Transdev Group

FINANCIAL REPORT 2019

transdev
the mobility company

Contents

Management report Transdev Group S.A.

Board of directors' management report on the 2019 consolidated and statutory financial statements to the ordinary general meeting

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the mobility company

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Management report on the consolidated financial statements

Key figures – Consolidated financial statements

(€ millions)	Fiscal year 2018 (12 months)	Fiscal year 2019 (12 months)[1]
Revenue from ordinary activities	6,948.0	**7,415.5**
EBITDA (*Earnings before interest, taxes, depreciation and amortization*)	364.2	**666.1**
Current operating result [2]	114.6	**145.1**
Net income (loss)	(94.3)	**53.2**
Net income – Group share	(96.4)	**45.7**
Net financial debt (NFD)	530.2	**1,864.2**

[1] Note VII.1.2.3 of the notes to the consolidated financial statements presents the impact of the transition to IFRS 16 on NFD.
[2] Note VII.4.1.2. of the notes to the consolidated financial statements describes the reconciliation of EBITDA to current operating result and operating result

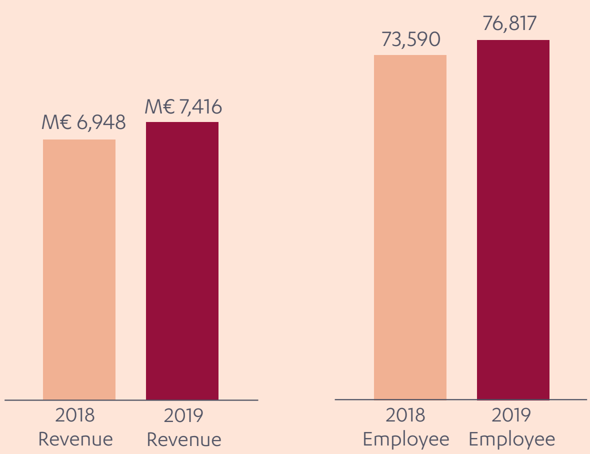
Group keys figures

The Group operates in **18** countries

Annual revenue: **M€ 7,416**

76,817 employees[2]

Revenue[1] - 12 months & Number of employees[2]



[1] Figures do not include the contribution of part state-owned corporations.
[2] Data on the number of employees are stated as a weighted average number of employees and do not include discontinued operations or employees of joint ventures and associates.

Group performance in 2019

In 2019, the Group repositioned itself on its core businesses by implementing the “Moving You” strategy. This strategy, as defined in 2018, is based on five principles (Customers, Teams, Clients and Communities, Performance and Innovation).

In 2019, Transdev Group experienced significant changes in its scope, which strengthened the position of its public passenger transportation (BtoG) activities in many geographical areas through the acquisition of nine companies with estimated full-year revenue of €471.9 million.

The main acquisitions were in key territories for the Group’s development: Germany, Czech Republic, Canada, Sweden and New Zealand.

Transdev has also disposed of most of its purely commercial activities (BtoC), including the sale of Eurolines, the Shuttle and Taxi businesses in the United States, and the signature of a sale agreement for the Flygbussarna (airport bus) business in Sweden (subject to conditions precedent). These businesses represent estimated annual full-year revenue of €220 million.

The decrease in the exposure to BtoC activities was a key factor in the Group’s improved financial results in 2019, with Current Operating Income reaching €145.1 million and net income rising to €53.2 million (2018 net income had been impacted by the impairment of assets associated with BtoC activities).

This improvement is particularly outstanding since the Group faced labour market tensions in 2019 which raised production costs and required substantial efforts to train vehicle operator in certain territories, especially in Germany and the United States.

Transdev confirmed its leadership in the energy transition and environmental field. The Group reinforced its position in the Netherlands and Sweden in 2019 with an order for 313 electric buses, this includes the commissioning of 160 electric vehicles following the award of the Gothenburg contract.

As a result, the Group reported higher Revenue from Ordinary Activities (ROA) and controlled the increase of its Net Financial Debt (NFD), despite sustained external growth and material down-payments to rolling stock manufacturers (German rail contracts). This enables Transdev to retain the financial leeway necessary for its continued development.

The Group generated a Current Operating Result (COR) of €145.1 million, this improvement to 2018, is linked to a lower contribution from the BtoC activities sold in 2019 (France and the United States), a marked improvement in the operating performance of our BtoG activities in the Netherlands and BtoB activities in the United States, and a positive contribution from the acquired companies.

Business development and activities

In 2019, the Group also had major business gains and renewal winbacks in all our markets; some significant examples are described below.

North America

- In the United States, Transdev was awarded the Fairfax Connector contract for a five-year period (start date July 1, 2019).
- In Canada, acting through the Mobilinx consortium, Transdev was awarded the contract for the Hurontario tram (Toronto area). The project's funding received the highest Green Evaluation score.

Europe

- In Sweden, Transdev was the successful bidder for all bus operations contracts in Gothenburg, for a term of ten years.
- In Germany, Transdev renewed and extended the scope of the contract to operate the Bremen regional rail network for a period of 15 years.
- In Ireland, Transdev renewed the contract to operate and maintain the Dublin tram network for a term of six years.

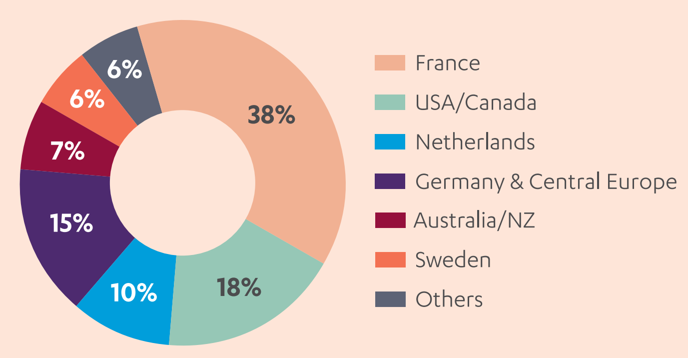
Morocco

- Transdev renewed its contract to operate the Rabat-Salé-Témara tram network for ten years as of January 1, 2020.

Group activities and results in 2019

The Group's consolidated revenue reached €7,416 million in 2019, benefiting from a favorable foreign exchange impact of €41.9 million compared to 2018, in particular due to the appreciation of the US dollar.
In addition to this foreign exchange impact, revenue increased due to acquisitions net of disposals, contract awards in the United States and a dynamic business activity in the Île-de-France region.

Breakdown of 2019 revenue By location



At year-end 2019, EBITDA totaled €666.1 million, i.e. a margin rate of 9.0% of revenue, up relative to 2018 due to the application of IFRS16 (most lease expenses no longer impact EBITDA).

Current Operating Result (COR) increased to €145.1 million at year-end versus €114.6 million in 2018.

The cost of the Net Financial Debt was of €45.3 million for the fiscal year.

At year-end 2019, Net Financial Debt totaled €1,864.2 million, up €1,334 million compared to 2018. The increase in Net Debt was primarily due to the transition to IFRS16 (+€975 million addition to the opening debt) and the net financial investments made during the year (+€322 million). The Group continued its banking disintermediation policy with a new ten-year bond issue in the amount of €220 million.

Foreseeable trends and outlook

The 2019-2025 strategic plan reaffirms Transdev's positioning as a global integrator of mobility solutions capable of responding to daily needs of today and tomorrow.

This plan incorporates the key elements of the Group's new strategy, Moving You.

The plan focuses on allocating resources to certain activities, types of customers and geographical areas that are priorities for the Group's development.

Recent developments and subsequent events

This information is provided in the consolidated and statutory financial statements.

Research and development

The Group believes that the mobility sector will continue to evolve through the development of increasingly personalized solutions, in particular thanks to the contribution of digital tools.

- Electric mobility, as confirmed by the execution of contracts that make the Group the leading private operator of electric buses in Europe.
- New on-demand mobility solutions in the B2B market (transportation services using digital technologies for private companies).
- "Mobility as a Service", which covers all means of information and mobile phone ticketing and facilitates access to a range of transportation offers proposed by various operators; (Compte Mobilité Mulhouse).
- Autonomous vehicles.

In 2019, the Group's innovation activities continued to expand due to:

- The launch of an innovation ecosystem.
- The development of MaaS ("Mobility as a Service") and on-demand transportation solutions.
- Investments in start-ups that offer new services to customers.
- The management of autonomous vehicles.

Key factors

The Group's business is influenced by key factors of a technical, contractual and economic nature. The principal factors are:

- Adaptability to contractual and regulatory changes, as well as external threats (cyber risks, etc.).
- The ability to meet the increasing demands of passenger customers and public transport authorities in terms of new services, as well as sustainable development and innovation.
- The ability to conduct its business in densely populated, extended and increasingly complex territories: increased operating complexity and widespread use of intermodal transportation.

To mitigate and manage its exposure to the risks of fluctuation in interest rates, foreign exchange rates and commodity prices, Transdev uses derivative instruments, some of which qualify as hedge accounting. Additional information on these instruments is presented in note VII.9.4 to the consolidated financial statements.

Management report on the statutory financial statements

Key figures – statutory financial statements

(€ thousands)	Fiscal year 2018	Fiscal year 2019
Revenue	91,045	83,089
Operating result	(12,672)	(4,594)
Financial result	(144,959)	146,549
Extraordinary result	4,679	(71,969)
Net income (loss)	**(129,135)**	**94,592**

Business activities of the company

Pursuant to an investment agreement signed on December 21, 2018, Rethmann France SAS acquired all shares of the Company held by Veolia held (30%) on January 9, 2019.

On the same date, an extraordinary meeting of Transdev Group's shareholders approved a capital increase of TDG, for cash, reserved for Rethmann France SAS (the "Capital Increase"), by issuing 5,292,702 new ordinary shares of the Company and 1,871,158 new non-voting preferred shares of the Company (the "Preferred Shares"), with a nominal value of €9.62 each, issued at their nominal value without any issue premium, i.e. a total subscription price of €68,916,333.20.

On June 26, 2019, Rethmann France SAS subscribed for the Capital Increase, which was fully paid up and definitively completed on June 28, 2019. The Capital Increase raises the Company's share capital to €1,206,035,927.20 and the equity stake of Rethmann France SAS to 34% of Transdev Group's share capital, with Caisse des Dépôts et Consignations retaining exclusive control of Transdev Group with 66% of the share capital.

The Transdev Group's operating result was -€4.6 million, compared to -€12.7 million in 2018. Financial result totaled €146 million and consisted primarily of dividends paid by the subsidiaries, the net finance costs on the debt of Transdev Group and changes in impairment of investments.

Additional details on changes in the business and financial position, as well as the activity and results of Transdev Group's subsidiaries and the companies it controls, are provided in the section of the management report on the consolidated financial statements.

After taking into account the tax consolidation bonus, net result is a profit of €94.6 million for the fiscal year.

On November 5, 2019, Transdev Group carried out a bond issue, in the form of an unlisted private placement, for a total amount of €220 million, maturing in November 2029.

Foreseeable trends and outlook

The 2019-2025 strategic plan was adopted in fiscal year 2019 and continues the strategic lines of action of Moving You in the main geographical areas and key business segments. It emphasizes the Group's ambition to secure strong positions in its main locations, the pursuit of selective growth in the segments with the most potential.

New investments and disposals during the fiscal year

During fiscal year 2019, the Company carried out acquisitions and capital increases for a total of €134 million, including:

- the capital increase of Transdev North America for €61 million (USD 68 million);
- the capital increase of Transdev Česká Republika for €50 million (CZK 1,280 million);
- the capital increase of Transdev Canada for €15 million (CAD 22.5 million);
- the capital increase of Transdev Colombia for €7 million (COP 25,702 million);
- a partial contribution of assets, comprising its Autonomous Transportation Systems business division, to Transdev Group Innovation, its wholly-owned subsidiary, which was definitively completed on July 24, 2019, and as a result of which it increased its equity stake in Transdev Group Innovation to €84,000.

In addition, in connection with its disposal of certain business to consumer ("BtoC") activities, the Company sold its stake in Transdev Eurolines in 2019.

Existing branches

Following the partial contribution of assets described above, the secondary establishment within the territorial jurisdiction of the Nanterre Commercial Court Registry is in the process of being closed.

Post-closing events

None.

Research and development activities

Transdev Group engages in research and development activities within its new business lines.

Miscellaneous information

In fiscal year 2019, the total amount of lavish expenses within the meaning of Article 39-4 of the French General Tax Code (Code général des impôts) totaled €156,812.

Report on corporate governance

Information concerning corporate officers and executive management

As of the date of this report, the Board of Directors is comprised of the 11 directors listed below, including one independent director and one director who represents employees.

Directors	Date appointed/reappointed	Date term of office expires
Ms. Anne-Marie Couderc *(Independent director)*	15/03/2019	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2022
Mr. Thierry Mallet *(Chairman and Chief Executive Officer since 9 September 2016)*	15/03/2019	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2022
Caisse des Dépôts et Consignations, represented by Ms. Anne-Sophie Burtin	15/03/2019	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2022
Ms. Delphine Pons	15/03/2019	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2022
Mr. Jean-Michel Fenaut *(Director representing employees)*	01/07/2016	01/07/2020
Mr. Pierre Aubouin	09/01/2017	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2020
Ms. Virginie Fernandes	14/02/2017	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2020
Mr. Olivier Sichel	09/01/2019	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2022
Mr. Ludger Rethmann *(Vice-Chairman of the Board of Directors)*	09/01/2019	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2022
Dr. Werner Kook	09/01/2019	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2022
Mr. Jean-Louis Hurel	09/01/2019	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2022
Mr. Egbert Tölle *(Board observer)*	09/01/2019	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2022

Ms. Catherine Mayenobe, who was appointed by the Board at its meeting of March 2, 2018, Mr. Waël Rizk, who was appointed by the general shareholders' meeting of January 9, 2017, Mr. Hubert Sueur, who was appointed by the Board at its meeting of September 28, 2018, and Mr. Antoine Frérot resigned from their positions as director on January 9, 2019.

On January 9, 2019, the extraordinary and ordinary general shareholders' meeting voted to amend the company's articles of incorporation to create the position of board observer. That position was filled by the same shareholders' meeting, who appointed Mr. Egbert Tölle as board observer for a term of four years, which will expire at the conclusion of the general shareholders' meeting convened to vote on the financial statements for the fiscal year ended December 31, 2022.

The executive management is the responsibility of the Chairman of the Board of Directors.

As the Company is not listed and is exclusively controlled by the Caisse des dépôts et consignations, no directors are concerned by the obligations to disclose remuneration as set out in Article L. 225-102-1 of the French Commercial Code (Code de commerce), as amended by Order no. 2014-863 of July 31, 2014.

In addition, the table below lists the offices and positions held by the various corporate officers in all companies.

