

# 2018 Financial and CSR Report



**RATP  
GROUP**

Moving towards  
a better city

## **Attestation of the persons responsible for the annual report**

We, the undersigned, hereby attest that to the best of our knowledge the financial statements have been prepared in accordance with generally-accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of the company and of all consolidated companies, and that the management report attached presents a true and fair picture of the results and financial position of the consolidated companies and of all uncertainties facing them.

Paris, 29 March 2019

Chairwoman and CEO  
**Catherine Guillaud**

Chief Financial Officer  
**Jean-Yves Leclercq**



## Management report

Editorial 4

Profile 6

RATP Group organisation chart 14

Financial results 16

Extra-financial performance declaration 28

International control and risk management 69



## Consolidated financial statements

Statutory Auditors' report on the consolidated financial statements 96

Consolidated statements of comprehensive income 100

Consolidated balance sheets 102

Consolidated statements of cash flows 103

Consolidated statements of changes in equity 104

Notes to the consolidated financial statements 105



## Corporate governance report

The Board of Directors 89

Compensation of corporate officers 91

Diversity policy 91

Appendix – List of directors and their terms of office at 31 December 2018 91



## Financial statements

Statutory Auditors' report on the financial statements 156

EPIC balance sheet 159

EPIC income statement 160

Notes to the financial statements 161

# 2018 – a year of strong growth momentum and commitment to the territories served

**2018 was marked by an acceleration in the Group's development in Île-de-France, in France and internationally. Our strategy of profitable growth on the dynamic sustainable mobility and smart cities markets has proven to be the right one as seen in the on-going improvement in our economic and financial performance. The Group's consolidated turnover increased by 3.2% to €5,563 million.**

In this context, the company, together with Île-de-France Mobilités, continued to invest massively in upgrading and extending its Paris network by investing €1,579 million, of which €895 million came from equity.

RATP Dev continues on its dynamic growth path (+9.1%) and won new contracts in France, the United States and the Middle East.

RATP Capital Innovation continues to invest in new shared mobility solutions and smart cities, spending €12 million to acquire stakes in high-growth start-ups such as Cityscoot and Zenpark. Across the Group as a whole, business from subsidiaries now accounts for 21.8% of consolidated turnover, compared to 21.1% in 2017.

This strong economic and financial performance is of direct benefit to both territories and passengers in terms of the services on offer and the quality of such services.

**2018 also marked a turning point in terms of the Group's CSR commitments.**

Since 2014, the Group has taken the decisive step to integrate a report on its CSR actions into its annual financial report. In 2018, RATP Group's financial and CSR report included a non-financial performance declaration for the first time.



## Catherine Guillouard

RATP Group Chairwoman and Chief Executive Officer



Through these actions, we address the expectations of our various stakeholders – investors, customers, partners, employees – who are all increasingly vigilant as to our non-financial performance.

This commitment is essential. Indeed, we are convinced that our social, environmental and societal actions help create sustainable value in the territories we serve and as a result also contribute to the Group's economic performance.

This commitment is also what motivates and unites us all at RATP, driving us to work every day to innovate and seek out new sustainable mobility solutions.

In this, RATP Group's strategy is to achieve responsible growth that is consistent with its values in a context of deep transformation.

## RATP Group today

RATP Group is a historic leader in passenger transport, and a recognised pioneer of automated systems. Today, it is leading the way in new forms of mobility, harnessing its wide-ranging expertise to deliver flexible urban mobility solutions to exacting standards.

It works with territories to design made-to-measure solutions for passengers and residents, adopting an integrated approach all along the mobility chain and delivering innovative services and infrastructure to shape sustainable cities.

## Multimodal

**8** modes **4** partnerships



Metro



Urban and interurban buses



Autonomous vehicles



Tram



Rail



Scooter



Sightseeing



Demand-responsive transport



Carpooling



Maritime shuttles



Cable transport



Car sharing

### Strong values

People, commitment to the general interest, respect, professional approach to customer service and a real taste for challenge, all in a spirit of openness

### The Group's action principles

Respect for others, customer service, compliance with law rules and consideration for stakeholders

## Broad-based expertise

**63,000** employees

**6**

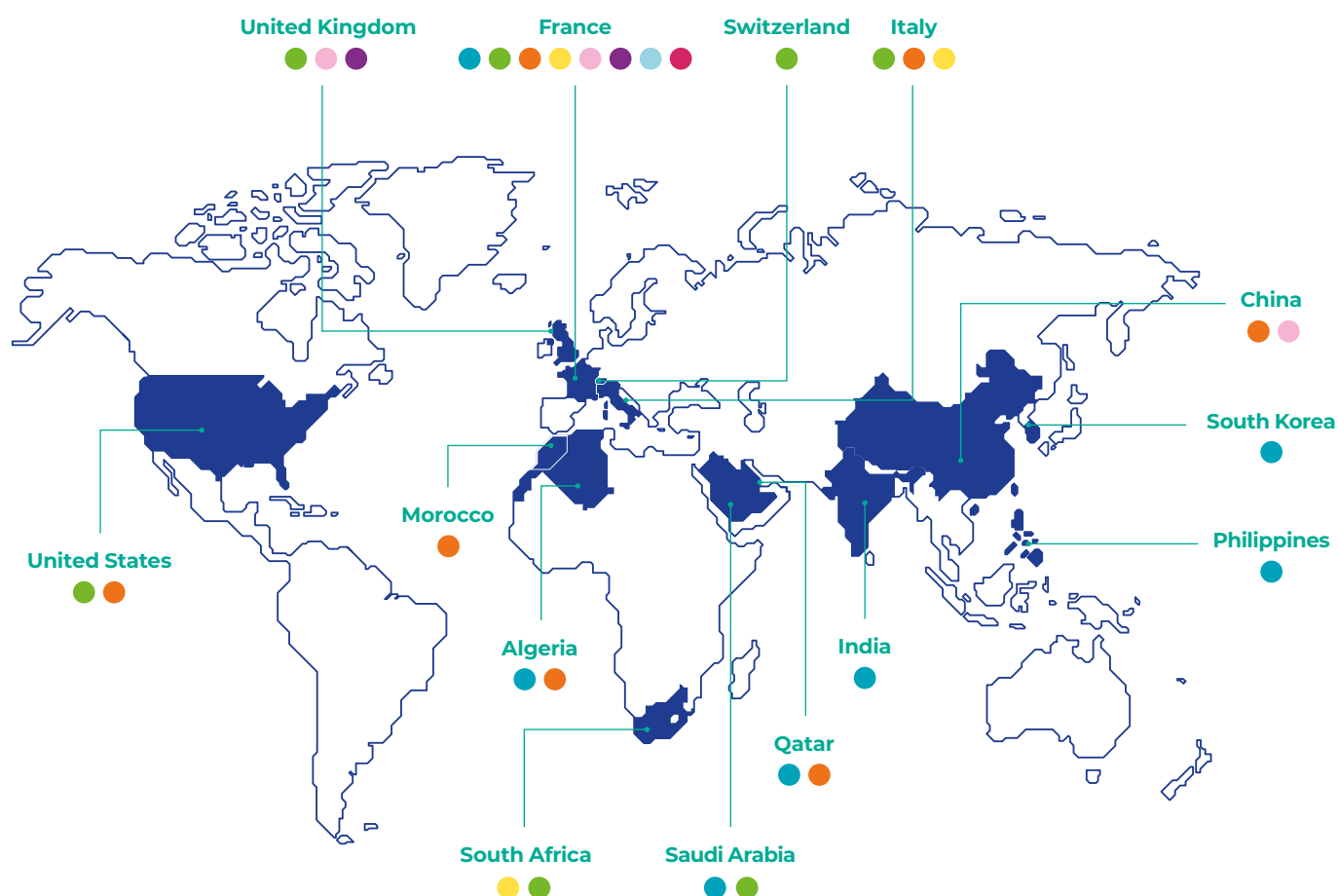
major areas of expertise to shape the city of the future

- urban mobility
- engineering
- urban services
- infrastructure management
- investment funds
- sponsorship

**16 million** journeys every day

**€5,563 million** turnover

**€1,004 million** cash flow



## Partner of cities around the world

We bring our multimodal expertise to cities of every shape and size – throughout France and around the world.

- Metro
- Urban and interurban buses
- Tram
- Rail
- Sightseeing
- Demand-responsive transport
- Maritime shuttles
- Cable transport



## Macro trends underpinning the Group's transformation

### Increasing urban development and the rise of megacities

According to the UN, the world's population is expected to reach 9.8 billion people in 2050, two-thirds of whom will live in urban areas. This will contribute to the creation of megacities, huge urban centres with over 10 million residents. Residents will need transport as urban congestion is already reaching record levels on all continents. The expected response to this is the development of public transport (therefore making it a high growth market), as well as the development of smart cities, a model that reflects the challenges of urban development with a view to creating a smart, sustainable city.

### Environmental awareness

Taking issues related to climate change, environmental protection and social and societal responsibility into account is a fundamental trend concerning private stakeholders,

states and local authorities alike. The transport sector has a significant responsibility for the increasing energy consumption in France, as well as greenhouse gas (GHG) emissions and pollution. Transport is the sector that emits the most greenhouse gas in France, representing over 30% of the country's total emissions. In this context, reducing energy consumption and greenhouse gas emissions is a key concern.

### New customer expectations and new usages

The collaborative economy is based on individuals sharing or exchanging goods (cars, for example), services (carpooling, etc.) or knowledge. This new economy is spreading across all business sectors, notably the transport sector. More generally, users are looking for a multimodal solution that is more flexible and better suited to their various expectations, including the development of digital technology use in particular.

### Increased and newly-formed competition

In Europe and worldwide, many international operators operate urban public transport networks and are competitors in transport markets. New players and new forms of competition are emerging: players in "new forms of mobility", car manufacturers (with the development of autonomous and/or shared vehicles), players in the digital economy (who already provide services in the mobility field).

### Digital revolution

The International Data Corporation (IDC) estimates that by 2020 each individual will produce 1.7 megabytes of data per second. A huge volume of information useful for facilitating traffic flow, optimising urban lighting and also better managing parking issues. In urban transport, the use of big data will lead to a true revolution, through the Internet of things, and the integration of artificial intelligence in service offers and the customer experience.

### Autonomous vehicles

Although there is a need for vigilance in terms of energy consumption and battery management, the benefits of the mobile revolution cannot be denied: fully-automated urban mobility, parking and congestion avoidance. These innovations, which will contribute to greater traffic fluidity, are already being used on existing services of which data is an essential part.



## The Group's strategy for sustainable mobility

The Group's ambition: "Be a world leader in urban, sustainable and connected mobility and become the privileged partner of smart cities."



### 4 levers

**Innovation and digital technology**

**HR policy and social dialogue**

**Financial performance**

**Governance**

#### Achieve operational excellence

To provide its customers with the highest levels of standards in terms of service, the Group strives to attain maximum performance in all its activities. Its aims are to develop a service-oriented culture, continue to maintain a high level of performance, enhance security on its networks and strengthen its position as creator and manager of infrastructures for the different regions.

#### Prepare for competition and develop business in France

The company is preparing itself and its employees for the opening-up to competition, with the aim of preparing for the first calls for tenders in Île-de-France and winning new contracts in France.

#### Become the privileged partner of smart, sustainable cities

To develop its commitment to new forms of mobility, the company relies on its performance in terms of CSR and proposes innovative solutions based on its data and digital assets as well as its industrial and real estate properties.

#### Pursue development in France and abroad

The Group is stepping up its development in order to become one of the world leaders in urban mobility in a durable manner, thanks to its traditional know-how, as well as that of its subsidiaries.

# The Group’s business model

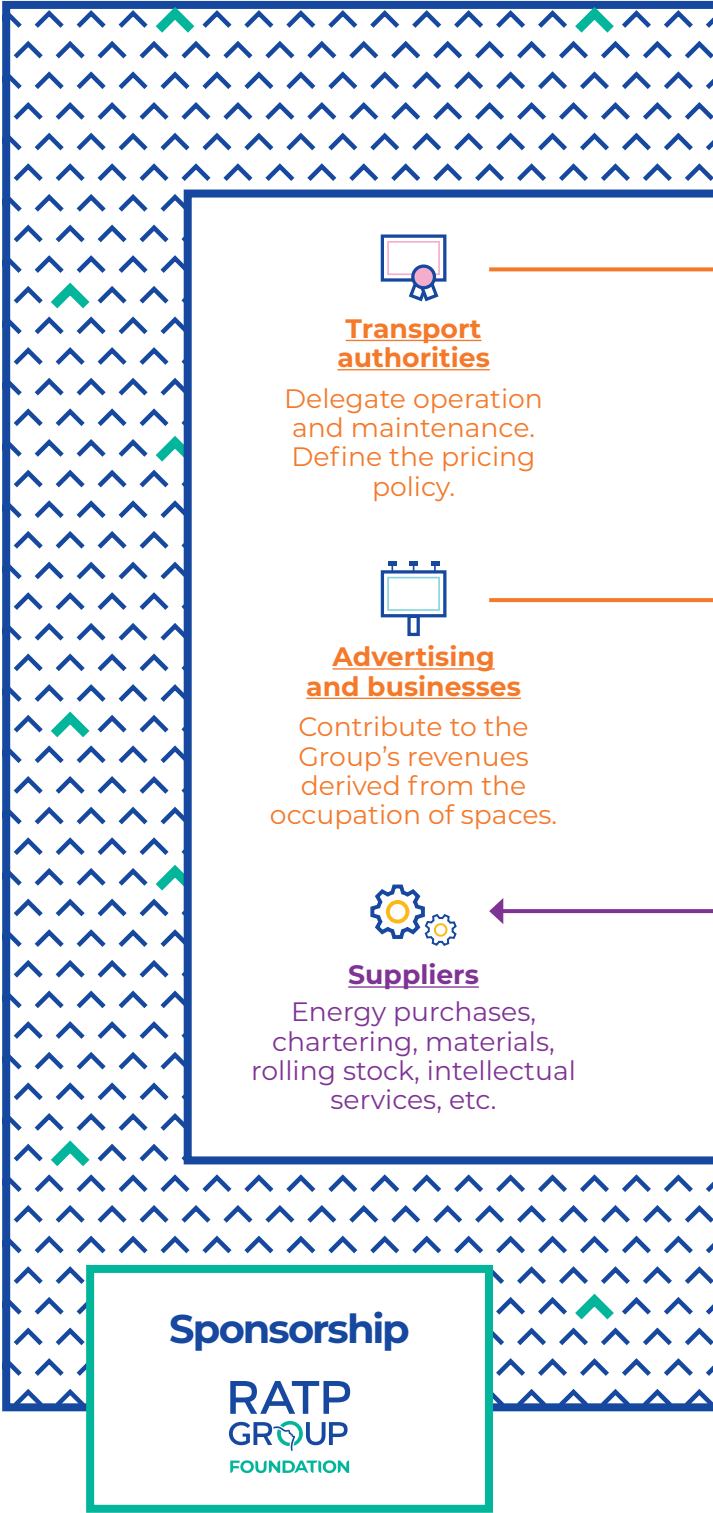
**RATP Group is much more than just a mobility operator. It is a major player in the transformation of sustainable, smart cities.**

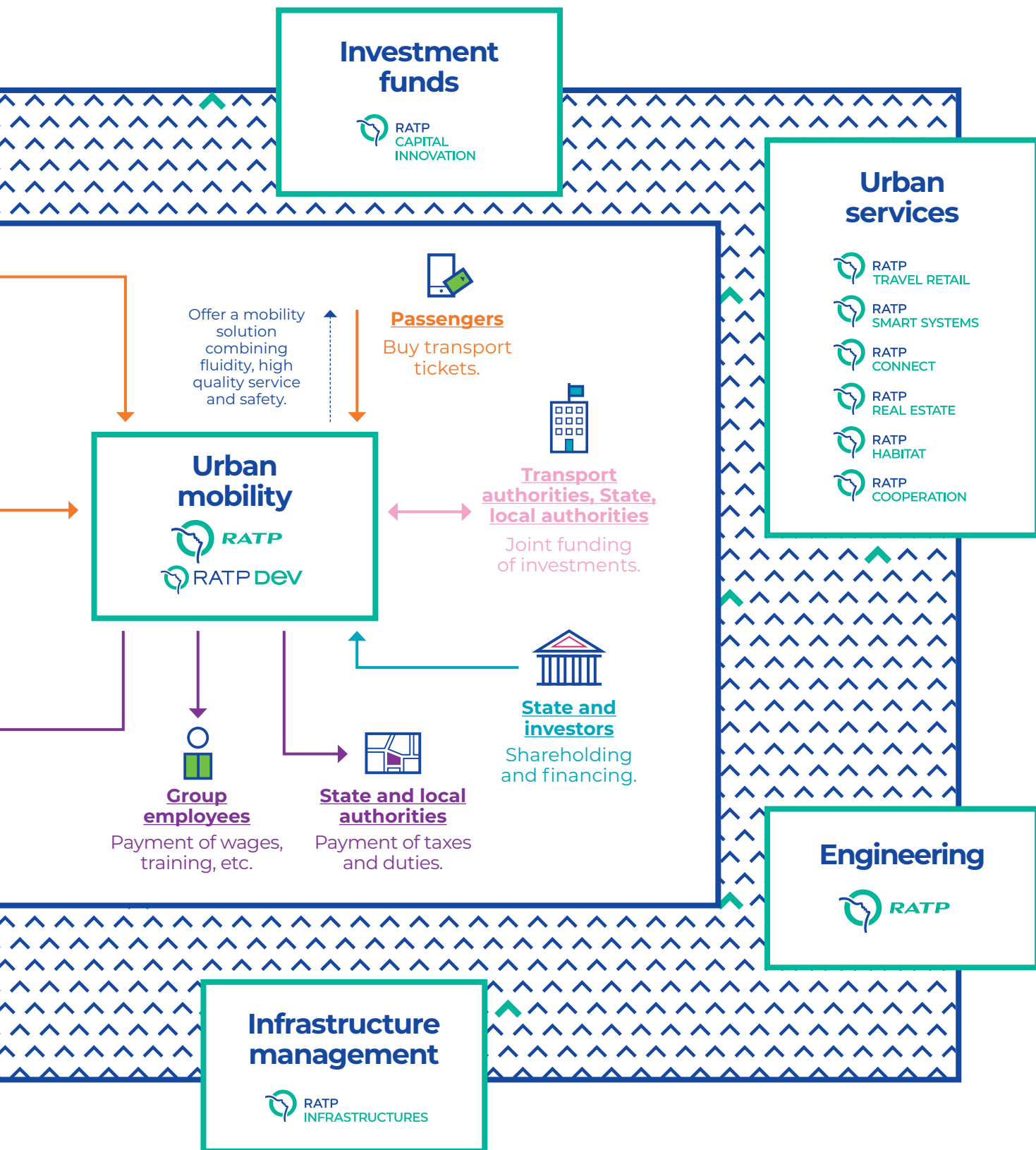
Every day, we provide 16 million journeys worldwide, undertake complex projects in dense environments, offer innovative urban services, manage commercial spaces, and turn our industrial heritage into real vibrant neighbourhoods while reducing our carbon footprint. Through all our businesses, we promote seamless, tailored mobility and thus contribute to more inclusive cities.

The diagram opposite shows our economic model, which interconnects our six areas of expertise for cities: urban mobility, infrastructure management, engineering, urban services, investment funds and sponsorship.

This model is based on the product-service system. Using these complementary skills, we seek to increase the benefits associated with the increasing use of public transport: easier mobility, opening up neighbourhoods for the benefit of residents, reducing congestion in cities and improving air quality. It is a global, simplified scheme, which varies according to the contractual terms and conditions of each transport network.

The diagram on the following pages details how we mobilise our resources to create value for cities and their residents.





## Our resources

### Human

Nearly  
**63,000** employees,  
**78%** in France  
and **22%** abroad

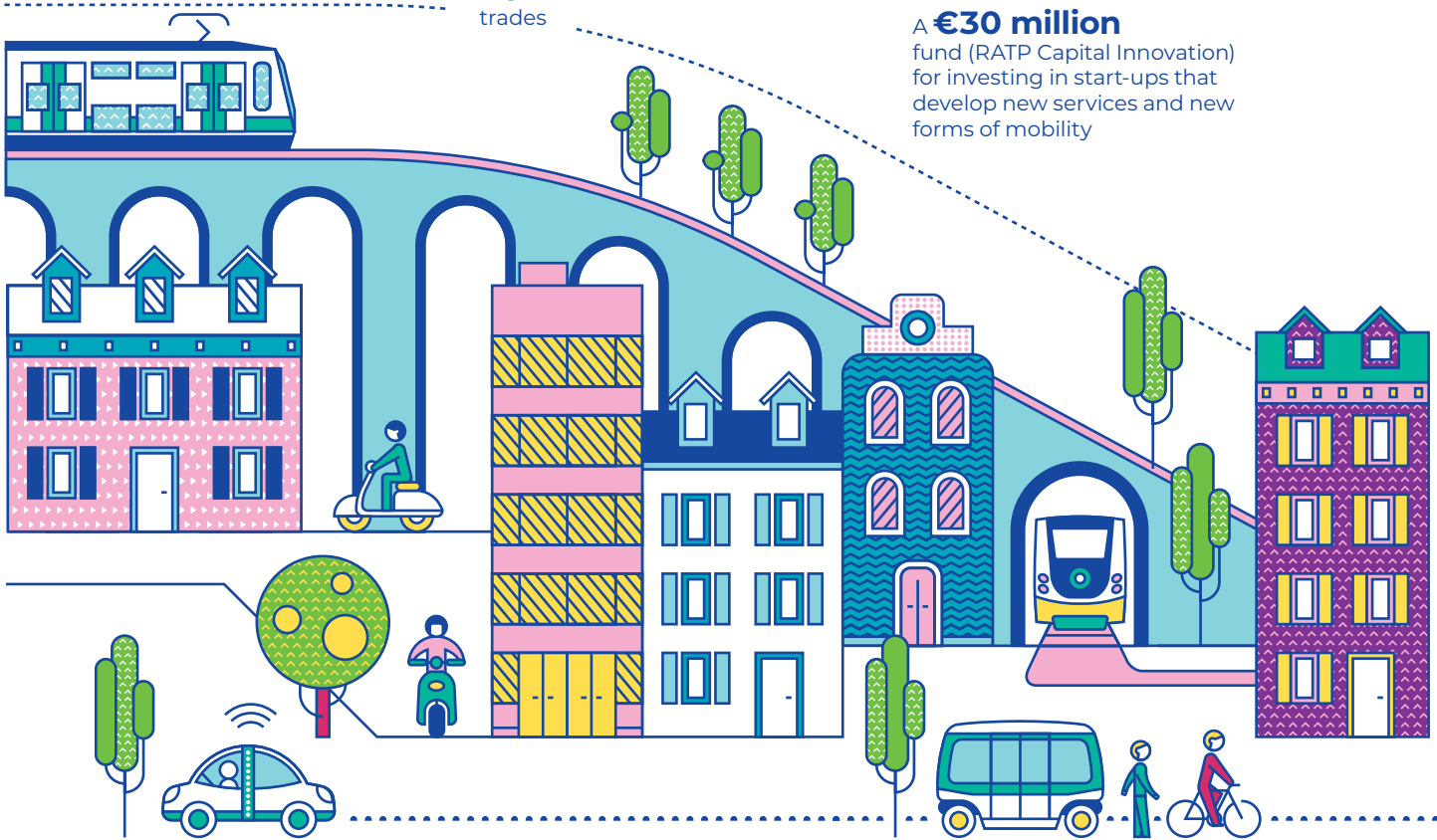
**234**  
trades

### Financial

**€5,563 million**  
consolidated turnover

**€1,004 million**  
consolidated cash flow

A **€30 million**  
fund (RATP Capital Innovation)  
for investing in start-ups that  
develop new services and new  
forms of mobility



## Our value creation for sustainable cities

### Put the individual back to centre stage

**368**  
metro and RER contact points<sup>(1)</sup>

**80.6%**  
customer satisfaction rate<sup>(1)</sup>

**100%**  
of the Paris bus network accessible  
to people with reduced mobility<sup>(1)</sup>

**97%**  
of RER stations accessible to people  
with reduced mobility<sup>(1)</sup>

**44,383**  
beneficiaries of RATP Group  
Foundation projects

### Limit the ecological impacts of urban life

**50**  
times less CO<sub>2</sub> emitted by metro/RER/tram  
than by car<sup>(1)</sup>

**100%**  
of RATP's activities ISO 50001  
(energy management) certified<sup>(1)</sup>

**89%**  
of RATP's industrial sites ISO 14001  
(environmental management) certified<sup>(1)</sup>

**2.6 million**  
journeys through new forms of mobility

Over **99%**  
of waste recycled in the Île-de-France region<sup>(4)</sup>

**2.1 ha**  
planted on RATP's real estate<sup>(4)</sup>

## Industrial<sup>(1)</sup>

**14**

metro lines, **8** tram lines,  
**2** RER lines and **350** bus lines

**24%**

of hybrid, electric or NGV buses  
in the Île-de-France region fleet

## Intellectual

**2.23 million**

hours of training provided  
per year<sup>(2)</sup>

**6.5%**

of the total payroll devoted  
to employee training<sup>(1)</sup>

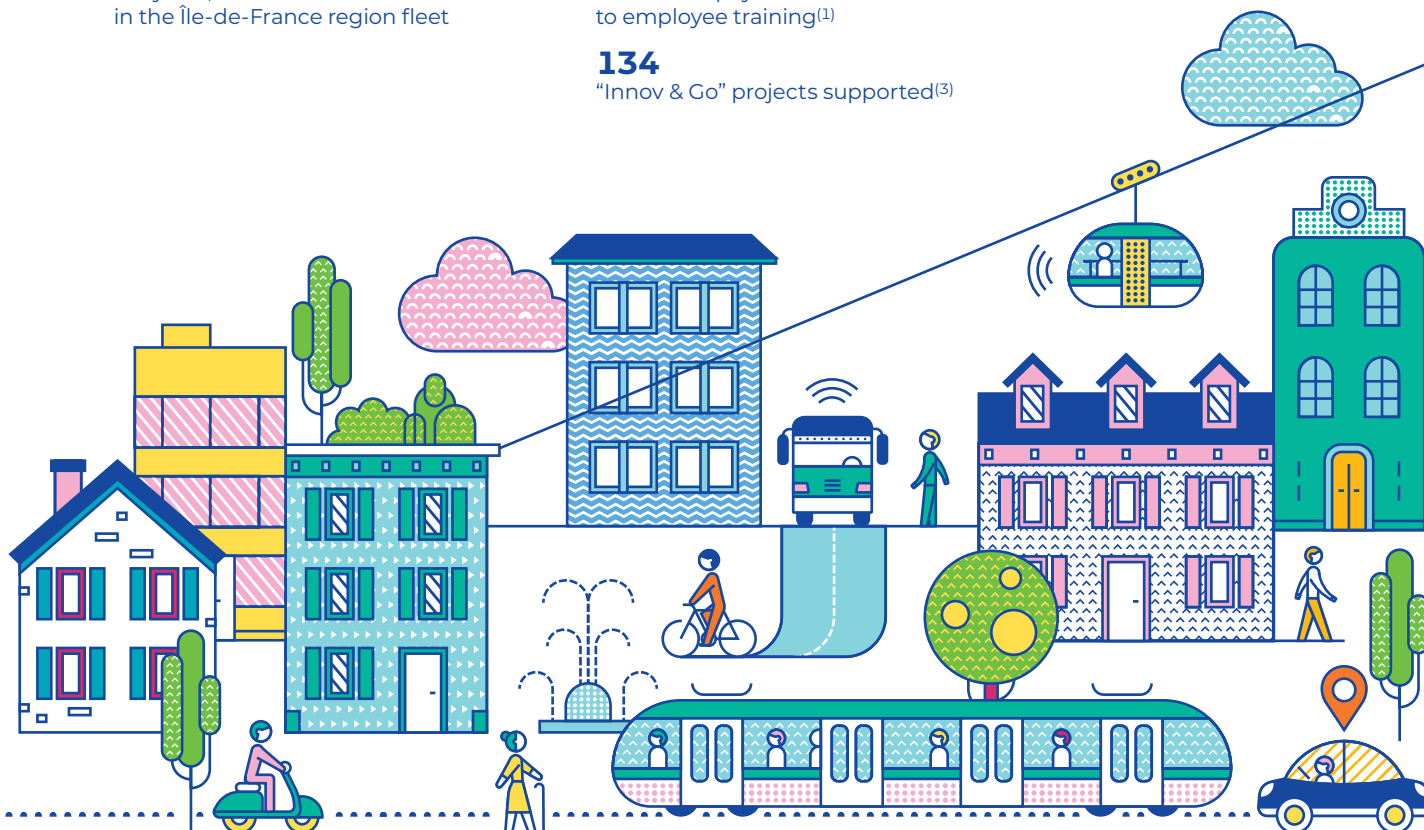
**134**

“Innov & Go” projects supported<sup>(3)</sup>

## Energy

**3,314 GWh**

of energy consumed



## Create jobs and value in regions

**7,518**

employees hired by the Group in 2018<sup>(2)</sup>

**569**

work/study contracts<sup>(2)</sup>

**128,000**

jobs supported or induced by RATP's  
businesses<sup>(1)</sup>

**€1,579 million**

invested in Île-de-France for infrastructure  
upgrading and maintenance, line  
extensions, station upgrading and  
passenger information upgrades<sup>(1)</sup>

**550**

businesses in the network's underground  
spaces<sup>(5)</sup>

**100,000 km**

of fibre-optic network deployed  
by RATP Connect in the Île-de-France  
region<sup>(6)</sup>

## Contribute to transport safety<sup>(1)</sup>

**27,000**

staff in contact  
with passengers, including  
1,000 assigned to their security

Around **50,000**

cameras installed in the network



(1) RATP scope.

(2) Non-financial reporting scope.

(3) RATP Dev scope.

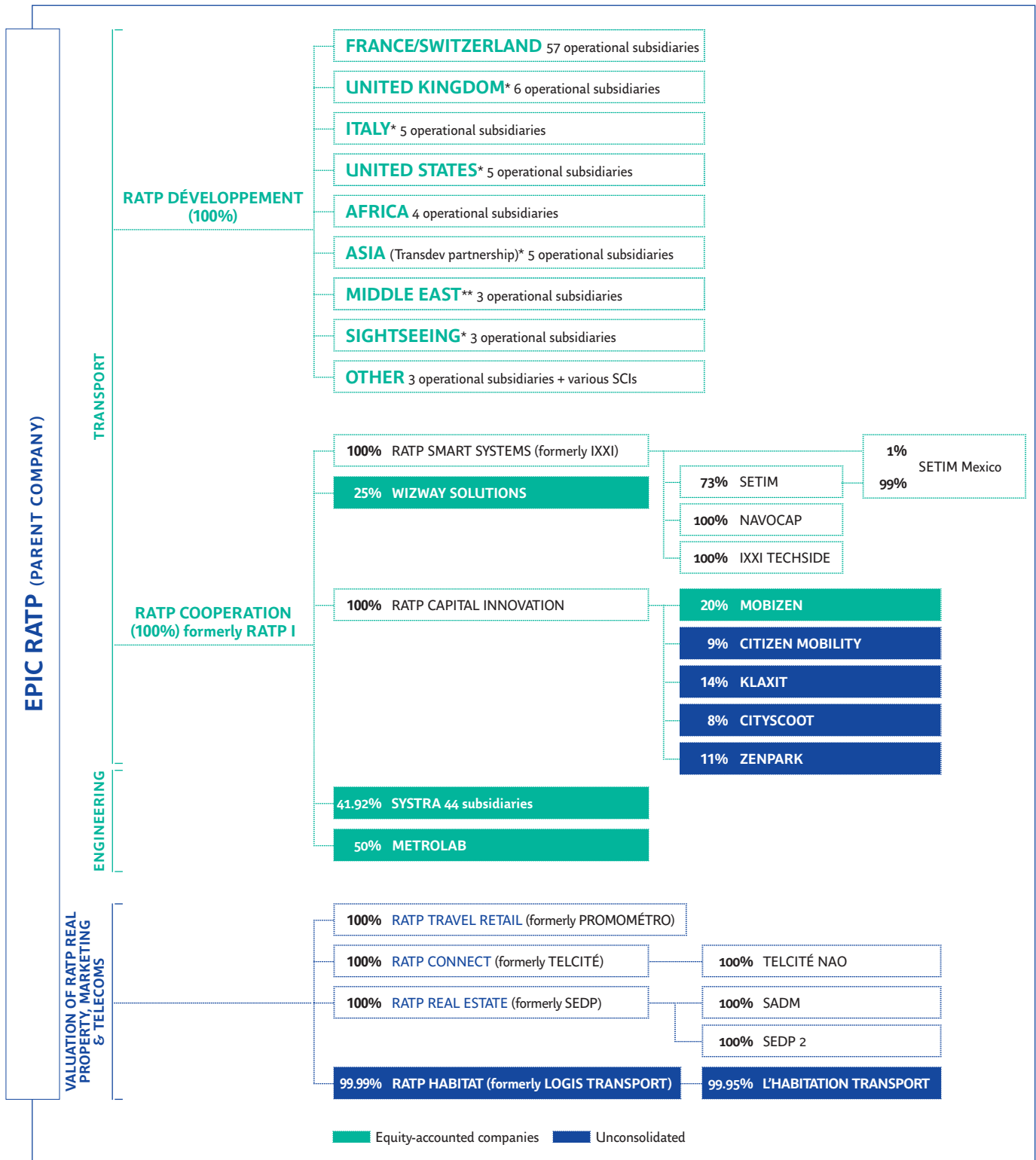
(4) RATP/RATP Real Estate scope.

(5) RATP Travel Retail scope.

(6) RATP Connect scope.



# RATP Group organisation chart 31 December 2018



\* Subsidiaries held through a wholly owned holding company (50% for the Transdev partnership in Asia).

\*\* Subsidiaries owned less than 100%.

Note: The list of operating subsidiaries is provided in Note 38 to the consolidated financial statements.

# Management report

Financial results **p. 16**

Extra-financial performance declaration **p. 28**

Methodological note on non-financial reporting **p. 63**

Report by one of the Statutory Auditors **p. 67**

Internal control and risk management **p. 69**





## Financial results

**RATP Group (“the Group”)** is a major public transport provider in France, operating in towns and suburbs, and particularly in the Île-de-France region.

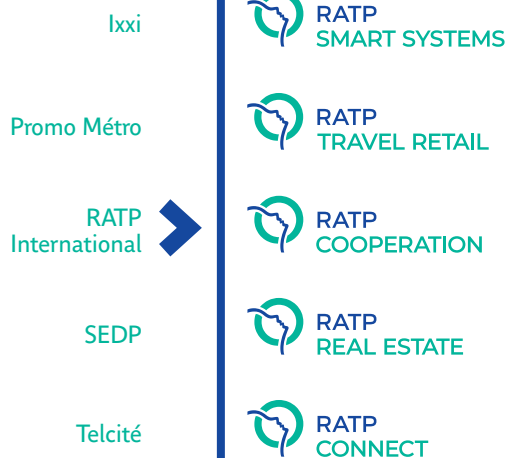
**“We are a mobility services operator and a key player in the transformation of smart and sustainable cities as well.”**

**Catherine Guillouard**

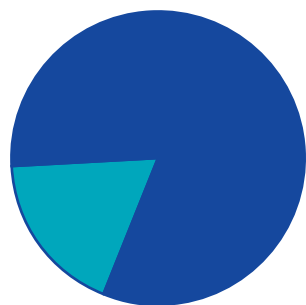
RATP Group Chairwoman and Chief Executive Officer

The Group has established itself as a mobility expert in France and internationally. It has also succeeded in developing other complementary expertise in the fields of engineering, infrastructure management, and urban services such as real estate, retail space management and innovative ticketing solutions. It therefore needed a strong brand to convey all its know-how and embody its mission to transform cities and the lives of their inhabitants in a sustainable way. In 2018,

the new RATP Group brand strategy was unveiled. This umbrella strategy is the linch-pin of the various subsidiary brands, which have been renamed accordingly. At the same time, the Group’s new graphic charter, featuring the brand’s time-honored jade green and blue, conveys the idea of the city and movement. The new brand architecture showcases the Group’s different areas of expertise by standardising the subsidiary brands through a consistent naming system.



**€5,563** million in consolidated  
Group revenue (€5,391 million in 2017 pro forma)



● €4,352 million  
● €1,211 million  
Contribution of subsidiaries  
(21.8% of consolidated revenue)

**€476** million recurring  
Group EBIT  
(€448 million in 2017)



**€290** million  
Recurring net income attributable  
to owners of the company (€266 million in 2017)

**€1,004** million<sup>(1)</sup>  
Cash flow from operations  
(€976 million<sup>(1)</sup> in 2017)

**€1,579** million invested  
in Île-de-France  
of which €872 million out of own funds

(1) Adjusted for the revaluation of deferred tax assets.

## The parent company and its contractual environment

The parent company, Régie autonome des transports parisiens (RATP), is a State-owned industrial and commercial public utility (*établissement public à caractère industriel et commercial* – EPIC) created by the law of 21 March 1948. It is a legal entity under public law. Its head office is located at 54, quai de la Rapée, 75012 Paris, and it is registered with the Paris trade and companies register – Registre du commerce et des sociétés.

**RATP** was set up to run a public transport service in Île-de-France. Its purpose, defined by French law no. 2009-1503 dated 8 December 2009 on public passenger services by rail (ORTF law), is to manage the network infrastructure for public passenger transport services in Île-de-France, within the limits of the responsibilities allocated to SNCF Réseau.

The same law specified that transport lines created before 3 December 2009 should continue to be operated under the terms of the agreements effective as at that date and the agreements to be negotiated under the defined legal framework, until 31 December 2024 for bus services, 31 December 2029 for tram services and 31 December 2039 for other transport services (metro and RER). The operating rights granted to RATP are thus limited in duration, with their renewal being subject to calls for tender.

The ORTF law defined the framework governing RATP's compensation for managing the infrastructure and operating the services, ensuring an appropriate return on capital employed.

The Île-de-France transport service and fares are defined by Île-de-France Mobilités (formerly STIF). RATP's activity as operator is governed by multi-year agreements with Île-de-France Mobilités. Under these agreements, RATP undertakes to provide a benchmark transport service defined in terms of quantity and quality, and receives compensation based on the direct revenue and flat-rate contributions paid by Île-de-France Mobilités.

If RATP were compensated for the contractual service through direct revenue alone, it would be unable to balance its business model. This is because the fares and the price of season tickets set by the transport authorities do not cover the actual cost of the service. The flat-rate contributions paid by Île-de-France Mobilités thus enable RATP to restore the financial equilibrium needed to provide the service, make investments and achieve the associated contractual targets. Thus, the level of subsidies equates to around 42% of RATP's revenue. At the national level, on less dense networks, the average subsidy is 70% (Centre d'études et d'expertise sur les risques, l'environnement, la mobilité et l'aménagement – Cerema, 2016, for French networks with more than 200,000 inhabitants outside Paris).

Since the adoption of French law no. 2000-1208 on solidarity and urban renewal, RATP has been authorised to operate public transport networks via its subsidiaries throughout France and abroad.

In financial year 2018, RATP's activities accounted for 78.2% of the Group's revenue. RATP's main customer is Île-de-France Mobilités.

Île-de-France Mobilités compensates RATP through four contributions, the first two of which are flat-rate and non-revisable, except by discounting and amendment (mainly for new services and as a result of tariff reforms):

- the contribution towards the operation of the service and public service obligations enables operating expenses not met through direct passenger revenue to be covered;
- the contribution towards the financing of investments is contractually intended to cover amortisation and depreciation and financial expenses;
- the contribution towards tax expenses passed on to Île-de-France Mobilités euro for euro (mainly the regional levy and property tax);
- the specific lease contribution to finance the purchase of rolling stock for the T3, T5, T6, T7 and T8 tram lines.

The index used to revise contributions is linked to the performance of indices tracked by Insee, less 0.5% per annum for productivity returned to Île-de-France Mobilités.

Despite a significant downward adjustment from the previous contract, Île-de-France Mobilités contributions are sized to achieve sufficient cash flow (€4,263 million), to internally finance cumulative investments (€4,221 million) over the term of the current contract (2016-2020).

The 2016-2020 Île-de-France Mobilités-RATP operating contract between Île-de-France Mobilités and RATP provides secure funding for significant investment by RATP, while maintaining near-stable levels of debt after five years. This funding is in the form of investment grants and cash flow from operations.

The total investment thus reflects an overall record effort of €8.5 billion over five years, of which €4.2 billion is from RATP's own funds, with an annual clause to monitor differences in the investment plan that could lead to a penalty directly impacting compensation.

At the same time, RATP has undertaken to deliver a contractual transport service defined in terms of volume and quality. The contract is passenger-focused, with high standards in terms of service delivery, regularity and quality, a system based on key performance indicators to measure target achievements, and a budget of €25 million for bonus payments.

The commercial risk (passenger revenue) is shared between RATP and Île-de-France Mobilités: the contract provides for an increase in passenger revenue of 1% per annum. If this target is not met, or if it is exceeded, Île-de-France Mobilités and RATP will split the difference equally. A specific amendment was planned in 2016 and 2017 to mitigate the impact of the introduction of a flat-rate fare for all zones.

Tariff risk is borne by Île-de-France Mobilités: changes in ticket prices trigger a commensurate adjustment of Île-de-France Mobilités contributions via a contractual amendment.

Expense risk is borne by RATP.

The 2016-2020 contract takes into account:

- a budget for additional services included in the compensation to fulfill Île-de-France Mobilités objectives and meet passengers' expectations (€100 million over five years for improvements to cleanliness, safety and bus journey times, and assistance on the Noctilien night bus network);
- the standardisation of RATP's tax policy, in accordance with the common law applicable to EPIC, particularly regarding corporate income tax.

## Subsidiaries' areas of expertise

**RATP Développement (RATP Dev)** is the subsidiary responsible for developing and managing operating contracts for public transport networks outside RATP's traditional catchment area, in France and internationally. RATP Dev and its subsidiaries now account for most of the Group's activity outside the parent company RATP.

The sector generally relies on public contributions both for operation and investment. For corporate governance reasons, the customer (the network transport authority) typically requires specific subsidiaries to be set up for the contract. RATP Dev, which houses the contract portfolio and management activities, thus has 111 subsidiaries in 14 countries, the most important of which in terms of contribution to revenue at the end of 2018 were France, the United Kingdom, Algeria and the United States.

RATP Dev's activities span the entire mobility chain and encompass all modes of transport (metro, tram, bus and coach, train, sightseeing, transport on-demand, transport of people with reduced mobility, cable transport) and business lines (operation, maintenance, services).

**RATP Smart Systems** (formerly Ixxi), specialised in the development of mobility support services, was set up to develop expertise in intelligent transport systems (ITS) in France and internationally. It designs, integrates, operates and maintains ticketing, multimodal information and operating support systems. The company also manages the ticketing system for Paris and its suburbs, which is the world's largest multimodal network with 12 million trips taken each day on its metros, buses, trams and regional express trains (RER). Via its subsidiaries Ixxi Techside, Navocap and Setim, RATP Smart Systems also operates in Bordeaux, Toulouse, Saint-Étienne and Mexico City.

**RATP Cooperation** (formerly RATP i) is the holding company for the Group's subsidiaries and equity investments. It also provides technical support for public authorities managing public transport networks in countries where RATP Group does not have a permanent establishment, particularly in Africa.



In 2017, RATP set up **RATP Capital Innovation (CI)**, wholly owned by RATP Cooperation. With a €30 million budget, this entity invests both directly in innovative companies and indirectly through carefully chosen investment funds whose themes match the Group's core focus areas of innovation and development (new mobility). Having already invested in Communauto, Klaxit and Citizen Mobility, RATP CI invested in Cityscoot (self-service electric scooters in the Paris region) in early 2018 and in Zenpark (the first operator of connected shared parking in Europe and the leading French operator of shared parking solutions for the smart city) towards the end of the year.

**RATP Real Estate** (formerly SEDP) is RATP Group's real estate management and engineering subsidiary. It provides support to its customers (notably RATP) for all their real estate projects:

- development of the real estate portfolio through studies, the construction of facilities and the renovation of buildings and sites, taking into account regulatory developments and economic prospects (master plans, multi-annual plans);
- cost control through energy audits, property audits and project management (HVAC, fire safety);
- project management support, particularly for complex property developments in densely populated areas;
- facility management and project management support for major maintenance works;
- event venue management.

**RATP Travel Retail** (formerly Promo Métro) is the letting and management subsidiary for retail space. It is mainly involved in the design, planning, letting and management of retail space within RATP's metro and rail network.

**RATP Connect** (formerly Telcité) specialises in the deployment of dark fiber, particularly in metro and rail tunnels, with a view to leasing it to telecom operators, insurance companies, major public companies and SMEs. The network consists of 70,000 kilometres of fiber. On 31 March 2018, Telcité merged with its subsidiary Naxos, which offered complementary data transport services. Telcité NAO holds the contract for the 3G/4G network, due to be completed in late 2019. Currently, 275 stations, or almost 75% of the network, are covered.

**Systra** is an equity investment of RATP, 41.92% held via RATP Cooperation. Systra is a consulting and engineering group and a world leader in transport infrastructure design. It operates in more than 80 countries through subsidiaries, branches or contracts. Systra is involved in the various phases of transport projects: from preliminary studies and conceptual design through to construction, testing and commissioning, operation and maintenance.

## 1 — Main trends in 2018

### 1.1 For transport

#### 1.1.1 RATP

##### Changes to the Île-de-France Mobilités-RATP contract: 2018 amendments

The results at 31 December 2018 reflect amendments 1 to 14 of the Île-de-France Mobilités-RATP 2016-2020 operating contract. These had an impact on RATP's compensation of +€33.9 million (+0.7%), compared with 2017, including **changes to the contractual service (+€23 million)**:

- +€18 million for the increased service (line extensions and service improvements) on the bus network, mainly under amendments 7 to 13;
- +€3 million for the tram network, following the extension of line T3b to Porte d'Asnières and service improvements;
- +€2 million for RER line A following the reorganisation of the timetable.

##### The contractual compensation was also adjusted for other items (+€11 million):

- +€4 million due to preparations for the reorganisation of the Paris bus network in April 2019. Amendments 13 and 14 provide for total contributions of +€14 million under this programme;
- +€3 million for the implementation of the ticket modernisation programme;
- +€1 million for the clean action plan;
- +€1 million for the standardisation of Île-de-France Mobilités /RATP logos on buses;
- +€1 million for the development of sniffer dog units;
- +€1 million for management of the Agence solidarité transport, which provides discounted travel for low-income households.

Amendment 8 of 22 December 2017, agreed with Île-de-France Mobilités, sets out the financial consequences of any corporate income tax savings made, compared with the contractual assumptions:

- RATP is liable for payroll tax (around €64 million per annum) from 2016, without any impact on the amount of contributions;
- RATP will make exceptional payments to Île-de-France Mobilités in 2018 and 2019, capped at €8 million, if actual EBITDA exceeds the indicative contractual EBITDA;
- RATP agrees to reallocate some of the tax savings made (around €54 million) to the capital expenditure defined by Île-de-France Mobilités as part of the programme for the modernisation of rolling stock and related infrastructure, approved on 13 July 2016.

## Growth in passenger traffic

The 2018 results show an increase in traffic of +1.1% and +37.0 million passengers. After correcting for the impact of strikes and incidents, the traffic trend is +1.5%, or +49.3 million passengers.

This increase is less dramatic than the previous year due to a series of disruptions in 2018: heavy snow at the start of the year, the SNCF rotating strike in the second quarter and the yellow vest protests towards the end of the year. The growth in passenger traffic is thus mainly attributed to the metro (+1.3%, or +20.8 million passengers) and trams (+6.5%, or +18.4 million passengers).

In 2018, the tram network benefited from an improved service and line extension (T3b), which continued to drive up passenger numbers. In general, it was relatively unaffected by protests in 2018. Passenger volumes on the metro were boosted by tourism and occasional use, as well as the stable economy. The growth in RER traffic (+0.8%, or +4 million passengers) is mainly due to line A (+2.2%), while line B dropped -1.7%. Conversely, bus usage edged down slightly between 2017 and 2018 (-0.6%, or -6.1 million passengers) due to problems affecting the roads in Paris (road works, demonstrations).

### 1.1.2 Other developments in France

Business was up over 2017:

- for **RATP Dev**, growth in France is driven by the Lorient network, which entered into service in 2018, coupled with the momentum from other contracts elsewhere in the country. Sightseeing in Paris during the summer season was satisfactory, although this remains a highly competitive environment and service was disrupted by protests at the end of 2018. The Group disposed of its intercity assets in central France (STIN and STIA) in April 2018;
- **RATP Smart Systems** continues to develop, notably through its Navocap and Setim subsidiaries, in which RATP Smart Systems increased its equity stake to 73.3% (compared with 60% in 2017). In the first half of 2018, the Group won the SIM Nouvelle-Aquitaine contract to set up a multimodal information system in a consortium with Instant System. In the second half, RATP Smart Systems won a contract to supply an operating support system for the passenger transport company Procars. The operating and passenger information support system designed by Navocap will help improve the passenger service;
- **RATP Capital Innovation** has been allocated €30 million to finance its investments. In 2018, the subsidiary invested in two start-ups, in line with its strategy as a partner of smart cities and sustainable mobility:
  - in February, it acquired 8.25% of the start-up Cityscoot, the first self-service electric scooter rental service in Paris;
  - in December, it acquired 11% of Zenpark, an operator of connected car parks.

### 1.1.3 Other developments outside France

#### RATP Dev

- Development is continuing in the United States. RATP Dev acquired the company Roadrunner in May 2018, giving it a foothold in California. Other contracts were also won in the second half of the year, notably in Washington D.C. (circulator), Prince George's county in Maryland (early 2019), the city of Santa Maria and Yuma county in Arizona.
- In the United Kingdom, RATP Dev faced a combination of adverse factors during the year:
  - in London, bus operations were hampered by a shortage of drivers, which made it difficult to operate new routes. The action plan implemented in the autumn enabled the situation to be rectified by year-end;
  - in Bournemouth, a new service was introduced to address the decline in traffic, although the effects of the network reorganisation are not yet apparent.
- In Saudi Arabia, RATP Group is expanding its operations with the acquisition of the operating and maintenance contract for the Riyadh metro system (lines 1 and 2). The twelve-year contract was signed in October 2018. It was immediately followed by the mobilisation of teams for the pre-operational phase, with line 2 scheduled to open in late 2019. Work is also under way to get the bus network up and running by mid-2019.
- In Qatar, in partnership with Keolis and Hamad group, RATP Group is preparing to unveil the country's first public transport network with the Doha metro and Lusail tram lines. The teams are also involved in the pre-operational phase, with a view to the staged opening of the three metro lines and the first tram line in 2019.
- In Morocco, RATP Dev operates the Casablanca tram network. The contract was renewed for twelve years in 2017 with a major network extension (from one to five tram lines and two bus rapid transit routes).
- In Algeria, RATP Dev completed two extensions of the Algiers metro, which entered into service in April, and opened the first tram lines in the cities of Ouargla (late March) and Setif (early May).
- In Italy, the process of awarding the contract to operate buses in the Tuscany region to the subsidiary Autolinee group has been suspended pending a ruling from the Court of Justice of the European Union. The matter was referred to the Court by the Italian Council of State for clarification on the interpretation of regulation (EC) no. 1370/2007 on public passenger transport services. A ruling is expected in the first half of 2019. The subsidiary operating in Lazio, Cilia, has secured a major contract for the transport network in the city of Latina.
- In South Africa, RATP Dev increased its stake in BOC, which operates the "Gautrain" line, from 51% to 63.42% in May, following the exit of a minority shareholder.
- The 2018 financial statements acknowledge the letter received from the authorities in Seoul in January 2019, announcing the termination of the operating contract for line 9 of the metro operated by the RATP Dev-Transdev group and their local partner. The contract terminates on 30 June 2019. Thereafter, all of the metro lines will be operated by Korean State-owned companies.

## RATP Smart Systems

RATP Smart Systems secured two contracts in Latin America this year:

- a contract to supply a ticketing system for four cable stations in Guayaquil, Ecuador;
- a contract to supply and install 300 fareboxes on buses in Guadalajara, Mexico. The farebox allows payment on board the bus by presenting a contactless card, or by cash inserted directly into the machine, which automatically gives change.

## 1.2 Engineering

Following a tough year in 2017, Systra recorded a sharp improvement in its financial results, despite the still uncertain economic climate. Revenue was down slightly over 2017 at €585 million, due to the completion of high-speed lines in France. Currently, 70% of Systra's business is generated internationally.

Orders taken at the end of 2018 were around €585 million. The main contracts secured were as follows:

- in France: prime contracting for lot 2 of the civil engineering works on the base tunnel for the Lyon-Turin rail project (as part of a consortium), project management support for line 3 of the Toulouse metro and prime contracting for the southward extension of line 14;
- outside France: the HS2 high-speed rail project in the United Kingdom, phase 2 of the Dubai tram system, consultancy work on the Pune metro project in India, prime contracting for the Florence tram network in Italy, amendment to the Awash Weldia contract in Ethiopia, and in the United States, improvements to the accessibility of Bedford Park station in New York and the survey contract for the Selmon Extension, the Tampa urban road bridge project. However, the LGV project between Kuala Lumpur and Singapore, for which Systra had been awarded the baseline surveys for the design of two international stations and the first 38 kilometres, was canceled following elections in Malaysia.

RATP Group's financial statements at 31 December 2018 show, for the equity-accounted associate Systra, the impact of an adverse court ruling in the dispute between the partners following the liquidation of the Uijeongbu driverless metro line in South Korea.

## 1.3 Real property, marketing and telecoms

The contribution of the subsidiaries to consolidated revenue is broadly stable, but does not reflect the Group's business growth.

RATP Real Estate is making a significant contribution to the modernisation of the Group's work space, both at head office and at other administrative sites. In addition, its complex real estate development projects showcase the Group's expertise in this area.

Les Ateliers Jourdan-Corentin-Issoire, a development that opened in late 2017, was followed by another RATP industrial modernisation project (the Vaugirard project) combining integration and urban regeneration in a densely populated area. Preliminary work on the Vaugirard project began in 2018. It is scheduled for completion in 2024 with the creation of a neighborhood based around a new street.

In place of the old buildings, the site will accommodate two maintenance workshops (for RATP site maintenance and metro line 12 equipment) and 440 "Habitat et Environnement" certified dwellings. The multi-use facilities will be accompanied by a daycare center for young children.

RATP Real Estate is assisting RATP with its energy transition project, which involves redeveloping various bus stations ahead of the introduction of the electric bus fleet. The work will include fire safety, transformer rooms, electrical rooms, power transmission, structural reinforcement (building structure and foundations) and reorganisation of storage facilities. Building work is underway at the Jourdan bus station and began at Lagny bus depot in April 2018, intended to receive the first electric buses in late 2019. A further five bus depots are currently under consideration.

RATP Group recently entered into a major partnership with Woodeum, a company specialising in real estate development, project management support and the engineering of complex operations for the development and marketing of new-generation buildings (low-carbon building technology). The agreement between the two companies is aimed at constructing timber-framed buildings at five RATP industrial sites in Paris and its inner suburbs, covering a potential area of 70,000 square meters. The projects require construction techniques to be developed that meet the constraints of a densely populated and busy environment.

RATP Connect enjoyed solid commercial momentum in 2018, signing contracts with major brands and continuing the rollout of 4G.

## 2 — 2018 consolidated net income

The consolidated results are reflected in the following financial indicators:

- revenue stood at €5,563 million, up 3.2% pro forma<sup>(1)</sup> on 2017 (excluding currency translation effects, the increase is +3.6%). The increase breaks down as follows: +2.3% for RATP and +6.7% for subsidiaries;
- at €451 million, operating income was up €8 million over 2017, in line with the growth in revenue;
- at €200 million, net income attributable to owners of the company was down €139 million over 2017. This change between 2017 and 2018 is mainly due to changes in deferred tax assets at RATP:
  - in 2017, RATP had revalued upwards the deferred tax assets receivable, mainly due to use of the French payroll tax credit (CICE) to reduce expenses from 2019, resulting in a positive impact of +€78 million,
  - in 2018, RATP was required to include in its consolidated financial statements the impact of the provisions of the 2019 French Finance Act on the deductibility of financial expenses. This led to a €70 million charge being recognised directly in the income statement;
- equity was up €209 million over 2017 at €4,857 million, in line with income for the period, plus actuarial gains and losses and minus currency translation effects;
- consolidated net debt was down €44 million over 2017 at €5,188 million.

(1) 2017 revenue was restated for the impact of IFRS 15.

Group capital expenditure (before grants) amounted to €1,655 million and remained at a high level. Of the €1,579 million invested in Île-de-France by RATP, almost 61% of the budget was allocated to the

network and to the rolling stock maintenance and modernisation programme. The remainder was used to increase transport capacity.

## 2.1 Consolidated revenue

In millions of euros	31/12/2017	31/12/2017 pro forma IFRS	31/12/2018	Change	In %	Variation in % pro forma
<b>TRANSPORT</b>	5,436.9	5,341.1	5,514.0	77.1	1.4	3.2
<b>RATP (a)</b>	4,351.4	4,234.6	4,330.5	(21.0)	-0.5	2.3
RATP Développement, RATP Cooperation and RATP Smart Systems	1,085.5	1,106.5	1,183.6	98.0	9.0	-1.4
<b>VALUATION OF REAL PROPERTY, MARKETING AND TELECOMS</b>	49.6	49.6	48.8	(0.7)	-1.4	-1.4
<b>RATP (a): RATP Travel Retail management mandate</b>	20.9	20.9	21.4	0.5	2.5	2.5
RATP Travel Retail, RATP Connect and RATP Real Estate	28.7	28.7	27.4	(1.2)	-4.3	-4.3
<b>RATP Group (b)</b>	5,486.5	5,390.7	5,562.9	76.4	1.4	3.2
<b>Contribution of subsidiaries (b – a)</b>	1,114.2	1,156.1	1,211.0	96.8	8.7	4.8
<b>Contribution of subsidiaries in %</b>	20.3	21.4	21.8			

Group revenue rose by €76 million (+1.4%).

However, these figures do not take into account the impact on 2017 of the new IFRS 15 standard relating to interest on claims in respect of reversionary (concession) assets and returnable (concession) assets and transport subcontracts, applicable from 1 January 2018.

By including the impact of the standard at 31 December 2017, the Group's 2018 revenue rose +3.2%, compared with pro-forma 2017 revenue, to €5,563 million (+3.6% excluding the currency translation effect).

RATP's contribution stood at €4,331 million in 2018. By including the impact of IFRS 15 at 31 December 2017, RATP's 2018 revenue rose +2.3% pro forma.

Direct revenue amounted to €2,459.3 million, up €99.8 million (+4.2%) from 2017. This increase is due to the strong growth in volume (+€65.9 million, or +2.8%), the impact of the fare increase introduced on 1 August 2017 and tariff reforms (+€31.4 million), new services (+€1.1 million) and compensation for free travel days due to pollution (+€1.3 million).

The index used to revise RATP compensation (Île-de-France Mobilités contractual index) rose 1.4% (compared with general inflation of 1.6%), translating into an impact of +€49.6 million on revenue.

The increased services resulting from amendments to the Île-de-France Mobilités contract generated additional revenue of +€33.9 million, or +0.7%.

The dynamic growth stems from the strength of the economy in Paris and the surrounding region, a dynamic tourism industry in Île-de-France, and the difficulties encountered by competing modes of transport (Velib', Autolib', congestion problems in Paris). This was mitigated by the negative impact of SNCF strikes in the spring and the yellow vests protests towards the end of the year (-€7.3 million).

The increase in Île-de-France Mobilités contributions (+€14.0 million) was mainly due to contractual indexing of compensation for +€49.6 million, the increased service for +€32.8 million and risk-sharing with Île-de-France Mobilités that was reduced compared to 2017 (+€15.0 million). These developments were offset by the impact of the rebasing of the direct revenue target for -€55.1 million (specific mechanism provided for in the contract following the introduction of the flat-rate fare for all zones), and the impact of the fare increase introduced on 1 August 2017 and the tariff reforms for -€31.4 million.

Other revenue was down €9.7 million (-2.7%). This was largely due to the decrease in third-party service provision (-€8.8 million) and the impact of the surrender to Île-de-France Mobilités of €5 million for reuse of bus rolling stock for specific contracts from 2016 to 2018. Conversely, other revenue was positively impacted by the solid growth in commercial advertising revenue.

The subsidiaries reported strong growth during the year (+6.7% pro forma). Overall, their contribution to Group revenue rose from 21.1% in 2017 (pro forma) to 21.8% in 2018.

However, growth was impacted by an unfavorable currency translation effect which reduced RATP Dev's contribution by –€25 million, particularly on the US dollar and Algerian dinar.

One of the most significant contributions was the start of network operations in Lorient, France.

Internationally, in addition to the above-mentioned gains in the United States, the main growth drivers were Algeria, where new lines opened, the United Kingdom, where new routes were acquired, and Saudi Arabia, where the contract for the Riyadh metro was signed. This was combined with the full-year effects of contracts won in the previous year.

The solid momentum was partially undermined by the impact of deconsolidation in 2017, in Manchester (trams) and the United States (disposal of Fullington in Pennsylvania).

## 2.2 Operating income (EBIT)

In millions of euros	31/12/2017	31/12/2018	Change
<b>TRANSPORT</b>	<b>440.3</b>	<b>447.1</b>	<b>6.7</b>
<b>RATP (a)</b>	<b>417.9</b>	<b>436.4</b>	<b>18.5</b>
RATP Développement, RATP Cooperation, RATP Capital Innovation and RATP Smart Systems	22.4	10.6	(11.8)
<b>ENGINEERING (SYSTRA GROUP)</b>	<b>(6.3)</b>	<b>(5.2)</b>	<b>1.0</b>
<b>VALUATION OF REAL PROPERTY, MARKETING &amp; TELECOMS</b>	<b>9.3</b>	<b>9.4</b>	<b>0.2</b>
<b>RATP Group (b)</b>	<b>443.4</b>	<b>451.3</b>	<b>7.9</b>
<b>Contribution of subsidiaries (b – a)</b>	<b>25.5</b>	<b>14.8</b>	<b>(10.6)</b>

Operating income was up +€7.9 million, of which RATP accounted for +€18.5 million and the subsidiaries –€10.6 million.

For RATP, the positive change in EBITDA was largely driven by growth in revenue and control of fixed costs and operating expenses.

Payroll costs accounted for 72.3% of operating expenses. These amounted to €2,660 million in 2018, up €72 million (+2.8%). The increase was mainly attributed to the growth in average annual headcount (+316 FTEs), the rise in payroll per employee (+0.7%) and technical or external factors for +€28.9 million, including the reduction in the tax credit on payroll costs (CICE) from 7% to 6%, the impact of government measures to boost purchasing power (exceptional bonus of €8.6 million announced in December), compensation for the increase in the general social security contribution (CSG) and the gradual alignment of the health insurance rate with the common law system. The increase in headcount was mainly driven by the new service financed by contractual amendments.

Energy costs were up €18 million, chiefly as a result of the rise in fuel prices.

However, EBIT was impacted by a higher depreciation expense, in consequence of the ongoing massive investments.

For the subsidiaries and equity investments, the fall in EBIT was largely due to non-recurring factors (impairment of the securities of RATP Dev's South Korean subsidiary following non-renewal of the contract, etc.).

The contribution from other subsidiaries was stable overall.

The results also reflect Systra's recovery, which has returned to growth, following a difficult year in 2017 due to currency effects.

Recurring EBIT from subsidiaries and equity investments was also broadly unchanged.



## 2.3 Consolidated net income attributable to owners of the company

In millions of euros	31/12/2017	31/12/2018	Change
TRANSPORT	338.5	198.2	(140.3)
<b>RATP (a)</b>	<b>334.3</b>	<b>204.7</b>	<b>(129.6)</b>
RATP Développement, RATP Cooperation and RATP Smart Systems	4.3	(6.5)	(10.7)
ENGINEERING (SYSTRA GROUP)	(6.3)	(5.2)	1.0
VALUATION OF REAL PROPERTY, MARKETING & TELECOMS	6.7	6.9	0.2
<b>RATP Group (b)</b>	<b>338.9</b>	<b>199.9</b>	<b>(139.1)</b>
<b>Contribution of subsidiaries (b – a)</b>	<b>4.7</b>	<b>(4.8)</b>	<b>(9.5)</b>

Consolidated net income attributable to owners of the company amounted to €200 million at year-end 2018, compared with €339 million at year-end 2017, down €139 million.

However, recurring net income rose by almost €24 million. In addition to the improvement in operating income, consolidated net income

attributable to owners of the company was boosted by the reduction in financial expenses (favorable refinancing terms due to the historically low level of long-term interest rates).

Non-recurring items, in a reversal of the trend in 2017, accounted for the fall in net income as follows:

In millions of euros	31/12/2017	31/12/2018
<b>TOTAL NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>338.9</b>	<b>199.9</b>
Of which non-recurring items	72.9	(89.90)
Recurring net income attributable to owners of the company	266.0	289.7

Non-recurring items consist mainly of:

- transactions recorded for RATP (amendment 8 of the Île-de-France Mobilités contract; exceptional bonus to boost purchasing power);
- the revaluation of RATP's long-term tax receivable (deferred tax assets), explained at the start of this chapter and in Note 7 to the consolidated financial statements;
- the impairment of RATP Dev's investments in South Korea and India and of Systra's Uijeongbu contract.

The subsidiaries' contribution to consolidated net income attributable to owners of the company stood at –€4.8 million at the end of 2018, down –€9.5 million. The change was mainly attributed to the transport division for –€10.7 million and the engineering division for +€1 million.

Lastly, the following changes in recurring contribution were noted:

- RATP: +€15 million;
- subsidiaries: +€9 million.

## 2.4 Consolidated equity

The change in consolidated equity attributable to owners of the company between year-end 2018 and year-end 2017 is analysed as follows:

In millions of euros	31/12/2017	31/12/2018	Change
TRANSPORT	4,587.1	4,801.3	214.2
<b>RATP (a)</b>	<b>4,529.9</b>	<b>4,749.3</b>	<b>219.3</b>
RATP Développement, RATP Cooperation, RATP CI and RATP Smart Systems	57.2	52.1	(5.1)
ENGINEERING (SYSTRA GROUP)	33.3	27.2	(6.1)
VALUATION OF REAL PROPERTY, MARKETING & TELECOMS	28.0	28.8	0.8
<b>RATP Group (b)</b>	<b>4,648.4</b>	<b>4,857.3</b>	<b>208.9</b>
<b>Contribution of subsidiaries (b – a)</b>	<b>118.5</b>	<b>108.0</b>	<b>(10.4)</b>

Total consolidated equity rose from €4,648 million to €4,857 million, an increase of almost €209 million, including:

- an increase of +€219 million for RATP;
- a decrease of –€10.4 million for the subsidiaries and equity investments.

RATP's equity was mainly affected by:

- net income;
- the present value of employee benefits.

For the subsidiaries and equity investments, significant items included:

- the effect of the deterioration in net income attributable to owners of the parent for RATP Dev, impacted by a significant impairment of the investment in its joint venture in South Korea;
- the net loss of the Systra group, which was adversely affected by the impact of the Uijeongbu dispute in South Korea;
- stable results of the real property, marketing and telecoms subsidiaries, after dividends.

## 2.5 Capital expenditure

RATP Group's capital expenditure amounted to €1,655 million (excluding acquisitions).

The share attributed to RATP stood at €1,579 million, including:

- €618 million for transport capacity increases (compared with €697 million in 2017);
- €961 million for modernisation and maintenance (versus €863 million in 2017).

The increase in transport capacity includes:

- capital expenditure of €526 million for infrastructure works under the State and regional contractual plan. In 2018, these expenses

were due to the continuation of the projects previously launched, particularly the extension of lines L14 to Mairie de Saint-Ouen, L4 to Bagneux and L11 to Rosny – Bois-Perrier. The extension of line T3b to Porte d'Asnières also became operational;

- €92 million in rolling stock investments related to transport capacity increases. The main projects were as follows: €48 million in expenditure on the development of the MP14 for line 14, €21 million on the development of the bus service and €21 million on various development projects for the tram service (T3, T5, etc.).

A total of €961 million was invested in the modernisation and maintenance of infrastructure and rolling stock (excluding rolling stock related to increased services):

- a record €811 million was spent on modernisation and maintenance, with significant investment in transport systems and transport infrastructure, in addition to information systems and digital projects;
- €150 million was spent on rolling stock, up from 2017 but still fairly modest, ahead of the major operations planned in the next few years (MF19, MING).

