessing the reasonableness of the main underlying data and assumptions for the estimates performed (of discount rates and long-term growth rates in particular), by interviewing management and with assistance from our specialists;
 - By analysing management's sensitivity tests and performing our own sensitivity calculations;
 - By testing the calculations' mathematical accuracy.

Measurement of energy sales

Key audit matter

Voltalia SA recognised €148,508 thousand of energy sales in 2017. Information in that respect is presented in note vii to the consolidated financial statements, "Operating income", paragraph A, "Accounting rules and methods" and paragraph B, "Revenues".

Energy sale contracts are generally for periods of 15 to 20 years. In Brazil, the Group has signed contracts including annual tolerance and volume adjustment mechanisms with regard to the overall contractual volumes. When the tolerance limits are exceeded in either direction, MWh sales price adjustments have to be calculated and recorded. In the event of early launch of a power plant, or of suspension of a long-term contract, the Group may have occasion respectively to sign short-term contracts with a private distributor or to sell electricity on the open market.

We have considered energy revenue recognition a key audit matter given:

- The diversity of contracts;
- The management judgements required for the estimation of energy production and any applicable penalties and price adjustments in respect in particular of multiannual energy sales contracts in Brazil.

Our audit response

To assess energy revenue recognition, we:

- Analysed the Group's energy sales contracts;
- Obtained supporting documentation for the quantities produced;
- Compared the applicable selling prices to the contract documentation and verified the calculation and recording of the contractual adjustments.

Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of Directors'.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Voltalia by your company's annual general meeting held on November 9, 2011 for Mazars and June 13, 2014 for H3P Real Assets.

As at December 31, 2017, Mazars was in its seventh year of total uninterrupted engagement and H3P Real Assets in its fourth year of total uninterrupted engagement, including four years for both firms since securities of the Company were admitted to trading on a regulated market, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Levallois Perret and Paris La Défense, April 19, 2018

The statutory auditors

H 3 P R E A L A S S E T S

ERIC HINDERER

M A Z A R S

JULIETTE DECOUX

6.4. ANNUAL FINANCIAL STATEMENTS OF VOLTALIA SA

6.4.1. Balance sheet assets

Heading	Gross amount	Prov. Amort.	Net 31/12/2017	Net 31/12/2016
INTANGIBLE ASSETS				
Software	734,148	123,364	610,785	
Concessions, patents and similar rights	177,746	84,345	93,401	46,998
Other intangible assets	67,365		67,365	215,685
PROPERTY, PLANT AND EQUIPMENT				
Facilities and equipment	25,496	7,757	17,739	8,572
Other property, plant and equipment	674,964	392,536	282,428	342,531
Assets under construction				13,613
Prepaid expenses	5,585		5,585	
FINANCIAL ASSETS				
Equity investments	277,831,383	11,765,224	266,066,159	190,773,388
Loans and receivables related to equity investments	69,837,743	3,515,929	66,321,814	34,109,891
Other fixed financial assets	2,384,976		2,384,976	2,401,843
FIXED ASSETS	351,739,406	15,889,155	335,850,251	227,912,521
INVENTORIES AND WORK IN PROGRESS				
Production of goods in progress	16,607,272	2,127,270	14,480,003	10,310,461
Advances and prepayments on orders	2,763,539		2,763,539	392,472
ACCOUNTS RECEIVABLE				
Trade receivables and related accounts	9,684,716	2,219,264	7,465,452	3,120,034
Other receivables	77,411,987	2,499,166	74,912,821	87,405,773
MISCELLANEOUS				
Marketable securities				5,000,000
Cash assets	4,059,755		4,059,755	52,060,541
ACCRUED INCOME				
Prepaid expenses	146,098		146,098	207,663
CURRENT ASSETS	110,673,367	6,845,700	103,827,667	158,496,944
Debt issuance costs to be amortised	793,491		793,491	322,849
Translation reserve - assets	5,003,270		5,003,270	24,719
GENERAL TOTAL	468,209,534	22,734,855	445,474,679	386,757,034

6.4.2. Balance sheet liabilities

Headings	2017 financial year	2016 financial year
Share capital or individual capital ⁸⁹	279,011,084	278,976,086
Issue, merger, contribution premiums of Share subscription warrants	96,456,840	96,438,981
Legal reserve	58,367	58,367
Retained earnings	(14,839,623)	(18,342,474)
INCOME FOR THE YEAR (profit or loss)	(4,595,224)	3,502,851
Tax-regulated provisions	617,728	345,080
EQUITY	356,709,172	360,978,891
Proceeds from equity issues		
Conditional advances		
OTHER EQUITY		
Provisions for contingencies	4,291,156	1,452,248
Provisions for expenses	170,147	47,549
PROVISIONS	4,461,303	1,499,797
FINANCIAL LIABILITIES		
Borrowings and liabilities at credit establishments	60,520,060	10,470,508
Other borrowings and financial liabilities	4,348,970	3,690,865
OPERATING DEBTS		
Trade accounts payable and related accounts	7,064,948	4,320,646
Tax and employee-related expenses	6,103,820	2,440,607
OTHER LIABILITIES		
Fixed asset liabilities and related accounts	163,781	57,862
Other debts	3,540,407	2,885,396
ACCRUED INCOME		
Deferred income	2,562,216	87,666
LIABILITIES	84,304,203	23,953,549
Translation reserve - Liabilities		324,796
GENERAL TOTAL	445,474,679	386,757,034

⁸⁹ See Note xiii – Change in share capital.

6.4.3. Income statement

Headings	2017 financial year		Total	2016 financial year
	France	Exports		
Sale of goods				
Production of goods sold				
Production of services sold	18,331,062	921,476	19,252,538	2,745,888
NET REVENUE	18,331,062	868,722	19,252,538	2,745,888
Production transferred to inventory			4,169,542	4,435,585
Reversals on impairment, prov. (and depreciation), transfer of expenses			669,453	283,011
Other income			9	23
OPERATING INCOME			24,091,542	7,464,508
Other purchases and external expenses			21,216,025	7,711,471
Taxes and similar payments			654,742	250,843
Wages and salaries			6,921,448	4,414,210
Social charges			3,119,855	1,942,579
On fixed assets: depreciation and amortisation			261,007	81,760
On fixed assets: impairment charges			162,531	
On current assets: impairment charges			139,149	19,371
Provisions			190,276	1,289,015
Other expenses			83,946	103,363
OPERATING EXPENSES			32,748,981	15,812,613
OPERATING PROFIT/LOSS			(8,657,439)	(8,348,105)
FINANCIAL INCOME			16,097,883	9,679,664
Financial income from investments			8,591,425	7,346,830
Income from other securities and receivables from fixed assets			939,406	
Other interest and similar products			3,601,740	14
Reversals on provisions and transfer of expenses			2,528,308	1,754,625
Positive currency differences			437,004	578,195
FINANCIAL EXPENSES			12,943,005	2,406,940
Financial depreciation, amortisation and provisions			3,311,047	1,392,996
Interest and similar expenses			8,100,697	750,684
Negative currency differences			1,531,261	263,260
FINANCIAL PROFIT (LOSS)			3,154,878	7,272,725
CURRENT EARNINGS BEFORE TAXES			(5,502,561)	(1,075,380)
NON-RECURRING INCOME			1,368,275	10,363,734
Non-recurring income from management operations			167,607	798,596
Non-recurring income from capital transactions			1,200,667	9,565,138
Reversals on provisions and transfer of expenses				
NON-RECURRING EXPENSES			460,938	5,785,503
Non-recurring expenses on management operations			13,341	31,146
Non-recurring expenses on capital transactions			54,728	5 518,562
Non-recurring depreciation, amortisation and provisions			392,868	235,794
NON-RECURRING INCOME (EXPENSES)			907,337	4,578,231
TOTAL INCOME			41,557,700	27,507,906
TOTAL EXPENSES			46,152,924	24,005,056
PROFIT OR LOSS			(4,595,224)	3,502,851

6.4.4. Highlights of the year

As of 31 December 2017, the balance sheet total was €445,474,679 and the result from the income statement for the financial year was a loss of €(4,595,224).

The review period is 12 months, beginning on 1 January 2017 and ending on 31 December 2017.

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 28 March 2018.

i. Highlights of the year

Governance and financing

Governance

Solène Guéré was appointed director of Voltalia by Voltalia's shareholders at the General Meeting of 1 June 2017.

Vincent Vliebergh resigned from his position as director on 28 June 2017. This decision was noted by the Board of Directors at its meeting of 22 September 2017.

Increase in financing capacity

In order to support the long-term implementation of its strategy, on 21 December 2017, the Company signed an extension of the existing revolving loan with an expanded banking pool for a total amount of €70,000 thousand for a five-year period.

The Company also signed bilateral credit lines for €15,000 thousand with maturities extending up to two years.

Continued organic growth

New biomass power plant project in French Guiana

On 21 April 2017, Voltalia announced that it has obtained a long-term contract for a 5.1 MW biomass power plant project in French Guiana. Located near the village of Cacao in the municipality of Roura, the power plant will generate electricity by burning wood from logging operations or from sawmills and will benefit from a private contract with a guaranteed price over a 25-year period. The plant could be commissioned at the end of 2019.

Voltalia will use the experience acquired at its existing Kourou biomass plant to train young technicians in the operation of the future Cacao site. This new project should also create around 40 direct and indirect jobs.

Launch of the construction of three new solar power plants in Metropolitan France

On 7 July 2017, Voltalia announced the launch of construction of the French Canadel (10.54 MW) and Castellet 2 (3.8 MW) solar power plants, located in the Var department. These winning projects in the CRE III call for tenders of December 2015 are both located in the sunniest region of France. The Canadel power plant will be located in Brignoles and the second plant, Castellet II, will be right next to the first solar plant of the same name and commissioned by Voltalia in July 2013 following the 2012 CRE I tender. Each benefiting from a 20-year electricity sales contract, the power plants should be commissioned during the first half of 2018, in accordance with the tender terms.

On 30 August 2017, Voltalia announced the launch of construction of the new Carrière-des-Plaines (8.2 MW) solar power plant in the Bouches-du-Rhône, Metropolitan France. In accordance with the tender terms, half of the power plant will comprise high yield photovoltaic modules (4.1 MW) with the other half comprising concentrated photovoltaic modules (CPV) with sun trackers (4.1 MW). Unlike the generally used photovoltaic panels, CPV panel lenses concentrate the sun's beams on high performance cells, thus optimising use of the solar resource. The commissioning of the power plant is expected at the latest for Q2 2018.

Two solar projects in Metropolitan France, winners of the CRE IV national tender

On 1 August 2017, Voltalia announced that two solar projects with a total capacity of 8 MW had been selected by the Ministry for Ecological and Solidarity Transition as part of the CRE IV tender, for which the results were announced on 28 July 2017.

Having won projects as part of previous tenders (CRE I, CRE II and CRE III), Voltalia confirms its competitiveness in the French market. The winning Tresques (3 MW) and Parroc (5 MW) solar projects are located in the Occitanie and Nouvelle Aquitaine regions, with both regions subject to particularly strong competition due to their good solar resources.

The two Tresques (Gard) and Parroc (Haute-Vienne) power plants will benefit from a 20-year contract for difference from their commissioning, expected for July 2019 at the latest.

Other developments

Disposal of the Bio-Bar biomass power plant in Metropolitan France

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.

Voltalia joins the EnterNext Tech 40 index

On 21 April 2017, Voltalia joined the Tech 40 index. The "Tech 40" label distinguishes 40 innovative Tech companies listed on Euronext (Amsterdam, Brussels, Lisbon and Paris) amongst the 330 companies operating in the life sciences, eco-industry and technology, media and telecommunications sectors.

Companies are selected by a committee of independent European experts according to economic, financial and stock market performance criteria. In the renewable energy sector, only two companies including Voltalia have been selected.

This label enables Voltalia shares to enter the EnterNext Tech 40 index from 21 April 2017.

Voltalia joins the CAC Mid & Small index

Following the annual reconfiguration by Euronext (the pan-European stock market) of its CAC indices, Voltalia announced that from 18 September 2017, it had joined the Euronext CAC® Small, CAC® Mid & Small and CAC® All-Tradable indices. The expected benefits for Voltalia shares are greater visibility and a possible increase in share exchange volumes.

ii. SIGNIFICANT EVENTS SINCE YEAR-END

Launch of construction of the PAGAP solar power plant (5 MW) in France

On 9 February 2018, Voltalia announced the start of construction work on the Parc d'Activité de Grenoble Air Parc (PAGAP) solar plant in Metropolitan France. With a capacity of 5 MW, the project is located in the municipality of Saint Etienne de Saint Geoirs, Isère department (38), within the joint development zone (*Zone d'Aménagement Concertée* - ZAC) of Grenoble Air Parc.

Winner of the CRE III call for tenders and initially developed by the teams of Martifer Solar, this is a project for which the Group will carry out both the construction and the operation-maintenance. Its commissioning is expected for Q3 2018.

Volitalia wins the CRE IV solar call for tenders

On 13 February 2018, Volitalia announced that it had won two new solar projects in France following the CRE IV solar call for tenders of 9 February 2018 by the Ministry for Ecological and Solidarity Transition.

The winning project of Talagard (5 MW), located in Salon-de-Provence, in the Provence-Alpes-Côte d'Azur (PACA) region, will be a fixed photovoltaic installation, and will benefit from an additional remuneration contract⁹⁰ for a duration of 20 years. In accordance with the terms of the call for tenders, the commissioning of the Talagard plant should take place at the latest in Q1 2020. It will produce renewable electricity equivalent to the electricity consumption of almost 3,000 French households⁹¹.