MR. THIERRY MALLET

Transdev Group SA	Chairman and Chief Executive Officer Director Chair and Member of the Strategy Committee Chair and Member of the Investment Committee
Transdev SA	Chairman and Chief Executive Officer Director
Transdev Ile-de-France	Chairman and Chief Executive Officer Director
RATP Dev Transdev Asia	Director
Transdev Sverige AB	Chairman Board Member
Transdev Northern Europe	Chairman Board Member
TBC Holding	Director Class A Chairman
Transdev North America	Director
Transdev Australasia Pty	Director
HIME (SAUR)	Director

MR. PIERRE AUBOUIN

Transdev Group SA	Director Member of the Audit Committee
ADL Participations SAS	Member of the Supervisory Board
Aéroports de Lyon	Member of the Supervisory Board
Alicorne SAS	Member of the Supervisory Committee
Compagnie Eiffage du viaduc de Millau SA	Director
Lisea SAS	Chairman of the Oversight Committee
Mobilité agglomération Rémoise SAS	Chairman of the Board of Directors
Verdun Participation 1 SAS	Director
Verdun Participation 2 SAS	Director
Rhonexpress	Chair of the Supervisory Committee
Gestionnaire d'infrastructure CDG express	Representative of Caisse des Dépôts et Consignations Chairman of the Board of Directors
Aéroports de la Côte d'Azur	Representative of Caisse des Dépôts et Consignations Member of the Supervisory Board Board Observer
ADL participations SAS	Representative of Caisse des Dépôts et Consignations Shareholder

MS. ANNE SOPHIE BURTIN

Transdev Group SA	Permanent representative of Caisse des Dépôts et Consignations Director Member of the Audit Committee Member of the Strategy Committee Member of the Investment Committee
Egis projects	Director

MS. VIRGINIE FERNANDES

Transdev Group SA	Director Member of the Audit Committee Chair and Member of the Appointments and Compensation Committee
BPIFRANCE Investissement	Director
BPIFRANCE Participations	Director Member of the Investment Committee
Compagnie des Alpes	Permanent representative of Caisse des Dépôts et Consignations Director Member of the Strategy Committee Member of the Appointments and Compensation Committee
Icade	Permanent representative of Caisse des Dépôts et Consignations Director Member of the Strategy and Investment Committee Member of the Appointments and Compensation Committee
SFIL	Director

MR. OLIVIER SICHEL

Transdev Group SA	Director
BPIFRANCE SA	Director Member of the Audit Committee Member of the Risk Committee
La Poste	Director Member of the Audit Committee Member of the Strategy and Investment Committee
Agence nationale de la cohésion des territoires	Representative of Caisse des Dépôts et Consignations Director
Fondation digital new deal	Chairman of the Board of Directors
Assia Inc	Member of the Board of Directors

MS. DELPHINE PONS

Transdev Group SA	Director Member of the Appointments and Compensation Committee
SA Société du Parc du Futuroscope	Member of the Supervisory Board

MS. ANNE-MARIE COUDERC

Transdev Group SA	Independent director Member of the Audit Committee Member of the Strategy Committee
Plastic Omnium	Independent director Chair and Member of the Remuneration and Appointments Committee
Ramsay Générale de Santé	Independent director Member of the Audit Committee Chair and Member of the Remuneration and Appointments Committee
Air France/KLM	Independent director Chair of the Board of Directors Chair and Member of the Appointments Committee
Ayming (anciennement Alma Consulting Group)	Member of the Supervisory Board

MR. JEAN-MICHEL FENAUT

Transdev Group SA	Director representing employees

DR. WERNER KOOK

Transdev Group SA	Director Member of the Investment Committee Member of the Strategy Committee Member of the Appointments and Compensation Committee
Transdev SE	Chairman
Niederrheinische Verkehrsbetriebe Aktiengesellschaft Niag	Chief Executive Officer
Rethmann Group	Chief Representative Rethmann Group Consultant
BDI-Verkehrsausschuss	Member
IHK-Fachausschuss Verkehr und Logistik	Member
Bundesfachkommission Verkehr, Logistik, Infrastruktur, Wirtschaftsrat Deutschland	Chairman
RHENUS SE & Co. KG	Chief representative
RETHMANN SE & Co. KG	Chief representative
FB4-Advisory Boards Wirtschaftswissenschaftliche Fakultät der Westfälischen Wilhelms-Universität Münster	Member

MR. LUDGER RETHMANN

Transdev Group SA	Director Vice-Chairman of the Board of Directors
Board of RETHMANN SE & Co. KG	Member
Board of REMONDIS SE & Co. KG	Chief Executive Officer
Supervisory board SARIA SE & Co.KG	Member
Advisory board Deutsche Bank SE	Member
Advisory board Kirchoff Group	Member
Supervisory board of the Clinic Group Lünen/Werne	Member
Advisory board of Deutshce Wildtier Stiftung E.V	Member

MR. JEAN-LOUIS HUREL

Transdev Group SA	Director Chair and Member of the Audit Committee
RETHMANN France SAS	Chairman
ENSCR (Ecole Nationale Supérieure de Chimie de Rennes)	Director

MR. EGBERT TOLLE

Transdev Group SA	Board Observer
Board REMONDIS SE & Co. KG/ CEO REMONDIS Group International	Member

MANDATS EXPIRÉS LE 9 JANVIER 2019

MR. WAEL RIZK

Transdev Group SA	Director
STOA	Director Chair of the Compensation Committee
Compagnie des Landes	Member of the Supervisory Board

MS. CATHERINE MAYENOBE

Transdev Group SA	Director
BPIFRANCE Investissement	Director
BPIFRANCE Participations	Director
Caisse des Dépôts et Consignations	Member of the Executive Committee
Société immobilière du Théâtre des Champs-Elysées	Director
Cité de la Céramique de Sèvres	Chair
Réseau Transport d'Electricité	Director

Statutory auditors

The terms of office of ERNST & YOUNG AND OTHERS, principal statutory auditor, and AUDITEX, alternate statutory auditor, were renewed for six years by the General Shareholders' Meeting of March 24, 2016.

The term of office of MAZARS, the principal statutory auditor, was renewed for six years during the general shareholders' meeting of March 24, 2017.

No renewal therefore needs to be proposed.

Powers and/or authority delegated to the board of directors

In respect of capital increases

EIn accordance with the provisions of Articles L 225-129.1 and L 225.-129.2 of the French Commercial Code:
On January 9, 2019, the extraordinary and ordinary general meeting of the Company's shareholders approved an increase in the Company's capital, in consideration for cash, in the amount of €68,916,333.20, by issuing 5,292,702 ordinary shares with a nominal value of €9.62 each and 1,871,158 class A preferred shares with a nominal value of €9.62 each, cancelling the preemptive subscription right in favor of a designated beneficiary, and granted all powers to the Board of Directors or the Chief Executive Officer to confirm the subscription and the completion of the capital increase.

This capital increase was fully subscribed on June 26, 2019 and paid up on June 28, 2019.

There are no other delegations of powers or authority to the Board of Directors.

Agreements that fall within the scope of article L.225-38

We hereby inform you that, during the past fiscal year, the agreements listed below were entered into, directly or through an intermediary, between the Company and its chief executive officer, any of its deputy chief executive officers, any of its directors or any of its shareholders holding more than 10% of the voting rights or, in the case of a corporate shareholder, the company controlling it within the meaning of Article L. 233-3, as well as between the company and an undertaking, if the chief executive officer, any of the deputy chief executive officers or any of the directors of the company is an owner, partner with unlimited liability, manager, director, member of the supervisory board or, in general, an officer of such undertaking, other than agreements concerning ordinary transactions that are entered into on arm's length terms:

- A shareholders agreement between Caisse des Dépôts et Consignations and Rethmann France, which was witnessed by Rethmann SE&CO KG and Transdev Group SA and approved by the Board of Directors on December 21, 2018, has been signed on January 9, 2019.

We are submitting this transaction for your approval again.
In addition, the following agreements approved in previous years continued in 2019:

- A cooperation agreement between Transdev Group and Egis, a subsidiary of Caisse des Dépôts et Consignations, which was approved by the Board of Directors on December 10, 2018.
- An investment protocol signed by Caisse des Dépôts et Consignations, the Company, Rethmann France, Rethmann SE&CO KG and Transdev GmbH, which establishes the terms for (i) the Rethmann Group's acquisition of a stake in the Company, (ii) Transdev GmbH's purchase of Rhenus Veniro shares and (iii) the capital increase of Transdev Group paid up on June 8, 2019.
- A corporate officer's agreement that defines the conditions under which Mr. Thierry Mallet performs his duties in his capacity of Chairman and CEO, which was entered into in 2016 and that continued during fiscal year 2019.

Agreements entered into between senior managers or significant shareholders of the company and a subsidiary

The Investment Protocol was approved by Transdev Group's Board on December 21, 2018 and signed that same date between Caisse des Dépôts et Consignations, Transdev Group, Transdev GmbH, Rethmann SE&CO KG and Rethmann France (the Investment Protocol).

On the signature date, Rethmann SE&CO KG et Rethmann France were not shareholders of Transdev Group SA. They became direct or indirect shareholders on January 9, 2019.

Pursuant to the Investment Protocol, the following agreements were entered into on 9 January 2019:

1. Transdev GmbH's purchase of Rhenus Veniro's shares on 9 January 2019 Rhenus SE sold and Transdev GmbH purchased:
   (i) all limited partner shares in Rhenus Veniro; and
   (ii) all securities of Rhenus Veniro Verwaltungs, representing 100% of the capital and voting rights of Rhenus Veniro Verwaltungs. Rhenus Veniro Verwaltungs held all general partner shares in Rhenus Veniro, which together with the limited partner shares referred to in sub-section (i) above, represent all securities of Rhenus Veniro, i.e. 100% of the capital and voting rights of Rhenus Veniro.
2. Two transition services agreements between Rhenus Veniro, Rethmann Services and Rethmann SE, which respectively establish the nature, duration and compensations terms of the services provided by the Rethmann Group to the companies of the Rhenus Veniro Group
3. Management agreements between Rhenus Veniro and NIAG
4. Transdev GmbH's assumption of the obligations under warranties Rethmann SE furnished to companies of the Rhenus Veniro group

Employee shareholding

As of December 31, 2019, the Company's employees did not hold any of its shares. In accordance with Article L225-129-6 of the French Commercial Code (Code de commerce), a resolution proposing that the shareholders approve a capital increase meeting the requirements of Part III, Title III, Chapter II, section 4, of the French Labor Code (Code du travail) (Article L3332-18 et seq.), with the cancellation of preferential subscription rights in favor of employees who are members of a corporate savings plan, was submitted to the general shareholders' meeting held on March 20, 2018, which rejected the proposal.
A resolution proposing a capital increase in consideration for cash was again submitted to the extraordinary and ordinary general meeting of shareholders held on January 9, 2019 and was rejected by the shareholders' meeting.

Directors' fees

We propose that you grant a gross annual amount of €60,000 in directors' fees for fiscal year 2020.

Statement of non-financial performance

The statement of non-financial performance is provided in Appendix 2 to this report.

Vigilance plan

The Company's vigilance plan and the report on its effective implementation are included in the statement of non-financial performance.

Proposed appropriation of income for 2019

We propose that you appropriate the result (profit) for fiscal year 2019, i.e., €94,592,430.02 as follows: €71,737,923.83 to the legal reserve fund and retained earnings account, and €22,854,506.19 to a distribution of dividends.

Dividends distributed by the Company in the last three fiscal years:

2016	20,000,066.04 euros
2017	None
2018	None

Amount of loans granted by the company that are ancillary to its main business

(Article L511-6 3 bis, par. 2, of the French Monetary and Financial Code (Code monétaire et financier))

None.

Information on Transdev Group SA payment periods

	Invoices received not paid at closing date and overdue					Invoices issued not paid at closing date and overdue				
	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total for 1 day or more	1 to 30 days	31 to 60 days	61 to 90 days	91 day or more	Total for 1 day or more
A°) Overdue										
Number of invoices					7					145
Total including VAT for related invoices (in thousand of euros)	129	-	1	3	133	491	5,607	17	2,824	8,940
As a percentage of purchases/net sales (including VAT)	-	-	-	-	-	1%	6%	-	3%	10%
B°) Invoices excluded from (A) relating to disputed or unrecorded invoices										
Number of invoices excluded					6					
Total including VAT for related invoices (in thousand of euros)					52					
C°) Payment term used:	Contractual payment term					Contractual payment term				

The number of invoices is calculated based on the number of occurences; an occurence corresponds to the number of overdue invoices in the accounts "accounts payables-goods and services" and "payables related to acquisition of assets" for invoices received and "accounts receivables" and "receivables on disposal of tangible and intangible assets" for invoices issued.
The total including VAT for related invoices corresponds to the year-end balance of the above mentionned invoices.
Invoices exclued from (A) correspond to doubtful customers accounts.
N/A : not applicable as long as revenue from the company is made of other revenue only (no net sales).

After the statutory auditors have read their reports to you, we will request that you approve the Company's consolidated and statutory financial statements and the appropriation of income.

If you agree with these proposals, we request that you approve the resolutions submitted to you for a vote.

Appendix 1

Results (and other key figures) of the company during the last five fiscal years

(€ thousands)	Fiscal year 2015	Fiscal year 2016	Fiscal year 2017	Fiscal year 2018	Fiscal year 2019
I - Capital at the end of the period					
Share capital	1,137,120	1,137,120	1,137,120	1,137,120	1,206,036
Number of ordinary shares issued	118,203,700	118,203,700	118,203,700	118,203,700	125,367,560
II - Transactions and results for the period					
Revenue, excluding taxes	-	-	-	76,604	69,004
Income before taxes, employee profit sharing and allowances/ reversals of depreciation, amortization and provisions	29,602	319,974	167,195	117,666	4,806
Corporate income tax	30,715	27,768	24,381	23,400	24,631
Employee profit sharing owed for the period	-	-	-	-	-
Income after taxes, employee profit sharing and depreciation, amortization and provisions	107,893	47,850	155,040	(129,135)	94,592
Dividend paid per share	-	20,000	-	-	22,855
III - Income per share (in euros)					
Income after taxes, employee profit sharing but before depreciation, amortization and provisions	0.51	2.94	1.62	1.19	0.23
Income after taxes, employee profit sharing and depreciation, amortization and provisions	0.91	0.40	1.31	(1.09)	0.75
Dividend paid per share	-	0.17	-	-	0.18
IV - Workforce					
Average number of employees during the period	326	335	347	353	310
Payroll during the period	25,365	27,072	29,513	32,056	25,546
Amounts paid as employee benefits during the period (Social security, benefit programs)	12,915	13,226	13,933	15,450	11,850

Appendix 2
Statement of non-financial performance

1. Transdev, a leading group offering sustainable mobility

Mobility is at the core of social, societal and environmental issues. As a partner of local authorities and businesses, the Group's mission is to offer its clients and passengers reliable and innovative mobility and thus contribute to building the sustainable and inclusive local areas of tomorrow.

Mobility at the service of people and the common good

Because movement is essential to meet, work... or simply to live, we are proud to transport 11 million passengers daily on 5 continents. Transdev connects and reconnects communities to each other, and rural areas to urban areas, providing responses tailored to the needs of its clients and passengers. We offer seamless, people-centric and innovative mobility and we are actively committed to the energy transition and to bridging the social divide.

We **care** for our teams, clients and passengers and are committed to a process of continuous improvement.

We **share** our experiences and vision of mobility with our stakeholders, employees, shareholders, partners and clients, and create opportunities to contribute to a better society.

We **dare** to meet challenges and step out of our comfort zone in order to always offer the best solutions and innovations in response to the issues of tomorrow.

Our 85,000 employees, who are mobilized under an inclusive approach that promotes diversity, reflect the world in which we operate. **We are a team of people serving people and local areas, and mobility is what we do.**

*"At the core of our transformation, our culture and our dynamism as an international Group is our purpose: '**We empower freedom to move every day with confidence, thanks to reliable and innovative solutions that serve the common good.**' It is both the glue that binds us all and the compass that guides our decisions."*

Thierry Mallet,
Chairman and Chief Executive Officer,
Transdev Group

Value creation

for the benefit of local areas

OUR RESOURCES

HUMAN

85,000
employees

68%
drivers

- In **18 countries**
- **93%** of permanent contracts
- **58 000** drivers
- **+150** business lines
- **24%** women
- An **ecosystem comprising and structured around innovative initiatives** with over 80 innovation projects and 1,000 start-ups

NATURAL

- **A greater use of sustainable resources in order to reduce the emissions of our vehicles:**

2%
of vehicles use biodiesel

6%
of vehicles use CNG* and biogas

6%
electric vehicles

- Green innovation: use of **hydrogen**
- **Commitments to protect the environment:** reducing our greenhouse gas (GHG) emissions by 30% by 2050

** Compressed natural gas*

INDUSTRIAL AND COMMERCIAL

40,272*
vehicles operated

- **17** modes of transportation
- **45%** clean vehicles
- **€3 billion** product and services purchasing budget

418
electric buses and coaches

** managed scope: 43,000*

FINANCIAL

Committed long-term shareholders (Caisse des Dépôts and Rethmann)

€1 bn
of shareholders' equity

€1.9 bn
of net financial debt*

** Including lease liabilities*

OUR PURPOSE

As a global mobility operator and integrator, we empower freedom to move every day with confidence, thanks to reliable and innovative solutions that serve the common good.

OUR VALUE CREATION

FOR OUR PASSENGERS

We are proud to provide 11 million passenger trips every day.

- An **offer in line with the demands of society** that respects the environment and practices fairness
- **A public transportation offer for all**, which reduces congestion in cities, simplifies the daily lives of citizens and contributes to **providing improved access to local areas**
- **Safety and Security policies that offer protection to our passengers**

FOR THE PLANET

A tailored public transportation offer that increases the use of mass transit and helps to reduce road congestion, by offering innovative sustainable mobility solutions.