## 2.6 Consolidated net debt

Changes in consolidated net debt between 2018 and 2017 were as follows:

In millions of euros	31/12/2017	31/12/2018	Change 12/2018-12/2017
<i>Net debt – Transportation</i>	5,258.8	5,221.5	(37.3)
Net corporate debt	5,163.9	5,067.3	(96.6)
RATP leases and miscellaneous	26.9	26.1	(0.8)
Effect of IAS 39	(47.3)	(41.7)	5.6
<b>Net debt EPIC RATP (incl. lease)</b>	<b>5,145.1</b>	<b>5,052.6</b>	<b>(92.5)</b>
Metrolab	1.6	1.0	(0.6)
<i>Net debt of Transport subsidiaries</i>	113.7	168.9	55.3
<i>Net debt – Engineering</i>	0.0	0.0	0.0
<i>Net debt – Valuation of real property, marketing and telecoms</i>	(26.2)	(33.0)	(6.9)
<b>NET DEBT – CONSOLIDATED RATP GROUP</b>	<b>5,232.6</b>	<b>5,188.5</b>	<b>(44.1)</b>
<b>Net debt of subsidiaries</b>	<b>87.5</b>	<b>135.9</b>	<b>48.4</b>

Consolidated net debt fell by €44 million between 31 December 2017 and 31 December 2018.

Group cash flow from operations stood at €949 million. Restated for the revaluation of RATP's tax receivable following legislative changes, cash flow from operations stood at €1,004 million, covering 103.5% of the Group's capital expenditure net of subsidies.

To finance the day-to-day running of the business, capital expenditure and loan repayments, RATP sources most of the necessary resources from exchanges or over-the-counter debt markets.

RATP has several financing programmes covering both long-term and shorter-term maturities, including:

- Euro medium term notes (EMTN) programme for a maximum of €6 billion;
- negotiable European commercial paper programme for a maximum of €2.5 billion.

Ratings from Moody's and FitchRatings provide financial markets with assurance and visibility on RATP's credit. Short- and long-term ratings awarded by ratings agencies were as follows at 30 June 2018:

- FitchRatings: AA, F1+ with stable outlook;
- Moody's: Aa2, P1 with positive outlook.

RATP's financing strategy seeks to diversify its investor base and place its bonds internationally:

- use of new types of finance (green bonds);
- private placements with foreign investors;
- presentation of RATP via international road shows.

This financing strategy was successfully implemented. In 2018, RATP arranged thirty-year private placements totaling €200 million with Asian investors. These bond issues allowed the company to take advantage of the historically low level of long-term interest rates. They were conducted on highly favorable financial terms (average coupon of 1.90%), with a narrow spread in relation to the French Government yield curve (OAT +25 bps), reflecting RATP's issuer credit rating. These transactions amplify the diversification of the RATP investor base, which began in June 2017 with the successful issue of €500 million in green bonds.

The reduction in RATP's net debt (–€92.5 million) is due to solid cash flow from operations and the improvement in working capital requirement (WCR), with a net reduction in subsidies from the State and public authorities.

Net debt increased by +€48 million for the subsidiaries. This increase mainly concerns RATP Dev's transport division and is due to the reversal of the favorable WCR effect for RATP Dev at the end of 2017 and scope effects linked to the start of new operations.

## 2.7 Research and development initiatives

€3.2 million was allocated to these initiatives in 2018.

## 3 — Parent company financial statements

2018 was the third year of the 2016-2020 Île-de-France transport authority agreement with RATP.

RATP's net financial income has increased.

RATP benefited from favorable effects in 2018, with further dynamic growth in passenger revenue (+4.2%) driven by the healthy economy of Paris and the surrounding region and a strong tourism industry, coupled with a decrease in financial expenses (+€21 million). The company continued its productivity drive (1% in 2018, i.e. +€35 million), while changes in management remained under control at –€15 million.

The economic context is characterised by a rise in inflation (1.6%), partially offset by the contractual indexation clause, which increased by 1.4%. However, the impact of inflation was offset by an effort to control operating expenses: excluding external factors and new services, net expenses are significantly below inflation (–1.1%).

EBITDA rose +€23 million to €1,140 million, despite the adverse impact of external or technical factors for –€45 million (reform of the French tax credit on payroll costs [CICE], government measures to boost purchasing power, social movements external to the company, etc.), of which –€32 million is recurring.

Recurring EBIT was up €6 million to €408 million, despite negative technical and external factors and a sharp rise in depreciation and amortisation, reflecting RATP's solid operating performance in 2018.

Boosted by the reduction in financial expenses (+€21 million) and by income from non-recurring transactions, net income and cash flow from operations rose by +€35 million and +€52 million respectively.

Investments (excluding equity investments) amounted to €1,579 million in 2018, compared with €1,560 million in 2017. Net debt reached €5,069 million, down –€95 million from the end of December 2017 (€5,164 million). The decrease mainly stemmed from the increase in cash flow from operations and the improved working capital requirement, with a significant reduction in subsidies.

## 4 — Outlook

The Group is expecting further dynamic business growth in 2019. It is reliant on a stable economic climate, traffic growth in Île-de-France with the reorganisation of the Paris bus network, and continued international development as new businesses come on stream via RATP Dev in the Middle East, the United States and France.

While accelerating its transformation, the Group is pursuing its efforts to control operating expenses and fixed costs, and plans to step up the pace of investment in Île-de-France.

The Group is also continuing to invest in new mobility and to form partnerships that help position the Group as the partner of choice for smart, sustainable cities.

## 5 — Other financial information

### 5.1 Post-closing events

No significant events occurred between the end of the financial year and the date on which this report was prepared.

### 5.2 Consolidated net income since 2012

Year	Net income attributable to owners of the company In millions of euros
2012	284.8
2013	292.8
2014	298.2
2015	437.3
2016	171.0
2017	338.9
2018	199.9

In accordance with article 243 bis of the French general tax code, we would like to remind you that profit distributed over the last three years was as follows:

- 2017: €0;
- 2016: €0;
- 2015: €0.

RATP does not pay dividends, in accordance with the terms of its public service agreement with Île-de-France Mobilités, which specifies that the cash flow from operations released is to be used to invest in modernising Transport operations and Infrastructure management.

### 5.3 Maturity schedule for trade payables

In accordance with article L. 441-6-1 of the French commercial code, the breakdown by maturity date of outstanding trade payables at financial year end was as follows:

In thousands of euros	Total	Not past due	Less than 30 days past due	30 to 60 days past due	More than 60 days past due
Number of invoices	30,606				
Trade payables incl. tax	342,982	332,448	5,383	1,796	3,314
Total purchases incl. tax	3,183,526				
Trade payables/total purchases as a %	10.8	10.5	0.2	0.1	0.1

### 5.4 Maturity schedule for trade receivables

In accordance with article L. 441-6-1 of the French commercial code, the breakdown by maturity date of trade receivables at financial year end was as follows:

In thousands of euros	Total	Not past due	Less than 30 days past due	30 to 60 days past due	More than 60 days past due
Number of invoices	7,788				
Trade receivables incl. tax	93,369	65,979	8,235	6,838	12,317
Revenue incl. tax	4,883,607				
Trade receivables/revenue as a %	1.9	1.4	0.2	0.1	0.3



# Extra-financial performance declaration

## About the report

The declaration complies with regulatory requirements:

- decree no. 2017-1265 of 9 August 2017;
- order no. 2017-1180 of 19 July 2017 transposing directive 2014/95/EU amending directive 2013/34/EU.

A methodological note at the end of the declaration explains the scope and methodological limits. Cross-reference tables with international standards (UN, Global Compact, ISO 26000) and a table containing all CSR indicators are also included.

This report serves as the Communication On Progress (COP) 2018 and meets the Advanced Level requirements of the UN's Global Compact which RATP joined in 2003.

Extra-financial reporting mechanism within the Group

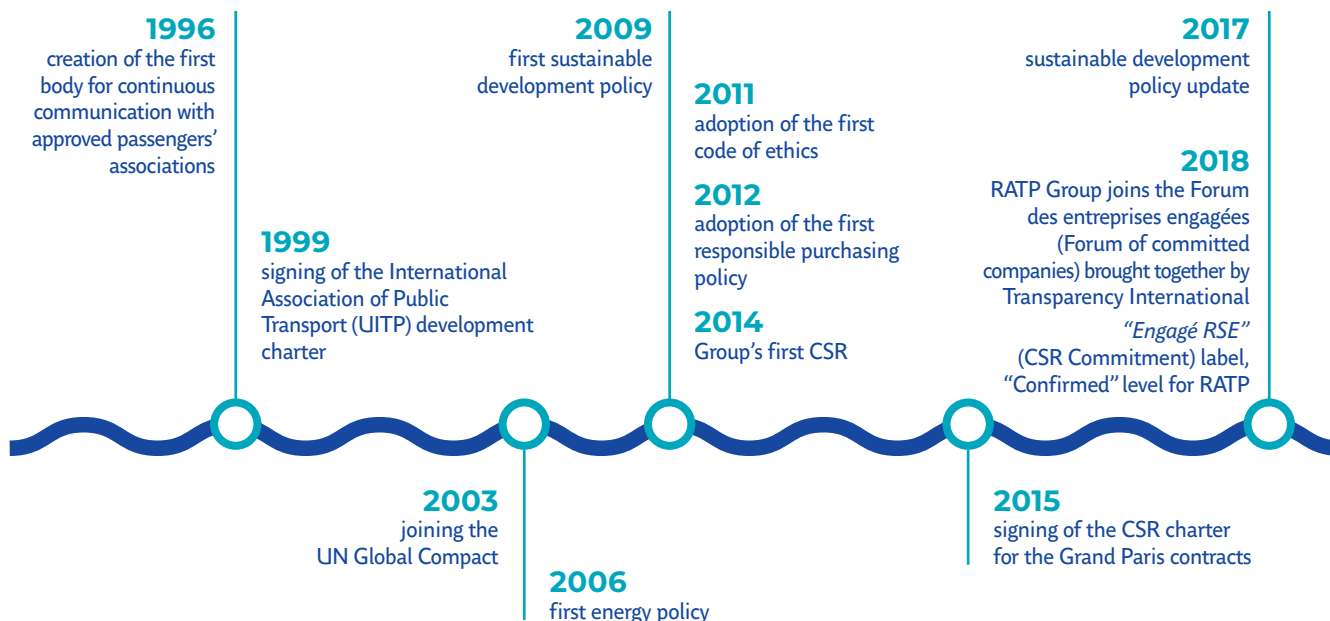
Support	Targets
Financial and CSR report	SRI analysts and investors
Activity and sustainable development report	All stakeholders/general public
2018 green bond impact report	SRI analysts and investors
Yearly social assessment	Analysts and experts
ratp.fr/ website "For a sustainable city" section	General public



## Introduction

Mobility is an essential lever in responding to the increasing societal and environmental challenges in tomorrow's cities. As a privileged partner of French regions, RATP Group is actively committed, on a daily basis, to achieving a more inclusive, ecological and humane city.

## Significant commitments



## United Nations Global Compact membership

The Global Compact, a framework for international voluntary commitment, brings together companies and organisations around ten guiding principles on human rights, labour law, the environment and anti-corruption measures. In accordance with the requirements of the Global Compact Office, RATP Group publishes an annual Communication on progress (COP) outlining its actions to comply with these principles. The Group qualified its COP at the Global Compact Advanced level in 2018. This report serves as a Communication on progress (COP) follow-up report. A table of correspondence with the Global Compact principles and the Sustainable Development Goals (SDGs) is attached.



This is our Communication on Progress in implementing the principles of the United Nations Global Compact and supporting broader UN goals.

We welcome feedback on its contents.

## Sustainable Development Goals (SDGs)

RATP Group also contributes to the UN's Sustainable Development Goals. As part of its CSR policy, it has taken action on all SDGs.





## RATP Group stakeholders

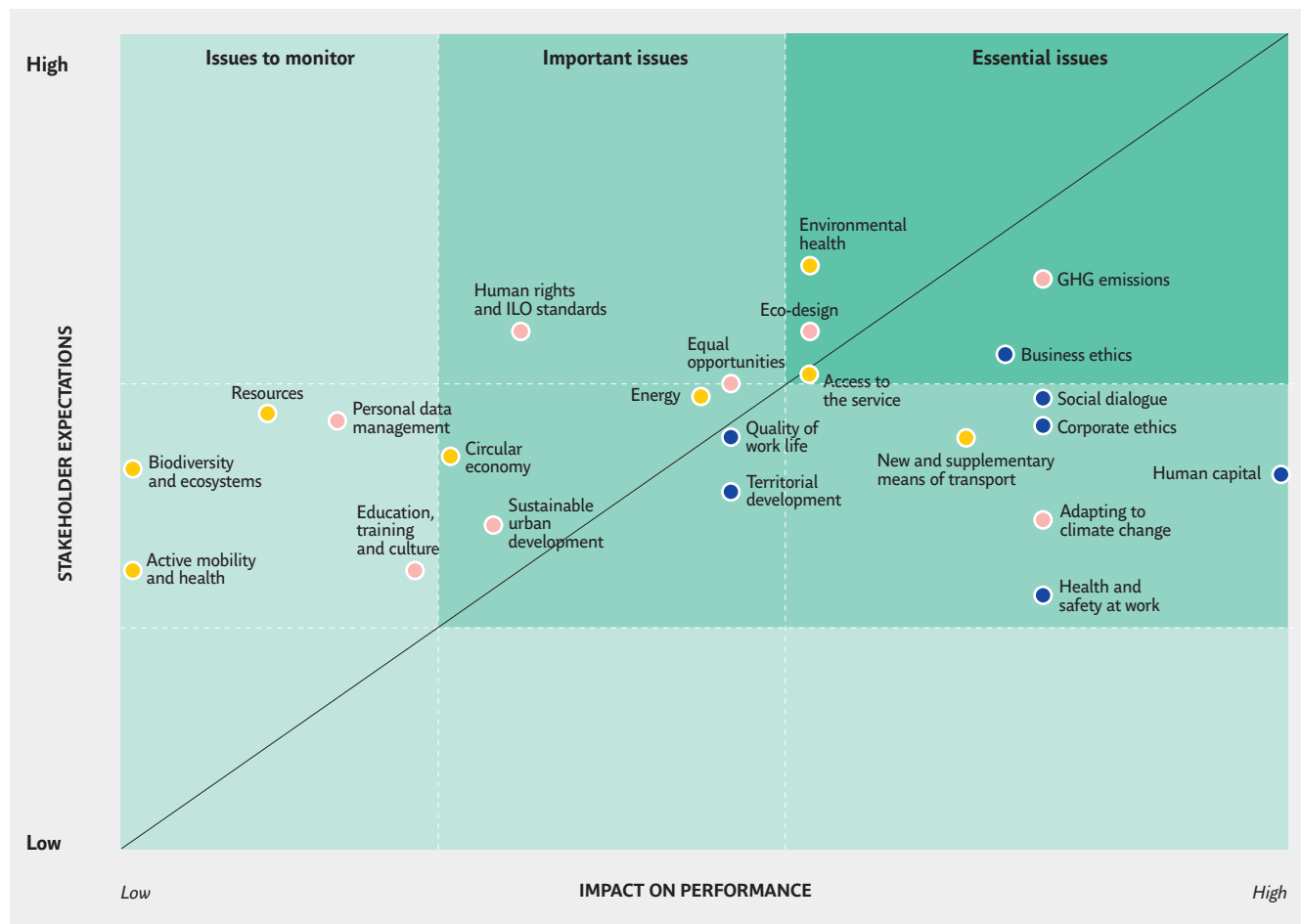
RATP Group works closely with stakeholders in the regions in which it operates. They were consulted in 2009 when the first CSR policy was defined and in 2017 for the materiality analysis.

Stakeholders	Form of dialogue and achievements
Mobility transport authorities	<ul style="list-style-type: none"> <li>As part of its contract fulfilment, RATP Group establishes continuous dialogue with mobility transport authorities (meetings, annual reviews). It regularly informs them of news and results of the policies implemented and works alongside them to improve service quality.</li> <li>The Group shares the results of its experience as a public transport operator, its global knowledge of urban issues and expertise in engineering.</li> </ul>
Employees and social partners	<ul style="list-style-type: none"> <li>Social dialogue is a key factor in the Group's identity. Each year, the social partners give their opinion on the quality of social relations. In 2018, 13 company agreements were signed.</li> <li>The Group ensures year-round dialogue with employees through internal tools (intranet, meetings).</li> <li>In 2018, the Group brought together its 4,300 managers over a 17-day period to raise their awareness of the challenges and methods of transformation in the context of the opening up to competition.</li> </ul>
Passenger associations	<ul style="list-style-type: none"> <li>In 2018, the work of the body responsible for dialogue with approved associations led by the mediator was guided by the Group's threefold aim: transparency regarding its strategy defined in the 2025 Challenges plan, consultation on major projects and sharing ideas and information about the prospects for new services.</li> </ul>
Other associations (accessibility, environmental protection and integration structures)	<ul style="list-style-type: none"> <li>An RATP representative is present on the Airparif Board of Directors, an approved association for monitoring air quality in the Île-de-France region. Another is a member of Bruitparif (noise observatory in the Île-de-France region). RATP is also bound by four-party agreements (region, general council, municipalities) in order to promote sustainable mobility in the Île-de-France region.</li> <li>RATP manages continued cooperation with representatives of people with disabilities, aiming to ensure on-going improvements on the basis of a coordination protocol entered into with nine associations representative of the various types of disability.</li> <li>RATP has an active policy in favour of social inclusion and employability. For this purpose, it is aimed at employability players such as local services, second chance schools (E2C) and associative structures with which a hundred partnership agreements have been signed.</li> </ul>
Regional and institutional players	<ul style="list-style-type: none"> <li>The Group is supported by the 6 regional agencies in the Île-de-France region, which maintain continuous cooperation and dialogue with regional actors.</li> <li>In 2018, the Group set up an institutional relations department, which is in contact with French parliamentarians and heads of Île-de-France Mobilités.</li> <li>In 2018, 355 Ateliers mobilité® were organised for 3,173 beneficiaries.</li> <li>In addition, RATP is an Île-de-France region partner through a secure pathway for access to becoming a bus driver, and participates in call for projects regarding air quality.</li> <li>RATP is a stakeholder in national discussions and actively participates in cleaner and more intermodal mobility. At the end of 2017, it notably contributed to the national conferences on mobility, which promoted an ecological, solidarity-based view of mobility. This major consultation, bringing together all the region's stakeholders, was held with a view to the mobility framework law.</li> </ul>
Partner operators and suppliers	<ul style="list-style-type: none"> <li>Relations with suppliers are a key aspect of the company's performance (quality, innovation, etc.). As part of contractual relations, periodic follow-up meetings are held with each supplier in the company of the buyer and contract manager. The RATP code of conduct and ethics for supplier relations defines the framework of these relations.</li> <li>An annual barometer of customer/supplier relations is established by the Pacte PME (SME Pact). The purchasing function actively participates in the working groups of the Observatoire des achats responsables (ObsAR – sustainable procurement observatory), the SME Pact and Handeco.</li> <li>RATP Group builds close connections with transport operators. It is an active member of UTP commissions and chairs their stakeholder committee.</li> <li>RATP Group is a member of the CoMET (Community of Metros) network, which brings together 18 metro operators in Europe, Asia, North America and Latin America. Within this network, an international working group met at RATP's headquarters in 2018 to share best practices and new prevention strategies in response to the risk of attacks.</li> </ul>

# Group CSR issues

## Materiality analysis

The materiality analysis was carried out in 2017 to define the Group's CSR policy. In 2018, RATP supplemented this work with an analysis of extra-financial risks, which helped decide the Group's strategic orientations. It has developed CSR reporting to meet the new requirements of the extra-financial performance declaration brought by the transposition of the European directive 2014/95/EU. As a result, new indicators are being published.



- Challenge of CSR policy strategic focus 1: be a major player in mobility and sustainable cities
- Challenge of CSR policy strategic focus 2: reduce its environmental footprint
- Challenge of CSR policy strategic focus 3: confirm its social and societal responsibilities



## MANAGEMENT REPORT

Extra-financial performance declaration

### Analysis of extra-financial risks

In accordance with the regulatory requirements of the implementing decree no. 2017-1180 of 19 July 2017, the Group has assessed its main environmental, social, human rights and anti-corruption risks and opportunities. The analysis was carried out in three core steps:

1. definition of the Group's extra-financial risks environment with around thirty risks and opportunities. It was established using information from the Group's risks environment, a sectoral bibliographic research, recognised reference systems such as MSCI and SASB, as well as the materiality analysis already carried out by the Group in 2017;
2. rating of each CSR risk and opportunity by experts in the field. The rating scale was established with the Group's general risk management delegation based on a methodology similar to the one used to establish the Group's mapping. The risks were assessed in terms of severity of impact and occurrence;
3. ranking of CSR risks and opportunities. The impact and occurrence assessments have enabled us to identify a list of 12 priority risks that need to be addressed, approved during a performance Copil (purchasing management review).

The main risks are as follows:

Social	Environment	Corruption	Human rights
Passenger security and safety	Environmental health	Compliance with business ethics	Quality of service and network accessibility
Health and safety at work	Change in environmental regulations		Regional anchoring
High-quality social dialogue	Energy and climate change		Taking CSR into account in purchasing
Equal opportunities			Personal data management

The mechanisms for managing these risks are outlined in the following pages and the internal risk management and monitoring report. They include policies, action plans and key performance indicators in line with the Group's CSR policy guidelines.

## Group CSR policy

The Group's CSR policy is organised on the basis of three strategic elements of focus:

**Be a major player in mobility and sustainable cities**

**Reduce its environmental footprint**

**Confirm its social and societal responsibilities**

It is set out in a roadmap shared with its internal stakeholders and regularly updated:

- Establish a connected accessible mobility solution
- Act in the interest of environmental health
- Encourage urban integration and functional diversity
- Reduce the carbon footprint and conserve resources
- Develop the circular economy
- Promote concerted efforts to continuous improvement and eco-design
- Contribute to the economic vitality and solidarity of regions
- Promote management that encourages the commitment of its workforce
- Ensure fair practices in its value chain

## CSR policy governance

The Group's CSR policy is a performance and added value guideline, set out in the 2025 Challenges strategic plan launched in 2017.

It is based on cross-functional governance, supported by several bodies that coordinate and manage the approach:

- **the Board of Directors** approves the financial and CSR report, on the advice of **the economic and strategic committee**;
- **the Cersec (Comité éthique, RSE et conformité – Ethics, CSR and Compliance Committee)** is chaired by the Chairwoman and Chief Executive Officer and comprises the members of the Executive Committee (Comex), the heads of the ethics, CSR and compliance functions, as well as an outside personality. As a decision-making body, its task is to develop an ethical and integrity culture and to assess the effectiveness of compliance, corruption risk prevention and CSR action programmes;
- **the extra-financial performance steering committee (Copil)**: comprising the members of the Comex (Executive Committee) and the members of the department involved. It approves the components of the extra-financial performance declaration;
- **the CSR Club** deploys the CSR roadmap and disseminates a CSR culture within the Group through a departmental CSR contact network and coordination tools.

RATP's strategy, innovation and development department manages CSR policy. Each of the Group's departments and subsidiaries is responsible for implementing CSR commitments.

## Extra-financial assessment

### CSR committed label

In 2018, RATP was awarded the Afnor "*Engagé RSE*" (CSR Commitment) label. It is the world's first transport company having obtained the confirmed maturity level with such a broad scope from the first assessment. This label rewards its sustainable development performance level in its long-standing Île-de-France region.



At the request of investors, RATP Group is assessed every two years by the Vigeo Eiris rating agency. In 2017, it achieved the robust level with an overall score of 57/100, up 17 points from the previous assessment. The Group is included in the "*Transport et tourisme*" panel, which includes 15 European companies and ranks second in its sector.



## CSR dashboard

The dashboard presents the key indicators of RATP Group's CSR roadmap covering the main extra-financial risk factors identified. The results are explained on the following pages. All corporate social responsibility indicators are published in the table of indicators at the end of the extra-financial performance declaration.

### STRATEGIC FOCUS 1: BE A MAJOR PLAYER IN MOBILITY AND SUSTAINABLE CITIES

Associated CSR risk	KPI	Scope	Target	2018 value	Trend
Security and safety	Network protection and security officers (GPSR) average daily on-duty time in networks (shift hours/day)	RATP	–	561	●
	Trends in rail network accidents (number of accidents per year per million commercial kilometres)	RATP	–	22	●
	Trends in Bus network accidents (accident rate per 100,000 kilometres)	RATP	–	6.72	●
Quality of service and network accessibility	Passenger satisfaction rate Source: Île-de-France Mobilités perception survey	RATP	–	80.6%	●
	Percentage of accessible buses	RATP	100% by 2022	83%	●
	Percentage of accessible RER stations	RATP	100% by 2021	97%	●
	Percentage of assistance staff in stations trained to assist people with mental disabilities (S3A label)	RATP	100% by 2020	52%	●
Environmental health	Particulate matter levels in the 3 underground stations of the Snares network (average concentration of PM10 particles in µg/m³)	RATP	–	92	●
	Number of people exposed (noise black spots)	RATP	0 by 2020	334	●
	Number of noise- and vibration-related complaints and claims	RATP, RATP Dev, RATP Real Estate	–	587	●
	Percentage of rolling stock with a low noise level (bus, rail)	RATP	–	54%	New indicator
	Number of electromagnetic-field measurements carried out during the year	RATP	–	748	●
Compliance with changes in environmental regulations	Percentage of industrial sites ISO 14001 certified	RATP	100% by 2020	89%	●
	Number of industrial sites ISO 14001 certified	RATP, RATP Dev	–	83	●
	Number of ICPE formal notices	RATP, RATP Dev	0	0	●

### STRATEGIC FOCUS 2: REDUCE ITS ENVIRONMENTAL FOOTPRINT

Associated CSR risk	KPI	Scope	Target	2018 value	Trend
Energy and climate change	Energy savings per passenger.kilometre compared to 2015	RATP	–20% by 2025	6%	●
	Reduction in greenhouse gas emissions per passenger.kilometre compared to 2015	RATP	–50% by 2025	9%	●



### STRATEGY 3: CONFIRM OUR SOCIAL AND SOCIETAL RESPONSIBILITY

Associated CSR risk	KPI	Scope	Target	2018 value	Trend
Social conflicts	Conflict rate (number of days off work due to strikes / average number of employees)	RATP	–	0.56	●
Equal opportunities	Percentage of women in senior management	RATP Dev	30% by 2022	30.1%	●
	Percentage of women in the total workforce	RATP Dev	20% by 2022	16.4%	●
	Percentage of women recruited	RATP	23% by 2021	19.2	●
Occupational health and safety	Number of employees awaiting reclassification following a permanent incapacity decision	RATP	Halve the number by 2020 (compared to 2015)	284	●
	Occupational accident frequency rate (number of occupational accidents with time off work x 1,000,000 / number of hours worked)	RATP	Halve the number by 2020 (compared to 2015)	31.36	●
	Occupational accident severity rate (number of days lost due to occupational accidents x 1,000 / number of hours worked)	RATP	Halve the number by 2020 (compared to 2015)	2.88	●
	Percentage of operational units certified to ISO 45001 by 2020	RATP	100% by 2020 (compared to 2015)	55%	●
Business ethics	Number of alerts	RATP	2018 data not available		
Regional anchoring	Rates of assistance for homeless people in directing them to social support services	RATP	–	73%	●
	Number of direct and indirect beneficiaries of the Foundation's projects	RATP Group	–	44,383	●
	Number of direct, indirect and induced jobs resulting from RATP's businesses	RATP	–	128,000	●
	Number of beneficiaries of Ateliers mobilité®	RATP	3,000	3,173	●
Taking CSR into account in purchasing	Amount of solidarity purchases (in millions of euros)	RATP	€1.4 million by 2020	1.3	●
Personal data protection	Number of notifications sent to Cnil in the event of personal data breaches	RATP Group, excluding RATP Dev, excluding RATP Smart Systems	–	0	New indicator

● Result achieved against target or positive trend.

● Result not achieved against target or negative trend.



## Innovation for sustainable cities

Designing tomorrow's mobility for sustainable cities is a real challenge for public transport operators. Innovation underpins the Group's strategy with a view to better meeting customer expectations and speeding up the energy transition, RATP Group aims to be a key player thanks to the Bus2025 plan. The Group has implemented an innovation approach based on three priority programmes:

- **smart city:** within a consortium bringing together Épamarne, Linkcity Île-de-France, Bouygues Energies & Services, Embix, Enedis, Idex and Capgemini, and as part of a "*Démonstrateurs industriels pour la ville durable*" (DIVD – Industrial demonstrators for sustainable cities) call for projects, RATP aims to provide a global, optimised and integrated mobility chain, offering users more sustainable, easier mobility;
- **autonomous vehicles:** since 2017, the Group has been experimenting with autonomous shuttles and smart garage operations;
- **artificial intelligence:** RATP is examining the potential opportunities that may arise from artificial intelligence to address issues related to business continuity (for example, resolving incidents on lines), predictive maintenance, safety and customer relations.

### RATP Capital Innovation: investing in new forms of mobility and the smarter city

In order to take part in the emergence of new business models and technologies for new forms of mobility and the smart city, RATP Group created RATP Capital Innovation, an investment fund dedicated to SMEs, VSEs and start-ups, in February 2017. RATP Capital Innovation has acquired holdings in start-ups offering innovative transport solutions: Communauto, a car-sharing service company, Klaxit, a home-to-work carpooling platform, Cityscoot, a leader in self-service electric scooters, and CityZen Mobility, which offers mobility services for vulnerable people.

In 2018, 2.6 million journeys using new forms of mobility (self-service scooters, carpooling and car sharing offered through its acquisitions).

The Group implements numerous participatory innovation programmes. In 2018, it also created its "**Urbanopolis**" labs network, which brings together six innovation centres in France and Morocco to promote collective intelligence and ground-breaking innovation, and provide support to speed up the company's priority innovation projects.

RATP Dev has been running the "Innov & Go" challenge since 2014. It rewards the most innovative ideas that bring added value in economic, environmental and social terms, and can be replicated in other Group subsidiaries. In 2018, 134 ideas were submitted by 739 participants from 33 subsidiaries.

## CSR policy strategic focus 1: Be a major player in mobility and sustainable cities

RATP Group calls on its expertise in public transport to invest in many measures to ensure journeys for all its customers are safe and uneventful. The Group seeks to make each passenger's daily life easier by offering a high-quality, varied and low-carbon transport solution.

### Guideline 1.1 — Establish a connected and accessible mobility offer

#### Safety, an absolute priority

Safety underpins the commitment of RATP Group and its subsidiaries. Rail safety and road safety are the fundamental foundations of the Group's business and are omnipresent in all its aspects worldwide. All Group entities work daily to prevent accident risks, identify areas for improvement in cooperation with all stakeholders and raise awareness among all audiences as to how services should be used.

#### Our actions

##### Continually strengthen rail safety procedures

Reporting directly to the Chief Executive Officer and Chairwoman, the *délégation générale à la sécurité ferroviaire* (DGSF – general delegation for rail safety) oversees the conditions under which all RATP Group entities take responsibility for rail safety. It carries out rail safety audits both within RATP and subsidiaries to monitor all activities that may impact passenger safety. The rail safety policy is constantly reviewed to meet organisational developments and offer the safest possible service, irrespective of the context. RATP Dev has also developed its own safety policy in cooperation with DGSF.

To ensure the sustainability of rail safety expertise, RATP trains all those required to perform safety-related tasks: drivers, regulatory managers, supervisory staff, maintenance staff and signalmen.

The Group also makes its recognised expertise in rail safety available to French, European and international authorities through:

- sharing its expertise with government departments by contributing to the deployment of the new decree 2017-440 (participation in drafting application guides), and transposition of European directives on rail interoperability and safety;
- participating in the work of European bodies, within the framework of the M/486 European mandate, aimed at tailoring and creating standards for mechanical, electrical and electronic applications in the urban rail field (metro, tram);
- contributing to drafting the UITP's (Union internationale des transports publics – International union of public transport) Knowledge Brief report aimed at addressing organisational and human factors in rail safety.

### Road safety, a unique, global approach

Road safety is subject to a greater number of external contingencies, and is inherently difficult to improve. It is nevertheless the subject of an ambitious action plan within the Group. As part of its public transport service role, RATP is also bound by a duty to achieve a specific result regarding passengers and the community. With around 16,000 drivers and 4,700 buses operating daily in the Île-de-France region, road safety is a major concern.

To limit the risk of traffic offences and accidents, numerous ongoing initiatives, such as the training all drivers undertake, and other circumstantial initiatives, allow vigilance to be maintained and drivers to be reminded of the essential rules they should comply with and include in their daily lives.

In 2018, RATP signed the national call to improve road safety, launched by the Ministry of the Interior and the Road safety delegation, which already includes several companies. RATP is working to raise awareness among its employees so they acquire good habits and behaviour on the road and share best practices with signatory companies.

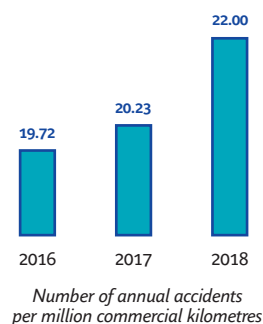
The company has been committed to responsible driving and accident prevention for many years. Initiatives to prevent unsafe behaviour are taken with regard to the 16,000 bus drivers and stakeholders.

RATP Dev has set up a Safety Committee, bringing together safety experts to promote sharing experience between subsidiaries. The subsidiaries have a road safety policy that includes a number of initiatives in the various countries they operate in. Internal monitoring allows the relevance and quality of checks carried out, etc. to be assessed.

In Austin, RATP Dev North America has deployed drive2zero™, a management system that meets the highest US safety standards. It will be gradually extended to all the subsidiary's networks, under the supervision of the Vice-Chair responsible for safety and security. Since drive2zero™ was launched in December 2017, the number of vehicle incidents has decreased by 19%. In addition, this approach meets the requirements of the PTASP (Public transportation agency safety plan), which requires public transport operators to implement safety plans before June 2020 in the United States.

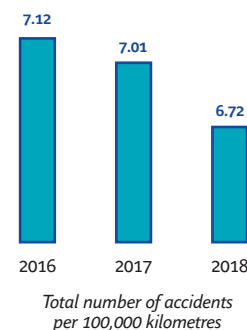
## > Key indicators

### Trends in rail network accidents — RATP



The cumulative rail network accident indicator for metro/RER/tram lines has remained stable overall over the last ten years, with a slight increase in 2018, however, marked primarily by an increase in individual passenger incidents: passengers being bumped by or trapped in doors (metro/RER), falling (RER/tram) or falling between trains and platforms (RER). To address this situation, RATP is continuing to actively deploy a risky behaviour prevention campaign.

### Trends in BUS network accidents — RATP



## Raising public awareness

Raising passenger awareness of risky behaviour is an important issue. RATP has launched a second communication campaign on behaviour aimed at reducing the number of serious accidents related to passengers' lack of vigilance.

RATP has also developed an innovative system known as SAM (système d'avertissement sur mobile – smartphone warning system). Objective: prevent collisions and protect pedestrians distracted by their smartphones. The principle: SAM informs them of the imminent arrival of a tram by sending a message (or visual signals, vibrations, etc.) to their smartphone.



## MANAGEMENT REPORT

Extra-financial performance declaration

RATP Dev has deployed a number of road safety operations in France within its subsidiaries through driver awareness-raising days. These days are gradually being set up abroad.

### Work in cooperation with all stakeholders in the region

To better identify the most accident-prone areas, RATP Group works in cooperation with law enforcement agencies and local authorities to share and find the safest possible road development solutions. In particular, RATP participates in working groups with the police prefecture for the most accident-prone sites, as well as with the City of Paris. Over the past three years, RATP has thus strengthened its road safety management.

In Morocco, RATP Dev Casablanca signed a three-year agreement in 2018 with the Comité national de prévention des accidents de la circulation (CNPAC – National committee for the prevention of road accidents) and Casa Transports. It provides for a series of initiatives (awareness-building, communication, research and innovation) funded by the CNPAC to improve tram safety in an urban environment. In this context, a road safety awareness raising campaign was launched in 2018.

### Embodying the notions of sustainable mobility and smart cities for the benefit of passengers

Addressing passenger needs as closely as possible is reflected in the continuous improvement of service quality. To create a relationship of trust with its passengers and offer services increasingly tailored to their needs, the Group has made the passenger experience a priority. It takes initiative to improve accessibility, reception, reliability, comfort and cleanliness of trains and its spaces. Its service policy, based on proximity, simplicity and innovation, meets this ambition.

# 27,000

network staff in contact with passengers

# 2.2 million

active users of the RATP application on average

# 368

metro and RER contact points

#### > Key indicator

Passenger satisfaction rate <sup>(1)</sup>	2016	2017	2018
RATP	81.70%	81.40%	80.60%

(1) Source: Île-de-France Mobilités' perception surveys.

### Our actions

#### Offer innovative, digital technology services

In response to passenger digital habits, RATP Group is investing in social media to enhance its visual and audio announcements. The Group operates Facebook, Instagram and Twitter accounts (for each line). The digital tools developed by the Group improve ways of informing and communicating with passengers in real time.

In an increasingly connected world, the Group designs ticketing solutions tailored to new uses and developments in mobile technologies to improve the passenger experience.

The RATP Smart Systems subsidiary promotes the Group's expertise in smart transport systems, in particular in ticketing, in France and abroad.

RATP Group is committed to developing new connected mobility solutions to offer passengers an increasingly personalised, fluid and "door-to-door" journey with the deployment of Wi-Fi areas and 415 "connect points" (ticket offices and information counters) in stations and tourist areas.

As part of the programme led by the Île-de-France region to develop new digital services to make everyday life easier for passengers, RATP is gradually implementing a smartphone ticketing programme.

In 2017, RATP Dev launched the "Tickizz" programme, its smartphone ticketing offer for urban networks. It allows passengers to use an app to purchase a paperless ticket, validate it through an NFC system or a dynamic QR code, and be checked on board by the driver or an employee.

RATP is stepping up its commitment to increasingly connected mobility.

#### Create close relations with passengers

RATP Group places its passengers at the centre of its concerns. Several measures have been implemented to collect their expectations and needs:

- RATP's networks, in particular in the Île-de-France region, benefit from a strong human presence. Around 5,300 staff are deployed in stations to greet, inform and guide passengers during their journey and assist them in the event of a disruption. Service relations underpin their training;
- organisation of a safety audit in the Jaurès metro station to better identify passengers' reactions in the corridors and on the platforms of a metro station;
- mystery passengers: around 3,500 mystery passengers survey the network, audit situations and collect passengers' opinions.

### Real-time passenger information

Real-time passenger information is one of the main criteria for service quality. Several measures have therefore been taken to ensure optimum passenger information tailored to everyday situations on metro lines (additional displays or displays on trains or buses). In the event of the network being disrupted, the driver informs passengers directly.

### Improve tourist assistance

The 5,300 station staff pay particular attention to tourist passengers all year round. Every year, the Île-de-France region welcomes over 50 million tourists. The Île-de-France network does everything it can to make their journeys easier, in particular by developing appropriate smartphone apps (RATP created an RATP Wechat account in 2017, flash code to access information from a large number of metro, RER and bus stations, etc.). 400 “green vests” are also assigned to assist these visitors. RATP has installed 60 Zenway touch screens in the metro and RER stations used most by tourists. These screens allow people to find the simplest route and access information about the station’s surrounding area.

### Offer clean, modern spaces

Train, bus and metro station cleanliness is high on the list of passenger expectations. This is a major challenge for the Group given the size of its network and the number of visitors. RATP Group, together with the Île-de-France region and Île-de-France Mobilités, have launched a specific plan to promote the cleanliness of the network operated by RATP. The budget for this plan was €2 million in 2018, and €5 million per year to be allocated between 2019 and 2021. This plan comes in addition to the €85 million that Île-de-France Mobilités contractually allocates to RATP each year to improve passenger comfort and experience.

These investments will make it possible to finance new initiatives: doubling the number of toilets in stations, “nudge” devices to encourage behavioural change, odour treatment, thorough cleaning of stations, increased presence of cleaning staff in daytime areas and passengers reporting cleanliness problems through the smartphone app.

The spirit of innovation also plays a key role in improving the quality of passenger walkways. The start-up company Fybots, winner of the RATP Lab at the 2017 Viva Technology show, signed an agreement with the Group to implement an experimental approach to deploying an autonomous car wash. The first robots were put into service in 2018, in particular in Gare de Lyon.

### Combating feelings of insecurity in public transport

In a context of heightened vigilance, the Group works every day to ensure passenger, staff and property safety. RATP is one of the only urban transport operators to have an internal safety department. It has a safety policy in its own right, with safety being a component of its public service role:

- contributing to passenger safety is a public service requirement;
- ensuring the safety of staff and facilities is a way of providing service continuity.

RATP essentially takes action in two main prevention areas:

- situational prevention, to reduce passengers’ sense of insecurity;
- social prevention, through youth awareness-raising initiatives, in particular in schools.

### Our actions

#### An organisation for deterrence and intervention

Over 1,000 employees of the groupe de protection et de sécurité des réseaux (GPSR – network protection and security officers) are responsible for protecting, assisting and ensuring passenger and staff safety on all bus, metro, RER and tram networks. Over a hundred teams are deployed 24 hours a day, 7 days a week.

In order to cover the entire network and thereby provide the greatest possible efficiency, GPSR works with police forces, in particular the Préfecture de police’s brigade des réseaux franciliens (BRF), in a complementary and coordinated way through joint operations aimed at participating in managing its region.

The coming into force of the Savary law opened up the possibility for RATP’s internal departments to experiment with the use of pedestrian cameras. This experiment involves about fifteen pedestrian cameras and began on 3 December 2018. It covers both the rail and surface network. Its objective is to secure the GPSR’s interventions with a system that is both preventive, in deterring perpetrators of violence against staff, and repressive, since it allows the collection of indisputable evidence.

RATP also has alert systems and resources it uses to ensure passenger safety. All RATP station staff working in the network’s stations can be mobilised directly through emergency call points installed in RATP network stations. They can alert RATP’s security command post at any time.

Videoprotection is an essential tool in the security chain, in addition to dense, responsive human presence. Over 50,000 cameras are installed in the trains, on the platforms and in the corridors of the RATP network.

In South Africa, RATP Dev subsidiary Bombela Operating Company (BOC) has developed an Operational Intelligence (*intelligence opérationnelle* – IO) computer system. It allows prevention staff to be deployed based on network incident reports.

Between 1 December 2016 and 31 May 2018, RATP experimented with dog teams for detecting explosives in 9 RER stations and 32 metro stations in order to reconcile safety and traffic flow requirements. 61 hours of traffic interruption were avoided during the experiment, which has since become a permanent measure financed by Île-de-France Mobilités. The scope of action has been extended to 215 metro stations and 31 RER stations.

### Supporting action taken by public authorities

The risk of attacks is a central issue in political, societal and media concerns. RATP is committed to preventing and dealing with the consequences of the terrorist threat while supporting actions taken by public authorities (Vigipirate plan, research project in particular).

Law no. 2016-339, known as the “Le Roux-Savary law” of 22 March 2016, on the prevention and fight against incivilities, attacks on public security and terrorist acts in public passenger transport, enhances RATP’s preventive actions in terms of recruitment and internal mobility in jobs involving the safety of property and people.

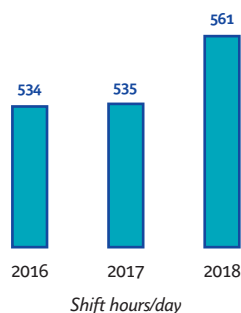
In May 2018, at RATP’s initiative, 17 transport networks worldwide met at RATP’s headquarters to discuss the risk of attacks.

### Prevention and awareness raising to reduce insecurity and incivility

The Group is committed to a prevention policy alongside institutions, local authorities, associations and the national education system to raise awareness among public transport users of the importance of social harmony and making proper use of the network. In March 2018, RATP, the Île-de-France region, SNCF Transilien and Île-de-France Mobilités launched a joint communication campaign against harassment in public transport: “*Ne minimisons jamais le harcèlement sexuel*” (Let’s never minimise sexual harassment), aiming to raise passengers’ awareness of this issue and involve them in preventing and dealing with this type of behaviour.

#### > Key indicator

Average daily operating time of RATP’s network protection and security officers



### For a more inclusive society: mobility accessible to all, a human and technological challenge

According to the World health organization, 1 billion people, or 15% of the world’s population, live with some form of disability, whether it be motor, sensory (visual, auditory), psychological or mental. Mobility is an essential factor for well-being and inclusion in society.

Public transport accessibility is therefore a major challenge for both society and RATP Group. To ensure everyone has access to public transport, in particular people with disabilities, the Group has been committed for over twenty-five years to working with all the stakeholders involved – associations, staff, local authorities and passengers.

Since 2005, RATP’s actions have been governed by the law of 11 February 2005, and comply with the framework set by the accessibility master plan (*schéma directeur d’accessibilité*) drawn up in 2009 by STIF (Syndicat des transports de l’Île-de-France, now Île-de-France Mobilités). As a reminder, the legislation imposes a duty to achieve a specific result on public transport services with accessibility planned for 2015, with the exception of any underground rail and guided transport networks existing on that date.

### Accessibility on the RATP network

**100% of the Paris bus network is accessible (75% in the Île-de-France region) to wheelchair users**

- **100%** of tram lines are accessible.
- **97%** of RER stations are accessible.
- Metro: line 14 is 100% accessible to wheelchair users. All the extensions to metro lines 4, 11, 12 and 14 currently being carried out will also be made accessible to wheelchair users.
- Audio and visual announcements are provided in 100% of buses, trams and RER trains, over 50% of metro trains and 95% of stations.
- S3A certified: metro lines 1, 5, 10, 11, 14 and RER suburban lines A and B, bus lines 151 and 251 and customer service.
- Labelled “Cap’Handéo, services de mobilité”: metro line 1 and RER suburban line A.





## Our actions

### Ongoing dialogue with associations

To implement appropriate accessibility solutions, RATP maintains ongoing dialogue with all accessibility stakeholders: associations, staff, local authorities and passengers. It regularly works in close cooperation with them on projects, in particular with representative associations.

Every month, RATP organises meetings with the accessibility advisory committee, which includes nine representative associations<sup>(1)</sup>. In order to discuss ongoing projects and find common solutions, these meetings are led directly by the Group's Chairwoman and Chief Executive Officer once or twice a year.

### New solutions

Facilitating mobility also means providing accessible information. Many projects aim to provide the information required for a journey in sound and visual form. Équisens, launched in 2015, is a cooperative project to adapt metro and RER stations to simplify passenger guidance through audio announcements, and visual and tactile devices. They provide assistance in identifying services, increasing walkway safety and providing easier access to information. The aim is to equip all metro and RER stations by 2020.

The audio companion is a guidance application for people with difficulties finding their way around, and is designed to help them reach an exit, platform or station. The first one is an audio guide that gives directions. After an experimental phase at two stations (Bastille and Pyramides), deployment is underway at all stations on line 11.

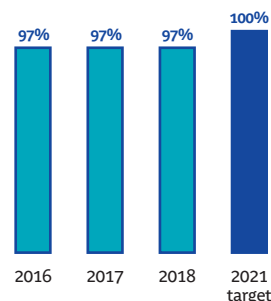
In November 2017, the Group invested in a start-up called CityZen Mobility which offers a non-stigmatising support service for people with reduced mobility (elderly or disabled adults, for example) in individualised cars, with drivers specifically trained to meet the support needs of each passenger.

Since the early 2000s, RATP Dev has been developing the FlexCité offer, an on-demand transport service for people with disabilities and the elderly.

This service operates on a door-to-door basis. Deployed in 4 departments in the Île-de-France region, it completes 390,000 journeys every year for 10,500 users.

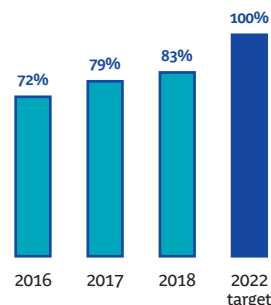
## > Key indicators

### Percentages of accessible RER stations in the Île-de-France region — RATP

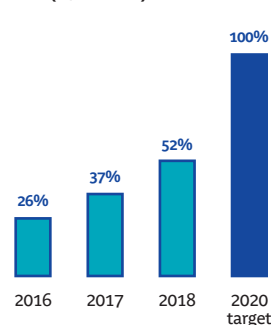


Work on the accessibility of the remaining two stations is currently in underway. 100% of RER stations operated by RATP will be accessible in 2021.

### Percentages of accessible bus lines in the Île-de-France region — RATP



### Percentages of assistance staff in stations trained to assist people with mental disabilities (S3A label) — RATP



Over the past three years, there has been a steady increase in the number of accessible bus lines and in the number of staff trained to assist people with mental disabilities. Eight metro lines are involved in the process required to achieve the target sought.

(1) AMF (Association française contre les myopathies – French association against myopathy), Allegro Fortissimo (fighting discrimination against the obese), APF (Association des paralysés de France – French association for the paralysed), APPT (Association des personnes de petite taille – association for short individuals), Corerpa (conférence régionale des retraités et personnes âgées – regional conference for the elderly and retired), CFPASAA (Confédération française pour la promotion sociale des aveugles et amblyopes – French confederation for the social promotion of the blind and individuals with amblyopia), UNAFAM (Union nationale des familles et amis des personnes malades et/ou handicapées psychiques – French union for the families and friends of individuals with psychic disabilities and/or disorders), UNAPEI (Union nationale des associations de parents et amis de personnes handicapées mentales – French union for associations of parents and friends of individuals with mental disabilities), and UNISDA (Union nationale pour l'insertion sociale du déficient auditif – French union for the social integration of individuals with hearing disorders).

## Guideline 1.2 — Environmentally-friendly actions

### Making station air quality an environmental priority

As an operator of an underground transport network, the challenge for RATP is to continuously improve air quality in stations, and provide a warm, dry environment with a high level of air renewal and a low rate of nitrogen oxide from external pollution. Particulate pollution, due to rolling stock braking systems, is a phenomenon observed in all rail networks worldwide. Although currently there are no standards for particulate matter in underground spaces, RATP has taken a series of initiatives as part of a proactive approach to reducing the presence of micro-particles in the air.

**€45 million** invested  
 over the period 2016-2020  
 to improve tunnel ventilation

**342** tunnel fans

### Our actions

#### Daily monitoring of air quality

For over twenty years, RATP has continuously monitored the air quality in its underground spaces. Measurements are carried out using reference analysers by the RATP laboratory, certified by Cofrac. Since 1997, it has been carrying out continuous measurements in three stations representing RATP's underground spaces: Franklin D. Roosevelt (metro line 1), Châtelet (metro line 4) and since 2006 in the Auber RER station (RER suburban line A). They form the Squales (*Surveillance de la qualité de l'air de l'environnement souterrain* – Monitoring of air quality in the underground environment) measurement network.

Measurements at these stations include temperature, relative humidity, carbon dioxide, nitrogen oxides and particulate matter. Since 2018, passengers have been able to consult all this data in real time via the dedicated website set up by RATP. Ad hoc measurements at various points in the underground network reinforce this continuous monitoring.

#### Tangible actions for continuous improvement of air quality

Improving indoor air quality mainly involves improving air renewal in spaces and optimising the electrical braking of rolling stock to reduce particulate emissions. Air renewal is a crucial lever that improves air quality in stations. For over ten years, RATP has also been implementing a major investment plan worth €45 million (2016-2020) to create, renew and improve mechanical ventilation for underground air renewal. In 2018, a fan was created on metro line 6. Comfort ventilation capacities have been increased on 17 ventilation stations.

To reduce train braking fine particle emissions, the Group, in partnership with manufacturers, is gradually improving electrical braking on its new rolling stock. In addition, RER infrastructure maintenance trains are also to be changed to electric, following the example of the metro network's locomotive mover, all of which are already electric.

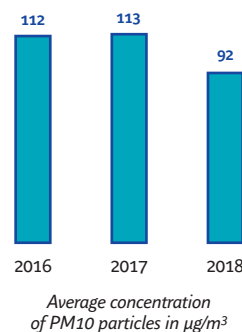
In addition to these technical improvements, RATP aims to improve air quality through innovative solutions: in 2019, it is going to test an air treatment system for railway spaces introduced by Suez, as part of a call for projects launched by the Île-de-France region.

### Health monitoring

In 2018, RATP also continued the mortality cohort survey conducted over the 1980-1999 period and extended it to the 1980-2012 period. This work makes it possible to study RATP employees' vital status and compare it against that of the Île-de-France region's population. An overall under-mortality of RATP employees is observed. As part of its occupational health policy, RATP's occupational health department launched a cooperative project in 2018 on biological exposure indicators (biomarkers), the Respiratory disease Occupational Biomonitoring Collaborative Project, ROBoCoP, with the Institut de Santé au travail de Lausanne. This project reflects the Group's desire to assess any potential biological effects of metal particles in underground railway areas in order to better prevent them.

### > Key indicator

Particulate matter levels in the three stations of the Squales network — RATP



The particulate matter rate was stable during 2016 and 2017 and decreased in 2018 (following the closure of Châtelet metro station due to line 4 automation work).

### Reduce noise and vibration pollution

Based in the city, RATP aims to minimise noise and vibration effects on its passengers, local residents and employees by taking steps to prevent and/or reduce such pollution.

Residents in Île-de-France perceive noise generated by transport as the main source of noise pollution. However, rail traffic and buses account for less than 15% of this pollution, far behind two-wheeled motor vehicles (35%), road vehicles (24%), horns/siren (18%) and aircraft (10%).

About 400 complaints are received each year concerning rail traffic (RER, metro and tram), road traffic (buses), equipment (escalators, fans and sound systems) or work sites. Each year, RATP invests around €3.5 million in operations designed to reduce noise and vibration at the source. The Group pursues an ongoing dialogue on these issues with all its stakeholders, in particular with local residents, local elected representatives and associations.

RATP goes even further by investing in research programmes, such as ÉcoCité II in 2016-2018: the project aimed to incorporate innovative acoustic and vibration solutions on railway sites or buildings located along the property line of railway embankments, such as the Noisy-Champs site (RER A).

**50%** reduction in noise black spots between 2010 and 2018

RATP is committed to responding to **100%** of complaints from residents in the Paris region within 21 days

## Our actions

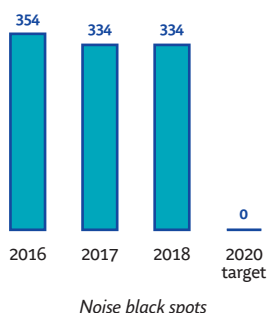
### Removing noise black spots in the Île-de-France region by 2020

A noise black spot is a sensitive building located in a critical noise zone whose façade noise levels are higher than the limit values set by regulations. In 2018, 334 people were affected due to permissible limit values being exceeded.

The noise reduction programme in the Île-de-France region, undertaken in partnership with the Agence de l'environnement et de la maîtrise de l'énergie (Ademe – the French environment and energy management agency) since 2010, covers 27 individual housing units and 23 collective housing units, representing 144 residents in 8 Île-de-France municipalities. The operation helped to bring into compliance 78% of the living spaces affected by noise levels not complying with the permissible limit values set forth in the aims of the circular of 25 May 2004 on noise generated by land transport infrastructures.

### > Key indicator

Number of people exposed to the threshold limit of the EU directive 2002/49/EC — RATP



The agreement with Ademe gave way to a reduction of over 50% in the number of people exposed to the threshold limit of the European directive 2002/49/EC, which was decreased from 1,136 in 2010 to 334 in 2018.

### Upgrading existing rolling stock

Rolling stock performance is a key area of action to improve the comfort of passengers, employees and local residents. RATP and its stakeholders (public transport authorities, manufacturers, equipment manufacturers, etc.) contribute to strengthening noise and vibration requirements for all new rolling stock investments and maintenance, upgrading, renewal and commissioning operations. A new management indicator is published to monitor this process: noise level emissions from rolling stock (buses, railways).

RATP has thus set itself the target of including a reduction of around 2 to 3 dB(A) in specifications or, failing that, of implementing preventive solutions to avoid any deterioration in the initial noise levels when rolling stock is transferred from one line to another. The latest tram rolling stock, for example, contributes to a noise reduction of 3 and 4.5 dB(A) compared to older rolling stock, representing a significant acoustic difference for residents.

### > Key indicator

Percentage of rolling stock with a low noise level (buses, railways)	2016	2017	2018
RATP	–	–	54%

To take action regarding the acoustic environment, RATP has targeted the most noticeable characteristic noises of rolling stock on a daily basis: rolling, squealing in curves and braking. Reducing rolling noise, which is generated from tyre-road or wheel-rail contact, requires optimised maintenance of infrastructures and rolling stock with the aim of limiting friction.

To eliminate squealing during braking or in curves, rolling stock fitted with resilient wheels or new, quieter brake linings are used when rolling stock is renewed.

In 2018, RATP Dev's subsidiaries launched several noise abatement measures, such as the introduction of electric buses (in particular, electric tourist buses).

### Prevent noise pollution

RATP participates in the preparation of PPBE (*plans de prévention du bruit dans l'environnement* – environmental noise prevention plans) for the State, municipalities and EPCI (*établissements publics de coopération intercommunale* – public institutions for inter-municipal cooperation) concerned. These plans result from European directive no. 2002/49/EC of 25 June 2002 on the assessment and management of environmental noise. It aims to prevent and reduce excessive noise through action plans, protect quiet areas and ensure public information and participation. In this context, every five years since 2007, the company has provided the prefects of the departments with CBS (*cartes de bruit stratégiques* – strategic noise cards) for rail infrastructures, TCSP (*transports collectifs en site propre* – collective transport on clean sites) and facilities classified for environmental protection, as well as with the rankings of its infrastructures. This information is used as a basis for developing these PPBE.



## MANAGEMENT REPORT

Extra-financial performance declaration

As the prime contractor for major public transport projects, including extending long-standing Paris metro lines, RATP complies with strict rules for assessing and managing noise pollution, in cooperation with local authorities. As part of its projects, it assesses the noise and vibration impacts upstream, defines preventive solutions and implements a noise pollution management plan.

### RATP is also a local contact for users of and residents living alongside its network

RATP is committed to responding to 100% of complaints from residents of the Île-de-France region within twenty-one days. In this context, it takes steps ranging from an in-depth diagnosis of infrastructures to noise and vibration measurements in the complainant's home.

#### > Key indicator

Number of noise- and vibration-related complaints and claims	2016	2017	2018
RATP	686	473	498
RATP, RATP Real Estate, RATP Dev	739	499	587

### Bringing exposure to electromagnetic waves under control

With the ongoing roll-out of 3G/4G in the Île-de-France network, RATP intends to meet passengers' high expectations, with a view to protecting public health and complying with regulations.

#### Our actions

##### Ensuring the compliance of regulatory thresholds

To ensure compliance with the applicable law, RATP set up a commission over ten years ago to monitor health, regulatory and technical issues. Since 2004, regular monitoring measurements have been carried out underground and on the surface by Cofrac accredited organisations. As well as this, RATP implements the recommendations of the Agence nationale de sécurité sanitaire de l'alimentation, de l'environnement et du travail (ANSES – the French health safety agency).

#### > Key indicator

Number of electromagnetic field measurements carried out during the year	2016	2017	2018
RATP	395	900	748

The substantial change in the number of measurements between 2016 and 2017 is linked to:

- the application of the 2016-1074 workers' decree with risk analysis work carried out in RATP's various departments;
- roll-out of the 3G/4G project.

Rules have also been defined with operators to minimise passenger and employee exposure in each station and tunnel. To ensure compliance with applicable standards, RATP works closely with the Agence nationale des fréquences, which manages all radio frequencies in France on behalf of the State. All measured levels comply with regulations aimed at the general public (decree no. 2002-775 of 3 May 2002) and RATP staff.

#### Protect and inform

In 2016, to ensure that electromagnetic radiation was kept under control, RATP's electromagnetic fields commission mapped emissions in accordance with decree 2016-1074 of 3 August 2016 on the protection of workers from the risks arising from electromagnetic fields.

RATP is committed to protecting and informing anyone who may be exposed to this, including passengers and employees. To limit their exposure, the Group communicates on responsible behaviour on its website.

### Guideline 1.3 — Encourage urban integration and functional diversity

In a context of intensive urban development, ever-denser cities and ever-scarcer available spaces, the Group is contributing to the creation of smart, sustainable cities. RATP has joined forces with the City of Paris to develop mixed urban programmes including industrial sites, housing, public facilities and green spaces. These programmes contribute to turning Paris into a smart, sustainable city. As part of the "Logement pour tous" (Housing for all) pact signed with the City of Paris and several players in the housing sector in 2014, the Group has committed itself to two aims:

Build **2,000** housing units by 2024, including **50%** social housing

Plant **4 hectares** of rooftops and walls by 2020, one-third of which intended for urban agriculture

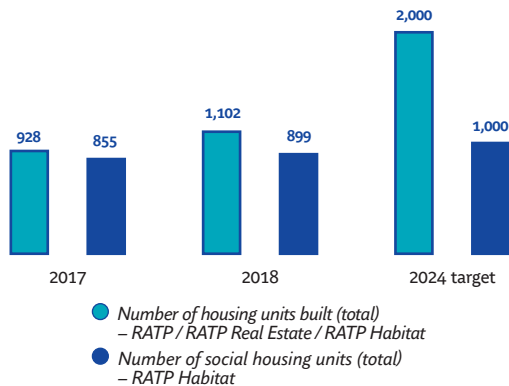
### Restructure industrial sites to promote urban diversity

To promote urban diversity, RATP has undertaken restructuring operations at its industrial sites. Garages and maintenance workshops have been redesigned to include bold architectural complexes as well as social and private housing, offices and public spaces that promote social cohesion, such as nurseries, secondary schools and cultural centres. The creation of these places is a means to fight against urban sprawl and promoting social diversity.

8 site development projects have been launched with the aim of creating 2,000 new housing units in Paris by 2024.

### > Key indicator

#### Number of housing units built



#### Ateliers Vaugirard (workshops)

A major project known as “Les Ateliers Vaugirard” is currently under way which involves redeveloping the metro line 12 maintenance workshops, while allowing them to continue their activities. In the long term, the workshops will combine housing (including social housing), local shops, green spaces and public and cultural facilities. The project was designed following an original consultation with groups including project managers, architects and partners responsible for its coordination. The innovative proposals devised by RATP include installing a green roof, the urban agricultural production of which will be sold directly on site, through a fresh produce market located on the ground floor of the complex.

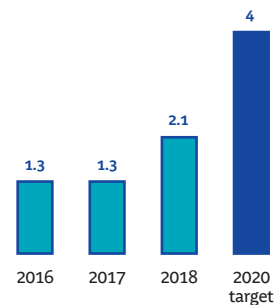
### Commit to the smart, sustainable use of buildings

Committed to biodiversity protection, RATP has launched a systematic analysis of its heritage in the Île-de-France region to examine the possibility of greening and including urban agriculture alongside existing green spaces.

As part of this approach, RATP Real Estate signed a five-year partnership agreement with AgroParisTech in 2017 including research initiatives with greening and urban agriculture (impact on pollution, air pollution control via a green ecosystem, building cooling and rainwater harvesting). This partnership is part of RATP Real Estate’s sustainable development policy, based on sustainable buildings: for each real estate project, a strategy is implemented to meet the environmental and social challenges of future sustainable buildings.

### > Key indicator

#### Number of hectares planted — RATP / RATP Real Estate



In 2018, RATP planted 2.1 hectares, including 1,635 square metres for urban agriculture.

## CSR policy strategic focus 2: Reducing our environmental footprint

As it is located in cities, the Group does everything possible to limit its environmental footprint. It explores new solutions for saving energy, conserving resources, supporting the circular economy and combating climate change. This commitment to sustainable mobility is part of the Group’s ambitious carbon policy, which is resolutely focused on reducing its environmental footprint.

### Guideline 2.1 — Reducing its carbon footprint and saving its resources

#### Taking action on climate change and the energy transition

Globally, the transport sector is the second largest source of greenhouse gas (GHG) emissions caused by energy combustion, after power generation. Through its activities, RATP Group contributes to the sector’s overall effort to reduce energy consumption and CO<sub>2</sub> emissions.

Far from being satisfied with this, it is pursuing a process for the continuous improvement of its energy and climate performance. RATP has set itself the ambitious aim of reducing its energy consumption by 20% and its greenhouse gas emissions by 50% between 2015 and 2025.

#### Aims (RATP)

- 50% less GHG emissions per passenger.kilometre by 2025 (2015 basis)
- 20% less energy consumption per passenger.kilometre by 2025 (2015 basis)
- 100% of metros fitted with electric regenerative braking by 2032





## MANAGEMENT REPORT

Extra-financial performance declaration

In 2018, RATP became a founding member of the Net Zero Initiative alliance launched by Carbone 4. This initiative supports three key processes: calculating GHG emissions, “actually” reducing them and compensating for them better. The results of the 2018 Net Zero Initiative’s work were presented in parallel with COP24 in December 2018 in Katowice (Poland).

**1<sup>st</sup> network** in the world  
100% fitted with LEDs  
in its stations

**1<sup>st</sup> multimodal network**  
in the world to be ISO 50001  
certified for all its activities

**24%** hybrid, electric or  
bio-NGV buses in the  
Île-de-France region fleet  
in 2018

**1,084** managed bicycle  
parking spaces near metro  
and tram stations

### Our carbon footprint

RATP updated its Bilan Carbone® in 2018. It enables RATP to estimate the GHG emissions generated directly and indirectly by the company’s activity (scopes 1, 2 and 3).

In this scope, global emissions are estimated to be 618,000 tonnes of CO<sub>2</sub> equivalent. 65% of the measured emissions result from direct and indirect emissions (so-called “upstream” emissions) from energy consumption: passenger transport (traction energy), buildings, infrastructures, passenger areas and auxiliary vehicle fleets. It is by far RATP’s leading source of GHG emissions.

Public transport modes consume relatively little energy per passenger transported. A passenger journey via the metro or RER network requires eight to ten times less energy than the same journey by private car and two times less by bus. However, RATP is committed to a performance-based approach to further improve the efficiency of its transport networks.

### The ambitious Bus2025 plan

As a pioneer in energy and climate issues, RATP contributes to the energy transition and improving outdoor air quality with the Bus2025 plan, which aims to provide a 100% clean bus fleet. It is the first transport operator of this size to implement such an ambitious action plan.

In the long term, around two-thirds of the buses will be electric and one-third renewable gas. Bus GHG emissions represent around 69% of RATP’s energy consumption related GHG emissions. The Bus2025 plan, which is part of the Île-de-France urban travel plan, thus allows action to be taken on a significant portion of RATP’s carbon footprint.

All RATP bus depots will be tailored and upgraded to accommodate electric or renewable gas buses.

In 2018, with the launch of London’s first zero-emission bus garage and the first electric tourist buses, RATP Dev confirmed and stressed its commitment to ecological mobility. In November, RATP Dev London inaugurated, with the city, the reconverted and upgraded Shepherd’s Bush depot in London. Located to the west of the city, it will accommodate a new fleet of 36 fully electric buses.

RATP Dev’s tourist bus subsidiaries Open Tour in Paris and The Original Tour in London have also started converting their fleets by respectively launching the first 100% electric hop-on hop-off double-decker tourist buses.

### Adapting to climate change

All RATP’s activities are affected by climate change: operation and maintenance of a transport system (passenger transport, stations, information and communication systems), procurement of bus and rail rolling stock and management of rail infrastructures, design of new infrastructures (buildings or rail infrastructures). The major climatic risk is the risk of flooding of underground networks.

In 2015, RATP adopted a PPRI (*plan de protection contre le risque inondation* – flood risk protection plan), which aims to preserve facilities (rolling stock and infrastructures) and improve swift recovery from floods.

### Encourage shared low-carbon mobility

To encourage passengers to use less carbon-intensive modes of transport, RATP Group is enhancing public transport’s attractiveness and complementarity, notably by providing mobility services in addition to its long-standing network: carpooling, car-sharing, electric scooters and autonomous shuttles, through RATP Capital Innovation’s investment in these areas. The additional services include: 1,084 bicycle parking spaces near RER, metro and tram stations.

### An energy performance plan

RATP’s energy efficiency policy was implemented at the end of 2017 with ISO 50001 certification of all its activities. To achieve its aim of reducing energy consumption by 20% by 2025, RATP is implementing an action plan based on four levers: rolling stock, buildings, infrastructure and passenger areas.

To reduce its energy consumption in buildings, the Group systematically examines the possibility of using renewable energy and energy from waste and implements energy-saving measures. This year, for example, RATP is participating in the CUBE 2020 national challenge for energy savings in existing buildings organised by the French Institute for the energy performance of buildings.