Volitalia was also selected for the installation of an agrivoltaic project of 3 MW as part of the first solar call for tenders in innovative technologies. By combining agricultural and electricity production, the Saint Etienne du Grès (PACA) project will promote dual land use whilst optimising agricultural production. The date of commissioning for this installation will depend on obtaining the last authorisations.

Signature of a first energy supply contract for a Telecom customer in Myanmar

On 21 February 2018, Volitalia announced that it had been selected by MNTI as an energy services company (ESCO) for the energy supply of an initial batch of 171 telecom towers. As part of a ten-year contract, Volitalia will continuously provide 2 KW in electricity to each of the sites, located in the Bago and Ayeyarwaddy regions. MNTI is the owner of a network of telecom towers made available to MyTel, a telecom operator jointly controlled by Myanmar National Telecom Holdings and Viettel (national Vietnamese operator).

Launch of construction of Volitalia's new wind farm in Metropolitan France

On 8 March 2018, Volitalia announced the start of construction on the Sarry wind farm. With 22 MW in installed power, the Sarry wind farm is located in the municipalities of Sarry and Châtel-Gérard, in the Yonne department (89). The farm comprises 11 wind turbines supplied by Senvion, with unit power of 2 MW and benefiting from the excellent wind resources of the Bourgogne-Franche-Comté region. The project will benefit from secured revenues (additional remuneration contract⁹²) for 15 years from the date of commissioning, planned for the second half year of 2019.

⁹⁰Introduced by the Law on Energy Transition for Green Growth of 2016, the additional remuneration is a mechanism enabling the producer to compensate the difference between the revenues from the direct sale of electricity on the market and the level of benchmark remuneration set by the tariff ruling or the provisions of the call for tenders.

⁹¹ Sources: INSEE, INES and RTE

⁹² Introduced by the Law on Energy Transition for Green Growth of 2016, the additional remuneration is a mechanism enabling the producer to compensate the difference between the revenues from the direct sale of electricity on the market and the level of benchmark remuneration set by the tariff ruling or the provisions of the call for tenders.

The construction of the power plant will contribute to achieving the renewable energy development target set by the region, which aims for 2,100 MW in wind power installed by 2020.

Voltaia launched construction on the Echauffour wind farm in Metropolitan France

On 12 April, Voltaia announced the launch of construction on the Echauffour wind farm in Normandy, France (10 MW). Located in the town of Echauffour in the Orne département (61), the wind farm is Voltaia's first in Normandy, a region with the second best wind potential in France, after Brittany. Equipped with wind turbines supplied by Senvion, the project will be built and operated by Voltaia. It will benefit from secured revenues for 15 years (contract for difference).

6.4.5. ACCOUNTING RULES AND METHODS

The annual financial statements were prepared in compliance with generally accepted accounting principles in France, and particularly with 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.

i. Change in accounting policy

The application of ANC Regulation no. 2015-05 became mandatory as of the 2017 financial year and modified the rules regarding the recognition of forward financial instruments and hedging transactions.

These new rules mainly stipulate:

- the generalisation of hedging accounting when a hedging relationship is identified by management;
- a new accounting option for the recognition of option premiums and swap points;
- the recognition of hedging transactions under the same heading as the item hedged;
- more information in appendices regarding the hedging strategies;
- the establishment of an overall foreign exchange position, currency by currency;
- the recognition of the fair value of "isolated open positions."

The application of these new rules led the Company to recognise swap points. The Company opted to spread out the financial result over the duration of the hedge.

ii. Basis for preparation of the financial statements

In the separate financial statements to 31 December 2017, the Company applied the following rules:

- going concern;
- consistency of methods;
- independence of fiscal years.

iii. 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 Company notably relate to the assumptions used to:

- value and depreciate property, plant and equipment and intangible assets;

- value and depreciate equity investments;
- constitute provisions.

These estimates are based on the best information available to the management on the date of the financial statements. They include, for example, the assessment on that date of the state of the markets in which the Company operates. Considering the uncertainties inherent to the sector, the countries and the economic and financial conditions that impact the business of Volitalia 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.

iv. 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.

v. 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
Development	L	3 years
Software	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
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vi. Equity investments and other financial assets

The gross value of financial assets corresponds to their acquisition cost excluding ancillary costs. Securities acquired in foreign currencies are recorded at the acquisition price converted into euros using the exchange rate of the transaction date.

When the value in use is lower than the carrying amount, impairment exists. The value in use is determined by taking into account the share of the net position or the profitability outlook (present value of future cash flows) in relation to the position and nature of the Company. The present value of future cash flows is relative to the profitability outlook with regard to the historical, present and projected market conditions resulting from the actual data and the strategic plans of the subsidiaries.

vii. Inventories and work in progress

Production costs are re-invoiced to subsidiaries when the construction of the project begins.

Production costs correspond to the capitalised costs of projects under development. Expenses for each power plant project are capitalised as soon as all of the following criteria are met:

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

Capitalised costs include the internal and external costs recorded for each power plant project:

- external costs correspond to commitments to suppliers or external service providers (invoices, invoices receivable, status reports, etc.); and
- internal costs are measured on the basis of overhead expenses applicable to the projects and the time allocated to these projects.

All projects are reviewed at each reporting date, with the implementation of individual impairment tests. The net carrying amount of the fixed asset is then compared to its present value. The present value is the highest value of the market value or the value in use. The value in use is determined based on the discounted future operating cash flow calculations and involves important assessments by management particularly with regard to elements such as weather conditions, inflation, operating costs and capital expenditures for projects in development. If the present value is lower than the net carrying amount, the projects in development are fully impaired.

It should also be noted that projects undergoing disposal whose value is less than the 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.

viii. 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.

ix. Debt issuance costs to be amortised

Debt issuance costs are spread over the duration of the subscribed loan.

x. Marketable securities

Investment securities are valued at the lower of acquisition value and market value.

xi. Tax-regulated provisions

Regulated provisions consist of excess depreciation and amortisation; associated provisions and reversals are constituted in accordance with the tax rules.

xii. Foreign currency transactions

The accounts are prepared in euros. Income and expenses denominated in foreign currencies are recognised at their equivalent value in euros at the transaction date. Liabilities, receivables and cash in foreign currencies are recognised using the exchange rate on the transaction date.

Receivables, liabilities, loans and borrowings in foreign currencies are converted on the balance sheet based on the exchange rate in effect on the balance sheet date to offset the "Translation reserve - Assets/Liabilities" items on the balance sheet. Unrealised translation gains are not used in calculating accounting income. A provision for risks is made for unhedged unrealised losses. If there is a hedge, the provision only covers the unhedged risk.

Volitalia SA, as the parent company, establishes financing to support the development and construction of power plants until long-term local bank financing can be obtained and set up. This short- or long-term financing can involve Company cash or borrowings in foreign currencies by the Company, thereby exposing it to a currency risk.

The Company uses foreign exchange derivatives for the loans granted to the companies within the Group. Translation gains and losses associated with these derivatives are recognised under financial result symmetrically to the hedged items. When the maturity of the derivatives is not aligned with the schedule of hedged cash flows, the results from the derivatives, based on the spot rate, are stored in a suspense account on the balance sheet, and symmetrically recycled on the hedged risk. On the balance sheet, the translation differences generated by the revaluation of the hedging derivatives are recognised symmetrically to the translation differences originating from the revaluation of the receivables and liabilities in foreign currencies at the closing rate.

xiii. 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.

xiv. Retirement benefits

In compliance with 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 based on the applicable collective agreement.

Contingent liabilities are calculated and recognised in provisions. Any differences resulting from changes in actuarial assumptions are immediately recognised in profit and loss. Retirement benefits are recognised as an expense when actually incurred.

xv. 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 based on progress and corresponds to the technical progress of the construction site, along with construction monitoring services, which are recognised as revenue in accordance with the stage of completion;
- services related to the operation of power plants on behalf of its various subsidiaries: services are recognised in revenue as and when they are provided.

Various services (administrative services, etc.) on behalf of its various subsidiaries: services are recognised in revenue as and when they are provided.

6.4.6. NOTES TO THE BALANCE SHEET

i. Fixed assets

Intangible assets and property, plant and equipment

Figures expressed in euros	At 31/12/2016	Acquisitions	Transfers between items and corrections +/-	Disposals	At 31/12/2017
Software			734,148		734,148
Other intangible asset items	89,262		88,484		177,746
Total 1 Intangible assets	89,262		822,632	0	911,894
Intangible assets in progress	215,685	674,312	(822,632)		67,365
Total 2 Outstanding amount of intangible assets	215,685	674,312	(822,632)	0	67,365
General installations and fixtures and fittings	320,320	31,145		-	351,247
Facilities and equipment	12,922	8,239	4,335		25,496
Vehicles					
Office and computer equipment, furniture	163,177	159,369	16,188	(15,017)	323,717
Recoverable packaging and miscellaneous					
Total 2 Property, plant and equipment	496,419	198,753	20,523	(15,235)	700,460
Property, plant and equipment in progress	13,613	6,910	(20,523)		
Total 3 Outstanding amount of property, plant and equipment	13,613	6,910	(20 523)		0
Advances		7,729		(2,144)	5,585
TOTAL	814,979	887,704	0	(17,376)	1,685,304

The main change in fixed assets concerns the development of the consolidation software and the cash position software.

To a lesser extent, fixtures and fittings correspond to the development of the new registered office premises in Paris.

ii. Depreciation and amortisation

Figures expressed in euros	At 31/12/2016	Additions	Decreases/reversals or Impairment.	At 31/12/2017
Software		123,364		123,364
Other intangible assets	42,264	42,081		84,345
Total 1	42,264	165,445	0	207,709
Land				
Buildings				
General installations and fixtures and fittings	50,429	37,396	162,531	250,356
Facilities and equipment	4,349	3,407		7,757
Vehicles				
Office and computer equipment, furniture	90,536	61,448	9,804	142,180
Recoverable packaging and miscellaneous				
Total 2	145,314	102,251	172,335	400,293
TOTAL	187,578	267,996	172,335	608,002

iii. Fixed financial assets

Figures expressed in euros	Gross value at 31/12/2016	Acquisitions and Transfers between items	Disposals and Transfers between items	Gross value at 31/12/2017	Provision	Net value at 31/12/2017
Equity investments	202,539,830	75,464,123	172,571	277,831,383	11,765,224	266,066,159
Loans and receivables related to equity investments	38,975,671	47,948,008	17,085,935	69,837,743	3,515,929	66,321,814
Other fixed financial assets	2,401,843	1,259,514	1,276,382	2,384,976		2,384,976
TOTAL	243 917 344	124,905,391	18,768,633	350,054,102	15,281,153	334,772,949

The main changes to the investments and related receivables of Voltalia during the 2017 financial year can be broken down into the following items:

- the net increase in equity investments of €75,455 thousand was mainly linked to the capital increases of the Brazilian subsidiaries Serra Para1, Voltalia Do Brazil, Voltalia Portugal, Alameda and Voltalia Greece for a total of €75,425 thousand to meet the cash requirements of ongoing construction and projects under development;
- the establishment of a loan with Vila Acre for 95,000 thousand Brazilian reals, i.e. €23,791 thousand;
- the disposal of the Biobar securities upon disposal for an amount of €(50,000).

- **Subsidiaries and investments**

Financial information for subsidiaries and investments at 31/12/2017 (in euros)	Capital	Reserves, additional paid-in capital and retained earnings before allocation of earnings	Share of capital held as a percentage	Acquisition costs	Carrying amount of securities + acquisition costs	Carrying amount of securities – unpaid capital	Loans granted by the Company at 31/12/2017	Advances/current account liabilities at 31/12/2017	Revenue excl. taxes - non-Group at 31/12/2017	Dividends received in 2017	Net income (profit or loss) at 31/12/2017
Egypt											
Eshu			1%		97			1,424			
France											
Anelia	40,000	(625,664)	100%		20,041			2,410,993			(12,679)
La Faye Energies	59,000	2,022,916	63%		29,601		943,940		1,929,579		29,505
Adriers Energies	336,380	33,639	100%		582,680			3,381,917	2,116,476	191,399	250,176
Echauffour Energies	37,000	(124,750)	95%		35,150			648,098			(11,490)
3V Développement	39,000	(537,625)	100%	11,550	1,061,550		2,106,320		1,578,652		(91,718)
3L Energies	3,000	(217,070)	40%		1,200		1,019,979		1,190,158		(51,322)
Taconnaz Energie	37,000	(156,253)	100%		37,000			126,402			(5,069)
Molinons wind farm	37,000	3,702	100%		37,000			2,825,737	2,148,913	139,468	323,188
Parc solaire de Montclar	37,000	(25,006)	100%		37,000			5,308			(2,458)
Parc solaire du Castellet	37,000	3,700	100%		37,000			1,524,399	1,070,346	16,717	113,111
Parc solaire de Piboulon	5,000	(33,359)	100%		5,000			34,731			(2,991)
Parc Solaire de Mana	5,000	(282,034)	100%		5,000			47,954			(3,952)
Parc solaire Puy Madame II	5,000	(286,327)	100%		5,000			113,183			(4,228)
Parc solaire Puy Madame III	5,000	(283,106)	100%		5,000			49,130			(3,300)
Parc solaire Puy Madame IV	5,000	(286,047)	100%		5,000			116,730			(4,113)
Parc éolien d'Argenteuil	37,000	(198,055)	0.05%		11			146,320			(8,075)
Parc éolien de Laignes	37,000	(216,668)	0.05%		11			10,660			(8,775)
Parc éolien de Coulmier	37,000	(407,279)	0.05%		11			8,164			(8,524)
Parc éolien de Sarry	37,000	(270,932)	0.05%		11			25,868			(14,352)