- **A growing alternative fleet:** electric, biogas, hybrid, hydrogen and other vehicles
- Drivers trained in **energy efficient driving**
- A **circular economy approach: 69%** of waste is recycled
- **Controlling our greenhouse gas (GHG) emissions: 5%** reduction in our emissions in 2019

58%
of entities covered by the Environmental Management System

12%
of entities in 10 countries are ISO 14001-certified

FOR OUR CLIENTS, LOCAL COMMUNITIES AND PUBLIC INSTITUTIONS

As a trusted partner of mobility authorities, Transdev builds its transportation offers to meet and anticipate the challenges facing local areas.

- **€15.4 million paid in corporate income tax***
- **More than 95%** of procurement from suppliers in the countries and the areas in which we operate
- In France, **the Transdev Foundation supports 300 local initiatives** that promote the integration of vulnerable people and social mobility, and the Foundation has **bestowed €3 million in grants** since 2002
- **Tailored, integrated and inclusive mobility solutions**
- **A responsible and continuous dialogue** with our ecosystem of stakeholders: clients, communities, national and local institutions

25,000
new hires each year

**In addition to corporate income tax, Transdev pays social security contributions and other levies and taxes.*

FOR OUR EMPLOYEES

Our employees, who are Transdev's ambassadors, are responsible for the excellence of our services on a daily basis.

- The **drivers@transdev approach** is a tool for attracting a new and diverse workforce
- **88%** Safety Management System compliance rate (rail activities: heavy rail, tram and LRT) and **96%** Safety Management System compliance rate (other modes: buses and coaches, ToD, ferries)

80%
of employees received training in 2019

€4 bn
payroll

7
Key countries have deployed our Group Engagement program

Our business model

1. OUR BUSINESS

Transdev possesses global expertise derived from over **150 business lines**.
Each day, 58,000 drivers serve our local authority clients.

Trains, trams, buses, Bus Rapid Transit, ambulances, school transportation, ferries, shuttles, cable cars, carpooling, carsharing, bicycles, parking lots, transportation for people with reduced mobility, electric and autonomous vehicles, etc. – a broad range of everyday transportation modes and systems and infrastructures that we operate all over the world. Beyond our role as an operator, we are committed to offer all kind of mobility solutions, at the service of our customers, and delivering hassle-free and truly innovative mobility with a strong human dimension.

Transdev in 2019

11 M passenger trips per day	**17** transportation modes	**40,272** vehicles operated*	**418** electric buses and coaches	**18** countries	**85,000** employees	**+150** different business lines	**68%** drivers

24% women	**93%** in permanent contracts	**€1.9 BN** of net financial debt**	**€145.1 M** current operating result	**€7.4 BN** revenue from ordinary activities (ROA)	**6.7%** increase in ROA in 2019

** Managed scope: 43,000*

*** Including lease liabilities*

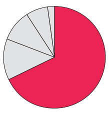
Our activities

Public authorities and local authorities

Public transportation

- Buses and coaches (13 countries)
- Trams (9 countries, 21 tram networks and 2 tram-trains) - 1st operator worldwide
- Transportation on Demand

67.8%

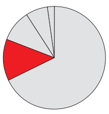


€5 bn*

Rail

- Metro lines and regional rail transportation (5 countries, 32 networks)

13.4%

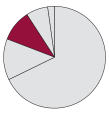


€1 bn*

Other modes

- Parking lots
- Ferry (4 countries)
- Bike sharing
- Paratransit and ambulance service in France, USA and the Netherlands
- Transportation services for healthcare institutions

9.7%



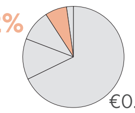
€0.7 bn*

Business

BtoB

- Airport services
- Tourism
- Businesses
- Campuses/schools
- Healthcare institutions

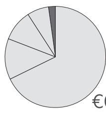
7.2%



€0.5 bn*

Other

1.9%



€0.2 bn*

Digital and Technologies

- Mobility-as-a-Service
- Transportation on Demand and shared mobility
- Autonomous systems

Zero emissions

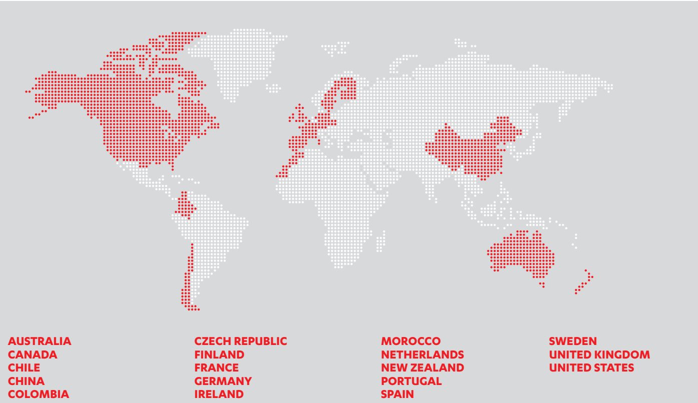
*2019 ROA

Our mobility solutions

- meet the expectations of our clients that are mobility authorities at the national, regional and municipal levels, as well as of our private clients, with respect, transparency and integrity;
- are adapted to the specificities of populations and local areas;
- are in line with the demands of society as a whole (ease of use, respect for the environment and fairness).

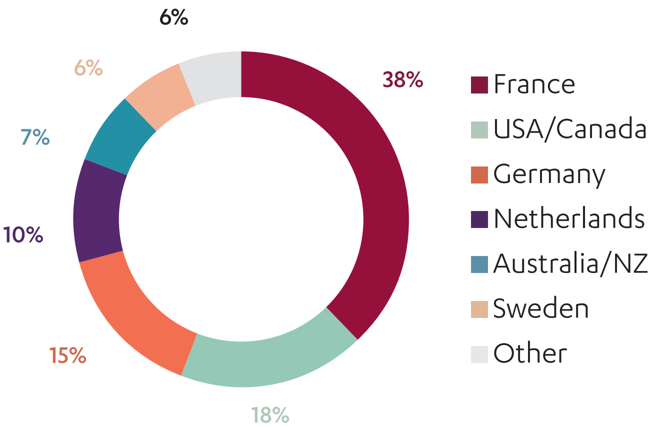
Our geographical presence

Our teams operate in 18 countries in order to better meet the specific demands of each population and each local area, and to offer solutions closely tailored to the local needs of the communities we serve.



Our revenue by territory

Distribution of 2019 ROA by country



2. RESPONDING TO LOCAL CHALLENGES AT THE LOWEST COST

Our business model consists in imagining, building, organizing and operating appropriate mobility solutions for everyone, in a highly regulated global passenger transportation market that is open to competition in measures that vary considerably by country and transportation mode.

Over 75% of our activities involve contracts to manage transportation services on behalf of local authorities - BtoG activities (cities, metropolitan areas, departments, regions or national authorities). We also work for other private groups and associations.

If a market is open to competition, access thereto is usually decided through a competitive bidding procedure. When the bid documents are prepared, the mobility authority (the client) will determine the specific needs to be met. The bidder whose bid best meets these requirements in terms of understanding local specificities and that offers the most favorable price will be awarded the contract. Therefore, each contract is a unique response to a local demand in terms of transportation modes, and also takes into account the number of vehicles involved (see the section entitled "Financing the vehicle fleet"), the frequency of service, pricing and the commitments the bidder may make on future developments in the use of the transportation system.

Compensation

When Transdev contracts with government bodies, its clients are mobility authorities. In such case, two forms of collaboration are possible:

- **Gross contracts:** the mobility authority undertakes to pay us a predetermined amount based on a volume of service (in hours or kilometers, for example). All passenger revenue is remitted to the mobility authority. In certain cases the contract may provide for variable compensation tied to increases in ridership. Apart from such variable compensation, Transdev does not bear the risk of passenger revenue; however, Transdev generally bears the costs necessary to provide a proper level of service in accordance with the contract
- **Net contracts:** under these contracts, we receive a grant from the mobility authority in an amount agreed upon when the contract is signed. All or part of the profits generated from passenger revenue accrue to Transdev (directly, or indirectly under a bonus/penalty system), which assumes the risks in connection with revenue and cost management. The grant is intended to cover the difference between projected revenue and projected costs.

Overall, our business is equally divided between these two types of contracts, although this allocation may vary significantly by country and activity.

We create value in all our activities by:

- meeting all needs of our customers, whether they are passengers, mobility authorities or businesses;
- developing new solutions for future needs and markets;
- focusing on operational excellence in order to provide the best possible service at all times at the lowest cost.

Cost control

Our most significant cost items are:

- financing the vehicle fleet;
- employee payroll;
- energy and fuel costs;
- financial resources.

Financing the vehicle fleet

For contracts with mobility authorities (depending on geographical area and transportation modes), the fleet is provided:

- by the mobility authority; or
- by Transdev. In this case, two situations are possible:
  - we own the equipment;
  - we lease the equipment from a third party, in which case Transdev is not exposed to residual value risk.

In all cases, the equipment must comply with the specifications established by the mobility authority.

Employee payroll

Ordinarily, Transdev directly employs the teams that provide its services.

Energy and fuel costs

Our vehicles are fueled primarily by diesel, electricity, hydrogen and gas.

Financial resources

We rely on a combination of financing, such as:

- our capital: Transdev's parent company, Transdev Group, is jointly owned by Caisse des Dépôts (66%) and by Rethmann France (34%);
- bonds;
- bank loans and a Schuldschein placement;
- asset financing consisting primarily of operating leases;
- resources generated by operating working capital;
- profits from our operations.

Innovation and attention paid to clients and passengers

Our aim is to be a trusted partner of our clients, mobility authorities and private actors, a partner able to implement safe, efficient and innovative mobility solutions that meet evolving expectations in a constantly changing environment.

Ensuring our growth over the long term and for future generations

1. TRANSFORMATION AT THE CORE OF THE EVOLUTION OF OUR MODEL

Climate change

Zero emissions
Energy mix
Air quality

Increased urbanization vs. mobility deserts

Megacities
Sparsely populated areas

Demographic changes

Aging population
Increased individuation

Data-centric innovation

Digital lifestyles
Technological progress

Climate and environmental challenges

In 50 years, the sea level has risen by 10 centimeters.

Severe weather phenomena (cyclones, hurricanes, droughts, heat waves, etc.) are on the rise, with often dramatic consequences (fires, floods, extinction of species, climate refugees, etc.). The UN predicts that 280 million people will be displaced worldwide by 2050. This situation considerably increases citizens' expectations of companies: in France, 95% of citizens expect major companies to make concrete commitments. 52% of them consider the environment and climate to be a priority. This leads us to design cleaner solutions and to contribute actively to reducing the greenhouse gas emissions of our industry.

Increased density, greater urbanization and territorial divides

Some 70% of the world's population is expected to live in cities by 2040. By 2030, there will be 43 "megacities" with over 10 million inhabitants, compared to 31 today.

Many countries will face challenges in meeting the needs of their growing urban populations, including housing, transportation, energy systems and other infrastructure, as well as employment and basic services. This rapid growth of cities creates major challenges to improve access to more rural areas, as well as new issues surrounding peri-urban areas and how to connect them to city centers. This requires developing new mobility solutions that satisfy all segments of the population.

Aging population

Between 2000 and 2050, the share of the world's population over the age of 60 will double from about 11% to 22%. Seniors need specific adapted services because they are more likely not to own a vehicle (unable to drive), but may also suffer from physical pathologies related to ageing or may feel insecure (due to crowds, getting on and off transit vehicles, etc.), which discourages them from using public transportation.

This requires designing solutions that create a feeling of security and are better adapted to an aging population.

Increased individuation and autonomy needs

Individuation should not be confused with individualism. It is a reflection of a culture of choice, not necessarily of the self. It is a reaffirmation of individual freedom, of the right of each individual to choose their lifestyle. This highlights the importance of offering customised/tailored solutions, which the proper use of data makes it easier to design and deliver.

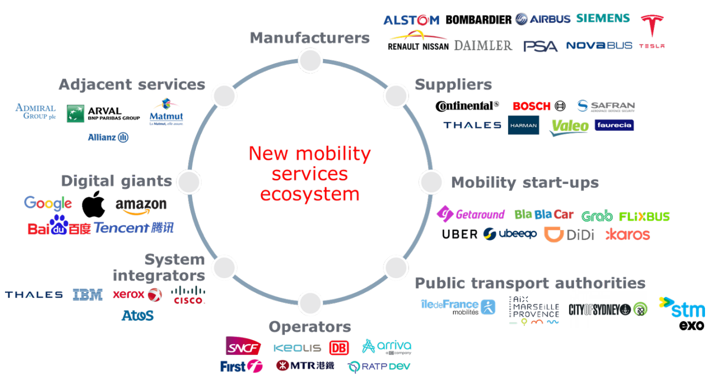
Data-centric innovation

Technological advances in telecommunications networks and the spread of smartphones enable everyone to choose the mobility solution that suits them best, at the last minute and on the basis of real-time data. This convenience has created new expectations and new travel choices (immediate, simple, unified, personalized, sustainable, etc.).

The growth of the sharing economy and consumption that focuses on use is already a reality in the transportation sector with the emergence of on-demand services (carpooling, carsharing, etc.), mobility platforms and a new vision of customer relations.

A new intermodal landscape is taking shape, gradually erasing the boundaries between public mass transit and on-demand and customized transportation solutions.

2. OUR COMPETITIVE ENVIRONMENT



1. Historical competitors: RATP, Deutsche Bahn, SNCF, MTR and KEOLIS;
2. Transit authorities that increasingly operate services themselves, as their teams acquire greater transportation expertise.
3. The global mobility market has been reshaped by the arrival of new players:

- start-ups that offer innovative services and implement new business models;
- major groups originally positioned in other sectors: automobile manufacturers, equipment manufacturers, car rental companies and software publishers, which are increasingly active in the mobility sector.

3. A VISION OF MOBILITY AND A STRATEGY CENTERED ON PEOPLE AND MAKING A CONTRIBUTION TO THE MAJOR ISSUES OF OUR CENTURY

PACE: our mobility of the future

Transdev translates our mobility of the future into 4 letters:

Personalized

Personalized mobility requires developing smart Transportation on Demand solutions designed to offer travelers services that best meet their needs. The aim is to promote multimodal options and improve mobility for all. The Group has already deployed these new offers in France, the Netherlands, the United States and Australia.

Autonomous

We are also actively working to implement solutions promoting the emergence of autonomous mobility in the operation of transportation networks. This is the goal of the agreements concluded and projects launched by the Group and our industrial partners, such as the Renault-Nissan-Mitsubishi Alliance and Lohr, with local authorities, for example the creation of the Rouen Normandy Autonomous Lab in France.

Connected

In the field of connected mobility, we have carried out a certain number of experiments in France and the Netherlands. This type of mobility enables customers to plan each stage of their journey, using all means of transportation offered, as well as to purchase tickets online.

Electric and Eco-friendly

We are at the forefront of the energy transition, which is already a reality for us due to our offer of ecological electrical mobility solutions. We currently operate nearly 418 electric buses and coaches in 9 countries. As a result of the contracts we have obtained in the south of Amsterdam and around Schiphol airport, as well as in Eindhoven, two cities whose bus networks are among the cleanest in the world, we are the largest operator of electric buses in Europe.

In June 2019, we continued our electromobility innovation drive by launching the first hydrogen-powered electric bus line in France, in the Pas de Calais region.

In addition to electromobility, we have continued and stepped up our actions in favor of the environment, for example through our energy efficient driving programs and the development of the Group's future managers.

Moving You: our strategic plan

The 5 guiding principles of the Moving You strategic plan:

We think that a deep understanding of our **Passengers** allows us to better serve them, anticipate their needs and increase ridership	We believe that collaborative and engaged **Teams** achieve high standards	We are aligned with the objectives of the **Clients** and the **Communities** that we serve to support their long-term development	We are engaged in **Performance** to master all mobilities and deliver at best cost	We put **Innovation** at the heart to prepare for the future with more attractive, efficient and sustainable solutions

The *Moving You* strategic plan, which the Executive Committee initiated in 2017, established the 5 guiding principles for the Group's new strategy, which were supplemented in 2019 by 8 priority programs designed to accelerate the Group's transformation.

In line with the changes in society and focused on new customer needs, the strategic plan enables our teams to better assist passengers, communities and businesses in a better and more sustainable way.