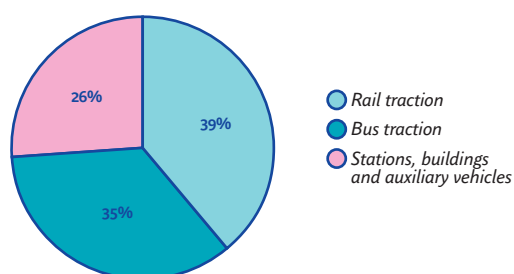
The Group also encourages eco-driving practices, in particular among bus drivers, from the initial training stage as well as during on-going training. RATP is also experimenting with the installation of eco-driving boxes on buses to collect data on journeys made and, after analysis, to provide drivers with new practices.



In rail networks, the recovery of braking energy is a major lever for reducing energy consumption: new rolling stock is systematically fitted with a device to regenerate energy when braking. All trams and RER trains in the RATP network are so fitted. From 2032 onwards, all metros are also expected to be able to regenerate energy on braking.

As a signatory to the Paris Climate Plan Charter, RATP has joined forces with Paris Habitat to implement a tangible metro heat recovery operation to heat a Parisian building. The heat from the metro line 11 tunnel is recovered and sent to a heat pump that heats the building's 20 housing units. This innovative system covers 35% of the building's heating needs on average.

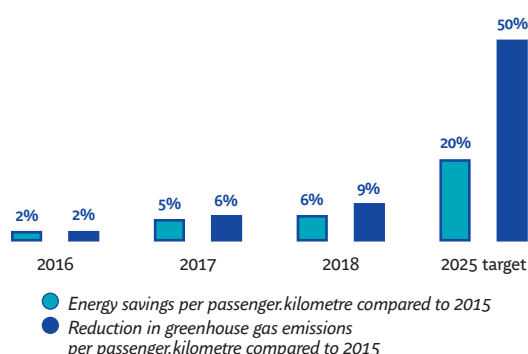
Distribution of energy consumption by use — RATP



In 2018, the Group's greenhouse gas emissions amounted to 640,952 tonnes of CO<sub>2</sub> equivalent, 84% of which is traction related (RATP and RATP Dev scope).

### > Key indicator

Trends in energy consumption and GHG emissions — RATP



## Take action to bring environmental risks under control

With its bus centres and workshops located in the city centre, RATP is one of the few companies to operate on a large scale in urban and suburban areas. The prevention of all forms of pollution and control of environmental risks is thus a priority. In addition to complying with regulatory obligations, RATP has adopted an ambitious certification plan.

### Target

89% of RATP's industrial sites were ISO 14001 certified by 2018

0 ICPE formal notices in 2018

## Our actions

### Ensure compliance of the most at-risk sites

RATP Group operates ICPE (*installations classées pour la protection de l'environnement* – facilities classified on environmental protection grounds). These facilities classified on environmental protection grounds are classified according to the quantities and hazardousness of the substances used or stored, and the environmental risks inherent in the site's activities. As from the end of December 2018, RATP operated 168 ICPE at 65 sites. Their mapping covers all activities specific to an urban mobility player: maintenance workshops, cleaning activities, refuelling stations in bus centres, covered warehouses and storage activities, heating, battery charging (including electric vehicle charging), carpentry and metalworking workshops, etc. The formal notices of previous years have been withdrawn.

RATP Dev's French subsidiaries are also subject to specific ICPE monitoring, including STI Haute-Savoie (Société des transports interurbains de Haute-Savoie), TimBus in Magny-en-Vexin, Cars Dunois, CTGMVA (Compagnie des transports golfe du Morbihan – Vannes Agglomération), Gem'Bus and Moulins Mobilité.

### > Key indicator

Number of ICPE formal notices	2016	2017	2018	Target
RATP, RATP Dev	1	1	0	0

### Prevent soil and water pollution

The Group takes a number of steps to provide sustainable protection of the soil against all forms of pollution:

- upstream of projects, it carries out impact surveys to detect soil pollution levels. If activity is discontinued, the same surveys are carried out;
- during the work scheduling, communication with local residents is carried out before the start of operations. Any disturbances (dust, road contamination, noise, etc.) are analysed and preventive actions taken based on the results: installation of truck washing areas, dust spraying, etc.;
- during the operational phase, preventive and corrective measures are implemented as part of ISO 14001 procedures (retention tanks, industrial waste water (ERI) station, emergency situation procedure, etc.).

RATP Real Estate has drawn up a work site with a low environmental impact charter. The aim: to formalise tangible environmental actions, based on six commitments – reduce noise pollution, reduce air pollution, limit soil and water pollution, limit visual pollution, reduce waste and optimise resource consumption. Signatory partners and suppliers undertake to comply with it.

RATP Dev deploys an environmental management system to ensure compliance with local laws and regulations and improve pollution risk prevention.

As a subsidiary of RATP Dev, SETRAM has implemented a quality management system for its operation and maintenance activities, in accordance with the ISO 9001 standard and plans to comply with the ISO 14001 standard by 2020.

## Guideline 2.2 — Develop the circular economy

To provide services while limiting raw material, water and energy source consumption and waste, the Group is focusing on developing the circular economy.

### Our actions

#### Promote regional and industrial ecology

RATP Group makes optimum use of its resources and promotes industrial and regional ecology: in 2018, RATP continued the “Quartier des Deux-Rives” project alongside the Ville de Paris and some 40 companies in the Bercy, Tolbiac, Austerlitz and Gare de Lyon districts, which are working to develop tangible solutions in favour of the environment. A cooperative platform has been set up to enable all the economic actors in the district to put forward spontaneous initiatives ([www.lesdeuxrives.paris](http://www.lesdeuxrives.paris)). The “Quartier des Deux Rives” project was awarded the 2018 Territoria bronze prize by the panel for local public actors who dare to innovate to improve public service efficiency.

#### Optimise water management

Every year, RATP consumes nearly one million cubic metres of drinking water in carrying out its rolling stock maintenance and washing activities. Making better use of this resource is therefore a key challenge. The Group aims to reduce water consumption at source by raising employee awareness through the inclusion of specific targets in environmental management systems and also through actions such as recovering infiltration water or the optimising rolling stock washing.

#### Recover water

RATP is examining the possibility of reusing infiltration or mine water in a virtuous way. This water is partially returned to the natural environment (Seine, Saint-Martin canal and Saint-Denis canal) to avoid overloading treatment plants. Another part is reused by the company, for example, to water the grassed platform of the T3b tram.

#### Optimise rolling stock washing water

To optimise rolling stock washing water consumption, RATP is setting up a system for recycling washing water (buses and trams) and collecting rainwater at certain industrial sites.

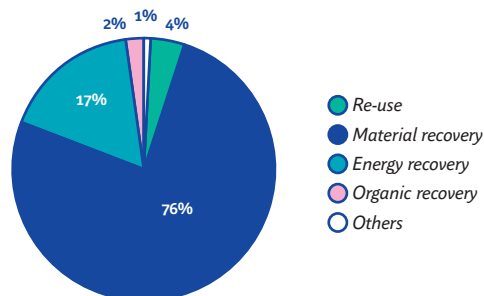
### Responsible waste management

Faced with the range of waste produced, in particular for maintenance activities, RATP pursues a policy that combines reduction at source and maximum waste recycling.

In 2018, RATP produced 26,858 tonnes of industrial and service sector waste (including maintenance ballast), comprising 4,458 tonnes of hazardous waste and 22,400 tonnes of non-hazardous waste recovered.

Each year, RATP recycles 100% of non-hazardous waste and around 99% of hazardous waste in various ways.

#### Waste recycling method



### Combat food wastage

The RATP Works Council participates towards the company’s sustainable development approach by limiting the environmental impact of the catering activity it is responsible for. Since 2018, RATP has been collecting and recovering bio-waste from the main company restaurants. The service is subcontracted to an Île-de-France region plant that subjects this bio-waste to anaerobic digestion. It ensures the energy from the biogas produced is recovered and the digestate organically distributed on agricultural land.

## Guideline 2.3 — Promote continuous improvement and eco-design measures

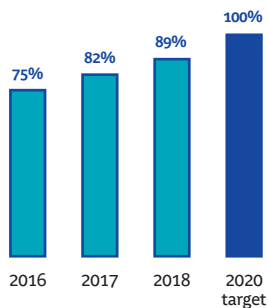
The Group is pursuing a certification plan for its activities: QSE (quality, safety, environment) certification for most of its industrial activities, ISO 50001 (energy management), and continuous improvement initiatives undertaken in accordance with the EFQM® (European foundation for quality management) methodology.

RATP has a contractual commitment with Île-de-France Mobilités to implement an environmental management system at all its industrial sites by 2020.

**At the end of 2018, 89% of its industrial sites were ISO 14001 certified.**

> Key indicator

Percentages of industrial sites ISO 14001 certified — RATP



Number of industrial sites ISO 14001 certified	2016	2017	2018
RATP	74	80	82
RATP, RATP Dev	75	81	83

Through its CSR policy, RATP Group is committed to promoting an eco-design and eco-specification approach to all its projects (infrastructure, building practices, rolling stock and information systems), by encouraging the choice of products or systems that are less energy-consuming, have a longer service life and are more economically efficient.

RATP has adopted a sustainable development integration standard for each step in the design of its projects. Ecological solutions are actively sought during the design phase. During the construction phase, the Group promotes eco-responsible construction that includes an eco-design approach and projects with a low environmental impact. During the project’s operation/maintenance phase, RATP gives priority to seasonal temperature adaptation, ecological material use, rainwater harvesting and installing green rooftops.

- In 2018, RATP was selected by Ademe to participate in the testing of the “Positive energy and carbon reduction” (E+C-) label as part of a train maintenance workshop project.
- In the Île-de-France region, garages and maintenance sites for new tram lines generate some of their power through photovoltaic panels, heat pumps connected to geothermal probes or Canadian wells.

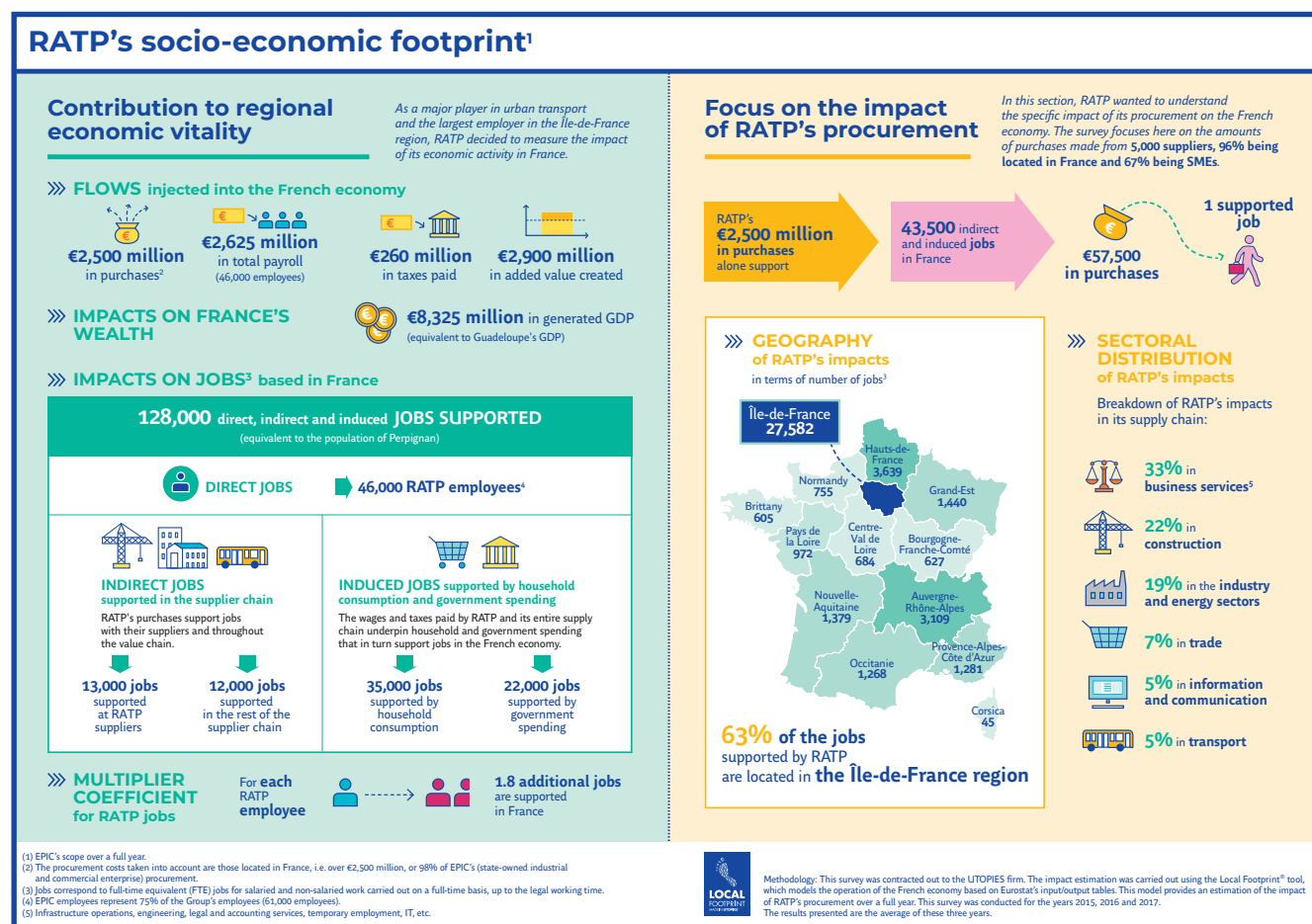
## CSR policy strategic focus 3: Confirm our social and societal responsibilities

For RATP Group, confirming our social and societal responsibility means contributing to equal opportunities, promoting social dialogue in all contexts, taking action against social exclusion at all levels and becoming a partner in collective interest projects. It also means protecting our customers' personal data and ensuring, in all our activities and environments, that our practices are exemplary regarding our employees, suppliers, partners and the regions in which the Group operates.

### Guideline 3.1 — Contribute to the economic vitality and solidarity of regions

In the face of population growth, urban migration and the resulting environmental, economic and societal challenges, transport players have a strategic role to play in improving the quality of life of residents and making cities more inclusive. Through its activities in France, RATP Group contributes to the economic and social development of the regions it operates in and participates in implementing public policies in favour of employment and the social inclusion policy.

### RATP's socio-economic footprint in France over the last three years (2015-2017)



## Social inclusion and employability

The Group's approach is based on four complementary axes:

1. a human resources policy committed to diversity and equal opportunities, notably through:
  - diversity and equal opportunity awareness raising and training programmes, in all the Group's subsidiaries,
  - actions to increase the percentage of women in the workplace. In 2018, 19.2% of RATP's newly hired employees were women,
  - actions in favour of the employment of people with disabilities; 126 people hired by RATP in 2018,
  - a proactive policy for youth employment (559 work/study contracts were signed in 2018 by RATP);
2. the RATP Group Foundation's action promotes social mobility through four programmes to provide access to culture, education, employment and the ecological transition;
3. a socially-responsible purchasing policy;
4. prevention actions through RATP's social outreach.

**53%** of RATP Dev's subsidiaries surveyed in 2018 have specific local initiatives or agreements to promote the hiring of the most vulnerable groups

## Foster regional employment

RATP's regional development agencies are the company's intermediaries in implementing the policy to combat exclusion in the most exposed areas in the Île-de-France region. In 2018, RATP undertook several action programmes to remove disincentives to employment:

- participation in 75 employment forums, in cooperation with schools, which enabled RATP to meet around 8,200 people;
- the organisation of over 167 collective and public information meetings and 47 site visits for 8,891 informed people, in partnership with inclusion and employment stakeholders, to present RATP's businesses and the Group's hiring procedures;
- 355 Ateliers mobilité® for 3,173 people registered in the programme and over 24,000 beneficiaries since 2008.

For the past ten years, RATP has been organising Ateliers mobilité® in the Île-de-France region, with a partner organisation (public body, company or association) responsible for recruiting participants enrolled in a social inclusion or employability programme. What is at stake? Raise awareness among populations with little or no experience of public transport networks, their use or the tools available to them.

An Ipsos survey (2016) revealed that 87% of participants would advise others to attend an Ateliers mobilité®, 60% would like to attend another Ateliers mobilité® and 59% are less concerned about using public transport.

In 2018, London United Busways (LUB), a subsidiary of RATP Dev in the United Kingdom, launched "Deuxième chance" (Second chance), a pilot project in partnership with the Achieving for Children association. In its Tolworth depot, LUB has set up a programme combining community service and steps to raise awareness of learning opportunities within the Group for young offenders. Transport for London is looking into a wider deployment of this initiative in the region.

## Purchasing, leverage for the employment of the most vulnerable groups

RATP is convinced that purchasing can contribute to public policies for people facing difficulties in finding a job.

### Our actions

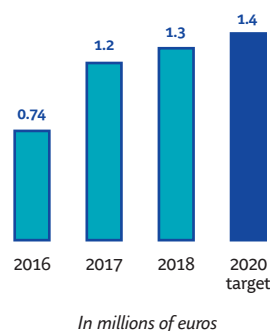
#### Solidarity purchasing

RATP contracts services to ESAT (*établissements et services d'aide par le travail* – establishments vocational rehabilitation centres) and EA (*entreprises adaptées* – disability-friendly companies) that employ disabled workers, mainly for laundering maintenance clothing, maintaining green spaces, catering services, printing, destroying of documents, etc. It is gradually extending these practices to industrial services and supplies: in 2018, a contract for the provision of sheet metal parts for toll and electronic payment was thus awarded to an EA.

At the same time, RATP contracts services such as waste management and recycling, maintenance of green spaces along T2 tram lines, cleaning of living areas on work sites, catering to SIAE (*structures de l'insertion par l'activité économique* – structures for inclusion through economic activity), which employ people registered in an inclusion programme. RATP has set itself the goal of increasing the amount of these purchases and diversifying its activities. The installation of passenger information stickers in RER suburban lines A and B stations by disability-friendly companies in 2018 illustrates this commitment.

### > Key indicator

#### Solidarity purchases amount — RATP



In 2018, solidarity purchases represented €1.3 million, with the aim being to increase this amount to +40% by 2020 compared to 2016.

### Our aim

Develop solidarity purchasing so as to reach **€1.4 million** per year by 2020

### Contractual clauses in favour of inclusion

For the past ten years or so, the Group has included inclusion clauses in the contracts that lend themselves to this. Suppliers are required to assign a certain number of working hours to socially or professionally disadvantaged people. To ensure the system's quality and local



## MANAGEMENT REPORT

Extra-financial performance declaration

impact, RATP is supported by facilitators. They mobilise local employment players, provide companies with local applicants and structures for inclusion through economic activity and oversee local implementation. In 2018, 176 current contracts include an integration clause.

The Grand Paris Express works are a real opportunity to improve employability and access to employment in the Île-de-France region. Around 700,000 hours of inclusion work are thus planned for the extension of line 14 north and south, for which RATP has delegated project ownership responsibility.

Since 2011, over 2.1 million hours of inclusion work have been completed, and 4,000 people have benefited from this programme, including 385,000 hours which benefited 749 people in 2018.

100% of major works projects now include an inclusion strategy and 100% of contracts worth over €2 million are subjected to a feasibility study to include inclusion clauses.

### > Key indicator

Number of inclusion hours completed (SIAE clauses and purchases)	2016	2017	2018
RATP	359,000	420,000	385,000

## Purchasing practices in favour of SMEs

RATP's involvement in regions also takes the form of a commitment to SMEs. To facilitate SMEs' access to its contracts, RATP has taken several steps, such as simplifying administrative application procedures and reducing the minimum financial capacity of applicants.

SMEs represent 66.4% of RATP's suppliers and 20.4% of the amount of its purchases.

The Grand Paris CSR Charter sets out and formalises these specific commitments to SMEs. Every year, the SME pact association establishes a barometer of relations between customers and SME suppliers for RATP. In 2018, RATP obtained an "A" rating on a four-level scale providing an assessment of the quality of relations with and the actions carried out for SMEs.

## Combat extreme exclusion

As a public company, RATP cannot remain indifferent to the situations of extreme exclusion reflected in its stations. As a signatory to the Paris pact to combat extreme exclusion, it spends around €7 million a year helping homeless people on its network. The combating extreme exclusion initiative supports this commitment by reconciling business rationale and "human" rationale, and by focusing on the question of the connection and relationship with the people being helped. The social compendium is an RATP dedicated structure, created in 1994, comprising some sixty voluntary, trained staff. Its main task is to be in daily contact with homeless people in its stations and to direct them if they so wish towards solidarity and inclusion facilities open during the day or to emergency accommodation centres during extremely cold weather.

### > Key indicator

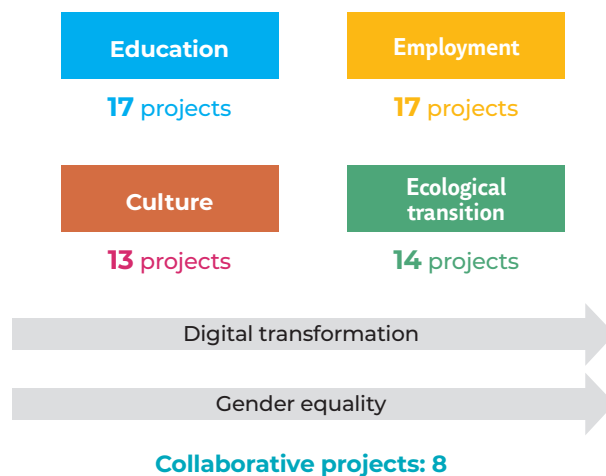
Rates of assistance for homeless people in directing them to social support services	2016	2017	2018
RATP	–	69%	73%

## A Foundation for regions

RATP Group Foundation supports inclusive community service projects centrally located in the Group's regions. It promotes social mobility through its 4 "access to" programmes: culture, education, employment and the ecological transition. The Foundation pays particular attention to the issues of digital transformation or gender equality, which are considered in 14.4% and 11.6% respectively of the 69 projects supported in 2018.

In a complementary way, the Foundation offers employees various solidarity commitment schemes.

RATP Group Foundation bases its sponsorship approach on 4 "access to..." programmes:



## Promote employment opportunities for the long-term unemployed

The employment opportunities programme (€204,500 in endowments, 17 agreements) promotes employability through a variety of projects. In Champigny-sur-Marne, the Sapiens Brushing association supports migrant women using theatre techniques. With RATP Dev's subsidiaries in Magny-en-Vexin and Boulogne-sur-Mer, the Foundation supports the Association pour le droit à l'initiative économique (association for the right to economic initiative), which supports the creation of microenterprises through microcredit.



### Promote social diversity in access to education

The access to education programme (€268,770 in endowments, 17 agreements) aims to promote inclusive achievement. The “*Un étudiant, une bourse, un mentor*” (One student, one scholarship, one mentor) – “*Trajets d’avenir*” (Routes of the future) programme contributes to social diversity in the paths towards excellence; 69 students are supported by 63 Group mentors. “*Tendre la main*” (Reaching out) combats school failure in Les Mureaux, in the Yvelines *département*. The aim of l’Alliance pour l’éducation (Alliance for education) is to prevent and tackle early school leaving.

### Support inclusive access to culture

The programme for access to culture (€186,418 in endowments, 13 agreements) supports “social” initiatives of cultural institutions as well as local cultural education actions of associations. In 2018, the Foundation chose to support Gaîté Lyrique’s “Computer Grrrls” project, which contextualises the role of women in the history of digital technologies and deconstructs prejudices.

### Encourage environmentally-responsible practices

The programme for access to ecological transition (€98,805 in endowments, 14 agreements), launched in 2018, encourages environmentally-responsible behaviour. The Foundation supports awareness-raising and tangible initiatives: water conservation, reuse, recycling and the fight against food wastage. Linkee thus puts structures offering food surpluses in touch with beneficiary associations via a dedicated application and “forwarding” volunteers.

### Foster the associative commitment of employees

The Foundation supports associative projects in which the Group’s employees are personally involved (€45,000 in endowments, 8 agreements).

#### > Key indicator

Number of direct and indirect beneficiaries of the Foundation’s projects	2016	2017	2018
RATP Group	60,358	40,088	44,383

## Guideline 3.2 — Promote management that encourages staff commitment

In addition to the information processed in this section, all social data is included in RATP’s social balance sheet published on its website.

Supported by the men and women of its workforce, RATP fosters the Group’s performance and development by providing a more stimulating working environment and supporting the job satisfaction of all employees, while ensuring the skills required for its development.

Employee commitment also depends on their management. RATP supports its managers to encourage collective intelligence within teams.

### Optimise skills management

Continuing vocational training is essential to ensure the renewal of skills, increase the professionalism of employees, include technological breakthroughs and ensure that everyone can develop through their professional career.

2018 was marked by the definition of the new three-year guidelines for vocational training in 2018-2020 and the signing of the new agreement on continuing vocational training in 2018-2022.

RATP Group University (UGR) offers cross-functional training and development programmes for skills, categories and professions. It also hosts a sustainable urban mobility apprentice training centre (CFA MUD) for the inclusion of young people.

The personalising of each employee’s training path is also one of RATP’s key challenges. The aim is to empower each employee in their training choices while providing support and guidance from the HR department. This innovative view of skills management is ensured in particular through digital learning, the implementation of which is to be finalised by 2022, as well as through the implementation of a digital tool that will enable each employee to fill in their employee space and be an actor in their career path.

The management of career paths is also changing. RATP systematically holds job interviews (with a completion rate of 93%) to identify employees’ mobility wishes and their training needs.

**3 out of 4 employees**  
**trained** each year at RATP  
**569** work/study contracts  
at Group level

**6.5%** of the total payroll  
devoted to employee  
training

### Attract and retain talent

RATP’s performance is based in particular on its ability to maintain and develop its talent pool in France and abroad. New technologies contribute to the emergence of new competition, new jobs and thus new skills. In this context, attracting and retaining talent is essential for the Group to remain competitive.

To enhance its attractiveness, the Group launched its ambassador programme for students on social networks and in target schools. Ambassadors are employees who are active on social networks (Facebook, Instagram and LinkedIn) and thus contribute to providing a better understanding of the Group and its businesses.

RATP also participates in many forums, such as the Challenge du monde des grandes écoles (prestigious graduate schools challenge), and develops targeted partnerships.



### One of the main recruiters

**3,761** new employees hired in the Île-de-France region by RATP in 2018

**7,518** new employees hired (RATP, RATP Real Estate and RATP Dev)

**70<sup>th</sup>** in the “Universum ingénieurs” world ranking, 6 places higher compared to 2017

## Make diversity a success factor

RATP makes diversity one of the cornerstones of its human resources policy.

The diversity charter and the code of ethics commit the Group to a proactive, solidarity approach aimed at combating all forms of discrimination and inequality.

A practical guide entitled *Laïcité et neutralité dans l'entreprise* (Secularism and neutrality in a company environment) is widely circulated within the company. Finally, the general delegation for ethics provides practical help to ensure that these principles are implemented on a daily basis.

## Ensure equal opportunities in the workplace and wage equality between women and men

Equitable treatment between women and men is a fundamental principle of RATP's human resources policy. This commitment will be included in the next agreement on equal opportunities in the workplace between women and men currently being renegotiated.

It includes four major commitments:

- increasing the company's percentage of women;
- a provision for the pay of women who have had maternity leave and women and men who have had adoption leave;
- a provision for work-life balance;
- an initiative to increase the percentage of women on management committees to make it as close as possible to the percentage of women in the executive category of the structure concerned.

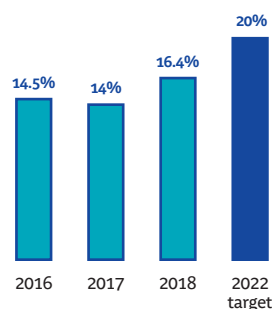
Its main focus remains the promotion of the percentage of women in certain jobs (driving, safety) and the percentage of women on management committees. Half of the members of the Executive Committee are women.

The “RATP au féminin” (RATP women) programme contributes to this approach. It aims to encourage and facilitate women's access to all the Group's jobs. A study conducted by an independent organisation among 7,500 employees identified the expectations and needs of its employees and defined the main focus of work: improving the work-life balance, increasing the percentage of women in management bodies and teams, developing female leadership and increasing the recruitment of women. It also contributes to raising employee awareness of gender diversity, in particular through conferences on topics such as combating stereotypes, workshops on the inclusion of women in teams and discussions on best practices.

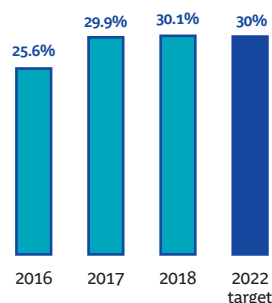
### > Key indicators

The percentage of women is on the rise at RATP and RATP Dev. RATP's percentage of women rose slightly from 20.6% in 2017 to 21% in 2018, while RATP Dev's percentage of women rose more sharply from 14% in 2017 to 16.4% in 2018. RATP Real Estate's percentage of women is 45% and stable compared to 2017. All the results are included in the table of indicators at the end of the non-financial performance declaration.

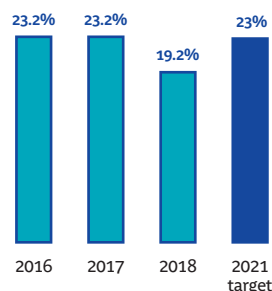
#### Percentage of women in the total workforce — RATP Dev



#### Percentage of women in senior management — RATP Dev



#### Percentage of women recruited by RATP



## Employment and inclusion of people with disabilities

Since 1994, RATP has been committed to further progress on disability issues through memoranda of understanding with trade unions.

In particular, they provide for an increase in the number of people with disabilities hired and tangible initiatives regarding working conditions (customising of workstations, purchase of customised equipment and teleworking solutions).

RATP also raises awareness among its employees on issues related to the recruitment and stability of employment of people with disabilities. It contributes to changing the way people view disability with awareness raising modules that show employees good practices that promote the inclusion into teams of employees with disabilities.

## Promote harmonised, local social dialogue

Social dialogue is a key factor in the Group's identity which has boosted its performance.

### Our actions

#### Prevent social conflicts

Social dialogue is based on the agreement on trade union rights and high-quality social dialogue, which was renegotiated in 2018 and which aims to promote constructive social dialogue by focusing on collective bargaining. The social alert system continues to play its full role: in 2018, 5% of the alerts reported resulted in a strike notice and the conflict rate is stable, with 0.5 days per year and per employee on average.

In 2018, 15 *comités sociaux et économiques* (social and economic committees) were set up following the elections of staff representatives held for the first time by electronic voting. They replace the *instances représentatives du personnel* (employee representative bodies), *délégués du personnel* (employee delegates), *comité d'entreprise* (works council) and *comité d'hygiène, de sécurité et des conditions de travail* (health, safety and working conditions committee). With this development, RATP has anticipated regulatory changes.

#### Harmonise social dialogue within the Group

After the establishing of an RATP France group committee in 2012, an RATP European works council was created in 2017. As a forum for information, exchanging views and consultation on the Group's situation and strategy, it encourages social dialogue at European level.

#### Anticipate opening up to competition

RATP is preparing for the new urban transport competitive landscape in the Île-de-France region. RATP will be subject to competitive bidding for the operation of its long-standing bus network in 2025, followed by the tram in 2030 and then the metro and RER in 2040. The new transport lines (e.g., T9, Grand Paris Express, etc.) will be put out to competitive tender for their operation as soon as they open. In this context, the Group has held in-depth discussions with all its social partners, in over 30 meetings, to anticipate the impacts of this change.

**13** collective agreements signed during the year

**Over 30** meetings to prepare the social framework with trade unions for the opening up to competition

### > Key indicator

Conflict rate <sup>(1)</sup>	2016	2017	2018
RATP	0.84	0.5	0.56

(1) Average number of strike days per employee per year.

## Prevent the occupational risks and promote the health of RATP employees

RATP Group is committed to preventing occupational accidents and improving health and safety at work, over and above regulatory compliance. Occupational health and safety underpin the daily concerns in terms of performance and trust between the Group, its employees and its social partners.

To achieve these aims, in 2016 the Group launched an occupational health and safety process managed across the Group. It was implemented at the end of 2018 by the Group's occupational health and safety (OHS) policy.

### Our actions

#### Change the culture and behaviour of each employee to make health and safety everyone's business

In 2018, the Group created the prevention academy the purpose of which is to:

- provide a training programme in this field tailored to the development of the skills of employees, managers and prevention workers;
- mobilise employees through several events (discussions between peers, feedback, sharing of good practices, participatory innovation, etc.).

A specific process has been established to develop and ensure the continued existence of the skills required by prevention professions, in particular with regard to organisational and technological developments.

#### Anchor the prevention of the occupational risks central to industry practices

The occupational health and safety approach is based on the prevention of occupational risks, as close as possible to their source, with actions tailored to and anchored in industry practices, as soon as a project, a new activity, an organisational change or the acquisition of new equipment is initiated.

The prevention of occupational risks is based on:

- a dynamic method for assessing occupational risks;
- a robust, cross-functional organisation for the work of outside contractors;
- acknowledging and supporting specific work situations to promote the sustainable employability of employees through joint actions by all the departments concerned.



## MANAGEMENT REPORT

Extra-financial performance declaration

RATP has set itself ambitious aims to be achieved by 2020 (compared to 2015):

- halve the frequency and severity of occupational accidents;
- halve the number of employees awaiting reclassification following a permanent incapacity decision;
- certify 100% of operational units to ISO 45001 or OHSAS 18001.

### > Key indicators

	2016	2017	2018	2020 target (compared to 2015)
<b>Occupational accident frequency rate</b>				
RATP	35.36	32	31.36	/ 2
<b>Occupational accident severity rate</b>				
RATP	2.64	2.63	2.88	/ 2
<b>Number of employees in a permanently incapacity situation awaiting reclassification</b>				
RATP	288	286	284	/ 2
<b>Percentage of operational units certified to ISO 45001 or OHSAS 18001</b>				
RATP	–	50%	55%	100%

Within RATP, the frequency rate has fallen sharply by over 22% in the past three years, from 40 in 2015 to 31 in 2018. However, the severity rate has increased slightly. It should be noted that 53% of days off work came from periods prior to 2018. The main causes of occupational accidents reported are assaults and falls onto the same level, for which prevention and reduction action plans are initiated and taken to the highest level in the company.

### Employee safety and security abroad

RATP Group's priority is to ensure all employees a high level of safety/security during business trips and stays abroad. The international security mission, under the aegis of the risk management general delegation, conducts a health and safety risk prevention policy in cooperation with the MEAE (*ministère de l'Europe et des Affaires étrangères* – Ministry of Europe and Foreign affairs), Cindex (*Centre interentreprises de l'expatriation* – Inter-enterprise expatriation centre), RATP's medical advisors, insurers and specialised service providers. Procedures and tools (monthly mapping of country risks, safety guide, e-learning training according to risk levels, smartphone application, health and safety hotline, geolocation based on criteria chosen by the employee, etc.) are implemented so that each employee can prepare their journey and stay under the best possible conditions.

In line with the Group's safety approach, RATP Dev has established a safety charter for its employees' journeys in addition to procedures and processes to provide better management of employee safety according to the countries visited and risks involved.

RATP Dev has also implemented appropriate safety procedures to ensure its employees' safety in all its operations throughout the world.

## Guideline 3.3 — Ensure fair practices in its value chain

For RATP Group, it is essential for all its employees to behave in accordance with common values. In 2015, the general delegation for ethics was created to promote ethics within the Group.

### Ethics, the foundation of its actions and behaviours in serving its customers

#### Our actions

- **Updating the code of ethics:** adopted in 2011, it reiterates the Group's values. It is the common basis for all employees and guides everyone's daily actions. In 2018, it was updated and approved by the employee representative bodies. It is to be definitively adopted at the beginning of 2019.
- **Updating the alert line:** a first alert line set up in 2011 is being updated to meet the requirements of the Sapin II law, in particular with regard to data processing security and whistle-blower protection. From 2019, it will apply to the entire Group and will be deployed at the same time as the new code of ethics. It will also provide significant data from the end of the 2019 financial year.
- **The "Travailler ensemble" (working together) plan:** launched in 2016 at RATP after extensive consultation with trade union organisations, it defines the way to raise awareness to inappropriate behaviour when the conditions for working together are not met. Every year, during the secularism day, RATP organises the "Working together" week. It allows the subject of religion in companies to be raised and also encourages the sharing of ideas between employees on social issues that may arise within the company. A series of conferences on religious issues in companies has been set up to raise the awareness of the Group's managers about these issues.

**69%** of RATP's managers and supervisors were trained in ethics at the end of 2018

In 2018, for the second consecutive year, the Group conducted an ethical climate barometer to provide a better understanding of how ethical issues are perceived. This second edition has been extended to the entire Group. It shows that managers are well aware of ethical, compliance and CSR issues, while stressing the need to continue training efforts, in particular for operators.

### Fiscal evasion

RATP Group has always been committed to carrying on its business in an ethical environment. *RATP Group Code of ethics* is in line with the commitments made by RATP, which joined the United Nations Global Compact in 2003 and has thus undertaken to comply with the 10 founding principles on human rights, working conditions, the environment and eliminating corruption. In this context, RATP Group makes tax transparency and eliminating tax evasion a management principle. RATP's ambition is to carry on its business in France and abroad in compliance with national laws and the OECD transfer pricing guidelines for multinational corporations and tax authorities.

In accordance with its legal obligations, RATP Group has submitted its tax return on a country by country basis stating the distribution of its profits, taxes and activities, by tax jurisdiction.

## Compliance programme: for increased vigilance in business conduct

In a changing competitive and legislative environment, RATP Group is committed to a transparency approach based on compliance with the highest French and international standards in business conduct. In this context and following the Sapin II law, the Group has created a compliance unit to meet the global challenges of compliance. It is responsible for establishing and implementing compliance programmes that cover topics such as eliminating corruption, anti-competitive practices and interest representation.

To establish the anti-corruption programme, the Group based itself on the eight pillars of the Sapin II law together with the French anti-corruption agency's recommendations and supervision questionnaire.

Many steps are being taken:

- the business conduct code: approved by IRPs in 2018, it was annexed to company rules and regulations, distributed and is to be supplemented by tangible procedures relating to gifts, invitations, sponsorship, charitable actions, partnerships, conflicts of interest, facilitation payments and lobbying in 2019;
- a mandatory training programme for managers and staff exposed to the risks of corruption and influence peddling;
- the corruption risks at Group level and at the level of RATP and its first-tier subsidiaries were mapped in 2018 and second-tier subsidiaries will be mapped in 2019. RATP Group's compliance risks, as identified in particular under the Sapin II law, relate to corruption, favouritism, influence peddling, compliance with competition law, etc. Anti-competitive practices will be subject to a specific action plan in 2019;
- at RATP, accounting supervision procedures designed to prevent the risk of corruption were established in 2018 for seven departments. They will be subject to pilot tests in 2019. Other internal assessments and procedures, resulting in particular from the implementing of future gift and lobbying procedures, will be updated.

An assessment system for the third parties with whom RATP Group works is also scheduled for 2019. No cases of corruption were reported in 2018.

Again in compliance with the Sapin II law, RATP Group declares its interests to the high authority for the transparency of public life. In 2018, the Group joined eight representative organisations of interest: the Union de transports publics ferroviaires, the Cercle de l'industrie, Avenir Transport, TDIE, the Association européenne des véhicules électriques routiers, the Comité de liaison des entreprises ayant exercé leur éligibilité, the Association française du gaz naturel pour véhicules and the Association des grands utilisateurs de réseaux radio d'exploitation.

In 2018, the Group signed the charter to join the Forum des entreprises engagées (Forum of committed companies) convened by Transparency International. The Group has thus demonstrated its commitment and will be able to participate in meetings for sharing ideas and best practices.

## Personal data management

The general data protection regulation (GDPR), which came into force on 25 May 2018, reinforces the personal data protection principles set forth in the French data protection act. RATP, which has had a data processing and civil liberties officer for ten years, has appointed a data protection officer who will manage a network of data protection officers in its departments and subsidiaries (RATP, RATP Habitat, RATP Real Estate, RATP Connect and RATP Travel Retail). This network provides a contact point with the Group's supervisory authorities, employees and outside stakeholders. Its main role is to advise employees to ensure compliance with the GDPR. An awareness-raising plan has been established for all employees.

RATP Dev and its subsidiaries, as well as RATP Smart Systems and its subsidiaries, each have their own data protection officer.

### > Key indicator

Number of notifications sent to Cnil in the event of personal data breaches	2016	2017	2018
RATP, RATP Real Estate, RATP Habitat, RATP Travel Retail, RATP Connect	–	–	0



## Risks and vigilance in the supply chain

**5,269** RATP suppliers      **96%** of suppliers in France

Since 2012, buyers and specifiers have adopted a responsible purchasing approach to continuously improve the Group's practices through a dedicated organisation and a training and awareness-raising plan.

Sustainable development is included throughout the purchasing process, from the purchasing strategy to the contract performance. Purchasers ensure that they define purchasing strategies in line with the Group's policy and values with the support of specifiers. Suppliers' offers are selected on the basis of quality, cost and deadlines, as well as CSR, with the aim of minimising social and environmental risks.

In 2018, 16% of purchasing documents included CSR requirements, articles or criteria.

### Our actions

#### A proactive approach to comply with the requirements of due diligence

Since 2017, the due diligence law has required companies to identify and minimise risks related to human rights, fundamental freedoms, health and safety, and the environment in their supply chain. While RATP, as an EPIC (*établissement public à caractère industriel et commercial* – State-owned industrial and commercial enterprise), is not directly concerned, its subsidiary RATP Dev is subject to these new obligations. To enhance its responsible purchasing approach at Group level, purchasing compliance risks are currently being mapped.

#### Supplier audits, a targeted approach that has been in place for several years

When risks have been identified in the supply chain or for strategic purchases such as rolling stock (buses, trains or trams), RATP initiates social and/or environmental audits to check the production conditions at its suppliers' sites of:

- **the rolling stock industry (electric buses)**

Before the contract is awarded, RATP has audits carried out on the production sites of the main components (assembly, traction and batteries). Assigned to a specialised firm, they cover the environmental management system, compliance with the ILO's fundamental principles and rights (child labour, trade union freedom, health and safety of workers), and the supply chain;

- **the clothing industry**

The textile industry has been frequently singled out by civil society since the Rana Plaza tragedy in Bangladesh in 2013, in particular with regard to working conditions and respect for human rights for supply chain workers. In 2000, RATP implemented systematic social audits of clothing sites, the results of which determine the contract award. These audits (based on the WCA standard) are carried out by specialised, independent firms. Suppliers are aware of RATP's high standards, and non-complying sites are now exceptional.

**100%** of supplier manufacturing sites audited by an outside service provider on social aspects before the contract is awarded

### > Key indicator

Number of social audits carried out during the year (clothing industry)	2016	2017	2018
RATP	2	9	12

The increase in the number of social audits from 9 to 12 in 2018 is due to the completion of audits in the bus rolling stock industry.

#### Undeclared work

Aware of the risks associated with illegal employment in labour-intensive markets, in particular works contracts, RATP has had an in-house procedure since 2010 that defines the duties and responsibilities of departments. In addition, RATP has undertaken, as part of the Grand Paris CSR charter, to combat undeclared work.

The means used include, in particular:

- the use of e-certification services, which facilitates the collection of regulatory documents from suppliers and subcontractors (Urssaf, Kbis and foreign workers). These documents are required before the contract is awarded and then every six months during the contract term;
- works site access control: in 2017, the procedure for issuing access cards was strengthened, and on-site controls are carried out by RATP itself or by outside service providers.



# Indicator table

## STRATEGIC FOCUS 1: BE A MAJOR PLAYER IN MOBILITY AND THE SUSTAINABLE CITY

	2016	2017	2018	Target
<b>Guideline 1.1. Establish a global, connected mobility solution accessible to all</b>				
GPSR (network protection and security officers) average daily on-duty time – RATP (shift hours/day)	534	535	561	
Trends in rail network accidents – RATP (number of accidents per year per million commercial kilometres)	19.72	20.23	22	
Trends in Bus network accidents – RATP (accident rate per 100,000 km)	7.12	7.01	6.72	
Passenger satisfaction rate – RATP (source: Île-de-France Mobilités perception survey)	81.7%	81.4%	80.6%	
Percentage of accessible bus routes in the Île-de-France region – RATP	72%	79%	83%	100% by 2022
Percentage of RER stations accessible in the Île-de-France region – RATP	97%	97%	97%	100% by 2021
Percentage of assistance staff in stations trained to assist people with mental disabilities (S3A label) – RATP	26%	37%	52%	100% by 2020
<b>Guideline 1.2. Take action to foster environment health</b>				
Number of ICPE formal notices – RATP	1	1	0	0
Number of ICPE formal notices – RATP, RATP Dev	1	1	0	
Particulate matter levels in the 3 stations of the Squaes network in µg/m <sup>3</sup> – RATP (average concentration of PM10 particles in µg/m <sup>3</sup> )	112	113	92	
Number of people exposed (noise black spots) – RATP	354	334	334	0 by 2020
Number of noise- and vibration-related complaints and claims – RATP	686	473	498	
Number of noise- and vibration-related complaints and claims – RATP, RATP Dev, RATP Real Estate	739	499	587	
Percentage of rolling stock with a low noise level (buses, railways)	–	–	54%	
Number of electromagnetic field measurements carried out during the year – RATP	395	900	748	
<b>Guideline 1.3. Encourage urban integration and functional diversity</b>				
Number of housing units built (total) – RATP, RATP Real Estate, RATP Habitat	–	928	1,102	2,000 by 2024
Number of social housing units (total) – RATP Habitat	–	855	899	1,000 by 2024
Number of hectares planted – RATP, RATP Real Estate	1.3	1.3	2.1	4 by 2020, including 1.3 ha for urban agriculture

## STRATEGIC FOCUS 2: REDUCE OUR ENVIRONMENTAL FOOTPRINT

	2016	2017	2018	Target
<b>Guideline 2.1. Reduce its carbon footprint and conserve its resources</b>				
Total energy consumption (in GWh) – RATP, RATP Real Estate	2,530	2,513	2,506	
Total energy consumption (in GWh) – RATP, RATP Dev, RATP Real Estate	3,400	3,324	3,314	
Including energy consumption for traction purposes (all modes included) – RATP, RATP Dev, RATP Real Estate (in GWh)	2,645	2,609	2,610	



## MANAGEMENT REPORT

Extra-financial performance declaration

	2016	2017	2018	Target
Percentage of energy consumption for rail traction – RATP	38%	39%	39%	
Percentage of energy consumption for bus traction – RATP	35%	35%	35%	
Percentage of energy consumption for buildings and auxiliary vehicles – RATP	27%	26%	26%	
Energy savings per passenger.kilometre compared to 2015 – RATP	2%	5%	6%	–20% by 2025
Reduction of greenhouse gas emissions per passenger.kilometre compared to 2015 – RATP	2%	6%	9%	–50% by 2025
Total greenhouse gas emissions associated with RATP, RATP Real Estate energy consumption (tonnes of equivalent CO <sub>2</sub> )	406,557	400,015	397,033	
Total greenhouse gas emissions associated with RATP, RATP Dev, RATP Real Estate energy consumption (tonnes of equivalent CO <sub>2</sub> )	717,515	688,771	640,952	
Total greenhouse gas emissions from RATP, RATP Real Estate traction (tonnes of equivalent CO <sub>2</sub> )	331,667	327,805	327,599	
Total greenhouse gas emissions from RATP, RATP Dev, Real Estate traction (tonnes of equivalent CO <sub>2</sub> )	611,135	587,171	538,722	
Total greenhouse gas emissions from RATP, RATP Real Estate buildings and auxiliary vehicles (tonnes of equivalent CO <sub>2</sub> )	74,889	72,210	69,434	
Total greenhouse gas emissions from RATP, RATP Dev, Real Estate buildings and auxiliary vehicles (tonnes of equivalent CO <sub>2</sub> )	106,380	101,600	102,230	
Total water consumption – RATP, RATP Real Estate (in m <sup>3</sup> )	952,273	917,478	912,214	
Total water consumption – RATP, RATP Dev, RATP Real Estate (in m <sup>3</sup> )	1,195,317	1,223,340	1,250,212	
<b>Guideline 2.2. Develop the circular economy</b>				
Total amount of waste – RATP, RATP Real Estate (tonnes)	19,167	19,939	26,858	
Total amount of waste – RATP, RATP Dev, Real Estate (tonnes)	21,244	21,908	28,990	
Including hazardous waste (off site) – RATP, RATP Real Estate (tonnes)	4,638	4,635	4,458	
Including hazardous waste (off site) – RATP, RATP Dev, Real Estate (tonnes)	5,471	5,501	5,348	
Including non-hazardous waste (off site) – RATP, RATP Real Estate (tonnes)	14,529	15,304	22,400	
Including non-hazardous waste (off site) – RATP, RATP Dev, RATP Real Estate (tonnes)	15,773	16,407	23,641	
Total amount of waste recycled – RATP, RATP Real Estate (tonnes)	–	–	26,856	
Including amount of waste recycled for reuse (tonnes)	–	–	1,077	
Including amount of waste recycled for material recovery (tonnes)	–	–	20,346	
Including amount of waste recycled for energy recovery (tonnes)	–	–	4,691	
Including amount of waste recycled for organic recovery (tonnes)	–	–	547	
Including amount of waste recycled according to other recovery methods (tonnes)	–	–	195	
Amount of ballast (off site) – RATP (tonnes)	–	–	5,409	

	2016	2017	2018	Target
<b>Guideline 2.3. Promote continuous improvement and eco-design measures</b>				
Number of industrial sites ISO 14001 certified – RATP	74	80	82	
Number of industrial sites ISO 14001 certified – RATP, RATP Dev	75	81	83	
Percentage of industrial sites ISO 14001 certified – RATP	75%	82%	89%	100% by 2020

### STRATEGIC FOCUS 3: CONFIRM OUR SOCIAL AND SOCIETAL RESPONSIBILITY

	2016	2017	2018	Target
<b>Guideline 3.1. Contribute to the economic vitality and solidarity of regions</b>				
Number of direct, indirect and induced jobs resulting from RATP's businesses	–	128,603	128,000	
Number of indirect jobs and procurement-induced jobs (billed turnover) – RATP	43,988	43,876	43,500	
Amount of solidarity purchases – RATP, RATP Real Estate (in millions of euros)	0.74	1.2	1.3	1.4 by 2020
Number of inclusion hours completed – RATP, RATP Real Estate	359,000	420,000	385,000	
Number of beneficiaries (of inclusion hours) – RATP, RATP Real Estate	643	763	749	
Percentage SMEs included in suppliers – RATP, RATP Real Estate	66.4%	66.7%	66.4%	
Number of beneficiaries of Ateliers mobilité® – RATP	3,997	3,313	3,173	3,000
Average number of homeless people assisted each day – RATP	–	115	117	
Rates of assistance provided in directing homeless people to social support services – RATP	–	69%	73%	
Number of direct and indirect beneficiaries of the RATP Group Foundation's projects	60,358	40,088	44,383	
Number of projects supported by the Foundation – RATP Group	67	57	69	
<b>Guideline 3.2. Promote management that encourages staff commitment</b>				
Total workforce – RATP	45,144	45,756	46,064	
Total workforce – RATP, RATP Dev, RATP Real Estate	56,526	57,326	59,889	
Staff turnover rate – RATP	6.81%	7.41%	6.42%	
Number of employees hired – RATP	3,500	4,117	3,761	
Number of employees hired – RATP, RATP Dev, RATP Real Estate	5,304	5,988	7,518	
Number of employees leaving – RATP	3,660	3,713	3,329	
Including retirements	1,749	1,715	1,040	
Including resignations	167	234	314	
Including dismissals and other reasons for leaving at the employer's initiative	308	293	403	
Including others	1,436	1,471	1,572	
Number of employees leaving – RATP, RATP Dev, RATP Real Estate	5,591	5,436	5,725	
Including retirements	1,848	1,834	1,173	
Including resignations	1,184	1,131	1,430	
Including dismissals and other reasons for leaving at the employer's initiative	718	623	926	
Including others	1,841	1,848	2,196	
Number of work/study contracts – RATP	292	417	559	
Number of work/study contracts – RATP, RATP Dev, RATP Real Estate	298	425	569	
Promotion percentage by leaving category – RATP	13.4%	12.0%	11.6%	



## MANAGEMENT REPORT

Extra-financial performance declaration

	2016	2017	2018	Target
Mobility percentage – RATP	–	–	8%	
Operator	–	–	5%	
Supervisor	–	–	13%	
Manager	–	–	13%	
Average wage increase – RATP	2.00%	2.64%	2.30%	
Total number of training hours – RATP	2,121,914	2,187,598	1,951,189	
Total number of training hours – RATP, RATP Dev, RATP Real Estate	2,380,373	2,425,368	2,233,309	
Percentage of women in the total workforce – RATP	20.3%	20.6%	21%	
Percentage of women in the total workforce – RATP Dev	14.5%	14.0%	16.4%	20% by 2022
Percentage of women in the total workforce – RATP, RATP Dev, RATP Real Estate	19.2%	19.3%	20%	
Percentage of women in management staff – RATP	15%	14%	19%	
Percentage of women in management staff – RATP, RATP Real Estate	15.2%	14.3%	19.2%	
Percentage of women in management staff – RATP Dev senior management	25.6%	29.9%	30.1%	30% by 2022
Percentage of women recruited – RATP	23.2%	23.2%	19.2%	23% by 2021
Number of employees declared as disabled – RATP	1,578	1,610	1,683	
Number of employees declared as disabled – RATP, RATP Dev	1,744	1,804	1,875	
Conflict rate – RATP (number of days off work due to strikes, average number of employees)	0.84	0.50	0.56	
Sickness absenteeism rate – RATP	11.26	11.02	11.13	
Sickness absenteeism rate – RATP, RATP Dev, RATP Real Estate	11.03	10.77	10.29	
Number of occupational accidents – RATP	2,124	1,928	1,893	
Number of occupational accidents – RATP, RATP Dev, RATP Real Estate	2,775	2,584	2,558	
Number of employees awaiting reclassification following a permanent incapacity decision – RATP	288	286	284	Halve the number by 2020 (compared to 2015)
Occupational accident frequency rate – RATP (number of occupational accidents with time off work x 1,000,000 / number of hours worked)	35.36	32.00	31.36	Halve the rate by 2020 (compared to 2015)
Occupational accident frequency rate – RATP, RATP Dev, RATP Real Estate	30.98	27.77	26.50	
Occupational accident severity rate – RATP (number of days lost due to occupational accidents x 1,000 / number of hours worked)	2.64	2.63	2.88	Halve the rate by 2020 (compared to 2015)
Occupational accident severity rate – RATP, RATP Dev, RATP Real Estate	2.09	2.12	2.21	
Percentage of operational units certified to OHSAS 18001/ISO 45001 – RATP	–	50%	55%	100% by 2020
<b>Guideline 3.3. Ensure fair practices in the value chain</b>				
Number of social audits carried out during the year – RATP	2	9	12	
Total number of audits since 2000 – RATP	74	83	95	
Total number of audited sites refused since 2000 – RATP	6	6	6	
Number of notifications sent to Cnil in the event of personal data breaches – RATP	–	–	0	
Number of notifications sent to Cnil in the event of personal data breaches – RATP, RATP Real Estate, RATP Habitat, RATP Travel Retail, RATP Connect	–	–	0	

# Methodological note on non-financial reporting for the 2018 financial year

## General framework

RATP Group applies the European directive and its implementing decree of 9 August 2017 regarding the requirement for large companies to provide a non-financial performance declaration. More specifically, by drawing up a consolidated non-financial performance declaration, RATP Group is subject to the regulatory duty of its subsidiary RATP Dev.

The reference texts are:

- European directive of 22 October 2014 and guidelines on non-financial information;
- order of 19 July 2017;
- implementing decree of 9 August 2017;
- energy transition law for green growth of 18 August 2015;
- law no. 2018-938 on the balance of trade relations in the agricultural and food industry and healthy, sustainable and accessible food for all;
- law no. 2018-898 of 23 October 2018 on eliminating fraud.

The following subjects have not been addressed as not applicable to the Group's businesses: eliminating food insecurity, respect for animal welfare and responsible, fair, sustainable food.

## Non-financial risks

In accordance with the regulatory requirements of the implementing decree no. 2017-1180 of 19 July 2017, the Group has assessed its main environmental, social, human rights and anti-corruption risks and opportunities. The analysis was carried out in three core steps:

1. definition of the Group's non-financial risks environment with around thirty risks and opportunities. It was established using information from the Group's risks environment, a sectoral bibliographic research, recognised reference systems such as MSCI and SASB as well as the materiality analysis already carried out by the Group in 2017;
2. rating of each CSR risk and opportunity by experts in the field. The rating scale was established with the Group's general risk management delegation based on a methodology similar to the one used to establish the Group's mapping. The risks were assessed in terms of severity of impact and occurrence;
3. ranking of CSR risks and opportunities. The impact and occurrence assessments have allowed a list of 12 priority risks to be identified, ranked and approved during a non-financial performance Copil (purchasing management review).

These three steps correspond to the risk management process of the general delegation for risk management. Mapping is already included in the Group's risk environment.

Risks related to tax evasion and food wastage are to be included in CSR risk mapping next year.

## Business model

The business model is based on the operation of a transport network, which is the Group's core business. It is a global, simplified scheme. It varies according to the contractual terms and conditions of each transport network.

## Non-financial reporting scope

This reporting scope covers 93.9% of consolidated turnover on 31 December 2018. The exact scope is specified for each indicator. It varies from one indicator to another. With the exception of certain indicators, the overall scope of non-financial reporting is as follows for:

- the qualitative aspect: RATP (EPIC – *établissement public à caractère industriel et commercial* – State-owned industrial and commercial enterprise), 55 subsidiaries of RATP Dev, RATP Real Estate and RATP Smart Systems;
- the quantitative aspect: RATP (state-owned industrial and commercial enterprise), 24 subsidiaries of RATP Dev and RATP Real Estate.

Some indicators have a specific scope such as:

- number of housing units built, including social housing: only involves RATP, RATP Real Estate and RATP Habitat;
- number of direct and indirect beneficiaries of projects, and number of projects supported by the Foundation: involves the entire RATP Group (RATP Group), i.e. RATP and all its subsidiaries;
- number of notifications sent to Cnil in the event of personal data breaches: involves RATP and its subsidiaries RATP Real Estate, RATP Habitat, RATP Travel Retail, RATP Connect.

## Reporting schedule

To include non-financial reporting (CSR) in the company's financial report, the CSR reporting schedule has moved closer to the financial reporting schedule and covers the 2018 calendar and financial year. Non-financial information is carried forward to the full calendar year, i.e. the period from 1 January 2018 to 31 December 2018 (twelve months).

## Organisation

A single reporting protocol defines the collection procedures and indicators. It is shared and applied to ensure harmonised, consistent and accurate indicator collection. The indicator collection process is based on several levels depending on the entities involved. The Financial division ultimately consolidates Group figures. Qualitative information is transferred in the form of an interview or questionnaire.

Data collection varies from one structure to another. It is carried out using existing tools and dedicated information systems for human resources, purchasing, water and energy consumption, safety, etc.

## Particularities and methodological limits

The non-financial performance declaration is methodologically limited for several reasons: the lack of harmonisation of national and international definitions and legislation, imprecise margins for calculating data over a calendar year (with invoices or data arriving at a later date), etc.

### Human resources

- All departures during probationary periods, whether initiated by the employee or the employer, are counted as departures for “Other reasons” (Hirings/leaving indicator).
- Authorised leaves, in the case of RATP, are not taken into account in absenteeism.
- Although staff on subsidised contracts and doctors are excluded from the total workforce, they are taken into account when it comes to accidents, training, disability, hiring and departures.
- A constant difference of around 2% to 3% is observed each year for the “Occupational accidents” indicator between the data on the indicator’s closing date and the consolidated data. It is due to the regulatory delays for investigation of employee claims and occupational accident declarations by healthcare funds.
- The number of RATP training hours is calculated on the basis of the training provided under the training plan.
- The turnover rate is calculated on the basis of the arrivals and departures for year N, excluding subsidised contracts and doctors.
- Regarding disability, it should be noted that RATP Dev subsidiaries located in the US (including RATP Dev NA Bus) do not report on this data due to local regulatory requirements and are excluded from the reporting scope.

### The environment

- Environmental data calculated on the basis of metre readings or invoices excludes data unavailable on management report date of issue. Missing information is not estimated in the current data (water consumption indicator).
- When it comes to monitoring waste, some subsidiaries do not have the means to evaluate or weigh the quantities of everyday municipal waste. Therefore, a portion of this waste is not recorded in the consolidated data.

- The main sources of greenhouse gases were also specified, in accordance with decree 2016-1138 of 19 August 2016 on environmental information in the management report. With regard to indicators for energy consumption and greenhouse gas emissions, corrections were made following the update of the Ademe carbon database in December 2018.
- The “Individuals exposed to the threshold limit of the EU directive 2002/49/EC” indicator is calculated without considering the index used. Indeed, the limit thresholds defined by the directive are in fact equivalent to the Lden index (24 hours a day) being exceeded by 73 dB(A) and the Ln index (night) being exceeded by 65 dB(A) for the rail mode. The proposed indicator therefore represents the cumulative number of people exposed to the maximum threshold of the directive regardless of the Lden and Ln index and regardless of mode.
- For the “Particulate matter rate in the three stations of the Squalles network” air quality indicator for 2018, it should be noted that the Auber measuring station was closed for six months and that the Châtelet measuring station was unavailable.
- With regard to the “Number of electromagnetic field measurements carried out during the year” indicator, the calculation is based on the publication of test reports with corresponding business numbers.

### Accessibility

The percentage of assistance staff in stations trained to assist people with mental disabilities (S3A label) is calculated on the basis of the number of staff assigned to this job.

### Socio-economic footprint

It is calculated on the basis of the average for the years 2015-2016-2017 and on the basis of a model of the performance of the French economy based on Eurostat’s input/output tables.

### Rail safety

The “Trends in rail network accidents” indicator is calculated by summing all rail safety-related operating events, except minor smoke, evacuations and suicides. The following categories of events are excluded from the indicator: homicide or illness. The Montmartre funicular is excluded from this scope.

### Road safety

The “Trends in Bus network accidents” indicator is calculated by summing all road safety-related operating events, except passengers taken ill. Bus lines chartered by RATP are excluded from the indicator.



## Correspondence table

Non-financial performance declaration category	Pages	ISO 26000	UN Global Compact principles	SDG
Group stakeholders	30	5.3.3/6.8.3	#1-10	11
Group CSR challenges	31	5.3.3/6.8.3	#1-10	11
Group CSR policy	32	6.2	#1-10	16
CSR policy governance	33	6.2	#1-10	11/16
Innovation for sustainable cities	36	6.5.2	#9	9
<b>1 – Be a major player in mobility and for sustainable cities</b>				
<b>1 – 1 Establish a connected and accessible mobility offering</b>	<b>36</b>	<b>6.5/6.7/6.8</b>	<b>#1 #9</b>	<b>1/3/8/9/10 /11/16/17</b>
Passenger safety as an absolute priority	36	6.7.4	#1 #2	3/16
Embodying sustainable mobility and smart cities for our customers	38	6.7.5	#1 #8 #9	10/11
Combating feelings of insecurity in public transport	39	6.8.3	#1 #2	1/8
For a more inclusive society: inclusive mobility access, a human and technological challenge	40	6.7.2	#1 #8 #9	10/17
<b>1 – 2 Act in favour of environmental health</b>	<b>42</b>	<b>6.5</b>	<b>#7</b>	<b>11</b>
Making station air quality an environmental priority	42	6.5.3	#7	11
Reduce noise and vibration pollution	42	6.5.3	#7	11
Bring the exposure to electromagnetic waves under control	44	6.7.4	#1 #2	3
<b>1 – 3 Encourage urban integration and functional diversity</b>	<b>44</b>	<b>6.5</b>	<b>#1 to #10</b>	<b>11</b>
Restructure industrial sites to promote urban diversity	44	6.5.3	#8	11
Commit to the smart and sustainable use of buildings	45	6.5.3	#8	11
<b>2 – Reduce our environmental footprint</b>				
<b>2 – 1 Reduce its carbon footprint and save resources</b>	<b>45</b>	<b>6.5/6.7</b>	<b>#7 #8 #9</b>	<b>7/13</b>
Taking action on climate change and the energy transition	45	6.5.5	#7 #8 #9	7/13
Take action to bring environmental risks under control	47	6.5.3	#7	11
<b>2 – 2 Develop the circular economy</b>	<b>48</b>	<b>6.5/6.7</b>	<b>#7 #8 #9</b>	<b>6/12/13</b>
<b>2 – 3 Promote continuous improvement and eco-design measures</b>	<b>48</b>	<b>6.5.4/6.7.5</b>	<b>#8 #9</b>	<b>12</b>
<b>3 – Confirm our social and societal responsibilities</b>				
<b>3 – 1 Contribute to the economic vitality and solidarity of regions</b>	<b>50</b>	<b>6.8</b>	<b>#1</b>	<b>1/4/8/10</b>
RATP's socio-economic footprint	50	6.8.3	#1	1/8
Social inclusion and employability	51	6.8.3	#1 to #10	1/8
Encourage regional employment	51	6.8.3	#1 to #10	1/8
Purchasing, leverage for the employment of the most vulnerable groups	51	6.8.3	#1 to #10	1/8
Purchasing practices in favour of SMEs	52	6.8.3	#1 to #10	1/8



## MANAGEMENT REPORT

Methodological note on non-financial reporting

Non-financial performance declaration category	Pages	ISO 26000	UN Global Compact principles	SDG
Fight against extreme exclusion	52	6.8.3	#1 #2	1/8
A Foundation for regions	52	6.8.3	#1 1/4/5/6/8/10/11/12/17	
<b>3 – 2 Promote management that encourages staff commitment</b>	<b>53</b>	<b>6.3/6.4</b>	<b>#1 #3 #6</b>	<b>1/3/4/5/8/10</b>
Optimise skills management	53	6.4	#6	4
Attract and retain talent	53	6.4.4/6.4.7	#6	8
Ensure equal opportunities in the workplace and wage equality between women and men	54	6.3.7/6.3.10	#1 #2 #4 #5 #6	1/3/5/8/10
Employment and inclusion of people with disabilities	55	6.3.7/6.3.10	#1 #6	1/8/10
Promote harmonised, local social dialogue	55	6.4.4/6.4.5	#3	1/3
Prevent the occupational risks and promote the health of RATP employees	55	6.4.4 6.4.6	#1 #2 #6	3/8
<b>3 – 3 Ensure fair practices in its value chain</b>	<b>56</b>	<b>6.6/6.7</b>	<b>#1 to #10</b>	<b>10/11/12/16</b>
Ethics, the foundation of our actions and efforts towards our customers	56	6.6.3	#1 to #10	16
Compliance programme: for increased vigilance in how business is conducted	57	6.6.3	#1 to #10	16
Personal data management	57	6.6.3	#1 to #10	16
Risks and vigilance in the supply chain	58	6.6.6/6.7.3	#1 to #10	10/11/12

# Report by one of the Statutory Auditors

## Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated non-financial performance statement in the management report

*This is a free English translation of one of the Statutory Auditors' 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.*

### Financial year ending on 31 December 2018

To the Board of Directors of RATP,

In our capacity as the Statutory Auditor of your entity (hereinafter the “entity”) appointed as the independent third party, certified by the French accreditation committee (Comité français d'accréditation or Cofrac) under number 3-1049<sup>(1)</sup>, we hereby report to you on the consolidated non-financial performance statement for the year ended 31 December 2018 (hereinafter the “Statement”), included in the management report, in accordance with the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French commercial code (*Code de commerce*).

### Responsibility of the entity

It is the Board of Directors responsibility to prepare a Statement in accordance with legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of policies applied to mitigate these risks and the outcomes of those policies, including key performance indicators.

The Statement has been prepared applying the procedures of the entity (hereinafter the “Guidelines”), the most significant aspects of which are presented in the Statement and available upon request at the entity's headquarters.

### Independence and quality control

Our independence is defined by the provisions of article L. 822-11-3 of the French commercial code and the French Code of ethics for statutory auditors (*Code de déontologie*). Moreover, we have implemented a quality control system that includes documented policies and procedures to ensure compliance with applicable ethical rules, professional standards, laws and regulations.

### Responsibility of the Statutory Auditor appointed as independent third party

On the basis of our work, it is our responsibility to express a limited assurance opinion about whether:

- the Statement complies with the provisions of article R. 225-105 of the French commercial code;

- the information provided (hereinafter the “Information”) is fairly presented in accordance with article R. 225-105-I and II of the French commercial code concerning policy outcomes, including key performance indicators and actions relating to the main risks.

However, it is not our responsibility to express an opinion on:

- the entity's compliance with other applicable legal and regulatory provisions, particularly relating to duty of care and the fight against corruption and tax evasion;
- the compliance of products and services with applicable regulatory provisions.