Financial information for subsidiaries and investments at 31/12/2017 (in euros)	Capital	Reserves, additional paid-in capital and retained earnings before allocation of earnings	Share of capital held as a percentage	Acquisition costs	Carrying amount of securities + acquisition costs	Carrying amount of securities – unpaid capital	Loans granted by the Company at 31/12/2017	Advances/current account liabilities at 31/12/2017	Revenue excl. taxes - non-Group at 31/12/2017	Dividends received in 2017	Net income (profit or loss) at 31/12/2017
Parc solaire de Carrière des plaines	10,000	(32,848)	100%		10,000			6,669,934			(12,585)
Parc solaire de Tresques	10,000	(31,014)	100%		10,000			146,182			(4,494)
Ombrière Solaire du Marché	10,000	(41,439)	100%		10,000			39,413			(3,274)
Parc solaire Castellet 2	10,000	(42,002)	100%		10,000		5,594,730	226,588			(32,032)
Parc Solaire du Canadel	10,000	(4,714)	95%		9,500		7,256,418	309,025			(4,149)
GEP Energie France	10,000	(2,901)	100%		10,000			(6,605)			(2,278)
PEP Energie France	10,000	(2,763)	100%		10,000			13,407			(2,516)
ECM Energie France	10,000	(2,510)	100%		10,000			347,128			(3,621)
SVNC Energie France	10,000	(2,721)	100%		10,000			510,282			(4,142)
Parc solaire Le Fangas 1	5,000	(338,876)	40%		2,000			12,591			(696)
Parc solaire Le Fangas 2	5,000	(340,300)	40%		2,000			14,037			(718)
Parc solaire Les 4 Termes 1	5,000	(339,158)	40%		2,000			16,327			(1,102)
Parc solaire Les 4 Termes 2	5,000	(339,526)	40%		2,000			14,235			(1,071)
Volitalia Energie	10,000		100%		10,000			634,424			(597,068)
Parc éolien de Marly	1,000	(8,175)	100%		328,215			34,871			(1,183)
Parc solaire du Seranon	5,000		100%		5,000			825			(2,396)
Parc solaire du Talagard	5,000		100%		5,000			825			(2,396)
Parc solaire de Laspeyres	5,000		100%		5,000			825			(2,396)
Croix et Jorasse Energie	5,000		100%		5,000			825			(3,696)
Jalandre Energie	5,000		100%		5,000			825			(3,696)
Arpettaz Energie	5,000		100%		5,000			1,026			(2,782)
Merderel Energie	5,000		100%		5,000			825			(3,696)
Ferme Eolienne de Pouligny St Pierre	5,000		100%		5,000			825			(2,396)
Le Guil Energie	5,000		100%		5,000			825			(3,696)
Parc solaire du Domaine de Selves	5,000		100%		5,000			825			(2,396)
Parc solaire Clos de la Blaque	5,000		100%		5,000			102			
Parc solaire de Bayol	5,000		100%		5,000			102			
Parc solaire du Clap	5,000		100%		5,000						
French Guiana											
Volitalia Caraïbes	37,000	(33,276)	100.00%		37,000			(1,075)			(2,210)
Volitalia Guyane	1,043,841	(6,847,374)	80.00%		835,051		11,519,329	2,419,581			(771,742)
Parc solaire de Coco Banane	1,325	7,760,505	100.00%		4,591,600			(3,545,448)	2,042,792	647,055	264,605
SIG Cacao	1,000	(1,198,096)	100.00%		1,000			128,745			(4,676)
Volitalia Kourou	300,000	(994,167)	0.33%		1,000			18,669	2,741,325		(803,032)
Roura Bois Energie	10,000	(4,026)	100.00%		10,000			601,194			(9,056)
Cr'Eole	174,000	(5,493)	100.00%		200,100			7,752			(2,910)
Iracoubo Biomasse Energie	5,000		100.00%		5,000			1,808			(3,494)
Sinnamary			100.00%		5,000			95			

Financial information for subsidiaries and investments at 31/12/2017 (in euros)	Capital	Reserves, additional paid-in capital and retained earnings before allocation of earnings	Share of capital held as a percentage	Acquisition costs	Carrying amount of securities + acquisition costs	Carrying amount of securities – unpaid capital	Loans granted by the Company at 31/12/2017	Advances/current account liabilities at 31/12/2017	Revenue excl. taxes - non-Group at 31/12/2017	Dividends received in 2017	Net income (profit or loss) at 31/12/2017
GREECE											
Voltalia Greece	9,180,821	(2,499,715)	99.04%	77,407	19,263,345		5,571,453	1,985,519	2,432,213		583,764
Martifer Solar Hellas	1,130,000	(1,443,579)	100.00%		1,130						(37,879)
BRAZIL											
Voltalia Do Brasil	22,433,853	(1,780,916)	100.00%		29,680,863		3,785,398		97,024		(305,740)
Envolver	26,917,822	1,038,256	50.00%		17,316,411			9,006,286			(633,195)
Voltalia Areia Branca I Participações	36,641,874	9,134,972	99.00%		51,300,533						10,103,646
Usina de Energia Eolica Tourinho I	98,411	(30,101)	95.00%		292						(1,732)
Usina de Energia Eolica Tourinho II	90,074	(29,214)	95.00%		292						(1,732)
Oiapoque Energia	262,578	2,269,641	0.01%		16				19,750,283		4,719,814
Voltalia Sao Miguel Do Gostoso I Particip.	33,957,917	4,931,662	30.00%	2,929	12,683,977		1,713,197		360,425		(319,439)
Serra Para I	64,312,591	2,758,708	97.00%	57,268	69,806,844						2,498,993
Alameda Acre Participações	17,666,772	(779,259)	100.00%	37,433	18,377,761						1,755,593
Voltalia Energia Do Brasil Consultoria	6,808	(4,175)	5.00%		1						(2,608)
Voltalia Do Brazil Commercializa de Energia	26				25						
MOROCCO											
Voltalia Maroc	548,629	(806,861)	100.00%		547,760			2,386,444			(585,942)
Alterrya Maroc	125,759	(212,628)	80.00%		40,737			165,242			(20,652)
Voltalia Maroc Sahara	9,146	(4,948)	100.00%		37,924						(7,797)
Mexico											
Ojuelos Del Sol	2,444		95.00%		2,322						
Portugal											
Voltalia Portugal	50,000,000	(37,432,518)	100.00%	1,866,712	50,676,987			12,040,231	7,731,472		(6,815,685)
Tanzania											
Mahale Renewable energy	8,742	4,983	1.00%		4,332		668,146		0		(89,246)
TOTAL					277,831,382		40,178,911	45,682,552	45,189,657	994,639	9,290,105

- **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 31/12/2016	Acquisitions and Transfers between items	Disposals and Transfers between items	Gross value at 31/12/2017	Impairment	Net value at 31/12/2017
Voltalia Guyane loan	9,066,028	2,453,301		11,519,329		11,519,329
3VD loan	1,991,407	115,000	87	2,106,320		2,106,320
3LE loan	1,019,979	250,000	250,000	1,019,979		1,019,979
La Faye loan	902,542	41,398		943,940		943,940
Bio-Bar loan	1,276,560		1,276,560			
Voltalia Greece loan	13,277,149		7,705,696	5,571,453	3,515,929	2,055,524
Voltalia Do Brasil loan	3,510,315	275,083		3,785,398		3,785,398
San Miguel de Gostoso loan		1,976,084	262,888	1,713,197		1,713,197
Serra Para 1 loan	5,248,210	254,247	5,502,457			
Vila Acre 1 loan		23,792,131		23,792,131		23,792,131
Mahale loan		668,146		668,146		668,146
RaSolar Project loan		855,614		855,614		855,614
Castellet 2 loan		5,594,730		5,594,730		5,594,730
Canadel loan		7,256,418		7,256,418		7,256,418
Believe loan		330,000		330,000		330,000
Grenn Coverage loan		431,500		431,500		431,500
Other receivables related to equity investments	857,702	3,826	262,471	599,058		599,058
Accrued interests on loans	1,825,778	3,650,530	1,825,778	3,650,530		3,650,530
TOTAL	38,975,670	47,948,008	17,085,937	69,837,743	3,515,929	66,321,814

As of 31 December 2017, the amount of loans and receivables related to equity investments in foreign currencies totalled €31,596 thousand.

- **Schedule of receivables related to equity investments**

Schedule of receivables related to equity investments	Gross value at 31/12/2017	< 1 year	At more than one year
Voltalia Guyane loan	11,519,329		11,519,329
3VD loan	2,106,320		2,106,320
3LE loan	1,019,979		1,019,979
La Faye loan	943,940		943,940
Bio-Bar loan			
Voltalia Greece loan	5,571,453		5,571,453
Voltalia Do Brasil loan	3,785,398		3,785,398
SMG loan	1,713,197		1,713,197
Serra Para 1 loan			
Vila Acre 1 loan	23,792,131		23,792,131
Mahale loan	668,146		668,146
RaSolar Project loan	855,614		855,614
Castellet 2 loan	5,594,730		5,594,730
Canadel loan	7,256,418		7,256,418
Believe loan	330,000		330,000
Grenn Coverage loan	431,500		431,500
Other receivables related to equity investments	599,058	599,058	
Accrued interests on loans	3,650,530	3,650,530	
TOTAL	69,837,743	4,249,588	65,588,155

- **Other fixed financial assets**

Figures expressed in euros	Gross value at 31/12/2016	Acquisitions and Transfers between items	Disposals and Transfers between items	Gross value at 31/12/2017
Loans to personnel		20,000		20,000
Deposits	1,178,021	85,654	35,457	1,228,218
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	266,255	323,607	266,255	323,607
ICNE without Oseo deposit	32,823		32,823	
Treasury shares	274,743	830,253	791,847	313,149
TOTAL	2,401,843	1,259,514	1,276,382	2,384,976

iv. Current assets

Under construction

Figures expressed in euros	Gross amount	Impairment	Balance at 31/12/2017
Production of goods in progress	16,607,272	2,127,270	14,480,003
TOTAL	16,607,272	2,127,270	14,480,003

As of 31 December 2017, 60 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.

Schedule of current receivables

Figures expressed in euros	Gross amount	Within one year	At more than one year
Customers	9,684,716	9,684,716	
Personnel and related receivables	19,924	160,752	
Social security bodies	140,828	140,828	
State: Taxes other than on income	1,202,406	1 202 406	
Group and associates	75,087,257	75 087 257	
Miscellaneous receivables	958,572	958,572	
Debt issuance costs to be amortised	793,491	158,698	634,793
Prepaid expenses	146,098	146,098	
TOTAL	88,036,292	87,401,499	634,793

- 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 Volitalia SA to its subsidiaries. These current accounts were written down in the amount of €1,778 thousand to reflect the negative net assets of subsidiaries.

- Miscellaneous receivables

The "Miscellaneous receivables" item primarily includes the short-term advances paid to Brazilian subsidiaries, the accrued interest on these advances, as well as the option to purchase fully impaired shares of La Faye Energies for €721 thousand.

v. Cash and cash equivalents

Figures expressed in euros	At 31/12/2016	At 31/12/2017
Marketable securities	5,000,000	
Carbon credit quotas		
Cash assets in interest-bearing accounts		
Cash assets	52,060,541	2,854,802
Cash instruments on Vila Acre loan		1,204,953
Accrued interest		
TOTAL	57,060,541	4,059,755

Available cash as of 31 December 2017 stood at €2,855 thousand.

vi. Equity

Changes in equity

Figures expressed in euros	31/12/2016	Appropriation of earnings	Acquisitions and Transfers between items	Disposals and Transfers between items	31/12/2017
Capital	278,976,086		34,998		279,011,084
Issue premium	96,438,481		17,859		96,456,340
Share subscription warrants	500				500
Legal reserve	58,367				58,367
Retained earnings - debit	(18,342,474)	3,502,851			(14,839,623)
Income for the year	3,502,851	(3,502,851)			(4,595,224)
Special depreciation allowances	345,080		392,868	(120,220)	617,728
TOTAL	360,978,891	0	445,725	(120,200)	356,709,172

As of 31 December 2017, the share capital of Voltalia SA totalled €279,011,084, consisting of 48,949,313 shares of €5.70 each.

The free float amounted to 27.46% of the capital.

As at December 31, 2017, 28,639 Company shares (representing 0.06% of its share capital) with a nominal value of €5.70 per share and a total book value of €301,929.52 valued at the share purchase price were present in the liquidity account.

These shares were purchased at an average price of €10.54. During the financial year ended December 31, 2017, 82,398 shares were purchased and 87,536 shares were sold under the terms of a liquidity contract. The average purchase price was €10.08 and the average sale price was €10.14. These shares were not reallocated for any other purposes.

The Company did not acquire any treasury shares outside the liquidity contract.

vii. 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 were allocated in July 2014.

On 31 December 2017, the following assets featured in the liquidity account:

- 28,639 securities representing a value of €290,399.46;
- liquidities in the amount of €323,607.59.

viii. 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 116,354 BSPCE warrants expired resulting in 153,995 exercisable BSPCEs as of 31 December 2017. Taking into account share consolidation decided by the Combined General Meeting of 11 June 2015, there were 153,995 exercisable BSPCE warrants as of 31 December 2017 giving rights to 16,580 shares.

ix. Bonus share plan

The General Meeting of 13 June 2014 authorised the allocation of free shares, subject to a threshold, 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.

x. Share subscription or share purchase options 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 €8.38⁴. The validity period of the plan is seven years. The options will be exercisable until 6 August 2022.

xi. Share subscription or share purchase options 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. 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.