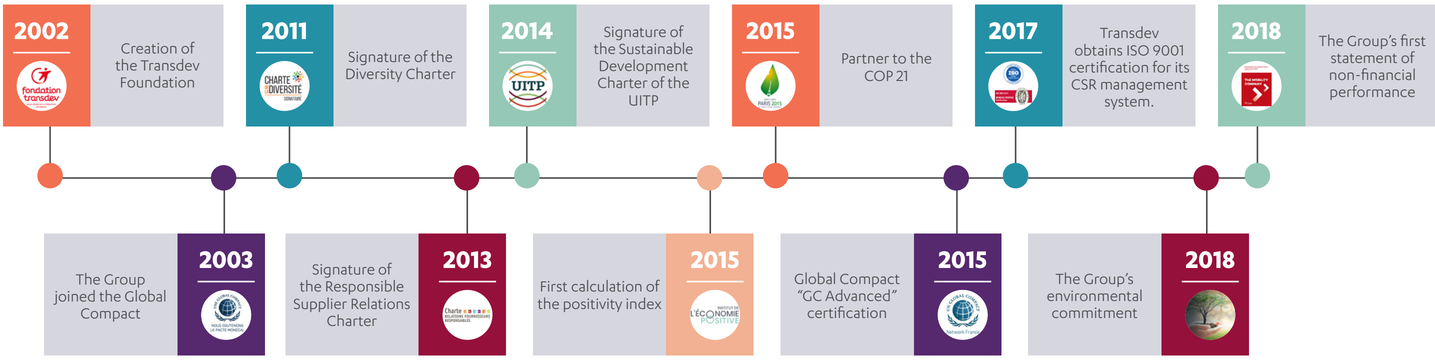
Our contribution to dealing with sustainable development challenges

Transdev is a partner and a signatory of the United Nations Global Compact initiative since 2003. Based on the *Communication on Progress* (CoP), which is published in connection with this commitment, we have been classified as *"GC Advanced"* since 2015, the highest Global Compact differentiation level.

In addition to this commitment, our actions and policies are a component of our contribution to the Sustainable Development Goals (SDGs) and are at the service of economic, social and environmental development.

2. Transdev, a group that actively fulfills its social responsibilities

A longstanding CSR commitment



At Transdev, we are fully committed in favor of the planet, society and future generations.

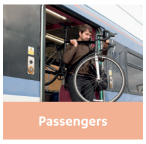
We accept the **sustainable mobility** challenge by offering our customers mobility solutions for today and tomorrow: "green" and low-carbon solutions designed to reduce our environmental impact, reduce local pollution and accelerate the energy and ecological transition.

With our clients and the players in our ecosystem, we share the responsibility for implementing **inclusive and resilient mobility** by together developing efficient and attractive transportation solutions to serve communities: solutions that are adapted to the needs of all, including the most vulnerable.

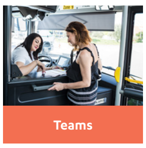
As an employer and local economic player, we assist our customers by operating **people-centric and safe mobility solutions** in a responsible and inclusive manner for our employees, partners and suppliers.

A CSR approach in line with the Group's strategic plan and the UN's Sustainable Development Goals

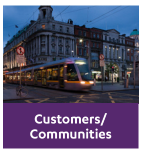
1. MOVING YOU, AT THE HEART OF OUR CSR APPROACH



Transdev's primary responsibility is to deliver a service and a customer experience that meet the needs of its passengers, in order to promote the use of public transportation.



Our responsibility to our passengers is inseparable from our responsibility as an employer to our employees, whom we want to be engaged and actively involved in a company that is attractive, inclusive, safe and fair, as well as a learning company.



As a major employer in the local areas where we operate, Transdev invests in the social and economic inclusion of the inhabitants and, as an **economic player**, contributes to the vitality of the local fabric through local purchases and partnerships.

Transdev is **committed to sustainable performance** and deploys robust management systems in all its operations in order to guarantee the health and safety of its teams, passengers and third parties, as well as to control our impact on the environment.

The Group develops and promotes new mobility solutions to assist local areas in their ecological and energy transition.

2. OUR CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Through our commitments and our CSR approach, we contribute to 12 of the 17 Sustainable Development Goals.

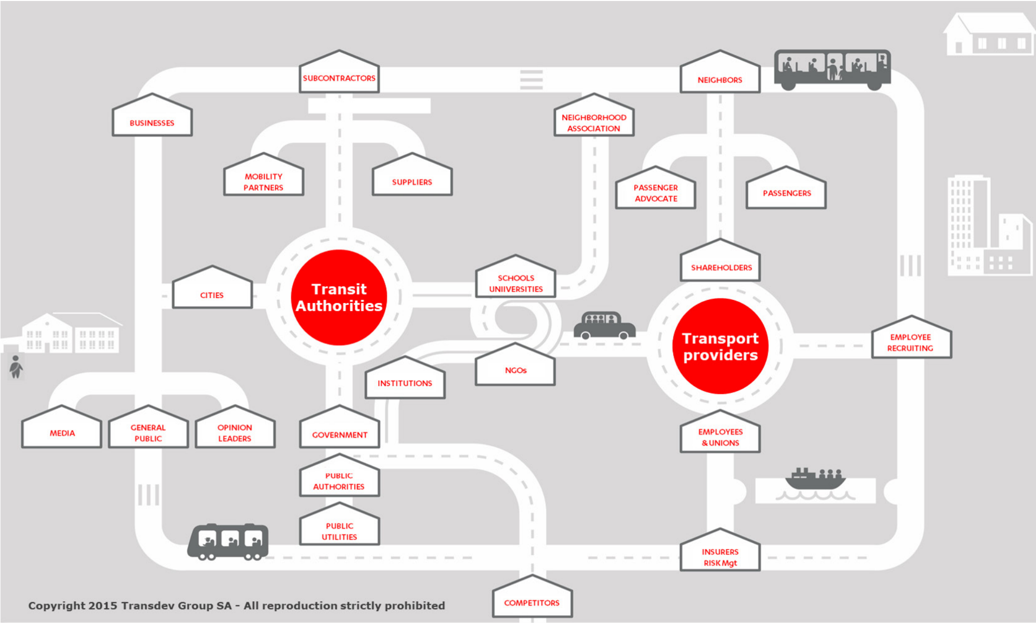
SDG	Initiatives/Commitments undertaken by Transdev
1 NO POVERTY	▪ Transdev hires 25,000 people each year in all the local areas it serves and promotes the inclusion of people having difficulty finding work . ▪ Transdev is committed to initiatives that encourage social inclusion and reduce inequalities in access to transportation. *(Target 1.4)*
3 GOOD HEALTH AND WELL-BEING	▪ Transdev deploys a Safety policy and a Security policy in all countries where it operates. *(Target 3.4, Target 3.5, Target 3.6, Target 3.9)*
5 GENDER EQUALITY	▪ Transdev deploys a policy to promote respect for Fundamental Rights. ▪ Transdev is committed to diversity and inclusion through its Group Diversity and Inclusion Program. *(Target 5.1, Target 5.5)*
7 AFFORDABLE AND CLEAN ENERGY	▪ Transdev deploys an Environmental policy and a Sustainable Procurement policy. ▪ Transdev develops clean mobility solutions in collaboration with local authorities using green energies (natural gas for vehicles (NGV), hybrid, electric or hydrogen-powered buses). ▪ Transdev develops solutions to facilitate Mobility as a Service (MaaS) intermodal exchanges. *(Target 7.2, Target 7.3, Target 7.a)*
8 DECENT WORK AND ECONOMIC GROWTH	▪ Transdev deploys a Safety policy and a Security policy. ▪ Transdev deploys a policy to promote respect for fundamental rights and a vigilance plan. ▪ Transdev promotes social and economic inclusion by working with local actors. ▪ Transdev deploys an Ethics and Compliance Management System. ▪ Transdev deploys a Sustainable Procurement policy. *(Target 8.4, Target 8.5, Target 8.6, Target 8.7, Target 8.8, Target 8b)*
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	▪ Transdev deploys an Environmental Management System. ▪ Transdev develops clean, autonomous and electric mobility solutions. *(Target 9.4)*
10 REDUCED INEQUALITIES	▪ Transdev develops integrated and inclusive mobility solutions. ▪ Transdev promotes social ties through the Transdev Foundation. ▪ Transdev develops *Learning* programs to train its employees. ▪ Transdev deploys a Diversity and Inclusion Program. ▪ Transdev deploys an Ethics and Compliance Management System and a policy to promote respect for fundamental rights. *(Target 10.2, Target 10.3)*

SDG	Initiatives/Commitments undertaken by Transdev
11 SUSTAINABLE CITIES AND COMMUNITIES	▪ Transdev deploys an Environmental policy and a Security policy. ▪ Transdev deploys clean, autonomous and electric mobility solutions. ▪ Transdev provides efficient and shared on-demand solutions. ▪ Transdev deploys a Sustainable Procurement policy. *(Target 11.2, Target 11.6, Target 11.7)*
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	▪ Transdev deploys an Environmental policy and a Sustainable Procurement policy. *(Target 12.2, Target 12.4, Target 12.5, Target 12.6)*
13 CLIMATE ACTION	▪ Transdev deploys an Environmental policy and is committed to a more ecological and cleaner mobility. *(Target 13.2)*
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	▪ Transdev deploys an Ethics and Compliance Management System and a policy to promote respect for fundamental rights. *(Target 16.5, Target 16.6, Target 16.7)*
17 PARTNERSHIPS FOR THE GOALS	▪ Transdev promotes social ties through the Transdev Foundation and develops local partnerships in the local areas it serves. *(Target 17.17)*

The targets are described in greater detail in Section 10 of the non-financial performance statement entitled “Our contribution to 12 UN sustainable development goals - the targets in detail”.

Risk management at the core of the issues we face

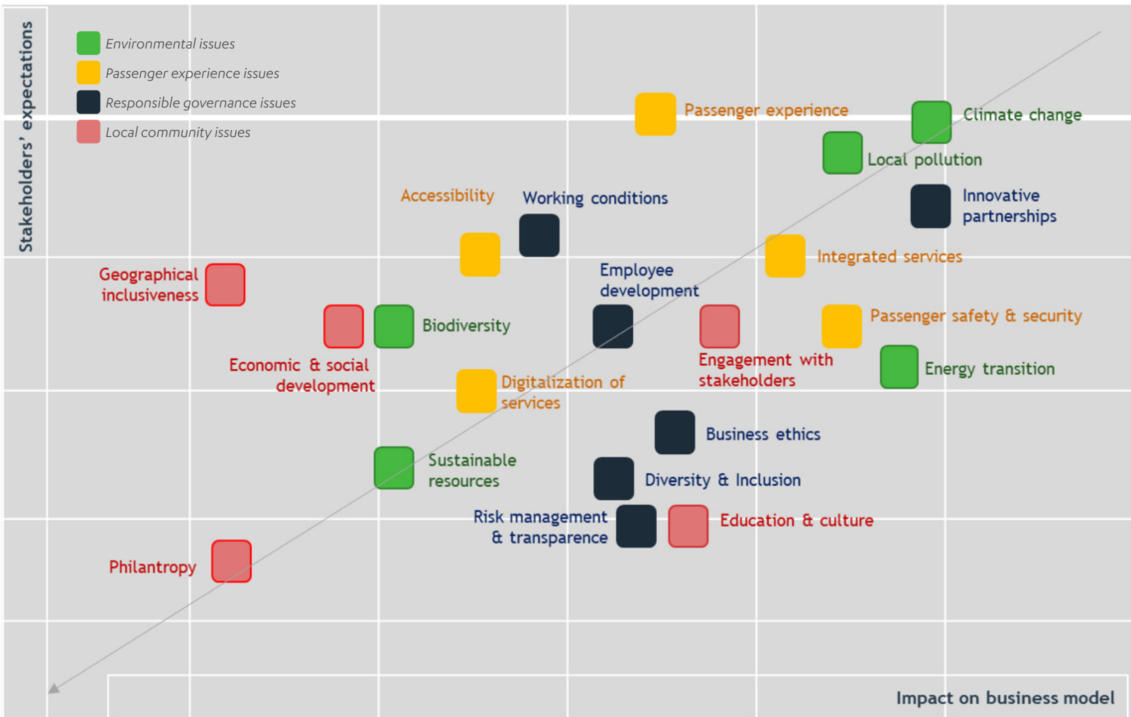
1. OUR LOCAL AND NATIONAL STAKEHOLDERS



Transdev maintains a responsible and continuous dialogue with its stakeholders. In all the territories where we operate, as well as nationally and internationally, we interact with our ecosystem: mobility authorities, municipalities, our passengers, our shareholders, our employees and their representatives, our partners and subcontractors, our suppliers, our insurers, local residents, associations and local players in employment and education, opinion leaders and think tanks, etc.

2. THE ISSUES WE FACE: THE GROUP'S MATERIALITY MATRIX

The materiality analysis has helped us mapping the challenges that we face in light of our various stakeholders' expectations. All of these challenges are at the core of our business, our mission and our daily operations. They enable us to reflect on our ability to deliver attractive and integrated mobility services, which are designed and operated in consultation with local stakeholders and employees and are environmentally friendly.



As part of our mission, we have a duty to take greater account of the environmental issues and adapt our services to the needs and expectations of the passengers; now more than ever, our company shall demonstrate ethical, fair and inclusive behaviour in order to earn the trust of our employees as well as all stakeholders in the long term; as a mobility operator, we shall make a long-lasting contribution to the socio-economic development and territorial cohesion of the areas in which we operate.

In 2018, Transdev carried out a materiality analysis based on a series of interviews with representatives of its stakeholders (mobility authority clients, players in the mobility sector, employees and passengers) in four countries where the Group does business (France, USA, Germany and Australia).

3. OUR NON-FINANCIAL RISKS ARE AT THE CORE OF THE ISSUES WE FACE

We have identified the operational risks that require policies, actions and programs to be implemented and deployed throughout our organization and coordinated at the highest level on the basis of defined indicators.

This risk identification operation involved all of the Group's teams: operational and functional teams, the head office and country teams (see methodological note on risk management: identification, assessment, etc.).

The table below lists the risks and the issues to which they relate, the policies adopted to control them and the associated performance indicators.