### Nature and scope of our work

We performed our work described below in compliance with article A. 225-1 et seq. of the French commercial code (*Code de commerce*), defining the conditions under which the independent third party performs its engagement, and with the professional guidance issued by the French institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes or CNCC) relating to this engagement and with ISAE 3000 (international standard on assurance engagements other than audits or reviews of historical financial information).

We conducted work to form an opinion on the Statement's compliance with legal and regulatory provisions and the fair presentation of the Information therein:

- we gained an understanding of the activity of all entities in the consolidation scope, of the entity's exposure to the main social and environmental risks relating to the business activity and, if applicable, of its effects on respect for human rights and the fight against corruption and tax evasion, including any related policies and their outcomes;
- we assessed the appropriateness of the Guidelines in terms of their relevance, completeness, reliability, neutrality and clarity, by taking into consideration, where relevant, the sector's best practices;
- we verified that the Statement covers every category of information required under article L. 225-102-1, paragraph III concerning social and environmental matters;
- we verified that the Statement includes a clear, substantiated explanation in the event that the information required by sub-paragraph two of article L. 225-102-1, paragraph III of the French commercial code is missing;

(1) Accreditation scope available at [www.cofrac.fr](http://www.cofrac.fr).



## MANAGEMENT REPORT

Report by one of the Statutory Auditors

- we verified that the Statement presents the business model and the main risks relating to the activity of all entities in the consolidation scope, including – if relevant and proportionate – risks due to its business relationships, products or services, as well as policies, actions and outcomes, including key performance indicators;
- we verified that the Statement presents the disclosures required under article R. 225-105, paragraph II of the French commercial code if they are relevant given the main risks or policies presented;
- we obtained an understanding of the process for selecting and validating the main risks;
- we enquired about the existence of internal control and risk management procedures implemented by the entity;
- we assessed the consistency of the outcomes and key performance indicators with the main risks and policies presented;
- we verified that the Statement covers all entities in the consolidation scope in accordance with article L. 233-16 within the limits specified in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fair presentation of the Information;
- for key performance indicators and the other quantitative outcomes<sup>(2)</sup> that we considered the most important, we set up:
  - analytical procedures to verify that collected data is correctly consolidated and that any changes to the data are consistent,
  - tests of details based on sampling to verify that definitions and procedures are correctly applied and to reconcile data with supporting documents. The work was carried out with a selection of entities contributing<sup>(3)</sup> to the reported data and represents between 77% and 100% of consolidated data of key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative disclosures (actions and outcomes) that we deemed the most important<sup>(4)</sup>;
- we assessed the overall consistency of the Statement based on our understanding of all entities within the consolidation scope.

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

## Means and resources

Our work drew on the skills of four individuals and was conducted between December 2018 and March 2019 for a total working time of approximately eight weeks.

To assist us in conducting our work, we called on our firm's sustainable development and corporate social responsibility (CSR) specialists. We conducted around twenty interviews with the individuals responsible for preparing the Statement, particularly from Administration and Finance, Risk Management, Compliance, Human Resources and Environment, Health and Safety departments.

## Opinion

Based on our work, we have no material misstatements to report that would call into question the compliance of the non-financial performance statement with the applicable regulatory provisions, or the fair presentation of the Information, taken as a whole, in accordance with the Guidelines.

## Comments

Without qualifying our opinion, in accordance with article A. 225-3 of the French commercial code, we draw your attention to the following matter:

- with regard to some subsidiaries of RATP Dev, improvements still need to be performed in the reporting organisation related to social and environmental information and in the awareness of local contributors to the application of the Guidelines.

Paris-la Défense, on 28 March 2019

KPMG SA  
Philippe Arnaud  
Partner

(2) Social information: Number of employees as of 31 December, Average daily time spent by GPSR (*groupe de protection et de sécurisation des réseaux*) on the networks, Trends in rail network accident rate, Trends in bus network accident rate, Conflict rate, Occupational accident severity rate, Rate of operational units certified to OHSAS 18001/ISO 45001.  
Environmental information: Total all-use and all-type energy consumption, Particulate matter rate in the three underground stations of the Squalles network, Number of EMC (Electromagnetic Field) measurements carried out during the year.

(3) EPIC RATP and three entities of RATP Dev: Open Tour, STU Bourges and SETRAM (Algeria).

(4) Qualitative information: Connected, accessible mobility, Staff commitment management, Economic impact in regions, Environmental health, Carbon footprint and resource management, Eco-design, Fair, in compliance practices in the value chain, Passenger safety and security, Occupational health and safety, Air quality, Social dialogue, Business ethics.

# Internal control and risk management

## 1 — Overall reference framework

To make its decision more secure and bolster its ability to create value, RATP Group does its utmost to mitigate the risks to which it is exposed. It therefore implements systems that facilitate the control of its businesses, the effectiveness of its operations and the efficient use of its resources.

Risk management and internal control play complementary roles in controlling the company's activities:

- “firstly, the risk management system aims to identify and analyze the company's main risks; risks that exceed acceptable levels set by the company are dealt with and, as the case may be, are subject to action plans. These plans may call for the implementation of controls, a transfer of the financial consequences (through insurance or an equivalent mechanism) or an adaptation of the organisational

structure. The controls to be implemented are part of the internal control system. In this way, the internal control system contributes to the management of the risks incurred in the company's activities;

- secondly, the internal control system relies on the risk management system to identify the main risks that need to be controlled;
- in addition, the risk management system needs to include its own controls that are part of the internal control system and aimed at ensuring the proper functioning of the risk management system<sup>(1)</sup>.”

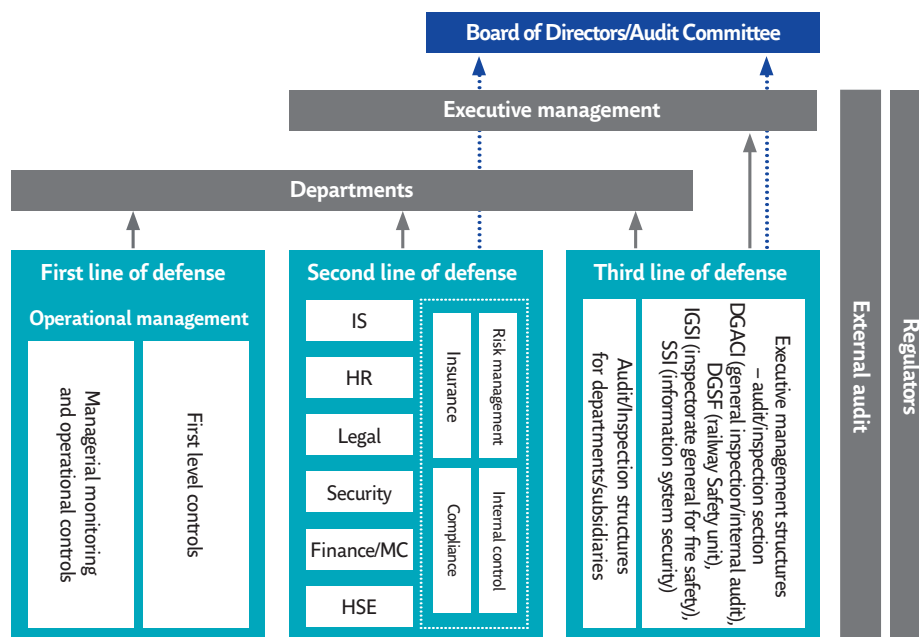
Moreover, the risk management and internal control systems are continuously monitored to assess the quality of their performance. Oversight is implemented by the internal audit function, one of the roles of which is to “evaluate the effectiveness and contribute to the improvement of risk management processes”, as set forth in Standard IIA<sup>(2)</sup> 2120.

(1) AMF reference framework, updated on 22 July 2010.

(2) IIA: Institute of internal auditors.

## 1.1 The three lines of defense

With this in mind, RATP Group's approach is based on the principle of three lines of defense as defined by COSO 2013 and clarified by the French audit and internal control institute (Institut français de l'audit et du contrôle interne – Ifaci) and the French association for corporate risk management and insurance (Association pour le management des risques et des assurances de l'entreprise – Amrae):



- the first line is represented by operational management, which ensures the rapid achievement of results and the control of the work processes by monitoring day-to-day activities; it thus constitutes a first line of defense against failure to achieve goals;
- the second line is represented by cross-company functions, which continuously monitor operating activities, as well as the risk management and internal control functions;
- the third line of defense is borne by the internal audit function at the department and executive management level.

In addition to this approach, RATP Group organises its internal control system on the basis of the five components developed by the COSO: control environment, risk assessment, control activities, information and communication, and monitoring. Each of these components is implemented at all group levels: departments, units support functions and subsidiaries.

## 1.2 Control environment

The control environment is made up of all the standards, processes and structures that underpin internal control in any organisation.

In this context, a programme to modernise the Group's corporate Governance principles has been launched, with a view to updating the Group's reference documents in order to align them with the strategic projects of the 2025 Challenges plan. The purpose of this programme is to increase cross functionality and agility in order to meet the new challenges of competition.

Likewise, the designation of powers and duties is designed as a key step in implementing the operating processes established within RATP Group. For example, the system of delegations is developed around the various legal instruments necessary to cover risks and promote smoother decision-making for senior executives and managers.

## 2 — Organisation chosen

### 2.1 Risk management function

RATP Group distinguishes two specific categories of risks:

- corporate risks, which are company-wide risks;
- risks within the departments and subsidiaries, identified for Group subsidiaries and departments.

The Executive Committee defines the company's risk control policy. A company-wide risk owner is appointed by a member of the Executive Committee, as proposed by the head of risk management.

This "risk owner" is required to control the risk, i.e. ensure monitoring and analysis, and also supervise the actions to be implemented to avoid it.

In addition, each head of department is responsible, with regard to the Executive Committee, for controlling the risks to which its business is exposed.



### 2.1.1 Role of the head of risk management

The role of the head of risk management, who operates at RATP Group level within Executive Management and as a member of the Executive Committee, is to oversee comprehensive corporate risk management systems to ensure that all Group risk is monitored.

A general instruction defines the risk management system and the company policies to be implemented by all managers. These methods are based on three processes:

- defining formal procedures for the risk framework, risk assessment and mapping of priority risks; risks are broken down according to their type (strategic/commercial, operational, human resources, financial/economic, regulatory);
- the development of plans to deal with situations identified as major threats on the map, in order to define the effectiveness of existing prevention and protection barriers, whatever the technical, organisational, legal, commercial, communication type, etc.; the output data for this process is the acceptability or otherwise of the risk as is, and if not, the introduction of an action plan aimed at enhancing risk control;
- the monitoring of ongoing actions as defined at the end of risk management plans.

This method is applied at all levels of the company, Group, RATP departments, major subsidiaries and, since 2013, smaller RATP Dev subsidiaries. It allows a shared vision of the Group's different entities, and ultimately highlights best practices to apply across the Board.

Group or corporate mapping presents threatening events at Group level; these are company-wide risks, still referred to as "Comex risks", because each of these risks is placed under the responsibility of an Executive Committee member depending on its type. The member of the Executive Committee appoints a risk owner, who is required to control it (risk management and control).

In addition, risks that require a cross-functional approach involving several departments are dealt with specifically through work led by the head of risk management.

Furthermore, for the declaration of non-financial performance, the CSR risk map has been prepared according to the same principles and the data will be taken into account for the next iteration of the corporate risk map.

A network of risk management correspondents manage risk processes at department and subsidiary level and effectively relay risk management procedures at their level.

The system was initiated in 2010. It has enabled a comprehensive analysis and inventory of the risks facing RATP Group along with the associated prevention and protection strategies. Status updates are performed periodically.

### 2.1.2 Deployment of the risk management process in the Group

In line with the three-year plan for the method applied by RATP Group, the new 2015 risk map (its third iteration) was validated in June 2016. It was completely redone on the basis of interviews with each of the Group's senior executives and surveys conducted within the executive committees. The Executive Committee identified 26 major risks.

At year-end 2018, specific mapping of threatening events had commenced, for each of the identified company-wide risks in the Group's 2016 mapping, with all the relevant risk owners. The formalisation of plans to deal with situations considered as major threats was approved for 78% of these risks. Risk monitoring action plans were initiated and are followed for 50% of these risks.

It is recalled that this method is obviously applied within departments and subsidiaries for each of the risks identified as the most critical in these entities. The new risk map resulted in a complete overhaul of the work previously undertaken in these structures. In addition, certain departments included the risk management methodology in the process for ISO 9001:2015 certification, focusing on quality and risk management.

RATP Dev is actively involved in working groups on company-wide risk. Its professionals actively contribute their expertise on both risk matters and the subsidiary's business environment (competitive environment, geographic scope, etc.).

Its deployment to RATP Dev's smaller subsidiaries began in 2013, and by the end of 2018, 34 subsidiaries had been covered. Risk mapping enables the risks specific to each entity to be identified alongside risk affecting all subsidiaries, RATP Dev and RATP. The process is therefore cascaded to all Group levels, from the corporate level to operational entities and customer service, with genuine mutual benefits.

### 2.1.3 Changes in risk management

Following an analysis of the maturity of RATP's risk management conducted at year-end 2014, the Group approved a risk management improvement programme. It consists of three main components:

- the establishment of a Risk Committee to ensure better monitoring of risk mitigation actions;
- the implementation of a risk management information system (RMIS), bringing together risk management, internal audit, internal control and insurance management;
- the creation of a training programme on risk culture for managers.

These changes were ramped up in 2018:

- the Operational Risk Committee met twice during the year for risk owners to present their risk management and control work based on action plans and key risk indicators (KRI) set up for 12 company-wide risks;

- after a request for information (RFI) and the specifications in 2016, the RMIS underwent functional adaptations on the basis of a globally-recognised market tool. It is scheduled for deployment in RATP Group from December 2018;
- e-learning-based training on risk culture is being studied.

In addition to these measures, since 1 November 2016 the insurance and risk functions have been merged within the Risk Management department in order to take into account all mitigation measures, including the transfer to the insurance market for major risks.

In this context, some related measures and studies were completed in 2018:

- the renewal of the main insurance contract for general civil liability and motor liability from 1 January 2019;
- the call for tenders for construction insurance (line 14 extensions in the north and south, real estate programme and other projects) to provide effective protection for RATP projects and their stakeholders;
- a study on the advisability of property insurance to protect RATP assets has been presented to the Executive Committee. Further studies will be conducted before a call for tenders for the insurance contract scheduled for 2019.

## 2.2 Compliance function

Taking into account the risk analysis required by the Sapin II law, the Group compliance function has been integrated into the Risk Management department. It is part of a division that reports to a head of compliance.

Its role consists of:

- defining the processes to be followed to cover risks, provide support to line staff in rolling them out, and sounding the alert if difficulties arise;
- ensuring the proper implementation of:
  - specific mandatory controls, performed by managers, using the appropriate guidelines,
  - the compliance programme defined by the Group's Chairwoman, which engages different players in the company such as the ethics, human resources, procurement and corporate accounts functions.

For this, the compliance function is supported by the internal control function, which draws up the control guidelines to be used by the departments and subsidiaries in charge of compliance risk control. Furthermore, audits<sup>(1)</sup>, conducted by the internal audit function, provide recommendations that enable it to improve the management of the risks to be covered.

## 2.3 Internal control function

Within RATP Group, internal control is considered an important factor in its commitment to excellence and to meeting the highest international standards.

As part of an approach focused on global performance and progress, it facilitates:

- improved operational management through the sharing of results between managers and their teams, throughout the management chain;
- the implementation of control tools to provide reasonable assurance on the control of major risks and the achievement of the objectives expressed in the company strategy.

At the local level, RATP internal control is under the direct responsibility of local managers who exercise first-level controls closest to operations. This first-level control ensures the regular assessment of the effectiveness of the implemented work processes.

Support and control groups are on hand to assist managers (for example in the management control, human resource and procurement functions) in achieving their goals by providing expertise and measuring performance. The internal control function helps operational management conduct first-level controls.

Coordination of the internal control network, under the responsibility of the Audit and Internal Control department, was established by the Chairwoman in three successive mission statements relating to an internal control system:

- initially organised within the 10 operating and maintenance departments, then extended to other structures, the subsidiaries, and company-wide functions such as HR, management and project control;
- aligned in terms of best practices with:
  - the signing of reference documents such as statements of commitment by the heads of department,
  - communications targeted at every level of the company,
  - the internal publication of a general internal control policy document,
  - the organisation of results reporting at every hierarchical level: unit, department, executive management.

The regular work carried out with the department's internal control correspondents consists in analyzing the assessments of controls and consulting the guidelines once again to best identify the controls to be implemented to efficiently cover the main risks defined in the risk map of the departments. In addition to existing internal control processes, the function must also develop internal control in all structures and on all processes that could obtain objective data for business control.

For example, this year, the Project and Engineering departments reported the first results of controls on the "project" process.

Likewise, the Finance and Management Control department continued to develop controls for a first set of 14 financial processes defined by the AMF<sup>(2)</sup>.

(1) Or third-level controls as defined by the French anticorruption agency (AFA).

(2) Autorité des marchés financiers.

Two other audits were launched to meet the obligations of the Sapin II law relating to the fight against corruption and influence peddling to formalise and implement an internal control system of accounting procedures and the assessment of third parties that are a source of risk.

In the context of the application of the European general data protection regulation (GDPR) starting 25 May 2018, an initial study was carried out to assist the Data Protection Officer (DPO) in monitoring the transposition by each department of the old CNIL personal data declaration system into the new system for recording the processing of personal data.

As part of the process of opening up of the sector to competition, support for subsidiaries has taken on a greater importance, in particular with RATP Dev second-tier subsidiaries. Based on the experience acquired in RATP's operating and maintenance departments, controls are designed to adapt them to the specific environments of each subsidiary, by mode (tram or bus, city or intercity).

Deployment of the RMIS began at the end of the year. It has required strong engagement from all the teams during the tool acceptance phase and the use of data from the internal control guidelines. It is supported with an extensive training system for all the employee profiles with access to the tool. Training involves not only classroom-based sessions but also e-learning materials and memo cards.

A comparative assessment was carried with the Internal Control division of a major Group based on the EFQM<sup>(1)</sup> model, to further our work on measuring the relevance of the approach in our respective groups.

In the context of opening up to competition, the objectives pursued by the internal control function consist of covering all the processes involved in the risks to which RATP is exposed, to improve the robustness of the system to better demonstrate the Group's business control capability and thus better contribute to its performance.

## 2.4 Internal audit function

### 2.4.1 Business line audit/inspection structures

Audit/inspection structures attached to different company departments intervene independently of the management chain.

Their intervention covers all processes and units in their department (audit and/or technical inspection duties). In particular, it allows the implementation and the effectiveness of the first-level controls to be assessed.

### 2.4.2 Company-wide structures reporting to executive management

#### 2.4.2.1 The Audit and Internal Control department

It reports to the Chairwoman and is responsible for carrying out the following on behalf of executive management:

- internal audits to "provide assurance on the level of control over operations by auditing and assessing the business activities of RATP Group"<sup>(2)</sup>; in November 2013, the scope of action was expanded with the implementation of flash audits to assess the progress of action plans;
- guidance on change management (e.g. REX, assignment on internal control structure, etc.).

The Group audit procedure supports the company's executive management in its decision-making process:

- the audit focuses on the company's major risks (financial and regulatory) and strategic priorities, including economic performance, process efficiency and management quality;
- the audit responds to the company's needs with assignments performed outside of the annual work;
- the audit methods are aimed at encouraging the audited units to share findings and implement corrective measures (findings are objective and quantified, their analysis is transparent, draft written reports are submitted by the audited units for discussion of audit findings).

The internal audit work is part of an annual plan established on the basis of input from members of the Executive Committee<sup>(3)</sup> and the main risks identified during RATP Group's risk mapping process. When each audit is completed, a written report is sent to the Chairwoman and other members of the Executive Committee, and to the heads and managers of the departments and units directly concerned. The heads and managers of the audited departments and units are asked to draft an action plan within two months of the audit, which is submitted to the head of Audit and Internal Control for approval. Implementation is monitored by the Audit and Internal Control department (DGACI – délégation générale audit et contrôle interne) and the individual who commissioned the audit with a progress report at six, twelve and eighteen months. Action plans resulting from audits of particular importance are reviewed by the Executive Committee.

This rigorous monitoring of post-audit action plans allows the percentage of audits that resulted in action plans, as well as their progress, to be measured.

Lastly, the head of Audit and Internal Control also plays the role of Inspector General<sup>(4)</sup>, which is separate from Internal Audit, intended to inform the Chairwoman about sensitive topics or issues likely to impact the Group's economic interests.

(1) European foundation for quality management.

(2) Instruction 432D of November 2013, article 2.2.

(3) Members of the Executive Committee, department heads and chief operating officers.

(4) Instruction 541 of November 2011.

#### 2.4.2.2 Inspectorate general for fire safety

It reports to the Chairwoman and is responsible for issuing formal opinions on:

- compliance with the general provisions of the safety rules governing fire safety and the panic risk in public establishments:
  - each work file affecting spaces open to the public such as administrative applications for building permits, construction authorisations and applications to build, convert or change areas open to or used by the public, such as the train and metro stations operated by RATP;
  - for completed building work in public areas such as stations, during the preliminary inspections prior to opening to the public;
  - for regular inspections to ensure the continued operation of stations;
- compliance of guided transport infrastructure with basic safety requirements to avoid fire and panic risk and deal with the consequences of accidents.

The following were the main initiatives of the inspectorate general for fire safety in 2018:

- delivery of the centralised monitoring system of the Gare du Nord, Gare de l'Est, Montparnasse – Bienvenüe and Place d'Italie stations;
- continued delivery of construction work at the multi-modal Châtelet – Les Halles site;
- delivery of the first phase of work on the Auber project and the study of the first 2 station renovation projects on the RER network;
- examination and issue of the notice for 7 building permit applications, including the last building permit for the extension of line 11;
- examination and issue of the notice for 21 applications for authorisation to build, convert or change buildings open to or used by the public;
- examination of supplementary technical files after positive responses from the prefecture on major projects such as the Symphonie fire safety system, OPAL4, adaptation of existing stations concerning L14, and centralised monitoring of fire safety on the Charles de Gaulle – Étoile, Nation and Auber-Opéra RER/metro sites;
- issued 131 favourable opinions on regular inspections to ensure the continued operation of stations.

#### 2.4.2.3 The Railway Safety unit

It reports to the Chairwoman and is responsible for monitoring railway safety procedures throughout the company. It enforces the railway safety policy, structures and general management guidelines through a systemic approach, as defined by the Chairwoman.

The CEO delegates the management and implementation of RATP's railway safety policies to the Railway Safety unit. Railway safety policies concern infrastructure, technical installations, vehicles and operating, maintenance and control policies. The Railway Safety unit thereby sets out the framework to be followed by all of the company's railway safety managers. Responsibility for enforcing the railway safety guidelines issued by the Railway Safety unit is delegated to the directors of the departments and operating units.

The head of the Railway Safety unit may request professional advice, as appropriate, from the various departments (e.g. railway engineers, inspectors, general safety controllers). The unit is sent all surveys, studies and reports conducted on railway safety incidents.

It audits rail security and suggests preventive and corrective measures in conjunction with the departments concerned. These audits take place in accordance with the principles issued by the NF EN ISO 19011 standard of January 2012.

The unit is responsible for RATP and its subsidiaries. Its power of investigation applies to all of the Group's entities. As a result, it may be called upon to exercise its duties as part of an RATP Dev project or concession.

## 3 — Risk factors

### 3.1 Financial risk factors

#### 3.1.1 Identification of risks

The Group is exposed to market risk in carrying out its operational and financial activities. Interest rate fluctuations and exchange rate risk may have an impact on Group earnings: the Group's companies have assets, incur debts, receive revenues and incur expenses in various currencies.

The Group is also exposed to liquidity risk. It manages this risk prudently by ensuring that it has sufficient liquidity and marketable securities.

Moreover, purchases of energy, consumables and commodities constitute a major source of operating expenditure for the Group's business, in particular diesel for road transport businesses and electricity for rail transport businesses (metro, RER and tramway). The Group is therefore exposed to fluctuation in the price of these goods.

Counterparty risk is limited through the systematic use of guarantee clauses in all framework agreements related to financial instruments. Collateral (only in the form of cash) is required up to the fair value of financial instrument portfolios with each counterparty with which RATP is at risk.

#### 3.1.2 Risk management

##### Corporate funding policy

Each year, RATP devotes the resources required to finance the day-to-day running of the business, capital expenditure and loan repayments. RATP uses exchanges or over-the-counter debt markets for most of its funding. RATP has several financing programmes covering both long-term and shorter-term maturities, including:

- Euro medium term note (EMTN) programme for a maximum of €6 billion;
- Negotiable European commercial paper programme for a maximum of €2.5 billion.

Ratings from Moody's and FitchRatings provide financial markets with assurance and visibility on RATP's credit. Short- and long-term ratings awarded by ratings agencies were as follows at 31 December 2017:

- FitchRatings: AA, F1+ with stable outlook;
- Moody's: Aa2, P1 with positive outlook.

RATP recently implemented a financing strategy that aims to diversify its investor base and place its bonds internationally:

- launch of the Green Bond programme (first issue in June 2017);
- presentation of RATP via international road shows.

This financing strategy was successfully implemented. In 2018, for the first time, we issued a €200 million thirty-year bond in the form of private placements with Asian life insurance companies. In 2017, RATP increased its access to international markets. France now accounts for only 38% of investors compared with 60% in previous years.

In June 2017, RATP issued its very first public green bonds totaling €500 million with a ten-year maturity (maturing in May 2027). The inaugural issue was very well received by the market, and enabled RATP to diversify into investors committed to fighting against climate change. In the spirit of COP21, RATP confirmed its contribution to the ecological transition by developing innovative financing instruments to finance the sustainable modernisation of its rolling stock and infrastructure. To successfully complete this transaction, RATP drafted a framework in line with Green Bond Principles which was validated by the non-financial rating agency Viego Eiris.

### Use of hedging instruments

RATP uses all available financial instruments to optimise the cost of debt and hedge its exposure to changes in interest rates, exchange rates and commodity prices, while applying strict management rules and complying with hedge accounting criteria:

- RATP systematically hedges all exchange rate risk on its foreign currency debt or deposits using cross currency swaps;
- RATP regularly hedges its exposure to interest rate movements on future bond issues using interest rate derivatives;
- RATP uses all interest rate instruments (swaps, caps, floors and swaptions) to optimise its financial expense, while complying with the micro-hedging rules set out in French accounting principles:
  - all interest rate derivative instruments are matched to a specific underlying financial liability, with maturity less than or equal to the underlying,
  - RATP matches fixed-rate financial liabilities with interest rate swaps to receive a fixed rate and pay a floating rate indexed to euro yield.

Given the historically low interest rates, at 31 December 2018 91% of RATP's debt was at a fixed rate and 9% at a floating rate.

RATP may hedge its exposure to commodity price movements by using financial instruments indexed exactly to the physical delivery terms agreed with suppliers. RATP's exposure to energy price fluctuations is also largely covered by the indexation clause for its remuneration contracted with Île-de-France Mobilités.

RATP uses its €2,500 million NEU CP programme to manage its liquidity risk. It invests surplus cash (averaging €1,100 million in 2018) in funds that enable the optimum management of cash flow fluctuations. The investments (primarily money market UCITS and term deposits with major French banks) must comply with the constraints set by management rules (quality of credit, limits, term, etc.).

## 3.2 Risk factors linked to the Group's business and the environment in which it operates

### 3.2.1 Identification of risks

RATP Group has identified various company-wide risks as major risks. They include the following:

- operational risks, linked to the risks of all kinds of accidents in RATP's core business as provider of railway and road transportation services;
- strategic and commercial risks, in the context of the Group's development and the opening up of the market to competition, which could result in the non-renewal or the loss of contracts or even limit access to new contracts;
- non-compliance risks, with respect to the Sapin II law, and more specifically concerning corruption and influence peddling, to which RATP Group may be exposed, non-observance of competition rules, fraud and conflicts of interest, and under the GDPR;
- risks related to non-compliance with rules of ethical conduct that could affect the reputation, or even the long-term existence of the company, which may occur in different forms in all the areas of its activity;
- human resource risks, in particular:
  - the health and safety of employees in France and those on assignments abroad. This is a priority and constant source of concern for RATP Group in the pursuit of its development,
  - professional risks in terms of work-related accidents, in particular as regards construction site safety and employees who are in contact with the public,
  - labour-management risks, in a context of transformation as a result of an increasingly competitive environment,
  - the sustainability and development of the skills required to ensure the proper operation of the Group (in particular rail safety) and its development;
- legal risks related to the opening up of the market to competition, more specifically the legal and social requirements of operating public transport in a competitive market, strategic partnerships or the development of new forms of mobility;
- risks related to the confidentiality, integrity and availability of information systems, with special focus on threats of cybercrime that could affect the security and confidentiality of the Group's information property and automatic driving systems and rolling stock;
- environmental risks and, more particularly, risks of flooding in an environment of increased climate disruption that could lead to the flooding of part of the transport network, industrial pollution related to our environmentally-classified sites (French ICPE) and air quality in stations;
- risks related to the deterioration and/or aging of our infrastructure.



## 3.2.2 Risk management

### 3.2.2.1 Development risk

The Group's development entails a particularly high risk. Expert working groups have conducted in-depth reviews of the most sensitive issues for RATP.

Safety and health risks for RATP Group seconded employees or expatriates who contribute to the Group's development were thoroughly analysed in 2014, and renewed in 2018 with an updated action plan as follows:

- creation of a Group-level Safety Committee;
- drafting of an international Safety Guide;
- the provision of a mobile application for the geolocation of traveling employees and the management of health and safety alerts.

### 3.2.2.2 Compliance risks

Under the impetus of American and British compliance legislations, in particular the American foreign corrupt practices act (FCPA - 1977) and the British UK Bribery act (2010), legislation compliance requirements have increased in recent years. In France, the Sapin II law, in force since 1 June 2017, highlights the crackdown on corruption with the enforcement of extraterritoriality of the standard and a duty of increased vigilance for partners. Companies have become stakeholders in the fight against corruption.

In this context, the head of compliance is supervising action plans arising from the eight requirements of the Sapin II law and, in particular, risk mapping. Risk mapping, which is the foundation of the risk management strategy, has been established at corporate level and is being rolled out for the Group's departments and second-tier subsidiaries.

Target risks include risks regarding the corruption and influence peddling to which RATP Group may be exposed, either because it is the prime contractor (buyer) or because it is submitting a tender offer (supplier or service provider). These risks are multifaceted and could emerge as part of the usual practices of a company (gifts, invitations, perks, sponsoring, philanthropy, charity, etc.).

Compliance with rules on competition, fraud and conflicts of interest are a part of other subjects handled by the Group compliance function.

The issue of the protection of personal data is addressed under European regulation 2016/679 (GDPR), which entered directly into force in EU Member States on 25 May 2018.

Following advice from the Data Protection Officer, changes to the company's organisation and a compliance plan were submitted to the Executive Committee for approval.

These changes, as well as identification of the data processing in question are in progress Group-wide. They are monitored by a Data Protection Officer designated jointly for RATP, RATP Real Estate,

RATP Habitat, RATP Travel Retail and RATP Connect; a Data Protection Officer designated for RATP Dev and its subsidiaries; and a Data Protection Officer designated for RATP Smart Systems and its subsidiaries.

### 3.2.2.3 Ethical risks

Significant work has been carried out this year to define the nature of ethical risk. At the same time, the *RATP Group Code of ethics*, which dated from 2011, was updated and significantly rewritten. The six values of RATP Group are confirmed: the human factor, commitment to the public interest, respect, professionalism at the service of our clients, a taste for a challenge, openness. The structure of the code of ethics has been simplified and it now comprises three parts dedicated to our employees, our clients and our stakeholders. The code, which is shorter and written in simpler language, also includes a presentation of the players involved in Group ethics, CSR and compliance, as well as the whistle-blowing system.

The code of ethics, validated definitively at the end of the year after the information/consultation of personnel representative institutions was completed, has been distributed electronically to all Group employees. An appropriation plan will be implemented in 2019, first of all for managers, and then, to operators. This meticulous work is intended to help managers use this code as a practical tool whenever they are faced with an ethical problem in their work. The problem-solving methodology of the code of ethics is based on the analysis of value conflicts. It is therefore in the field, with day-to-day identification of "grey areas", that the methodology will be of help to managers. That is how the link with ethical risk prevention will be demonstrated. Our objective continues to be to ensure that each manager who is faced with a sensitive and unprecedented situation is able to make a decision that is fair, respectful of our values, complies with the law and is mindful of RATP Group's stakeholders.

Consistency between the company's ethics arrangements, compliance programme and CSR policy is central to risk prevention. The relevance of this overarching vision is proven every day with current events. This led us to create the Cersec (Comité éthique, RSE et conformité – Ethics, CSR and Compliance Committee) in 2017. The Ethics Department has been appointed to act as secretary. In 2018, Cersec decided on and validated the new presentation of the code of ethics and the new whistle-blowing system, in compliance with the provisions of the Sapin II law of 9 December 2016.

The Group's growing international activity, the increasing risk factors arising from its activity in all sectors, the priority given to national and supranational legislation on corruption, competition, data management, respect for human rights and sustainable development, coupled with sensitivity to religious issues, discrimination, different forms of harassment, and the resurgent challenge of diversity are undoubtedly the *raison d'être* for this governance body chaired by the Chairwoman and Chief Executive Officer.



In so doing, RATP Group is reaffirming its previous commitments in relation to the UITP Charter in 1999, the United Nations Global Compact in 2003, the National Accessibility Charter in 2003 and the Company Diversity Charter in 2004. It is confirming its desire to deploy the “Work together” plan throughout RATP and the French subsidiaries. This plan was published on 25 February 2015 to promote the values of secularism, neutrality and non-discrimination, and the importance placed on gender equality. The organisation of a Work together week from 5 to 11 December is part of the same principle of prevention. For the event, units and subsidiaries were invited to organise events to illustrate this collective approach (as they wished and depending on their operational constraints). The second edition of the ethical climate barometer took place in November last year, and this time it involved all Group employees. The results will be published in the beginning of 2019.

### 3.2.2.4 Legal risks

The company's Legal department provides advice and analysis, draws up contracts, handles claims and disputes, and provides legal training for all the company's business activities. It prepares for or initiates change, makes proposals to the public authorities, monitors legal developments (other than those relating to technical matters), publishes information on best practice, assesses risk – in close collaboration with RATP's head of risk management and head of compliance. It ensures the company's legal representation in all jurisdictions. Where appropriate, it assists the different entities within the Group, taking confidentiality and financial imperatives into account.

The department's permanent primary objective, as it provides support to all levels of the company, is to ensure that the legal aspects of all the projects and operations undertaken by the company are secure and compliant.

In 2018, the Legal department assisted with several issues and the following strategic areas in particular:

- dealing with strategic legal challenges related to the opening to competition;
- monitoring European issues (changes in regulatory texts, State subsidies, market concentrations, etc.);
- implementing texts transposing market directives and concessions, with the updating of the guidelines and all the elements of the procurement guide;
- development in Île-de-France by contributing to the definition of the strategy, actions to be undertaken and monitoring of responses to calls for tender, particularly our part in the tender for the operating contract for the T9 tramway;
- the monitoring of network development projects (including the Grand Paris project);
- support for operators in relation to the deployment of the guidelines on environmental law and urban planning procedures, as well as the application of changes to environmental law;

- relations with Île-de-France Mobilités (legal aspects for a number of common issues, notably those relating to the operation of services, assets, asset ownership, ticketing, protection of the brand and data transfers) and monitoring of the execution and application of the agreement with Île-de-France Mobilités;
- development of research, development and innovation contracts (protection and promotion of RATP's know-how);
- identifying and optimising different ways of improving and promoting innovation at RATP;
- handling the company's online and social network issues and measures;
- monitoring changes in personal data protection (GDPR) and procedures for the provision of data to the public (open data) with the definition of protocols (Macron and Lemaire laws), and the adaptation and creation of new contractual arrangements for the application of these laws;
- analysis of legal risks, notably in regard to the monitoring of projects, and the defining and enforcing of contracts in order to ensure the company's performance;
- protection of RATP's business assets (problems related to the status of vitally important operators) and the security of the information systems;
- legal aspects of the fight against fraud and territorial control: recovery of fines, improving texts relating to security and fraud, participation in the Transportation Safety Committee, actions in support of vulnerable persons;
- issues arising in relation to the fight against racism and discrimination, secularism and the implementation of the “*Travailler ensemble*” (Work together) plan;
- supporting the development and operation of subsidiaries;
- support for the implementation, within RATP Group, of a structured compliance process.

### 3.2.2.5 Procurement risk

The department in charge of real estate, procurement and logistics contributes to controlling procurement risks by:

- sharing and disseminating best practices, including regularly updating procurement guidelines, informing buyers and legal staff of the reservations and observations made after each review by the Procurement Board, and organizing the procurement and logistics networks;
- upstream controls by reviewing files relating to purchases in excess of €750,000 and submitting purchases of over €5 million to the Procurement Board;
- preparing monthly, half-yearly and annual reports on procurement for the Board of Directors' CMTTT (commission de la modernisation technique et technologique et du transport – Technical and Technological Transport Modernisation Committee) committee, and an annual report on the work of the Procurement Board.

During 2018, significant work included:

- the construction and sharing of an action plan for the procurement function which carries the vision and path for procurement for the coming years. As an example, an emblematic project to simplify the procurement process was implemented;
- the increase from €3 million to €5 million of thresholds for examination by the Procurement Board for small work packages (ministerial order of 9 August 2018);
- the facilitation and organisation of key user meetings (internal users) and a meeting of the CUB (club of external users of the BravoSolution solution) by inviting the developer to a presentation of the product road map and for change requests; the holding of various on-site demonstration workshops with buyers, the online publishing of new tutorials. The HA-IS standardises processes and practices between departments, and tracks dialogue with suppliers and approvals of key procedural phases;
- continuous update of procurement guidelines, notably practical information, writing guides and modules providing training in new rules on placing orders; the availability of a new 2019 range of Purchasing Academy training courses, with in particular the adaptation of the course offer on awareness-raising and corruption prevention (Sapin II law) and the duty of vigilance;
- maintaining financial intelligence tools at the disposal of buyers (Intuiz for French suppliers and Dun & Bradstreet for foreign suppliers) to identify suppliers who present a risk of default, and the launch of a more general reflection, jointly with Compliance, on due dill tools available on the supplier market;
- the maintaining of CSR expertise and the indexation of prices in the procurement process for cases worth over €5 million (cases submitted to the Procurement Board for approval);
- the mapping of the Sapin II (anticorruption) procurement compliance risks in the seven departments responsible for the company's procurement and the identification of the first action plans;

**> Please note that the departments are the risk owners of their specific risks. A procurement summary has been drafted, which also makes it possible to identify company-wide improvement initiatives.**

- the mapping of the procurement risks of the real estate, procurement and logistics department and the related action plan;
- the launch of the "vigilance" procurement mapping (call for tenders launched at the end of the year) which identifies procurement projects of particular importance and the action plans to be implemented.

### 3.2.2.6 Risks linked to information systems, telecommunications and cybercrime

Since 2003, the company has implemented an information security policy, which sets out the principles and rules governing the confidentiality, integrity and continuity of information systems (IS). As part of this policy, an organisation facilitated by a Group-level Information Systems Security (ISS) manager has been built through a structured functional network of contact persons in each RATP department, thus forming a functional security chain.

The company applies ISS security ISO 27000 standard to implement best practice. Various measures have therefore been taken such as:

- defining and applying a Group security policy and related security guidelines (password policy, security approval and incorporation in projects, etc.);
- gradual deployment of an information security management system;
- defining and implementing a single, centralised authentication strategy;
- introducing in-depth security mechanisms such as gateways, firewalls, DMZ, key management infrastructure, antivirus, antispy applications, etc.;
- setting up a system for promoting awareness of information systems security and delivering training to all company employees;
- systematically including security and confidentiality clauses in contracts to safeguard information property, thus enabling stringent control over IT development, maintenance and service provision activities;
- performing systems and technical audits (self-testing, vulnerability audits, intrusion testing, etc.), along with feedback sessions, exercises and simulations to verify compliance with security policies;
- implementing incident management processes to ensure that all incidents are reported to the line managers responsible for ISS.

In addition to implementing best practice, the company has approved a road map relating to ISS in order to fulfil two major objectives.

#### Governance of ISS

- Actions relating to ISS are overseen to guarantee that the systems implemented are adequate in terms of the challenges facing the business and the development of cyberthreats.
- The security function is based on a risk management initiative: the company's cyberrisk maps were thus updated and validated for all departments in 2018. For 2018-2019, the plans to deal with these threats continue to be developed.
- The ISS policy has been updated to take into consideration the new challenges faced by the Group. The main changes related to the inclusion of the ISS risk management process as the company's basis for action with respect to ISS, expansion of the field of application to all IS (including industrial systems) and entities forming part of RATP Group (EPIC, subsidiaries, etc.), and harmonisation of related best practices. The recent "IS approval" security instruction has made it possible to incorporate cybersecurity issues into our IS projects, as required.
- An information security management system is currently being deployed on the scope of the Information and Telecommunications department. This system falls within the scope of the department's ISO 27001 certification process.
- An annual audit plan concerning IS across the Group scope was defined in 2018. This assessment/control of Group practices enhanced the risk map for the subsidiaries and will be expanded in 2019.

- A cyberrisk management tool was launched in 2018. It is still being deployed and concretely means stricter monitoring, at Group level, of risk management plans and KRI concerning ISS.
- An awareness-raising campaign on ISS for all employees was implemented throughout 2018.

#### Increasing the effectiveness of operational ISS management

- The operational security centre is deployed on the most exposed ISS, in order to develop the Group's analysis capacity and real-time control, and also to guarantee rapid and consistent action in the event of security incidents (hacking, mass virus attack, etc.). operated by specialist providers, its scope of action is being extended to industrial systems.
- The RATP security system is adjusted on an ongoing basis; this process is reflected in numerous technical projects:
  - segmentation and fragmentation of flows depending on the criticality and degree of confidentiality of the data exchanged as part of the renewal of the core of the transmission network;
  - deployment of a data protection system (hard drive encryption) for workstations that store sensitive data, in particular for roaming users;
  - introduction of centralised access management systems and privilege accounts in data centres and industrial systems;
  - managing obsolescence and system updates as part of a formalised industrial policy.
- Digital initiatives, in particular the different mobility projects or cloud computing projects, are systematically supported to fully integrate ISS challenges.
- In conjunction with the French agency for ISS, a cybercrisis management drill was carried out in 2018 and the feedback has been added to the cybercrisis and incident management systems defined within the Group.

#### 3.2.2.7 Human resources risks

These risks can be broken down into three categories.

##### Professional risks

The control of professional risks corresponds to RATP's strategic challenges concerning operational excellence and sustainable development and is in line with the Group's human resources policy.

Managed by the Group's human resources department, professional risks are periodically re-evaluated with representatives of operational activities, most recently in 2018.

The actions taken to improve the level of control of professional risks are based on the defining projects launched by the company such as worksite safety or the quality of life at the workplace.

More generally, to control professional risk, a company-wide occupational health and safety plan was launched in 2017. This approach is translated into the Group's occupational health and safety policy.

##### Risk of skill loss

Managing the risk of key skills loss forms part of the overall human resources policy that supports the 2025 Challenges strategic plan. This is because, faced with legal, regulatory and technological developments as well as an increasingly competitive market, RATP Group is responsible for setting up the barriers for controlling the risk of skills loss for its proper functioning, development and continuity.

The company-wide strategic workforce planning initiatives are aimed at translating projected workloads into skills requirements to meet the Group's challenges and in particular to:

- ensure that the company has the right skills at the right place and the right time;
- ensure the sustainability and development of the skills required to ensure the proper operation of the Group (in particular rail safety);
- create mobility paths that cut across the Group's various entities;
- contribute to the Group's development by providing the expected skills;
- anticipate changes, in particular changes related to digital technology and their possible consequences on skills.

Four initiatives to manage the risk of skills loss, called "company-wide strategic workforce planning", have been implemented to date:

- the approach for management of the risk of skill loss in railway safety, sponsored by the head of the Railway Safety unit and initiated in 2013, and included in the strategic orientations of the 2025 Challenges, aims to strengthen and develop rail safety culture. It is based on an inventory of the railway expertise of company employees, regularly updated, as well as the development of barriers to prevent human factor risks on operating, maintenance and engineering activities when HR issues are identified. These barriers include skills development through strategic professional paths and training which play a central role. In this connection, in 2018, a process for validating the quality of training was developed with the identification of courses corresponding to this process, and 14 managerial strategic paths were identified;
- the "operational strategic workforce plan", sponsored by the Deputy Executive Director for Transport Operations and Maintenance and launched in 2016, aims to jointly build a comprehensive HR policy. It supports the development of subsidiaries while retaining the skills need to keep RATP competitive. The aim is therefore to prepare for the scaling up of employee skills to meet the challenges of the future, for all Group entities. In 2018, a book presenting strategic paths was distributed to HR managers and departmental mobility correspondents. A succession plan was drawn up for each of these 14 paths.

In 2018, two new company-wide strategic workforce initiatives were launched on issues strategic for the Group:

- strategic workforce planning for rail automation aimed at building the skills required for the Group's development of automated metro systems. It concerns the automation of lines as well as the creation of automatic lines, from design engineering to operation and maintenance. It is aimed at reinforcing the skills pool to support the Group's development projects;

- the aim of the technical engineering skills strategic workforce planning is to position engineering at the industry's highest standards of operational excellence, for line extension projects, large-scale works in the Île-de-France region, or programmes to modernise train lines or stations. This approach has become a strategic priority for the RATP, and is aimed at maintaining a high level of expertise and innovation. The objective is establish the target requirements in skills, profiles and workforce of the engineering technical professions in three to five years.

Further, the company's human resources master plan takes into account the risk of losing key and so-called critical skills by identifying those that hold these skills within the departments and the related action plans to address the issue. In 2018, the Group identified 60 key skills held by 194 employees, 27% of whom were senior employees, for 8 departments. The action plans to replace these skills mainly focus on the replacement of the employees with these skills (43% of action plans), skills development (35%) or skills transfers (14%). Furthermore, a specific chapter concerning the company's digital transformation strategic plan has been created to identify the impacts of the development of digital technology on jobs and skills.

#### Labour dispute prevention

As implemented in the company since 1996 and required by law since 21 August 2007 and 19 March 2012, all strike warnings must be preceded by collective bargaining, initiated by notices to bargain and having ended in disagreement between union and employer representatives.

Notices to bargain may be served at any level of corporate decision-making (core, department or unit) as appropriate in terms of the matter raised and provided that the matter is collective. A meeting is held between the department affected by the matter and the union(s) that served the notice to bargain.

If the parties reach an agreement or find solutions to the matter, a binding statement of agreement is drafted and signed by the parties further to the meeting. The same applies if no agreement is reached; in this case a statement of disagreement is drafted and signed.

The statement is then sent to all unions at the level at which the notice to bargain was served.

Thereafter, and only in case of disagreement, the trade union(s) that served the notice to bargain have the opportunity during the following month to file a strike warning on the same issue. The warning shall not take effect until five clear days after filing.

In accordance with service continuity requirements, RATP has a contractual obligation under the Transport Plan agreed with Île-de-France Mobilités to provide a minimum level of service at all times.

The system continues to fulfil its purpose as a means of preventing labour disputes, as 95% of matters dealt with by collective bargaining do not result in strike action. The number of labour conflicts remained stable in 2018 at an average of 0.50 day per employee per year.

#### 3.2.2.8 Operational risks

The General safety control (GSC) department aims to ensure that the processes to limit system risks are correctly defined and implemented under the direct responsibility of the departments and the units in charge of this. Its role is also to improve RATP's fire safety measures. At the request of the managers concerned, it may also work for RATP Group subsidiaries.

#### The Corporate Risk Management unit (CRM)

The role of the CRM unit, at the request of executive management or the departments, is to:

- oversee the risk management system;
- conduct methodological studies on safety (potential context and events);
- perform systems reviews, appraisals, risk assessments, determine risks of human error, and gather operational feedback on rail transport matters;
- analyze daily operating reports on guided transport networks;
- run the special railway safety committees;
- raise awareness of systems risk management policies and of human and organisational factors.

In addition, for corporate risk management purposes, each month the CRM unit of the GSC department prepares a dashboard on danger signal alerts, based on data provided by the Operating and Maintenance departments of the metro, RER and tramway networks. The document reports reasoned recommendations on each identified risk. It is sent to executive management and to the departments concerned to produce corrective measures which are then tracked by network (metro, RER and tramway) within the railway safety steering committees chaired by the head of the Railway Safety unit.

#### The Fire Safety unit

The Fire Safety unit deals with all aspects of fire safety and evacuation procedures. Its aim is to:

- constantly improve fire safety within the company;
- organise feedback sessions on fire safety in railway systems;
- coordinate emergency fire services with the company's fire safety measures;
- monitor operating premises and projects under construction;
- train employees in fire safety;
- enforce regulatory compliance with fire safety procedures and systems in railway stations, metro stations and buildings, through the work of the IGSI (Inspection générale de sécurité incendie – Inspectorate general for fire safety).

The General Safety Control Fire Safety unit is responsible, together with the concerned departments, for improving the fire safety level of the guided public transport systems.

It provides technical support to the IGSI as set out in article 2 of the order of 24 December 2007 approving the safety rules governing fire safety and panic risk in stations.

The Fire Safety unit is active at all levels of the company, through the work of the Technical Committee for Fire Safety and its network of local contacts.



The unit performs smoke and fire tests to measure and analyze air movement in underground areas. The results of the tests are used to improve the safety of the underground areas, by preparing and updating recommendations for the smoke-clearing systems in tunnels and stations.

### 3.2.2.9 Infrastructure risks

The main purpose of the Infrastructure Management division is to guarantee the global safety (railway security, fire safety and the safety of goods and people) of equipment used by the operator. The Infrastructure Management division ensures (GDI) that RATP's infrastructure and equipment are sustainable, reliable and in working order.

Since its set up on 1 January 2012, the Infrastructure Management division has assumed the corporate risk management responsibilities applicable to its scope. Risks identified under these procedures are analyzed in detail, and risk management plans are implemented to detect weaknesses and find means of reducing RATP's exposure to such risks. The risk management plans back up the maintenance systems implemented by the Infrastructure Management division, providing daily maintenance for equipment used by the transport operations activity.

Each month, the Infrastructure Management division issues reports on preventive maintenance performance and equipment availability.

Furthermore, unit and department inspections monitor incidents on a daily basis, regardless of the network, and analyze them together with the maintenance agents.

Incidents classed as "significant" are the subject of a weekly presentation and are tracked within the Executive Committee. They are discussed and analyzed by senior departmental staff and management teams in the units in question.

These discussions determine follow-up for "significant incidents" to be implemented according to the decision recorded.

Follow-up is conducted:

- either by the departmental management committee for significant events that are specially monitored and call for feedback or additional information;
- or during quarterly railway safety management meetings for major incidents that have had an impact on railway safety and/or availability and/or that have occurred on many occasions. These meetings are steered by the department head. All safety and availability indicators are examined (rail, fire, property and persons) using a dashboard and dedicated ongoing action plans;
- or during the Feedback Committee meeting. In this case, the head of department requests for the formalisation of a feedback report and designates the person who will oversee the process.

Since 2016, first-level controls, performed within the operational units, have been included in the table for monitoring safety indicators – railway safety and safety of goods and people. They are therefore reported on a quarterly basis at the quarterly rail safety management meeting.

The feedback process has been operational since 2003 in the Infrastructure Management division. It takes the form of a Feedback Committee common to the Engineering and Project Development departments, with the participation of the GSC department. The Committee, which meets twice a year, monitors significant incidents requiring the implementation of specific measures.

Where the head of department decides to follow up a "significant incident" analysed by the Executive Committee via feedback, the Infrastructure Development division and the Project Management department Feedback Committee will do the monitoring.

In addition, since January 2016, a company-wide railway safety operational feedback process has been implemented and managed by the GSC department under the Infrastructure Management division.

At company level, the Infrastructure Management division takes part in Railway Safety Executive Committee meetings, where necessary, contributing analysis of incidents and measures taken. Operating reports of danger signal indicators (prepared by GSC/CRM) serve as input data for the Railway Safety unit. Indicators in "respond" status are presented during the first part of the Railway Safety Executive Committee meeting and make it possible, if necessary, to determine preventive improvement actions that are monitored by the Committee.

Where required by technical equipment-related or regulatory developments, each business line's technical committee reviews these developments and assesses their impact and feasibility prior to their approval.

Since 2017, the Group has formalised infrastructure condition booklets. There are two types of infrastructure condition booklets:

- one for the entire metro network, with an analysis of multi-year indicators. This infrastructure condition booklet is updated each year;
- when a line is modernised, a specific infrastructure condition booklet is formalised. In addition to an analysis of multi-year indicators, this type of infrastructure condition booklet is completed with the planned asset maintenance programme. This addition will make it possible to study optimisation opportunities under the modernisation project.

### 3.2.2.10 Environmental risks

The Group relies on the following to control environmental and company-wide risks:

- team of experts in regulations on environmentally-classified facilities (French ICPE);
- RATP laboratory accredited by the French national accreditation body (Cofrac);
- toxicology unit in the Occupational Health department;
- a network of internal ISO 14001, ISO 9001 and ISO 45001 auditors;
- a QHSE network comprised of teams working on quality, health and safety and the environment, from all departments;
- safety adviser on the transportation of hazardous goods.

### Control of environmental risks on industrial sites

Each industrial site with a significant impact on the environment is ISO 14001-certified or at least equipped with an environmental management system. The target is the ISO 14001 certification of all industrial sites by 2020. The approach is set out in the report on non-financial performance.

To ensure control of its critical environmental risks, RATP has also deployed an environmental management system for all its environmentally-classified sites (ICPE) as defined by French regulation.

### Air quality

RATP constantly monitors air quality in three of its underground stations. The data has been available on RATP's website [www.ratp.fr](http://www.ratp.fr) and in RATP's open data forum since summer 2012. Since 2018, RATP has also provided the data in real time.

Various measures were taken to improve the air quality in stations. The company launched an extensive ventilation programme in 2016-2020 to improve air exchange in its underground spaces. In 2019, RATP will test the air treatment solution proposed by Suez, winner of the call for proposals launched by the Île-de-France region "Innovons pour l'air de nos stations" (Let's innovate to purify the air in our stations).

### Electromagnetic fields

RATP's Electromagnetic Fields Committee monitors technical and regulatory developments on "health and radiofrequencies". It ensures that the company complies with French decree 2016-1074 of 3 August 2016 relating to the protection of workers against the risks of electromagnetic fields.

## 3.2.2.11 Crisis management

### Organisation of crisis management

In May 2018, after an audit conducted in 2017 by the INHESJ (Institut national des hautes études de la sécurité et de la justice – French national institute for advanced security and justice studies), the corporate crisis preparation function was integrated into the Risk Management department. This function and its positioning are aimed at organising crisis management and business continuity plans for all Executive Committee level risks identified in the Group risk map.

For 2018, the head of the Group Crisis Preparation unit carried out the actions below:

- the renovation and relocation of crisis management spaces to the RATP head office;
- the training of crisis officers as well as regional and central officers;
- a crisis drill for the Executive Committee.

In 2018, RATP was able to test the real-time system on four occasions:

- first of all, from 24 January to 5 February, after the flooding episodes in the Île-de-France region. This episode required preventive measures to be taken to protect the company's IT facilities and to organise measures to pump and dry the water in the metro network;

- next, in February, during the period of extremely snowy weather in Île-de-France, the crisis organisation improved the information given to travelers, the coordination of teams on the ground and provided the link with crisis units of the departments under the Île-de-France ice plan managed by the zone prefect;
- on 12 June, when the RER B train derailed at Courcelles sur-Yvette, the crisis organisation enabled crisis communication to be managed in relation to this extremely rare event and to coordinate the measures taken to ensure service continuity with the bus and rail shuttle replacement services;
- on 1 July, when a line 13 train derailed in the automatic turnaround area in the Châtillon – Montrouge terminus, the crisis organisation made it possible to coordinate the replacement services for passengers and teams working on the site.

On 17 January 2018, RATP took part in the Metropirate drill organised by the zone prefect.

On 11 December 2018, RATP worked with the prefecture of police on the Sequana drill for testing the resilience of the measures to take during flooding in Paris.

Internal mobilisation exercises were also conducted by the Permanent Support unit.

### Crisis communication

The Press, Issues Management and Crisis Communication unit is integrated into and managed by the Communications department. It is involved whenever a crisis arises at RATP Group.

It is noteworthy that a new head of Issues Management and Crisis Communication unit was appointed in July 2018.

During the year, the Press, Issues Management and Crisis Communication unit was mobilised several times for monitoring and advisory duties. It was present at the crisis room every time it was open. Below is a summary of the main crisis in 2018:

Event	Date
Snow and black ice	07-10/02/2018
Snowfall	01/03/2018
RER A fatal worksite accident	05/03/2018
Snowfall	18-19/03/2018
Derailment of RER B between Saint-Rémy-lès-Chevreuse and Courcelles sur-Yvette after heavy rains	12/06/2018
Derailment of line 13 at the Châtillon – Montrouge turnaround area	01/07/2018
Trains blocked in the line 1 tunnel	31/07/2018
Trains blocked in the line 14 tunnel	29/08/2018
Trains blocked in the RER A tunnel	12/09/2018



In November 2018, the unit took part in a major drill organised by the company's GSC department in partnership with the Paris fire department at the Gabriel Péri station (line 13).

Aside from crisis situations, the Issues Management and Crisis Communications unit continued its work of developing and updating arguments and communication tools for sensitive issues that have received large media coverage, in conjunction with the Press team. It also resumed major work concerning the update of communication tools relating to identified crisis scenarios, in particular by soliciting the owners of the risk concerned. This work will continue in 2019, in a context of changes within the company.

It also cooperated with the procedures implemented by public authorities (e.g. regional prefectures, Paris civil security force, etc.) to protect populations against pandemics, storms, flooding or terrorist attacks.

Pursuant to the recommendations of the "RATP crisis management assessment" conducted in 2017 by the INHESJ, some actions were implemented in 2018:

- the crisis communication command post was moved to the same floor as the Crisis unit and the Chairwoman's strategic unit;
- identification of Group spokespersons in the company who will answer media requests. Launch of the first crisis media training for executives.

Lastly, the Issues Management and Crisis Communication unit maintains and develops its external network by having regular discussions with other companies and State departments.

### Support for victims

Since 1 February 2008, the mediator has been called the "victim support representative". RATP set up the victim support function in order to translate into action its determination to assist the victims of accidents occurring during normal operations on its network. Questions of responsibility are set aside as the function focuses solely on human concerns. The active presence of the victim support representative shows victims and their families that the company is by their side.

The victim support representative is informed by the company when the bodily injury incurs. The representative may then ask the operational unit to provide background information in order to have a good understanding of the situation, and contact the victim or the victim's family in order to express the company's concern and provide assistance, as required. In return and where relevant, the victim support representative informs managers of the bus and railway operating units as well as the Legal department, of the seriousness of

victims' injuries and provides background information on the accident, as described by the victim. Employees involved in accidents, particularly operators, often wish to be informed of victims' state of health and progress and this information is also useful to the Legal department, which can then take a more informed approach to the compensation file, and establish the amount of provisions.

In case of a major collective accident, the comprehensive care of victims requires that attention be shared between:

- a crisis room;
- presence on the scene of the accident, depending on its scope, thanks to around 70 volunteers registered in the system to date, as well as a dozen or so occupational physicians. This network is set to expand. Information and awareness sessions are held throughout the year;
- the mobilisation of customer service call centre through the opening of a toll-free line as the case may be.

An agreement was signed in 2016 with an assistance company which offers various aid and transport services to the victims and their family. In the event of a mass accident, this system now forms part of the response process for the victim support unit.

To consolidate the entire system, a general instruction (GI 554) was signed by the Chairwoman in May 2017. It mentions the historic partnership with the French institute for psychological support and resources which is incorporated into the system, both upstream and downstream. The system is divided between RATP and external operators, in particular the interministerial victim support unit, the Paris fire department, the *préfecture*, etc. It is also referred to in the methodological guide for the management of mass casualty incidents, updated in 2017 by the French State secretariat for victims.

Moreover a partnership has been established between RATP and the FENVAC (Fédération nationale des victimes d'attentats et d'accidents collectifs – national federation of victims of terrorism and collective accidents) – SOS Catastrophes et terrorisme (Disasters and terrorism) by the signing of an agreement which has been renewed annually since 2013.

An agreement was also signed in 2016 with Paris Aide aux victimes, federated by France victimes. This not-for-profit entity, arising out of the Ministry of Justice, brings together multidisciplinary professionals mobilised by the French public prosecution service (le Parquet) and placed at the victims' disposal.

These agreements aim to contribute to the review of crisis management in the event of the occurrence of a mass casualty incident or a terrorist attack, to enhance cooperation and to help improve our system on an ongoing basis.

## 4 — Internal control relating to the preparation and treatment of accounting and financial reporting

### 4.1 Preparation of financial reporting

#### 4.1.1 Preparation of the financial statements

RATP Group issues its audited consolidated financial statements and certified parent company financial statements on a yearly basis. It also publishes half-yearly consolidated financial statements, which undergo a limited review by the Statutory Auditors.

RATP issues bonds linked to Euro medium term note programme. The update of this programme, made every year, is reviewed by the Auditors who issue a comfort letter.

In general, the accounting information produced by RATP meets the requirements of the Group's various management entities.

For RATP, in accordance with the provisions of the French law of 3 June 2010, Infrastructure management and Transport operations have been accounted for separately, with a balance sheet and income statement prepared for each in the notes to the parent company financial statements. Two accounting structures are dedicated to the separate accounting treatment of Infrastructure management and Transport operations, respectively. RATP financial statements result from the consolidation of these two activities.

To prepare the separate balance sheets and income statements, the appropriate amounts have been directly allocated to the corresponding line items or flows. When this is not possible, for instance if the line items or cash flows are managed by one activity and have initially been recognised as such, internal transfers between the two activities have been arranged to bill the activities appropriately, in accordance with general practice. Such agreements govern the scope of the transfers, the valuation principles and the invoicing methods. They are regularly reviewed by both activities.

#### 4.1.2 Preparation of parent company financial statements

##### 4.1.2.1 Accounting policies

RATP ensures the segregation of duties of its accountants, treasurers and the departments authorising expenditure. This segregation of roles is entered into IS.

The accountants draw on an array of regulatory, management and accounting texts relating to their function.

RATP's accounting system is designed to ensure that controls take place throughout the process of preparing the financial statements.

##### 4.1.2.2 Regular controls

1 – Units and support functions constitute the company departments that are involved in accounting operations insofar as they authorise and engage company expenditure and revenue and define their cost accounting systems in line with the company's common accounting rules. Their contribution may be through direct access to accounting IS to enter data (such as external expenses – as part of the procurement flow – and revenue – as part of the invoicing flow), or through a local tool that is input into the IS (as is done for inventory management, for example).

In addition to regular monitoring by the accounting offices, periodic reviews are scheduled in order to control use of IT systems and compliance with applicable procedures.

2 – Teams from the Accounting unit are responsible for controlling the entries made by the units in management systems on a monthly basis. They make the corrections necessary and record transactions not delegated to the units. An accounting entity specifically for Infrastructure Management operations has been set up since 1 January 2012.

The purpose of having an entity specifically to deal with capital expenditure is to centralise in a single structure all issues relating to capital expenditure, including: accounting treatment for property, plant, equipment and fixed intangible assets; management of capital expenditure guidelines, and dissemination of capital expenditure rules and methods.

Ad hoc accounting audits on are also performed by the audit teams of the Accounting unit.

3 – All the data that generate accounting flows are reported to the Accounting unit where summaries are prepared and centralised work is performed, such as the keeping of ledgers for property, plant and equipment, suppliers and customers, and staff income and expenses; accounting quality control; year-end activities and preparation of financial statements (including the balance sheet, income statement and notes, etc.).

4 – Different controls are organised to respond to the constraints of separately accounting for the Infrastructure Management and Transport Operations activities, particularly in terms of access authorisations for accountants from one or other activity.

5 – Since 2017, the project to formalise and strengthen internal control work has been continued. This project forms part of an internal control and risk management system deployed throughout the entire company in RATP Group's Finance and Management Control department as a whole by the Audit and Internal Control department.

##### 4.1.2.3 Monthly reporting

The accounts are closed every month (except in January and July), at which time the accounting offices ensure that changes in expenses and income are reasonable, and record closing entries. The accounting offices perform a cross-company analysis of the results.

Balance sheet entries are also regularly analyzed and justified.

### 4.1.3 Preparation of the consolidated financial statements of RATP Group

The consolidation of the financial statements is performed using consolidation software comprising an application that implements the accounting policies and rules, which are regularly updated. The majority of the entities' consolidation packages are compiled by the subsidiaries' accountants. Much of the control work is carried out using the consolidation system configured to include numerous and occasionally restrictive controls. The software publisher is responsible for maintenance of the tool.

The consolidated financial statements are produced by a specific entity of the accounting unit for the entire Group. In support of the management control of subsidiaries and the parent company, this entity ensures that the source information provided by the consolidated entities is consistent. It is responsible for preparing financial information in compliance with International financial reporting standards (IFRS) for the majority of the subsidiaries and making the consolidation adjustments (harmonisation of the financial statements, elimination of intercompany securities and transactions). Changes in shareholders' equity are reviewed for each subsidiary, and then justified globally at the Group level. Reviews of account balances are then made to verify their accuracy.

The information derived from the accounting consolidation is used by analysts from the Finance and Management Control department's unit responsible for subsidiaries and financial transactions. As a result, during the closing period, information from subsidiaries is simultaneously analyzed and cross-checked against information from previous months and from budgets and forecasts.

## 4.2 Internal financial and accounting control procedures

### 4.2.1 Compliance with accounting principles and legislation

#### 4.2.1.1 French generally accepted accounting principles

Due to its legal status as a public service company, RATP applies the same accounting principles as those generally accepted by and legally binding for commercial companies. Consequently, it applies the accounting policies set out by the French national accounting board in CRC regulation no. 99.03 of 29 April 1999. However, it is also required to meet the requirements specific to public service providers.

The financial statements of RATP parent company are prepared in accordance with French generally accepted accounting principles (GAAP). RATP implements a customised chart of accounts (CoA) as approved by the interministerial order of 21 March 1985. The customised CoA was prepared in accordance with the rules, principles and framework governing the French national CoA.

#### 4.2.1.2 International financial reporting standards

RATP applies IFRS as adopted in the European Union to prepare RATP Group's consolidated financial statements.

### 4.2.1.3 The Statutory Auditors

RATP appoints Statutory Auditors pursuant to the provisions of article 30 of law no. 84-148 of 1 March 1984 on the financial information and audit of industrial and commercial public companies, and the provisions of article 33 of French decree no. 85-295 of 1 March 1985<sup>(1)</sup>.

Following a call for tender, the current Statutory Auditors, Mazars and KPMG, were appointed for the 2015 financial year and for a six-year term.

#### 4.2.1.4 The Audit Committee

The Audit Committee presents its opinion to the Board of Directors on accounting and financial matters, particularly the accounting and estimation methods used by RATP to prepare its financial statements, the internal audit programme, risk management policy, etc.

### 4.2.1.5 Accounting separation of Infrastructure management and Transport operations

The European regulation on public passenger transport services by rail and road was adopted on 23 October 2007 and became effective on 3 December 2009. The regulation limits the duration of the operating rights granted to public passenger transport services.

In France, article 5 of the French law of 8 December 2009 on public passenger services by rail introduced changes to the regulations governing Île-de-France area passenger transport. The law has entrusted RATP with the role of managing the infrastructure of the metro and RER networks that it operates as of 1 January 2010.

Finally, the Greater Paris law of 3 June 2010 specified that the activity of infrastructure management must be accounted for separately from the activity of public passenger transport operations. For each of the activities, a balance sheet and income statement must be prepared from 1 January 2012, and must be certified annually. The law also states that all direct or indirect cross-subsidies between activities are prohibited.

Since 2012, RATP's consolidated and parent company financial statements have incorporated these provisions.

### 4.2.2 Relevance of financial disclosure

#### 4.2.2.1 Financial reporting system

RATP uses version R12 of the Oracle software (new version rolled out in September 2010) for the parent company financial statements and Business Financial Consolidation for the consolidated financial statements.

Project management support incorporated into the Finance and Management Control department enables the various software applications required for financial reporting to be managed, with the support of the IT and Telecommunications department (SIT).

(1) Implementing decree of law no. 84-148 of 1 March 1984 on the prevention and out-of-court settlement of corporate difficulties.