As of 31 December 2017, 30,000 warrants had been exercised reducing the number of exercisable warrants to 970,000.

xii. 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.

xiii. 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
02/02/2018 (*)	Exercise of 6,140 BSA	48,943,173	6,140	48,949,313	5.70	279,011,084
31/12/2017	Year-end			48,949,313	5.70	279,011,084

(*) This capital increase through the exercise of stock options was recognised during the 2017 financial year and noted during the meeting of the Company's Board of Directors of 2 February 2018.

xiv. Change in issue premium

Date	Trigger event	Initial balance	Arrivals	Departures	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	Heartstream 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
1/1/2008	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
1/1/2015	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	96,438,481.17
01/12/2017	Capital increase expenses (2016)	96,438,481	1,404		96,439,885.17
02/02/2018	Capital increase ⁹³	96,439,885	16,455		96,456,340.37
31/12/2017	Year-end				96,456,340.37

⁹³ This capital increase by exercise of stock options was recorded by accounting during the 2017 financial year and recognised at the meeting of the Board of Directors of the Company on 2 February 2018.

xv. Provisions

Provisions for risks break down as follows:

Figures expressed in euros	At 31/12/2016	Additions	Reversals used	At 31/12/2017
Provisions for pensions and similar obligations	47,549	122,598		170,147
Other provisions for risks and charges	1 354,459	2,253	273,711	1,083,001
Provisions for translation losses	24,719	2,969,660	24,719	2,969,660
Other provisions	73,070	165,425		238,495
TOTAL	1,499,797	3,259,936	298,430	4,461,303

The provisions for translation losses of €2,969,660 mainly reflect the risk of unrealised translation losses recorded as of 31 December 2017 on a loan in Brazilian reals to the Brazilian subsidiaries.

At 31 December 2017, a provision for retirement benefits was adjusted upwards (+€123 thousand). As of 31 December 2017, the discount rate used at 31 December 2017 was 1.35% and the wage increase rate (including long term inflation) was 2.90%.

xvi. Financial operating liabilities

- Change in debts

Figures expressed in euros	31/12/2016	31/12/2017	Chge
Borrowings and liabilities at credit establishments:			
at maximum 1 year at inception		7,991,000	7,991,000
at more than 1 year at inception	10,450,000	52,500,650	45,050,650
Other borrowings and financial liabilities	29,024	50,600	21,576
Bank overdrafts	20,507	28,410	7,903
Trade payables and related accounts	4,320,646	7,064,947	2,744,301
Personnel and related receivables	997,206	1,804,857	807,651
Social liabilities	769,657	1 366 906	597,249
Tax liabilities	673,743	2,932,056	2,258,313
Fixed asset liabilities and related accounts	57,862	163 781	105,919
Group and associates debt	3,661,841	4,298,371	636,530
Other debts	2,885,396	3,540,407	655,011
Deferred income	87,666	2,562,216	2,474,550
TOTAL	23,953,549	84,304,203	60,350,653

- **Borrowings**

New bilateral lines of credit were set up in 2017. They mainly facilitate the financing of the Group's continued development.

- **Group and associates debt**

The sum of €4,298 thousand represents the current account advances of the Valtalia SA subsidiaries.

- **Tax and employee-related expenses**

This mainly includes:

- the tax liabilities (VAT to be disbursed for €2,184 thousand and VAT collected for €537 thousand) that are to be associated to the invoicing of development costs, monitoring, and construction costs to the SPVs;
- social liabilities of €1,367 thousand representing liabilities to social security bodies.
- **Schedule of debts at 31/12/2017**

Amounts expressed in euros	Gross amount 31/12/2017	Less than 1 year	1 to 5 years	More than 5 years
Borrowings and liabilities at credit establishments:				
at maximum 1 year at inception	7,991,000	7,991,000		
at more than 1 year at inception	52,500,650	41,250,650	10,500,000	750,000
Other borrowings and financial liabilities	50,600	50,600		
Bank overdrafts	28,410	28,410		
Trade payables and related accounts	7,064,948	7,064,948		
Personnel and related receivables	1,804,857	1,804,857		
Social security and other welfare bodies	1,366,906	1,366,906		
Value added tax	2,732,356	2,732,356		
Other taxes and related accounts	199,701	199,701		
Fixed asset liabilities and related accounts	163,781	163,781		
Group and associates	4,298,371	4,298,371		
Other debts	3,540,407	3,540,407		
Deferred income	2,562,216	2,562,216		
TOTAL	84,304,203	70,804,203	13,500,000	0
Borrowings subscribed during the fiscal year	89,000,000			
Borrowings repaid during the fiscal year	46,950,000			

xvii. Accrued expenses

Amount of accrued expenses included in the following balance sheet items	31/12/2017
Borrowings and liabilities at credit establishments	79,010
Trade accounts payable and related accounts	4,531,854
Tax and employee-related expenses	2,843,423
TOTAL	7,454,287

Accrued expenses mainly include employee-related provisions (paid holidays and bonuses) and trade payables.

xviii. Taxes and tax consolidation scope

The tax loss for the 2017 financial year was €(4,857,948), bringing the cumulative tax loss carried forward at 31 December 2017 to €(43,388,887).

The table below presents the tax consolidation of the Group as of 31 December 2017 and the option start dates:

Scope of the French tax consolidation at 31/12/2017	Option start date	Tax savings
VOLTALIA SA (tax group head)	1/1/2012	
3V DEVELOPPEMENT	01/01/2012	
PARC EOLIEN DE MOLINONS	1/1/2012	180,151
PARC SOLAIRE DU CASTELLET	1/1/2013	74,906
ADRIERS ENERGIES	1/1/2014	169,944
VOLTA GUYANE	01/01/2016	88,276
ROURA BOIS ENERGIE	01/01/2016	
CR'EOLE	01/01/2016	
PARC SOLAIRE DES CARRIERES DES PLAINES	1/1/2017	
PARC SOLAIRE DU CANADEL	1/1/2017	
PARC SOLAIRE DU CASTELLET 2	1/1/2017	
ECHAUFFOUR ENERGIES	1/1/2017	
ANELIA	1/1/2017	
PARC EOLIEN DE SARRY	1/1/2017	
TOTAL		513,277

For the entire tax group, tax savings as of 31 December 2017 stood at €513,277. The CICE was €79 thousand as of 31 December 2017.

6.4.7. NOTES TO THE INCOME STATEMENT

i. Operating profit/loss

Breakdown of revenue by energy and region

Voltaia 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. Voltaia may also charge third parties, for example, in connection with transfers of rights relating to power plant projects under development.

Energie (euros)	2016	2017	Var.
Biomasse	112,487	106,505	-5%
Eolien	2,256,208	3,603,198	60%
Solaire	202,624	15,337,191	x 75
Hydraulique	128,770	116,393	n/a
Prestations administratives	45,800	89,252	95%
Total	2,745,888	19,252,538	x 6

Zone Géographique	2016	2017	Var.	En k€
France métropolitaine	365,966	15,384,501	4204%	15,018,535
Brésil	1,989,019	3,450,711	173%	1,461,692
Grèce	9,175	0	0%	-9,175
Guyane	381,728	364,572	96%	-17,157
Portugal	0	52,755	100%	-52,755
Total	2,745,888	19,252,538	701%	16,506,650

ii. Production transferred to inventory

Production transferred to inventory totalling €4,170 thousand reflects the activation of project development costs.

iii. Other operating income

Other operating income in the amount of €669 thousand primarily includes:

- reversals of provisions for impairment of receivables in the amount of €300 thousand;
- reversals of provisions for impairment of subsidiaries in the amount of €174 thousand;
- the transfers of expenses include reimbursements for claims as well as those associated with personnel (CPAM repayments, benefits in kind, training expenses) totalling €196 thousand.

iv. 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.

During the period, purchases and expenses increased significantly (€21,216 thousand in 2017 versus €7,711 thousand in 2016) at the same pace as 2017 revenue, due to increased activity in the development and construction of power plants. The Company notably launched the construction of Canadel and Castellet II in 2017, in contrast to 2016, when we had no construction projects.

v. Other operating expenses

Other operating expenses in the amount of €(11,533) thousand primarily include:

- Taxes	€(655) thousand
- Personnel costs	€(10,041) thousand
- Impairment of assets	€(163) thousand
- Asset depreciation	€(261) thousand
- Allowance for depreciation of trade receivables	€(139) thousand
- Provisions for risks and charges (1)	€(190) thousand
- Other expenses	€(84) thousand

(1) The provision for risks and charges was mainly the result of a supplement to retirement benefits €(119) thousand and a provision for litigation €(65) thousand.

vi. Financial result

The financial result in the amount of €3,155 thousand mainly consists of the following elements:

- Net interest income on current accounts	€7,535 thousand
- Dividends received	€995 thousand
- Net reversal on impairment of securities and current accounts (1)	€1,351 thousand
- Net reversal on provision for financial risks (1)	€811 thousand
- Losses on Bio-Bar receivables	€(1,277) thousand
- Net translation losses	€(1,095) thousand
- Cost of interest on loans and bank interest	€(373) thousand
- Net provisions for translation losses	€(2,945) thousand
- Net expenses on foreign exchange transactions	€(2,798) thousand
- Income from the repayment of loans	€939 thousand

(1) These impairments primarily reflect changes in the proportional shares of the net negative position of Voltalia SA subsidiaries.

vii. Non-recurring income (expense)

Non-recurring income of €907 thousand is mainly the result of the reversal on the Jordan litigation of €1,100 thousand and the special depreciation allowances of an amount of €393 thousand.

viii. Net profit (loss)

The loss for the financial year was €(4,595,224) compared to a profit of €3,502,850 as of 31 December 2016.

6.4.8. 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	31/12/2016	31/12/2017
Executives	35	62
Non-executives	13	21
Executive officers	10	10
TOTAL	58	93

Average workforce	31/12/2016	31/12/2017
Executives	30.72	61.8
Non-executives	12.40	21
Temporary employees		
Executive officers	9.63	9.6
TOTAL	52.75	92.4

€14,227 was recognised at 31 December 2017 in respect of non-deductible expenses covered by Article 39-4 of the French Tax Code. The tax expense borne as a result of these expenses is zero.

6.4.9. RELATED COMPANIES

Company	Income	Expenses	Accounts receivable	Liabilities
Voltalia Portugal	840,917	91,822	12,892,353	-
Voltalia Guyane	735,933	443,534	14,578,405	-
3LE	50,846	-	1,038,749	-
Martifer Solar SAS	21,759	-	381,079	-
Believe in bright	4,695	-	334,107	-
3VD	69,950	-	2,160,650	-
La Faye	52,161	-	1,000,450	-
Castellet 2	4,613,754	-	5,855,168	-
Canadel	5,829,760	-	7,860,680	-
Mahale	12,207	-	680,352	-
RA Solar	32,404	-	888,018	-
Green Coverage	2,268	-	433,768	-
Voltalia Maroc	43,119	-	2,386,444	-
SMG	191,722	-	1,904,918	-
Voltalia Do Brasil	918,446	-	4,088,178	-
Envolver	1,788,240	-	10,794,526	-
Vila Acre 1	5,836,704	-	29,657,503	-
MSI	42,628	-	6,137,629	-
Alterrya Maroc	3,371	-	165,242	-
Martifer Solar Sistemas	12,007	-	3,465,608	-
Martifer SK	1,800	253,381	254,784	-
Martifer UK	48,222	-	13,500,815	-
Adriers	538,791	-	3,464,509	-
Anelia	35,499	-	2,488,170	-
Arpettaz/Champs agrivoltaique du Cabanon	10	-	1,026	-
Cr'Eole	112	-	7,752	-
Croix et Jorasse	10	-	825	-
Echauffour	8,990	-	648,098	-
ECM	1,157	-	347,128	-
Home Energy	357	-	202,916	-
Iracoubo	13	-	1,808	-
Isere / Ferme Pouligny St Pierre	10	-	825	-
Jalandre	10	-	825	-
Le Guil	10	-	825	-
Merderel	10	-	825	-
Argenteuil	391	-	146,320	-
Coulmier	79	-	8,164	-
Marly	488	-	34,871	-
Molinons	421,725	-	2,890,221	-
Sarry	77	-	63,645	-
Laignes	148	-	10,660	-
Sub-total	22,160,797	788,737	130,778,838	

Company	Income	Expenses	Accounts receivable	Liabilities
Sub-total	22,160,797	788,737	130,778,838	
Puy Madame 1	689	-	330,503	-
Puy Madame 2	1,674	-	395,732	-
Puy Madame 3	705	-	331,679	-
Puy Madame 4	1,724	-	399,279	-
Carrière des Plaines	4,989,154	-	8,603,521	-
Laspeyres	10	-	825	-
Montclar	59	-	369,541	-
Piboulon	489	-	34,731	-
Tresques	2,172	-	146,182	-
Selves	10	-	825	-
Seranon	10	-	825	-
Talagard	10	-	825	-
Fangas 1	187	-	393,602	-
Fangas 2	209	-	395,048	-
4 Termes I	245	-	397,338	-
4 Termes II	213	-	395,246	-
PEP Energie	88	-	13,407	-
Roura	6,203	-	601,194	-
SIG Cacao	1,907	-	128,745	-
SVNC	1,746	-	510,282	-
Tacconnaz	1,867	-	126,402	-
Voltalia Energie	8,700	-	634,424	-
Voltalia Kourou	97,032	-	115,426	-
Ombrière Solaire du Marché	565	-	39,413	-
Saut Mapaou inv	11	-	743	-
Organabo	15	-	1,016	-
Coco Banane	783,453	57,025	3,482,341	-
Chsmv	116,393	-	116,393	-
Serra Para 1	323,740	-	342,701	-
Castellet	169,314	-	1,570,879	-
Voltalia Caraïbes	-	33	1,075	-
GEP	-	117	6,605	-
Bon Espoir	-	35	2,312	-
Hydro Regina	-	35	2,312	-
Voltalia Belgium	-	360	667,697	-
Belle Etoile	-	578	38,582	-
Voltalia Greece	-	-	7,597,874	-
Vila Para 1	-	-	515,337	-
Vila Para 2	-	-	458,077	-
Vila Para 3	-	-	458,077	-
Vila Amazonas	-	-	458,077	-

Sub-total	28,669,387	846,920	152,462,081	
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Company	Income	Expenses	Accounts receivable	Liabilities
Sub-total	28,669,387	846,920	152,462,081	
Lasout	-	-	100	-
Clos de la Blaque	-	-	102	-
Bayol	-	-	102	-
Sinnamary	-	-	95	-
Parroc	-	-	100	-
Parrou	-	-	100	-
Osiris	-	-	73,965	-
Areia Branca I	-	-	37,834	-
SMG I	-	-	156,980	-
Oiapoque	-	-	26	-
Alameda Acre	-	-	35,588	-
Eshu	-	-	1,424	-
Total	28,669,387	846,920	152,768,495	0

6.4.10. Off-balance sheet commitments

i. Commitments given

Commitments given relating to operating activities

(in thousands of euros)	31/12/2017
Commitments given by Voltalia to suppliers, in favour of its subsidiaries	1,923
Commitments given by Voltalia to customers, in favour of its subsidiaries	37,543
Guarantees relating to the decree ensuring the safety of installations classified for the protection of the environment (ICPE)	135
Commitments given relating to operating activities	39,601

This mainly involves performance, completion, or payment guarantees.