Environmental risks

<table>
<tr><th>Main risks</th><th>Related issues</th><th>Our risk control policies and action plans</th><th>Our key performance indicators</th></tr>
<tr><td>Accidental ground pollution</td><td rowspan="3">Local pollution</td><td rowspan="4">Environmental policy
+
Our actions and programs in support of the energy and ecological transition and to fight against climate change</td><td>Rate of entities that experienced accidental pollution during the financial year</td></tr>
<tr><td>Gradual ground pollution</td><td>Pollutant emissions g/100 km traveled</td></tr>
<tr><td>Contractual non-compliance in environmental matters</td><td>Low-emission fleet rate*</td></tr>
<tr><td>Gradual air pollution</td><td>Energy transition and climate change</td><td>GHG emissions kg/100km traveled</td></tr>
</table>

Low-emission fleet definition: Euro VI standards, hybrids, CNG biogas, electric, biodiesel, hydrogen

Safety and security risks

<table>
<tr><th>Main risks</th><th>Related issues</th><th>Our risk control policies and action plans</th><th>Our key performance indicators</th></tr>
<tr><td>Serious train accidents</td><td rowspan="7">Safety and security of passengers, employees and third parties</td><td rowspan="3">Safety policy</td><td>Major accidents rate</td></tr>
<tr><td>Serious bus accidents</td><td>Workplace accident frequency rate</td></tr>
<tr><td>Workplace accidents</td><td>Workplace accident severity rate</td></tr>
<tr><td rowspan="3">Assaults on employees or passengers</td><td rowspan="4">Security policy*</td><td>Workplace accident frequency rate due to assault</td></tr>
<tr><td>Workplace accident severity rate due to assault</td></tr>
<tr><td>Number of physical assaults on passengers per million km**</td></tr>
<tr><td>Terrorist attack</td><td>Share of countries covered by a national security manager/total number of countries where the company is located*</td></tr>
</table>

** This policy is being deployed* *** This indicator is being deployed and will be calculated on a full-year basis starting in 2020*

Social risks

<table>
<tr><th>Main risks</th><th>Related issues</th><th>Our risk control policies and action plans</th><th>Our key performance indicators</th></tr>
<tr><td>Absenteeism</td><td>Working conditions</td><td rowspan="5">Engagement policy
+
Talents approach and Learning approach

Group Diversity and Inclusion Program</td><td>Absenteeism rate</td></tr>
<tr><td rowspan="2">Low employee engagement (including psychosocial risks)</td><td rowspan="4">Employee development</td><td>Employee turnover rate</td></tr>
<tr><td>Engagement policy deployment rate</td></tr>
<tr><td rowspan="2">Poor skills planning</td><td>Percentage of employees who received at least one training course during the year</td></tr>
<tr><td>Percentage of employees who had an annual interview*</td></tr>
</table>

**KPI deployed starting in 2019*

Societal risks

Main risks	Related issues	Our risk control policies and action plans	Our key performance indicators
CSR claims against a Supplier	Sustainable resources	Sustainable Procurement policy	Percentage of master contracts > €100,000 that incorporate the Suppliers' Charter (France)

Ethics and fundamental rights risks

<table>
<tr><th>Main risks</th><th>Related issues</th><th>Our risk control policies and action plans</th><th>Our key performance indicators</th></tr>
<tr><td>Active bribery of a public official or a regulatory authority and passive bribery of private individuals</td><td rowspan="5">Collaboration with local actors and innovative partnerships + business ethics</td><td rowspan="3">Ethics and Compliance policy</td><td rowspan="3">Percentage of managers trained in anti-corruption measures every 3 years</td></tr>
<tr><td>Influence peddling</td></tr>
<tr><td>Inappropriate sponsorships</td></tr>
<tr><td>Failure to respect human rights in the supply chain (forced labor and child labor)</td><td rowspan="4">Fundamental Rights policy + Group Diversity and Inclusion Program</td><td rowspan="4">Annual percentage of projects approved by the Group Engagement Committees for which fundamental rights risks have been assessed and reduced to an acceptable level*</td></tr>
<tr><td>Failure to respect freedom of association</td></tr>
<tr><td>Discrimination and diversity</td><td rowspan="2">Diversity and equal opportunities</td></tr>
<tr><td>Harassment</td></tr>
</table>

** Failure to respect human rights in the supply chain (forced labor and child labor), failure to respect freedom of association, discrimination, harassment*

All key performance indicators are audited except the following:

- Engagement policy deployment rate

3. Transdev, a group committed to combating global warming and in support of the energy transition

In 2019, transportation accounted for nearly 30% of the European Union's total CO_2 emissions, of which 72% were due to road transportation.[1] We believe that our core business offers an opportunity to significantly reduce this impact by enabling passengers to switch to the most efficient public or shared transportation options.

The composition of our vehicle fleet also has a direct impact on the amount of CO_2 we produce. Its replacement with low-emission vehicles (hybrid, LPG, biogas) or very low-emission vehicles (electric, hydrogen) reduces our carbon footprint and local pollutants.

The greening of our vehicle fleet, by reducing our consumption of carbon energy, is a major challenge that we share with the mobility authorities. We have actively positioned ourselves in this challenge for several years by investing in a fleet that is ever more respectful of the environment.

Our commitments and tools for meeting climate challenges

Our success depends on our ability to engage individually and collectively in building a culture of responsibility that takes into account the challenges of climate change.

1. OUR COMMITMENT TO ENCOURAGE CITIZENS TO USE PUBLIC TRANSPORTATION AND TO OFFER AN ENVIRONMENTALLY FRIENDLY FLEET

Transdev strives to **offer its clients tailor made solutions** connected to local areas in which we operate in order to increase public transportation use. Our activity enables us to reduce our global carbon footprint, but also to **reduce road traffic** and the massive emissions it generates:

- by improving the customer experience in order to accelerate the shift from private cars to alternative solutions:
  - efficient travel: multimodal options;
  - comfortable conditions (quality impact of energy efficient driving).
- by adapting our offer to passengers' needs:
  - increasingly flexible solutions for the first and last kilometer (Transportation on Demand);
  - we adjust our capacities in real time to daily changes in customer needs (Flowly).
- by developing a new mobility paradigm through MaaS:
  - customer-centric offers;
  - promoting green mobility.
- by reducing the environmental impacts of all our activities.

2. OUR COMMITMENT ALONGSIDE LOCAL AUTHORITIES IN SUPPORT OF THE ENERGY TRANSITION

As a mobility operator, we support the mobility authorities to **green the fleet of vehicles we operate** by: replacing internal combustion vehicles with electric vehicles, or by experimenting new solutions. Therefore, we launched a hydrogen experimentation in the network of the city of Lens in France, in conjunction with the local mobility authority, Syndicat Mixte des Transports Artois-Gohelle (SMTAG).

In order to reduce urban congestion and air pollution, we also encourage and support **adapting public infrastructure** to public transportation (reserved lanes, priority at traffic lights).

In addition to carbon impact, pollutants emitted by combustion engines are a source of public health problems. Our commitment to a greener fleet aims to reduce these emissions in the cities where we operate.

Therefore, in accordance with the European law on the energy and ecological transition for green growth (Renewable Energy Directive), we have set a definition for the "Low Emission Fleet" by meeting low emission standards (European Euro VI emission standards), using alternative fuels (LPG, CNG, biogas, etc.) and seeking new solutions for our vehicle fleet, which we apply in all the Group's countries.

(Change in the low-emission fleet rate)

3. OUR EMPLOYEES' INVOLVEMENT IN MORE RESPONSIBLE TRANSPORT

Apart from our Group objectives, our own method of operations is a factor in our environmental improvement. Energy efficient driving, which is promoted internally, helps to reduce energy consumption and, therefore, emissions through **Eco-driving**. Today, using on-board tools designed by Transdev, over 5,000 vehicles (road and water) receive complete data in real time. This information helps our drivers to adapt their driving and limit their energy consumption. Results are encouraging: energy efficient driving can reduce pollutant emissions by up to 6%. Therefore, in order to remain at the cutting edge of the most efficient driving techniques, we train our drivers every five years.

> *"We are trained to maximize the benefits of our vehicles, which are more and more cutting-edge. Driving responsibly of course means reducing our emissions, but it also means ensuring the safety of everyone on board. Fortunately, these priorities are complementary. Responsible driving makes me a better driver."*
>
> **A Transdev driver**

Source: European Parliament, infographies, published April 2019
[1] https://www.europarl.europa.eu/news/fr/headlines/society/20190313STO31218/emissions-de-co2-des-voitures-faits-et-chiffres-infographie

4. GREATER ACCOUNTABILITY OF OUR FUTURE LEADERS

In 2019, we added an environmental component to the *On the Launch Pad* program that brings together our future leaders. 191 countries have committed to reducing air emissions by optimizing travel options. Each of the countries in which we do business participates in this global commitment. At our level, our objective is therefore to create an innovative and tailor-made project for Transdev aimed at offsetting the carbon footprint caused by each employee's business travel. Participants in the program are supervised by the Group's environmental team through follow-up and support every six months. This program will be set up and in effect in the second half of 2020.

Formalizing our commitment at the core of the Group's environmental policy

We are committed to reducing our greenhouse gas (GHG) emissions by 30% by 2050.

Controlling our environmental impacts requires analyzing the significant risks inherent to our compliance with the French Duty of Vigilance law and with Directive 2014/95/EU of the European Parliament. The result of this in-depth study highlighted our main environmental risks:

- Gradual air pollutions: climate and air quality issues;
- Gradual and accidental ground pollutions in the areas where we operate;
- Compliance with our contractual obligations.

How do we reduce these risks? We have adopted an approach that aims to preserve ecosystems in a sustainable way by focusing on the following main areas:

- **Minimizing environmental impacts thanks to our EMS policy**: by implementing its Environmental Management System (EMS), Transdev is committed to continuous improvement. The implementation of our policy and compliance with our commitments are monitored and controlled annually;
(number of entities in compliance with Transdev's EMS criteria, rate of the environmental policy deployed in each country, rate ISO 14001 certified sites)
- **Ensuring compliance:** we strive to improve environmentally friendly practices in order to meet or exceed all regulatory requirements so as to provide mobility with significantly reduced air pollution based on experiments and pilot initiatives;
(number of instances of non-compliance/number of contracts)
- **Disseminating best environmental practices throughout the Group using effective communication channels:** we promote the highest level of environmental excellence and sustainable development through dedicated communication, both internally (eco-driving, urban optimization, etc.) and externally (providing an efficient and attractive offer to encourage modal shift actions, in particular through multimodal information systems that provide passengers with all the information they need.
(Change in the GHG emissions kg/100km traveled)

Our achievements for greener, cleaner and more integrated mobility

1. ACCELERATED MIGRATION TO ELECTROMOBILITY

In the field of electromobility

Transdev has the largest electric bus fleet in Europe, with 418 buses and coaches in operation in 2019, equipped with different charging solutions, more than 60% of which can be recharged at night (by means of a plug) and 52 trolleybuses. This electrification of our fleet should enable us to meet our commitment to **reduce our CO_2** emissions.

For example, an electric bus network like **the one in Amsterdam, which operates 100 articulated vehicles**, each of which covers 350 km per day, represents a reduction in emissions of over **21,000 tons of CO_2 per year.**

In addition, the 100 electric buses that continuously serve Amsterdam Schiphol Airport run on 100% renewable energy, mainly from wind power. The depots are also equipped with solar panels. And because driving an electric bus requires particular skills, the network's 500 drivers have received "ZE" (zero emission) training that enables them to master all aspects and provide efficient and safe transportation.

In the field of electrification aid tools

To reduce the impact of our batteries as much as possible, in conjunction with IFSTTAR (French Transportation, Development and Networks Science and Technology Institute) we have initiated a **research program on smart charging** aimed at anticipating and optimizing the deployment and operation of our electric bus fleets. Because the life cycle of batteries has become a crucial issue and recycling remains the suppliers' responsibility, this program focuses on **extending battery life** beyond the term of manufacturers' warranties and on developing a smart charging algorithm.

Deploying a complete electrical fleet compared to launching and experimentation brings a lot of challenges in terms of operation, organization, management and skills. In fact, before an electrification strategy that ensures the most efficient transition possible can be adopted, the bus network and the workshop must be carefully analyzed. Anticipation is therefore a key factor in the success of these changes.

2. STIMULATING INNOVATION FOR CLEANER MOBILITY

The i-Cristal autonomous electric shuttle

At the SPRING 2019 innovation meeting held in May 2019, the goal of the *"Paris-Saclay Autonomous Lab"* was to invent and experiment various new services for more smart, autonomous, electric, public and private mobility, in addition to the transportation options already on offer in the Paris-Saclay area, in order to test the operation conditions for an autonomous mobility service on a larger scale.

The Group contributed its cutting-edge expertise to the project on shared and autonomous operation traces on the i-Cristal autonomous electric shuttle. For Transdev, the project offered a new opportunity for the development of sustainable local areas.

Our pioneering innovation: in November 2019, France's first hydrogen fuel cell bus line was launched in the Pas-de-Calais region.

To implement the Group's energy transition strategy, Transdev supported the local mobility authority, Syndicat Mixte des Transports Artois-Gohelle (SMTAG), in commissioning, on 4 November 2019, the first Bus Rapid Transit hydrogen line initiated in France. This 13.4 km long line with six buses links the towns of Auchel and Bruay-la-Buissière (62). It reduces CO_2 emissions by over 530 tons per year.

"In connection with its Ecomobility Plan, the Essonne Department aims to promote new forms of mobility that are more environmentally friendly, more inclusive and conducive to improving the transportation offer and travel conditions for all Essonne residents. The development of autonomous and shared vehicles is a component of this plan."

François Durovray
President of the Essonne Departmental Council

Other hydrogen fuel cell bus projects

Transdev is also providing assistance in the Netherlands on two hydrogen bus projects: the HWGO project (4 buses) and a project in Eindhoven (2 buses).

In France, following the first hydrogen-powered buses put into circulation in Lens on the TADAO network, these bus experiments are being extended to Auxerre and the Toulouse airport.

"The prospect of adding hydrogen to the TADAO network, which is operated by Transdev, was the product of a bold choice to introduce genuine innovation. This fuel may well be the fuel of the future for public transportation..."

Laurent Duporge
Chairman Artois-Gohelle Transit Authority

3. PROVIDING EFFICIENT AND SHARED ON-DEMAND SOLUTIONS

The launch of a MaaS system in the Saint-Etienne metropolitan area

Mobility as a Service (MaaS) is an integrated mobility service that aims to reduce the number of individual vehicles by offering faster, cheaper and more efficient solutions for more environmentally friendly mobility. This system covers all public and private transportation modes that are essential for local and daily mobility: carpooling, bicycles, park-and-ride facilities, public transportation, etc.

With this in mind, in autumn 2019, Transdev, the local mobility authority, Société de Transports de l'Agglomération Stéphanoise (STAS), and the city of Saint-Etienne officially launched the beta test period for the *Moovizy 2* app, the MaaS offer for the Saint-Etienne metropolitan area.

Development of Transportation on Demand (ToD)

From an environmental standpoint, replacing less efficient buses with new vehicles increases ridership and reduces the number of individual vehicles, thereby reducing the carbon footprint. This evolution is an opportunity to digitize the offer by deploying new on-demand services.

Starting in 2018, Transdev proposed integrated digital solutions for Transportation on Demand (ToD). The Group is currently working on the ToD of the future, which will include autonomous vehicles. This system, which has been tested in Rouen, is a European first.

Since 2015, in Sweden and Manchester, the deployment of MaaS has led to a 30% reduction in single-occupant vehicles. Reducing road congestion has not only improved air quality, but also reduced noise pollution and related public health issues.

4. A CIRCULAR ECONOMY APPROACH

From a European and international perspective, we promote a circular economy approach that is respectful of resources and society. By the end of 2020, we are committed to ensuring that all WEEE IT waste from our networks in France is recycled and recovered through a partnership that employs persons with disabilities or who have difficulty finding work.

Our key performance indicators

KPIs		2018	2019
Rate of entities that experienced accidental pollution during the financial year		1.6%	1.6%
GHG emissions kg/100 km traveled*		90.5	85.6
Low-emission fleet** rate*		39.9%	45.2%
Pollutant emissions*** g/100 km traveled**	CO	74.1	64.0
	NOx	1224.6	1099.1
	MP	8.1	6.9
	HC		19.8

** Low-emission fleet definition: Euro VI standards, hybrids, CNG biogas, electric, biodiesel, hydrogen*
*** Figures are based on the fleet in operation on December 31, 2019 and 2018*
**** Diesel only. Pollutant emissions in 2018 were recalculated based on the pollutant emission factors used in 2019.*

The performance indicators presented above have been sized in line with the significant impacts of our business. As a public transportation operator, we operate a fleet equipped primarily with internal combustion engines, which have two impacts:

- an impact on global warming through a significant carbon footprint (GHG);
- an impact on air quality by generating pollutants: carbon monoxide (CO), nitrogen oxide (NOx), micro-particles (MPs) and hydrocarbons (HCs).

This is why we monitor these indicators very closely on a per-kilometer basis in order to reduce our impact to the largest extent possible. Transdev, which is committed to the energy transition, has set itself the goal of increasing its low-emission fleet each year, well aware that operating more environmentally friendly vehicles has a direct impact on our carbon footprint, as well as on improving the air quality of the local areas in which we operate. This goal was achieved this year with an increase of over 5% in our fleet, which enabled us to reduce our impact on the planet (GHG figures) and air quality (pollutant figures). In addition, the pollutant emissions indicator decreased between 2018 and 2019, due to the expansion of our low-emission vehicles. The number of accidental pollution incidents has been stable since 2017.

4. Transdev, the economic and social partner of local areas

Transdev, a player in everyday mobility, promotes sustainable and responsible mobility, built in conjunction with its ecosystem. Contrasting views and concerted approaches, whether citizen, political, institutional, territorial, environmental, economic, academic, etc… All play an essential part in our ecosystem to implement a successful public mobility policy on the scale of a living area.

Our societal commitments as a local integrator of everyday mobility

1. CHOOSING TO DELIVER AN EXCLUSIVE CUSTOMER EXPERIENCE BASED ON A SUBTLE UNDERSTANDING OF PASSENGERS' NEEDS

Transdev's primary mission is to deliver a customer experience that meets passengers' needs. To this end, Transdev uses digitisation and data as a lever to detect how passengers travel, get information or select an itinerary. Inspired by design thinking, Transdev also uses T.ex, a unique methodology to map customer routes, identify passengers as personae, understand their perspective on the journey throughout their route and identify the most powerful improvements that can be implemented.