### Preparation of the parent company financial statements

Monthly financial data are available after eight working days. This leaves time for a preliminary review of the financial information during which various controls are performed. The monthly financial data enable management controllers in the various departments to track their level of activity and ensure targets are met. At the level of the Central Management Control department, monthly financial reporting makes it possible to manage any risks of overruns and make the appropriate adjustments to meet targets. In order to ensure that reporting deadlines are met, pre-close financial statements are prepared at the end of May and at the end of October, respectively. The pre-close statements are verified by the Statutory Auditors.

### Preparation of the consolidated financial statements

In addition to annual reporting, the consolidated financial statements are prepared on a half-yearly basis according to a timetable set at each reporting period by the Finance department.

The production of the consolidated financial statements is managed by a section of the company's Accounting unit for the whole Group in order to ensure that the consolidated financial statements are prepared in accordance with current standards and regulations and that the information provides a fair presentation of the Group's business and financial position.

The annual and half-yearly financial reports are submitted to the AMF (Autorité des marchés financiers – AMF).

#### 4.2.2.2 Internal communication on procedures and best practice

The financial information made available to employees within the Finance department is available on an intranet site dedicated to Finance department employees. This new site provides information and news on the finance profession.

The professional documentation required for their professional activities is made available to employees of the Finance department (management controllers, accountants, treasurers, tax specialists, etc.) in an electronic document management system. These reference materials range from management principles to forms and fact sheets. All subjects related to economic performance based on AMF procedures are covered.

#### 4.2.2.3 Internal accounting audits

Internal accounting audits are performed annually. Reports and action plans are issued after each audit.

Risk management and internal control processes are deployed across the entire Finance and Management Control department.

Throughout the year, monitoring ensures that action plans are implemented and deadlines are met.

### 4.2.3 Management control of RATP

The management control function is shared by the Central Management Control department (hereinafter the Finance and Management Control department) and the company departments represented by the network of management controllers, who report to the departmental managers.

Management control is implemented through an annual process known as the “cycle” the purpose of which is to monitor operating and capital expenditure budgets and the structural phases of business management (such as the Île-de-France Mobilités agreement and department contractual objectives).

It is based on ongoing discussions between the Finance and Management Control department and all lines of business at various process stages (multi-annual forecasting, budgeting, reviewing forecasts for the current year and analysis of results).

These processes use technical tools shared by central management control and department management control, which ensure homogeneity and traceability.

The management cycle is used to steer the company's economic and financial performance.

The operating management cycle is divided into four major sub-processes:

- the four-year medium-term performance plan (starting this year until the next three years): the objective is to control financial risks and to manage medium-term economic performance, by setting productivity targets for each department, and by anticipating the change in needs in the medium term, depending on the development of the offering, its projects and foreseeable changes to its environment. Consistency with the corporate strategic plan is a priority focus of analysis;
- the budget has a one-year framework: the key focus of analysis at this stage is ensuring consistency with each department's performance plan; verification is also performed to ensure that departments' aggregate budgets comply with company performance targets; analysis of variations from the previous year are performed on major causes, e.g. new services, productivity, management changes or new requirements, interdepartment transfers (internal changes in scope), and price developments; changes in staffing levels are also discussed and analysed;
- monthly reports to the Executive Committee, established in 2018, concern production targets, service quality, financial indicators, human resources and project monitoring;
- budget reforecasts, three times a year, are the subject of specific reports from individual departments and are consolidated on a company-wide basis to ensure consistency with the trajectory set.

The capital expenditure management cycle is also broken down into three major sub-processes:

- updating the capital expenditure master plans: this annual update is performed for a ten-year period with the objective of determining upcoming capital expenditure in line with company strategy. This process was strengthened by means of a framing and prioritisation initiative for the first five years (2016-2020), in accordance with the capacity to be financed as a result of the agreement signed with Île-de-France Mobilités. This initiative also helps meet the contractual reporting requirements defined with Île-de-France Mobilités;
- the capital expenditure decision-making process: this ensures that each decision to invest is relevant and fully reasoned. It initiates the opening of accounts authorising the project launch. Major projects are submitted to the Commitments Boards prior to investment decisions;
- project and project portfolio review: updates and reviews are performed half yearly; they ensure that projects are executed properly and that deliverables are obtained within the expected deadlines and budgets; these reviews also enable forecasts and controls of annual expenditure, and management of the associated impact on debt; the second half-yearly review is used to determine the budget for the following year.

#### 4.2.4 Control of subsidiaries and equity investments

Subsidiaries and equity investments are subject to specific controls by RATP parent company, aimed at managing inherent development risks. In addition to RATP's control, the subsidiary RATP Dev exercises management control over its own subsidiaries and equity investments.

##### 4.2.4.1 Upstream controls

Upstream controls include:

- control of subsidiaries' and equity investments' corporate strategy through medium-term strategic and financial plans;
- control of significant decision-making issues such as those concerning budgets, the preparation of financial statements, responses to calls for tender, major contracts, capital transactions, equity investments and the founding of subdivisions within subsidiaries.

This control is exercised by each entity's Commitments Board. For major subsidiaries, if the issues are significant, decision-making is also controlled by RATP's oversight bodies (the French State equity investment agency, economic and financial control board for transport, budget department and maritime transport board).

The subsidiaries' and equity investments' Commitments Boards convene prior to Board of Directors (or Supervisory Board) meetings, to prepare input and guidance for decision-making.

For the subsidiary RATP Dev and equity investment Systra, these controls are performed by the committees set up by Supervisory Boards in conjunction with RATP's Finance department:

- the Investment Committee (RATP Dev) and Commitments Board (Systra) for bids on calls for tender, contracts and acquisitions;
- the Finance Committee (RATP Dev) and Audit Committee (Systra) for budgets, half-year and annual reporting and medium-term business plans. These Committees monitor general compliance with accounting policies, financial reporting to the supervisory boards and risk assessments.

For the other subsidiaries, control over corporate strategy is exercised by a Commitments Board, which for each subsidiary comprises representatives of the subsidiary's management team, RATP's Finance department and RATP's executive management.

##### 4.2.4.2 Downstream controls

Downstream controls include:

- monthly financial reporting on the basis of the accounting information gathered in the consolidation software. The information is presented in the form of an operating report on the subsidiaries, which is sent to the parent company's Executive Committee. The software is used for both monthly reporting and consolidation purposes, to guarantee the consistency of the data;
- performance of audits: a complete audit of operations is performed on certain subsidiaries every year.

Upstream controls and monthly financial reporting are performed by the Finance and Management Control department unit responsible for subsidiaries, financial transactions and tax, while audits are performed by DGACI (délégation générale audit et contrôle interne – general directorate for audit and internal control) staff.

##### 4.2.4.3 Other controls

RATP's Board of Directors reviews the financial situation of subsidiaries twice a year:

- in March, it reviews the previous year's performance and consolidated financial statements;
- in June, it reviews the outlook for the current year.

A quarterly report on the RATP Dev subsidiary is sent to the Board of Directors, which gives its opinion on the budget and medium-term business plan, on acquisitions and investments exceeding certain thresholds and on certain responses to calls for tender.

The consolidated budget for RATP Group is presented to the Board of Directors at year end.

# Corporate governance report

The Board of Directors **p. 89**

Compensation of corporate officers **p. 91**

Diversity policy **p. 91**

Appendix – List of directors and their terms  
of office at 31 December 2018 **p. 91**





# 2018 Corporate governance report

## 1 — The Board of Directors

### 1.1 Composition

The Board of Directors of RATP is composed of 27 members, distributed as follows, pursuant to French decree No. 84-276 of 13 April 1984:

- nine French State representatives appointed by decree;
- nine qualified persons appointed by decree:
  - two qualified persons selected for their expertise in the transport and mobility area,
  - three qualified persons with a professional background in business,
  - two representatives of public transport users,
  - two local authority representatives from areas directly affected by the company's activities;
- nine employee representatives elected by company employees.

The Board nominates one of the directors as President and Chief Executive Officer. The appointment is made by decree by the government Ministers after the Cabinet has heard the report from the Transport Minister.

The government Commissioner and Head of the Economic and Financial Control Board for Transport are entitled to attend all Board meetings, along with the secretary or representative of the Works Committee.

A list of directors and their terms of office appears in the appendix.

### 1.2 Functioning

In accordance with article 6 of French decree No. 59-1091 of 23 September 1959 on the legal form of the Régie autonome des transports parisiens, the Board of Directors deliberates on:

- the location of RATP's headquarters;
- the agreement to be made with Île-de-France Mobilités and its amendments;
- issues relating to the status of employees;
- budget forecasts and revisions thereto;
- investment and renewal programmes for equipment and facilities;
- work or supply projects, with the exception of those approved by the President;
- contracts that must be submitted to the Railway Procurement Board;
- borrowings, with requests, if necessary, for approval from the competent authorities and guarantees from local authorities;
- the acquisition, extension or disposal of equity investments;
- legal actions, transactions and withdrawals;
- the acquisition or disposal of any real property assets, the leasing or leaseback of any fixed assets if the lease is for a term of more than nine years;

- the financial statements for each financial year;
- the issuance of occupancy titles for the public domain of the French State pursuant to articles L. 34-1 to L. 34-9 of the French State Property Code and article 3 of law no. 94-631 of 25 July 1994.

The Board of Directors may delegate part of its duties to the Chairman and Chief Executive Officer.

Moreover, the Board has adopted rules of procedure in accordance with article 6-12 of French decree no. 59-1091 of 23 September 1959 on the status of RATP.

The Board approves contracts exceeding €60 million, upon the advice of the Technical and Technological Transport Modernisation Committee (commission de la modernisation technique et technologique et du transport – CMTTT), which has a right of evocation for contracts worth between €5 million and €60 million.

It delegates to the Chairman and Chief Executive Officer its duties for the acquisition, extension or disposal of equity investments of a nominal amount of less than €2 million and for the reclassification of securities between RATP and its majority-owned subsidiaries.

It sets at €2 million the threshold below which the Chairman and Chief Executive Officer is authorised to decide on the acquisition and disposal of all fixed assets, in accordance with article 8-d of French decree of 23 September 1959 on the status of RATP.

For subsidiaries and equity investments, the President and CEO appoints RATP's representative at the shareholders' meetings and Board meetings of companies in which RATP holds stakes, and informs the Board of the appointment. RATP's Board of Directors hears a report on each of the companies in which it holds a significant stake at least once a year, and gives its opinion on RATP Dev's strategic plan and budget.

### 1.3 Conditions for the preparation and organisation of the Board's work

The Board's secretary is nominated by the President, and appointed by the Board of Directors. The secretary is responsible for preparing the reports and minutes of all the meetings of the Board as well as the standing and ad hoc committees.

The Board convenes at least six times a year, and may also hold extraordinary meetings to renew the mandate of the Board or President.

The Board of Directors has three committees, plus a committee to prepare the decisions submitted to the Board and provide it with further information:

- the CMTTT deals with the company's technical and technological modernisation and development, particularly in terms of network development and maintenance, improvement of service quality, research and contracts;



- the Economic and Strategy Committee deals with RATP's operating budget and investment plans, financial statements and public and service provision agreements and contracts. It also addresses payroll-related and social issues such as training, development, subsidiary activities and the annual report and sustainable development report;
- the Innovation and Customer Service Committee (commission de l'innovation et du service aux clients – CISC) monitors performance of the RATP-Île-de-France Mobilités agreement and service quality indicators. It also examines plans for new innovative services;
- the Audit Committee is responsible for monitoring the process of preparing financial information, ensuring the effectiveness of the internal control and risk management systems, the statutory audit of the consolidated annual financial statements by the statutory auditors and the independence of the statutory auditors. Together with the Economic and Strategy Committee, it reviews the annual budget of the State-owned industrial and commercial public utility (EPIC) and the Group.

It is responsible for advising the Board on the parent company and consolidated financial statements and on the reliability of the information systems used to prepare them. It also advises on financial management, management and accounting principles, cost accounting, developments relating to accounting information systems and management control, the internal audit programme and the quality of internal audit methods, and risk management policies.

## 1.4 Work of the Board of Directors

During the ten ordinary and extraordinary meetings held in 2018, the following matters were discussed:

### Strategy

- Progress report on the “Défis 2025” strategic plan.
- Strategic guidelines for the transformation of engineering.
- 2019-2021 human resources policy.
- Performance plan for the support functions.
- Progress report on the RATP Dev “We Drive” strategic project.
- Brand strategy.

### Network development and modernisation

- Approval of civil engineering contracts (lots 3 and 4) for the extension of line 14 to Orly Airport.
- Approval of a contract for the construction of a maintenance workshop for train equipment and social housing units on RATP's Vaugirard site.
- Approval of the deployment and maintenance contract for the new Very High Speed Network transmission infrastructures for the RATP video system.
- Approval of the renovation contract for RER line A MI2N equipment.
- Updates on investment master plans: transport capacity increase, transport systems, railway rolling stock (contribution), bus rolling stock (contribution), information systems, real estate and land.
- Approval of proposed drafts for the RER line B master plan.

### Services policy

- RATP advertising.
- BRRIC project (Building a ReInvented Relationship with our Customers).
- Results of 2017 perception survey.

### Infrastructure management

- Funding needs for the preparation of the infrastructure management takeover of the Greater Paris public transport network.

### Operating activities

- Feedback on the main operating incidents that occurred during the year.
- Annual railway safety review.

### Relations with Île-de-France Mobilités

- Amendments no. 9, 10, 11, 12 and 13 to the contract between RATP and Île-de-France Mobilités.
- Quarterly follow-up items for the contract with Île-de-France Mobilités.
- RATP/Île-de-France Mobilités transactional protocol relating to the former RATP headquarters at quai des Grands Augustins.

### Innovation and digital

- Digital transformation plan.
- Group innovation policy.

### Financial topics

- Presentation and approval of the RATP Group consolidated financial statements as of 31 December 2017.
- Presentation and approval of the EPIC RATP parent company financial statements as of 31 December 2017, which include the infrastructure manager and transport operator financial statements.
- Approval of the RATP Group management report as of 31 December 2017.
- Approval of the RATP Group's 2017 sustainable activity and development report.
- Approval of RATP Group and RATP EPIC 2019 budget.
- Approval of a capital increase for RATP Dev.
- Approval of a capital increase for RATP Capital Innovation.
- Approval of the disposal of RATP assets to Telcité NAO.

### Human resources

- Presentation of Caisse de coordination aux assurances sociales 2017 financial statements and 2018 budget.
- Approval of planned contribution to social welfare.
- Approval of 2018 training plan.

### Development

- Draft response to the call for tenders for the operation and maintenance of the Buenos Aires metro.
- Quarterly follow-up on RATP Dev activity.

There was a Board of Directors seminar on the theme of openness to competition.

Finally, the Board was informed by the Chairwoman of the main events concerning RATP Group.

**In addition to matters relating to the approval of the financial statements, the Audit Committee reviewed the following:**

- Statutory Auditors' fees for additional assignments;
- risk mapping;
- Statutory audit plan;
- presentation of changes in accounting standards;
- the Audit and Internal Control department 2018 review and 2019 programme;
- implementation of the Sapin II law: code of conduct, whistleblowing, code of ethics;
- financing and hedging strategy, cash management and financing rules.

## 2 — Compensation of corporate officers

Subject to ministerial approval pursuant to article 7 of French decree no. 59-1091 of 23 September 1959, the Board of Directors sets the directors' fees for qualified persons. French State representatives and employee directors do not receive any allowances or compensation.

These allowances, called "directors' fees" are applicable to directors who attend the meetings of the Board of Directors, the Audit Committee and the other committees.

They were set at €148 per Board meeting, and €74 per Committee or working group meeting by the proceedings of the Board of Directors at its meeting on 9 February 2007. The amounts have not changed since that date.

The compensation of the Chairman of the Board of Directors of RATP is fixed by ministerial order pursuant to article 3 of French decree no. 53-707 of 9 August 1953.

For 2018, the gross compensation of Catherine Guillouard, Chairwoman and Chief Executive Officer, stood at a fixed amount of €300,000, in addition to a variable portion of a maximum amount of €100,000 determined on the basis of 2018 net income.

Finally, no agreement, as referred to in the second paragraph of article L. 225-37-4 of the French commercial code, was entered into between a director and a subsidiary of RATP.

## 3 — Diversity policy

### 3.1 Application of the principle of diversity on the Board

At 31 December 2018, 42% of the members of RATP's Board of Directors were women. Among government representatives and individual experts, 53% are women. The RATP Board of Directors therefore complies with the provisions of law no. 2014-873 of 4 August 2014 on gender equality.

### 3.2 Balanced representation of men and women

In 2015, RATP made gender diversity one of the themes of the 2025 Challenges strategic plan, which resulted in the creation of the "RATP au féminin" programme. This programme is one of the vectors of collective commitment to promote gender diversity in organisations.

In addition, the first company agreement on equal opportunity was signed in 2003. In 2015, RATP negotiated a fourth agreement for equal pay and equal opportunity between women and men that covered several themes: recruitment, training, professional promotion, compensation and work/life balance.

This policy has produced significant results. Thus, the RATP Executive Committee now has equal numbers of men and women, and the percentage of women in the company's senior management is increasing, from 30% in 2016 to 34% in 2018. In managerial positions, which correspond to the top 10% of positions in terms of responsibility, the percentage of women has steadily increased for the past five years, and now stands at 35%, thanks in particular to the recruitment of nearly equal numbers of men and women.

## Appendix – List of directors and their terms of office at 31 December 2018

The following changes took place in 2018:

- in a 16 March decree, Ms Luciani-Boyer was appointed as a director and local authority representative from areas directly affected by the company's activities, replacing Gilles Carrez;
- that same month, Mr Leblanc left his position as regional and inter-departmental director for Equipment and Planning in the Île-de-France Region and ended his term as a director of RATP representing the French State to become President of the Airport Pollution Control Authority. Ms Emmanuelle Gay, appointed as director in a decree of 12 June, took his place as a representative of the French State;
- in November, the term of office of Ms Marquez, a director representing employees, ended due to her election to the Social and Economic Committee. She was replaced by Mr Michel Fayolle as of the 30 November Board meeting.



## CORPORATE GOVERNANCE REPORT

2018 Corporate governance report

### GOVERNMENT REPRESENTATIVES

Name	Role	Other positions
Ms Bacot Marie-Anne	Member of the Environment and Sustainable Development Council Chairman of the Economic and Strategy Committee of the Board of Directors	<ul style="list-style-type: none"> <li>Member of the Supervisory Board of Réseau de transport d'électricité</li> <li>Member of the Supervisory Board of aéroport Roland-Garros</li> <li>Director of the Institut des hautes études de développement et d'aménagement des territoires en Europe</li> </ul>
Ms François Sylvie	Former Deputy Managing Director of Groupe La Poste	<ul style="list-style-type: none"> <li>Chairwoman of HLM Toit et Joie</li> </ul>
Mr Cadot Michel	Prefect of Île-de-France and prefect of Paris	<ul style="list-style-type: none"> <li>Director of the EP Paris-la Défense (EPLD), Établissement public d'aménagement Paris-Saclay, Grand Paris Aménagement, Établissement public foncier d'Île-de-France (EPFIF), Épamarne, EPA Orly-Rungis Seine Amont, EPA Mantois Seine Aval, EPA Sénart, EPA universitaire de la région Île-de-France, Institut d'aménagement et d'urbanisme (IAU), Haropa – Ports de Paris and Société de livraison des ouvrages olympiques (Solideo)</li> <li>Government Commissioner, Société du Grand Paris (SGP)</li> <li>Chairman of the Board of Directors of Institut Gustave-Roussy and of Agence de l'eau Seine-Normandie (AESN)</li> </ul>
Mr Charissoux Denis	Deputy Director of the Budget Department	<ul style="list-style-type: none"> <li>Director of SNCF Réseau, Agence de l'environnement et de la maîtrise de l'énergie (Ademe), SGP (Société du Grand Paris), Agence de financement des infrastructures de transport de France (AFITF) and Agence française pour la biodiversité (AFB)</li> </ul>
Mr De Romanet Augustin	Chairman and Chief Executive Officer of Aéroports de Paris	<p><b>Positions held within Groupe ADP:</b></p> <p>Shops and services segment:</p> <ul style="list-style-type: none"> <li>Media Aéroports de Paris, French simplified joint stock company, joint venture with JC Decaux: Chairman and Director</li> <li>Société de distribution aéroportuaire (SDA), French simplified joint stock company, joint venture with Lagardère: Board member</li> <li>Relay@ADP, French simplified joint stock company, joint venture with Lagardère: member of the Management Board</li> <li>Fondation d'Entreprise d'Aéroports de Paris: Chairman</li> </ul> <p><b>Other positions:</b></p> <ul style="list-style-type: none"> <li>Airport Council International (ACI) Europe, International non-profit association subject to Belgian law: Member of the Board of Directors and Executive Committee</li> <li>SCOR, a European listed company: <ul style="list-style-type: none"> <li>Senior Director</li> <li>Chairman of the Compensation and Appointments Committee;</li> <li>member of the Strategy Committee</li> <li>Chairman of the Crisis Management Committee</li> <li>member of the Corporate Social Responsibility Committee</li> </ul> </li> <li>Le Cercle des économistes SAS, a French company: member of the Supervisory Board</li> <li>Établissement public du domaine national de Chambord (France): Chairman of the Board of Directors</li> <li>Association Paris Europlace: Chairman</li> </ul>

Name	Role	Other positions
Ms Gay Emmanuelle	Regional and Interdepartmental Director of Île-de-France's region equipment and planning	<ul style="list-style-type: none"> <li>Member of the Boards of Epfif, GPA, Société publique locale d'aménagement IN Paris Sud, PAP, Solideo, l'AESN, Centre scientifique et technique du bâtiment (CSTB), de l'observatoire régional du foncier en Île-de-France (ORF), de l'observatoire régional de l'immobilier d'entreprise en Île-de-France (ORIE), Apur and IAU</li> </ul>
Ms Lepage Solenne	Project Coordinator at APE	<ul style="list-style-type: none"> <li>Director of SNCF Mobilités, ADP Group and AF-KLM</li> </ul>
Mr Peylet Roland	Honorary member of the Council of State	No mandate

#### LOCAL AUTHORITY REPRESENTATIVES FROM AREAS DIRECTLY AFFECTED BY THE COMPANY'S ACTIVITIES

Name	Role	Other positions
Ms Lepetit Annick	Councilor, 17 <sup>th</sup> arrondissement of Paris	<ul style="list-style-type: none"> <li>Chairwoman of Société publique locale Paris &amp; Métropole aménagement (formerly Paris Batignolles Aménagement – SPLA) and member of the Supervisory Board of the centre hospitalier Peryay-Vaucluse</li> </ul>
Ms Luciani-Boyer Pascale	Saint-Maur-des-Fossés Councilor	No mandate

#### REPRESENTATIVES FROM BUSINESS BACKGROUNDS

Name	Role	Other positions
Ms Bellon Michèle	Former Chairwoman of ERDF, Chairwoman of the Audit Committee	<ul style="list-style-type: none"> <li>Member of the Board of Directors of Greentech SA (Greentech Energy System), called Athena Investments A/S as of 12 December 2017</li> <li>Member of the Board of Directors of HF Company</li> </ul>
Ms Corazza Chiara	Chief Executive Officer, Women's Forum for the Economy and Society	<ul style="list-style-type: none"> <li>Independent director of April. member of CAINF (Arab International Women's Forum)</li> </ul>
Ms Guillouard Catherine	Chairwoman and Chief Executive Officer of RATP	<ul style="list-style-type: none"> <li>Director of Engie, Director of Airbus S.E, Director of Systra</li> </ul>

#### REPRESENTATIVES OF PUBLIC TRANSPORT USERS

Name	Role	Other positions
Mr Babut Michel	Representative of FNAUT (Fédération nationale des associations d'usagers des transports – national federation of transport users)	No mandate
Mr Bernardelli Stéphane	Member of Unaf (Union nationale des associations familiales – national union of family non-profit organizations)	<ul style="list-style-type: none"> <li>Member of the Board of Directors of Union nationale des associations familiales (Unaf), director appointed by the Unaf to the High Council of Road Safety Education, member of the Advisory Board of consumers and users of SNCF, Member of the Board of Directors of Caisse nationale d'assurance maladie</li> </ul>



## CORPORATE GOVERNANCE REPORT

2018 Corporate governance report

### TRANSPORT BUSINESS EXPERT

Name	Role	Other positions
Mr Angles Bruno	Chairman of Crédit Suisse France and Belgium	• Member of MEIF – Advisory panel
Mr Raulin Patrice	Former Chairman of Société Lyon-Turin Ferroviaire, Société française du tunnel routier du Fréjus and École nationale des travaux publics de l'État, Chairman of the Supervisory Board of Société des aéroports de Lyon Chairman of the CMTT	• Member of the Autoroutes Paris-Rhin-Rhône (APRR) Group Procurement Board • Vice-President of Fédération Habitat-humanisme, co-manager of Société Foncière d'habitat-humanisme, Director of association HH Gestion, director of Coallia and Mouvement d'aide au logement

### EMPLOYEE REPRESENTATIVES

Name	Role	Other positions
Mr Lalouani Abdel Halim	FO union member (currently unaffiliated)	• Director of RATP Habitat
Mr Le Pahun Didier	UNSA union member	• Director of RATP Connect
Ms De Wilde-Ghikh Laurence	UNSA union member	• Director of RATP Real Estate and the Fondation groupe RATP
Mr Fayolle Michel	SUD union member	No mandate
Ms Jeunet-Mancy Claire	CFE-CGC union member	• Director of RATP Connect
Mr Piras Fabrizio	CGT union member	• Director of RATP Habitat and the Fondation groupe RATP
Mr Rizzi Michel	CGT union member – Chairman of the Innovation and Customer Service Committee (CISG)	No mandate
Mr Roue Gilles	CGT union member	• Employee director of the RATP pension fund (caisse de retraite du personnel de la RATP – CRP), director of RATP Real Estate and RATP Travel Retail
Mr Saveret Gilles	CGT union member	No mandate



# Consolidated financial statements

Statutory Auditors' report on the consolidated financial statements **p. 96**

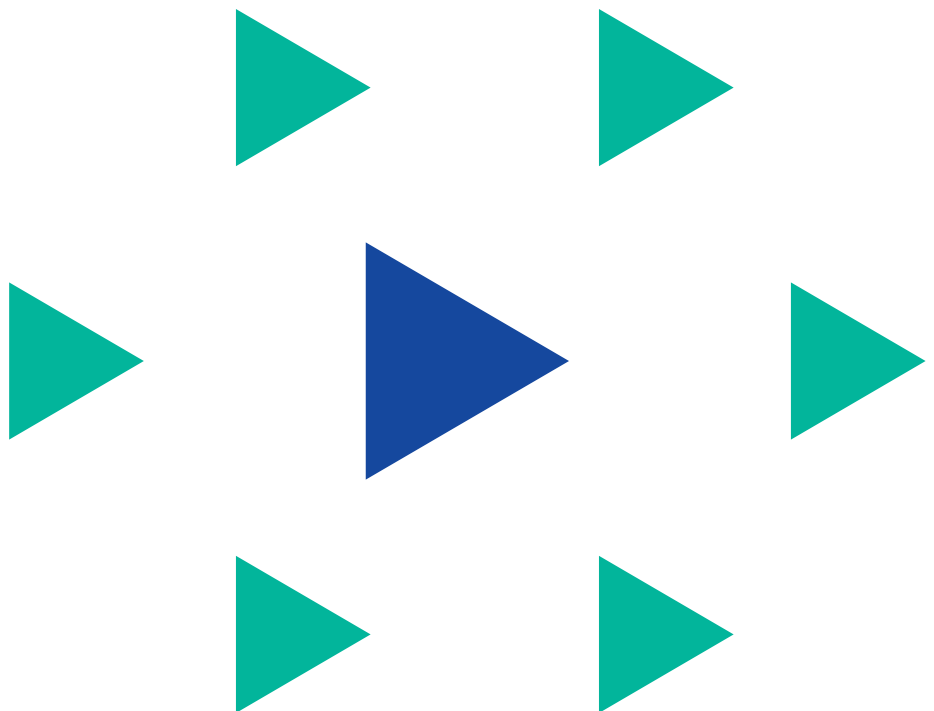
Consolidated statements of comprehensive income **p. 100**

Consolidated balance sheets **p. 102**

Consolidated statements of cash flows **p. 103**

Consolidated statements of changes in equity **p. 104**

Notes to the consolidated financial statements **p. 105**





# Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2018

To the Board of Directors of RATP,

## Opinion

In compliance with the engagement entrusted to us by the Commissioner of State Holdings, we have audited the accompanying consolidated financial statements of the Régie autonome des transports parisiens (hereinafter "RATP") for the year ended 31 December 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2018, and of the results of its operations for the year then ended in accordance with International financial reporting standards (IFRS) 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 consider that the elements we have collected are appropriate and sufficient for basing 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 the independence rules applicable to us, for the period from 1 January 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of regulation (EU) no. 537/2014 or in the French Code of ethics (*Code de déontologie*) for Statutory Auditors.

### Observation

Without qualifying the opinion expressed above, we draw your attention to Notes 1.2.1 and 3.3 which set out the change in accounting method following the application of IFRS 15 "Revenue from contracts with customers" on 1 January 2018.

## Justification of our 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 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 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

### Measuring intangible assets and property, plant and equipment of the State-owned industrial and commercial public utility (EPIC)

#### Identified risk

As at 31 December 2018, the intangible assets and property, plant and equipment of the State-owned industrial and commercial public utility (*établissement public à caractère industriel et commercial* – EPIC) represented approximately 40% of total assets.

For the requirements of the asset impairment tests, the assets to be tested are combined into cash-generating units (CGUs). The CGUs defined for the EPIC RATP correspond to Infrastructure management and Transport operations activities.

For impairment testing, the carrying amount of the CGU is compared to its recoverable value. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use, which is equal to the present value of the CGU's expected future cash flows.

The main assumptions used by management in measuring the recoverable amount are described in Note 15.1 of the notes to the consolidated financial statements and concern:

- future cash flows estimated on the basis of RATP's business plan approved by the French State, and based on the financial provisions of the agreement between Île-de-France Mobilités and RATP for 2016-2020, discounted as required by changes to interest rates;
- investment assumptions;
- the methods for calculating terminal values;
- the methods used to determine the discount rate specific to each CGU.

In view of the estimates and assumptions used to determine recoverable amounts, we considered the measurement of the State-owned industrial and commercial public utility's (EPIC) intangible assets and property, plant and equipment as a key audit matter.

### Audit response

We assessed the appropriateness of the methods used by RATP to determine the recoverable amounts.

For the two CGUs “Infrastructure management” and “Transport operations”, we assessed the company’s models and calculations particularly by:

- assessing the quality of the process for drawing up and approving budgets and forecasts;
- comparing growth in revenue and investment over the term of the Île-de-France Mobilités lease with the provisions of the lease;
- assessing, on the one hand, the reasonableness of the main assumptions used in these models with the budgets and forecasts made by management and presented to the Board of Directors and, on the other hand, with our knowledge of the sector and the specificities of the Île-de-France Mobilités lease acquired, in particular, during interviews with the members of the Executive Committee;
- comparing the discount rates used by the CGUs with those arising from various databases;
- assessing the sensitivity analyses carried out by RATP management on key assumptions to measure the potential impacts of these assumptions on the findings of the impairment tests.

We also assessed the appropriateness of the information presented in Notes 15 and 15.1 of the notes to the consolidated financial statements.

### Measurement of RATP Dev goodwill

As part of its development, through its sub-holding RATP Dev, the Group made several acquisitions leading to the recognition of goodwill.

Goodwill, which reflects the difference between the acquisition cost and the fair value of the assets acquired and liabilities assumed, is described in Note 8 of the notes to the consolidated financial statements.

An impairment test is carried out:

- annually for all the CGUs to which goodwill has been allocated;
- when there is an indication of impairment.

For impairment testing, the carrying amount of the CGU is compared to its recoverable value. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use, which is equal to the present value of the CGU’s expected future cash flows.

On an annual basis, management ensures that the carrying amount of goodwill, amounting to €348 million in the balance sheet, does not exceed the recoverable amount and that there is no risk of impairment.

The impairment testing methods used are described in Note 15.2 of the notes to the consolidated financial statements.

We believe that the measurement of goodwill is a key audit matter in view of its sensitivity to assumptions used by management, particularly in terms of the growth rate used for the cash flow forecasts and the discount rate applied to them.

### Audit response

We verified that the accounting methods used by the company complied with the accounting standards in force.

We also carried out a critical analysis of the arrangements for implementing these methods and in particular assessed:

- the reasonableness of the cash flow forecasts and growth rates used in relation to the economic and financial context;
- the reliability of the process for preparing estimates by examining the reasons for the differences between the forecasts in prior financial years and actual performance;
- the consistency of these cash flow forecasts with management’s latest estimates, as presented to the Board of Directors as part of preparing the medium-term plan;
- the discount rate calculation applied to the cash flows estimated in relation to observable data.

We also assessed the appropriateness of the information presented in Notes 8 and 15.2 of the notes to the consolidated financial statements.

### Recoverability of deferred tax assets

#### Identified risk

Deferred tax assets amounted to €530 million in the consolidated balance sheet.

As stated in Note 7.2 of the notes to the consolidated financial statements, deferred tax assets on temporary differences or loss carryforwards are recognised to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised, and that the recoverability of these deferred tax assets is assessed within a reasonable period of time taking into account expected changes to the tax rate.

We have identified this subject as a key audit matter due to the uncertainty regarding the recoverability of deferred tax assets as at 31 December 2018, and management’s assumption in this respect.

### Audit response

Our work consisted in assessing the likelihood that the EPIC RATP could, in the future, use the tax loss carryforwards generated to date, particularly with regard to:

- deferred tax liabilities existing in the same tax jurisdiction and which could be used before they expire to offset deferred tax liabilities in the same tax jurisdiction;
- the ability of the EPIC to realise future taxable profits making it possible to absorb prior tax losses.



## CONSOLIDATED FINANCIAL STATEMENTS

Statutory Auditors' report on the consolidated financial statements

We have verified that the methods used by management to identify existing tax loss carryforwards, either by deferred tax liabilities or by future taxable profits, were appropriate.

To assess future taxable profits, we analysed the reliability of the process used to establish future net income forecasts in order to assess the probability of the Group recovering its deferred tax assets by:

- comparing net income forecasts in prior financial years with the actual net income for the financial years in question;
- comparing future net income forecasts with the forecasts provided for in the Île-de-France Mobilités lease;
- checking that the assumptions on the renewal of the Île-de-France Mobilités lease are consistent with the assumptions used to test intangible assets and property, plant and equipment for impairment;
- carrying out a critical analysis of the fiscal assumptions used by management to establish net income forecasts beyond the business plan period.

We have also assessed the appropriateness of the information presented in Note 7.2 of the notes to the consolidated financial statements.

### Specific verifications

We also performed, in accordance with the professional standards applicable in France, the specific verifications required by French laws and regulations, on information presented in the RATP Board of Directors' management report.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

We certify that the consolidated declaration on non-financial performance as set out by article L. 225-102-1 of the French commercial code forms part of the information about the Group provided in this management report. Please note that, in accordance with the provisions of article L. 823-10 of that code, the information contained in the declaration has not been verified against the consolidated financial statements for fair presentation and consistency, and a report should therefore be produced by an independent third party.

### Report on other legal and regulatory requirements

#### Appointment of the Statutory Auditors

The firms KPMG and Mazars were appointed as Statutory Auditors of RATP by the Commissioner of State Holdings on 26 March 2015.

As at 31 December 2018, the firms KPMG and Mazars were in the fourth year of total uninterrupted engagement.

### 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 (IFRS) 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 relating 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 risk management systems and where applicable its internal audit, regarding the accounting and financial reporting procedures.

The Board of Directors is responsible for preparing the consolidated financial statements.

### 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 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 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 relating 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 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 programme 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. We describe these matters in this audit report.

We also provide the Audit Committee with the declaration provided for in article 6 of regulation (EU) No. 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.

The Statutory Auditors

Paris-la Défense, 1 April 2019

KPMG Audit  
Department of KPMG SA  
Philippe Arnaud  
Partner

Mazars  
Lionel Gotlib  
Partner

# Consolidated statements of comprehensive income

The financial statements are presented in thousands of euros.

## 1 — Income statement

	Notes	31/12/2018	31/12/2017
Revenue	3	5,562,861	5,390,547
Other income from ordinary activities	3	431,481	405,383
<b>Revenue</b>	<b>3</b>	<b>5,994,342</b>	<b>5,795,931</b>
Cost of sales		(608,378)	(571,033)
Other purchases and external charges		(931,943)	(895,640)
Tax, duties and other payables	4	(315,319)	(317,373)
Payroll costs	5	(3,272,752)	(3,179,735)
Other operating expenses		(19,704)	(15,480)
<b>EBITDA</b>		<b>846,246</b>	<b>816,670</b>
Depreciation/amortisation		(395,660)	(380,958)
Provisions, net	25	8,520	11,886
Gain/(losses) on disposal of assets		9,411	2,085
Gain/(loss) on other consolidation scope changes	2.3	(2,057)	3,834
Impairment		0	0
Other operating income (expenses)		(1,316)	835
Income from equity-accounted entities	17	(13,871)	(10,999)
<b>Operating income after share of net income from equity-accounted entities</b>		<b>451,273</b>	<b>443,353</b>
Financial income	6	17,147	74,823
Financial expenses	6	(180,964)	(249,863)
<b>Net financial expense</b>		<b>(163,817)</b>	<b>(175,040)</b>
<b>Pre-tax income</b>		<b>287,456</b>	<b>268,313</b>
Income tax	7	(80,332)	79,546
<b>Consolidated net income</b>		<b>207,123</b>	<b>347,859</b>
<b>Attributable to owners of the company</b>		<b>199,851</b>	<b>338,937</b>
Non-controlling interests		7,272	8,922



## 2 — Other comprehensive income

	31/12/2018	31/12/2017
<b>Consolidated net income</b>	<b>207,123</b>	<b>347,859</b>
Change in the fair value of cash flow hedges	(6,516)	(5,416)
Deferred taxes on changes in the fair value of the effective portion of the cash flow hedge derivative instruments	(362)	97
Foreign currency translation differences	586	(6,920)
Share from equity-accounted entities of comprehensive income that may be reclassified to profit or loss	(895)	(5,390)
<b>Total other comprehensive income that may be reclassified to profit or loss</b>	<b>(7,187)</b>	<b>(17,629)</b>
Remeasurement of gross defined benefit obligations	19,997	16,576
Deferred taxes on remeasurement of defined benefit obligations	(301)	(36)
Share from equity-accounted entities of comprehensive income that may not be reclassified to profit or loss	588	(34)
Change in the fair value of non-consolidated securities		
<b>Total other comprehensive income that may not be reclassified to profit or loss</b>	<b>20,284</b>	<b>16,506</b>
<b>Income and expense recognised under other components of comprehensive income</b>	<b>13,097</b>	<b>(1,122)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>220,220</b>	<b>346,736</b>
Attributable to owners of the company	212,133	340,941
Non-controlling interests	8,087	5,796



# Consolidated balance sheets

Assets	Notes	31/12/2018	31/12/2017	Liabilities	Notes	31/12/2018	31/12/2017
				Capital endowment	23	433,367	433,367
Net goodwill	8	348,045	346,936	Reserve for assets allocated to RATP	23	250,700	250,700
Intangible assets	9	845,964	720,863	Reserves		3,973,421	3,625,430
Property, plant and equipment	10	6,247,204	6,027,837	Income for the period		199,851	338,937
				<b>Equity attributable to owners of the company</b>		<b>4,857,339</b>	<b>4,648,434</b>
Equity-accounted investments	17	107,633	123,269	Non-controlling interests		31,743	31,321
Non-consolidated securities	18	48,437	37,631				
Derivative financial instruments – non-current	30	14,072	122,738	<b>Equity</b>		<b>4,889,082</b>	<b>4,679,755</b>
Financial concession assets – non-current	14	3,685,761	3,795,775				
Other financial assets – non-current	19	139,971	351,584				
Deferred tax assets	7	716,133	764,399	Provisions for employee benefits	24	734,848	742,401
				Other provisions – non-current	25	154,947	160,983
<b>Non-current assets</b>		<b>12,153,220</b>	<b>12,291,031</b>	Loans and borrowings – non-current	26	4,745,123	4,928,560
				Derivative financial instruments – non-current	30	42,817	49,832
Inventories and work in progress	20	238,074	210,436	Deferred tax liabilities	7	185,750	166,194
Operating receivables	21	1,164,978	1,021,611	Other trade creditors		14,015	10,130
				<b>Non-current liabilities</b>		<b>5,877,501</b>	<b>6,058,099</b>
Derivative financial instruments – current	30	107,619	3,239				
Financial concession assets – current	14	294,243	285,982	Other provisions – current	25	65,880	67,640
Other financial assets – current	19	132,070	438,486	Loans and borrowings – current	26	1,917,964	2,359,513
				Derivative financial instruments – current	30	4,123	8,226
Cash and cash equivalents	22	1,075,498	1,143,086	Accounts payable	27	2,411,153	2,220,638
<b>Current assets</b>		<b>3,012,483</b>	<b>3,102,840</b>	<b>Current liabilities</b>		<b>4,399,120</b>	<b>4,656,017</b>
<b>TOTAL ASSETS</b>		<b>15,165,702</b>	<b>15,393,872</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,165,702</b>	<b>15,393,872</b>

# Consolidated statements of cash flows

	Notes	31/12/2018	31/12/2017
<b>Consolidated net income</b>		<b>207,123</b>	<b>347,859</b>
Elimination of income from equity-accounted entities		13,871	10,999
Elimination of depreciation and amortisation		400,014	380,636
Depreciation and amortisation of concession assets	14	330,149	315,636
Elimination of gains/(losses) from asset disposals		(5,901)	(5,955)
Elimination of other non-cash items		3,874	5,258
<b>Cash flow from operations after net financial expense and tax</b>		<b>949,130</b>	<b>1,054,433</b>
Elimination of tax expense (income)		80,332	(79,546)
Change in working capital excluding investments and grants	28	(231,853)	9,808
Income taxes paid		(7,327)	(7,822)
<b>Net cash provided by operating activities</b>		<b>790,282</b>	<b>976,873</b>
Effect of scope changes		(5,106)	7,020
Purchase of property, plant and equipment and intangible assets	9 and 10	(1,430,465)	(1,413,832)
Purchase of concession assets		(224,845)	(217,296)
Purchase of other financial assets		(10,261)	(2,078)
Change in loans and advances granted		2,254	5,280
Change in working capital relating to investments and concession assets		130,910	12,490
Investment grants received excluding concession assets	9 and 10	558,066	575,536
Investment grants received for concession assets		127,200	156,378
Change in investment grants to be received		121,124	75,822
Proceeds from disposals of property, plant and equipment and intangible assets		20,521	44,120
Proceeds from financial assets		68	20
Dividends received from equity-accounted entities		885	3,431
<b>Net cash used in investing activities</b>		<b>(709,650)</b>	<b>(753,110)</b>
Non-controlling interests – share of changes in capital		292	(249)
Proceeds from issuance of borrowings		261,799	540,039
Repayment of borrowings		(718,377)	(379,522)
Change in commercial paper		95,926	(93,676)
Change in cash collateral and short-term investments		280,247	(112,261)
Increase/(decrease) in accrued interest		(15,086)	(1,688)
Dividends paid to non-controlling interests		(6,792)	(6,837)
Other cash flow from financing activities		(3,216)	(2,427)
<b>Net cash from financing activities</b>		<b>(105,207)</b>	<b>(56,621)</b>
Effect of changes in the exchange rate		1,405	(4,944)
Effect of changes in accounting principles		–	–
<b>Net change in cash and cash equivalents</b>		<b>(23,170)</b>	<b>162,198</b>
Cash and cash equivalents at January 1		1,024,015	861,817
Cash and cash equivalents at 31 December	22	1,000,845	1,024,015
<b>Net change in cash and cash equivalents</b>		<b>(23,170)</b>	<b>162,198</b>



# Consolidated statements of changes in equity

	Capital endowment	Reserve for assets allocated	Translation reserve	Actuarial gains and losses	Change in non- recyclable fair value	Cash flow hedges	Other reserves	Equity attributable to owners of the company	Non- controlling interests	Total equity
<b>Equity as at 31 December 2016</b>	<b>433,367</b>	<b>250,700</b>	<b>1,473</b>	<b>(164,077)</b>	<b>(224)</b>	<b>(26,681)</b>	<b>3,810,407</b>	<b>4,304,963</b>	<b>33,039</b>	<b>4,338,002</b>
Net income for the period							338,937	338,937	8,922	347,859
Other comprehensive income			(8,702)	16,019		(5,313)		2,004	(3,126)	(1,123)
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>(8,702)</b>	<b>16,019</b>	<b>–</b>	<b>(5,313)</b>	<b>338,937</b>	<b>340,941</b>	<b>5,796</b>	<b>346,736</b>
Other transactions with owners of the company							239	239	(302)	(63)
Dividends								–	(6,091)	(6,091)
Recognition of RATP's deferred taxes							–	–	–	–
Other changes							2,291	2,291	(1,120)	1,170
<b>Equity as at 31 December 2017</b>	<b>433,367</b>	<b>250,700</b>	<b>(7,229)</b>	<b>(148,058)</b>	<b>(224)</b>	<b>(31,994)</b>	<b>4,151,873</b>	<b>4,648,434</b>	<b>31,321</b>	<b>4,679,755</b>
Net income for the period							199,851	199,851	7,272	207,123
Other comprehensive income			(1,171)	20,368		(6,916)		12,281	815	13,097
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>(1,171)</b>	<b>20,368</b>	<b>–</b>	<b>(6,916)</b>	<b>199,851</b>	<b>212,133</b>	<b>8,087</b>	<b>220,220</b>
Other transactions with owners of the company							(3,909)	(3,909)	(859)	(4,767)
Dividends								–	(6,790)	(6,790)
Other changes							681	681	(17)	666
<b>EQUITY AS AT 31 DECEMBER 2018</b>	<b>433,367</b>	<b>250,700</b>	<b>(8,400)</b>	<b>(127,690)</b>	<b>(224)</b>	<b>(38,910)</b>	<b>4,348,496</b>	<b>4,857,339</b>	<b>31,743</b>	<b>4,889,082</b>

# Notes to the consolidated financial statements

Year ended 31 December 2018

RATP Group is a major public transport provider, operating in towns and suburbs in France and across the world.

The parent company, Régie autonome des transports parisiens (RATP), is a State-owned industrial and Commercial public utility (EPIC) created by the law of 21 March 1948. It is a legal entity under public law, registered with the Paris Trade and Companies Register. Its head office is located at 54, quai de la Rapée, 75012 Paris.

The aim of RATP is primarily to run public transport services in Île-de-France and its purpose, fixed by French law No. 2009-1503 dated 8 December 2009 on public passenger services by rail (ORTF law), and to manage the network infrastructure for public passenger transport services.

The Île-de-France transport services are defined by the Île-de-France transport authority (whose common name is Île-de-France Mobilités). RATP's activity as operator is governed by multi-year agreements with Île-de-France Mobilités. Under these agreements, RATP undertakes to provide a transport service defined in terms of quantity and quality, and receives compensation based on direct revenue and flat-rate contributions paid by Île-de-France Mobilités.

RATP also operates public transport networks via its subsidiaries throughout France and abroad.

RATP is owned by the French State, and RATP Group's consolidated financial statements are included in RATP's combined financial statements.

The Group's consolidated financial statements as of 31 December 2018 were approved by the Board of Directors on 29 March 2019.

Unless otherwise stated, all amounts are presented in thousands of euros.

## 1 — Accounting guidelines

### 1.1 Accounting policies

Pursuant to European regulation No. 1606/2002 of 19 July 2002 on international standards, the consolidated financial statements of the Group have been prepared as of 31 December 2018 in accordance with the International financial reporting standards (IFRS) as adopted by the European Union.

Information on these standards is available on the European Commission website at: [ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index\\_en.htm](http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_en.htm).

### 1.2 IFRS development and accounting changes

#### 1.2.1 Standards, amendments and interpretations mandatory for financial years beginning on or after 1 January 2018

##### IFRS 15

IFRS 15 "Revenue from contracts with customers" replaces IAS 11 "Construction contracts" and IAS 18 "Revenue".

The Group analysed all the contracts falling within the scope of IFRS 15. The main impact of this standard for the Group is the reclassification of the financial consideration receivable IFRIC 12 "Financial concession assets" from "revenue" to "other income from ordinary activities".

In addition to certain sub-contracting agreements, the analysis led to considering the entity as the main intermediary and no longer as an agent. In this case, income from these transactions must first be recognised under revenue, and secondly the amount of expenses from these activities. Previously, only the operating margin was recognised under revenue.

The 2017 data in these notes has been restated and is presented in Note 3.3.

##### IFRS 9

IFRS 9 "Financial instruments", which replaces IAS 39, includes three components: (i) classification and measurement, (ii) impairment methodology, (iii) hedge accounting.

Regarding IFRS 9 classification and measurement matters, the Group has opted to recognise changes in the value of non-consolidated securities held at 31 December 2017 under other comprehensive income that may not be reclassified to profit or loss. The impairment component of IFRS 9 has no significant impact for the Group due to the type of counterparties and the nature of the receivables. Similarly, the hedging component has no impact for the Group due to type of hedges used by the Group as of 31 December 2017 and 31 December 2018.

#### 1.2.2 Standards, amendments and interpretations adopted by the European Union and that are not mandatory for 2018 consolidated financial statements

##### IFRS 16

IFRS 16 "Leases" will come into force on 1 January 2019, replacing IAS 17 "Leases".

The standard sets forth the principle for recording leases on the lessees' balance sheet by recognising a right-of-use asset (the right of use of the leased asset during the term of the contract) and a lease liability (discounted value of lease payments). The Group has chosen the "modified retrospective" approach whereby all contracts are deemed to start on the date of initial application, i.e. 1 January 2019, without impact on equity.

In accordance with IAS 17, the Group has chosen not to revalue current finance leases at 1 January 2019.

The expected impact of initial IFRS 16 application on the balance sheet at 1 January 2019 ranges between €230 million and €260 million. This amount will increase the balance sheet total: the rights of use of the leased assets are recognised under capital assets, while the financing of these rights of use are recognised under financial liabilities.

Financial liabilities will be presented separately from loans and borrowings to facilitate the reading of this line item.

### 1.3 Use of estimates and assumptions

The preparation of the consolidated financial statements requires Group management to make estimates and assumptions, as many of the items included in the financial statements cannot be measured accurately. Management revises the estimates if there is a change in the circumstances upon which they were based, or when new facts arise or it obtains a more extensive understanding of the situation. Consequently, actual results may differ significantly from the estimates made at 31 December 2018.

The estimates and assumptions notably concern:

- the accumulated amortisation, depreciation and impairment of assets, particularly property, plant and equipment (Note 10), inventories (Note 20), operating receivables (Note 21), goodwill (Note 8) and asset impairment tests (Note 15);
- liabilities, including provisions for contingencies, primarily those for decommissioning (Note 25), and items relating to employee benefits (Note 24) and contingent liabilities (Note 34);
- fair value measurement of financial instruments (Note 31);
- assessment of counterparty risk on deposits connected with leasehold agreements (Note 13);
- recognition of deferred tax assets (Note 7);
- recognition of concession agreements (Note 14);
- business combinations (Note 2).

The accounting principles applied when preparing the consolidated financial statements are set out below in the notes to the consolidated financial statements. Unless otherwise indicated, these methods were consistently applied to the reporting periods presented.

## 1.4 Consolidated statement income sub-totals

RATP Group has chosen to present its consolidated statement of income by nature of expense. A number of subtotals are used to assist users of the financial statements in understanding the components of net income.

### 1.4.1 EBITDA

EBITDA comprises revenue and other income from ordinary activities less directly attributable operating expenses. These mainly include cost of sales, subcontract expense, other purchases and external charges, payroll and payroll-related costs and taxes (other than income tax). All payroll-related amortisation and provisions, in particular those concerning employee benefits, are included in the line item "payroll costs".

As of 2018, accretion charges for the provision for employee benefits can be found in financial income and expense. The 2017 income statement has not been restated for this reclassification. The 2017 accretion charge represented €10 million.

### 1.4.2 Operating income after share of net income from equity-accounted entities

In addition to the components included in EBITDA, operating income includes most non-cash items (depreciation and amortisation, movements in provisions) and other operating income and expense, as well as income from equity-accounted entities.

Operations that are uncommon both in their occurrence and amount are isolated in other operating income and expenses. Non-recurring and extraordinary items are shown separately in order to present the fairest view of the Group's recurring operating results.

### 1.4.3 Financial income and expense

Under financial income and expense, the Group presents the consequences of its financing transactions, which principally reflect the cost of its net debt. Net financial expense mainly corresponds to the cost of net debt. Financial income and expense comprises interest expense on loans and borrowings, interest income on cash and cash equivalents and income or expense from leasehold transactions as well as the impact of accretion of the provision for employee benefits as of 2018. These items are shown net of the effect of hedging transactions, including changes in the fair value of derivative financial instruments that do not meet IFRS hedge accounting criteria.



## 1.5 Ownership regime covering assets capitalised by RATP

The ownership regimes governing assets created by RATP or originally allocated to RATP are distinguished into four asset categories:

- infrastructure assets, which are managed and owned by RATP;
- rolling stock and the related maintenance equipment (returnable assets), which belong to Île-de-France Mobilités. Île-de-France Mobilités will have full possession of these assets upon the expiry of RATP's operating rights, when it repurchases the assets at their carrying amount net of grants, as reported in RATP's annual financial statements. In the consolidated financial statements, these

assets are recognised as financial assets in accordance with IFRIC 12 "Service concession arrangements" (Note 14);

- other assets required for operations (reversionary assets), other than those mentioned in the previous two paragraphs, which are fully owned by RATP. Upon expiry of RATP's operating rights, Île-de-France Mobilités has a right of repossession on these assets. These assets were recognised as financial assets and intangible assets in accordance with IFRIC 12 "Service concession arrangements" (Note 14);
- real estate and other assets that are not allocated to operations but are used by RATP for administrative, social or training purposes, which are fully owned by RATP.

Assets capitalised by RATP are recognised as follows:

	Infrastructure management (IM)	Transport operations (TO)		
Type of assets	Fully-owned assets	Returnable assets	Reversionary assets	Fully-owned assets
Nature of assets	Infrastructure assets.	Rolling stock and related maintenance equipment.	Assets required for operations: <ul style="list-style-type: none"> <li>• bus stations;</li> <li>• certain equipment, etc.</li> </ul>	Assets allocated for administrative, social and training purposes.
Ownership regime	RATP owns these assets.	These assets belong to Île-de-France Mobilités. RATP uses and manages the assets. Île-de-France Mobilités will take possession of the assets once the operating rights expire.	RATP owns these assets. Île-de-France Mobilités holds a right to repossess these assets subject to payment of compensation to RATP upon expiry of the agreement.	RATP owns these assets.
Compensation arrangements during operating period		Article 14 of French decree no. 2011-320 sets out the arrangements for the compensation payable by Île-de-France Mobilités to RATP for the assets.	The compensation principles and arrangements apply for the duration of the Île-de-France Mobilités agreement 2016-2020.	
Compensation arrangements upon expiry of operating rights	NA	Article 14 of the French decree no. 2011-320 provides for the buyback of the assets at their carrying amount, net of any grants.	The Île-de-France Mobilités-RATP NA agreement provides for either the repossession of the assets at a value of zero for assets transferred to RATP, or at their carrying amount, net of grants, for other assets.	
Assets eligible under IFRIC 12 – "Service concession arrangements"	No	Yes <sup>(1)</sup>	Yes <sup>(1)</sup>	No

(1) Assets eligible under IFRIC 12 are recognised as financial concession assets and/or intangible assets (Note 14).

## 2 — Scope of consolidation

### 2.1 Accounting principles related to the scope of consolidation

#### 2.1.1 Principles of consolidation

##### 2.1.1.1 Determination of the scope and methods of consolidation

RATP Group's consolidated financial statements include the financial statements of the RATP parent company and those of its subsidiaries, joint ventures, joint operations and associates.

The Group includes controlled subsidiaries. This control is presumed to exist when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Companies are consolidated from the date their controlling interest is transferred to the Group. They are deconsolidated from the date the Group ceases to exercise such control. When the Group ceases to control a subsidiary, it derecognises the assets and liabilities, as well as any non-controlling interests and other recyclable equity components, where applicable. The resulting profit or loss is recognised in the income statement. Any retained interest should be measured at the fair value on the date control ceases. Changes in ownership interest in a subsidiary that do not result in a loss of control are recognised in equity. Transactions between consolidated entities are eliminated.

Entities that are jointly controlled by the Group and other shareholders and classified as joint ventures are accounted for by the equity method. Joint ventures are joint arrangements in which the partners have rights to the net assets of the jointly-controlled entity. Joint arrangements classified as joint operations are accounted for line-by-line for the amounts of retained interest in assets, liabilities, income and expenses for the Group. These are joint arrangements in which the partners have direct rights to the assets and direct obligations due to the liabilities of the jointly-controlled entity. The Group particularly retains in its assessment the fact that the entity's income is mainly destined for joint arrangements, as well as the share of the entity's financing by partners compared to external financing. Only the Metrolab partnership (research and development activity) is classified as a joint operation. The other joint arrangements are classified as joint ventures.

Entities over which the Group exercises significant influence are accounted for using the equity method; significant influence is presumed to exist when the Group holds 20% or more of voting rights.

The equity-accounted investments will be subject to an impairment test if an indication of impairment appears.

Adjustments are made to the financial statements of consolidated and equity-accounted entities to bring them into compliance with the accounting policies applied by the Group.

#### Low-cost housing company HLM RATP Habitat

Assessing the extent of control over low-cost housing (HLM) companies takes into account the atypical nature of these companies, their specific operational characteristics and the very strict regulatory constraints imposed upon them.

Consequently, despite the fact that RATP holds close to a 100% stake, the company was not consolidated because the Group deems it does not have control, pursuant to IFRS 10, for the following reasons:

- low-cost housing regulations impose financial and regulatory constraints (e.g. restrictions on distributable profit and liquidating dividend rights), which limit the rights to variable returns to which RATP may be entitled;
- the debt of low-cost housing companies, transaction by transaction, is almost always guaranteed by the local government authorities. Consequently, RATP does not bear any repayment risk on the loans granted to RATP Habitat;
- although RATP exercises influence over certain aspects of RATP Habitat's management, its influence cannot be qualified as control. RATP cannot manage the relevant activities of RATP Habitat despite its majority share. The assets of RATP Habitat are land and buildings used for social housing. The sale of these assets is restricted (impossible outside the low-cost housing market). They are a source of revenue (rent), which is set and adjusted by the regulator. The use of the assets is subject to certain conditions, such as the quotas for reserving housing set by the prefectures and local authorities. The allocation of housing to RATP employees is carried out by an allocation board in the same way as for external applicants.

The equity investments in RATP Habitat are classified in the balance sheet under "Non-consolidated securities". Considering the regulations that would be applicable in the event of disposal of these securities, the cost of acquisition reflects the fair value of the equity investment.

The main financial information concerning the low-cost housing company RATP Habitat is presented in Note 18.

##### 2.1.1.2 Business combinations

Business combinations are accounted for using the acquisition method, which requires that identifiable assets acquired and liabilities assumed be measured at fair value at the acquisition date, which is the date at which control is transferred to the Group.

Goodwill resulting from business combinations is measured as the excess of (i) the fair value of the consideration transferred, the recognised amount of any non-controlling interests in the acquiree and the fair value of any pre-existing equity interest in the acquiree and (ii) the net fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

This goodwill is measured in the functional currency of the acquiree and accounted for on the consolidated balance sheet. The Group may elect at the acquisition date of each business combination to measure any non-controlling interest (minority interest) at fair value (the "full goodwill method") or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree. The latter method is more frequently applied by the Group.

Transaction costs in connection with a business combination are expensed in the period in which the costs are incurred or the service received.

#### 2.1.1.3 Commitments to purchase non-controlling interests

Financial liabilities include the puts on non-controlling interests.

The Group has adopted the following accounting treatment for these commitments:

- at inception of the puts, the present value of the exercise price is recognised as a financial liability offset through a reduction in non-controlling interests, with the remaining balance recognised in equity attributable to owners of the company;
- at each reporting date, the financial liability is remeasured and changes in the liability are recognised in equity attributable to owners of the company.

Puts with variable exercise prices are measured at the reporting date on the basis of estimates and the most recent data available (i.e. exercise price based on fair value or using a formula).

### 2.1.2 Conversion methods

#### 2.1.2.1 Functional currency and reporting currency

The consolidated financial statements are presented in euros, which is the Group's reporting currency. The items included in the financial statements of each Group entity are measured in the functional currency, which is the legal tender of the primary economic environment in which the entity operates (the "functional currency").

#### 2.1.2.2 Financial statements of foreign operations

Subsidiaries' financial statements prepared using a functional currency different to the Group's reporting currency have been converted into euros as follows:

- balance sheet entries, using the exchange rate effective at the reporting date;
- income statement entries, using the average exchange rate over the period.

Gains and losses from foreign currency translation are recognised directly as other comprehensive income under "Currency translation reserves" for those relating to the Group, and under "Non-controlling interests" for those relating to non-controlling interests. When a foreign operation is sold, the associated currency translation gains and losses recognised under other comprehensive income are transferred to profit and loss.

#### 2.1.2.3 Conversion of foreign currency transactions

Foreign currency transactions are converted into the functional currency at the exchange rate effective on the date of the transaction.

At each reporting date, foreign currency-denominated monetary assets and liabilities are translated at the exchange rate effective at this time. Foreign currency translation adjustments are recorded in the income statement for the period or as a separate component under other comprehensive income if they relate to net foreign investments or cash flow hedges.

## 2.2 Changes in the scope of consolidation

The list of consolidated companies is provided in Note 38.

The changes in consolidation scope that occurred during the year had no material impact on the consolidated financial statements.

## 2.3 Impact of transactions changing the consolidation scope in the income statement

	31/12/2018	31/12/2017
Gain/(loss) on other consolidation scope changes	(2,057)	3,834

Transactions changing the consolidation scope correspond mainly to asset disposals of consolidated subsidiaries.

# 3 — Revenue recognition

Revenue is recognised when the major risks and rewards are transferred to the buyer, which usually coincides with the transfer of ownership or the provision of a service. Revenue is recognised net of rebates, discounts and sales tax, and after the elimination of inter-company sales.

Revenue related to the transport business is recognised when the service is carried out.

## 3.1 RATP's revenue

It comprises:

### 1. Transport revenue, comprising the following:

- direct traffic revenue from transport users;
- Île-de-France Mobilités contributions:
  - "C1", a contribution to operating expenses intended to cover public service obligations. This contribution comprises three parts: a flat-rate contribution "C11" covering operating expenses that are not covered by revenue from transport users; a contribution "C12" covering the exact amount of business, professional and property-related taxes and duties levied; and a contribution "C13" covering the difference between the indexing of the forecast direct revenue based on the methods used to calculate the "C11" flat-rate contribution and the direct estimated revenue based on Île-de-France Mobilités's pricing decisions;
  - "C2", a contribution to finance investments. In accordance with IFRIC 12 on "Service concession arrangements", the portion of "C2" contribution related to returnable and reversionary (concession) assets is accounted for as the amortisation and compensation of the associated financial assets recognised (Note 14);
  - a reward or penalty for quality of service;
  - a profit-sharing scheme with risks and gains shared between RATP and Île-de-France Mobilités based on the actual direct revenue generated compared with contractual revenue targets;

- “C4”, a contribution to finance the acquisition of rolling stock for the T3, T5, T6, T7 and T8 tramway lines (euro for euro reimbursement of the finance lease payments). In accordance with IFRIC 12 on “Service concession arrangements”, the “C4” contribution has been accounted for as amortisation and compensation of the associated financial assets recognised (Note 14).

This transport revenue is provided for under the terms of the 2016-2020 multi-annual agreement concluded between Île-de-France Mobilités and RATP. The “C11” and “C2” contributions are revalued every year by applying an indexing formula based on the indexes, pursuant to the contractual provisions.

Regarding direct traffic revenue, public prices are set by Île-de-France Mobilités, the organising authority. They constitute a public service obligation with which RATP must comply.

## 2. Transport-related activities. They mainly include:

- revenue from advertising and commercial leases;
- various repayments (including training costs).

## 3. Non-transport revenue:

Non-transport revenue consists primarily of revenue from services and work rendered to third parties, sales of goods, mobile telephony and telecommunications. Revenue from engineering and construction contracts and the associated costs are recognised under income and expense respectively, according to percentage completion at the reporting date. Percentage of completion is measured on the basis of the costs incurred for the work performed to date, based on estimated total contract costs.

Profit generated on contracts that are accounted for by the percentage of completion method is only recognised when it can be measured reliably. If it is likely that the total costs of the contract will exceed contract income, the expected loss at completion is immediately expensed and recorded as an impairment of contract revenue receivable, then provisioned under liabilities, as appropriate.

## 3.2 Revenue from subsidiaries

It is mainly made up of transport revenue, comprising the following:

- direct traffic revenue from transport users;
- pricing contributions made by the transport authorities.

## 3.3 Revenue

	IFRS 15 impact (restated – published)				
	31/12/2018	31/12/2017 restated IFRS 15	31/12/2017 published	Reclass. of compensation of receivables according to IFRIC 12	Main intermediary agent
Transport	4,803,437	4,649,546	4,628,672		20,874
Transport-related activities	164,645	157,867	157,867		
Non-transport revenue	594,778	583,134	583,134		
Revenue from financial concession assets			116,810	(116,810)	
<b>Revenue</b>	<b>5,562,861</b>	<b>5,390,547</b>	<b>5,486,483</b>	<b>(116,810)</b>	<b>20,874</b>
Proceeds from disposal of concession assets	201,282	189,683	189,683		
Revenue from financial concession assets	114,275	116,810		116,810	
Other	115,924	98,890	98,890		
<b>Other income from ordinary activities</b>	<b>431,481</b>	<b>405,383</b>	<b>288,573</b>	<b>116,810</b>	<b>0</b>
<b>REVENUE</b>	<b>5,994,342</b>	<b>5,795,931</b>	<b>5,775,057</b>	<b>0</b>	<b>20,874</b>

Breakdown of revenue between France and abroad:

	31/12/2018			31/12/2017		
	Total revenue	Revenue from France	Revenue from outside France	Total revenue	Revenue from France	Total revenue from outside France
RATP	4,351,869	4,351,869		4,255,481	4,255,481	
RATP DEV subsidiaries	1,176,916	441,123	735,792	1,101,133	386,527	714,606
Other subsidiaries	34,076	34,076		33,934	33,695	239
<b>TOTAL GROUP</b>	<b>5,562,861</b>	<b>4,827,068</b>	<b>735,792</b>	<b>5,390,547</b>	<b>4,675,702</b>	<b>714,845</b>

## 4 — Tax, duties and other payables

	31/12/2018	31/12/2017
Tax, duties and other payables	(315,319)	(317,373)

This item includes €166 million in taxes and duties on compensation and €79 million for the regional levy paid by RATP.

Taking into account the intrinsic characteristics of the French value-added business tax (CVAE), especially the cap mechanism, the Group recognises this expense in operating income.

## 5 — Payroll costs

### 5.1 Financial impact

	31/12/2018	31/12/2017
Compensation	(2,283,240)	(2,207,059)
Payroll-related costs	(969,098)	(947,084)
Other long-term employee benefits	3,409	(2,995)
Post-employment benefits	(37,909)	(47,041)
Employee profit-sharing	(53,812)	(52,588)
French competitiveness and employment tax credit (CICE)	67,898	77,032
<b>TOTAL PAYROLL AND PAYROLL-RELATED COSTS</b>	<b>(3,272,752)</b>	<b>(3,179,735)</b>

### 5.2 Number of employees

	31/12/2018	31/12/2017
RATP	44,370	44,054
RATP Dev and subsidiaries	18,082	16,786
Other subsidiaries	289	282
<b>AVERAGE NUMBER OF EMPLOYEES</b>	<b>62,741</b>	<b>61,122</b>

These are the employees of fully-consolidated companies. The employees of equity-accounted entities are not taken into account.

### 5.3 Defined employee benefit contribution plans

The funding mechanism of RATP's pension fund is based on the application of the following decrees:

- French decree No. 2005-1635 of 26 December 2005 regarding the RATP pension fund (CRP-RATP);
- French decree No. 2005-1636 of 26 December 2005 regarding the financial agreements made under the special pension scheme for RATP employees, as well as the base and contribution rates to the scheme. The decree amends French decree No. 59-157 of 7 January 1959 on passenger transport services in the Île-de-France region;
- French decree No. 2005-1637 of 26 December 2005 regarding RATP pension fund resources;
- French decree No. 2005-1638 of 26 December 2005 setting the contribution rates due to the RATP pension fund.