Commitments given in relation to project financing

Pledge

Pledge of all shares held in its French subsidiaries to a bank or banking pool until the financing received is repaid in full. The subsidiaries concerned are 3V Développement, 3L Energies, La Faye Energies, Parc Solaire du Castellet, Parc Eolien de Molinons, Parc solaire de Coco Banane (ex Volta Guyane), Parc Solaire de Carrière des Plaines, Parc solaire de Canadel and Parc solaire de Castellet 2.

Pledge of two loans in the context of project financing until the expiration of the finance lease contract of 3V Développement and 3L Energies.

Joint guarantees or commitments given in relation to financing activities

Debts contracted by the Group in the framework of project financing are guaranteed as collateral (mortgages, pledge on equipment, pledge of securities and receivables, and reserve accounts) for their repayment. As of 31 December 2017, this amount was €179,690,328.

ii. Commitments received

Commitments received relating to operating activities

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.

99% of these commitments received relate to operating activities for Brazil.

Confirmed Corporate financing lines

- €70,000 thousand in syndicated credit lines due in December 2022.
This line has only been drawn for €19,000 thousand.
- Three confirmed bilateral credit lines of €24,000 thousand.
These lines have been drawn for €24,000 thousand.

Voltalia's Corporate financing lines were increased by a cumulative amount of €50,000 thousand thanks to the signature of three short-term lines of credit with Santander and with Natixis in the form of a club deal.

These new confirmed lines of credit will finance the Group's continued development as well as the construction of new projects while awaiting long-term refinancing, e.g. as in the case of Brazil.

6.4.11. Information regarding the corporate officers of the Company

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

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

Executive corporate officer	2016 financial year (euros)	2017 financial year (euros)
Laurence Mulliez – Chairman of the Board of Directors		
Compensation for the financial 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 financial year (1)	369,051	400,051
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) Detailed in table no. 2

Table 2: Summary of compensation of each executive corporate officer

Executive corporate officer	2016 financial year		2017 financial year	
	Amounts payable ^(*) (euros)	Amounts paid (euros)	Amounts payable ^(*) (euros)	Amounts paid (euros)
Laurence Mulliez – Chairman of the Board of Directors				
Fixed compensation (1)	80,000	80,000		80,000
Annual variable compensation	-	-		
Multi-year variable compensation	-	-		
Exceptional compensation	-	-		
Attendance fees	0	0		
Benefits in kind				
Sébastien Clerc – Chief Executive Officer				
Fixed compensation (2)	207,000	207,000	260,000	207,000
Annual variable compensation (3)	150,000	127,500	128,000	150,000
Multi-year variable compensation	-	-	-	
Exceptional compensation		-	-	
Attendance fees			-	
Benefits in kind (4)	12,051	12,051	12,051	12,051
Total in euros	449,051	426,551	400,051	449,051

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

(1) Laurence Mulliez receives fixed compensation of €80 thousand per year for her office of Chairwoman of the Board of Directors

(2) Sébastien Clerc receives fixed compensation of €260 thousand per year for his office of Chief Executive Officer.

(3) Sébastien Clerc's annual variable compensation can reach a maximum amount of €180 thousand for the 2017 financial year, per a decision of the Board of Directors of 31 March 2017. This variable compensation is conditional on the achievement of qualitative (success of the Brazilian subsidiary, optimisation of internal processes, team satisfaction, etc.) and quantitative objectives (launch of a number of MW in construction or commissioning, optimisation of the operating margins, etc.) that are annually predetermined by the Board of Directors of the Company. It is paid on or before 30 April of the following year. The achievement of the 2017 objectives was confirmed by the Board of Directors on 28 March 2018.

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

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

Corporate officers	2016 financial year		2017 financial year	
	Amounts payable *	Amounts paid *	Amounts payable *	Amounts paid *
	(euros)	(euros)	(euros)	(euros)
André-Paul Leclercq - Director				
Attendance fees	15,875	7,650	26,563	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
Creadev - Director				
Attendance fees	-	-	-	-
Other compensation	-	-	-	-
Solène Guéré (3) - Director				
Attendance fees	NA	NA	2,650	NA
Other compensation	NA	NA	-	NA
Total in euros	115,875	89,650	109,213	95,875

Attendance fees payable for year N are paid in year N+1.

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

(2) Philippe Joubert also 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 4.9 of the Registration Document).

(3) Solène Guéré was appointed director of the Company on 1 June 2017.

Table 4: BSPCE warrants, stock warrants (BSAs) and stock options allocated to each executive corporate officer by the Company during the financial years ended 31 December 2016 and 2017
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 2016 and 2017
None.

Table 6: Free shares allocated to each corporate officer during the financial year
None.

Table 7: Free shares allocated to each corporate officer, now vested
None.

ii. Commitments in terms of post-employment 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.

iii. Advances, credits and commitments undertaken for the corporate officers

None.

6.5. STATUTORY AUDITORS' REPORTS ON THE PARENT COMPANY FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Voltalia Statutory auditors' report on the financial statements

For the year ended 31 December 2018

To the annual general meeting of Voltalia Company,

Opinion

In compliance with the engagement entrusted to us by your company's general meeting, we have audited the accompanying annual financial statements of Voltalia for the financial year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2017, and of the results of its operations for the year then ended, in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditor's Responsibilities for the audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2017 to the date of our report specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Observation

We draw your attention to the company's accounting policy note i) on "Changes in accounting policy" describing the change in accounting policy induced by the first-time application of ANC regulation 2015-05 on the subject of forward financial instruments and hedging. Our opinion is not modified in respect of this matter

Justification of our assessments – Key audit points

In accordance with the requirements of articles L823-9 and R823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit points relating to the risks of material misstatements that, in our professional judgement, have presented the greatest significance for the audit of the accompanying annual financial statements, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Investments in subsidiaries and associated receivables

Key audit point

As at December 31, 2017 Voltalia SA's investments in subsidiaries had a carrying amount of €266,066 thousand (2016: €190,773 thousand) and the associated receivables, a carrying amount of €66,321 thousand (2016: €34,110 thousand). In aggregate, they thus represented 75% of Voltalia S.A.'s total assets.

The company's investments in subsidiaries are recognised for a gross amount reflecting their cost of acquisition net of transaction costs; impairment is subsequently charged with any excess of their carrying amount over value in use (cf. accounting rules and methods note vi) on "Equity investments and other financial assets").

Value in use is estimated by management, depending on the subsidiary's nature and position, on the basis of the company's share of the subsidiary's net assets or on a discounted cash flow basis reflecting the company's historical, current and future market conditions as per its historical data and strategic forecasts.

The valuation of the company's investments in subsidiaries and associated receivables is regarded as a key audit point given their balance sheet materiality and the degree of judgement required to be exercised by management when assessing subsidiaries' outlook in terms of profitability.

Our audit response

Our procedures involved:

- Comparing the data used for the company's impairment testing of investments in subsidiaries with the entities' source data and with the results of our audit or analytical procedures for those subsidiaries. In particular, we:
 - Compared the carrying amounts of investments in subsidiaries with the entities' net assets;
 - Reviewed the valuation of the assets held by Voltalia SA relating to those companies;
 - Assessed the coherency of management's cash flow forecasts for those companies;
- Assessing the recoverability of the receivables associated with the investments in subsidiaries in terms of the overall analysis of the applicable investments;
- Assessing the coherency of the economic assumptions retained at the reporting dates;
- Assessing the appropriateness of the additional disclosures on investments in subsidiaries and associated receivables included in the notes to the company's annual financial statements.

Inventories and work in progress

Key audit point

As at December 31, 2017 Voltalia SA's inventories and work in progress had a carrying amount of €14,480 thousand (2016: €10,310 thousand). Production work in progress represented the costs capitalised for generation plants under development, assuming compliance with the exhaustive list of criteria for capitalisation described in accounting policy note vii) on "Inventories and work in progress".

The recoverable amount of a development project is defined as the higher of the asset's market value and value in use. Value in use is based on discounted cash flow analysis of the project's future operating cash flows and implies the significant exercise of judgement by management in respect of items such as climatic conditions, inflation and the operating and investment costs for the development projects concerned.

We considered the valuation of inventories and work in progress as a key audit point given the complexity of the economic models applied for the valuation of power plants under development and their sensitivity to the underlying data and assumptions retained by management.

Our audit response

We assessed the company's criteria for capitalisation of development costs by interviewing management, by comparison with supporting documentation and by review of profitability forecasts for various projects.

We verified the bases of determination and consistency of the calculation of internal unit costs.

We verified, on a sample basis, the reality and completeness of the recording of internal costs (including the file of internal time spent on each project) and external costs (commitments towards third party suppliers or service providers).

We had recourse to our specialists to assess the discount rates retained by management.

We assessed the appropriateness of the additional disclosures relating to production work in progress presented in the notes to the company's annual financial statements.

Foreign exchange risk associated with the financing of projects under development and power plants under construction

Key audit point

Voltalia, as the parent company, organises finance for the development and construction of power plants pending the implementation of local bank finance.

The requisite long or short-term finance may use Voltalia SA's available cash resources or take the form of foreign currency borrowing by Voltalia SA exposing the company to foreign exchange risk. As at December 31, 2017 loans and receivables associated with Voltalia SA's investments in foreign subsidiaries amounted to €31,596 thousand.

To limit foreign exchange risk, the Group may have recourse to hedging involving the use of derivative financial instruments (cf. accounting rules and methods note xii) on "Foreign currency transactions").

Given the materiality of the transactions involved, local circumstances and the time required to obtain funds in Brazil, we considered the foreign exchange risk associated with the financing of projects under development and power plants under construction as a key audit point.

Our audit response

Our audit procedures consisted in particular, for the finance organised and any associated hedging, and with the aid of our specialists, in:

- Assessing the compliance of the finance organised with the Group's strategy and the regulatory requirements specific to each country;
- Examining the accounting treatment of the company's hedging transactions and the documentation of its hedging relationships.

Verification of the Management Report and Other Documents Provided to Shareholders

We have also performed, in accordance with professional standards applicable in France, the other specific verifications required by French law.

Information given in the management report and in the other documents provided to Shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to Shareholders with respect to the financial position and the financial statements.

Information relating to corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (code de commerce), we have verified their compliance with the source documents communicated to us. Based on our work, we have no observation to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Voltalia Company by the general meeting held on November 9, 2011 for Mazars and on June 13, 2014 for H3P Real Assets.

As at December 31, 2017, Mazars and H3P were in the seventh year and fourth year of total uninterrupted engagement, which are the fourth years for both firms since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines

is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors Responsibilities for the Audit of Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue

as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Levallois Perret and Paris La Défense, April 19, 2018

The statutory auditors

H 3 P R E A L A S S E T S

ERIC HINDERER

M A Z A R S

JULIETTE DECOUX

6.6. VOLTALIA SA SUPPLIER PAYMENT TERMS

The payment terms applying to the Company's trade payables and client receivables, as mentioned in Article D. 441-4 of the French Commercial Code are presented on the following page.

	Article D. 441 I. -1 of the French Commercial Code. Invoices received but not paid at the balance sheet date of the financial year in which the payment term expires						Article D. 441 I. -2 of the French Commercial Code: Invoices billed but not paid at the balance sheet date of the financial year in which the payment term expires					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and more)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and more)
(A) Late payment tranche												
Number of invoices concerned	-					533	-					37
Total amount of invoices concerned (including VAT)	-	2,313,473	79,247	112,463	68,867	2,574,050	-	2,792,584	450,088	335,035	4,157,443	7,735,151
Percentage of total amount of 2017 purchases (including VAT)	-	7.7%	0.3%	0.4%	0.2%	8.6%						
Percentage of 2017 sales (including VAT) billed							-	9.3%	1.5%	1.1%	13.9%	25.9%
(B) Invoices excluded from (A) relative to contentious payables and receivables or which have not been recorded.												
Number of invoices excluded	None						None					
Total amount of invoices excluded (including VAT)	None						None					
(C) Reference payment terms used (contractual or legal payment terms – Articles L. 441-6 and L. 443-1 of the French Commercial Code)												
Terms of payment used to calculate payment delay	- Contractual payment terms: 30 days - Legal payment terms: 30 days						- Contractual payment terms: 30 days - Legal payment terms: 30 days					

6.7. DIVIDEND DISTRIBUTION POLICY

Voltalia plans to implement a distribution policy in line with its growth trajectory, financial profile and outlook.