Preparing for the mobility of the future means adopting a different mindset to design new services. With this ambition in mind, Transdev has opened a new path in 2016 and together with Steve Martin, a world-renowned behavioural scientist and CEO of Influence at Work, created *Change by Transdev*, the first and only unit in the transport sector entirely dedicated to Behavioural Science and located within a global operator. The *Change by Transdev* program allows for an in depth analysis to identify the possible cognitive levers for changing behaviour.

2. PROFESSIONAL AND ATTENTIVE: OPERATING MOBILITY SOLUTIONS AT THE SERVICE OF ALL

Transdev operates mobility solutions in France and around the world. The Group has always been committed to providing accessible mobility to enable each person to move around freely. We study, experiment, support, deploy with committed actors of all types, and act in the local areas to develop modal solutions, always aiming to understand needs, both expressed and emerging.

Taking action for mobility at the service of inclusion and supporting of local areas

At the heart of rural and peri-urban areas, Transdev supports the use of innovative and solidarity-based transportation services that rely on local associations and are assisted by a public transportation operator.

In the Netherlands, for example, we are involved in local solidarity initiatives such as the deployment of the Buurt "Neighborhood Bus", a Transportation on Demand system whose buses are driven by volunteers from various associations. We supply and maintain the vehicles. A flexible, economical system, tailored to local needs, that provides a public service offer in low-density areas.

Another example: the "Avesnois Mobilités" collaborative project in France, which experiments with a range of mobility services to facilitate the return to work of persons who have difficulty finding employment: carpooling, electric bike rental, local transportation, personalized support and coaching, etc. Various players in the integration and mobility fields have worked together and strengthened their links. The experiment was a huge success, and has been spotlighted for its agility and collaborative approach. The solutions have been made permanent.

To the south of Grenoble, in a mountainous area, a 100% digital reservation-based transportation service (Transdev's proprietary Chronopro solution) has been deployed to connect residents to public services and businesses.

Quality of life, respect for the environment, health – each is included in the objectives of the solutions implemented. The development of environmentally friendly and active mobility is an integral component of the offers we build. We provide support for this mobility initiative, in partnership with local players and local authorities. In Niort, France, we operate an electrically-assisted bicycle and scooter service that aims to introduce residents to these modes of travel. In Rambouillet and Arpajon, in connection with the "Action Cœur de Ville" program, we supported the creation of two parking areas to encourage better sharing of the roads and to improve residents' quality of life.

Offering mobility connected to the needs of local areas

Our mission as an operator is to support local authorities in deploying their mobility policies.

Therefore, we must anticipate and adapt our solutions to support new uses and encourage better mobility. Meeting the challenges of connecting local areas will require the development of new connected mobility tools. That is why we are developing new solutions to promote intermodality, such as Mobility as a Service (MaaS). This is a multimodal digital service that uses an app to present all travel solutions available in a local area. This service is already in operation in the Saint-Etienne and Mulhouse Alsace metropolitan areas, which have respectively set up *Moovizy* and the *Mobility Account*.

Far from considering MaaS to be simply a digital tool, and aware that access to this type of tool is unequal, Transdev is pushing for the development of a rural MaaS that takes into account populations who are not comfortable using digital technologies or who live in areas with poor mobile phone coverage. The first experimental MaaS that can be described as "rural" was initiated in connection with the "Avesnois Mobilités" project, which provides a digital platform, as well as physical and people-friendly information via a mobility house and mobility coaching workshops.

3. INVOLVED AND COMMITTED: DEVELOPING LOCAL PARTNERSHIPS TO FOSTER SOCIAL COHESION IN LOCAL AREAS

Through partnerships with local associations

Through various partnerships, the Group invests in community life by supporting several associations in France.

Examples of associations the Group supports in France

Employment Aurore Association	Each year, this association, which was created in 1871, offers support to over 37,000 vulnerable or socially excluded persons to help them find work.
Education Ma Chance moi aussi!	Deployed in more than ten cities in France, this association aims to build a future for the most vulnerable children in underprivileged neighborhoods.
Culture [école de L'oralité]	This association endeavors to raise awareness of interculturality through collective artistic practice. It develops artistic creation projects through pedagogical initiatives based on oral expression. It is active in schools and at the neighborhood level to promote exchanges and sharing based on cultures, arts and audio and musical heritages.

Through partnerships with start-ups and key innovation players

Attentive to the evolution and proliferation of local initiatives and emerging players, Transdev supports numerous innovations that positively interact with its value chain.

In the Melun/Sénart area of the Île-de-France region, "Mon Copilote", a program supported by Transdev, has launched an experiment to assist vulnerable and disabled persons in their everyday journeys (www.mon-copilote.com). The service has been developed and is continued thanks to financing provided, in particular, by the AG2R La Mondiale and MAIF insurance companies.

In other fields, the Group has developed partnerships with start-ups such as tixiPASS, an app that enables passengers to buy tickets and travel on all public transportation networks, and MyBus, an intelligent mass transit app.

Through partnerships with institutes and think tanks

The Positive Economy Institute

Since 2015, Transdev has been a partner of the Positive Economy Institute and calculates its positivity index. An offshoot of the Positive Planet Foundation, the Institute provides support to companies and local areas to achieve a positive transition and to promote sustainable, responsible and inclusive growth for the benefit of all. Through this partnership, Transdev calculates its positivity index at three levels of its organization and, each year, participates in the Positive Economy Forum in Le Havre. Companies' positivity index is calculated on the basis of 35 indicators covering 5 areas: environmental footprint, working conditions, positive sharing of the value produced by the company, training and research, and long-term strategic vision. Through this partnership, Transdev reinforces dialogue, sharing and commitment to a positive economy in the local areas it serves.

"Above all, this is a means to measure things we didn't measure before, to create a tool to communicate internally, but also a way to compare ourselves to other companies and see how we can improve."

Thierry Mallet,
Chairman and Chief Executive Officer,
Transdev Group

The Inclusive Mobility Laboratory

Transdev has been a partner of the Inclusive Mobility Laboratory since its creation in 2013. Transdev is its current chair. The Inclusive Mobility Laboratory is a resource and expertise center and a key player in the public debate on social and solidarity-based mobility issues. It supports the development of mobility for all, designed with the contribution of all. It acts to reduce factors that generate inequality in mobility. It brings together the public, private and civil society actors concerned. It produces data and analyses, encourages and supports innovative solutions and promotes access conditions that create a more inclusive mobility.

Through partnerships with associations of elected officials

Transdev conducts an ongoing dialogue with local authorities through partnerships with certain national associations of elected officials. Sharing thoughts, contrasting views, analysing current events, exchanging best practices and carrying out common projects are the four vectors that drive these partnerships.

For example, in conjunction with "Régions de France", Transdev financed a major national study to survey French citizens about their everyday mobility. The unprecedented scale system proposed by the IPSOS survey institute selected for this project provides a national, regional and local view of conduct, needs and expectations that is extremely enlightening in terms of public policies to be implemented and educational actions to be deployed to various segments of the population.

Together with the Association of French Municipalities (AdCF), Transdev has co-developed a guide for the groupings of municipalities that will have to decide whether or not to assume responsibility for mobility by the end of 2020 pursuant to the application of the Mobility Policy Law "Loi d'orientation des mobilités".

With the "France Urbaine" association, the Group is conducting an exploratory study on mobility issues in priority urban districts.

With the "Villes de France" association, collaborative behaviors and emerging practices have been studied in depth, with a particular focus on third places.

Since its creation, Transdev has also supported "elueslocales.fr," an association of female elected officials in France, to promote and encourage the drive for gender parity and equality pursuant to joint actions. In 2019, the Group undertook actions, in particular, in the Nouvelle-Aquitaine and Sud regions.

4. A COLLABORATIVE ACTOR: PARTICIPATING IN THE PUBLIC DEBATE ON SUSTAINABLE AND INCLUSIVE EVERYDAY MOBILITY

Contribution to the Great National Debate

Between 15 January and 15 March 2019, a great national debate was organized in France at the initiative of the President of the French Republic. Although mobility was not one of the four themes selected, the Transdev Group, which is tasked with local public interest missions to improve everyday mobility in all local areas, thought it important to participate in this debate and submitted a written contribution on the challenges of mobility in sparsely populated areas. The Group was the only public transportation operator to have submitted a contribution, and wished to introduce mobility into the debate as a factor that promotes social and territorial cohesion, as well as social and professional inclusion. This written contribution included concrete examples that we have already implemented (a multi-partner approach, reliance on associations, and assistance to local authorities in setting up tailor-made solutions), and which can be adapted and deployed in many other local areas.

Participation in the parliamentary debates on the mobility policy law to make mobility a tool for improving the quality of life and sustainable development of our local areas

As a committed player, since 2017, Transdev has actively participated in the debates of the national mobility conferences. This extensive consultation work led to a draft mobility policy law that was submitted to French Parliament in November 2018 and was adopted in November 2019. The Law "Loi d'orientation des mobilités" aims to have the entire country covered by a mobility authority. Transdev supported the goal of making it easier for rural and peri-urban areas to acquire the expertise they required to assume responsibility for mobility in the manner most suitable to the specificities of each local area.

Through this law, the Group advocated measures to facilitate the coordination of successful intermodality, with appropriate local governance. It is essential to break down administrative borders so that mobility can be decided at the most appropriate scale and in accordance with the practices of each local area.

5. OUR ACTIONS TO FOSTER ECONOMIC INCLUSION

Transdev supports social and economic inclusion projects at a local level that benefit communities. Those projects mainly focus on the integration or reintegration of people who face barriers to entering the job market, first and foremost by offering them a job, training, community-based support and/or mobility skills, as well as other initiatives consistent with the project implemented within the relevant local area.

The Transdev Foundation

The Transdev Foundation, which was created in 2002 under the aegis of the Fondation de France, carries out public interest missions and citizen actions in France that encourage the integration or reintegration of vulnerable people in neighborhoods targeted by city policies or in isolated areas. It is active in the cities and local areas served by the transit networks the Group operates. It supports projects that contribute to social mobility in six priority action areas: employment, education, culture, health, sports and social mediation.

The employees of Transdev's transit networks are actively involved and committed as project sponsors. Through its corporate philanthropy approach, the Foundation also aims to strengthen employees' commitment and sense of belonging to the Group.

The Transdev Foundation

- **Since the creation of the Foundation in 2002:**
  - **300** projects have been supported
  - **€3 million** in grants has been bestowed
- **In 2019:**
  - **40** projects have been supported in France
  - **€395,000** in grants has been bestowed
- **110** correspondents
- **200** sponsors from all the Group's transit networks committed alongside the associations

Our Sustainable Procurement policy

Transdev contributes to the vitality of local areas in its role as an economic actor and through its supplier relations. Through its Procurement policy, which became the Group's Sustainable Procurement policy in 2019, Transdev promotes responsible procurement practices in order to control the risk of CSR claims being made against its suppliers. Transdev is a signatory of the National Procurement Council's Sustainable Procurement Charter and aim to deploy its Sustainable Procurement policy in all countries where the Group does business.

Beyond the mere purchase and supply of goods and services, we endeavor to maintain lasting relationships with our suppliers on the basis of our principal commitments:

- raising awareness among our suppliers and subcontractors to sustainable initiatives,
- ensuring they undertake to comply with our ethical principles,
- taking into account their commitment to responsible business,
- assessing the relationship with our suppliers,
- monitoring implementation of our policy.

Our Sustainable Procurement policy incorporates the Transdev CSR Suppliers' Charter, which is based on the Code of Conduct that suppliers undertake to sign for any contract over €100,000. It defines the scope of the collaboration, regardless of country or area of expertise, and sets out the applicable ethics and sustainable development standards. By accepting the Charter, suppliers undertake to respect the Group's expectations in this area. It reflects our various policies concerning ethics, compliance, human rights, labor, the environment, preventing corruption, money laundering and the financing of terrorism, etc. Its goal is to encourage suppliers to follow these principles when they work with Transdev.

In France, we already implement this Charter to ensure fair business practices for our suppliers. In 2019, the emphasis was placed on systematically incorporating it into all new contracts. The Charter supplements the platform that Transdev SA has set up to combat illegal labor.
Over the next three years, the Group's Sustainable Procurement policy will be adapted to each country. The Group's aim is to deal with suppliers who act in compliance with social principles, safety and security rules and the labor laws, as well as to preserve the planet.

In France, 96% of master contracts over €100,000 incorporate Transdev's CSR Suppliers' Charter.

This process involves 4 steps:

1. We communicate and explain our ethical principles to our suppliers and subcontractors;
2. We carefully select our suppliers and subcontractors;
3. We manage a panel of suppliers, assess the potential risks associated therewith and take action when necessary;
4. We conduct our relationships with our suppliers in an ethical manner and in accordance with the Group's policy.

The goals of our Sustainable Procurement policy are to:

1. **Raise awareness about the Suppliers' Charter and circulate it widely;**
2. Incorporate the Suppliers' Charter into contracts with a value over €100,000 managed by the **Procurement Department**;
3. Measure the compliance of suppliers and subcontractors with the **CSR requirements set out in the contracts**.

Our Key Performance Indicator

KPIs	2018	2019
Percentage of master contracts > €100,000 that incorporate the Suppliers' Charter (France)	77%	96%

In 2019, the KPI improved by 19 points reflecting the emphasis placed on incorporating our Suppliers' Charter into all contracts in France. This progress has raised awareness in our supplier ecosystem of sustainable procurement practices and our ethical principles.

5. Our priority: the safety and security of our passengers and employees

Ensuring the safety and security of employees and passengers is the indispensable basis for the trust our clients, passengers and employees place in us. Therefore, safety and security are naturally at the top of our responsibilities.

Our commitments to ensure the safety of our passengers and employees

Ensuring the safety of our employees and the passengers we serve is our most important duty each day. It must be a constant concern and an absolute priority for all Transdev teams.

"Safety first" is the foundation on which, day after day, we build a relationship of trust, respect and partnership with our clients, passengers and teams.

To achieve excellence in safety we rely on our 10 fundamental safety principles and on a dedicated organization that defines Transdev's policy and assists in its implementation (the Group Safety Department). We also encourage and promote a culture of continuous improvement in our performance.

Under the impetus and with the support of the Group's Safety Director, a dynamic community of safety managers works tirelessly in all countries where we do business to deploy the Group's Safety Policy.

Our Safety Management System (SMS), which is now deployed in all our operations and activities, clearly defines each person's responsibilities and enables systematic management of all aspects of safety, from identifying risks to measuring performance.

> *"**Safety first"** is also a deep personal commitment of all Transdev employees and of each and every one of us in all our daily actions."*
>
> **Thierry Mallet, Safety Policy**

Our safety policy and actions

The main risks we face are the risks of serious bus and train accidents and workplace accidents involving employees. In order to manage the safety risks we may face and prevent unintentional accidents, we have set up a safety system that is based on:

1. 10 SAFETY PRINCIPLES

All Transdev employees and managers are responsible for safety and, each day, must comply with the following 10 safety principles:

1. Lead by example and promote Safety culture ;
2. Respect the zero tolerance alcohol and drug policy ;
3. You are responsible for your own safety and for the others ;
4. Always follow procedures = don't cut corners ;
5. If you see something, say something ;
6. Respect all signals, signs and speed limits ;
7. Always wear your personnal protective equipment ;
8. Ensure your workplace is tidy and all equipment well maintained ;
9. Report and investigate all incidents in a timely manner ;
10. Share knowledge and best practices with your colleagues.

2. A SAFETY MANAGEMENT SYSTEM (SMS) THAT IDENTIFIES AND CONTROLS THE RISKS IN RELATION WITH OUR ACTIVITIES:

Each of our operations is required to comply with the Group's Safety Management System, which sets out requirements in the following areas: organization, leadership and commitment, planning (including identification of hazards and risk assessment), communication, documentation and monitoring, measurement, analysis and evaluation of safety performance. The SMS is consistent and compatible with the ISO 45001 standard. We conduct regular internal and external audits to ensure that the SMS is effectively implemented within our various transportation systems.