These decrees state that the CRP-RATP (RATP pension fund), a French State entity, is liable for the payment of retirement pensions. RATP's obligation is to pay contributions, which are calculated in a specific manner, but are equal to the amounts payable by all companies with employees under statutory social protection schemes (compulsory pension schemes such as the French national pension fund – CNAVTS, and the complementary pension fund for managers/employees Agirc-Arrco). The European Commission authorised this funding mechanism on 13 July 2009 by a decision addressed to the French authorities.

RATP pays employer contributions into the CRP-RATP employees' pension fund. These contributions are in full discharge of its liabilities. RATP has no other actuarial liabilities. The payments made by RATP are expensed in the period they relate to.

## 6 — Financial results

Financial costs:

	31/12/2018	31/12/2017
Interest cost on borrowings	(156,373)	(182,523)
Net foreign exchange gain (loss) on borrowings	(106)	(121)
Impact of accrued interest on hedges	4,089	4,344
MTM effect on non-hedging derivatives	7	2,711
<b>Gross finance cost</b>	<b>(152,382)</b>	<b>(175,589)</b>
Income from cash and cash equivalents	880	3,404
<b>NET FINANCE COSTS</b>	<b>(151,502)</b>	<b>(172,185)</b>

Other financial income and expense:

	31/12/2018	31/12/2017
Income from investments	978	1,063
Net income from leasehold property	388	1,404
Net foreign exchange gain (loss) on operating items	4,777	4,350
Accretion charges for employee benefits	(10,241)	
Other	(8,217)	(9,672)
<b>OTHER FINANCIAL EXPENSE AND INCOME</b>	<b>(12,315)</b>	<b>(2,855)</b>
<b>NET FINANCIAL EXPENSE</b>	<b>(163,817)</b>	<b>(175,040)</b>

Financial risk management is further described in Note 29.

## 7 — Income tax

Income taxes include current tax expense or income and deferred tax expense or income.

### Tax consolidation

In 2016, RATP chose to fiscally consolidate the French subsidiaries in which it had a stake exceeding 95%, as stipulated in article 223-A of the French general tax code.

Most of the French subsidiaries are in the company's tax consolidation scope. Under the tax consolidation agreements, the subsidiaries bear a tax expense equivalent to that which they would have incurred in the absence of consolidation. The tax consolidation proceeds are acquired by RATP.

However, in accordance with the tax consolidation agreements signed with companies which were previously the parent company of a tax consolidation, for the year 2018, this income is partially returned to the consolidated company in such a way that the change in the scope of tax consolidation is neutral for the parent companies of a tax consolidation before 2016.

### 7.1 Income tax expense

	31/12/2018	31/12/2017
Current tax expense/income	(22,676)	(19,389)
Tax consolidation expense/income	10,095	8,966
Deferred tax expense/income	(67,751)	89,968
<b>TOTAL INCOME TAX EXPENSE/INCOME</b>	<b>(80,332)</b>	<b>79,546</b>

### 7.2 Deferred taxes

The Group records deferred taxes for all temporary differences between the carrying amount and taxable value of its assets and liabilities recognised in the consolidated financial statements, using the liability method. Deferred taxes are not recognised if the difference is generated by the initial recognition of an asset or liability in a transaction which is not a business combination, and which does not impact earnings, tax income or tax loss at the transaction date.

Deferred tax according to the liability method is measured using the tax rates that are expected to apply in the reporting period when the asset is realised or the liability settled, based on the tax rates (and tax regulations) enacted or substantially enacted at the reporting date.

Deferred tax assets on temporary differences or carry-forwards are recognised insofar as it is probable that the temporary difference will be attributed to the realisation of a future taxable profit.

Deferred taxes are recognised for all temporary differences arising from investments in subsidiaries, affiliates and jointly-controlled entities, unless the date at which the temporary difference will reverse and the reversal is not expected to occur in the foreseeable future.

Deferred tax is calculated using each country's tax rate. For the Group tax proof, the theoretical tax rate at the date of the financial statements was 34.43%.



Changes in net deferred taxes are as follows:

	Deferred tax assets – gross	Non-recognised deferred tax assets	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
<b>As at 1 January 2018</b>	<b>4,625,438</b>	<b>(3,861,039)</b>	<b>764,399</b>	<b>(166,191)</b>	<b>598,208</b>
Tax recognised in the income statement	(360,046)	304,584	(55,462)	(12,288)	(67,750)
Tax recognised directly under other comprehensive income	(7,726)	6,740	(986)	333	(653)
Change in scope	(93)	7	(86)	78	(8)
Foreign currency translation differences	1,514	(1,014)	500	(316)	184
Other	(4,579)	12,347	7,768	(7,366)	402
<b>AS AT 31 DECEMBER 2018</b>	<b>4,254,508</b>	<b>(3,538,375)</b>	<b>716,133</b>	<b>(185,750)</b>	<b>530,383</b>

Deferred tax by nature is as follows:

	31/12/2018	31/12/2017
Deferred tax assets – income	669,373	709,301
Deferred tax assets – reserves	46,760	55,098
<b>Total deferred tax assets</b>	<b>716,133</b>	<b>764,399</b>
Deferred tax liabilities – income	183,850	163,947
Deferred tax liabilities – reserves	1,900	2,244
<b>Total deferred tax liabilities</b>	<b>185,750</b>	<b>166,191</b>
<b>NET DEFERRED TAXES</b>	<b>530,383</b>	<b>598,208</b>
Of which:		
• temporary accounting/tax differences	3,642,646	4,075,462
• revaluation surplus	(6,220)	(7,225)
• leases	(855)	(834)
• employee benefits	188,192	207,045
• hedging instruments	12,186	10,985
• regulated provisions	(56,734)	(45,049)
• tax loss carry forwards	7,466	3,915
• impairment on deferred tax assets	(3,255,109)	(3,644,751)
• other	(1,188)	(1,339)

As of 31 December 2018, the temporary differences of RATP resulting from the differences between:

- the carrying amounts of fixed assets and their taxable values;
- the tax depreciation periods and the accounting depreciation periods;
- the differences in the tax and accounting treatment of grants; generate deferred tax assets over several decades.

As of 1 January 2016 and in accordance with IAS 12, for assessing this tax receivable, RATP Group assessed the recoverability of these deferred tax assets over a reasonable period of time, taking into account expected changes in the tax rate. A €537 million deferred tax asset receivable by equity was recognised.

At 31 December 2018, the receivable was updated in consideration of the income statement by taking into account:

- update of the tax impact following the 2019 French Finance Act passed in 2018 (reform of the “fiscal plan” measure on the deductibility of financial interest from 2019) for –€70 million;
- discounting of expected future income of +€91 million;
- the reversal of receivables according to its use over the year for –€97 million.

Net receivables amounted to €523 million as of 31 December 2018.



## 7.3 Tax proof

	31/12/2018	31/12/2017
<b>Net income</b>	<b>207,123</b>	<b>347,859</b>
(-) Equity-accounted entities	(13,871)	(10,999)
(-) Income tax	(80,332)	79,546
Pre-tax consolidated income	301,327	279,312
Statutory tax rate in France	34.43%	34.43%
<b>Theoretical tax expense</b>	<b>(103,747)</b>	<b>(96,167)</b>
Effect of tax rates in foreign jurisdictions	9,462	5,303
Other permanent differences	(2,732)	4,276
Effect of tax rate differences	(941)	(2,066)
Effect of tax consolidation	10,095	8,966
Other current tax items	(203)	1,609
Recognition of tax effect of previously unrecognised tax losses and deferred taxes	1,461	282,321
Current-year losses for which no deferred tax asset is recognised	6,273	(124,696)
<b>Total tax expense</b>	<b>(80,332)</b>	<b>79,546</b>
<b>Effective tax rate</b>	<b>26.66%</b>	<b>-28.48%</b>

## 8 — Goodwill

Goodwill is initially recognised in case of a business combination as described in Note 2.1.1.2.

Subsequent to initial measurement, goodwill is stated at cost less any impairment losses. Goodwill is not amortised but is tested for impairment at least once a year and when there is an indication of impairment.

In the event of loss of control over an associate, the gains or losses recognised take into account the carrying amount of goodwill allocated to the divested business.

Changes in goodwill per cash-generating unit were as follows:

	31/12/2016	Change in scope	Effects of exchange	Impairment	Other	31/12/2017
France	87,624	(513)	—	—	—	87,111
Great Britain	93,743	—	(3,279)	—	—	90,465
Sightseeing	151,096	—	(1,778)	—	—	149,318
Other	22,167	—	(2,125)	—	—	20,042
<b>TOTAL</b>	<b>354,631</b>	<b>(513)</b>	<b>(7,182)</b>	<b>—</b>	<b>—</b>	<b>346,936</b>

	31/12/2017	Change in scope	Effects of exchange	Impairment	Other	31/12/2018
France	87,111	(401)	—	—	—	86,710
Great Britain	90,465	—	(738)	—	—	89,726
Sightseeing	149,318	—	(400)	—	—	148,918
Other	20,042	2,633	877	—	(862)	22,690
<b>TOTAL</b>	<b>346,936</b>	<b>2,232</b>	<b>(262)</b>	<b>—</b>	<b>(862)</b>	<b>348,045</b>

## 9 — Intangible assets

### Research and development costs

Development costs are recognised as fixed assets from the date on which management makes the investment decision if, and only if, the costs can be measured reliably and the Group can prove the technical feasibility of completing the intangible asset, the existence of likely future economic benefits and its intention – as well as the availability of sufficient resources – to complete the development and use the asset. Internal procedures ensure that records are available on the date management takes the investment decision.

Development costs are amortised over the useful lives of the associated assets.

### Intangible concession assets and other intangible assets

Other intangible assets are recorded in the balance sheet at their historical value. They are systematically amortised over their useful life, less impairment, where applicable.

This item mainly comprises the intangible concession assets recognised as RATP's reversionary assets, in accordance with IFRIC 12 "Service concession arrangements" (see Notes 1.5 and 14).

Other intangible assets also comprise software that is amortised on a straight-line basis over three to ten years. Only specific development costs and configuration costs specific to the management systems deployed throughout RATP are amortised over ten years.

Straight-line depreciation is the most appropriate method in economic terms. The depreciation periods used by the Group are as follows:

Categories	Method	Term
Railway infrastructure major asset	Straight-line	70 to 140 years
Railway infrastructure component asset	Straight-line	15 to 60 years
Building shell and brickwork	Straight-line	70 to 100 years
Building fixtures and fittings	Straight-line	6.66 to 30 years
Tracks	Straight-line	12.5 to 50 years
Automated train operating system (SAET) and track signalling	Straight-line	5 to 35 years
Rolling stock (rail)	Straight-line	15 to 40 years
Road rolling stock	Straight-line	4 to 10 years
Plant equipment, fixtures and fittings	Straight-line	5 to 50 years
Other plant, property and equipment	Straight-line	3 to 15 years

The useful lives of property, plant and equipment are reviewed annually if there are significant changes.

The impact of RATP's concession assets is explained in Note 14.

## 10 — Property, plant and equipment

As stated in Note 1.5, only RATP's fully-owned assets and the subsidiaries' property, plant and equipment are recorded in the consolidated balance sheet under property, plant and equipment. They are first measured at acquisition or production cost, or at their fair value in the case of a business combination. They are subsequently carried net of accumulated depreciation and impairment losses.

In accordance with component-based accounting, RATP's fixed assets have been broken down into components and the useful life of each component has been determined based on their replacement or renovation frequency.

Given the current contractual compensation arrangement between RATP and Île-de-France Mobilités (Note 3.1), the C2 contribution covers the costs of borrowing to finance investments, in addition to amortisation. Consequently, RATP does not capitalise interest.

When property, plant and equipment are subject to decommissioning obligations, the estimated cost of this obligation is initially included in the acquisition cost to offset provisions (Note 25).



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

	31/12/2016	Acquisitions	Retirements and disposals	Reclassification	Changes in scope, foreign currency translation differences	Impact of concession assets	31/12/2017
<b>Gross value</b>							
Land	562,402	(1)	(452)	16,406	(559)	(7)	577,789
Investment property	1,077						1,077
Buildings	9,045,069	2,069	(22,162)	477,505	(6,428)	(223,681)	9,272,372
Technical plant, equipment and industrial tooling	4,187,223	9,055	(3,191)	317,197	(4,131)	(41,220)	4,464,933
Transport equipment	2,114,638	46,770	(141,678)	407,619	(36,345)	(120,605)	2,270,400
Other plant, property and equipment	217,440	3,671	(4,286)	(236)	(6,821)	(188)	209,581
Work in progress	2,420,641	1,474,270	(284)	(1,242,754)	(134)	313,998	2,965,737
Investment grants	(8,927,004)	(737,689)	10,560	18,832	337		(9,634,964)
<b>Total gross value</b>	<b>9,621,486</b>	<b>798,146</b>	<b>(161,492)</b>	<b>(5,430)</b>	<b>(54,082)</b>	<b>(71,703)</b>	<b>10,126,925</b>

	31/12/2016	Depreciation/ amortisation	Retirements, disposals and reversals	Reclassification	Changes in scope, foreign currency translation differences	Impact of concession assets	31/12/2017
<b>Accumulated depreciation and impairment</b>							
Land	501	(3,304)	2,707			247	151
Investment property	(817)						(817)
Buildings	(3,421,671)	(260,277)	16,948	(2,201)	3,010	31,212	(3,632,979)
Technical plant, equipment and industrial tooling	(2,561,957)	(227,722)	2,640	(1,545)	3,012	31,433	(2,754,139)
Transport equipment	(565,326)	(381,998)	118,723	(2,092)	23,992	158,596	(648,104)
Other plant, property and equipment	(158,413)	(15,508)	3,480	5,419	4,358	197	(160,468)
Fixed assets in progress							
Investment grants	2,845,088	(2,302)	251,339			3,143	3,097,268
<b>Total accumulated amortisation and impairment</b>	<b>(3,862,595)</b>	<b>(891,112)</b>	<b>395,837</b>	<b>(419)</b>	<b>34,373</b>	<b>224,828</b>	<b>(4,099,088)</b>
<b>Net value</b>	<b>5,758,891</b>	<b>(92,966)</b>	<b>234,345</b>	<b>(5,849)</b>	<b>(19,709)</b>	<b>153,125</b>	<b>6,027,837</b>

	31/12/2017	Acquisitions	Retirements and disposals	Reclassification	Changes in scope, foreign currency translation differences	Impact of concession assets	31/12/2018
<b>Gross value</b>							
Land	577,789	1	(2,694)	1,411	(78)	(12)	576,417
Investment property	1,077						1,077
Buildings	9,272,372	4,350	(21,604)	380,866	1,060	(38,450)	9,598,594
Technical plant, equipment and industrial tooling	4,464,933	10,799	(17,623)	295,055	1,205	(57,828)	4,696,541
Transport equipment	2,270,400	34,489	(70,046)	193,653	7,809	(126,872)	2,309,433
Other plant, property and equipment	209,581	3,880	(4,098)	29,488	5,020	(5,201)	238,670
Work in progress	2,965,737	1,483,050	(252)	(911,904)	(54)	(24,914)	3,511,664
Investment grants	(9,634,964)	(684,130)	4,610			(2,159)	(10,316,643)
<b>Total gross value</b>	<b>10,126,925</b>	<b>852,440</b>	<b>(111,707)</b>	<b>(11,431)</b>	<b>14,963</b>	<b>(255,436)</b>	<b>10,615,754</b>

	31/12/2017	Depreciation/ amortisation	Retirements, disposals and reversals	Reclassification	Changes in scope, foreign currency translation differences	Impact of concession assets	31/12/2018
<b>Accumulated depreciation and impairment</b>							
Land	151	(3,304)	5,376			597	2,820
Investment property	(817)						(817)
Buildings	(3,632,979)	(263,695)	18,240	1,680	(570)	30,899	(3,846,425)
Technical plant, equipment and industrial tooling	(2,754,139)	(236,485)	14,483	(224)	(714)	34,849	(2,942,230)
Transport equipment	(648,104)	(385,026)	66,886	(2,269)	(5,730)	219,545	(754,698)
Other plant, property and equipment	(160,468)	(15,184)	3,309	106	(2,044)	2,435	(171,846)
Fixed assets in progress							
Investment grants	3,097,268	(4,991)	247,542			4,826	3,344,645
<b>Total accumulated amortisation and impairment</b>	<b>(4,099,088)</b>	<b>(908,685)</b>	<b>355,837</b>	<b>(708)</b>	<b>(9,057)</b>	<b>293,151</b>	<b>(4 368,550)</b>
<b>Net value</b>	<b>6,027,837</b>	<b>(56,245)</b>	<b>244,130</b>	<b>(12,138)</b>	<b>5,906</b>	<b>37,715</b>	<b>6 247,204</b>

The impact of RATP's concession assets is explained in Note 14.

The amount of capital assets under construction consists mainly of projects related to extensions of metro lines.

Commitments relating to acquisitions of property, plant and equipment are presented in Note 34.1.

The Île-de-France Mobilités-RATP agreement provides for penalties in the event of failure to implement the equity investment plan. Cumulatively since the beginning of the agreement, RATP believes that they have complied with the equity investment plan in accordance with the contractual clauses.

As of 31 December 2018, there were no assets pledged or used as collateral.

## 11 — Investment grants

Grants are recognised if there is reasonable assurance that the Group will meet grant conditions and the grant will be received.

Grants are allocated to particular assets and are presented as a deduction in those assets. They are transferred to the income statement over the useful life of the assets as asset depreciation is recorded.

## 12 — Leases

### 12.1 Operating leases

Operating lease payments are expensed in the income statement until 31 December 2018 on a straight-line basis over the duration of the lease.

Lease payments of €85 million were recognised in the income statement for operating leases.

### 12.2 Finance leases

Leases are classified as finance leases when in essence, the terms of the lease transfer almost all of the risks and rewards of ownership of the underlying asset to the lessee. Assets held under finance leases are initially recognised as assets, with an offsetting entry under liabilities, at their fair value or, if lower, at the present value of the future minimum lease payments. Subsequently, the lease payments are accounted for as repayments of the liability and are broken down into repayment of principal and interest based on the rate specified in the lease or the discount rate used to measure the outstanding liability.

The Group mainly uses finance leases for its buildings and rolling stock.

Property, plant and equipment held under finance leases is shown below:

	31/12/2018	31/12/2017
Gross value	77,329	76,571
Accumulated depreciation	42,330	38,705
<b>NET CARRYING AMOUNT</b>	<b>34,998</b>	<b>37,866</b>

## Lease commitments

Balance sheet item	Lease payments		Outstanding lease payments			Residual price
	for year	accumulated	Less than 1 year	+1 to 5 years	+5 years	
Land					2,840	
Buildings	2,058	17,746	3,041	15,577	9,831	2,287
Transport equipment	2,454	32,324	1,635	3,391	1,564	
Other plant, property and equipment	268	506		268		
<b>TOTAL</b>	<b>4,780</b>	<b>50,576</b>	<b>4,676</b>	<b>19,236</b>	<b>14,235</b>	<b>2,287</b>

Loans and borrowings corresponding to these assets are presented in Note 26.

## 13 — Specific lease transactions

### 13.1 Leasehold transactions

Between 1997 and 2002, RATP entered into a number of leaseholds. In this context, RATP granted the right to use its assets through arrangements that enable foreign investors in the United States to assume economic ownership of the assets, which allows them to depreciate the assets and benefit from tax breaks. This financial gain is shared between the investor and RATP.

A leasehold transaction is composed of the main lease granted by RATP and a sub-lease enabling RATP to retain the right of use of the asset. In economic and accounting terms, no transfer takes place and RATP retains the main risks and rewards of ownership of the equipment. RATP has an Early buyout option (EBO) for a period shorter than the full term of the lease, which enables it to unwind the arrangement by repurchasing the outstanding portion of the lease. The arrangement includes deposits set up for guaranteeing payment for this option.

The various contracts that make up each leasehold transaction constitute separate transactions and are accounted for as such. As the assets (including deposits) and liabilities related to these contracts generate cash flows that are fully offset in the balance sheet and income statement, the overall gain generated by each transaction is reported in a single line as Net present value (NPV). The gain is recorded as deferred income when the contracts are signed and then is recognised as financial income on a straight-line basis over the term of the lease. At 31 December 2018, the gross amount of assets recognised amounted to €217 million and the amount of liabilities amounted to €220 million. These amounts are offset by €217 million, and therefore the net balance recognised was €3 million.

As of 31 December 2018, there were five agreements outstanding with two investors – the Bank of America and State Street.

The risks assumed by RATP are limited to equipment ownership risk and counterparty risk on the deposits. Counterparty risk is managed:

- by defeasance agreements, which enable deposits to be offset against the associated liabilities. The corresponding deposits totaled €40 million at 31 December 2018;
- in US Treasury bonds: the deposits totaled €61 million as of 31 December 2018.

Furthermore, the US dollar deposits remaining after the early termination of the arrangements between 2007 and 2009 are no longer offset and are thus recognised in the balance sheet under “Other financial assets” (see Note 19).

### 13.2 Swedish lease transactions

The Swedish lease agreement is effective in the period prior to equipment delivery. The investor pays the supplier the total value of the equipment, as from the beginning of the agreement RATP leases the equipment over an eighteen-year period, at the end of which it may exercise its buyback option. The assets financed through the Swedish lease agreement are recognised under the consolidated balance sheet assets.

These arrangements enabled RATP to realise a financial gain when the contract was signed. This gain was deducted from the acquisition cost of the equipment and is recognised as income in proportion to the assets’ depreciation.

## 14 — Service concession arrangements

Service concession arrangements fall within the scope of IFRIC 12 “Service concession arrangements” if the concession assets are controlled by the grantor. The grantor effectively controls these assets if the following two conditions are met:

- the grantor controls or regulates which services must be provided with the concession assets, and determines to whom these services must be provided and at what price;



- the grantor controls the concession assets, which means having the right to any residual interest in these assets at the end of the arrangement.

Under IFRIC 12, the concession assets used may not be recognised as property, plant and equipment by the operator, but as an intangible asset (“intangible asset model”) and/or as a financial asset (“financial asset model”), depending on the remuneration agreed with the grantor.

## Financial asset model

For service concessions, a financial asset is recognised when the operator has an unconditional contractual right to receive a determined amount from the grantor. Financial assets arising from the application of IFRIC 12 are recognised under “Financial concession assets” in the consolidated balance sheet. They are recognised at amortised cost. The consideration receivable is recognised in revenue.

## Intangible asset model

The intangible asset model applies if the operator has the right to charge users of a public service.

## Hybrid model

When only part of the investment is subject to a payment commitment from the grantor, the amount guaranteed by the grantor is recognised as a financial asset, and the remaining value is recognised as an intangible asset according to the hybrid model.

RATP Group believes that the operating agreements for RATP’s transport services in Île-de-France, including the multi-year agreement entered into with Île-de-France Mobilités, and certain agreements with RATP Dev’s transport subsidiaries, should be accounted for under IFRIC 12. To this effect, the concession assets cannot be recorded in the Group’s balance sheet as property, plant and equipment.

The Île-de-France Mobilités 2016-2020 agreement fall within the scope of application of IFRIC 12 as:

- the services rendered correspond to a public service mission;
- Île-de-France Mobilités determines what transport services must be provided and the pricing policy;
- the assets necessary for operations are returnable and reversionary concession assets, and Île-de-France Mobilités controls a significant residual interest in these assets at the end of the concession period: for rolling stock and related maintenance equipment classified as returnable assets, when the operating rights expire, Île-de-France Mobilités will repurchase the assets at their carrying amount net of grants, corresponding to the amount reported in the financial statements where the assets are recognised under property, plant and equipment. For operating assets (such as bus stations, etc.) classified as reversionary assets, Île-de-France Mobilités can exercise a buy-back option when the operating rights expire.

Contributions paid by Île-de-France Mobilités to RATP include the C2 contribution to fund investments. The contribution covers the cost of capital employed, including interest expense and net depreciation

expense. This financing mechanism grants RATP financial receivables corresponding to the net carrying amount, less grants, of the returnable assets at the reporting date, and the reimbursement of depreciation and amortisation expenses until the end of the current agreement with Île-de-France Mobilités. The portion of contribution covering returnable and reversionary assets is dedicated to the compensation and reimbursement of financial receivables.

The financial receivables relating to returnable assets are recovered by paying the portion of C2 contribution covering the depreciation and amortisation expenses and payment of the carrying amount when the operating rights expire, based on the amounts reported in the financial statements. The financial asset model is applied to returnable assets insofar as RATP has an unconditional right to receive cash from Île-de-France Mobilités until the end of the concession period, regardless of user traffic.

For reversionary concession assets, the receivables recognised as financial assets reflect the reimbursement of depreciation and amortisation expenses, based on the amounts reported in the financial statements until 2020, which is the expiry date of the agreement with Île-de-France Mobilités, during which RATP has an unconditional right to receive cash from Île-de-France Mobilités for the 2016-2020 period. The share of the residual carrying amount of the reversionary public concession assets, which was not recognised as a receivable in accordance with IFRIC 12, is recognised under intangible assets.

Their useful lives correspond to those applied by the Group for similar property, plant and equipment and intangible assets (Note 10).

The portion of the financial receivable due within one year was recognised as “Current financial concession assets”, and the portion that is due later than one year was recognised as “Non-current financial concession assets”.

Pursuant to IFRS 9, receivables relating to financial concession assets are measured at amortised cost and impaired if the carrying amount is higher than the present value of the discounted future cash flows.

The remuneration of this financial asset is included in “other income from ordinary activities” from the date of application of IFRS 15 at 1 January 2018 (it was recorded as revenue until 2017).

Pursuant to IFRS 15 “Revenue from contracts with customers”, acquisitions of returnable assets are accounted for as purchase transactions in the period recognised under cost of sales. The grantor accounts for them as sales recognised under revenue from ordinary activities.

At the subsidiary level, the receivables recognised as financial assets reflect the reimbursement of depreciation and amortisation expenses, based on the amounts reported in the financial statements until the expiry date of the current agreements. During this period, RATP has an unconditional right to receive cash from the transport authority. At the end of the concession period, the transport authority shall have the right to exercise its reversionary option (see Note 1.5). Consequently, the residual carrying amount of the reversionary public concession assets at the expiry date of the present agreements is recognised under intangible assets.



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

The carrying amount of the financial concession assets as of 31 December 2018 is:

	31/12/2018	31/12/2017
Gross amount	3,685,761	3,795,775
Impairment		
<b>Financial concession assets – non-current</b>	<b>3,685,761</b>	<b>3,795,775</b>
Gross amount	294,243	285,982
Impairment		
<b>Financial concession assets – current</b>	<b>294,243</b>	<b>285,982</b>

The effect of applying IFRIC 12 on the income statement for financial year 2018 is as follows:

	31/12/2018 prior to IFRIC 12	Cancelled depreciation and amortisation <sup>(1)</sup>	Cancelled compensation and amortisation <sup>(2)</sup>	Compensation of concession financial assets <sup>(3)</sup>	Purchase/sale transactions <sup>(4)</sup>	31/12/2018 after IFRIC 12
Revenue	6,005,279		(328,143)	(114,275)		5,562,861
Other income from ordinary activities	115,924			114,275	201,282	431,481
<b>Revenue</b>	<b>6,121,203</b>	<b>–</b>	<b>(328,143)</b>	<b>–</b>	<b>201,282</b>	<b>5,994,342</b>
Cost of sales	(407,096)				(201,282)	(608,378)
Other purchases and external charges	(931,943)					(931,943)
Tax, duties and other payables	(315,319)					(315,319)
Payroll costs	(3,272,752)					(3,272,752)
Other operating expenses	(19,704)					(19,704)
<b>EBITDA</b>	<b>1,174,389</b>	<b>–</b>	<b>(328,143)</b>	<b>–</b>	<b>–</b>	<b>846,246</b>
Depreciation/amortisation	(723,803)	328,143				(395,660)
Provisions, net	8,520					8,520
Gain on disposal of assets	9,411					9,411
Gain/(loss) on other consolidation scope changes	(2,057)					(2,057)
Impairment	0					0
Other operating income (expenses)	(1,316)					(1,316)
Income from equity-accounted associates	(13,871)					(13,871)
<b>Operating income (EBIT)</b>	<b>451,273</b>	<b>328,143</b>	<b>(328,143)</b>	<b>–</b>	<b>–</b>	<b>451,273</b>
Of which EPIC return		279,291	(279,291)	111,050	200,232	
Of which EPIC reversals		43,804	(43,804)	2,599		
Of which Subsidiaries		5,048	(5,048)	626	1,050	

(1) The concession assets recognised under assets on the consolidated balance sheet consist of property, plant and equipment and intangible assets recorded in the separate financial statements. Thus, they do not generate any depreciation in the income statement of RATP Group.

(2) Pursuant to IFRIC 12, the contribution paid to fund concession assets is not recognised in the income statement (excluding remuneration of the receivable). The contribution reduces the amount of financial concession assets.

(3) Financial concession assets are remunerated at the rate set in the Île-de-France Mobilités agreement.

(4) The expenses incurred by RATP for investments in returnable assets are recognised in the income statement and transferred to Île-de-France Mobilités as they are capitalised. RATP is responsible for all relations with manufacturers and suppliers.

## 15 — Asset impairment tests

### Impairment of cash-generating units (CGUs)

The assets to be tested for impairment are combined in cash-generating units (CGUs).

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The CGUs defined for RATP correspond to Infrastructure management (IM) and Transport operations (TO) activities (see Note 32).

The other CGUs are defined at subsidiary level in terms of the business or geographical area: France/Switzerland, Americas, United Kingdom/South Africa and Sightseeing. These CGUs are included in the Transport operations operating segment.

An impairment test is carried out:

- annually on all CGUs containing goodwill or other intangible assets with indefinite useful lives; or
- when there is an indication of impairment.

For impairment testing, the carrying amount of the CGU is compared to its recoverable value. The recoverable value of a CGU is the higher of its fair value less costs to sell and its value in use. In the event of impairment, an impairment loss is recognised in operating income. Impairment losses on goodwill cannot be reversed.

Value in use is determined by discounting the CGU's expected future cash flows using an appropriate discount rate based on the nature of the business, and taking into consideration its residual value.

### Impairment of other non-financial assets

For all non-financial assets, impairment testing is performed whenever there is an indication of impairment. The carrying amount of the non-financial asset is compared to its recoverable value, which is defined as the higher of the selling price, less costs to sell, and its value in use.

#### 15.1 RATP's cash-generating units (CGUs)

The ORTF law on public passenger transport has limited the duration of operating rights granted to RATP, set forth ownership regimes and specified what happens to assets upon contract expiry. It has also set out the compensation arrangements for infrastructure management and line operations in order to ensure that costs are covered and there is a return on capital employed.

The impacts of government tax measures on gross operating margin led to the revision of impairment tests for the RATP's GI and TO CGUs (cash-generating units). The tests were carried out based on the value of the assets as of 1 January 2018. The allocation of these asset values between Infrastructure management and Transport operations was done according to the legal and regulatory provisions applicable to RATP.

The carrying amount of the assets tested in each CGU includes:

- fixed assets (depreciable property, plant and equipment and amortisable intangible assets) net of grants;
- intangible assets and financial assets recognised under IFRIC12;
- working capital requirements.

As these activities were created by RATP, the CGUs do not have any goodwill, or intangible assets with indefinite useful lives.

### Main assumptions used to determine recoverable value

The recoverable value of the assets corresponds to their value in use, which is determined based on the following assumptions:

For 2017-2020:

- for TO and IM, the flows were estimated on the basis of RATP's business plan approved by the State and based on the financial provisions of the Île-de-France Mobilités agreement for 2016-2020, discounted as required by changes to interest rates;
- furthermore, for IM, revenue is allocated in accordance with the agreement on a flat-rate basis.

Beyond 2020:

- RATP renewed the current contract to indefinitely, without taking into account the opening of the market to competition;
- for TO, investment assumptions specific to rolling stock were accounted for until the return of the returnable assets to the Île-de-France Mobilités;
- for IM, a standard investment for renewal was estimated.

Terminal values were calculated based on normative cash flows determined at the end of the period specified in the plan and projected to infinity on the basis of a perpetual growth rate corresponding to the long-term estimated inflation rate. Concerning Transport operations, cash flows are projected until the end of the operating rights by estimating corresponding terminal values for each expiry date of the operating rights.

	CGUs	
	Infrastructure management	Transport operations
Method for determining the recoverable value	Value in use	Value in use
Discount rate	4.8%	Rolling stock: 3.7% Other fully-owned assets and reversionary (concession) assets: 5.4%
Terminal growth rate	2.0%	2.0%

The estimated discount rate (weighted average cost of capital) was determined using the average rates observed for a panel of listed companies with similar activities to RATP. A specific discount rate was adopted for Transport operations rolling stock (returnable assets) given the contractual compensation arrangements for these assets, i.e. 3.7%. For other assets used in Transport operations (fully-owned and reversionary assets), a discount rate of 5.4% was applied, in line with the rates used by the panel.

## 15.2 RATP DEV's cash-generating units (CGUs)

Impairment tests were performed on the other existing CGUs at 31 December 2018.

The other CGUs are defined at the level of the geographical area (France/Switzerland, Americas, United Kingdom/South Africa) as well as a specific business for Sightseeing. These CGUs are included in the Transport operations operating segment.

The recoverable value of the principal CGUs was determined on the basis of the following key assumptions:

	CGUs			
	France/ Switzerland	UK/South Africa	Americas	Sightseeing
Method for determining the recoverable value	Value in use	Value in use	Value in use	Value in use
Discount rate	5.60%	5.60%	6.60%	6.60%
Perpetual growth rate	2.0%	2.0%	2.0%	2.0%

The estimated discount rate (weighted average cost of capital) was determined using the average rates observed for a panel of listed companies with activities similar to those of the Group, by estimating risk-free payments specific to each country, and a specific risk premium for the Sightseeing activity.

The impairment tests performed did not reveal any impairment losses on the CGUs defined above.

### Sensitivity of recoverable values

Sensitivity tests were performed to confirm the results of the impairment tests. Based on the assets tested at their value in IFRS:

- a +8.18% change in discount rate for the France/Switzerland CGU, +6.43% for the UK/South Africa CGU, +11.13% for the Americas

### Results of the impairment tests

The impairment tests performed on the Infrastructure management and Transport operations CGUs did not reveal any impairment losses. Consequently, no impairment losses were recognised in the consolidated financial statements for the financial year.

### Sensitivity of recoverable values

Sensitivity tests were performed to confirm the results of the impairment tests. Based on the assets tested at their value in IFRS:

- a +0.20% change in discount rate for the IM CGU and +0.64% for the TO CGU would equalise the recoverable value and net carrying amount of each CGU;
- a -0.21% change in terminal growth rate for the IM CGU and -0.36% for the TO CGU would equalise the recoverable value and net carrying amount of each CGU;
- a change of +€12 million in investment renewals for the IM CGU and +€25 million for the TO CGU would equalise the recoverable value and net carrying amount of the CGU.

CGU, and +0.54% for the Sightseeing CGU would equalise the recoverable value and net carrying amount of each CGU;

- a -0.7% change in terminal growth rate for the Sightseeing CGU would bring into line the recoverable value and net carrying amount of each CGU.

During the year, no other event likely to have an impact on the goodwill values was recorded after the impairment tests performed on the CGUs.

## 16 — Interest in the subsidiaries

The list of fully-consolidated RATP subsidiaries is supplied in Note 38. As regards the individual contribution of these subsidiaries in the Group's financial statements, none is considered materially significant (contributions individually less than 10% of revenue). The largest

of them represents less than 5% of revenue. The share of non-controlling interests in the financial statements is not significant either.

Given the weak individual importance of shares in the subsidiaries, the Group deems that it is not exposed to specific risks per entity that could have a significant impact on the financial statements.

## 17 — Equity-accounted investments

### 17.1 Investments in equity-accounted entities

Equity-accounted investments comprise associates and joint ventures. The shares in these entities are analysed as follows:

	31/12/2018				31/12/2017			
Group companies	% of interest	Equity-accounted investments	Of which share of net income	Of which share of other items of comprehensive income	% of interest	Equity-accounted investments	Of which share of net income	Of which share of other items of comprehensive income
Systra group	41.92	87,633	(5,227)	(1,059)	41.92	93,715	(6,257)	(1,930)
Other associates		10,799	2,377	28		8,949	641	130
Joint ventures		9,202	(11,021)	724		20,605	(5,383)	(3,624)
<b>TOTAL</b>		<b>107,633</b>	<b>(13,871)</b>	<b>(307)</b>		<b>123,269</b>	<b>(10,999)</b>	<b>(5,424)</b>

### 17.2 Major joint ventures and associates

Among equity-accounted associates, Systra is considered to be a significant associate.

Systra is a consulting and engineering group operating in the sector of public rail transport. It has approximately 30 subsidiaries and 20 branches worldwide.

Statement of financial position – Systra:

	31/12/2018	31/12/2017
Non-current assets	202,292	205,293
Current assets	475,219	497,617
Non-current liabilities	107,684	113,356
Current liabilities	420,774	425,603
<b>NET ASSETS (100%)</b>	<b>149,053</b>	<b>163,951</b>
Percentage of equity holding	41.92%	41.92%
<b>Group share in net assets</b>	<b>61,404</b>	<b>67,486</b>
Goodwill	26,228	26,228
<b>EQUITY VALUE</b>	<b>87,633</b>	<b>93,715</b>

Income statement – Systra:

Revenue	586,200	600,209
Net income (100%)	(12,470)	(14,925)
<b>Group share in net income</b>	<b>(5,227)</b>	<b>(6,257)</b>
Other comprehensive income	(1,059)	(1,930)

The other joint ventures and associates are not individually significant. These entities are essentially bus, tramway and/or metro network operating businesses, similar to those of fully-consolidated entities.

## 18 — Non-consolidated securities

In accordance with IFRS 9, non-consolidated securities are evaluated at their fair value.

The Group has chosen to record subsequent changes in the fair value of these securities under equity in other comprehensive income.

In the event of a sale, the net income from the transaction will be recognised in equity and will not impact net income.

	31/12/2017					
	Financial assets as at 01/01/2017	Increase	Decrease	Currency translation gains and losses	Other	Financial assets as at 31/12/2017
Total gross value	45,462	3,873	(635)	598	(1,621)	47,677
Impairment	(10,063)	12			5	(10,046)
<b>TOTAL NET VALUE</b>	<b>35,399</b>	<b>3,885</b>	<b>(635)</b>	<b>598</b>	<b>(1,616)</b>	<b>37,631</b>

	31/12/2018					
	Financial assets as at 01/01/2018	Increase	Decrease	Currency translation gains and losses	Other	Financial assets as at 31/12/2018
Total gross value	47,677	10,017	(51)	(9)	1,023	58,657
Impairment	(10,046)	(3,189)	3,015			(10,220)
<b>TOTAL NET VALUE</b>	<b>37,631</b>	<b>6,828</b>	<b>2,964</b>	<b>(9)</b>	<b>1,023</b>	<b>48,437</b>

Non-consolidated securities relate to the following:

	Net value	% of interest
RATP Habitat <sup>(1)</sup>	34,926	100
Cityscoot	5,000	8
Zenpark	3,000	9
Paris-Saclay Seed Fund	2,000	4
Klaxit	1,000	15
Linea <sup>(2)</sup>	826	33
Irise	750	10
Others <sup>(3)</sup>	935	
<b>TOTAL</b>	<b>48,437</b>	

(1) Low-cost housing company HLM RATP Habitat is excluded from the scope of consolidation for the reasons mentioned in Note 2.1. Financial data at 31 December 2017 of the low-cost housing company HLM RATP Habitat is as follows:  
Revenue: €141 million.  
Balance sheet total = €826 million, including €423 million of net debt.  
Net income: €11 million.

(2) RATP holds shares in this company (any dividends received are recorded by Autolinee), but does not exercise any influence over management. Linea operates another intercity network in Florence and is the partner of Autolinee in the business combination that was awarded the contracts.

(3) The amount includes –€621 thousand under IFRS 5 “Non-current assets held for sale and discontinued operations”.



## 19 — Other financial assets

Other financial assets consist of financial assets that do not fall under the previously defined categories of financial assets, mainly receivables relating to subsidiaries and affiliated companies, loans, security deposits and guarantees.

These financial assets are recorded at amortised cost using the effective interest rate method.

Impairment is assessed individually taking into account the risk profile of the counterparty and the guarantees obtained. When these financial assets are initially recognised, impairment is systematically recognised for the expected credit losses resulting from events that may occur in the next twelve months. In the event of a significant deterioration in the credit quality of the counterparty, the initial impairment is supplemented to cover all expected losses over the residual maturity of the receivable.

### 19.1 Other non-current financial assets

	31/12/2016	Increase	Decrease	Currency translation gains and losses	Other	31/12/2017
Deposits relating to leases	278,165		(75,227)		27,968	230,906
Fair value deposits	138,042		(40,282)		(21,907)	75,853
Inter-professional Housing Committee (CIL) loans	31,129				(3,516)	27,613
Other loans and receivables	15,945	6,733	(10,582)	(155)	5,361	17,303
<b>Other gross non-current financial assets</b>	<b>463,281</b>	<b>6,733</b>	<b>(126,091)</b>	<b>(155)</b>	<b>7,906</b>	<b>351,675</b>
Provisions for other financial assets	(127)		36			(91)
<b>Other non-current financial assets</b>	<b>463,154</b>	<b>6,733</b>	<b>(126,055)</b>	<b>(155)</b>	<b>7,906</b>	<b>351,584</b>

	31/12/2017	Increase	Decrease	Currency translation gains and losses	Other	31/12/2018
Deposits relating to leases	230,906				(210,831)	20,075
Fair value deposits	75,853		(870)		2,441	77,424
Inter-professional Housing Committee (CIL) loans	27,613				(3,859)	23,754
Other loans and receivables	17,303	13,497	(16,532)	37	4,601	18,907
<b>Other gross non-current financial assets</b>	<b>351,675</b>	<b>13,497</b>	<b>(17,402)</b>	<b>37</b>	<b>(207,648)</b>	<b>140,160</b>
Provisions for other financial assets	(91)	(115)	17			(189)
<b>Other non-current financial assets</b>	<b>351,584</b>	<b>13,382</b>	<b>(17,385)</b>	<b>37</b>	<b>(207,648)</b>	<b>139,971</b>

Deposits relating to leases (at amortised cost) concern contracts terminated before expiry of the lease period. They are allocated to the borrowings for lease terminations under loans and borrowings (Note 26.2).

Loans mainly correspond to the housing loans granted by RATP to low-cost housing management companies (CIL).

### 19.2 Other current financial assets

The cash collateral corresponds to the amounts paid as guarantee for loans related to lease terminations found under loans and borrowings (Note 26.1).

	31/12/2016	Increase/decrease	Currency translation gains and losses	Other	31/12/2017
Dividends receivable	4	(6)		6	4
Inter-professional Housing Committee (CIL) loans	4,950			21	4,971
Deposits relating to leases	50,075			(28,778)	21,297
Other loans, deposits and guarantees	569	496	(61)		1,004
Cash collateral relating to leases	342,200	(96,800)			245,400
Other investments – current	42,167	123,643			165,810
<b>OTHER FINANCIAL ASSETS – CURRENT</b>	<b>439,965</b>	<b>27,333</b>	<b>(61)</b>	<b>(28,751)</b>	<b>438,486</b>



	31/12/2018				
	31/12/2017	Increase/ decrease	Currency translation gains and losses	Other	31/12/2018
Dividends receivable	4				4
Inter-professional Housing Committee (CIL) loans	4,971			176	5,147
Deposits relating to leases	21,297	(228,851)		207,554	
Other loans, deposits and guarantees	1,004	(265)	29		768
Cash collateral relating to leases	245,400	(192,100)			53,300
Other investments – current	165,810	(92,958)			72,852
<b>OTHER FINANCIAL ASSETS – CURRENT</b>	<b>438,486</b>	<b>(514,174)</b>	<b>29</b>	<b>207,730</b>	<b>132,070</b>

## 20 — Inventories

Inventories and assets under production are measured at the lower of cost (including associated transaction costs) and net realisable value. Cost is calculated using the weighted average cost method.

Impairment is recorded where the cost is greater than the net realisable value.

### 20.1 Details of inventories by type

	31/12/2018			31/12/2017		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Raw materials and supplies	273,620	(51,847)	221,774	250,804	(51,140)	199,664
Other supplies	440		440	657		657
Work in progress	11,861		11,861	7,126		7,126
Merchandise	364		364	381		381
Finished goods	3,743	(108)	3,635	2,726	(118)	2,608
<b>TOTAL</b>	<b>290,029</b>	<b>(51,955)</b>	<b>238,074</b>	<b>261,694</b>	<b>(51,258)</b>	<b>210,436</b>

### 20.2 Changes in inventory impairment losses

	31/12/2017	Additions	Reversals	Foreign currency translation differences	Other and reclassification	31/12/2018
Impairment of inventories	(51,140)	(6,062)	5,354	1		(51,847)
Impairment of work in progress	(118)	(108)	118			(108)
<b>TOTAL</b>	<b>(51,258)</b>	<b>(6,170)</b>	<b>5,472</b>	<b>1</b>		<b>(51,955)</b>

## 21 — Operating receivables

Trade and other receivables are recorded at fair value, which equates to their face value, as the effect of discounting is not material for assets that are due within one year.

For operating receivables, the Group reviews its trade receivables on an individual basis taking into account the probability of counterparty default and the hedging level of these receivables and uses the simplified IFRS 9 method of provisioning expected losses over the residual maturity of the receivables.

	31/12/2018	31/12/2017
Gross trade receivables	346,267	282,502
Impairment of trade receivables	(9,196)	(9,949)
<b>Trade receivables</b>	<b>337,071</b>	<b>272,554</b>
Advance payments	6,929	4,839
Prepaid expenses	54,472	49,686
State and local authority receivables	251,970	250,607
Investment grants receivable	131,960	260,200
Other receivables	300,854	165,767
Income tax receivables	87,301	24,144
Impairment of other receivables	(5,580)	(6,185)
<b>Other receivables</b>	<b>827,907</b>	<b>749,057</b>
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>1,164,978</b>	<b>1,021,611</b>

	31/12/2018	31/12/2017
Impairment of trade receivables, at beginning of year	(9,949)	(8,701)
Write-downs during the period	(1,590)	(2,637)
Reclassification	0	(1,556)
Used reversals	2,344	2,945
<b>IMPAIRMENT OF TRADE RECEIVABLES, AT END OF THE YEAR</b>	<b>(9,196)</b>	<b>(9,949)</b>

All accounts receivable are due within one year.

## 22 — Cash and cash equivalents

The line item “Cash and cash equivalents” includes bank accounts, liquid investments and cash equivalents.

Cash equivalents comprise risk-free investments, which may be converted almost immediately into cash with negligible risk of change in value. They are held exclusively to meet the Group’s short-term cash requirements.

They include:

- negotiable debt instruments with an original maturity of less than three months and issued by highly-rated counterparties;
- shares in standard or short-term money market UCITS;
- term deposits maturing in less than three months or redeemable with no risk to invested capital and without notice in less than three months.

Cash and cash equivalents are measured at amortised cost, or at fair value through profit or loss, depending on the nature of the investment.

	31/12/2018	31/12/2017
Marketable securities	767,241	759,781
Cash and cash equivalents	308,257	383,305
<b>TOTAL</b>	<b>1,075,498</b>	<b>1,143,086</b>

Total cash and cash equivalents presented in the cash flow statement comprise the following:

	31/12/2018	31/12/2017
Cash and cash equivalents (balance sheet)	1,075,498	1,143,086
Bank overdrafts	(74,652)	(119,072)
<b>Closing cash and cash equivalents (cash flow statement)</b>	<b>1,000,845</b>	<b>1,024,015</b>

## 23 — Equity

### 23.1 Capital endowment

RATP was formed by the act of 21 March 1948. However, no capital was transferred to it at that time. In 1986, the public authorities allocated capital of €283.3 million to RATP. This allocation was increased by €150 million in July 2010 as part of the national recovery plan announced at the start of 2009.

### 23.2 Reserve for assets allocated to

The equity contra-account entitled “Reserve for assets allocated to RATP” shown in liabilities essentially reflects the residual value at 1 January 1949 – when RATP was created – of the assets provided for use by RATP at that time and that remained on the balance sheet at 31 December 1976.

## 24 — Provisions for employee benefits

Provisions for employee benefits comprise post-employment benefits and other long-term benefits.

	31/12/2018	31/12/2017
Provisions for retirement benefits	297,708	304,996
Provisions for death indemnities for retirees	37,984	40,232
Provisions for death indemnities for employees in service	19,951	16,382
Provisions for early retirement benefits	2,572	2,839
Provisions for work-related accident and disability pensions	305,108	303,277
Provision for retirement benefits of foreign subsidiaries	7,388	10,681
<b>Total post-employment benefits</b>	<b>670,711</b>	<b>678,407</b>
Provisions for phased retirement	18	204
Provisions for seniority bonuses	31,219	28,392
Provisions for long-term sick leave	3,086	3,086
Provisions for unemployment benefit	6,455	8,702
Provisions for work-related accident and disability pensions	22,309	22,612
Other provisions for long-term benefits	1,050	1,000
<b>Total long-term benefits</b>	<b>64,137</b>	<b>63,994</b>
<b>TOTAL</b>	<b>734,848</b>	<b>742,401</b>

## 24.1 Post-employment benefits

The net liability recorded in the balance sheet for post-employment benefit obligations corresponds to the present value of the defined benefit obligation at the reporting date. The present value of the obligation, as well as the cost of past services, is calculated using the projected unit credit method. Under this method, rights to benefits are allocated to service periods in the same way as rights are acquired under the plan or on a straight-line basis when the rhythm of acquisition of the rights is not uniform and would significantly defer recognition of a provision for the obligation.

The amount of future payments for employee benefits is assessed using assumptions such as salary increase rate, retirement age, number of years' service to date and mortality tables. They are discounted to their present value using a discount rate specific to each geographic area and currency, namely:

- the Bloomberg fifteen-year eurobond composite rate for companies with an AA rating (for the eurozone);
- AA rated sterling-denominated corporate bonds (for UK companies).

Remeasurement of the net liability under post-employment benefit schemes (including changes in the liability and the financial assets due to changes in assumptions and experience adjustments) are recognised in "Other comprehensive income". They may not be recycled through profit or loss.

Any effects of plan changes (gains or losses) are immediately recognised in profit or loss.

### 24.1.1 Description of the various post-employment benefit schemes

#### Retirement benefits

Employees are entitled to RATP retirement benefits, unless a more favorable scheme is in place. The amount of the benefit is based on the length of time the employee has been employed by the company. RATP pays retirement benefits to all its employees that fulfill the vesting conditions. Benefits are calculated on the basis of gross monthly remuneration and a coefficient to reflect the employee's hierarchical status at the retirement date. The coefficient reflects the number of annuities vested at the retirement date and is set by current employment agreements.

#### Death indemnities for retirees

RATP pays death indemnities to retirees who have vested rights in a seniority-based retirement or pension scheme. The amount of the indemnity is calculated at the time of death, at three times the monthly pension payment. The obligation is measured based on historical data.

#### Death indemnities for current employees

As for the State social security scheme, RATP's social security system provides life insurance coverage. The purpose of life insurance is to guarantee the payment of a "death indemnity" when a person covered by the policy dies. The amount is equal to twelve months of the employee's salary at the time of death. The purpose of the indemnity is to compensate the deceased's family for the loss of revenue from the employee's professional income.

#### Early retirement (benefits)

This scheme applies to employees suffering a work-related illness linked to asbestos. This allows agents to continue receiving a partial salary in the event of early retirement, upon request and according to their age.

#### Work-related accident and disability allowance

RATP does not contribute to the State scheme for work-related accidents and disability, as it makes the indemnity payments itself.

Employees who are victims of work-related accidents or illnesses, which result in permanent partial incapacity to work, may request a lump sum payment or an annual allowance for the rest of their lives. The committee on work-related accidents and illnesses decides whether the victim or those with vested rights are eligible and determines the amount of the allowance. The benefits are paid by the pension fund. The allowances are paid until the death of the beneficiary and are reversible, as appropriate.

#### Retirement benefit obligations of foreign subsidiaries

Some foreign subsidiaries – mainly in the United Kingdom – have defined benefit plans to cover their retirement benefit obligations. The obligations are partially covered by plan assets derived principally from local investments.



## 24.1.2 Change in provisions

Changes in provisions for post-employment benefits were as follows:

	Retirement indemnities	Death indemnities (employees in service)	Death indemnities for retirees	Occupational injury and disease pensions	Early retirement (benefits)	Retirement plans of foreign subsidiaries	Total
<b>Total net liability as at 1 January 2017</b>	<b>313,164</b>	<b>16,270</b>	<b>41,526</b>	<b>296,446</b>	<b>3,253</b>	<b>27,653</b>	<b>698,313</b>
Current service cost and interest cost	22,564	1,554	607	22,775	42	(509)	47,032
Benefits paid	(28,152)	(1,118)	(1,716)	(10,737)	(565)	–	(42,288)
Actuarial gains/(losses)	(2,168)	(324)	(185)	(5,207)	109	(11,035)	(18,810)
Asset ceiling effect (IFRIC 14)						605	605
Contributions paid into the plan						(4,966)	(4,966)
Changes in scope	(133)					–	(133)
Effect of change in exchange rates	(276)					(1,071)	(1,347)
<b>NET LIABILITIES RECOGNISED AT 31 DECEMBER 2017</b>	<b>304,999</b>	<b>16,382</b>	<b>40,232</b>	<b>303,277</b>	<b>2,839</b>	<b>10,678</b>	<b>678,407</b>

	Retirement indemnities	Death indemnities (employees in service)	Death indemnities for retirees	Occupational injury and disease pensions	Early retirement (benefits)	Retirement plans of foreign subsidiaries	Total
<b>Total net liability as at 1 January 2018</b>	<b>304,999</b>	<b>16,382</b>	<b>40,232</b>	<b>303,277</b>	<b>2,839</b>	<b>10,678</b>	<b>678,407</b>
Current service cost and interest cost	21,893	1,566	587	22,995	36	856	47,933
Benefits paid	(17,067)	(1,040)	(1,504)	(11,882)	(477)	–	(31,970)
Actuarial gains/(losses)	(11,623)	3,043	(1,331)	(9,282)	174	(939)	(19,957)
Asset ceiling effect (IFRIC 14)						(760)	(760)
Contributions paid into the plan						(2,431)	(2,431)
Changes in scope	(542)					–	(542)
Effect of change in exchange rates	47					(15)	31
<b>NET LIABILITIES RECOGNISED AT 31 DECEMBER 2018</b>	<b>297,708</b>	<b>19,951</b>	<b>37,984</b>	<b>305,108</b>	<b>2,572</b>	<b>7,388</b>	<b>670,711</b>



### 24.1.3 Recognised expense

The expense recognised for the year can be broken down as follows:

	Retirement indemnities	Death indemnities (employees in service)	Death indemnities for retirees	Occupational injury and disease pensions	Early retirement (benefits)	Retirement plans of foreign subsidiaries	Total
<b>Expense recognised in 2017</b>							
Service cost	(18,291)	(1,300)	–	(18,216)	–	1,640	(36,167)
Financial interest	(4,272)	(254)	(607)	(4,559)	(42)	(656)	(10,390)
Other	–	–	–	–	–	(475)	(475)
<b>IMPACT ON NET INCOME</b>	<b>(22,564)</b>	<b>(1,554)</b>	<b>(607)</b>	<b>(22,775)</b>	<b>(42)</b>	<b>509</b>	<b>(47,032)</b>

	Retirement indemnities	Death indemnities (employees in service)	Death indemnities for retirees	Occupational injury and disease pensions	Early retirement (benefits)	Retirement plans of foreign subsidiaries	Total
<b>Expense recognised in 2018</b>							
Service cost	(17,635)	(1,320)	–	(18,336)	–	(617)	(37,909)
Financial interest	(4,258)	(246)	(587)	(4,659)	(36)	(238)	(10,024)
<b>IMPACT ON NET INCOME</b>	<b>(21,893)</b>	<b>(1,566)</b>	<b>(587)</b>	<b>(22,995)</b>	<b>(36)</b>	<b>(856)</b>	<b>(47,933)</b>

### 24.1.4 Impact on other comprehensive income

Actuarial gains and losses relating to post-employment benefits were as follows:

	Retirement indemnities	Death indemnities (employees in service)	Death indemnities for retirees	Occupational injury and disease pensions	Early retirement (benefits)	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total
<b>Amounts recognised directly in equity in 2017</b>								
<b>OPENING BALANCE</b>	<b>(16,450)</b>	<b>322</b>	<b>(6,211)</b>	<b>(83,834)</b>	<b>(9,994)</b>	<b>(25,500)</b>	<b>(13,609)</b>	<b>(155,275)</b>
Change in actuarial gains and losses for the year	2,168	324	185	5,207	(109)	–	11,035	18,810
Other							1,248	1,248
<b>CLOSING BALANCE</b>	<b>(14,281)</b>	<b>646</b>	<b>(6,026)</b>	<b>(78,627)</b>	<b>(10,103)</b>	<b>(25,500)</b>	<b>(1,326)</b>	<b>(135,217)</b>

	Retirement indemnities	Death indemnities (employees in service)	Death indemnities for retirees	Occupational injury and disease pensions	Early retirement (benefits)	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total
<b>Amounts recognised directly in equity in 2018</b>								
<b>OPENING BALANCE</b>	<b>(14,281)</b>	<b>646</b>	<b>(6,026)</b>	<b>(78,627)</b>	<b>(10,103)</b>	<b>(25,500)</b>	<b>(1,326)</b>	<b>(135,217)</b>
Change in actuarial gains and losses for the year	12,113	(3,043)	1,331	9,282	(174)		1,805	21,314
Other	(792)	–	–	–	–		(1,790)	(2,582)
Effect of change in exchange rates	(591)						(2,493)	(3,084)
<b>CLOSING BALANCE</b>	<b>(3,551)</b>	<b>(2,397)</b>	<b>(4,695)</b>	<b>(69,345)</b>	<b>(10,277)</b>	<b>(25,500)</b>	<b>(3,804)</b>	<b>(119,569)</b>



## 24.1.5 Change in commitment and plan assets

	Retirement indemnities	Death indemnities (employees in service)	Death indemnities for retirees	Occupational injury and disease pensions	Early retirement (benefits)	Retirement plans of foreign subsidiaries	Total
<b>Obligation as at 1 January 2017</b>	<b>313,164</b>	<b>16,270</b>	<b>41,526</b>	<b>296,446</b>	<b>3,253</b>	<b>167,383</b>	<b>838,042</b>
Service cost	18,291	1,300	–	18,216	–	(1,640)	36,167
Interest cost	4,272	254	607	4,559	42	4,466	14,201
Employee contributions						(2,927)	(2,927)
Benefits paid	(28,152)	(1,118)	(1,716)	(10,737)	(565)	(2,574)	(44,862)
Termination or liquidation of rights							–
Actuarial gains/(losses)	(2,168)	(324)	(185)	(5,207)	109	(1,194)	(8,969)
Changes in scope	(133)	–	–	–	–	–	(133)
Effect of change in exchange rates	(276)					(6,358)	(6,634)
Other						(210)	(210)
<b>Obligation as at 31 December 2017</b>	<b>304,999</b>	<b>16,382</b>	<b>40,232</b>	<b>303,277</b>	<b>2,839</b>	<b>156,947</b>	<b>824,676</b>
Plan assets as at 31 December 2017						(148,235)	(148,235)
<b>Obligation net of plan assets</b>	<b>304,999</b>	<b>16,382</b>	<b>40,232</b>	<b>303,277</b>	<b>2,839</b>	<b>8,711</b>	<b>676,440</b>
IFRIC 14 accumulated adjustment						1,967	1,967
<b>NET LIABILITIES RECOGNISED AT 31 DECEMBER 2017</b>	<b>304,999</b>	<b>16,382</b>	<b>40,232</b>	<b>303,277</b>	<b>2,839</b>	<b>10,678</b>	<b>678,407</b>

	Retirement indemnities	Death indemnities (employees in service)	Death indemnities for retirees	Occupational injury and disease pensions	Early retirement (benefits)	Retirement plans of foreign subsidiaries	Total
<b>Obligation as at 1 January 2018</b>	<b>304,999</b>	<b>16,382</b>	<b>40,232</b>	<b>303,277</b>	<b>2,839</b>	<b>156,947</b>	<b>824,676</b>
Service cost	17,635	1,320	–	18,336	–	617	37,909
Accretion charge	4,258	246	587	4,659	36	3,810	13,596
Employee contributions						6	6
Benefits paid	(17,067)	(1,040)	(1,504)	(11,882)	(477)	(5,959)	(37,929)
Actuarial gains/(losses)	(11,623)	3,043	(1,331)	(9,282)	174	(7,555)	(26,573)
Changes in scope	(542)	–	–	–	–	–	(542)
Effect of change in exchange rates	47					(1,067)	(1,020)
Other						14	14
<b>Obligation as at 31 December 2018</b>	<b>297,708</b>	<b>19,951</b>	<b>37,984</b>	<b>305,108</b>	<b>2,572</b>	<b>146,813</b>	<b>810,136</b>
Plan assets as at 31 December 2018						(140,610)	(140,610)
<b>Obligation net of plan assets</b>	<b>297,708</b>	<b>19,951</b>	<b>37,984</b>	<b>305,108</b>	<b>2,572</b>	<b>6,203</b>	<b>669,526</b>
IFRIC 14 accumulated adjustment						1,185	1,185
<b>NET LIABILITIES RECOGNISED AT 31 DECEMBER 2018</b>	<b>297,708</b>	<b>19,951</b>	<b>37,984</b>	<b>305,108</b>	<b>2,572</b>	<b>7,388</b>	<b>670,711</b>
Estimate of payments in 2019	10,506	1,520	1,099	10,853	425		

Plan assets of foreign subsidiaries:

	31/12/2018	31/12/2017
<b>Net asset recognised as at 1 January</b>	<b>148,235</b>	<b>141,102</b>
Interest on assets	3,574	3,856
Employer contributions	2,431	4,966
Employee contributions	6	37
Benefits paid from plan assets	(5,959)	(5,542)
Actuarial gains/(losses)	(6,615)	9,840
Effect of change in exchange rates	(1,052)	(5,335)
Other	(10)	(689)
<b>NET ASSET RECOGNISED AS AT 31 DECEMBER</b>	<b>140,610</b>	<b>148,235</b>

Plan assets of subsidiaries are invested as follows: approximately 24% in equities, 42% in bonds, 4% in real estate and the remainder in other financial assets.

### 24.1.6 Actuarial assumptions

The main actuarial assumptions are as follows:

	31/12/2018		31/12/2017	
	Eurozone	United Kingdom	Eurozone	United Kingdom
Discount rate	1.75%	2.55% to 2.90%	1.50%	2.15% to 2.65%
Inflation rate	2.00%	3.1% to 3.3%	2.00%	3.20%
Salary increase rate including inflation	2.0% to 2.2%	2.20% to 2.95%	2.0% to 2.2%	2.05%
Mortality table	TGH 05/TGF 05	S2PA	TGH 05/TGF 05	S2PA
Retirement age	60.8	65	59.4	65
Pension revaluation rate	NA	2.05% to 2.4%	NA	2.05% to 2.3%
Turnover rate	0.00%	NC	0.00%	NC

An increase or decrease of 25 basis points in the discount rate would have increased or decreased aggregate post-employment obligations by +/-€24 million.

The average duration of post-employment benefit obligations is fifteen years, as of the 2017 reporting date.

## 24.2 Other long-term benefits

Other long-term benefits are measured according to actuarial calculations.

### 24.2.1 Description of long-term benefit schemes

#### Work-related accident and disability allowances

The allowances and indemnities for work-related accidents and illnesses paid to employees in service are accounted for as long-term benefits. The portion relating to retirees is accounted for under post-employment benefits (see description of the allowances in paragraph 24.1.1).

#### Seniority bonuses

After a specific number of years' service, employees receive seniority bonuses and additional holiday leave.

#### Phased retirement

This scheme previously enabled employees to opt for part-time employment remunerated at 70% for those under 55 years of age and at 75% for employees aged 55 and upwards. The scheme was closed to new contributors as of 2010.

### Unemployment benefits

As for the State unemployment benefit fund (Assedic), RATP provides employees whose employment contracts have reached termination with replacement revenue known as “unemployment benefit” for a variable duration depending on the number of years of affiliation and the age of the employee. This compensation scheme for the termination of an employment contract is recognised in a similar way to a long-term benefit scheme, although the benefits are payable after the employee’s employment ends.

### Long-term sick leave

Employees with extended illnesses are granted sick leave to enable them to receive the medical treatment required. Although their employment contract is suspended, all or part of their salary is paid, subject to certain conditions.

	Seniority bonuses	Work-related accident and disability allowances	Phased retirement	Unemployment benefits	Leave for long-term illness	Other	Total long-term benefits
<b>Total net liability as at 1 January 2017</b>	<b>27,815</b>	<b>22,034</b>	<b>617</b>	<b>7,500</b>	<b>2,329</b>	<b>3,500</b>	<b>63,794</b>
Cost of services provided	2,142	3,182	3	–	2,112		7,439
Benefits paid	(1,642)	(2,807)	(524)	–	(1,666)		(6,639)
Accretion charge	427	336					763
Actuarial gains and losses	(350)	(134)	108	1,202	311		1,137
Other						(2,500)	(2,500)
<b>NET LIABILITIES RECOGNISED AT 31 DECEMBER 2017</b>	<b>28,392</b>	<b>22,612</b>	<b>204</b>	<b>8,702</b>	<b>3,086</b>	<b>1,000</b>	<b>63,994</b>

	Seniority bonuses	Work-related accident and disability allowances	Phased retirement	Unemployment benefits	Leave for long-term illness	Other	Total long-term benefits
<b>Total net liability as at 1 January 2018</b>	<b>28,392</b>	<b>22,612</b>	<b>204</b>	<b>8,702</b>	<b>3,086</b>	<b>1,000</b>	<b>63,994</b>
Cost of services provided	2,192	3,129					5,321
Benefits paid	(1,372)	(4,914)	(186)	(2,247)			(8,719)
Accretion charge	441	342					783
Actuarial gains and losses	1,566	1,142					2,708
Other						50	50
<b>NET LIABILITIES RECOGNISED AT 31 DECEMBER 2018</b>	<b>31,219</b>	<b>22,309</b>	<b>18</b>	<b>6,455</b>	<b>3,086</b>	<b>1,050</b>	<b>64,137</b>
Estimate of payments to defined benefit plans in 2019	1,794	3,081	–	–	–		4,875

### 24.2.2 Main actuarial assumptions

	31/12/2018	31/12/2017
Discount rate	1.75%	1.50%
Inflation rate	2.00%	2.00%
Salary increase rate including inflation	2.20%	2.20%
Mortality table	TGH 05/TGF 05	TGH 05/TGF 05
Retirement age	60.8	59.4
Turnover rate	0.00%	0.00%

An increase or decrease in the discount rate of 25 basis points would have decreased or increased aggregate long-term benefits by +/- €2 million.

## 25 — Other provisions

A provision is recognised at the reporting date if the Group has a current obligation towards a third party as a result of a past event. It is probable that an outflow of economic benefits will be required to settle the obligation, and the obligation can be reliably estimated.

This obligation may be legal, regulatory, contractual or implicit.

The provision recognised corresponds to the estimated amount of resources the Group requires to settle the obligation. Provisions are discounted if the effect of discounting is material.

Decommissioning costs mainly concern railway rolling stock. A provision is recorded to offset the amount recorded under fixed assets, and the asset components are amortised over the useful life of the trains.

Any increase in the liability provisioned in terms of cost or term to maturity (decommissioning component) is capitalised in the value of the associated equipment. As the effect of discounting is not material, the provisions are not discounted.

The impact of all provisions (assets and liabilities) on the income statement is as follows:

	31/12/2017	31/12/2018
Provisions, net	11,886	8,520

Various legal proceedings have been instituted against the company and its subsidiaries in the normal course of business. In certain cases, claims for damages have been made, which are provisioned when payment is probable and measurable.