After having envisaged distributing a dividend in respect of the 2017 financial year in 2018, Voltalia decided to delay this payment, given the one-year shift in the Group's objectives (see Section 5.14 *Earnings forecasts and estimates* of the Registration Document).

The Company has not distributed any dividends in the past three years.

6.8. RESULTS OF THE LAST FIVE FINANCIAL YEARS

In euros	As of December 31, 2016	As of December 31, 2015	As of December 31, 2014	As of December 31, 2013	As of December 31, 2012
Financial position at year end					
Share capital	278,976,086	149,405,909	139,106,659	72,760,537	72,760,537
Number of shares issued	48,949,313	26,211,563	24,404,677	127,650,065	127,650,065
Total income from current operations					
Revenue excl. taxes	2,745,888	1,195,429	1,968,209	6,495,416	3,600,003
Earnings before taxes, depreciation and provisions	3,401,719	40,799	(2,264,523)	(2,369,043)	(3,146,324)
Income taxes	-	-	-	-	-
Earnings after taxes, depreciation and provisions	3,502,850	(749,639)	(2,758,008)	(2,878,327)	(11,855,389)
Amount of profits distributed	-	-	-	-	-
Earnings per share					
Earnings before taxes, depreciation and provisions	0.07	0.00	(0.09)	(0.02)	(0.02)
Earnings after taxes, depreciation and provisions	0.07	(0.03)	(0.11)	(0.02)	(0.09)
Dividends paid per share	-	-	-	-	-
Personnel					
Number of employees	58	47	34	27	26
Total payroll	4,414,210	3,431,389	2,321,007	2,295,623	1,953,903
Amount paid in employee benefits	1,942,578	1,525,503	1,060,905	977,519	787,722

7. INFORMATION ON THE COMPANY AND THE CAPITAL

7.1. SHARE CAPITAL

At 31 December 2017, the capital of the Company totalled €279,011,084.10 divided into 48,949,313 shares with a nominal value of €5.70 each, fully paid.

7.2. MAJOR SHAREHOLDERS

The table below shows the shareholding structure of the Company as of 31 March 2018:

Shareholder	Number of shares	% of capital	Number of theoretical voting rights ⁽¹⁾	% of theoretical voting rights	Number of voting rights exercisable at the General Meeting ⁽²⁾	% of voting rights exercisable at the General Meeting
Voltalia Investissement	35,477,389	72.48%	57,815,377	81.04%	57,200,222	80.91%
Subtotal other shareholders holding more than 5% of the capital	-	-	-	-	-	-
Treasury shares	28,480	0.06%	28,480	0.04%	-	-
Free float	13,443,444	27.46%	13,497,576	18.93%	13,497,576	19.09%
Total	48,949,313	100%	71,341,433	100%	70,697,798	100%

(1) A double voting right is granted to all fully-paid shares which can be demonstrated to have been registered in the name of the same shareholder for at least two consecutive years.

(2) Number of theoretical voting rights, less the voting rights attached to the 28,480 treasury shares held under the terms of a liquidity contract.

To the best knowledge of the Company, there is no action in concert between shareholders.

To the best knowledge of the Company, no other shareholder, directly or indirectly, alone or in concert, holds more than 5% of the share capital and voting rights.

Furthermore, as of 31 December 2017, three corporate officers directly hold shares of the Company (see Section 4.4.2 the Registration Document).

7.3. SHARE CAPITAL HISTORY

The Company was registered with the Trade and Companies Registry on 28 November 2005, with an initial share capital of €37,000.

At the date of the Registration Document the share capital of the Company totals €279,011,084.10, composed of 48,949,313 shares with a par value of €5.70 each.

The following table presents a summary of the change in the share capital over the last three financial years:

Date	Type of transaction	Amount of share capital increase	Amount of increase in issue premium	Number of shares issued	Number of shares comprising the share capital	Nominal value	Share capital
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	€129,524,577.0	€39,993,553.6	22,723,610	48,943,173	€5.70	€278,976,086.10
02/02/2018 ⁽¹⁾	Capital increase by exercise of stock options	€34,998	€16,455.20	6,140	48,949,313	€5.70	€279,011,084.10

(1) The €34,998 capital increase was recorded before 31/12/2017 and recognised at the meeting of the Board of Directors of 2 February 2018.

Change in shareholder structure and voting rights over the last three financial years

The following tables show the change in the share capital and voting rights of the Company for the last three fiscal years:

Changes in shareholder structure

Shareholder	31/12/2015	31/12/2016	31/12/2017
Voltalia Investissement (1)	85.22%	70.49%	72.48%
Korys Investment (2)	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	6.79%	24.46%	27.52%
Total	100%	100%	100%

(1) Voltalia Investissement, a company governed under French law, is owned by investment holding companies controlled by the Mulliez family.

(2) Korys Investments (formerly DHAM), a Belgian company, is controlled by the investment company Korys NV.

Changes in the distribution of voting rights

Shareholder	31/12/2015	31/12/2016	31/12/2017
Voltalia Investissement	89.77%	79.32%	79.43%
Korys Investment	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	4.73%	16.75%	20.57%
Total	100%	100%	100%

During the fiscal year ended 31 December 2017, the Company received the following notifications regarding the crossing of thresholds:

- Korys Investments NV indicated that it had crossed upward the 5% threshold of voting rights of the Company on 22 January 2017; and
- Korys Investments NV indicated that on 17 November 2017 it had crossed downward the 5% threshold of capital and voting rights of the Company.

The Company has received no further notifications of the crossing of thresholds from 31 December 2017 until the date of this Registration Document.

7.4. MAJOR SHAREHOLDERS NOT REPRESENTED ON THE BOARD OF DIRECTORS

At the date of the Registration Document the company Voltalia Investissement held more than 5% of the capital of the Company and was not represented on the Board of Directors, it being specified, however, that the company Creadev, a director, controls Voltalia Investissement.

7.5. CONTROL OF THE COMPANY

As of 31 December 2017, Voltalia Investissement (a French *société anonyme* 98.44% owned by investment holding companies of the Mulliez family and 0.85% owned by Robert Dardanne) held 72.48% of the share capital and 79.43% of the voting rights of the Company.

Changes in the shareholder structure of Voltalia Investissement

Shareholder	31/12/2015	31/12/2016	31/12/2017
Creadev SA	98.03%	98.64%	98.44%
Subtotal Mulliez Family	98.03%	98.64%	98.44%
Robert Dardanne	1.27%	0.88%	0.85%
SOPARVOLTALIA	0.7%	0.48%	0.47%
Sébastien Clerc	-	-	0.24%
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 two independent directors on the Board of Directors, one of whom is on the Audit Committee.

7.6. AGREEMENTS THAT COULD RESULT IN CHANGE OF CONTROL

To the best knowledge of the Company, there is no agreement whose implementation could result in a change of control of the Company or action in concert between the shareholders of the Company.

7.7. ELEMENTS POTENTIALLY IMPACTING A PUBLIC OFFER

7.7.1. Structure of the capital of the Company

See Section 0 of the Registration Document.

7.7.2. Statutory restrictions on the exercise of voting rights and transfers of shares or the clauses of agreements brought to the knowledge of the Company in application of Article L. 233-11 of the French Commercial Code

None.

7.7.3. Direct or indirect investments in the capital of the Company of which it has knowledge by virtue of Articles L. 233-7 and L. 233-12 of the French Commercial Code

See Sections 7.2 and 7.5 of the Registration Document.

7.7.4. List of holders of any security having special rights of control and a description of those rights

The Company has no knowledge of the existence of any special rights of control.

7.7.5. Mechanisms of control specified in an employee shareholder system, when the rights of control are not exercised by the employees

The Company has not put in place an employee shareholder system that could contain mechanisms of control when the rights of control are not exercised by the employees.

7.7.6. Agreements between shareholders of which the Company has knowledge that can lead to restrictions in the transfer of shares and exercise of voting rights

None.

7.7.7. Rules applicable to the appointment or replacement of the members of the Board of Directors as well as to the amendments of the Articles of Association

The rules applicable in this matter are statutory and legally compliant.

7.7.8. Powers of the Board of Directors, in particular concerning share issues or buybacks

The Combined General Meeting of the Company held on 1 June 2017, authorised the Board of Directors, for a term of 18 months starting from the General Meeting, to implement a share buyback programme on Company shares pursuant to Article L. 225-209 of the French Commercial Code and

in compliance with the General Regulation of the Financial Markets Authority (AMF) (see Section 7.4 of the Registration Document).

7.7.9. Agreements entered into by the Company that are amended or that end in the case of a change of control of the Company

The Group has taken out several finance contracts to finance its business. One of these has an early repayment clause in the event of a change in Company control.

7.7.10. Agreements specifying payments for the members of the Board of Directors or employees, if they resign or are laid off without real or serious cause, or if their employment ends due to a public offering

To the best of the Company's knowledge, there are no agreements stipulating indemnities for members of the Board of Directors or employees if they resign or are terminated without real or serious cause or their employment ends due to a takeover bid or public exchange offer.

7.8. NON-EQUITY SECURITIES

None.

7.9. ACQUISITION BY THE COMPANY OF ITS OWN SHARES

The Company's Combined General Meeting, held on 1 June 2017, 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.

Maximum number of shares that can be purchased: 10% of the share capital as of the share buyback date. Where shares are acquired in order to promote trading and liquidity, the number of shares taken into account for calculating the 10% limit shall correspond to the number of shares purchased minus the number of shares resold during the term of the authorisation.

Objectives of share 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 per share, excluding fees and commissions and any adjustments to take account of transactions concerning the capital.

It is stipulated that the number of shares acquired by the Company to be retained and subsequently delivered in payment or exchange in connection with a merger, demerger or contribution may not exceed 5% of the share capital.

Maximum amount of funds that may be allocated to purchase shares: €15 million.

Repurchased shares may be cancelled.

As part of the aforementioned share 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 2017, the share repurchase programme was exclusively used in the context of the liquidity contract signed with Invest Securities. On 31 December 2017, the following assets featured in the liquidity account:

- 28,639 Company shares (representing 0.06% of its share capital) with a nominal value of €5.70 per share and a total book value of €301,929.52 valued at the share purchase price; and
- €323,607.59.

These shares were purchased at an average price of €10.54. During the fiscal year ended 31 December 2017, 82,398 shares were purchased and 87,536 shares were sold under the terms of this liquidity contract. The average purchase price was €10.08 and the average sale price was €10.14. These shares were not reallocated for any other purposes.

The Company did not acquire any treasury shares outside the liquidity contract.

7.10. TRANSFERABLE SECURITIES GIVING THE RIGHT TO A SHARE IN THE CAPITAL

BSPCE warrants

	BSPCE April 2009	BSPCE August 2009
Date of General Meeting	2 April 2008	2 April 2008
Date of the Board of Directors' meeting	1 April 2009	3 August 2009
Maximum number of BSPCE warrants authorised	312,454	312,454
Total number of BSPCE warrants awarded	150,000	162,454
Number of Voltalia shares to which the BSPCE warrants were likely to give rights at the date of their allocation	150,000	162,454
<i>of which the total number of shares that may be subscribed by corporate officers</i>	0	0
Number of non-officer beneficiaries	2	18
Starting date of the BSPCE warrant exercise period	1 May 2009	(1)
BSPCE warrant expiration date	1 April 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 31 December 2017	42,105	-
Cumulative number of BSPCE warrants cancelled or lapsed at 31 December 2017		116,354
Remaining BSPCE warrants at 31 December 2017	107,895	46,100
Total maximum number of Voltalia shares that may be subscribed at 31 December 2017 (given the exercise conditions of the BSPCE warrants)	11,619 ⁽²⁾⁽³⁾	4,961 ⁽²⁾⁽³⁾
Total maximum number of shares that may be subscribed during the financial year for all outstanding BSPCE warrants at 31 December 2017 (that are assumed to meet all the conditions for the exercise of the said BSPCE warrants)	11,619 ⁽²⁾⁽³⁾	4,961 ⁽²⁾⁽³⁾

(5) 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.

(6) 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.

(7) 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.

(8) The BSPCE warrants in circulation on the date of the Registration Document are all exercisable. Their exercise is not conditional on any performance criteria.

Free share allocation

	Free share allocation 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	1,200,000
Total number of shares allocated	23,341 ⁽¹⁾	52,500
<i>of which the total number of shares granted to corporate officers</i>	0	0
Number of non-officer beneficiaries	3	7
Number of shares being vested	19,921 ⁽¹⁾	46,500
Vesting date	25 July 2018	31 July 2020
Vesting conditions	(2)	(2)
Number of shares vested at 31 December 2017		0
Number of shares cancelled or lapsed	3,419 ⁽¹⁾	6,000
Length of holding period	0	0

(3) 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.

(4) The shares will vest at the end of a four-year period.

Stock warrants allocated in connection with an equity financing facility

By decision dated 9 October 2015, the Board of Directors⁹⁴ 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:

⁹⁴ Making use of the authorisation granted by the nineteenth resolution adopted by the Combined General Meeting on 11 June 2015.

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 to which the stock warrants were likely to give rights at the date of their allocation	1,000,000
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 31 December 2017 ⁽²⁾	30,000
Number of Voltalia shares subscribed at 31 December 2017	30,000
Total number of stock warrants cancelled or lapsed	0
Remaining stock warrants at 31 December 2017	970,000
Total number of Voltalia shares that may be subscribed at 31 December 2017	970,000 ⁽³⁾

(4) Subject to the conditions defined by the parties being met, Kepler Chevreux undertook 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.