3. A DEDICATED ORGANIZATION: THE GROUP SAFETY DEPARTMENT AND SAFETY PERFORMANCE MONITORING

The Group Safety Department defines our policy, coordinates its implementation, and promotes a culture of safety through training campaigns, *Safety Awards* and initiatives involving all employees. The Group Safety Department manages and coordinates a network of country safety managers. It convenes them periodically to exchange best practices and provide feedback on safety events. At their level, the country safety managers manage and coordinate their own network of safety managers for each activity and act as a link between the local, regional and Group levels.

Each quarter, a consolidated safety report by country is produced, as well as a Group report with key indicators that highlight improvements and deterioration in performance, stating the number of workplace accidents (frequency and severity), the number of serious passenger and third party injuries, and the number of fatal accidents. Safety performance trends are assessed with the country managers and their experts.

Our actions and best practices in safety matters

1. SAFETY AWARDS

Each year, the Group Safety Department holds a safety awards ceremony (*Safety Awards*) to recognize outstanding collective or individual contributions to the safety of our employees and/or customers.

The Safety Awards are presented in 4 categories:

- **Safety – HERO:** rewards a significant act of bravery that protects, secures or reduces the impact of a situation or event on our services, colleagues and/or customers;
  For example, a bus driver who resuscitates a customer on board.
- **Safety – INNOVATION:** proposing, introducing or implementing a safety innovation that significantly improves our day-to-day operations and protects, secures or reduces the impact of a situation or event on our services, colleagues and/or customers;
  For example, a mechanic who develops a safer way to perform a task and saves company resources.
- **Safety – COMMITMENT:** a safety commitment that has demonstrated a constant concern for the success of actions aimed at protecting, securing or reducing the impact of a situation or event on our colleagues, services and/or customers;
  For example, an employee who each day (year after year) inspects aspects of track safety with a proven commitment and effectiveness.
- **Safety – PERFORMANCE:** significant improvement over the previous year in Transdev Group key safety performance indicators.

The winners selection committee comprises all the country safety managers and is chaired by the Group Safety Director. The award ceremony is held in the presence of senior management at the following year's Topex meeting.

2. HEALTH AND SAFETY E-LEARNING CERTIFICATION

Ensuring the safety of our employees is one of our company's main concerns. To reinforce this culture, a Safety Policy has been deployed throughout the Group. To ensure that this policy is known, understood and complied with, in 2017, Transdev set up a Health and Safety certification (*e-learning*) for all Group managers.

Training objectives

The goal of the Health and Safety certification is to enable managers:

- to master the company's key health and safety principles;
- to take ownership of the Group's Safety Policy and to understand each person's roles and responsibilities;
- to conduct safety inspections in the field.

This *e-learning* module is hosted on the *"Transdev Learning"* platform. It covers the following topics:

- general introduction to health and safety and our risk assessment methodology;
- the Safety Policy and the Group's requirements;
- skills and techniques required to conduct safety inspections, actions and positions to take.

A test assesses knowledge acquired on each topic.

3. SITE INSPECTIONS, SAFETY WALKS

In 2019, the Group also introduced the ***Safety Walks*** (safety inspections) initiative. Led by senior managers at various sites within their territories, these *Safety Walks* are intended to create a dialogue with operational staff in the field so as to better understand their safety challenges, affirm our safety commitment and support identified safety initiatives. The goal is to ensure that all Transdev staff are committed to the Group's safety culture.

4. PERFECT SAFETY DAY

In 2019, the Safety Department in the United States created the *"Perfect Safety Day"* program.

A new way of thinking:

- To celebrate a day without any accidents or injuries;
- Each day is a new start and a new opportunity to be seized; the counter of accident-free days is not reset;
- This is a part of our corporate culture. It is integrated into each activity and communication – everything we do is to achieve the goal of a perfect safety day.

A *"Perfect Safety Day"* is a day without any:

- preventable motor vehicle accident,
- passenger/pedestrian injury requiring transportation to a hospital,
- employee injuries.

This program is currently being rolled out in Spain and should be extended to all Group countries by 2021.

5. SAFETY QUARTER-HOURS IN FRANCE

Held in teams and led by a QSE or HR supervisor, safety officer, trainer or manager, these workshops are intended to analyze the causes of the various risks identified within the transit networks. Employees brainstorm as a group to propose risk prevention actions. At the end of these discussions, a priority action will be chosen for each risk and will be incorporated into the transit networks' roadmaps and the national action plan.

Safety at Transdev

- The Group's 10 safety principles
- A Safety Management System ("SMS") that is ISO 45001 compatible
- The Group Safety Department and monitoring of safety performance
- Site inspections, *Safety Walks*
- Over 3,500 managers have obtained Health and Safety Certification

Our Key Performance Indicators

KPIs	2018	2019
Workplace accident frequency rate *(Number of workplace accidents with medical leave/total annual hours worked x 1,000,000)*	20.37	22.22
Workplace accident severity rate *(Number of days lost due to a workplace accident/total annual hours worked x 1,000)*	1.35	1.68
Major accidents rate *(1 fatality (without suicide/natural death) and/or 3 injured and hospitalized/total annual kms x 1,000,000)*	NA	0.03
Number of major accidents	*NA*	*54*

Our safety performance is assessed based on three key performance indicators (see above). In 2019, the Group's results in terms of frequency and severity of workplace accidents have been increasingly accurate.

Furthermore, our Safety Policy in line with the Moving You strategy continues to have a positive impact, as shown by Transdev's safety figures which remain at relatively low rates with respect to industry standards. The slight increase between 2018 and 2019 is due to a change in our calculation rule.

Security commitments

In a security environment that is marked by the threat of terrorism, cybercrime, delinquency and incivility in public transport, mobility operators must strengthen the measures and tools deployed to protect their passengers and employees. Awareness of these risks and the importance of the issues at stake require a comprehensive and truly professional handling of security issues.

Our passengers and employees must travel and work in a secure environment and be protected from any external or internal aggression. Security within Transdev is based on 4 fundamental principles:

Security must be managed locally, taking into account the local context and regulations, and in close cooperation with the police forces and the competent local authorities.

Preventing security risks requires **raising awareness among our passengers and training our staff.**

Security actions, conduct, tools and methods must be aligned with the **Group's ethical principles and respect for fundamental rights**.

Sharing experiences and best practices, as well as operational synergies, must be developed with local police authorities.

Our security policy and actions

Transdev attaches fundamental importance to the security of its passengers and employees. Protecting them from any malicious act that, in particular, threatens their physical integrity, and ensuring their sense of security is an essential mission.

1. AN ORGANIZATION DEDICATED TO SECURITY, SUPPORTED BY A DEPLOYMENT OF HUMAN AND TECHNICAL RESOURCES

We have, for example, outsourced security services for several of our transit networks to private companies. In parallel, we have deployed internal security teams in several transit networks.

To increase operational efficiency, we are also expanding circulation of best security practices through our network of "security managers" in all countries where we do business. For example, the guide on how to react in the event of an attack by an armed individual, which was developed by our subsidiary in the United States, is the basis for certain of the Group's training programs. In addition, we endeavor to pioneer innovative solutions. For example, we were the first to offer on-demand bus stops, which led to the development of a ministerial guide on the subject in France.

In France, starting July 1, 2020, we will equip our ticket inspectors with body worn cameras.

2. A PROACTIVE SECURITY CO-PRODUCTION STRATEGY IN COLLABORATION WITH THE POLICE FORCES

In accordance with the security continuum advocated by the Ministry of the Interior in France, we have developed a partnership strategy with the police authorities, which is reflected in enhanced security agreements with the police forces. We have also set up a monitoring system that pays particular attention to progress in security technologies and to the legislative and regulatory framework of mobility security. This allowed us to experiment a **system that transmits video protection images** of circulating buses in real time.

In 2019, several coordination agreements intended to increase the security of our transit networks were entered into, for example in Roanne (STAR network), Saint-Etienne (STAS network) and Toulon (Mistral network). The security of the transit networks in the Greater Paris region has been significantly improved by the **addition of several dozen teams of mobile security agents**.

3. A STAFF TRAINING AND AWARENESS-RAISING POLICY FOCUSING ON SECURITY ISSUES

Staff awareness and training in security issues is an essential prerequisite for proper operational handling of this type of incident. For example, in order to effectively address issues of gender harassment in our transit networks, we have launched awareness and information campaigns aimed at our passengers and staff. In addition, **an online training project on incorporating security into the operational management** of our activities is currently being developed. This training tool will reinforce the Group Security Policy.

4. A GROUP SECURITY MANAGEMENT SYSTEM (SMSu)

A Group Security Management System (**SMSu**) will be set up to meet our requirements in term of security. This SMSu will enable a better controlled and more standardized management of all particularities of security risk, as well as a more rigorous evaluation of the performance of protection and intervention systems. Backed by a network of country security managers, our SMSu will be the tool used to monitor the Group's security performance. The objective of this management system is to continuously improve the long-term level of security in all our transit networks worldwide.

Our actions and best practices in security matters

In France, Transdev and the police forces in the Rhône department signed the first "Citizen Participation Mobility" partnership agreement, pursuant to which they have joined forces in a crime prevention program and introduced French *Police de Sécurité du Quotidien* (PSQ - "Everyday Security" Police) on the interurban lines of "Cars du Rhône". On the relevant lines, "citizen officers" have been identified by Transdev, in conjunction with the territorial head of the police, to apply the appropriate procedures to deal with threats or assaults.

In Brisbane, Australia, Transdev drivers have been trained by the police to handle tense and conflict situations. The aim of the training provided is to prepare drivers for conflict situations so that they can avoid violent confrontation. This training arms our drivers with self-control and aggression management techniques.

Since 2009 in Ireland, and since 2017 in New Zealand, Transdev has also equipped its security agents with body worn cameras (*bodycams*) in order to deter assaults against them.

Our Key Performance Indicators

KPIs	2018	2019
Workplace accident frequency rate due to assault *(Number of workplace accidents due to assault/ total annual hours worked x 1,000,000)*	2.66	2.27
Workplace accident severity rate due to assault *(Number of days lost due to assault/total annual hours worked x 1,000)*	0.08	0.06

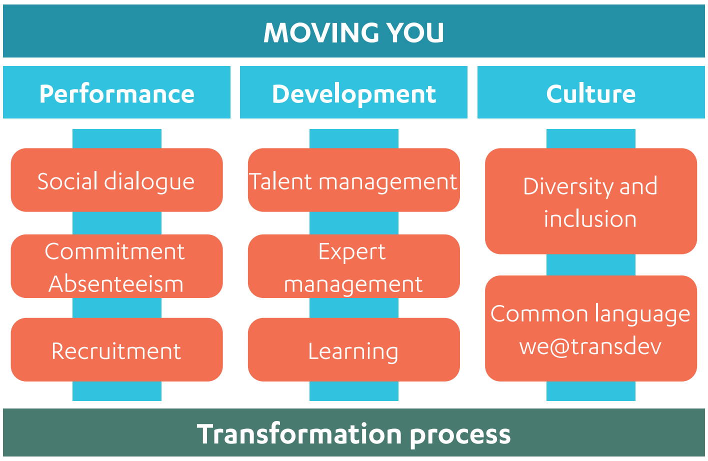
Our **security** performance is assessed based on two key performance indicators (see above). To ensure that our activities integrate all necessary security requirements, we use the security performance indicators (KPIs) already included in the Security Management System, which in 2019 we supplemented with an indicator on violations of passengers' physical integrity per million kilometers. This indicator was defined in 2019 and will be used in reports starting in January 2020:

- **Number of physical assaults on passengers/million km** (including passengers on board transit vehicles and people on platforms or at bus stops);
- **Calculation rule:** number of passenger assaults reported to the mobility company/1,000,000 km.

The decrease in the number of workplace accidents and the number of days lost reflects a general decline in the frequency and severity of security incidents observed on our transit networks. For instance in France, these results can be explained by the deployment in 2019 of 161 in-house and external security agents, whose presence has significantly improved the feeling of security of our drivers and passengers on our transit networks in the Ile-de-France region. In addition to an increased human presence on our most sensitive networks, we are also modernizing our technical security equipment (video surveillance on buses and in bus stations). These results encourage us to continue our efforts to secure our transit networks in close operational cooperation with local and national security forces and to offer training to our staff.

6. The men and women of the Group are at the heart of our sustainable performance

Each day, the men and women of Transdev, through the quality of the service they provide and the welcome they extend to passengers in the local areas we serve, lay the foundation for a long-term performance and earn the trust of our customers. It is through them that a social bond is forged on a daily basis, that the Group contributes to each person's quality of life, and that we give citizens the freedom to live their lives. It is also through them that customers' experiences are created and transformed to meet new lifestyles and mobility needs. To assist our transformation and implement our vision of mobility, we make human resources a cornerstone of our strategy in order to develop a team of committed men and women who work together to serve our customers. To combat absenteeism, develop employee engagement and control psychosocial risks we identify through our initiatives, we implement an Engagement policy, a Talents approach, a Learning approach and a Group Diversity and Inclusion Program. To implement these programs and actions, Transdev has structured its HR roadmap around three major focuses:



HR commitments in support of the Group's performance

1. SOCIAL DIALOGUE

The success of the Group's business depends on the management of large teams in the field and the diversity of the men and women who make up these teams. To ensure the quality of service to its customers, Transdev has placed social dialogue at the core of its HR strategy. For the Group, social dialogue is an essential factor for economic performance and social progress.

Management, the labor unions, HR and employees, who comprise the key social dialogue players, interact via a number of employee representative bodies and through labor union representation, which has been established at all levels. This approach has led to the conclusion of ambitious Group-wide and company-wide collective bargaining agreements that benefit employees and the company's performance.

Organization of social dialogue within Transdev

In June 2012, a **European Works Council** was set up to provide the most comprehensive representation possible for the employees of the Transdev companies doing business in the Member States of the European Union. Comprised of employee representatives from the German, Spanish, Portuguese, Finnish, Dutch, British and French subsidiaries, this European Works Council meets approximately three times a year to discuss issues relating to the Group's activities at the European level. It is consulted on transnational issues that have an impact on the Group: the employment situation, organization of the Group, production transfers, investments, etc. It is also consulted annually on the Group's strategic choices, long-term plans and follow-up thereto. Every year, the members receive training.

A **French Group Works Council** was set up in June 2015 to represent all employees of the Group's French subsidiaries. It meets about three times a year and comprises 22 employee representatives appointed by the labor unions that are representative at Group level, and who are chosen from among their elected representatives to the bodies of the relevant subsidiaries. In particular, this French Group Works Council is informed of the probable development of activities, investment projects, employment trends, the Group's economic, financial and employment situation and the consolidated financial statements of Transdev and its subsidiaries. It is also systematically consulted on the Group's strategic choices, as well as on any transaction that may impact the economic and employment situation or the organization of the Transdev Group.

In France, each subsidiary has **local representative institutions**: Social and Economic Committees, which replaced the former Works Councils, CHSCTs (Health, Safety and Working Conditions Committee) and employee representatives. These committees are a forum for communicating information and for consultation on important subjects, at a level close to the field and local issues.

In addition, under the Group agreement on "the exercise of labor union rights and social dialogue within the Transdev Group", which was concluded in 2015 and amended in February 2019 to perpetuate constructive employment relations and organize the smooth exercise of labor union rights within the Group, **national labor union delegates and national coordinating labor union delegates** have been designated. They have been provided with human and financial resources.

Lastly, in addition to these resources, the Group agreement of February 2019 completed the social dialogue arrangements by setting up a National Social Dialogue Monitoring Committee, which meets twice a year to plan the schedule of labor negotiations at Group level and to provide follow-up with the representative trade union organizations. This agreement also harmonized the framework for setting up **Social and Economic Committees in the subsidiaries**, while providing local entities with negotiating latitude so it can be adapted to local contexts.

Over 40 meetings were held in 2019 with employee representatives at the central level in order to maintain a consistent and high-quality social dialogue.

Group-wide agreements

Collective bargaining is preferably positioned as close as possible to the level at which problems are encountered in the field. In addition to this local social dialogue, the Group has taken up a number of collective issues in order to deal with them from a national perspective.