	31/12/2016	Additional allowance	Provisions used	Unused provisions	Reclassification, changes of scope and exchange rate	31/12/2017
<b>Non-current provisions</b>	<b>160,424</b>	<b>30,995</b>	<b>(17,109)</b>	<b>(12,683)</b>	<b>(644)</b>	<b>160,983</b>
Decommissioning <sup>(1)</sup>	66,799		(686)		927	67,040
Disputes <sup>(2)</sup>	12,499	2,565	(2,331)	(3,805)	(111)	8,816
Other expenses	24,034	2,276	(1,130)		(1,365)	23,816
Other risks <sup>(3)</sup>	57,092	26,154	(12,963)	(8,877)	(95)	61,311
<b>Current provisions</b>	<b>74,434</b>	<b>24,462</b>	<b>(21,864)</b>	<b>(11,239)</b>	<b>1,847</b>	<b>67,640</b>
Disputes <sup>(2)</sup>	27,116	3,203	(3,382)	(7,611)	(303)	19,023
Other expenses	10,152	1,931	(9,225)		2,183	5,041
Other risks <sup>(3)</sup>	37,166	19,327	(9,256)	(3,628)	(32)	43,577
<b>TOTAL PROVISIONS</b>	<b>234,858</b>	<b>55,456</b>	<b>(38,973)</b>	<b>(23,921)</b>	<b>1,204</b>	<b>228,623</b>

	31/12/2017	Additional allowance	Provisions used	Unused provisions	Reclassification, changes of scope and exchange rate	31/12/2018
<b>Non-current provisions</b>	<b>160,983</b>	<b>26,449</b>	<b>(10,811)</b>	<b>(18,835)</b>	<b>(2,839)</b>	<b>154,947</b>
Decommissioning <sup>(1)</sup>	67,040		(312)	41	41	66,810
Disputes <sup>(2)</sup>	8,816	3,370	(1,369)	(1,805)	1	9,014
Other expenses	23,816	2,542	(614)	(41)	(816)	24,887
Other risks <sup>(3)</sup>	61,311	20,537	(8,515)	(17,031)	(2,066)	54,237
<b>Current provisions</b>	<b>67,640</b>	<b>21,653</b>	<b>(10,274)</b>	<b>(10,446)</b>	<b>(2,693)</b>	<b>65,880</b>
Disputes <sup>(2)</sup>	19,023	3,234	(2,651)	(3,610)	24	16,020
Other expenses	5,041	1,870	(1,554)		(3)	5,354
Other risks <sup>(3)</sup>	43,576	16,548	(6,068)	(6,837)	(2,713)	44,506
<b>TOTAL PROVISIONS</b>	<b>228,623</b>	<b>48,102</b>	<b>(21,084)</b>	<b>(29,282)</b>	<b>(5,532)</b>	<b>220,827</b>

(1) Provisions for decommissioning railway rolling stock are recorded with an offsetting entry under components of fixed assets as they are amortised over the useful lives of the trains.

(2) Provisions for litigation concern provisions for disputes and legal proceedings of a commercial nature or those instigated by employees involving asbestos-related illnesses contracted at work.

(3) Provisions for other contingencies comprise RATP's obligation to insure passenger accidents on its networks, on the basis of cases already declared, for an amount of €89 million. These provisions cover any excess in compensation for bodily harm and/or material damage not covered by the insurance contracts. The level of provisions is graduated according to the seriousness of the damage.

## 26 — Financial liabilities

Loans and borrowings mainly include bonds, loans from the Île-de-France region, loans from credit institutions and short-term bank loans.

They are initially recognised at their fair value, corresponding to the amount received less borrowing costs, then subsequently at amortised cost using the effective interest rate method.

For fair value hedges on loans and borrowings, the hedged part of loans and borrowings is recorded in the balance sheet at fair value, based on market value. Changes in fair value are recorded in the income statement and are offset by symmetrical changes in the fair value of the hedging instruments.

### Issuance of new debt securities

Under its Euro medium-term note (EMTN) programme, RATP issued three bonds in 2018:

- for a nominal amount of €100 million in June 2018, maturing in 2048 and bearing a fixed interest rate of 1.9%;
- for a nominal amount of €50 million in July 2018, maturing in 2048 and bearing a fixed interest rate of 1.905%;
- for a nominal amount of €50 million in July 2018, maturing in 2048 and bearing a fixed interest rate of 1.82%.

### 26.1 Breakdown of current and non-current loans and borrowings

	31/12/2018	31/12/2017
Bond issue	4,384,907	4,579,766
Île-de-France loans	141,369	159,269
Loans related to lease terminations	20,075	21,297
Borrowings from credit institutions	163,274	129,958
Loans related to finance leases	26,516	29,447
Deposits and guarantees received	6,281	6,362
Other loans and borrowings	2,701	2,462
<b>Non-current loans and borrowings</b>	<b>4,745,123</b>	<b>4,928,560</b>
Bond issue	412,553	649,842
Île-de-France loans	18,047	20,264
Corporate savings plan loans	266,478	285,677
Loans related to lease terminations	0	230,906
Borrowings from credit institutions	30,190	43,627
Loans related to finance leases	4,143	3,879
Deposits and guarantees received	57,500	63,600
Commercial paper	1,002,876	876,065
Other loans and borrowings	37	20
Bank loans	74,652	119,072
Accrued interest	51,488	66,561
<b>Current loans and borrowings</b>	<b>1,917,964</b>	<b>2,359,513</b>
<b>TOTAL</b>	<b>6,663,087</b>	<b>7,288,073</b>



## 26.2 Measurement of net debt

The Group defines net debt as total outstanding loans and borrowings, less accrued interest, cash and cash equivalents, short-term investments, financial assets related to lease operations (deposits, guarantees and cash collateral), and the fair value of the derivative instruments used to hedge foreign currency on debt securities and lease deposits. The liabilities relating to lease financing for tramways T3, T5, T6, T7 and T8 are offset in the measurement of net debt by the receivable of the same amount from the Île-de-France transport authority and therefore does not appear in the list below.

	31/12/2018	31/12/2017
Financial liabilities	6,663,087	7,288,073
Cash flow hedging instruments	(115,430)	(100,830)
Fair value derivative instruments on options	–	4,531
Accrued interest	(51,488)	(66,561)
Advance on housing loan (CIL)	(25,289)	(28,884)
Deposits and guarantees <sup>(1)</sup>	(20,075)	(252,203)
Other financial assets relating to leases	(53,900)	(56,052)
Short-term investments	(72,852)	(165,810)
Cash and cash equivalents	(1,075,498)	(1,143,087)
Other <sup>(2)</sup>	(60,093)	(246,576)
<b>NET DEBT</b>	<b>5,188,463</b>	<b>5,232,601</b>

(1) The terms of these deposits match the maturities of the loans relating to lease terminations. They are deducted when calculating net debt.

(2) Including cash flow hedge guarantee deposits of €53 million as of 31 December 2018.

## Change in liabilities from financing activities

	31/12/2017	Financing flows	Cash flows	Investment flows	Effects of exchange	Fair value	Reclass. current/ non-current assets	Other	31/12/2018
Loans and borrowings – non-current	4,928,560	241,947		(228,668)	2,378	14,804	(224,250)	10,353	4,745,123
Loans and borrowings – current	2,359,513	(626,605)	(44,439)		458	3,885	224,250	902	1,917,964
<b>TOTAL LOANS AND BORROWINGS</b>	<b>7,288,073</b>	<b>(384,659)</b>	<b>(44,439)</b>	<b>(228,668)</b>	<b>2,836</b>	<b>18,689</b>	<b>–</b>	<b>11,256</b>	<b>6,663,087</b>



## 26.3 Maturities of loans and borrowings

	2019	2020	2021	2022	2023	+5 years
Bond issues (EUR)			600,000	600,000	600,000	2,600,000
Interest on bond issues (EUR)	113,043	113,043	113,043	89,043	71,793	267,130
Bonds denominated in foreign currencies	412,636					
Interest on bonds denominated in foreign currencies	11,236					
Île-de-France loans	18,508	16,845	15,943	14,529	14,529	106,982
Corporate savings plan loans	265,697					
Interest on corporate savings plan loans	3,321					
Borrowings from credit institutions	30,190	78,887	9,357	9,357	9,357	56,317
Loans related to lease terminations	35,667	35,667	22,833	22,833	22,833	22,833
Loans related to finance leases	4,170	3,409	3,316	3,129	2,833	13,803
Interest on loans related to finance leases	300	251	205	173	138	249
Deposits and guarantees received	63,781					
Commercial paper	1,002,876					
Other loans and borrowings	2,738					
Bank loans	74,652					
Accrued interest	51,488					
<b>TOTAL LOANS AND BORROWINGS</b>	<b>2,090,305</b>	<b>248,102</b>	<b>764,697</b>	<b>739,064</b>	<b>721,483</b>	<b>3,067,313</b>

Cash flows relating to bond issues in Swiss francs are hedged by cross currency swaps.

The breakdown by main currency and type of interest rate is presented in Note 29.

## 26.4 Change in amortised cost

Bond issue	Amortised cost 31/12/2018	Amortised cost 31/12/2017	Change
RATP EUR 4.50% 28 May 2018		649,842	(649,842)
RATP CHF 2.929% 27 June 2019	133,100	128,134	4,966
RATP CHF 2.625% 6 November 2019	279,460	269,045	10,415
RATP EUR 4.00% 23 September 2021	598,450	597,923	527
RATP EUR 2.875% 9 September 2022	597,507	596,877	630
RATP EUR 4.125% 13 April 2023	598,422	598,091	331
RATP EUR 0.375% 15 June 2024	496,880	496,317	563
RATP EUR 1.38% 16 September 2024	149,964	149,959	5
RATP EUR 2.441% 25 October 2025	49,837	49,816	21
RATP EUR 3.03% 25 October 2025	199,762	199,732	30
RATP EUR 3.75% 19 October 2026	448,329	448,113	216
RATP EUR 0.875% 25 May 2027	498,132	497,913	219
RATP EUR 4.11% 1 July 2031	49,785	49,772	13
RATP EUR 1.75% 25 May 2031	498,204	498,076	128
RATP EUR 1.900% 26 June 2048	99,851		99,851
RATP EUR 1.905% 6 July 2048	49,876		49,876
RATP EUR 1.820% 18 July 2048	49,901		49,901
<b>TOTAL BOND ISSUES</b>	<b>4,797,460</b>	<b>5,229,608</b>	<b>(432,148)</b>

	Amortised cost 31/12/2018	Amortised cost 31/12/2017	Change
Île-de-France loans	159,417	179,535	(20,118)
Advance on Inter-professional Housing Committee (CIL)	28,881	28,884	(3)
Corporate savings plan loans	266,478	285,677	(19,199)
Loans related to lease terminations	20,075	252,201	(232,126)
<b>TOTAL LONG-TERM BORROWINGS</b>	<b>5,272,311</b>	<b>5,975,905</b>	<b>(703,594)</b>

## 27 — Accounts payable

Accounts payable (excluding pre-paid income) are financial liabilities valued at their fair value which is equal to their nominal value when entered in the balance sheet as the effect of discounting is not material for liabilities that are due within a year.

	31/12/2018	31/12/2017
Trade payables	363,750	334,147
Payables on fixed assets	605,741	468,753
Taxes and payroll-related payables	714,394	726,657
Other operating payables	6,070	28,305
Prepaid income	116,305	92,715
Other payables	594,097	563,655
Income tax liabilities	10,795	6,406
<b>TOTAL</b>	<b>2,411,153</b>	<b>2,220,638</b>

All trade payables are due within one year.

## 28 — Change in working capital

	31/12/2018	31/12/2017
Inventories	(27,280)	(3,888)
Advances and down payments to suppliers	(2,489)	(695)
Trade receivables and related accounts	(60,964)	(12,456)
Receivables from the State and other public authorities	29,113	131,980
Receivables from Île-de-France Mobilités	7,545	2,750
Other receivables	(230,171)	(124,012)
Prepaid expenses	(4,355)	(542)
Advances and down payments received	(15,723)	(787)
Trade and related payables	29,062	20,379
Taxes and payroll-related payables	(20,189)	(1,437)
Amounts due to Île-de-France Mobilités	8,840	660
Other liabilities	31,612	1,478
Prepaid income	23,690	(1,832)
Lease prepayments	(543)	(1,790)
<b>TOTAL CHANGE IN WORKING CAPITAL REQUIREMENT</b>	<b>(231,853)</b>	<b>9,808</b>

## 29 — Management of financial risk

### Management of interest rate risk

RATP Group's debt bears mostly fixed-rate interest. Interest rate risk on financial assets or liabilities is managed by setting up fair value hedges (swaps, caps, floors) to strictly back an existing or highly probable debt.

### Foreign currency hedges

RATP Group systematically hedges the exchange rate risk of its foreign currency-denominated bond issues using currency swaps or cross currency swaps.

### Management of risk of commodity price increases

RATP Group may use commodity derivatives. RATP generally carries out these transactions on behalf of its subsidiaries.

### Credit and counterparty risk

Credit risk is the risk of financial loss for the Group if a customer or counterparty to a financial instrument defaults on their contract commitments.

Risk concerning customers is limited as the Group's main customers are local authorities.

Counterparty risk is also limited due to collateral agreements on most derivatives and the diversification of the short-term investment portfolio.

### Liquidity risk

Liquidity risk is the risk that RATP Group may not be able to repay its debts when they fall due. RATP principally uses long-term financing arrangements. RATP also has a maximum issuance programme of €2,500 million in commercial paper and has average available outstanding investments of an average €971 million for 2018 to ensure adequate liquidity.

### 29.1 Sensitivity of short-term debt

As of 31 December 2018, RATP had short-term debt outstanding in the form of commercial paper of €1,100 million, of which €100 million was backed by the corporate savings plan. The debt instruments have maturities of up to six months, and have been issued at a fixed interest rate.

The short-term debt, primarily at a fixed rate, finances short-term assets which are in turn indexed to monetary rates. The Group has little exposure to interest rate volatility.

## 29.2 Sensitivity of long-term debt

### Effect on interest expense

Today, 92% of long-term borrowings (bonds, corporate savings plan, Île-de-France loan) bear fixed rate interest.

Total unhedged debt (amortised cost):

	31/12/2018	31/12/2017
<b>CHF bonds (in millions of euros)</b>	<b>413</b>	<b>396</b>
Floating rate		
Fixed rate	100%	100%
<b>EUR bonds (in millions of euros)</b>	<b>4,385</b>	<b>4,832</b>
Floating rate		
Fixed rate	100%	100%
<b>Île-de-France long-term bonds (in millions of euros)</b>	<b>159</b>	<b>180</b>
Floating rate	100%	100%
Fixed rate		
<b>Corporate savings plan (in millions of euros)</b>	<b>266</b>	<b>159</b>
Floating rate	100%	100%
Fixed rate		
<b>Total (in millions of euros)</b>	<b>5,223</b>	<b>5,567</b>
Fixed rate	92%	94%
Floating rate	8%	6%

Total hedged debt:

	31/12/2018	31/12/2017
<b>Total debt (nominal amount) (in millions of euros)</b>	<b>5,223</b>	<b>5,567</b>
Floating rate	426	338
Fixed to floating swaps		
<b>% fixed-rate debt</b>	<b>92%</b>	<b>94%</b>

Interest expense on bonds amounted to €135 million in 2018. As all the bonds bear interest at fixed rates, they are not exposed to interest rate risk.

### Hedge effectiveness

With the transition to IFRS 9, the Group is still documenting the effectiveness of its hedges, establishing that an economic relationship exists between the base transaction and the hedging transaction, regardless of whether they offset each other, in part or entirely, and that the strategy implemented makes it possible to cover the risks incurred.

### 29.3 Offsetting agreements

The Group's financial assets and liabilities are not offset in the balance sheet, except for assets and liabilities relating to the US lease transactions (see Note 13).

However, the Group has entered into offsetting agreements for some derivative instruments. If either party defaults, the agreements make it possible to offset the fair value of the derivative instruments against the financial collateral.

The following table presents the potential impact of the offsetting agreements:

In thousands of euros	Carrying amount of derivatives assets	Carrying amount of derivatives liabilities	Fair value of financial collateral	Net exposure
Interest rate and foreign exchange derivatives	117,515	(43,648)	(57,500)	16,367
Loans related to lease terminations		(20,075)	(31,500)	(51,575)

## 30 — Derivative financial instruments

The Group uses interest rate derivative instruments, currency derivatives or commodity derivatives (fuel) to manage its exposure to interest rate, exchange rate and diesel price escalation risk.

These instruments are only used for risk management purposes. These risks are managed according to objectives set by the Group's Finance Department.

### Recognition of derivative financial instruments in the balance sheet

Derivative financial instruments are recognised in the balance sheet under financial assets and liabilities.

Derivative instruments are measured at their fair value when initially recognised, then subsequently remeasured at each reporting date until maturity. At each reporting date, the fair value of the derivative financial instruments is calculated on the basis of market values using the valuation models and methods commonly used on the markets or using external valuations provided by counterparties (Note 31).

The method of accounting for derivative financial instruments varies according to whether they are designated as fair value hedges, cash flow hedges or are not qualified as hedging instruments.

### Hedging instruments

For hedging transactions, the Group applies the following arrangements: derivative financial instruments are recorded in the balance sheet at their fair value at the reporting date, based on their hedge classification.

#### Fair value hedges

A fair value hedge is a hedge of the exposure to a change in the fair value of a recognised asset or liability, or of an unrecognised firm commitment.

The hedged item and the hedging instrument are remeasured, and changes in their fair values are recorded immediately in profit or loss. The net effect of the ineffective portion of the hedge is recognised immediately in the income statement.

#### Cash flow hedges

A cash flow hedge is a hedge of the exposure to a highly probable forecast transaction that is not recorded in the balance sheet.

Changes in the fair value of the derivative instrument are recognised under other comprehensive income (cash flow hedge reserves) and are transferred to the income statement as the hedged transaction is settled.

The Group has chosen to adopt the "cost of hedging" approach offered by IFRS 9, which enables it to linearly spread in profit and loss the deferral/offset of foreign exchange derivatives used to hedge financings.



### 30.1 Classification of derivative financial instruments

	31/12/2018					
	Assets non-current	Assets current	Total assets	Liabilities non-current	Liabilities current	Total liabilities
Cash flow hedge	14,072	104,702	118,774	19,143	3,553	22,696
Fair value hedge		2,244	2,244	23,674	35	23,709
No hedging		673	673		535	535
<b>TOTAL</b>	<b>14,072</b>	<b>107,619</b>	<b>121,691</b>	<b>42,817</b>	<b>4,123</b>	<b>46,940</b>

	31/12/2017					
	Assets non-current	Assets current	Total assets	Liabilities non-current	Liabilities current	Total liabilities
Cash flow hedge	101,630	3,065	104,695	8,923	3,662	12,585
Fair value hedge	21,108	34	21,142	40,909	4,566	45,475
No hedging		140	140		(2)	(2)
<b>TOTAL</b>	<b>122,738</b>	<b>3,239</b>	<b>125,977</b>	<b>49,832</b>	<b>8,226</b>	<b>58,058</b>

### 30.2 Maturity of derivative instruments (maturity, notional amount, currency)

As of 31 December 2017

	Classification				Maturity of notional amount		
	Total	CFH	FVH	Trading	<1 year	1 to 5 years	+5 years
<b>Exchange rate hedges (notional)</b>							
Cross currency swaps	408,213	353,520	54,693			297,163	111,050
Foreign exchange swap	399,390		399,390		399,390		
<b>Interest rate hedges (notional)</b>							
Floating for fixed swaps	265,763	265,763			32	18,102	247,629
<b>Commodity hedges</b>							
Swaps Position ULSD10 ppm (in thousands of euros)	11,526	11,526			5,605	5,921	

As of 31 December 2018

	Classification				Maturity of notional amount		
	Total	CFH	FVH	Trading	<1 year	1 to 5 years	+5 years
<b>Exchange rate hedges (notional)</b>							
Cross currency swaps	407,783	297,163	53,826	56,797	297,163		110,620
Foreign exchange swap	91,307		65,815	25,492	91,307		
<b>Interest rate hedges (notional)</b>							
Floating for fixed swaps	290,652	290,652		58,600	310	14,711	275,631
<b>Commodity hedges</b>							
Swaps Position ULSD10 ppm (in thousands of euros)	10,767	10,767			7,911	2,856	

Note: foreign exchange risk on debt issued in foreign currencies is systematically hedged with cross currency swaps. Instruments that do not qualify for hedge accounting under IAS 39 (trading instruments) are nevertheless economic hedges.

### 30.3 Fair value hedges

Operations classified as fair value hedges on 31 December 2018 are:

- either derivative instruments (cross currency swaps) that cover the deposits negotiated when setting up the US leases and restructured in July 2013;
- or foreign exchange swaps that cover the purchase of commercial paper issued in dollars.

As the sensitivity of these hedging derivatives to fluctuations in interest rates and exchange rates is very similar to those of hedged elements, their impact on profit and loss is not significant.

### 30.4 Cash flow hedges

The cash flow hedges in place as of 31 December 2018 comprised:

- either interest rate swaps fixed against Euribor: RATP pays a fixed rate and receives a Euribor rate on its existing floating rate debt, or on highly probable fixed rate debt. As the sensitivity of the swaps is similar to that of the underlying financial liabilities, the impact on profit and loss is not material;
- or cross currency swaps: the cash flows paid on borrowings in foreign currencies are perfectly hedged by the currency swaps, so that changes in the exchange rate have no effect on profit and loss.

## 31 — Fair value of financial instruments

The fair value of financial assets and liabilities is classified based on the inputs used for measurement, according to the following hierarchy:

- level 1: fair value obtained from quoted prices in active markets;
- level 2: fair value obtained using observable market data (interest rates, exchange rates and associated volatilities);
- level 3: fair value measured using unobservable inputs.

### Quoted prices in active markets (level 1)

Fair value is determined primarily using market data. Marketable securities, including certain UCITS, are classified in this category.

The fair value of bonds carried at amortised cost is disclosed in the Notes. Fair value is determined on the basis of listed market prices at the reporting date.

### Valuation models using observable market data (level 2)

The assets and liabilities recognised at fair value using level 2 inputs are mainly derivative financial instruments and some dollar deposits maintained by RATP after the early termination of the leases. The fair value of these deposits is determined on the basis of the present value of estimated cash flows, determined by banks at the reporting date. The fair value of the derivative financial instruments is calculated on the basis of market values estimated using the valuation models and methods commonly used on the markets or using external valuations provided by counterparties:

- the fair value of interest rate swaps is determined on the basis of the present value of estimated future cash flows;
- the fair value of currency swaps is determined on the basis of the present value of estimated cash flows, determined by banks at the reporting date;
- the fair value of interest rate options (swaptions, caps, floors) is determined using the Black & Scholes method.

Credit and counterparty risks (CVA DVA) are taken into account at the fair value of derivative hedging instruments, where there is no collateral agreement (guarantee agreements) between RATP and its counterparty.

The fair value of unlisted financial assets and liabilities carried at amortised cost is disclosed in the Notes. It is determined by discounting cash flows using the market rate taking into account the issuer's credit rating. The interest rates used to discount future cash flows are determined based on the Euribor swap yield curve.

### Valuation models using observable market data (level 3)

The assets and liabilities measured at fair value using level 3 inputs are non-consolidated securities.

## 31.1 Fair value hierarchy of financial instruments

As of 31 December 2018

	Carrying amount	Fair value hierarchy			
		Fair value	Level 1	Level 2	Level 3
Measurement of assets at fair value					
Non-consolidated securities	48,437	48,437			48,437
Derivative financial instruments	121,691	121,691		121,691	
Financial concession assets	3,980,004	3,980,004		3,980,004	
Other financial assets	272,041	297,600	126,152	171,448	
Cash and cash equivalents	1,075,498	1,075,498	521,372	554,126	
Measurement of liabilities at fair value					
Financial liabilities	6,663,087	7,111,136	5,233,636	1,877,500	
Derivative financial instruments	46,940	46,940		46,940	

As of 31 December 2017

	Carrying amount	Fair value hierarchy			
		Fair value	Level 1	Level 2	Level 3
Measurement of assets to fair value					
Non-consolidated securities	37,631	37,631			37,631
Derivative financial instruments	125,977	125,977		125,977	
Financial concession assets	4,081,757	4,081,757		4,081,757	
Other financial assets	790,070	808,503	411,210	397,293	
Cash and cash equivalents	1,143,087	1,143,087	686,134	456,953	
Measurement of liabilities at fair value					
Financial liabilities	7,288,073	8,042,007	5,916,832	2,125,175	
Derivative financial instruments	58,058	58,058		58,058	

## 31.2 Measurement methods and main unobservable inputs

The table below presents the measurement techniques used to measure levels 2 and 3 fair value of the main financial instruments, as well as the main unobservable inputs used:

Types of financial instruments	Measurement method	Main unobservable inputs	Correlation between inputs and measurement to fair value
<b>Derivative financial instruments</b> (interest rate swaps, cross currency swaps)	Discounting of future cash flows	Discount rate	The estimated fair value would increase if the discount rate was lower, and decrease if the discount rate was higher
<b>Financial assets</b> (deposits, CIL housing loans)	Discounting of future cash flows	Discount rate	The estimated fair value would increase if the discount rate was lower, and decrease if the discount rate was higher
<b>Loans and borrowings</b> (private equity)	Discounting of future cash flows	Discount rate	The estimated fair value would increase if the discount rate was lower, and decrease if the discount rate was higher

### 31.3 Transfers between levels of fair value hierarchy

During the financial year, there were no transfers between levels 1 and 2 of the fair value hierarchy, or to or from level 3.

## 32 — Information per operating segment

In accordance with the provisions of IFRS 8, the segments presented are as follows:

- the “Infrastructure management” (IM) segment for the metro and RER under RATP: this activity entails managing the network infrastructure used to provide public passenger transport services, as entrusted to RATP by the ORTF law No. 2009-1503 of 8 December 2009;
- the “Transport operations” (TO) segment: this activity entails operating public passenger transport services. This segment brings together the transport activities carried out by RATP in the Île-de-France region, and by its subsidiaries in France and abroad. The

parent company’s support functions are included in the scope of this segment, including those provided for infrastructure management, which are subject to internal transfer agreements.

Both segments are regularly reviewed by the Chief Operating Officer in order to allocate resources among the different segments and assess performance pursuant to the Île-de-France transport authority agreement.

The accounting methods used for segment reporting are the same as those used to prepare the consolidated financial statements.

The key principle for preparing segment information is to directly allocate the various line items or cash flows. When this is not possible, for instance if the line items or cash flows are managed by one activity and have initially been recognised as such, internal transfers between the two activities have been arranged to bill the activities appropriately, in accordance with general practice. The agreements set out the scope of transfers, valuation principles and invoicing arrangements.

On the balance sheet, property, plant and equipment and intangible assets are allocated directly in accordance with the scope defined for each activity. Investment grants are allocated to the assets to which they relate.

### 32.1 Income statement disclosures by operating segment

As at 31 December 2018

	Infrastructure management	Transport operations	Eliminations	Total
External revenue	3,194	5,559,667		5,562,861
Inter-segment revenue	40,101	325,954	(366,055)	
Revenue	43,294	5,885,621	(366,055)	5,562,861
EBITDA	509,516	336,730		846,246
Operating income	263,021	188,251		451,273
Depreciation/amortisation	(245,941)	(149,719)		(395,660)

As at 31 December 2017

	Infrastructure management	Transport operations	Eliminations	Total
External revenue	4,276	5,386,271		5,390,547
Inter-segment revenue	867,589	313,929	(1,181,518)	
Revenue	871,865	5,700,200	(1,181,518)	5,390,547
EBITDA	485,649	331,021		816,670
Operating income	255,745	187,608		443,353
Depreciation/amortisation	(231,472)	(149,486)		(380,958)

## 32.2 Balance sheet disclosures by operating segment

The main segment indicators relating to the balance sheet presented by RATP Group are:

**As at 31 December 2018**

	Infrastructure management	Transport operations	Total
Property, plant and equipment and intangible assets, net	5,045,340	2,047,828	7,093,168
Investment grants	2,502,054	4,469,944	6,971,998
Property, plant and equipment and intangible asset investments	630,466	799,999	1,430,465
Purchase of concession assets		224,845	224,845
<b>Total assets</b>	<b>5,456,249</b>	<b>9,709,453</b>	<b>15,165,702</b>

**As at 31 December 2017**

	Infrastructure management	Transport operations	Total
Property, plant and equipment and intangible assets, net	4,777,359	1,971,340	6,748,699
Investment grants	2,411,889	4,125,807	6,537,696
Property, plant and equipment and intangible asset investments	530,821	883,012	1,413,832
Purchase of concession assets		217,296	217,296
<b>Total assets</b>	<b>5,315,575</b>	<b>10,078,297</b>	<b>15,393,872</b>

## 33 — Guarantees

### 33.1 Guarantees given

	31/12/2018			31/12/2017		
	EPIC RATP	Other	Total	EPIC RATP	Other	Total
Guarantees	321,838	566,953	888,791	344,558	299,373	643,930
Of which:						0
• non-profit organizations or others	21,404	566,953	588,357	13,788	299,373	313,161
• employee benefits	123,348		123,348	141,960		141,960
• leasehold transactions	177,086		177,086	188,810		188,810
<b>TOTAL</b>	<b>321,838</b>	<b>566,953</b>	<b>888,791</b>	<b>344,558</b>	<b>299,373</b>	<b>643,930</b>

### 33.2 Guarantees received

	31/12/2018			31/12/2017		
	EPIC RATP	Other	Total	EPIC RATP	Other	Total
Guarantees	343,014	4,767	347,781	315,156	0	315,156
<b>TOTAL</b>	<b>343,014</b>	<b>4,767</b>	<b>347,781</b>	<b>315,156</b>	<b>0</b>	<b>315,156</b>

## 34 — Off-balance sheet commitments

### 34.1 Capital expenditure

Capital expenditure contracted at the reporting date but not recorded in the financial statements amounted to €7,030 million at 31 December 2018, compared with €4,607 million at 31 December 2017. These investments are mainly financed through staged subsidies paid in accordance with progress of the projects and the arrangements governing compensation payable for contracts with Île-de-France Mobilités.

### 34.2 Contingent assets and liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation for which it is unlikely that an outflow of resources will be required or for which the obligation amount cannot be measured in a reliable manner. Contingent liabilities are not recognised in the financial statements unless they relate to business combinations. However, disclosure is required in the notes to the financial statements.

#### French State aid paid by Île-de-France

In 2013, the Île-de-France region was sentenced by the Administrative court of Paris to recover the investment subsidies paid by public transport operators, to reduce the acquisition price of their buses and coaches. The administrative court has classified these grants as illegal State aid, on the grounds of the failure to report them to the European Commission. For RATP Dev subsidiaries, the Group was informed of this order by a letter from the President of the regional council of Île-de-France dated 24 March 2014, which mentions an estimated subsidy amount of €22 million (excluding default interest) granted to the Group's subsidiaries.

The case involved two open proceedings, one before the national court and the other before the European Commission. In both proceedings, the Group submitted its observations.

On 27 November 2015, a judgment of the administrative court of appeal of Paris confirmed the Île-de-France region's obligation to recover the illegal aid, subject to certain conditions. For instance, the amount to be recovered by the Île-de-France region must take into account the nature of the subsidised investments and the type of transport activity carried out. This should exclude subsidies for financing buses from the amounts to be repaid as they may not be re-used for non-subsidised services and thus reduce the previously calculated base.

The European Commission, in its company-related decision SA 26763 2014/C issued on 2 February 2017, confirms the State aid qualification of the subsidy system also set-up by the Region (national procedure in progress) and by Île-de-France Mobilités (for the later period), recognising at the same time that such aid is in line with the Treaty. The Commission notes the illegal nature of this aid because of the absence of prior notification which exposes their beneficiary to having to repay the corresponding bank interest for the period when this aid was granted, i.e. a little more than €4 million, on the basis of the base initially quoted.

On 16 May 2017, the main operators gathered under the association Optile, including RATP Dev, lodged an application for partial annulment of the aforementioned decision on the qualification of the aid scheme and the period concerned. The Region also lodged an appeal in that it declared that the scheme constituted an unlawfully implemented scheme.

In any case, if repayment of the investment grants received by the Group's subsidiaries was to become effective, it would be offset by the transport authorities, in particular, by Île-de-France Mobilités as beneficiary in fine of the public grants originally paid by the Île-de-France region. Consequently, the Group believes that at this stage its obligation is contingent and the resulting outflow of resources is uncertain.

#### Urssaf audit

In the first half of 2018, RATP was audited by Urssaf for the years 2015 to 2017. The main differences identified in the audit relate to the calculation of the basis of the "family allowance" contributions of RATP agents. A letter of observations was sent to RATP on 13 December 2018, in which the administration was considering an adjustment. The company is formally challenging the validity of the arguments developed by the Urssaf and sent a reply to the administration in response to its letter on 31 January 2019. On 28 March 2019, the company received an adjustment notice demanding payment of €46.9 million (including a surcharge for late payment of €4.3 million). RATP intends to protect its rights and to challenge the adjustment notice before the competent authorities. No provisions were recognised in the financial statements as at 31 December 2018.

#### Tax audit

RATP was subject to a tax audit still on-going as of 31 December 2018. The audits for the 2015, 2016 and 2017 fiscal years started on 17 July 2018. The 2015 audit verifications were complete as of 31 December 2018.



## 35 — Information on related parties

### 35.1 Transactions with related parties

EPIC RATP is an industrial and commercial public institution that is fully owned by the French State. Consequently, RATP is related, within the meaning of IAS 24, with all companies controlled by the French State. Despite being exempt from the obligation to submit information about transactions with public entities, the Group submits information on the principal non-current transactions concluded with the State and local authorities.

#### EPIC RATP's transactions with the French State and local authorities

	31/12/2018	31/12/2017
Île-de-France Mobilités contribution	2,001,375	1,933,419
Local council contribution to loss-making services	18,320	19,597
Investment grants called (State, Île-de-France Mobilités, Île-de-France region, other)	683,602	726,600
Île-de-France region loans contracted	–	–
Île-de-France region loans repaid	20,309	20,414
State and local authority receivables	390,709	393,230
Île-de-France Mobilités receivables (excluding IFRIC 12)	44,104	51,650
State and local authority liabilities	114,876	102,730
Île-de-France Mobilités liabilities	80,401	13,260
Île-de-France local authority loans and borrowings	187,340	207,649

#### Transactions with subsidiaries

Transactions with consolidated companies are eliminated. Transactions with equity-accounted companies are usual practice for commercial or financial purposes within a group; they are performed on an arm's length basis under normal market conditions.

#### Other transactions with public sector companies

These refer to ordinary transactions undertaken in normal market conditions.

### 35.2 Compensation of senior executives

The senior executives of RATP Group are members of the Executive Committee.

	31/12/2018	31/12/2017
Short-term benefits excluding employer contributions <sup>(1)</sup>	2,977	2,969

<sup>(1)</sup> Including gross salaries, bonuses, profit sharing and benefits in kind.

Other benefits were not material.

## 36 — Statutory audit fees

Pursuant to AMF Instruction 2006-10 of 19 December 2006 and the requirements instituted by article L. 820-3 of the French financial security act (LSF – *loi de sécurité financière*), details of the fees charged for the audit of the consolidated and individual financial statements of the Group are provided below:

	31/12/2018	31/12/2017
KPMG	921	671
Mazars	730	645
Other	723	816
<b>Statutory audit<sup>(1)</sup></b>	<b>2,373</b>	<b>2,132</b>
KPMG	74	142
Mazars	20	73
Other	–	–
<b>Services related to statutory audit</b>	<b>94</b>	<b>215</b>
KPMG	32	15
Mazars	–	–
Other	597	244
<b>Other services</b>	<b>629</b>	<b>259</b>

(1) The amounts are recurrent fees paid to the statutory auditors for the mission and for any additional assignments related to their mission.

## 37 — Post-balance sheet events

Nil.

## 38 — Other information

### Information on Brexit

RATP Group operates in the UK through some of RATP Dev and Systra's operations.

If the exit of the United Kingdom from the European Union resulted in a decline in growth, it could have an impact on household consumption, the level of investment in transport infrastructure, and on the financial pressure of the authorities on transport operators.

The change in the exchange rate of the pound sterling would have a limited impact on the profitability of businesses, whose revenues and costs are mainly realised in pounds, except for the purchase of diesel expressed in dollars. It would have an impact on the translation of financial statements in euros in the consolidated financial statements of RATP Group.

A tightening of the immigration policy could impact the Group's non-British employees working in the UK.

## 39 — List of Group companies

	Country	% of control	% of interest	Method	Comments
<b>Transport division</b>					
RATP	France	100.00	100.00	FC	Parent company
AlpBus Fournier	France	100.00	100.00	FC	
Autocars du Cambrésis	France	96.17	96.17	FC	
Autocars Finand	France	100.00	100.00	FC	
Autocars Finand Parmentier	France	100.00	100.00	FC	
Autoline Toscane	Italy	100.00	100.00	FC	
Aventour	France	100.00	100.00	FC	
Bath Bus company	UK	100.00	100.00	FC	
Bombela Operating company	South Africa	63.42	63.42	FC	
Bournemouth Transport	UK	100.00	100.00	FC	
Cambrésis Bus	France	96.17	96.17	FC	
CAMCO	Saudi Arabia	80.00	80.00	FC	
Cars Dunois	France	100.00	100.00	FC	
Cars Perrier	France	100.00	100.00	FC	
Casa Tram	Morocco	100.00	100.00	FC	
Céobus	France	100.00	100.00	FC	
Champagne Mobilités	France	100.00	100.00	FC	
Chemin de Fer Cambrésis	France	96.17	96.17	FC	
Cité Bleue	France	50.00	50.00	EM	Joint venture
Compagnie Transilienne du Transport et de la Mobilité	France	100.00	100.00	FC	Establishment second half-year
CSR	France	100.00	100.00	FC	
CTB	France	100.00	100.00	FC	
CTCM	France	100.00	100.00	FC	
CTGMVA	France	100.00	100.00	FC	
CTLB	France	100.00	100.00	FC	
CTPC	France	100.00	100.00	FC	
CTPL	France	90.00	90.00	FC	
CTVH	France	100.00	100.00	FC	
CTVMI	France	100.00	100.00	FC	
CTY	France	100.00	100.00	FC	
DL Entreprises	France	100.00	100.00	FC	
Dunois Voyages	France	100.00	100.00	FC	
El Djazair	Algeria	100.00	100.00	FC	
EM Services	France	90.00	90.00	FC	
EMS Rennes	France	90.00	90.00	FC	
FlexCité	France	85.60	85.60	FC	
FlexCité 77	France	85.60	85.60	FC	
FlexCité 91	France	85.60	85.60	FC	



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

	Country	% of control	% of interest	Method	Comments
<b>Transport division</b>					
FlexCité 92	France	85.60	85.60	FC	
FlexCité 93	France	85.60	85.60	FC	
FlexCité 94	France	97.00	97.00	FC	
FlexCité 95	France	85.60	85.60	FC	
FlexCité TAD	France	100.00	100.00	FC	
Gem'Bus	France	100.00	100.00	FC	
Gest SpA	Italy	100.00	100.00	FC	
HR Richmond Ltd	UK	100.00	100.00	FC	
HelvéCIE SA	Switzerland	100.00	100.00	FC	
Hong Kong Tramways	Hong Kong	50.50	50.50	FC	
Hong Kong Tramways Engineering	Hong Kong	50.00	50.00	EM	
Ixxi Techside	France	100.00	100.00	FC	
La Ferroviaria Italiana (LFI)	Italy	11.71	11.71	EM	
Latium Cilia	Italy	51.00	51.00	FC	
Lebas Laridant	France	100.00	100.00	FC	
Les Cars Charlot	France	100.00	100.00	FC	
London United Busways	UK	100.00	100.00	FC	
London Sovereign	UK	100.00	100.00	FC	
Mc Donald Transit Associates	USA	83.41	83.41	FC	
Metrolab	France	50.00	50.00	Other	Joint venture. Consolidated by percentage interest on a line-by-line basis
MétoLink	UK	100.00	100.00	FC	
Mobicité	France	100.00	100.00	FC	
Mobizen	France	20.00	20.00	EM	
Moulins Mobilité	France	100.00	100.00	FC	
Mumbai	India	31.50	31.50	EM	
Navocap	France	100.00	100.00	FC	
Odulys	France	35.00	35.00	EM	
OrlyVal Service (OVS)	France	99.00	99.00	FC	
Public Transport Company	Saudi Arabia	20.00	20.00	EM	
Qatar Metro	Qatar	32.50	32.50	EM	Establishment June 2018
RATP Capital Innovation	France	100.00	100.00	FC	
RATP DEV Asia Pacific PTE Ltd	Singapore	100.00	100.00	FC	Establishment October 2018
RATP Dev Canada	Canada	100.00	100.00	FC	Establishment June 2018
RATP Dev France Investissement	France	100.00	100.00	FC	
RATP Dev France Services	France	100.00	100.00	FC	
RATP Dev Italia	Italy	100.00	100.00	FC	
RATP Dev Lorient Agglomération	France	100.00	100.00	FC	
RATP Dev Manille	Philippines	99.99	99.99	FC	

	Country	% of control	% of interest	Method	Comments
<b>Transport division</b>					
RATP Dev Middle East	UAE	100.00	100.00	FC	
RATP Dev Saudi Arabia	Saudi Arabia	100.00	100.00	FC	
RATP Dev Suisse	Switzerland	100.00	100.00	FC	
RATP Dev Suisse TP	Switzerland	100.00	100.00	FC	
RATP Dev UK	UK	100.00	100.00	FC	
RATP Dev USA LLC	USA	100.00	100.00	FC	
RATP Développement	France	100.00	100.00	FC	
RATP do Brazil	Brazil	100.00	100.00	FC	
RATP International	France	100.00	100.00	FC	
RATP Maintenance Services (formerly Matem)	France	100.00	100.00	IG	
RATP Smart Systems (formerly Ixxi)	France	100.00	100.00	FC	
RD14	France	100.00	100.00	FC	Establishment June 2018
RDGS	UK	100.00	100.00	FC	
RDMT – DC	USA	96.68	96.68	FC	
RDMT – Tucson	USA	96.68	96.68	FC	
RDK SAS	France	50.00	50.00	EM	
RDK LLC (Educational City)	Qatar	50.00	50.00	EM	
RDSL – Urban NY	USA	100.00	100.00	FC	
RMS	USA	100.00	100.00	FC	Entry second half-year
RRS	USA	100.00	100.00	FC	Entry second half-year
SCI Foncière RD	France	100.00	100.00	FC	
SCI Sofitim	France	50.00	50.00	FC	
Selwyns	UK	100.00	100.00	FC	
Séoul Ligne 9	Korea	36.00	36.00	EM	
Setim	France	73.30	73.30	FC	
Setim Mexico	Mexico	73.57	73.57	FC	
Setram	Algeria	49.00	49.00	FC	
SLIDE	UK	100.00	100.00	FC	Establishment June 2018
Société des lignes touristiques	France	100.00	100.00	FC	
Société des transports interurbains du Centre	France	100.00	100.00	FC	
Société des transports interurbains de Haute-Savoie	France	100.00	100.00	FC	
Société des transports urbains de Bourges	France	100.00	100.00	FC	
Société des transports urbains de Vierzon	France	100.00	100.00	FC	
Société d'exploitation des lignes touristiques	France	100.00	100.00	FC	
SQY BUS	France	89.52	89.52	FC	
STD de la Marne	France	100.00	100.00	FC	
STILE	France	100.00	100.00	FC	
STIVIMMO	France	50.00	50.00	EM	Joint venture
STIVO	France	50.00	50.00	EM	Joint venture
STS	France	51.00	51.00	FC	



## CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

	Country	% of control	% of interest	Method	Comments
<b>Transport division</b>					
TFT SpA	Italy	11.71	11.71	EM	
TimBus	France	50.02	50.02	FC	
TOT – The Original Sight Tour Limited	UK	100.00	100.00	FC	
TP2A	France	51.00	51.00	FC	
Tram di Firenze	Italy	14.53	14.53	EM	
TVM	France	100.00	100.00	FC	
Veolia Transport RATP Asia	France	50.00	50.00	EM	Joint venture
Vienne Mobilités	France	90.00	90.00	FC	
Voyages Dupas Lebeda	France	100.00	100.00	FC	
Voyages Taquet	France	100.00	100.00	FC	
VTCL	China	45.00	45.00	EM	
VTR China	China	50.00	50.00	EM	Joint venture
VTR Consulting	China	50.00	50.00	EM	Joint venture
VTR India	India	50.00	50.00	EM	Joint venture
VTR Korea	Korea	50.00	50.00	EM	Joint venture
Wizway Solution	France	25.00	25.00	EM	
<b>Engineering division</b>					
Systra group	France	41.92	41.92	EM	
<b>Real property, marketing and telecoms division</b>					
RATP Connect (formerly Telcité)	France	100.00	100.00	FC	
RATP Real Estate (formerly SEDP)	France	100.00	100.00	FC	
RATP Travel Retail (formerly Promo Métro)	France	100.00	100.00	FC	
SADM	France	100.00	100.00	FC	
SEDP2	France	100.00	100.00	FC	Establishment second half-year
Telcité NAO	France	100.00	100.00	FC	

FC: fully consolidated.  
EM: equity method.



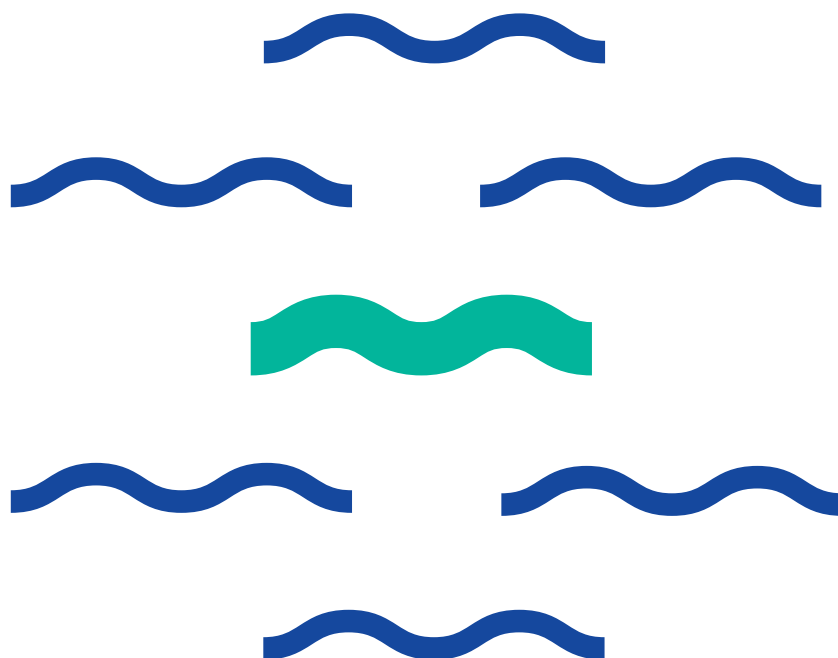
# Financial statements

Statutory Auditors' report on the financial statements **p. 156**

EPIC balance sheet **p. 159**

EPIC income statement **p. 160**

Notes to the financial statements **p. 161**





# Statutory Auditors' report on the financial statements

Year ended 31 December 2018

To the Board of Directors of RATP,

## Opinion

In compliance with the engagement entrusted to us by the Commissioner of State Holdings, we have audited the accompanying (annual) financial statements of the Régie autonome des transports parisiens (hereinafter "RATP") for the year ended 31 December 2018.

We hereby certify that the financial statements, with regard to French accounting standards, give a true and fair view of the company's asset base, financial position and earnings for the year ended 31 December 2018.

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 consider that the elements we have collected are appropriate and sufficient for basing our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the financial statements" section of our report.

### Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in article 5 (1) of regulation (EU) No. 537/2014 or in the French Code of ethics (*Code de déontologie*) for Statutory Auditors.

## Justification of our 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 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.

## Measuring intangible assets and property, plant and equipment of the State-owned industrial and commercial public utility (EPIC)

### Identified risk

As at 31 December 2018, the intangible assets and property, plant and equipment of the State-owned industrial and commercial public utility (*établissement public à caractère industriel et commercial* – EPIC) represented approximately 85% of total assets.

For the requirements of the asset impairment tests, the assets to be tested are combined into cash-generating units (CGUs). The CGUs defined for the EPIC RATP correspond to Infrastructure management and Transport operations activities.

For impairment testing, the carrying amount of the CGU is compared to its recoverable value. The recoverable amount of a CGU is the higher of the CGU's fair value and its value in use, which is equal to the present value of the CGU's expected future cash flows, net of tax.

The main assumptions used by management in measuring the recoverable amount are described in Note 1.1.5 of the notes to the financial statements and concern:

- future cash flows estimated on the basis of RATP's business plan approved by the French State, and based on the financial provisions of the agreement between the Île-de-France Mobilités and RATP for 2016-2020, discounted as required by changes to interest rates;
- investment assumptions;
- the methods for calculating terminal values;
- the methods used to determine the discount rate specific to each CGU.

In view of the estimates and assumptions used to determine recoverable amounts, we considered the measurement of the State-owned industrial and commercial public utility's (EPIC) intangible assets and property, plant and equipment as a key audit matter.

### Audit response

We assessed the appropriateness of the methods used by RATP to determine current amounts.

For the two CGUs "Infrastructure management" and "Transport operations", we assessed the company's models and calculations particularly by:

- assessing the quality of the process for drawing up and approving budgets and forecasts;
- comparing growth in revenue and investment over the term of the Île-de-France Mobilités lease with the provisions of the lease;

- assessing, on the one hand, the reasonableness of the main assumptions used in these models with the budgets and forecasts made by management and presented to the Board of Directors and, on the other hand, with our knowledge of the sector and the specificities of the Île-de-France Mobilités lease acquired, in particular during interviews with the members of the Executive Committee;
- comparing the discount rates used by the CGUs with those arising from various databases;
- assessing the sensitivity analyses carried out by RATP management on key assumptions to measure the potential impacts of these assumptions on the findings of the impairment tests.

We also assessed the appropriateness of the information presented in Note 1.1.5 of the notes to the financial statements.

## Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French laws and regulations.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the Board of Directors' management report and other document provided to the members of the Board of Directors with respect to the financial position and the financial statements.

We certify that the (annual) financial statements are fairly presented and consistent with the information on payment periods presented in article D. 441-4 of the French commercial code.

## Corporate governance report

We certify that the information required under article L. 225-37-4 of the French commercial code is included in the Board of Directors' corporate governance report.

## Report on other legal and regulatory requirements

### Appointment of the Statutory Auditors

The firms KPMG and Mazars were appointed as Statutory Auditors of RATP by the Commissioner of State Holdings on 26 March 2015.

As at 31 December 2018, the firms MAZARS and KPMG were in the fourth year of total uninterrupted engagement.

## Responsibilities of management and those charged with governance for the (annual) 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 relating 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 risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The Board of Directors is responsible for preparing the financial statements.

## Statutory Auditors' responsibilities for the audit of the (annual) 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;



## FINANCIAL STATEMENTS

Statutory Auditors' report on 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 relating 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 programme 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.

We also provide the Audit Committee with the declaration provided for in article 6 of regulation (EU) No. 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.

Prepared in Paris-la Défense and Courbevoie, on 1 April 2019

The Statutory Auditors

KPMG Audit

Philippe Arnaud  
Partner

Mazars

Lionel Gotlib  
Partner

# EPIC balance sheet

## Assets

		31/12/2018		31/12/2017	
In thousands of euros	Notes	Gross	Amortisation and provisions	Net	Net
Intangible assets	2	1,082,658	535,238	547,420	486,471
Property, plant and equipment	2	29,938,618	12,853,298	17,085,320	16,488,489
Financial assets	3	825,686	46,200	779,486	1,023,865
<b>Non-current assets</b>		<b>31,846,961</b>	<b>13,434,736</b>	<b>18,412,226</b>	<b>17,998,824</b>
Inventories and work in progress	4	261,496	51,464	210,033	184,920
Receivables	5	1,067,052	4,910	1,062,143	1,327,037
Marketable securities	6	869,015	303	868,711	1,145,574
Cash and cash equivalents		180,871	0	180,871	205,858
<b>Current assets</b>		<b>2,378,434</b>	<b>56,676</b>	<b>2,321,757</b>	<b>2,863,389</b>
Loan transaction costs		2,979	0	2,979	3,727
Bond redemption premiums		10,161	0	10,161	12,408
Unrealised translation losses		4,538	0	4,538	23,433
<b>TOTAL ASSETS</b>		<b>34,243,073</b>	<b>13,491,412</b>	<b>20,751,661</b>	<b>20,901,780</b>

## Liabilities

In thousands of euros	Notes	31/12/2018	31/12/2017
Reserve for assets allocated to RATP		250,700	250,700
Revaluation surplus		204,840	210,216
Capital endowment		433,367	433,367
Reserves		294,699	294,699
Retained earnings		3,291,323	3,078,626
Net income for the period (surplus or loss)		247,581	212,697
<b>Net equity</b>		<b>4,722,510</b>	<b>4,480,305</b>
Regulated provisions		585,558	525,891
Investment grants		6,813,396	6,398,301
<b>Equity</b>	<b>7</b>	<b>12,121,464</b>	<b>11,404,498</b>
Provisions for contingencies and expenses	8	244,573	248,037
Financial liabilities	9	6,386,854	7,061,842
Taxes and payroll-related payables		711,494	629,477
Other liabilities	10	1,282,733	1,534,515
Unrealised translation gains		4,544	23,411
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,751,661</b>	<b>20,901,780</b>



# EPIC income statement

In thousands of euros	Notes	31/12/2018	31/12/2017
Revenue	11	4,821,370	4,717,529
Other income		740,249	485,803
Income used to offset depreciation expenses		248,331	253,222
<b>Operating income</b>		<b>5,809,950</b>	<b>5,456,554</b>
Energy		210,458	192,671
Cost of leased tracks		31,308	30,448
User rights payable		20,364	19,976
Equipment, supplies and other external expenses		1,132,807	873,263
Tax, duties and other payables		300,168	304,294
Payroll costs	12	2,713,473	2,641,884
• Wages and salaries		1,870,076	1,827,676
• Payroll-related costs		790,377	760,187
• RATP employee benefit plan cost, net		567	2,825
• Profit-sharing		52,452	51,197
Depreciation, amortisation and provisions		982,743	962,892
Other expenses		25,997	30,114
<b>Operating income</b>		<b>392,632</b>	<b>401,012</b>
Financial income		96,949	129,408
Financial expenses		225,841	281,372
<b>Net financial expense</b>	<b>13</b>	<b>(128,891)</b>	<b>(151,964)</b>
<b>Ordinary income</b>		<b>263,741</b>	<b>249,048</b>
Non-recurring income		71,817	99,159
Non-recurring expenses		95,324	140,446
<b>Non-recurring expense</b>	<b>14</b>	<b>(23,507)</b>	<b>(41,287)</b>
<b>Income tax</b>	<b>15</b>	<b>7,347</b>	<b>4,936</b>
<b>NET INCOME</b>		<b>247,581</b>	<b>212,697</b>

# Notes to the financial statements

Year ended 31 December 2018

Unless otherwise stated, all amounts are presented in thousands of euros.

Régie autonome des transports parisiens (RATP), is a State-owned industrial and commercial public utility (*établissement public à caractère industriel et commercial* – EPIC) created by the law of 21 March 1948. It is a legal entity under public law, registered in the Paris Trade and Companies Register. Its head office is located at 54, quai de la Rapée, 75012 Paris.

The aim of RATP is primarily to run a public transport service in Île-de-France and its purpose, fixed by French law No. 2009-1503 dated 8 December 2009 on public passenger services by rail (ORTF law), is to manage the network infrastructure for public passenger transport services. This law:

- entrusted RATP with the role of managing the metro and RER network infrastructure (excluding the responsibilities conferred on SNCF Réseau) used for its operations as of 1 January 2010;
- specified that lines created before 3 December 2009 shall continue to be operated under the terms of the agreements effective as at that date and the agreements that shall be negotiated under the defined legal framework until 31 December 2024 for bus services, until 31 December 2029 for tramway services and until 31 December 2039 for other transport services (metro and RER). The operating rights granted to RATP are thus limited in duration, with renewal possible under the terms stipulated by law;
- defined the framework governing RATP's compensation for managing the infrastructure and operating the services, ensuring an appropriate return on capital employed.

The Île-de-France transport services are defined by the Île-de-France transport authority (whose common name is Île-de-France Mobilités). RATP's activity as operator is governed by multi-year agreements with Île-de-France Mobilités. Under these agreements, RATP undertakes to provide a transport service defined in terms of quantity and quality, and receives compensation based on the direct revenue and flat-rate contributions paid by Île-de-France Mobilités.

Pursuant to the French law of 3 June 2010 on Greater Paris transport integrated by ministerial order into the French Transport Code of 28 October 2010, RATP has held separate accounting records for metro and RER Infrastructure management (IM) activities and public passenger Transport operations (TO) since 1 January 2012. A balance sheet and income statement are prepared for each activity in the notes to the parent company financial statements (Note 22).

RATP parent company's financial statements are included in the consolidated financial statements of RATP Group.

The financial statements as at 31 December 2018 were approved by the Board of Directors at their meeting on 29 March 2019.

## 1 — Principles and accounting policies

RATP's accounting plan was approved by the inter-ministerial order of 21 March 1985 and the French National Accounting Board (Conseil national de la comptabilité). The customised plan was prepared in accordance with the rules, principles and framework governing the French national chart of accounts.

It includes additional line items reflecting RATP's reporting and disclosure and management requirements and specific characteristics in terms of legal form and financing.

### Overview of the income statement

The overview of the 2018 income statement includes the following changes:

- the profit-sharing expense, presented in advance on a specific line between the extraordinary income and expense and the net income, is included in payroll costs in the operating income;
- the accretion expense of long-term benefits, which was included in payroll costs, is now recognised as a financial expense.

The purpose of these two reclassifications is to reconcile the presentation with the consolidated income statement.





## FINANCIAL STATEMENTS

Notes to the financial statements

For the two financial years to be comparable, the overview of the 2017 income statement includes these reclassifications.

2017 Income statement	31/12/2017 published	31/12/2017 pro forma	Reclassification of profit-sharing expense	Reclassification of accretion expense of long-term employee benefits
<b>Operating income</b>	<b>5,456,554</b>	<b>5,456,554</b>		
Energy	192,671	192,671		
Cost of leased tracks	30,448	30,448		
User rights payable	19,976	19,976		
Equipment, supplies and other external expenses	873,263	873,263		
Tax, duties and other payables	304,294	304,294		
Payroll costs	2,591,463	2,641,884	51,197	(776)
Amortisation and provisions	962,892	962,892		
Other expenses	30,114	30,114		
<b>Operating income</b>	<b>451,433</b>	<b>401,012</b>	<b>(51,197)</b>	<b>776</b>
<b>Net financial expense</b>	<b>(151,188)</b>	<b>(151,964)</b>		<b>(776)</b>
<b>Ordinary income</b>	<b>300,245</b>	<b>249,048</b>	<b>(51,197)</b>	<b>0</b>
<b>Non-recurring expense</b>	<b>(41,287)</b>	<b>(41,287)</b>		
<b>Profit-sharing</b>	<b>(51,197)</b>		<b>51,197</b>	
<b>Income tax</b>	<b>4,936</b>	<b>4,936</b>		
<b>NET INCOME</b>	<b>212,697</b>	<b>212,697</b>		

## 1.1 Property, plant and equipment and intangible assets

### 1.1.1 Ownership regime covering capitalised assets

As of 1 January 2010, the French law on public passenger services by rail (hereinafter "the ORTF law") amended the ownership regime governing assets originally allocated to RATP or created by RATP by defining four asset categories:

- infrastructure assets, which are managed and owned by RATP;
- rolling stock and the related maintenance equipment (returnable assets), which have been owned by the Île-de-France Mobilités since 1 January 2010. Île-de-France Mobilités will take possession of the

assets once the operating rights expire. Implementation decree No. 2011-320 provides for the purchase by Île-de-France Mobilités of these assets from RATP at their carrying amount net of grants, as reported in the RATP's financial statements;

- other assets required for operations (reversionary assets), other than those mentioned in the previous two paragraphs, which are fully owned by RATP. Upon expiry of RATP's operating rights, Île-de-France Mobilités has the right to exercise a right of repossession on these assets;
- real estate and other assets that are not allocated to operations but are used by RATP for administrative, social or training purposes, which are fully owned by RATP.

Capitalised assets are recognised according to their ownership regime:

	Infrastructure management		Transport operations	
Type of assets	Fully-owned assets	Returnable assets	Reversionary assets	Fully-owned assets
Nature of assets	Infrastructure assets.	Rolling stock and related maintenance equipment.	Assets required for operations: • bus depots; • equipment, etc.	Assets allocated for administrative, social and training purposes.
Ownership regime	RATP owns these assets.	These assets belong to Île-de-France Mobilités as of 1 January 2010. RATP maintains control over them. Île-de-France Mobilités will take possession of the assets when the agreement expires.	RATP owns these assets. Île-de-France Mobilités holds a right to repossess these assets subject to payment of compensation to RATP upon expiry of the agreement.	RATP owns these assets.
Compensation arrangements during operating period		Article 14 of French decree No. 2011-320 sets out the arrangements for the compensation payable by Île-de-France Mobilités to RATP for the assets.	The compensation principles and arrangements apply for the duration of the Île-de-France Mobilités agreement 2016-2020.	
Compensation arrangements upon expiry of operating rights	NA	Article 14 of French decree No. 2011-320 provides for the buyback of the assets at their carrying amount, net of any grants.	The Île-de-France Mobilités-RATP agreement provides for either the repossession of the assets at a value of zero for assets transferred to RATP as of 1 January 2010, or at their carrying amount, net of grants, for other assets.	NA

### 1.1.2 Intangible assets

Research and development costs associated with assets that are clearly separable, technically feasible and likely to generate future economic benefits are capitalised if they meet the criteria set forth in the generally accepted accounting principles. They are amortised based on the useful lives of the assets to which they relate. All other research and development costs are expensed.

Information systems acquired or developed by the company are capitalised. They comprise the following components:

- development and configuration costs, which are amortised over five to ten years, on the basis of the useful lives of the systems;
- software and equipment purchased to put the system in service, which are amortised over a three-year period.

### 1.1.3 Property, plant and equipment

RATP's capital assets as well as the returnable (concession) assets provided by Île-de-France Mobilités are recorded in the balance sheet at their historical cost (acquisition or production cost). Their valuation takes into account the revaluations made in 1963 on the basis of 1959 and in 1978 on the basis of 1976.

In accordance with component-based accounting, RATP's fixed assets have been broken down into components and the useful life of each component has been determined based on their replacement or renovation frequency. At 1 January 2005, the date on which the component approach was implemented, RATP adopted the depreciated historical cost method.

Certain assets are funded by investment grants.

Provisions for decommissioning railway rolling stock are recorded with an offsetting entry under components of fixed assets. They are amortised over the useful lives of the trains.

Provisions for depreciation are calculated using the straight-line method based on the useful lives of the assets, as defined by RATP technicians. The useful lives of property, plant and equipment are reviewed annually if there are significant changes.

Spare parts are recognised as assets and valued at the historical unit cost. Spare parts managed in a computerised maintenance management system (CMMS) are valued at weighted average cost.

Depreciation of spare parts is calculated based on the depreciation schedule for the associated assets.



### 1.1.4 Depreciation period

Fixed assets are depreciated on a straight-line basis over their useful lives. The periods considered for the principal assets are as follows:

Buildings	Useful life
Building shell and brickwork	70 to 100 years
Building fixtures and fittings	6 to 30 years

Railway infrastructure	Useful life
Tunnels, stations and access ways	35 to 140 years
Fittings for stations and access ways	15 to 40 years
Tracks	10 to 50 years
Conductors, traction power supply for the metro system	5 to 50 years
Catenary systems for the regional express network (RER) and trams	15 to 50 years

Track signaling and assisted driving systems	Useful life
Automated train operating system (SAET)	5 to 35 years
Automated driving system	15 to 30 years
Track signaling	10 to 40 years

Rolling stock	Useful life
Rolling stock (rail)	20 to 40 years
Rolling stock (bus)	4 to 10 years
Company cars	5 years

Plant equipment, fixtures and fittings	Useful life
Elevators, escalators and moving walkways	10 to 40 years
Automatic gates, passenger turnstiles	10 to 20 years
Equipment to print, deliver and stamp tickets	5 to 10 years
Telecom equipment and alarms	5 to 15 years
Electrical installations	5 to 30 years
Transformers	10 to 100 years
Ventilation and air evacuation equipment	15 to 30 years
Air conditioning systems	5 to 10 years
Sound and lighting equipment	10 to 30 years
Equipment and tooling	5 to 30 years
Other equipment and furniture	2 to 15 years

### 1.1.5 Impairment of intangible assets and property, plant and equipment

The accounting principles provide for impairment testing to assess whether there is any indication that an asset may be impaired. If there is an indication that a non-financial asset may be impaired, an impairment test is performed: the carrying amount of the fixed asset is compared with its fair value, which is defined as the higher of an asset's market value and its value in use.

The ORTF law on public passenger transport has limited the duration of operating rights granted to RATP, set out ownership regimes and specified what happens to these assets upon contract expiry. It has also set out the compensation arrangements for Infrastructure management and line operations in order to ensure that costs are covered and there is a return on capital employed.

The impacts of government measures in tax matters led to the revision of impairment tests for the Infrastructure management and Transport operations cash-generating units (abbreviated as IM and TO CGUs).

The tests were carried out based on the value of the assets as at 1 January 2018. The allocation of these asset values between Infrastructure management and Transport operations was done according to the legal and regulatory provisions applicable to RATP.

The carrying amount of the assets tested in each CGU includes:

- fixed assets (depreciable property, plant and equipment and amortisable intangible assets) net of grants;
- working capital requirements.

The recoverable value of the assets corresponds to the value in use, which is determined on the basis of future cash flows net of tax, which were forecast using the following data.

For 2018-2020:

- for TO and IM, the flows were estimated on the basis of RATP's business plan approved by the State and based on the financial provisions of the RATP-Île-de-France Mobilités agreement for 2016-2020, discounted as required by changes to interest rates;
- for IM, revenue is allocated in accordance with the agreement on a flat-rate basis.

Beyond 2020:

- RATP renewed the current contract indefinitely, without taking into account the opening of the market to competition;
- for TO, investment assumptions specific to rolling stock were taken into account until the return of the returnable assets to Île-de-France Mobilités;
- for IM, a standard investment for renewal was estimated.

Terminal values were calculated based on normative cash flows determined at the end of the period specified in the plan and projected to infinity on the basis of a perpetual growth rate corresponding to the long-term estimated inflation rate. Concerning Transport operations, cash flows are projected until the end of the operating rights by estimating corresponding terminal values for each expiry date of the operating rights.

	CGUs	
	Infrastructure management	Transport operations
Method for determining the recoverable value	Value in use	Value in use
Discount rate	4.8%	Rolling stock: 3.7% Other fully-owned assets and reversionary (concession) assets: 5.4%
Terminal growth rate	2.0%	2.0%

The estimated discount rate (weighted average cost of capital) was determined using the average rates observed for a panel of listed companies with similar activities to RATP. A specific discount rate was used for Transport operations rolling stock (returnable assets) given the contractual compensation arrangements for these assets, i.e. 3.7%. For other assets used in Transport operations (fully-owned and reversionary assets), a discount rate of 5.4% was applied, in line with the rates used by the panel.

The impairment tests performed on the Infrastructure management and Transport operations CGUs did not reveal any impairment losses. Consequently, no impairment losses were recognised in the consolidated financial statements for the financial year.

Sensitivity tests were performed to confirm the results of the impairment tests. Based on the assets tested:

- a +0.20% change in discount rate for the IM CGU and +0.64% for the TO CGU would equalise the recoverable value and net carrying amount of each CGU;
- a -0.21% change in terminal growth rate for the IM CGU and -0.36% for the TO CGU would equalise the recoverable value and net carrying amount of each CGU;
- a change of +€12 million in investment renewals for the IM CGU and +€25 million for the TO CGU would equalise the recoverable value and net carrying amount of the CGU.

## 1.2 Financial assets

The gross value of financial assets comprises the purchase price and directly attributable acquisition costs. RATP includes conveyance stamp duties, fees, commissions and other taxes in the acquisition cost.

The net asset value of investments held by RATP is determined based on the net equity of the subsidiary, or for subsidiaries that hold shareholdings themselves, based on the consolidated net equity of the subgroup and on the earnings outlook of the subsidiary or subgroup.

A provision for impairment is recognised, if the net asset value of the investment falls below its carrying amount.

## 1.3 Inventories

Inventories are stated at the lower of cost (including incidental acquisition costs) and net realisable value. Cost is calculated using the weighted average cost method.

Inventories are written down as required based on their turnover and economic life.

## 1.4 Receivables

Receivables are recorded at face value. A provision for impairment equal to the full amount of the receivable is recorded if there is non-collection risk.

## 1.5 Bond redemption premiums

The cost of bond redemption premiums is amortised on a straight-line basis over the term of the bonds. However, if early repayment is decided before the date of the financial statements, related costs are amortised in full.

## 1.6 Equity

The equity contra-account entitled "Reserve for assets allocated to RATP" shown in liabilities essentially reflects the residual value at 1 January 1949 – when RATP was created – of the assets provided for use by RATP at that time and that remained on the balance sheet at 31 December 1976.