(5) Of which 22,000 stock warrants exercised between 3 November and 2 December 2015 and 8,000 stock warrants exercised on 2 August 2016.

(6) In compliance with their issue contract, the stock warrants were not subjected to an adjustment following the Company's November 2016 capital increase.

Stock options

	Stock options
Date of the General Meeting	11 June 2015
Date of the Board of Directors' meeting	6 August 2015
Maximum authorised number of shares that can be issued	800,000
Number of stock options allocated	201,204
Number of Voltalia shares to which the options were likely to give rights at the date of their allocation	216,811 ⁽¹⁾
<i>of which the total number that may be subscribed by corporate officers of the Company</i>	0
<i>of which the total number that may be subscribed by corporate officers of Group subsidiaries</i>	77,896 ⁽¹⁾
Number of non-officer beneficiaries	3
Starting date of option exercise period	7 August 2017
Stock option expiry date	7 August 2022
Single Voltalia share option price	€8.38 ⁽¹⁾
Conditions of exercise	(2)
Number of Voltalia shares subscribed at 31 December 2017	6,140
Cumulative number of options cancelled or lapsed at 31 December 2017	0
Outstanding stock options at 31 December 2017	210,671
Total maximum number of Voltalia shares that may be subscribed at 31 December 2017 (given the exercise conditions of the options)	210,671 ⁽¹⁾
Total maximum number of shares that may be subscribed during the financial year for all outstanding options at 31 December 2017 (that are assumed to meet all the conditions for the exercise of the said options)	210,671 ⁽¹⁾

(3) 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.

(4) Subscription of 6,140 shares by the exercise of share subscription options in 2017.

The exercise of stock options is subject to Group performance conditions and conditions of employment within the Group.

7.11. SUMMARY OF DILUTIVE INSTRUMENTS

On the date of the Registration Document, the total number of ordinary shares that may be created through the full exercise of all rights convertible into shares of the Company amounts to 1,257,672 shares, representing a maximum dilution of 2.57% based on the existing capital. The dilution of voting

rights itself stands at 1.76% on the basis of theoretical voting rights and at 1.78% on the basis of exercisable voting rights.

7.12. AUTHORISED CAPITAL

The issue resolutions approved by the General Meeting of 1 June 2017, ruling on an extraordinary basis, are summarised below:

Subject of the resolutions adopted by the General Meeting of the Company on 1 June 2017	Resolution number	Duration and expiration of the authorisation	Maximum nominal amount (in euros)	Date and conditions of use by the Board of Directors
Delegation of authority to be granted to the Board of Directors to increase the capital by issuing ordinary shares and/or any transferable securities, with preferential subscription rights of the shareholders	Twenty-sixth resolution	1 August 2019 (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 to immediately (or in the future) increase the capital by issuing ordinary shares and/or transferable securities, without preferential subscription rights of the shareholders by way of public offering	Twenty-seventh resolution	1 August 2019 (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 to increase the capital by issuing ordinary shares and/or transferable securities, without preferential subscription rights of the shareholders to be issued as part of an offering to qualified investors or a limited number of investors as described in part II of Article L. 411-2 of the French Monetary and Financial Code	Twenty-eighth resolution	1 August 2019 (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 for the purpose of increasing the share capital through the issue of ordinary shares or securities	Twenty-ninth resolution	1 December 2019 (18 months)	90,000,000 (1)	The Board of Directors did not make use of this delegation during

Subject of the resolutions adopted by the General Meeting of the Company on 1 June 2017	Resolution number	Duration and expiration of the authorisation	Maximum nominal amount (in euros)	Date and conditions of use by the Board of Directors
without preferential subscription rights for shareholders for the benefit of a class of persons within the framework of an equity financing facility				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	Thirty-first resolution	1 August 2019 (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	Thirty-second resolution	1 August 2019 (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 to increase the share capital by issuing ordinary shares and/or any transferable securities, up to a maximum of 10% of the capital, to remunerate in-kind contributions of equity securities or securities giving access to third-party capital outside of a public exchange offering	Thirty-third resolution	1 August 2019 (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	Thirty-fifth resolution	1 August 2019 (26 months)	1,000,000	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 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	Thirty-sixth resolution	1 December 2019 (18 months)	500,000 share subscription warrants giving rights to the issue 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 1 June 2017	Resolution number	Duration and expiration of the authorisation	Maximum nominal amount (in euros)	Date and conditions of use by the Board of Directors
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			nominal value of €5.70 each	
Delegation of authority granted to the Board of Directors to issue stock and/or redeemable equity warrants (BSAARs) or stock warrants (BSAs), without preferential subscription rights, in favour of the following class of beneficiaries: employees and corporate officers of the Company and its subsidiaries	Thirty-seventh resolution	1 December 2019 (18 months)	€2,850,000 corresponding to the issue of a maximum of 500,000 shares with a nominal value of €5.70 each	The Board of Directors did not make use of this delegation during the past fiscal year

- (1) The total maximum nominal amount of capital increases that may be carried out under the delegations conferred pursuant to the twenty-sixth, twenty-seventh, twenty-eighth, twenty-ninth, thirty-first, thirty-second and thirty-third resolutions adopted by the General Shareholders' Meeting of June 1, 2017 is set at €200,000,000, it being 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.

At the date of the Registration Document, the issue resolutions approved by the General Meeting of 12 May 2016, ruling on an extraordinary basis and still valid, are summarised below:

Subject of the resolutions adopted by the General Meeting of the Company on 12 May 2016	Resolution number	Duration and expiration of the authorisation	Maximum nominal amount (in euros)	Date and conditions of use by the Board of Directors
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	Duration and expiration of the authorisation	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 each(3)	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 each, up to a maximum of 10% of the share capital of the Company(3)	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)

- (3) The sum (i) of the shares that may be issued or acquired upon exercise of the options allocated under the twenty-third resolution above, and (ii) the free shares that may be allocated under the twenty-fourth resolution above, cannot exceed 1,500,000 shares with a par value of €5.70 per share, it being understood that to this ceiling will be added the additional amount of shares to be issued in order to maintain, in accordance with applicable contractual provisions, the rights of holders of securities and other rights giving entitlement to shares.

7.13. INFORMATION ON THE CAPITAL OF ANY MEMBER OF THE GROUP THAT IS SUBJECT TO AN OPTION OR A CONDITIONAL OR UNCONDITIONAL AGREEMENT SPECIFYING TO PLACE IT UNDER OPTION

To the best knowledge of the Company, there is no option to buy or sell or other commitments in favour of shareholders of the Company or made by them involving shares of the Company.

7.14. MEMORANDUM AND ARTICLES OF ASSOCIATION

7.14.1. Company purpose

In accordance with Article 3 of its Articles of Association, the purpose of the Company in France and all other countries is:

All operations relating to energy in the broadest sense and including, but without being limited to, the acquisition and sale and the promotion/construction/operation of wind farms, biomass plants, hydropower stations and any power plants that use renewable energies,

All transactions in the acquisition, sale and promotion/construction/operation of plants that process, treat, recover and dispose of waste, whether or not associated with the production of energy,

The production, trading or transactions of any kind relating to energy in the broadest sense of the term, to the treatment of waste and, more generally, all activities related to the environment,

All operations involving the study, design, development, construction, implementation and

execution, direct or indirect operation, maintenance and training, and all consulting services provided for third parties,

All transactions relating to acquiring direct or indirect interests in any form whatsoever in any French or foreign companies as well as the administration, management and development of such investments and related interventions,

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.

7.14.2. Provisions under the Articles of Association and other stipulations relating to members of administrative and management bodies

Board of Directors (Articles 11, 12 and 13 of the Articles of Association)

Composition

The Company is managed by a Board composed of natural or legal persons whose number is set within the limits of the law.

Any legal person shall, upon appointment, designate a natural person as permanent representative to the Board. The term of office of the permanent representative shall be the same as that of the legal person represented as director. Should the legal person dismiss its permanent representative, it must immediately provide a replacement. The same applies in the

event of the death or resignation of the permanent representative.

Directors are appointed for three-year terms. The term of a director shall end at the close of the Ordinary General Shareholders' Meeting called to approve the previous year's financial statements and held in the year during which the appointment expires.

Directors may be re-elected indefinitely; their appointment may be revoked at any time by the General Shareholders' Meeting.

In the event of a vacancy caused by the death or resignation of one or more directors, the Board of Directors may make appointments on a provisional basis between two General Meetings.

Appointments made by the Board of Directors under the previous paragraph are subject to approval by the next Ordinary General Meeting.

If such appointments are not approved, the deliberations and acts previously carried out by the Board shall nevertheless remain valid.

When the number of directors falls below the legal minimum, the remaining directors must immediately convene the Ordinary General Meeting in order to complement the number of directors.

Chairman

The Board of Directors shall elect from among its members a chairman, who must be a natural person. It determines his/her term of office, which may not exceed their term as director, and may revoke it at any time. The Board determines any compensation.

The Chairman organises and directs the work of the Board, on which he/she shall report to the General Meeting. He/she ensures the smooth functioning of the Company's management and

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.

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.

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.

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

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.

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.

to prove that the third party knew that the act exceeded the said purpose or could not have been unaware thereof given the circumstances; the mere publication of the Articles of Association is not sufficient to constitute such proof.

The Board of Directors shall undertake any controls and verifications that it considers appropriate.

In addition, the Board of Directors shall exercise the special powers conferred upon it by law.

Management (extracts from Article 14 of the Articles of Association)

Conditions of exercise

The Company shall be managed either under the authority of the Chairman of the Board of Directors or of another individual appointed by the Board of Directors and having the title of Chief Executive Officer.

The CEO may not be more than 70 years of age. If the CEO reaches this age limit, he/she will be deemed to have resigned. However, his/her term of office shall extend to the next meeting of the Board of Directors, during which the new CEO will be appointed.

When the CEO is also a director, his/her term of office may not exceed their term as director.

The Board of Directors may dismiss the CEO at any time. The CEO may be entitled to damages if he/she is dismissed without just cause, except when the CEO assumes the functions of Chairman of the Board of Directors.

On deliberation by a majority vote of the directors present or represented, the Board of

Directors chooses between the two methods of exercising general management. Shareholders and third parties shall be notified of the Board's decision in accordance with the applicable statutory and regulatory conditions.

The choice of the Board of Directors remains in force until otherwise determined by the Board or, at the option of the Board, for the term of office of the CEO.

If the general management of the Company is assumed by the Chairman of the Board of Directors, the provisions applicable to the CEO shall apply to the Chairman.

Pursuant to the provisions of Article 706-43 of the French Code of Criminal Procedure, the CEO may validly delegate to any person of their choice the power to represent the Company in the context of any criminal proceedings that may be instigated against it.

Powers of the Chief Executive Officer

The Chief Executive Officer is vested with the broadest powers to act in the Company's name in all circumstances. The CEO exercises these powers within the limits of the corporate purpose and to the exclusion of those matters which are expressly reserved by law to the shareholders at Shareholders' Meetings or to the Board of Directors.

The CEO shall represent the Company in its dealings with third parties. The Company is bound by acts undertaken by the CEO that fall

outside of the corporate purpose, unless it proves that the third party knew that the act went beyond this purpose or could not have been unaware thereof given the circumstances; the mere publication of the Articles of Association are not sufficient to constitute such proof.

On the date of the Registration Document, Sébastien Clerc is the Company's CEO as a result of the renewal of his term of office by the Board of Directors of 12 May 2016.

Deputy Chief Executive Officers (extracts of Article 14 of the Articles of Association)

On the proposal of the CEO, the Board of Directors may appoint one or more natural persons to assist the CEO as Deputy CEO.

In agreement with the CEO, the Board of Directors determines the extent and duration of the powers delegated to any Deputy CEO. The

Board of Directors shall determine any compensation of the Deputy CEOs. When a deputy CEO is also a director, their term of office may not exceed their term as a director.

With respect to third parties, Deputy CEOs shall have the same powers as the CEO; Deputy

CEOs may notably be a party to legal proceedings.

There may be no more than five Deputy CEOs.

The Deputy CEO(s) may be dismissed at any time by the Board of Directors, at the proposal of the CEO. A Deputy CEO may be entitled to damages if he/she is dismissed without just cause.

A Deputy CEO may not be more than 70 years of age. If an active Deputy CEO reaches this age

limit, he/she will be deemed to have resigned. However, their term of office shall extend to the next meeting of the Board of Directors, during which a new Deputy CEO may be appointed.

If the CEO ceases or is unable to perform his/her duties, the Deputy CEOs will retain their functions and powers until the nomination of the new CEO, unless the Board of Directors decides otherwise.

As of the date of the Registration Document, the Company does not have any Deputy CEOs.

7.14.3. Rights, privileges and restrictions attached to shares of the Company

Voting rights

Subject to applicable legal and regulatory provisions, and except for the double voting rights provided for in Article 9 of the Company's Articles of Association, the right to vote attached to the shares is proportional to the amount of capital they represent, and each share is entitled to at least one vote.

Double voting rights were established by decision of the Extraordinary General Meeting of 20 February 2006. Article 9 of the Articles of Association provides for double voting rights compared to those conferred on other shares, taking into consideration the proportion of share capital they represent, to be granted to all fully-paid shares which can be demonstrated to have been registered for at least two consecutive years to the same shareholder.

In the event of a capital increase by capitalisation of reserves, earnings or issue premiums, this right is also conferred on issue to registered shares allocated to a shareholder who already holds the said right in respect of existing shares.

The shares are stripped of their double voting rights if they are converted into bearer shares or transferred, except in the case of the transfer between registered shareholders as part of an inheritance, family gift or liquidation of community property between spouses.

Finally, double voting rights may also be removed by a decision of the Extraordinary General Meeting after ratification by a Special Shareholders' Meeting of beneficiaries benefiting from double voting rights.

Rights to dividends and profits

Each share confers rights to a share in the ownership of the Company's assets and to a share in the profits. This share is in proportion to the number of shares in existence, taking into account the nominal value of the shares.

Period of limitation for dividends

Dividends not claimed within five years from the date of payment will be forfeited to the State (Article L. 1126-1 of the French General Code on the Property of Public Entities).

Right to liquidation proceeds

Each share confers rights to a share in the liquidation proceeds. This share is in proportion to the number of shares in existence, taking into account the nominal value of the shares and rights to shares in different classes.

Preferential subscription right

Shares of the Company all have a preferential right to subscribe to capital increases.

Limitation of voting rights

None.

Identifiable bearer shares

Shareholders may choose to hold their shares in registered or bearer form. When shares are in registered form, an entry is made in an individual account under the conditions and in the manner prescribed by the laws and regulations in force.

Under the conditions prescribed by applicable laws and regulations, at any time the Company

may, at its own expense, request the central depository responsible for maintaining its securities issue account to provide information relating to shareholders with immediate or future voting rights at General Meetings and the number of shares held by each of them and, if applicable, any restrictions applicable to such securities.

Repurchase by the Company of its own shares

See Section 7.3 of the Registration Document.

7.14.4. Changes to the rights of shareholders

Shareholder rights as set out in the Articles of Association of the Company may be amended only by the Extraordinary General Meeting of shareholders of the Company.

7.14.5. General Meetings

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

General Meetings, whether ordinary, extraordinary or special depending on the purpose of the proposed resolutions, may also be held at any time of year.

General Meetings are convened under the formal requirements and time limits established by law.

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

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

Regardless of the number of shares they hold, all shareholders may attend General Meetings in person or via a representative by issuing a proxy

to another shareholder or their spouse, or to the Company without stipulating the direction of their vote, or by postal vote according to the legal and regulatory conditions in force.

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

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

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

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

7.14.6. Provisions for delaying, deferring or preventing a change in control

The Articles of Association of the Company do not contain any provisions for delaying, deferring or preventing a change in control.

7.14.7. Specific provisions governing changes in share capital

There is no particular stipulation in the Articles of Association of the Company governing changes to its share capital.

7.15. VOTING RIGHTS OF THE MAJOR SHAREHOLDERS

See Section 7.14.3 of the Registration Document.

7.16. STATEMENT OF PLEDGES OF COMPANY SHARES

None.

7.21 SHARE DISPOSALS (ARTICLE R. 233-19 AL. 2)

There has not been any disposal of shares made by a company in application of Articles L. 233-29 and L. 233-30 in the financial year.

7.17. INTRA-GROUP TRANSACTIONS

Intra-group transactions are described in Section 7.22 of the Registration Document. The Statutory Auditors' report on regulated agreements is available in section 4.13 of the Registration Document.

7.18. RELATED-PARTY TRANSACTIONS

Related-party transactions are described in note xvii of the Notes to the consolidated financial statements for the year ended December 31, 2017, contained in Section 6.2 of the Registration Document.

The current related-party agreements are referred to in the special reports by the Statutory Auditor, presented below.

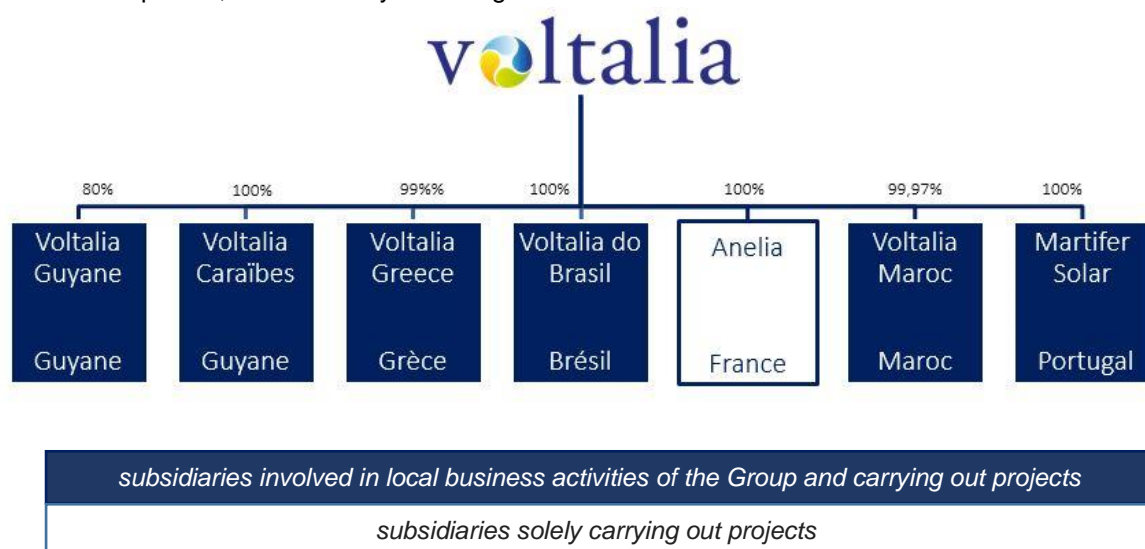
Furthermore, pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code, it is specified that no agreement has been concluded between a subsidiary of the Company and a manager or major shareholder thereof during the year ended 31 December 2016.

Since the issue of the special report of the Statutory Auditor for fiscal year 2017, no new related-party agreements have been submitted to the Board of Directors for approval.

The Statutory Auditors' special reports on regulated agreements and commitments prepared in respect of the financial years ended December 31, 2016 and 2017 can be found in Section 4.13 of the Registration Document.

7.19. LEGAL STRUCTURE

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



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

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

The balance 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.

At 31 December 2017, Voltalia held direct and indirect investments in 182 companies, including 162 that are consolidated and presented below. The consolidated companies are mainly project / development companies and operating companies.

	Total	Europe	Americas	Asia and Africa
Legal entities dedicated to Engineering Procurement Construction (EPC) and O&M ("Operating") activities	20	9	5	6
Legal entities that are shareholders of vehicle companies ("Holding company")	27	8	16	3
Legal entities dedicated to development activities ("SPV DEV")	73	49	20	4
Legal entities dedicated to development of the energy sales activity ("SPV IPP")	42	20	22	

The operational organisation of the Group and the main cross-divisional functions are presented in Section 1.8 of the Registration Document.

7.22 INFORMATION ON HOLDINGS

Information on companies in which the Company holds a proportion of the capital likely to have a significant impact on the valuation of its assets, its financial position or its results is found in Chapters 7, 8 and 9 of the Registration Document as well as in Note v-e) of the Notes to the consolidated financial statements for the financial year ended 31 December 2017 contained in Section 6.2 of the Registration Document.

Overview of the Group's main companies

The entire scope of the Group's consolidated companies is available in Notes v and xviii to the Notes to the consolidated financial statements for the financial year ended 31 December 2017 found in Section 6.2 of the Registration Document.

7.22.1 SPVs

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

7.22.2 Other


As stated in Section 7.1 above, Valtalia 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 Valtalia, 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: held by Valtalia (50.2%) and Encalso (49.8%), a civil engineering company of the State of Sao Paulo, Holding Envolver holds 51% of the securities of subsidiaries in charge of construction (then of operations) of the Vamcruz wind farms; CHESF, another major player in the Brazilian electricity sector holding 49% of the Vamcruz subsidiaries;
- SMG Participacoes 1: owned by Valtalia and Valtalia 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 Valtalia 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.

7.23 MAIN INTRA-GROUP TRANSACTIONS

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



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.

8 PARTIES RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Sébastien Clerc, CEO of Voltalia S.A.

8.1 CERTIFICATION OF THE PERSON RESPONSIBLE

I declare that, having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its scope.

I declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and that they present a true and fair view of the assets, financial position and results of the Company and the consolidated group, and that the management report contained in the Registration Document accurately presents the changes in business, results and financial position of the Company and the consolidated group, as well as describes their principal risks and uncertainties.

I obtained a statement from the Statutory Auditors at the end of their engagement affirming that they had reviewed the entire Registration Document and examined the information about the financial position and the financial statements contained therein. This letter does not contain any comments.

Signed in Paris, on 23 April 2017
Sébastien Clerc
Chief Executive Officer

8.2 PARTY RESPONSIBLE FOR THE FINANCIAL INFORMATION

Marie-Odile LAVENANT
Chief Financial Officer
28, rue de Mogador
75009 Paris
Tel: +33 (0)1 44 63 14 40
Fax: +33 (0)1 44 63 14 50
invest@vitalia.com

8.3 PRIMARY AUDITORS

In compliance with resolution number 19 presented to the General Meeting of Shareholders on 1 June 2017, the Company proposed to shareholders to renew the appointment of Mazars for a term of six years. As the appointment of a Substitute Statutory Auditor is not required when the Primary Statutory Auditor is not a physical person or a legal entity represented by a physical person, the Company has chosen not to renew the term of office of David Chauchat at the same General Meeting.

Cabinet Mazars
Member of the Paris Auditors' Association
Tour Exaltis
61, rue Henri Regnault
92075 Paris La Défense Cedex
Represented by Mrs Juliette Decoux
Appointed by decision of the Ordinary Shareholders' Meeting of 9 November 2011 for a term of six financial years. Term renewed in 2016 and expiring at the close of the Ordinary Shareholders' Meeting held to approve the financial statements for the year ending 31 December 2022.

H3P REAL ASSETS
Immeuble Allure
101-109 rue Jean Jaurès
92300 Levallois Perret
Represented by Mr Eric Hinderer
Appointed by decision of the Ordinary Shareholders' Meeting of 13 June 2014 for a term of six financial years that will expire at the close of the Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending 31 December 2019.

8.4 SUBSTITUTE STATUTORY AUDITORS

Auditeurs & Conseils Associé
31 Rue Henri Rochefort – 75017 Paris
Represented by Mr Eric Chapus

Appointed by decision of the Ordinary Shareholders' Meeting of 13 June 2014 for a term of six financial years that will expire at the close of the Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending 31 December 2019.

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

8.5 INFORMATION ON THE STATUTORY AUDITORS THAT HAVE RESIGNED, WERE ELIMINATED OR WHOSE MANDATE WAS NOT RENEWED

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

The mandate of David Chauchat as Substitute Statutory Auditor ended after the General Meeting of June 1, 2017. The latter decided not to renew his mandate, as the appointment of a Substitute Statutory Auditor is not required when the Primary Auditor is not a physical person or a legal entity represented by a physical person.

8.6 CERTIFICATION OF THE FEES PAID TO THE STATUTORY AUDITORS

The table of fees of the Statutory Auditors of the Group is shown in Note ix of the Notes to the consolidated financial statements for the financial year ended 31 December 2017 contained in Section 6.2 of the Registration Document.

9 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.voltaia.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.

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11 APPENDICES

11.1 APPENDIX 1. METHODOLOGICAL NOTE ON THE REPORT ON THE ENVIRONMENTAL INFORMATION

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.

11.1.1 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 2017 such that it extended the scope of publication for social, societal and environmental information in comparison with FY 2016.

- Social information covers all of the new 2017 scope after the acquisition of Martifer Solar in 2016, with the exception of data on absenteeism, which concerns France, Brazil, Italy and Portugal.
- 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 31 December 2017.

11.1.2 METHODOLOGICAL LIMITATIONS AND CLARIFICATION

The methodologies used for certain social, environmental and societal indicators may have limits due to:

- variations in definitions between France and other countries. 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 workforce included in the published social indicators includes workers on permanent contracts (CDI), those on fixed-term contracts (CDD) and temporary workers. It excludes employees on replacement fixed-term contracts, on Overseas Volunteering Secondments (Volontariat International en Entreprise (VIE), professional training contracts, apprentices and interns. 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.

There has been a change in method since the 2016 report on average gross compensation.

The calculation is the following:

Workforce considered: only employees present at 31 December 2017 following the same methodology as for the real workforce (409 in 2016, 464 in 2017).

The gross monthly compensation is composed of the:

- 2017 basic reference salary: Hypothetical annual gross basic salary at 31 December 2017. The 13th or 14th bonus month of salary, seniority bonuses, etc. are included in the reference salary;
- N-1 bonus: Bonus paid in 2017 reflecting the 2016 performance.

The sum of the basic reference salary and the N-1 bonus is then converted into a monthly amount by dividing by 12.

The absenteeism rate was calculated by dividing the total number of hours of absence by the total number of theoretical hours ([number of days worked – leave days, RTT (work time reduction), RCR (compensatory rest)] * average number of hours worked per country * average workforce).

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 energy consumption, it should be noted that the scope has slightly changed since 2015: water and electricity consumption was calculated on a rolling 12-month basis from December 2014 to November 2015. From 2016, water and electricity consumption refer to the 2016 calendar year. Except for the Kourou plant, where it was calculated from October 2016 to November 2017.

In 2015, the Group performed a complete carbon assessment with the help of Carbone4, a specialised consulting firm. In 2016 and 2017, Voltalia updated its avoided carbon emissions using methodology adopted by Carbone4 and its real electricity generation data for the year concerned.

Geographical region: 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, Great Britain, Greece, Slovakia, Spain, Ukraine, and the United Kingdom;
- 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 counts, at 31 December 2017, four Classified Installations for the Protection of the Environment (ICPE) in France. These sites are included in the scope of Voltalia Group reports.

11.1.3 CONSOLIDATION AND INTERNAL CONTROL

The 2017 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.