The revaluation surplus recorded under equity results from the revaluation performed in 1963 on the basis of 1959 data, and the revaluation performed in 1978 on the basis of 1976.

RATP was formed by the act of 21 March 1948. However, no capital was transferred to it at that time. In 1986, the public authorities allocated capital of €283.3 million to RATP. This allocation was increased by €150 million in July 2010 as part of the national recovery plan announced at the start of 2009.

Income from investment grants is recognised based on the depreciation schedule of the associated assets, with the exception of grants received for purchasing land, of which one-tenth is recognised as income per financial year.

Tax-driven provisions relate:

- to the revaluation of depreciable assets performed in 1978 based on 1976 data. It is transferred to income in proportion to the depreciation and amortisation recognised for the corresponding assets;
- to special depreciation methods practiced since 1 January 2016.

## 1.7 Financial liabilities

Loans and borrowings are recorded on the balance sheet at their redemption value in euros.

## 1.8 Currency transactions

All financing-related currency transactions are fully hedged.

Currency balances denominated in foreign currencies are translated at year end at the closing rate.

If the exchange rate at the reporting date impacts the amounts previously recorded in euros, adjustments are recorded under balance sheet liabilities if they reflect unrealised currency translation gains and under assets if they reflect unrealised currency translation losses. These unrealised gains and losses are offset, if necessary, by the revaluation of foreign exchange derivatives hedging these exposures.

If unrealised currency translation losses are recorded, a foreign exchange contingency provision is also recorded.

The revaluation of the foreign exchange component of cross currency swaps and foreign exchange swaps is classified in the balance sheet under the same heading as the underlying hedged.

## 1.9 Derivative financial instruments

RATP uses derivative financial instruments to manage its exposure to changes in interest rates and exchange rates (interest rate swaps, options, cross currency swaps, forward purchases and sales and foreign exchange swaps). Almost all the derivative instruments qualify for hedge accounting and are used to manage risk on debt.

The income and expense arising from the use of hedging instruments is recorded when the profit and loss from the hedged items is collected or incurred.

The difference between the interest receivable and the interest payable on swaps, caps and floors, and the premiums and net payments associated with these transactions are recorded as an adjustment to the interest expense over the term of the instruments.

RATP may also need to use derivatives to manage the commodity risk. Unrealised gains and losses from hedges on future purchases of diesel fuel are deferred and recognised in the income statement when the hedged transaction is settled. As in 2017, no transactions were undertaken in the commodities markets in 2018.

As part of the centralised management of market risks, RATP contracted derivatives on behalf of the Group subsidiaries. Gains and losses realised on derivatives contracted from bank counterparties are transferred back to the subsidiaries that have requested hedges.

## 1.10 Trade payables

Trade payables are recorded at face value. Prepayments to suppliers are reported under balance sheet assets.

## 1.11 Long-term employee benefits

RATP recognises provisions for long-term employee obligations including those relating to:

- work-related accidents and illnesses RATP insures its current employees for work-related illnesses and accidents. The benefits paid compensate employees for the permanent physical or psychological damage incurred due to an accident or illness and any other negative effects on the employee's career. Only the benefits paid to current employees are classified as long-term benefits: €22 million. Benefits paid to non-current employees are part of off-balance sheet commitments;
- long-service rewards: €31 million;
- unemployment benefits: €6 million;
- long-term sick-leave: €3 million.

Employee benefits are measured using actuarial calculations based on assumptions regarding demographic variables (mortality, employee turnover, etc.) and economic variables (discount rate, salary increase rate, etc.).

The discount rate is based on the Bloomberg fifteen-year rate, which was 1.75% at 31 December 2018 (1.5% at 31 December 2017).

The accretion expense is recognised under financial income and expense as of 2018. Until 2017, it was recognised under operating income and expense.

The main actuarial assumptions are as follows:

	31/12/2018	31/12/2017
Discount rate	1.75%	1.5%
Inflation rate	2%	2%
Salary increase rate including inflation	2.2%	2.2%
Mortality table	TGH05/TGF05	TGH05/TGF05
Turnover rate	0%	0%
Retirement age	See paragraph below	

Retirement age corresponds to the age at which employees leave the company to retire. Assumptions regarding retirement age are defined on an individual basis. They take into account the age at which employees are entitled to retire, the terms of the special pension scheme for RATP employees and the average retirement age per rank, calculated on the basis of retirements recorded over the last twelve months. The individual assumption corresponds to the maximum between the entitlement date and the average retirement age per rank calculated on the basis of retirements.

## 1.12 Lease and lease-purchase contracts

The net present value of lease payments is recorded over the term of the leases. Details of the impact of lease transactions on the financial statements are shown in Note 17.

### 1.12.1 Leasehold transactions

RATP carries out leasehold transactions, granting the rights to use its assets through arrangements that enable foreign investors to assume the economic ownership of the assets and thus amortise and benefit from a financial gain based on the difference in tax rates.

Leased assets are recorded as fixed assets on RATP's balance sheet.

A leasehold transaction is composed of the main lease granted by RATP and a sub-lease enabling RATP to retain the right of use of the asset. RATP has an early buyout option (EBO) for a period shorter than the full term of the lease, which enables it to unwind the arrangement by repurchasing the outstanding portion of the lease.

Under generally-accepted economic and accounting principles, a lease arrangement is not recognised as a sale prior to the EBO.

The financial gain obtained by the foreign investors is shared with RATP. The overall profit generated from each transaction is included in the down payment received when the contracts are signed. It represents an immediate reduction in the company's debts. It is recognised linearly under exceptional income, each year.

All associated costs, sub-leases payments, interest and principal are recorded in a single entry under non-recurring income and expense, in accordance with accounting principles on defeasance transactions.

The various contracts that make up each leasehold arrangement constitute separate transactions and are accounted for as such. As the assets and liabilities related to these leases generate cash flows that are fully offset in the balance sheet and income statement, the overall profit generated by each transaction is reported in a single line as the net present value (NPV). The overall profit is recorded as deferred income when the contracts are signed and then is recognised as non-recurring income and expense on a straight-line basis over the duration of the contract.

As at 31 December 2018, there were five agreements outstanding with two investors – the Bank of America and State Street.

The risks assumed by RATP are limited to equipment ownership risk, risks relating to French legislation and counterparty risk on the deposits. Counterparty risk is managed:

- by defeasance agreements, which enable deposits to be offset against the associated liabilities. The corresponding deposits totaled €40 million at 31 December 2018;
- by holding US Treasury bonds. The deposits totaled €61 million at 31 December 2018.

### 1.12.2 Swedish lease transactions

The Swedish lease agreement is effective in the period prior to equipment delivery.

The investor pays the supplier the total value of the equipment. At the inception of the contract RATP sets up deposits to cover the lease payments and the equipment buyback option. The difference between the deposits and the value of the material represents the profit made by RATP.

The assets held under the Swedish lease have been recorded as long-term deposits.

The lease payments are recognised as operating expenses and the interest and deposits in financial income. Only the net present value is recorded as non-recurring income.

Net income is impacted by the deferred profit relating to the net present value and the theoretical depreciation of assets, if they are maintained on RATP's balance sheet.

### 1.12.3 Leases

Île-de-France Mobilités and RATP have set up a finance lease arrangement for rolling stock for the T3, T5, T6, T7 and T8 tramway lines.

In this transaction, RATP is the lessee; Île-de-France Mobilités reimburses the corresponding rents.

During the construction period, RATP paid the supplier. Once the tramways were delivered, RATP assigned them to a bank. The finance lease was then set up. Île-de-France Mobilités will take over the finance lease in 2029.

## 1.13 Recognition of revenue and other income

### 1.13.1 Revenue generated from the agreement with Ile-de-France Mobilités

Transport revenue is made up of the following components:

- direct traffic revenue from transport users;
- Île-de-France Mobilités contributions:
  - “C1”, a contribution to operating expenses intended to cover public service obligations. This contribution comprises three parts: a flat-rate contribution covering operating expenses that are not covered by revenue from transport users; a euro-for-euro contribution covering the amount of business, professional and property-related taxes and duties levied; and a contribution covering the difference between the indexing of the forecast direct revenue based on the methods used to calculate the flat-rate contribution and the impact on Île-de-France Mobilités's pricing decisions,
  - “C2”, a contribution to finance investments (amortisation and interest),
  - a reward or penalty for quality of service, and potential fines if RATP fails to meet its contractual service coverage requirements,
  - a profit-sharing scheme with risks and gains shared between RATP and Île-de-France Mobilités based on the actual direct revenue generated compared with contractual revenue targets,
  - “C4”, a contribution to finance the acquisition of rolling stock for the T3, T5, T6, T7 and T8 tramway lines (euro for euro reimbursement of the finance lease payments).





This transport revenue is provided for under the terms of the 2016-2020 multi-annual agreement concluded between Île-de-France Mobilités and RATP. The contributions are revalued every year by applying an indexing formula based on indices, pursuant to the provisions of the agreement.

The RATP-Île-de-France Mobilités agreement provides for penalties in the event of failure to implement the equity investment plan. Overall, RATP believes that since the beginning of the agreement, the equity investment plan has been implemented in accordance with the contractual clauses.

Regarding direct traffic revenue, public prices are set by Île-de-France Mobilités, the organising authority. They constitute a public service obligation with which RATP must comply.

### 1.13.2 Income used to offset depreciation expenses

This item reflects income from reversals of investment grants and special revaluation provisions, recognised at the amortisation rate of the assets to which they relate.

## 1.14 Taxes and duties

### Tax consolidation

In 2016, RATP chose to fiscally consolidate the French subsidiaries in which it had a stake exceeding 95%, as stipulated in article 223A of the French general tax code.

There are 61 companies in the company's tax consolidation scope. Under the tax consolidation agreements, the subsidiaries bear a tax expense equivalent to that which they would have incurred in the absence of consolidation. The tax consolidation proceeds are acquired by RATP. In accordance with the tax consolidation agreements signed with companies which were previously the parent company of a tax consolidation, for 2016, 2017 and 2018, this income will be partially returned to the consolidated company in such a way that the change in the scope of tax consolidation is neutral for those companies which were parent companies of a tax consolidation before 2016.

### 1.15 Payroll costs

RATP has accounted separately for its transport business and its social security provider obligations.

This dual accounting system entails:

- for RATP's social security service obligations, income statements for each type of risk covered (health, industrial accidents, unemployment);
- employer social security contributions comparable in level and function with those required in the social security system.

This system as a whole is called the Social Security Accounting System (SSAS).

#### 1.15.1 Presentation of payroll costs in parent company financial statements

In order to ensure the comprehensibility and comparison of RATP's income statement with income statements prepared by other transport companies, the payroll costs related to the transport business have been presented in the same way as they are for common law companies, with two separate lines: "Wages and salaries" and "Payroll-related costs". RATP's social security service obligations are reported under the single line item "RATP employee benefit plan cost, net".

#### Health insurance plan

French decree No. 2015-1881 of 30 December 2015 relating to the special social security scheme of Régie autonome des transports parisiens was effective from 1 January 2016.

This decree brought the rules governing RATP's special health insurance scheme with the new rules resulting from the universal health protection system, both from the point of view of affiliation rules and financing rules.

Furthermore, the funding of the health insurance plan substituted the old system of bilateral compensation with an equilibrium allocation from the National Health Insurance Fund.

RATP has to distinguish between the expenses and income that fall under the common law scheme (PUMA) of the health insurance division and those that fall under the special scheme.

Regarding the statutory health insurance scheme, over and above expenses and income, an equilibrium allocation is paid or received by RATP in order to balance the outcome of the health insurance plan. The amount of this equilibrium allocation is determined at the end of each year.

Like social security organisations themselves, RATP's social security obligations include the following:

- the origin and amount of resources, in particular in terms of employer contributions;
- the amount of benefits paid to plan beneficiaries;
- management costs;
- the equilibrium allocation under the common law scheme of the health insurance division.

#### Work-related accident insurance and unemployment allowance plan

With regard to work-related accident and unemployment schemes, the plan's financial profit or loss is the difference between employer contributions and benefits paid.

#### RATP social security net surplus (deficit)

The financial impacts of the PUMA statutory health insurance plan, non-PUMA health insurance plan, work-related accident insurance plan and unemployment allowance plan make up the "RATP employee benefit plan cost, net".

The breakdown of the financial items is presented in Note 12.



### 1.15.2 Characteristics of the social security accounts (SSAS)

#### Employer contributions

The Social Security accounts are mainly funded by the employer contributions recorded as “Payroll-related costs” in RATP’s income statement. In terms of health insurance, RATP receives a contribution to its health insurance fund from the CSG tax collected by Urssaf.

#### Benefits

Benefits provided by RATP include:

- benefits in kind such as the reimbursement of medical and hospital costs, medical tests and pharmaceuticals, and the services rendered by RATP’s healthcare centers (*espace santé*), etc. on the one hand;
- financial benefits, such as wages and salaries paid to employees on sick leave (daily indemnities), lump sums paid upon death, work-related accident and disability pensions, etc. on the other.

### 1.16 French tax credit on payroll costs (CICE)

The CICE is presented as a reduction in payroll costs. It is calculated according to current regulations.

In 2017, RATP had assigned the Group’s tax-consolidated CICE receivable for a net amount of €131 million to a credit institution that became the owner thereof.

### 1.17 Extraordinary income and expense

RATP recognises items that are material, non-recurring and not part of its normal operations in non-recurring income and expense.

Since 1 January 2016, RATP has applied special depreciation methods to categories of goods for which the tax authorities expressly allow a generally shorter duration of use than the useful life. Depending on the asset categories, the tax depreciation periods used are consistent with the periods defined by tax case law, the OECD report published in 1975, administrative legal theory and professional accounting plans.



## 2 — Property, plant and equipment and intangible assets

Position and changes	Gross value at the beginning of the year	Increase	Transfers	Decrease	Gross value at the end of the year
<b>Intangible assets</b>					
Research and development costs	233,405				233,405
Lease rights	2,626				2,626
Other					
• Software in use	583,274		82,433	(30,117)	635,591
• Software in process	166,631	116,339	(71,933)		211,036
<b>TOTAL</b>	<b>985,936</b>	<b>116,339</b>	<b>10,500</b>	<b>(30,117)</b>	<b>1,082,658</b>
<b>Property, plant and equipment</b>					
Land	621,433		1,411	(2,693)	620,150
Buildings	11,067,617		379,968	(21,287)	11,426,298
Buildings on land not owned	96,540		1,294		97,834
Technical plant, equipment and industrial tooling	5,083,693	1,818	295,002	(17,623)	5,362,890
Transport equipment	8,483,012	10,166	190,761	(44,190)	8,639,749
Other	175,036		28,989	(2,458)	201,567
Work in progress	3,030,242	1,467,812	(907,925)		3,590,129
<b>TOTAL</b>	<b>28,557,573</b>	<b>1,479,796</b>	<b>(10,500)</b>	<b>(88,251)</b>	<b>29,938,617</b>
<b>TOTAL ASSETS</b>	<b>29,543,509</b>	<b>1,596,135</b>		<b>(118,368)</b>	<b>31,021,275</b>

Position and changes	Accumulated depreciation at the beginning of the year	Increases during the year	Decreases during the year	Accumulated depreciation at the end of the year
<b>Intangible assets</b>				
Research and development costs	64,304	7,780		72,084
Lease rights	1,533	35		1,568
Other	433,628	57,839	(29,881)	461,586
<b>TOTAL</b>	<b>499,465</b>	<b>65,654</b>	<b>(29,881)</b>	<b>535,238</b>
<b>Property, plant and equipment</b>				
Land	17,360	3,304		20,664
Buildings	4,688,193	267,222	(19,296)	4,936,119
Buildings on land not owned	90,648	1,436		92,084
Technical plant, equipment and industrial tooling	3,219,210	230,962	(14,477)	3,435,695
Transport equipment	3,918,573	349,169	(43,177)	4,224,565
Other	135,101	11,487	(2,417)	144,171
<b>TOTAL</b>	<b>12,069,084</b>	<b>863,580</b>	<b>(79,367)</b>	<b>12,853,298</b>
<b>TOTAL ASSETS</b>	<b>12,568,549</b>	<b>929,234</b>	<b>(109,248)</b>	<b>13,388,536</b>

Amount of depreciation appropriated in the income of the social security service:

	Assets allocated to the insurance service
Software (other intangible assets)	177
Buildings	28
Buildings on land not owned	
Equipment and industrial tooling	227
Transport equipment	
Other	7
<b>TOTAL</b>	<b>439</b>

### 3 — Financial assets

	31/12/2017	Increase	Decrease	31/12/2018
Equity investments	482,065	23,800		505,865
Receivables from equity investments	133,490		31,340	102,150
Leasehold deposit receivables	283,738	2,413	202,119	84,032
Swedish lease deposit receivables	44,234		3,794	40,440
1% housing loans	43,056		3,812	39,244
Other financial receivables	37,281	647	30,174	7,754
<b>TOTAL</b>	<b>1,023,865</b>	<b>26,860</b>	<b>271,239</b>	<b>779,486</b>

### 4 — Inventories and work in progress

	31/12/2018	31/12/2017
Raw materials and consumables	252,551	232,490
Work in progress	8,945	3,353
Impairment	(51,464)	(50,922)
<b>TOTAL</b>	<b>210,033</b>	<b>184,920</b>

### 5 — Receivables

	31/12/2018			31/12/2017		
				Asset liquidity degree		
				Maturities		
Receivables	Gross amount	Provisions	Net amount	Less than 1 year	More than 1 year	Net amount
Advances and down payments to suppliers	1,979		1,979	1,979		776
Trade receivables and related accounts	129,694	2,210	127,484	127,484		120,334
Receivables from the French State and other public authorities	421,650		421,650	353,150	68,500	488,695
Other	253,002	2,700	250,302	237,134	13,168	108,933
Lease receivables	216,650		216,650	8,245	208,405	560,111
Prepaid expenses	44,077		44,077	12,941	31,136	48,189
<b>TOTAL</b>	<b>1,067,052</b>	<b>4,910</b>	<b>1,062,142</b>	<b>740,933</b>	<b>321,209</b>	<b>1,327,037</b>



## 6 — Investment securities

	31/12/2018	31/12/2017
UCITS	212,814	302,822
Long-term deposit	602,366	595,546
Cash collateral	53,300	245,400
Accrued interest	231	1,806
<b>MARKETABLE SECURITIES</b>	<b>868,711</b>	<b>1,145,574</b>

## 7 — Equity

### 7.1 Changes in equity

	31/12/2017	Increase	Decrease	31/12/2018
Reserve for assets allocated to RATP	250,699	–	–	250,699
Revaluation surplus <sup>(1)</sup>	210,216	–	5,377	204,840
Capital endowment	433,367	–	–	433,367
Statutory reserves	184,519	–	–	184,519
Reserves from sale of fixed assets before 1 January 2010	52,255	–	–	52,255
General reserve	57,926	–	–	57,926
Retained earnings	3,078,626	212,697	–	3,291,323
Net income <sup>(2)</sup>	212,697	247,581	212,697	247,581
<b>Equity excluding investment grants</b>	<b>4,480,305</b>	<b>460,278</b>	<b>218,074</b>	<b>4,722,510</b>
Revaluation provisions <sup>(1)</sup>	359,205	–	8,412	350,793
Provisions for special depreciation	166,686	74,770	6,691	234,765
Investment grants	6,398,301	688,827	273,733	6,813,396
<b>TOTAL</b>	<b>11,404,498</b>	<b>1,223,875</b>	<b>506,910</b>	<b>12,121,464</b>

(1) The revaluation surplus (non-depreciable assets; €205 million) and the special revaluation provision (depreciable assets; €351 million) represents a total of €556 million. The details can be found in Notes 7.2.1 for the 1976 revaluation (€547 million) and 7.2.2 for the 1959 revaluation (€9 million), i.e. a total of €556 million.

(2) Net income for 2017 was appropriated to retained earnings.

## 7.2 Revaluation surplus

### 7.2.1 Revaluation in 1976

Headings	Difference at the beginning of the year		Change		Difference at the end of the financial year	
	Gross value of cumulative	Amortisation or provisions assets	Retired assets	Additions to amortisation and provisions	Gross value of cumulative	Amortisation or provisions assets
<b>Property, plant and equipment:</b>						
Land	215,866	14,223	(2,670)	2,707	213,196	16,930
Buildings	1,169,549	810,829	(1,798)	6,614	1,167,751	817,443
Technical plant, equipment and industrial tooling	16,789	16,789	(159)	(159)	16,630	16,630
Transport equipment	28,392	28,392	(509)	(509)	27,883	27,883
Other	506	21	0	0	506	21
	<b>1,431,102</b>	<b>870,253</b>	<b>(5,136)</b>	<b>8,653</b>	<b>1,425,966</b>	<b>878,906</b>
<b>Financial assets</b>						
Equity investments	15				15	
	<b>15</b>				<b>15</b>	
<b>TOTAL</b>	<b>1,431,117</b>	<b>870,253</b>	<b>(5,136)</b>	<b>8,653</b>	<b>1,425,981</b>	<b>878,906</b>
					<b>Net exposure:</b>	<b>547,075</b>

### 7.2.2 Revaluation in 1959

The amount of revaluation surplus from 1959 amounted to €8,557 thousand in 2018.



## 8 — Provisions

Position and changes	Provisions at the beginning of financial year	Other reclassification	Increases: additions to for year	Decreases: reversals for the year		Provisions at end of the financial year
Headings				reversals utilised	adjustments	
<b>Provisions for contingencies and expenses</b>						
<b>Provisions for contingencies</b>						
Provisions for litigation <sup>(1)</sup>	25,351		5,135	1,559	12,467	16,460
Provisions for work-related accidents	84,386		33,959	12,866	16,630	88,849
Provisions for operating or financial liabilities	4,618		562	386	184	4,609
Other provisions for non-recurring risks	96		183	274	1	4
	<b>114,450</b>		<b>39,838</b>	<b>15,085</b>	<b>29,282</b>	<b>109,922</b>
<b>Provisions for losses and expenses</b>						
Provisions for non-recurring expenses <sup>(2)</sup>	133,586	41	8,436	7,219	194	134,650
	<b>133,586</b>	<b>41</b>	<b>8,436</b>	<b>7,219</b>	<b>194</b>	<b>134,650</b>
<b>TOTAL</b>	<b>248,037</b>	<b>41</b>	<b>48,274</b>	<b>22,304</b>	<b>29,476</b>	<b>244,573</b>
<b>Provisions for impairment</b>						
Property, plant and equipment	1,370			107		1,263
Financial assets	43,178		6,051		3,029	46,200
Inventories	50,922		5,794		5,252	51,464
Trade receivables and related accounts	2,517		274	161	421	2,210
Marketable securities	8		303	8		303
Other	2,952		212	462	2	2,700
<b>TOTAL</b>	<b>100,947</b>		<b>12,634</b>	<b>738</b>	<b>8,704</b>	<b>104,140</b>
<b>OVERALL TOTAL</b>	<b>348,984</b>	<b>41</b>	<b>60,908</b>	<b>23,042</b>	<b>38,180</b>	<b>348,713</b>

(1) These provisions are for commercial, industrial and employee-related litigation or disputes.

(2) These provisions essentially cover the cost of decommissioning railway rolling stock and long-term employee benefits.

The company is not subject to injunctions or financial penalties for anti-competitive practices.

## 9 — Loans and borrowings

	Gross amount	Maturities		
		Less than 1 year	Between 1 and 5 years	More than 5 years
<b>Financial liabilities</b>				
Île-de-France loans	187,340	18,509	74,764	94,067
Bond issues <sup>(1)</sup>				
• Eurozone financial markets	4,400,000		1,800,000	2,600,000
• International financial markets	297,163	297,163		
• Corporate savings plan loans	165,697	165,697		
Borrowings from and liabilities to financial institutions				
• Calyon loan 1% housing loan counterparty	25,289	4,815	16,094	4,380
• Short-term bank loans	62,344	62,344		
• Postal checks	1,438	1,438		
Loans and borrowings (commercial paper)	1,102,316	1,102,316		
Loans and borrowings allocated to lease assets	29,064	659	8,998	19,407
Other loans and borrowings	6,193	6,193		
Collateral	57,500	57,500		
Accrued interest	52,509	52,509		
<b>TOTAL</b>	<b>6,386,854</b>	<b>1,769,144</b>	<b>1,899,856</b>	<b>2,717,854</b>

(1) Under its Euro medium-term note (EMTN) programme, RATP issued three bonds:

- for a nominal amount of €100 million in June 2018, maturing in 2048 and bearing a fixed interest rate of 1.9%;
- for a nominal amount of €50 million in July 2018, maturing in 2048 and bearing a fixed interest rate of 1.905%;
- for a nominal amount of €50 million in July 2018, maturing in 2048 and bearing a fixed interest rate of 1.82%.

### 9.1 Net financial debt

	31/12/2018	31/12/2017
<b>Financial assets (A)</b>	<b>1,205,267</b>	<b>1,537,630</b>
Loans to subsidiaries	102,092	133,300
Lease deposit receivables	53,823	54,690
Marketable securities <sup>(1)</sup>	815,180	898,380
Cash collateral investment	53,300	245,400
Cash and cash equivalents <sup>(1)</sup>	180,871	205,860
<b>Loans and borrowings (B)</b>	<b>6,273,798</b>	<b>6,701,520</b>
Île-de-France loans	187,340	207,650
Borrowings from financial markets	4,697,163	5,147,160
Corporate savings plan loans (bonds)	165,697	286,260
Borrowings from and liabilities to financial institutions	63,782	117,460
Commercial paper	1,102,316	879,390
Collateral	57,500	63,600
<b>NET FINANCIAL DEBT (B – A)</b>	<b>5,068,531</b>	<b>5,163,890</b>

(1) Excluding financial assets allocated to lease transactions.





## 9.2 Derivative instruments

RATP uses financial instruments to manage its exposure to interest rate, foreign exchange and commodities risks.

The cross currency swaps may, where appropriate, cover both interest rate and currency risk. These instruments are broken down by type of risk covered in the analyses below.

### 9.2.1 Interest rate and foreign currency risk management, excluding transactions in behalf of subsidiaries

The interest rate risk on borrowings and investments is essentially managed by using swaps and options to modulate the fixed and floating rate portion of the liability, based on changes in interest rates. The modulation is obtained by implementing or cancelling interest rate swaps and options.

RATP issued €250 million as pre-hedge cover to guard against rate volatility in 2019.

RATP borrows in foreign currencies (bonds, NEU CP). The resulting exposure to exchange rate risk is systematically hedged using currency swaps or cross currency swaps.

#### Derivatives by maturity

	31/12/2018	31/12/2018	31/12/2017	31/12/2017
In millions of euros	Notional amount	Fair value	Notional amount	Fair value
Prehedge swaps bearing a fixed rate				
Maturity ≤5 years				
Maturity >5 years	250	(12)	150	
Other Interest rate swaps bearing a fixed rate				
Maturity ≤5 years				
Maturity >5 years	41	(7)	45	(9)
Foreign exchange swap				
Maturity ≤5 years	66		399	(5)
Maturity >5 years				
Cross currency swaps on long-term borrowings				
Maturity ≤5 years	297	116	297	102
Maturity >5 years	95	(24)	92	(20)
<b>TOTAL</b>	<b>749</b>	<b>74</b>	<b>984</b>	<b>69</b>

#### Bonds and commercial paper as at 31 December 2018

##### In millions of euros, excluding corporate savings plan

Excluding derivatives		Including derivatives	
Bonds		Bonds	
Fixed rate	4,697	Fixed rate	4,697
Floating rate		Floating rate	
Commercial paper		Commercial paper	
Fixed rate	1,002	Fixed rate	1,002
Floating rate		Floating rate	

### 9.2.2 Derivatives contracted on behalf of the subsidiaries

RATP carries out commodity (diesel), foreign exchange and interest rate hedges for its subsidiaries. The gains and losses from these hedges are entirely transferred back to the subsidiaries that have requested hedges.

#### Derivatives by maturity

	31/12/2018	31/12/2018	31/12/2017	31/12/2017
In millions of euros	Notional amount outstanding	Fair value	Notional amount outstanding	Fair value
Other pay-fixed swaps				
Maturity ≤5 years	15		18	
Maturity >5 years	46		52	
Forex swaps				
Maturity ≤5 years	25			
Cross currency swaps backed by long-term debt				
Maturity ≤5 years				
Maturity >5 years	56	(2)	56	
Commodity swaps				
Maturity ≤5 years	11	(1)	6	1
<b>TOTAL</b>	<b>153</b>	<b>(3)</b>	<b>133</b>	<b>2</b>

These commitments given to the banks are entirely borne by the subsidiaries.

## 10 — Other liabilities

		Maturities		
Accounts payable	Amount gross	Less than 1 year	Between 1 and 5 years	More than 5 years
Advances and down payments received	1,190	1,190		
Trade and related payables	283,488	283,488		
Payables for assets and related accounts	591,883	591,883		
Other liabilities	109,421	105,542	3,879	
Lease payables	219,855	12,869		206,986
Prepaid income	76,896	55,956	15,930	5,010
<b>TOTAL</b>	<b>1,282,733</b>	<b>1,050,928</b>	<b>19,809</b>	<b>211,996</b>



## 11 — Revenue

### 11.1 Breakdown of revenue

	31/12/2018	31/12/2017
Transport revenue (excluding OrlyVal)	2,459,279	2,359,513
Bandwidth (risks shared with Île-de-France Mobilités)	(14,939)	(29,977)
<b>RATP direct revenue</b>	<b>2,444,340</b>	<b>2,329,536</b>
Service quality bonus	12,091	11,301
Bus bonus after deductible	3,000	1,000
C11 – contribution to operating expenses	1,014,945	1,035,652
C12 – contribution to taxes and duties	107,090	108,414
C13 – contribution to difference between revenue index under C11 and pricing decisions	(88,084)	(75,629)
C2 – contribution to financing of investments	969,915	940,844
C4 – specific contribution to financing of rolling stock	11,615	11,113
Other transport revenue	43,238	47,722
Penalties (services + validation + incentives)	(7,965)	(9,025)
<b>Contributions of Île-de-France Mobilités</b>	<b>2,065,845</b>	<b>2,071,392</b>
<b>1. Transport revenue</b>	<b>4,510,185</b>	<b>4,400,928</b>
<b>2. Transport-related activities</b>	<b>155,592</b>	<b>150,170</b>
Of which fixed penalties and fines	33,421	33,275
<b>3. Other service revenue and sales of residual products</b>	<b>155,593</b>	<b>166,431</b>
<b>REVENUE</b>	<b>4,821,370</b>	<b>4,717,529</b>

### 11.2 Transport revenue allocated by ticket type

	31/12/2018	In %	31/12/2017
<b>RATP networks: metro, RER, tram and bus</b>	<b>2,459,279</b>	<b>100.0</b>	<b>2,359,513</b>
Weekly, monthly and annual Navigo travel passes	1,553,335	63.2	1,493,032
Other subscriptions (policy, amethyst)	100,743	4.1	94,632
Tickets	727,991	29.6	694,021
Flat-rate travel cards (Mobilis, youth tickets, travel passes for conference goers)	33,789	1.4	26,019
Unsubsidized tickets (Paris Visite, Orlybus, Roissybus)	41,842	1.7	50,875
Other	1,580	0.1	934
<b>ALL NETWORKS</b>	<b>2,459,279</b>		<b>2,359,513</b>

## 12 — Payroll costs

### 12.1 Social security income statement

	Net income 2018	Net income 2017
<b>Health insurance plan</b>		
Standardised employer contributions – PUMA	173,392	180,729
CNSA PUMA contribution	1,691	1,935
Transfers received from CSG tax collected (ACOSS) and employee contributions	145,244	107,040
Third-party recovery	1,005	666
CAP PUMA reversal	7,700	7,700
Healthcare expenses including PUMA healthcare centers ( <i>espaces santé</i> PUMA)	(306,113)	(301,064)
PUMA overheads	(11,453)	(11,620)
PUMA equilibrium allocation	(11,466)	14,615
RATP social welfare contributions – Health insurance excluding PUMA	76,110	75,848
Other contributions and transfers received excluding PUMA	1,838	1,747
Cash benefits excluding PUMA	(64,543)	(67,112)
Special scheme expenses	(6,770)	(6,542)
Overheads excluding PUMA	(5,059)	(3,861)
<b>NET SURPLUS (DEFICIT) OF THE HEALTH INSURANCE PLAN</b>	<b>1,576</b>	<b>80</b>
<b>Work-related accident insurance plan</b>		
Employer contributions	39,118	39,116
Special scheme contributions (including contributions to the industrial accidents fund)	(348)	(559)
Benefits in kind and allowance for industrial accidents (AT)	(17,620)	(17,488)
Cash benefits and paid leave	(18,982)	(17,432)
Management expense (net)	(4,081)	(3,930)
<b>NET SURPLUS (DEFICIT) OF INDUSTRIAL ACCIDENTS INSURANCE PLAN</b>	<b>(1,913)</b>	<b>(294)</b>
<b>Unemployment allowance plan</b>		
Employer contributions	14,636	11,971
Benefits	(14,656)	(14,320)
Management expense (net)	(210)	(262)
<b>NET SURPLUS (DEFICIT) OF THE UNEMPLOYMENT ALLOWANCE PLAN</b>	<b>(230)</b>	<b>(2,611)</b>
<b>SOCIAL SECURITY NET SURPLUS (DEFICIT)</b>	<b>(567)</b>	<b>(2,825)</b>

In the balance sheet at 31 December 2018, the position of the receivables and payables is as follows:

- receivables: €62 million;
- payables: €19 million;
- i.e. a net position of €43 million.



## 12.2 Average number of paid employees

	31/12/2018	31/12/2017	Changes	
			in number	in %
<b>Average number of employees</b>	<b>44,370</b>	<b>44,054</b>	<b>316</b>	<b>0.7</b>
Breakdown by category:				
• Executives + managers	11,412	11,345	67	0.6
• Operators	32,958	32,709	249	0.8
Breakdown by contract:				
• Permanent	41,329	41,353	(24)	-0.1
• Fixed-term contract	3,041	2,701	341	12.6

## 12.3 Compensation of directors and executive officers during the year

	2018	2017
Directors' fees	11	10
Compensation of the 10 highest-paid executives	2,969	2,530
Compensation of the 10 highest-paid executives (excluding severance compensation and payroll adjustments)	2,519	2,477

## 12.4 Urssaf audit

In the first half of 2018, RATP was audited by Urssaf for the years 2015 to 2017. The main differences identified in the audit relate to the calculation of the basis of the "family allowance" contributions of RATP agents. A letter of observations was sent to RATP on 13 December 2018, in which the administration was considering an adjustment. The company is formally challenging the validity of the arguments developed by the Urssaf and sent a reply to the administration in response to its letter on 31 January 2019. On 28 March 2019, the company received an adjustment notice demanding payment of €46.9 million (including a surcharge for late payment of €4.3 million). RATP intends to protect its rights and to challenge the adjustment notice before the competent authorities. No provisions were recognised in the financial statements as at 31 December 2018.

## 13 — Net financial expense

	31/12/2018	31/12/2017
Net finance costs	(141,207)	(166,994)
Dividends	10,905	9,501
Other financial expenses	(51,459)	(24,510)
Other financial income	52,870	30,039
<b>TOTAL</b>	<b>(128,891)</b>	<b>(151,964)</b>

## 14 — Extraordinary income and expense

	31/12/2018	31/12/2017
Special depreciation net of grants	(47,326)	(58,051)
Transfer to income of property grants (1/10)	6,606	8,173
Loss on disposal and retirement of assets	10,188	3,594
Proceeds from financial engineering <sup>(1)</sup>	474	1,507
Indemnities received	10,832	1,717
Non-recurring contractual payment to Île-de-France Mobilités	(8,649)	–
Provisions for restoration of leased sites	–	(178)
Miscellaneous	4,368	1,951
<b>TOTAL</b>	<b>(23,507)</b>	<b>(41,287)</b>

(1) Of which net present value on leases, see Note 17.

## 15 — Corporate income tax and tax position

### 15.1 Corporate income tax

RATP's tax income is broken down as follows:

	31/12/2018	31/12/2017
RATP tax expense	–	–
Net tax consolidation proceeds	4,224	2,353
Tax credit	3,123	2,583
<b>TOTAL</b>	<b>7,347</b>	<b>4,936</b>

In 2018, the application of the Group tax system is reflected in RATP's financial statements through net tax savings of €4.2 million in respect of subsidiaries. The Group tax credit share in RATP's profit amounted to €3.1 million for the 2018 fiscal year.

### 15.2 Deferred taxes

Deferred taxes are not recognised in the parent company financial statements.

The principal deferred taxes are:

In millions of euros	DTA base 31/12/2017	DTA 31/12/2017	DTA base 31/12/2018	DTA 31/12/2018
Remeasuring assets	7,280	2,402	7,045	2,184
Non-taxable grants	4,940	1,630	4,721	1,463
Other temporary differences	291	96	283	88

In millions of euros	DTL base 31/12/2017	DTL 31/12/2017	DTL base 31/12/2017	DTL 31/12/2017
Temporary differences	112	37	140	43

DTA = Deferred tax assets.  
DTL = Deferred tax liabilities.

The fiscal deficit for the year amounts to €248 million.

Within the tax consolidation group, the fiscal deficits for the year amount to €241 million.

### 15.3 Extravagant expenditure not eligible for tax deduction

No expense referred to by article 39-4 of the French general tax code was recorded in the previous year.

### 15.4 General charges not eligible for tax deduction

No expense or overhead expense referred to by article 223 *quinquies* of the French general tax code was recorded in the previous year.

### 15.5 Tax audit

RATP was subject to a tax audit still on-going as at 31 December 2018. The audits for the 2015, 2016 and 2017 fiscal years started on 17 July 2018. The 2015 audit verifications were complete as of 31 December 2018.

## 16 — Off-balance sheet financial commitments

Commitments given	31/12/2018	31/12/2017
<b>1. Subsidiaries and equity investments</b>		
Guarantee for RATP Habitat	481	611
RATP Dev commodity hedges	10,767	11,527
<b>2. Associations</b>		
Compagnons du voyage	100	100
RATP Foundation	1,560	1,650
<b>3. Employee benefits</b>		
Employee loans: guarantee for MCS	207	493
Employees: "Low income housing" guarantees	123,141	141,467
Retirement benefits	222,606	238,362
Death indemnities for current employees	19,952	16,362
Death indemnities for retirees	37,984	40,232
Work-related accident and disability allowance for retirees and those with vested rights	305,109	303,278
Early retirement (benefits)	2,572	2,840
<b>4. Financial transactions</b>		
Cross currency swaps on bonds <sup>(1)</sup>	297,170	297,170
Cross currency swaps on deposits	53,823	54,693
Foreign exchange swaps on commercial paper	65,815	399,389
Lease transactions: sub-leases of rolling stock	177,086	188,810
<b>TOTAL</b>	<b>1,318,373</b>	<b>1,696,984</b>
<b>Commitments received</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Cross currency swaps on bonds <sup>(1)</sup>	297,170	297,170
Cross currency swaps on deposits	53,823	54,693
Foreign exchange swaps on commercial paper	65,815	399,389
Commodity hedges	19,263	11,527
Bank guarantees received from suppliers	343,014	315,156
<b>TOTAL</b>	<b>779,085</b>	<b>1,077,935</b>

<sup>(1)</sup> RATP has chosen to treat swaps in the same way as traditional loans and borrowings.

The discount rate used to calculate post-employment benefits was 1.75% as at 31 December 2018. It was 1.5% as at 31 December 2017.



## 17 — Train lease transactions and leaseholds

### 17.1 Leasehold transactions

#### Impacts on the balance sheet as at 31 December 2018

In thousands of euros	31/12/2017	31/12/2018
Lease receivables	560,111	216,650
Lease payables	563,794	219,855
<b>OUTSTANDING NPV</b>	<b>3,683</b>	<b>3,205</b>
Change in NPV = effect on 2018 net income		478

Leases generated income of €478 thousand in 2018. The effects are recognised as non-recurring income and expense.

### 17.2 Swedish lease transactions

#### Impacts on cash position on lease signature date

In thousands of euros	
<b>Lease</b>	
Swedish lease tranche 1 completed in 2002	620
Swedish lease tranche 1 completed in 2004	118
Swedish lease tranche 2 completed in 2004	1,444
<b>RATP NET GAIN</b>	<b>2,182</b>

The net present value of leases generated income of €125 thousand in 2018. The effects are recognised as non-recurring income and expense.

## 18 — Leases

RATP has two real estate lease-purchase contracts with floating rate payments. They are covered by fixed-rate hedging instruments. The figures presented below include the hedges.

Lease	Original value	Term (years)	Residual value as at 31/12/2018
Philidor Maraichers	25,308	25	15,808
Lagny offices	12,106	15	9,183

### Leased assets

Balance sheet item	Initial cost	Depreciation/amortisation		Net value
		for the financial year <sup>(1)</sup>	cumulative <sup>(1)</sup>	
Land	2,840			2,840
Buildings	39,910	791	20,519	19,391
Technical plant, equipment and industrial tooling				
Other plant, property and equipment	774	268	506	268
Fixed assets in progress				
<b>TOTAL</b>	<b>43,524</b>	<b>1,059</b>	<b>21,025</b>	<b>22,499</b>

(1) Depreciation for the period and the accumulated depreciation that would have been recorded if RATP owned these assets.



## Lease commitments

Balance sheet item	Lease payments		Outstanding lease payments			Residual price
	for year	accumulated	up to 1 year	+1 to 5 years	+5 years	
Land					2,840	
Buildings	2,058	17,746	3,041	15,577	9,831	2,287
Other plant, property and equipment	268	506		268		
<b>TOTAL</b>	<b>2,326</b>	<b>18,251</b>	<b>3,041</b>	<b>15,845</b>	<b>12,671</b>	<b>2,287</b>

## 19 — Statutory audit fees

The statutory audit fees incurred for legal audit of the financial statements is broken down as follows:

	KPMG	Mazars
Statutory audit <sup>(1)</sup>	317,198	344,255
Work/services directly related	73,725	20,000
<b>TOTAL</b>	<b>390,923</b>	<b>364,255</b>

(1) The amounts are recurrent fees paid to the statutory auditors for the mission and for any additional assignments related to their mission.

## 20 — Subsidiaries and equity investments

### 20.1 Breakdown of subsidiaries

The table below provides financial information on the companies in which RATP holds more than 20% interest or equity investments of more than €1.5 million.

Position as at 31 December 2018	Share capital	Additional paid-in capital	% of interest held by RATP	Carrying amount of shares		Loans and advances granted by RATP and not yet repaid	Guarantees given by RATP	Revenue excluding VAT at end December 2018	Provisional net result at end December 2018	Dividends received by RATP in 2018
				Gross	Net					
1. Subsidiaries										
RATP Real Estate (formerly SEDP) 12, avenue du Val-de- Fontenay-Le Périphère II 94120 Fontenay-sous-Bois (Siren 380 038 687)	459	2,638	100.00	457	457			13,517	956	450
RATP Développement 54, quai de la Rapée 75599 Paris Cedex 12 (Siren 389 795 006)	369,301	19,141	100.00	381,499	381,499	96,792		60,221	4,962	2,611
RATP Habitat (formerly Logis-Transports) 158, rue de Bagnolet 75020 Paris (Siren 592 025 811)	33,490	323,687 <sup>(1)</sup>	99.98	34,435	34,435	16,704	480	141,210 <sup>(1)</sup>	11,213 <sup>(1)</sup>	
RATP Travel Retail (formerly Promo Métro) 35, boulevard de Sébastopol 75001 Paris (Siren 712 029 099)	910	2,001	100.00	2,619	2,619			4,714	808	759
RATP International 54, quai de la Rapée 75599 Paris Cedex 12 (Siren 419 997 044)	84,790	18,720	100.00	84,791	84,791	5,300			(167)	2,106
RATP Connect (formerly Telcité) 1, avenue Montaigne 93160 Noisy-le-Grand (Siren 411 759 962)	1,525	21,422	100.00	1,524	1,524			18,908	10,573	4,900

(1) Latest data available: 31 December 2017.



## 20.2 Items with related parties

Related parties concern companies included in the tax consolidation.

The main transactions with related companies and the amounts due to these related companies, or from them, are broken down as follows:

	31/12/2018	31/12/2017
<b>Assets</b>		
Financial assets	624,720	632,697
Trade receivables and related accounts	9,355	12,678
Other receivables	5,434	6,845
<b>TOTAL</b>	<b>639,509</b>	<b>652,220</b>
<b>Liabilities</b>		
Trade and related payables	11,948	11,447
Payables for assets and related accounts	0	11,259
Other liabilities	395	630
<b>TOTAL</b>	<b>12,343</b>	<b>23,336</b>

## 20.3 Major stakes and takeovers

In accordance with the provisions of article L. 233-6 of the French commercial code during the previous financial year, RATP did not acquire a direct stake in any company having its registered office in France.

In accordance with the provisions of article L. 233-6 of the French commercial code during the previous financial year, RATP did not take over any company having its registered office in France.

## 20.4 Inter-company loans

During last year, RATP did not grant loans on an ancillary basis of less than two years to micro-companies, SMEs or mid-sized companies with which it has an economic relationship that would justify these loans (article L. 511-6 of the French commercial code).

## 21 — Economic interest groups

Position as at 31 December 2018	RATP % contribution to overheads
<b>EURAILTEST</b> 1, boulevard Saint-Martin 75003 Paris (Siren 421 526 468)	10.00%
<b>COMUTITRES</b> 21, boulevard Haussman 75009 Paris (Siren 433 136 066)	59.50%

## 22 — Separate financial statements for Transport operations and Infrastructure management

Pursuant to the French law of 3 June 2010 on Greater Paris transport integrated by ministerial order into the French transport code of 28 October 2010, RATP has held separate accounting records for metro and RER Infrastructure management activities and public passenger Transport operations since 1 January 2012. A balance sheet and income statement are prepared for each activity in the notes to the parent company financial statements. The scope of each activity, the allocation principles for asset and liability items and income and expense items, and the key principles governing financial relations between the activities are specified below.

### 22.1 Scope

#### 22.1.1 Metro and RER Infrastructure management

The French ORTF law of 8 December 2009 on public passenger transport services by rail entrusted RATP with the role of managing the railway network infrastructure used for urban public transport in the Île-de-France region, within the limits of the responsibilities allocated to SNCF Réseau.

RATP's main responsibilities are as follows:

- develop, maintain and renovate the metro and RER infrastructure and guarantee the safety, interoperability and continuity of public transport services at all times;
- manage the control, regulation and security systems of railway lines and networks in the Île-de-France region;
- adapt the lines, infrastructure and facilities for which it provides technical management, to meet the needs of users through enhanced interoperability.

To segregate the activity, RATP has a separate department within the company. Infrastructure management department reports directly to the Chairman and CEO.

The support functions used by this activity are not included in its scope.

### 22.1.2 Operator of public passenger transport services

The public passenger transport service comprises the activities that are not related to Infrastructure management, as defined by law.

The activity is operated by 19 departments, each of which reports to the directors of the Executive Committee. Each director is responsible for one of the following divisions:

- transport operations and maintenance;
- services, customer relations, passenger areas;
- projects, engineering and investments;
- economic and financial performance;

- strategy and coordination;
- communication and brand;
- payroll management and innovation.

The support functions are included in the scope of this activity, including those provided to the Infrastructure management activity, which are subject to internal transfer agreements.

Investments in subsidiaries are also part of this activity.

## 22.2 Allocation principles

The key principle for preparing the balance sheet and income statements is to directly allocate the various line items or cash flows. When this is not possible, for instance if the line items or cash flows are managed by one activity and have initially been recognised as such, internal transfers between the two activities have been arranged to invoice the activities appropriately, in accordance with general practice. Such agreements govern the scope of the transfers, the valuation principles and the invoicing methods.

### 22.2.1 Balance sheet

#### 22.2.1.1 Capitalised assets, investment grants and legal revaluations

Property, plant and equipment and intangible assets are allocated directly in accordance with the scopes defined for each activity.

Schedule of allocation of main asset types:

Assets	Transport operations	Infrastructure management
Tramway lines, maintenance workshops, rectifier stations	X	
Metro lines, maintenance workshops, rectifier stations		X
RER lines, maintenance workshops, rectifier stations		X
Centralised control rooms		X
Bus stations	X	
Bus routes with dedicated lanes	X	
Bus stations	X	
Administrative buildings	X	
Personnel buildings	X	
Logistic platforms	X	
Maintenance workshops for railway infrastructure and related technical work		X
Passenger rolling stock	X	
Passenger rolling stock maintenance equipment	X	
Metro and RER maintenance vehicles		X
Tramway maintenance vehicles	X	

Investment grants, revaluation surplus and revaluation provisions are allocated to the associated assets.



RATP is in charge of projects underway on transport network extensions due to its responsibility for the public passenger transport service, as legal and regulatory provisions have not given the Infrastructure management activity the responsibility for building new networks. Once the metro and RER network extensions are built and formally accepted, the relevant assets and liabilities are transferred to Infrastructure management. At year end, these projects amounted to €12 million net of investment grants.

#### 22.2.1.4 Equity and net debt

As at 1 January 2012, net debt and equity were allocated according to the separate “net debt/equity” gearing ratios determined for the Infrastructure management and Transport operations activities. The levels were approved to be consistent with target long-term gearing ratios and observed market data for each activity.

The values as at 1 January 2012 were as follows:

In millions of euros		Transport operations	Infrastructure management	RATP
Net assets allocated	A	3,835	3,941	7,776
In %		49	51	100
Net debt	B	(2,272)	(2,815)	(5,087)
In %		45	55	100
Equity <sup>(1)</sup>	C	(1,563)	(1,126)	(2,689)
In %		58	42	100
Balance sheet position	A + B + C	0	0	0
Net debt/equity	B/C	1.5	2.5	1.9

(1) Equity net of investment grants and the 1976 legal revaluations already allocated to assets.

#### 22.2.2 Income statement

Since 1 January 2012, each activity recognises its cash flows in each of the two separate accounts.

The principles applied are the following:

- direct allocation of income and expenses where possible;
- when an expense or income item concerns both activities, it is allocated to the main activity concerned, then an internal transfer is set up under an agreement;
- passenger revenue is fully allocated to the Transport operations activity;
- Île-de-France Mobilités’s contributions are fully invoiced by the Transport operations activity, pursuant to the service agreement setting out the financial arrangements with the Île-de-France transport authority. An internal transfer is made for the share attributable to the Infrastructure management activity, the amount of which is defined in the RATP-Île-de-France Mobilités agreement (the Transport operations activity will need to use the services of

#### 22.2.1.2 Provisions for contingencies and expenses

Provisions for contingencies and expenses are allocated on a project-by-project basis to the activity concerned by the contingency. When a project implies a risk common to both activities, an allocation key is determined.

#### 22.2.1.3 Current assets and liabilities (or working capital requirements)

The direct allocation principle also applies to current assets and liabilities such as inventories, trade receivables, trade payables, VAT line items, payroll payables, accrued expenses, etc.

Infrastructure management in order to meet performance objectives and to fulfill public service obligations);

- financial expenses are fully recognised in the financial statements for the Transport operations activity when incurred, then an internal transfer is set up for the share attributable to the Infrastructure management activity. The amount re-invoiced corresponds to the cost of Infrastructure management activity net debt, assuming that it is proportionately identical to that of the Transport operations activity.

#### 22.3 Internal transfer agreements

The French law of 3 June 2010 states that: “All direct or indirect cross-subsidies between activities are strictly prohibited”. In order to guarantee this segregation principle, since 2012, approximately sixty agreements have been entered into governing financial relations and tracking all flows between the separate activities.

### 22.3.1 Agreement structures

The agreements comprise:

- an activity section: description of the services or duties entrusted to the activity, along with technical targets and related operating performance indicators;
- economic conditions: agreement valuation, invoicing arrangements and potential agreement review principle;
- agreement management arrangements: reporting, agreement revision and disputes.

The agreements are entered into for a period of five years but are reviewed at the end of each year, to update obligations for the following year.

### 22.3.2 Agreement types

There are three types of agreements:

1. services corresponding to the provision of metro and RER equipment and facilities for Transport operations. The Infrastructure management activity owns and manages the equipment and facilities;
2. services required for the specific purposes of each activity, which are not carried out within the activity (such as maintenance and operation of the trains used for maintenance work by the Transport operations activity for the Infrastructure management activity, maintenance of tramway equipment owned by the Transport operations activity and carried out by the Infrastructure management activity);
3. head office services, including re-invoicing to the Infrastructure management activity the costs relating to offices owned by the Transport operations activity and the support functions included within the scope of the Transport operations activity (management and financial control, human resources, legal services, etc.).

### 22.3.3 Valuation of agreements

Given that the internal transfers occur within the same legal entity, value-added tax is excluded.

#### 22.3.3.1 Type 1 agreements

The valuation of type 1 agreements is set out in the RATP-Île-de-France Mobilités agreement. The Transport operations activity is obliged to contract with the Infrastructure management activity to use metro and RER equipment and facilities. The value of the services has been determined based on the financial targets set in the Infrastructure management activity's financial model.

#### 22.3.3.2 Type 2 agreements

For type 2 agreements, given that cross-subsidies are prohibited, the value of services provided under the agreement is measured at full actual cost price excluding margin.

During the year, internal transfers are made on a monthly basis according to amounts budgeted; in the event of a significant difference between budgeted/actual amounts due, the annual and half-year financial statements are adjusted.

The valuation method is defined by RATP's Finance and Management Control department, and is used as appropriate by each company department entering into agreements as a supplier. The agreement is signed by both parties (the relevant department of the Transport operations activity and the Infrastructure management activity) once the services and price determination procedures have been agreed.

The cost comprises:

- direct service costs;
- indirect costs of the local unit and department providing the service, expressed as a rate. The rate and basis to which it applies are validated every year by the Finance and Management Control department;
- structural costs of the company (invoiced through "type 3 agreements").

#### 22.3.3.3 Type 3 agreements

Office costs comprise:

- rent (for offices rented from third parties) or depreciation (for offices owned);
- property-related expenses.

The cost is allocated to each activity in proportion to the area used.

Depending on the support service provided by the local departments and units, the cost of support functions is allocated directly when the cost is attributable to a certain activity, or divided between the two activities using an allocation key validated by the Finance and Management Control department. The allocation basis is the total department expenses, net of income, including office costs and those provided under type 2 agreements.





## 22.4 Financial statements of the Transport operations and Infrastructure management businesses

### 22.4.1 Financial statements: Balance sheet assets

In thousands of euros	Transport operations		Infrastructure management		State-owned industrial and commercial public utility (EPIC)	
Assets	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
<b>Intangible assets</b>	<b>510,553</b>	<b>466,456</b>	<b>36,867</b>	<b>20,014</b>	<b>547,420</b>	<b>486,471</b>
Research and development costs	161,320	169,100	–	–	161,320	169,100
Lease rights	1,058	1,093	–	–	1,058	1,093
Other	157,389	142,041	16,616	7,606	174,006	149,647
Work in progress	190,785	154,222	20,251	12,409	211,036	166,631
<b>Property, plant and equipment</b>	<b>9,078,121</b>	<b>8,814,348</b>	<b>8,007,199</b>	<b>7,674,141</b>	<b>17,085,320</b>	<b>16,488,489</b>
Land	303,783	309,086	295,704	294,986	599,487	604,073
Buildings	1,429,989	1,408,499	5,065,939	4,976,818	6,495,929	6,385,317
Technical plant, equipment and industrial tooling	478,796	465,800	1,448,398	1,398,683	1,927,194	1,864,482
Transport equipment	4,383,109	4,532,213	32,076	32,227	4,415,184	4,564,440
Other	50,851	37,957	6,545	1,977	57,397	39,935
WIP, advances and down payments	2,431,593	2,060,792	1,158,537	969,450	3,590,129	3,030,242
<b>Financial assets</b>	<b>779,429</b>	<b>1,023,798</b>	<b>56</b>	<b>67</b>	<b>779,486</b>	<b>1,023,865</b>
Equity investments	505,865	482,065	–	–	505,865	482,065
Receivables from equity investments	102,151	133,491	–	–	102,151	133,491
Other long-term investments	2,439	2,314	–	–	2,439	2,314
Loans	39,232	43,033	13	23	39,245	43,057
Other	129,742	362,894	44	44	129,786	362,938
<b>Fixed assets (I)</b>	<b>10,368,103</b>	<b>10,304,602</b>	<b>8,044,122</b>	<b>7,694,222</b>	<b>18,412,226</b>	<b>17,998,824</b>
<b>Inventories and work in progress</b>	<b>173,461</b>	<b>153,002</b>	<b>36,572</b>	<b>31,918</b>	<b>210,033</b>	<b>184,920</b>
<b>Advances and down payments to suppliers</b>	<b>1,942</b>	<b>735</b>	<b>36</b>	<b>41</b>	<b>1,979</b>	<b>776</b>
<b>Receivables</b>	<b>901,578</b>	<b>1,149,102</b>	<b>116,168</b>	<b>129,352</b>	<b>1,016,087</b>	<b>1,278,073</b>
Trade receivables and related accounts	113,139	117,167	14,346	3,167	127,485	120,334
Receivables from the State and other public authorities	324,868	366,257	97,407	122,438	421,650	488,695
Other	246,921	105,568	4,414	3,747	250,302	108,933
Lease receivables	216,650	560,111	–	–	216,650	560,111
<b>Financial assets</b>	<b>1,092,571</b>	<b>1,357,607</b>	<b>317</b>	<b>1</b>	<b>1,049,582</b>	<b>1,351,431</b>
Marketable securities	868,711	1,145,574	–	–	868,711	1,145,574
Cash and cash equivalents	223,859	212,033	317	1	180,871	205,858
<b>Prepaid expenses</b>	<b>43,989</b>	<b>48,140</b>	<b>88</b>	<b>49</b>	<b>44,077</b>	<b>48,189</b>
<b>Current assets (II)</b>	<b>2,213,541</b>	<b>2,708,587</b>	<b>153,181</b>	<b>161,361</b>	<b>2,321,757</b>	<b>2,863,389</b>
Loan transaction costs (III)	2,979	3,727	–	–	2,979	3,727
Bond redemption premiums (IV)	10,161	12,408	–	–	10,161	12,408
Unrealised translation losses (V)	4,538	23,433	–	–	4,538	23,433
<b>TOTAL ASSETS (I + II + III + IV + V)</b>	<b>12,599,322</b>	<b>13,052,756</b>	<b>8,197,304</b>	<b>7,855,583</b>	<b>20,751,661</b>	<b>20,901,780</b>

## 22.4.2 Financial statements: Balance sheet liabilities

In thousands of euros	Transport operations		Infrastructure management		State-owned Industrial and Commercial Public Utility (EPIC)	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
<b>Liabilities</b>						
Reserve for assets allocated to RATP	250,700	250,700	–	–	250,700	250,700
Revaluation surplus	56,106	61,483	148,733	148,733	204,840	210,216
Capital endowment	433,367	433,367	–	–	433,367	433,367
<b>Reserves</b>	<b>294,699</b>	<b>294,699</b>	<b>–</b>	<b>–</b>	<b>294,699</b>	<b>294,699</b>
• Reserve from the disposal of assets allocated by the Île-de-France transport authority (Île-de-France Mobilités) and no longer used (redeployed)	184,519	184,519	–	–	184,519	184,519
• Reserve from the disposal of assets allocated by the State and no longer used	136	136	–	–	136	136
• Reserve from the disposal of assets constructed by the RATP and no longer used (reinvestment)	52,119	52,119	–	–	52,119	52,119
• General reserve	57,926	57,926	–	–	57,926	57,926
Transport operations equity transfer at 1 January 2012	(1,125,661)	(1,125,661)	1,125,661	1,125,661		–
Retained earnings	2,709,549	2,626,975	581,774	451,650	3,291,323	3,078,626
Net income for the period (surplus or loss)	94,853	82,573	152,728	130,123	247,581	212,697
<b>Net equity</b>	<b>2,713,613</b>	<b>2,624,137</b>	<b>2,008,896</b>	<b>1,856,168</b>	<b>4,722,510</b>	<b>4,480,305</b>
Regulated provisions	84,658	68,543	500,901	457,349	585,558	525,891
Investment grants	4,350,585	4,011,979	2,462,810	2,386,322	6,813,396	6,398,301
<b>Equity (I)</b>	<b>7,148,856</b>	<b>6,704,660</b>	<b>4,972,608</b>	<b>4,699,839</b>	<b>12,121,464</b>	<b>11,404,498</b>
Provisions for contingencies	108,564	112,733	1,358	1,717	109,922	114,450
Provisions for losses and expenses	132,063	131,407	2,588	2,180	134,650	133,586
<b>Contingency and loss provisions (II)</b>	<b>240,627</b>	<b>244,140</b>	<b>3,946</b>	<b>3,897</b>	<b>244,573</b>	<b>248,037</b>
<b>Financial liabilities</b>	<b>3,447,400</b>	<b>4,153,300</b>	<b>2,982,760</b>	<b>2,914,718</b>	<b>6,386,854</b>	<b>7,061,842</b>
• Île-de-France loans	187,340	207,649	–	–	187,340	207,649
• Bond issue	4,862,860	5,306,425	–	–	4,862,860	5,306,425
• Transport operations debt transfer at 1 January 2012	(2,815,000)	(2,815,000)	2,815,000	2,815,000		–
• Borrowings from and liabilities to financial institutions (short-term bank loans)	60,529	84,437	71,848	68,081	89,071	146,341
• IM – Transport operations debt internal transfers	(95,912)	(31,638)	95,912	31,638	–	–
• Other loans and borrowings	1,195,073	1,295,960	–	–	1,195,073	1,295,960
• Accrued interest	52,509	105,466	–	–	52,509	105,466
Advances and down payments received on orders in process	1,190	14	–	–	1,190	14
Trade and related payables	263,800	240,499	19,688	18,607	283,488	259,107
Taxes and payroll-related payables	676,832	593,971	36,319	35,888	711,494	629,477
Payables for assets and related accounts	410,033	284,725	181,851	182,299	591,883	467,024
Other liabilities	109,291	177,879	132	335	109,421	178,214
Lease payables	219,855	563,794	–	–	219,855	563,794
Prepaid income	76,896	66,363	–	–	76,896	66,363
<b>Liabilities (III)</b>	<b>5,205,296</b>	<b>6,080,545</b>	<b>3,220,750</b>	<b>3,151,848</b>	<b>8,381,081</b>	<b>9,225,835</b>
Unrealised translation gains (IV)	4,544	23,411	–	–	4,544	23,411
<b>OVERALL TOTAL (I + II + III + IV)</b>	<b>12,599,322</b>	<b>13,052,756</b>	<b>8,197,304</b>	<b>7,855,583</b>	<b>20,751,661</b>	<b>20,901,780</b>



## FINANCIAL STATEMENTS

Notes to the financial statements

### 22.4.3 Financial statements: Income statement

In thousands of euros	Transport operations	Infrastructure management	Neutralisation of inter-institution transactions	State-owned industrial and commercial public utility (EPIC)
<b>Operating income</b>	<b>5,851,243</b>	<b>1,165,088</b>	<b>(1,206,381)</b>	<b>5,809,950</b>
<b>Revenue</b>	<b>5,143,063</b>	<b>884,689</b>	<b>(1,206,381)</b>	<b>4,821,370</b>
Revenue from transport services	4,510,184			4,510,184
Internal transfers	325,954	880,427	(1,206,381)	
Transport-related activities	155,592			155,592
Non-transport revenue	147,927	3,194		151,121
Sales of by-products	3,405	1,068		4,473
<b>Other income</b>	<b>534,075</b>	<b>206,174</b>		<b>740,249</b>
Stock of manufactured goods	4,575	1,017		5,592
Capitalised production	122,662	198,602		321,264
Provision reversals and expenses transferred	339,950	3,232		343,181
Operating subsidies	339			339
Other income	66,549	3,323		69,872
<b>Income used to offset depreciation expenses</b>	<b>174,106</b>	<b>74,226</b>		<b>248,331</b>
Reversal of special revaluation provisions	2,878	8,235		11,113
Portion of investment grants transferred to income statement	171,227	65,991		237,218
<b>Operating expenses</b>	<b>5,712,422</b>	<b>911,278</b>	<b>(1,206,381)</b>	<b>5,417,318</b>
<b>Cost of purchased goods and services</b>	<b>2,204,791</b>	<b>396,527</b>	<b>(1,206,381)</b>	<b>1,394,937</b>
Energy	209,270	1,188		210,458
• Electricity	95,074	684		95,758
• Fuel	100,777	102		100,880
• Heating	13,418	402		13,820
Cost of leased tracks	31,308			31,308
User rights payable to SNCF	20,364			20,364
Equipment, supplies and other external expenses	1,943,850	395,338	(1,206,381)	1,132,807
• Raw materials and supplies	184,548	29,640		214,188
• Other external services	1,759,302	365,698	(1,206,381)	918,619
<b>Tax, duties and other payables</b>	<b>250,317</b>	<b>49,851</b>		<b>300,168</b>
<b>Payroll costs</b>	<b>2,575,184</b>	<b>138,289</b>		<b>2,713,473</b>
Wages and salaries	1,774,669	95,407		1,870,076
Payroll-related costs	749,850	40,527		790,377
RATP employee benefit plan cost, net	567			567
Profit-sharing	50,097	2,355		52,452
<b>Depreciation, amortisation and provisions</b>	<b>656,201</b>	<b>326,542</b>		<b>982,743</b>
Asset depreciation and amortisation	605,493	324,066		929,560
Asset provisions				
Current assets – provisions	5,192	1,107		6,299
Provisions for contingencies and liabilities	45,516	1,368		46,885
<b>Other expenses</b>	<b>25,928</b>	<b>69</b>		<b>25,997</b>
<b>OPERATING INCOME (I)</b>	<b>138,822</b>	<b>253,811</b>		<b>392,632</b>

In thousands of euros	Transport operations	Infrastructure management	Neutralisation of inter-institution transactions	State-owned industrial and commercial public utility (EPIC)
<b>Financial income</b>	<b>177,991</b>	<b>(8)</b>	<b>(81,034)</b>	<b>96,949</b>
Equity investments	10,905			10,905
Other long-term investments and asset receivables	1,151	1		1,152
Accrued interest and related income	38,146	(9)		38,137
Internal transfers	81,034		(81,034)	
Provision reversals and expenses transferred	827			827
Foreign exchange gains	45,929			45,929
Proceeds from disposal of marketable securities				
<b>Financial expenses</b>	<b>225,835</b>	<b>81,039</b>	<b>(81,034)</b>	<b>225,841</b>
Accrued interest and related expenses	176,052			176,052
Internal transfers		81,034	(81,034)	
Depreciation, amortisation and provisions	6,535	5		6,540
Foreign exchange losses	42,424			42,424
Losses on disposal of marketable securities	825			825
<b>NET FINANCIAL EXPENSE (II)</b>	<b>(47,844)</b>	<b>(81,047)</b>		<b>(128,891)</b>
<b>ORDINARY INCOME (I + II)</b>	<b>90,978</b>	<b>172,763</b>		<b>263,741</b>
<b>Non-recurring income</b>	<b>36,471</b>	<b>35,346</b>		<b>71,817</b>
Operating transactions	12,659	5,128		17,787
Capital transactions	6,509	13,762		20,271
Leases	388			388
Other non-recurring income	2,764	2,690		5,454
Provision reversals and expenses transferred	14,151	13,767		27,918
<b>Non-recurring expenses</b>	<b>39,943</b>	<b>55,381</b>		<b>95,324</b>
Operating transactions	1,409	73		1,482
Other non-recurring expenses	15,576	3,430		19,007
Depreciation, amortisation and provisions	22,958	51,877		74,835
<b>NON-RECURRING INCOME AND EXPENSE</b>	<b>(3,472)</b>	<b>(20,035)</b>		<b>(23,507)</b>
Income tax	7,347			7,347
<b>TOTAL INCOME</b>	<b>6,065,706</b>	<b>1,200,426</b>	<b>(1,287,415)</b>	<b>5,978,717</b>
<b>TOTAL EXPENSES</b>	<b>5,970,853</b>	<b>1,047,698</b>	<b>(1,287,415)</b>	<b>5,731,136</b>
<b>NET INCOME</b>	<b>94,853</b>	<b>152,728</b>	<b>0</b>	<b>247,581</b>

## 23 — Post-balance sheet events

Nil.

**DESIGN AND PUBLICATION**  
**HAVAS PARIS**

**PHOTO CREDITS**  
RATP (B. Marguerite).

**PRACTICALITIES**  
RATP Group's activity and sustainable development report and the financial & CSR report are also available at [www.ratp.fr](http://www.ratp.fr) under the heading "Group".

**PRINTING**  
Picture Perfect Paris printing house – Printed on 100% recycled Cocoon Offset paper. May 2019.