In addition to the agreements to set up the European Works Council and the French Group Works Council, and the Group agreement of February 2019 referred to above that organizes and establishes the structure for social dialogue, the Group has concluded a number of agreements with its representative labor unions, in addition to the set of collective bargaining company-wide agreements concluded by its subsidiaries at the local level:

- An agreement on the inter-generational contract;
- An agreement that sets up a national Health, Safety and Working Conditions Committee, whose purpose is to collectively reduce the risks of physical injury to employees by exchanging information on issues and sharing best practices in the field of occupational health and safety;
- An agreement on the reimbursement of medical expenses;
- An agreement setting up a Group savings plan;
- An agreement setting up a Group retirement savings plan.

All these agreements, and their application at the level of the Group's subsidiaries, are intended to improve the health, safety and working conditions of the employees. In addition to its role in the negotiation of collective bargaining agreements, social dialogue is also a tool for identifying and dealing, as early and effectively as possible, with individual difficulties encountered within the companies.

2. THE GROUP'S ENGAGEMENT POLICY

Engaged employees contribute their talent and motivation to the company's success, in line with its values and objectives, while finding personal fulfillment in their work. Therefore, employee collaboration and engagement contribute directly to:

- the Group's operational performance;
- the quality of service provided;
- reducing absenteeism and turnover.

"At Transdev, we believe that sustainable performance comes with engaged teams and open dialogue between employees and managers. What matters is for every team member at Transdev to feel a sense of belonging within an inclusive company. We want every employee to feel proud to work for Transdev."

Clément de Villepin,
Transdev Group Head of Human Resources

Transdev's managers are in charge of their teams on a day-to-day basis. It is in the context of this human relationship that the Engagement program and collaboration, essential for the Group, are established. In late 2019, the Engagement program became a Group policy and its deployment is in progress. The Engagement policy is based on 8 principles:

1. All countries in which the Group operates undertake to conduct an engagement survey.
2. Each country must conduct a survey at least once every two years.
3. These surveys will cover all areas of employee engagement.
4. Ultimately they will target 100% of the Group's employees.
5. They will include four to six questions on engagement issues common to all countries and all employee populations.
6. The surveys will be promoted and supervised in each country by the top management.
7. The results of these surveys will be communicated to the teams and, based thereon, action plans will be developed in conjunction with the teams to encourage engagement.
8. The senior management teams in each country will provide support to line managers.

In 2019, seven countries and over 24% of employees were covered by the policy. Our goals is to cover the entire Group's scope, i.e., 100% of employees, by 2022.

Reducing absenteeism and controlling psychosocial risks

In addition to being an indicator of engagement, absenteeism may be due to various health and safety factors. Our role is to understand its causes and to act to prevent them; preventing and recognizing psychosocial risks is also part of our responsibilities. Listening to employees, which is essential to implement conditions that encourage performance, is also valuable for identifying difficulties to be addressed as priorities.

3. THE RECRUITMENT PROCESS

Attracting the talent that will design and deliver the transportation and service offers of today and tomorrow is a major challenge for the company. That is the essence of our business: we are men and women serving the men and women who live in our local areas.

In addition, we are a company that is both local and international, that meets today's new mobility needs and at the same time prepares the mobility solutions of the future. Joining the Transdev Group also means becoming part of a collective that empowers its teams and promotes collaboration, and that puts employees at the center of its organization.

Transdev recruits over 25,000 people each year. This recruitment is primarily local and relies on our teams in the local areas and on the Group's actions to make Transdev an employer of choice.

In addition to the policy and local measures that implement the necessary conditions for employee engagement, Transdev Group is mobilized in favor of its largest population: drivers, and in 2019 developed a new Drivers@Transdev program.

The Drivers@transdev program covers three key aspects:

- Attracting candidates, recruiting effectively and retaining our drivers;
- Engaging drivers through the digital transformation of the profession, by making their day-to-day work easier and developing tools to enable them to monitor their own performance;
- Identifying the skills of tomorrow for the driving profession and building the future of the profession, while assisting our drivers in this transformation.

Employee development

1. TALENT MANAGEMENT

At Transdev, this responsibility is shared by the employee, the principal actor in the construction and progression of his/her professional career, the manager and the HR teams.

The Group is committed to ensuring that each employee has the opportunity to meet with his/her manager at least once a year to discuss his/her performance, development needs and professional aspirations.

In addition, and at the core of *Talent Management@Transdev*, the *People Review*, coordinated by the HR departments and management, provides a global view of the Group's talent, through a collective and collegial evaluation, as well as of the development potential of employees, their key skills and expertise across all Group functions and countries.
Our objective is to:

- have a pool of talent that enables the Group to meet current and future challenges;
- Identify employees with high development potential and the critical positions within the Group;
- define and approve individual development actions;
- define and approve collective development actions in light of current and future business challenges;
- anticipate replacements and create a pool of potential successors using in-house talent.

The Group aims to extend the People Review to all its employees. In 2018, we deployed the process in France, and included supervisors in certain regional centers. Starting in 2020, the Group's *People Review* process should cover all Managers, Top Managers and Top Executives worldwide (approximately 3,500 employees).

In 2019 we monitored the rate of annual interviews conducted by the Group's Top Managers and Top Executives (objective of 100%). When the 2019-2020 annual interview campaign was launched, the Human Resources Department made it clear that the exercise should be expanded to all Group employees.

2. INTERNATIONAL MOBILITY AND DEVELOPMENT OF OUR EXPERTS

We are faced with a threefold challenge: acquiring the skills our operations require, meeting our customers' expectations and taking into account the aspirations of our employees for a fulfilling career. To meet this challenge, the Group deploys policies and systems with an international outlook, a factor that fosters competitiveness, skills enhancement and employee development.

Aimed at all employees who have the desire, ambition or opportunity to pursue an international career, the approach has three focuses:

Securing our employees' international mobility

Our international mobility policy, which has been deployed since July 1, 2018, offers network procedures and practices designed to:

- encourage international career paths, thus encouraging employee development;
- ensure the HR community systematically takes into account employees' international mobility wishes and thus manage and anticipate individual international mobility projects;
- provide a high degree of transparency concerning employment opportunities within the Group that are open to international mobility in order to ensure equal opportunities and promote diversity;
- secure our ability to mobilize the talent required by our operations and customers around the world.

Building a pool of young talent with an international dimension

This policy defines clear and fair rules that offer employees career prospects.

In 2019 the Group launched a *Graduate program* dedicated to talented young employees: ***On The Launch Pad***.

Over an 18-month period, this program offers about fifteen talented young individuals from nine different countries, equally divided between men and women, the opportunity to increase their exposure to the Group's international dimension and to acquire a global vision of the mobility sector. It offers *learning expeditions* in various countries (France, Germany, etc.) that address the critical mobility issues, in line with the Group's strategy. It also offers methodological support in formalizing a career project within the Group.

- 47 employees positioned internationally in 2019
- 29 international movements in 2019

Enabling our expertise to be mobilized where and when it is required

e•team@Transdev is a Group system for mapping our internal experts in 26 identified fields of expertise. Employees can position themselves, declare their expertise and communicate their willingness to take part in specific expert support projects.

The Group's experts, who are selected on the basis of their expertise and willingness to cooperate, and who are approved by the field's or sector's representative, join the *e•team*, the Group's community of international experts who are mobilized to promote the mobility solutions offered by Transdev. The assignments performed by *e•team* members enable them to experiment with environments, technologies and operating practices that differ from their day-to-day experiences. In this way, they contribute to developing and enriching their careers.

The ***e•team@Transdev***, which was launched in July 2018, now includes **185 experts (+85% compared to 2018)** in over **10 countries.**

In 2019, its members carried out nearly **70 support assignments (11 in 2018)**, on site or remotely, representing over **320 man-days (97 in 2018)**. Specific development programs (e-learning, language skills, learning expeditions, etc.) are provided to them, which to date represent over **900 hours of training.**

C. THE *LEARNING* APPROACH

The *Learning* approach is linked to *Talent Management*. It is designed to meet the major challenge of fulfilling our employees' training and development needs. It aims to develop skills in the most reactive way possible, to enable the continuous adoption of new behaviors and to strengthen a shared corporate culture.

At the Group and country levels, our *Learning* approach is based on four main principles:

- **Becoming a learning company:** implementing solutions that enable continuous learning within the company, within the business lines themselves, and through an exchange of practices. This goal is a prerequisite for the development of autonomy and agility at all levels.
- **Promoting responsible management:** enabling each employee to have a discussion, at least once a year, with his/her supervisor about his/her skills development needs. In return, each manager must ensure that his/her employees have the necessary skills to perform their jobs.
- **Encouraging independent learning:** simplifying access to training for each employee by providing innovative, digital solutions that are available at all times. Developing training solutions that take into account each employee's learning style for greater efficiency.
- **Ensuring successful integration:** offering training and integration paths that develop the skills needed to practice a profession and succeed in new responsibilities.

Various programs have been developed at Group level

Trans'lead: an international development program for *top managers* identified each year during *People Reviews* that aims to prepare the Group's talents for future responsibilities by focusing on three key areas: leadership, business and its transformations, and knowledge about the Group. The six-month program is structured around two seminars and alternates training sequences, exploratory visits and group work on strategic projects.

***In'Pulse*:** to facilitate the integration of new managers involved in international projects, *In'Pulse* offers a two-day seminar that provides an overview of the Group's strategic challenges and a unique discussion with its top managers. The program is also an opportunity for participants to begin to build their internal network and prepare for their future development within the Group.

***Project Management Training*:** anchored in the project management principles deployed at Group level, this training program enables project managers located in different countries to adopt a common approach and acquire the essential skills needed to effectively manage their projects. It combines complementary classroom training, digital simulation tools and *e-learning* modules and prepares participants for a Group certification exam.

***Digital learning*:** whether in the form of stand-alone modules or modules combined as part of broader training programs, *e-learning* is increasingly used to provide independent learning opportunities and simplify access to training. It is particularly used in programs focusing on certain key topics: health and safety of persons, combating corruption, language skills, IT security, digital and office application skills.

The Group's culture: performance, innovation, collaboration

1. OUR MANAGEMENT MODEL

we@Transdev, our management model, describes the actions expected of all Group managers in 10 areas of expertise. This common and shared model is intended to enable managers to actively participate in the transformation of the company and to implement our strategic plan. It is adaptable to the local specificities of the countries where we do business and is based on three principles:

- performance;
- innovation;
- collaboration.

we@Transdev is a key element in developing our management community. It aims to encourage responsibility and individual and collective development, and to unite managers around a shared collaboration model and a common language. It is a pragmatic and business-oriented model, whose skills must be appropriated by all managers for themselves and their teams.

Mobilizing the right people, in the right place and at the right time, for short or long assignments, is both an ambition (to offer professional opportunities that enrich career paths) and a necessity (to ensure that our customers receive a level of service consistent with our commitments).

2. OUR COMMITMENT TO GREATER DIVERSITY AND INCLUSION

At Transdev, we are committed to placing diversity and inclusion at the core of our daily operations and strategy. We are committed to promoting diversity, equal opportunities, gender balance and to combating stereotypes and all forms of discrimination. This commitment is in line with our transformation, employee development, talent retention and recruitment challenges. To support and reinforce this commitment and accelerate change, in late 2018 we adopted a Group Diversity and Inclusion program based on a specific governance structure that we are deploying with and in the countries where the Group operates.

"It is our strong conviction that our ability to increase the diversity of our teams and develop an inclusive management culture is an essential driver of employee commitment and Transdev's attractiveness, as well as an important marker of our Group's ability to transform itself. And we are mobilized around these issues."

Thierry Mallet
Chairman and Chief Executive Officer, Transdev Group

Accelerating change regarding diversity and inclusion

Inclusive policies for recruitment and employee development

- Internal mobility and promotions are facilitated by our ***People Review* process**, which identifies and rewards talent without discrimination;
- The Group's talent and career development programs include "diversity"objectives and indicators, which are monitored. The **International Corporate Volunteer (VIE)** recruitments, the ***On The Launch Pad*** Graduate Program, the ***In'Pulse*** and ***Trans'Days*** integration programs and ***Trans'Lead*** all have identified diversity objectives (men, women, origin, fields, business lines) that are included in these programs' specifications.

Communication to promote and celebrate diversity and inclusion

- We have increased our **communication on diversity and inclusion** by highlighting the Group's initiatives and best practices through regular publications via our various communication channels.
- Transdev also works to raise awareness of diversity and inclusion by **coordinating an international community and developing various communication and awareness campaigns**, in particular in connection with international celebrations such as International Women's Day, the International Day of Persons with Disabilities, the World Day for Cultural Diversity and *Pride Month*.

Combating stereotypes

In order to strengthen our inclusive culture and combat stereotypes, we are consolidating our awareness programs relating to diversity and inclusion. The Executive Committee and all Group top executive managers were trained in 2019.

A commitment in all countries where the Group operates

We also manifest our commitment to greater diversity and inclusion through numerous initiatives in each country. Our diversity and inclusion goals are determined by each country depending on their respective issues.

In the Netherlands, we offer inclusion solutions in close cooperation with certain municipalities to develop our offer for the integration and participation of refugees (refugee status holders and asylum seekers). An online training course for employees that teaches how to deal with passengers with dementia on public transportation has also been developed in partnership with the Dutch government.

In Australia, since 2017, we have developed a partnership with the Sydney asylum seekers center to provide refugees with a wide range of short- and long-term employment opportunities. This program holds on-site workshops, and provides interview preparation training and job search support. We won the *2019 Workforce Diversity Award* at the *Australasian Rail Industry Awards* and will soon launch a new national campaign, under the slogan *It's Not Okay Today* , to eliminate sexism in the workplace.

In Ireland, we conduct an annual campaign against racism in public transportation. During that campaign, the Group celebrates the diversity of Transdev Dublin's teams.

In France and at the head office, the Group also carries out actions to promote the employment and integration of disabled persons through the "Handicaps" mission. The aim of the disability program is to develop simple, concrete and progressive actions in order to:

- create direct and indirect jobs for disabled persons;
- raise awareness, train and support actions for HR, Managers and employees in this area;
- concretely assist employees with disabilities in their professional or family life;
- support "Handis-Positive" projects.

Our we@Transdev management model incorporates the management of diverse teams, allows building personalized career paths and creates an inclusive workplace. Our managers encourage collaboration, teamwork, the expression of ideas and all employees' contributions to projects.

Promoting gender balance: a commitment shared with the countries where the Group operates

- We have set ourselves **a target of 30% female top executive managers by 2020**. To reach this target of 30% female top executives and to promote greater gender balance in two key populations, drivers and operations management, we are working with each country where the Group does business to set clear, appropriate and ambitious gender equality goals.
- Several targets have been set by the countries: Transdev Australasia has made a commitment to gender balance by 2021. Transdev France is committed to this process and has aligned itself with the Group's objectives at all levels of the organization. In 2020, the program will continue to be deployed in all Transdev countries.
- Our commitment to gender balance is supported and directed by the Group Executive Committee, which in 2018 instituted a **mentoring pilot initiative**. Each member of the Group Executive Committee mentors an employee. We are convinced that through mentoring our leadership culture is transforming and becoming more inclusive.

Our governance in favor of greater diversity and inclusion

Transdev's Executive Committee approved the Diversity and Inclusion program in June 2018. Since then, this program has been coordinated by a *steering committee* comprising three Executive Committee members. It determines the objectives to be achieved in the coming years.

Our Key Performance Indicators

KPIs	2018	2019
Absenteeism rate	6.0%	6.1%
Employee turnover rate	23.1%	20.5%
Percentage of employees who received at least one training course during the year	90.9%	80.2%
Percentage of employees who had an annual interview *(Group Topex & Top managers)*	NA	83%
Engagement policy deployment rate *(Number of countries in which the program has been deployed among all the countries in which the Group operates)*	NA	38%

The improvement in the staff turnover indicator is primarily due to actions carried out in the USA which resulted in a significant improvement in staff morale and employee retention rates.

2019 is the first year our Engagement policy have been deployed. Australia, New Zealand, United States, Canada, Sweden, Netherlands and the Group's Head office are included in the program; rolling out will continue in 2020, with the aim of covering all the countries in which the Group operates and all its employees.

7. Transdev is committed to a strong ethical process

8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Due to its business model and the location of its businesses, the Transdev Group's exposure to human rights abuses, such as forced labor or child labor, stems primarily from the actions of third parties with which it works (suppliers, subcontractors, etc.). Other issues, such as harassment, discrimination or freedom of association, may arise in the Group's activities.

Our policy to promote respect for fundamental rights

In 2018, the Group adopted a fundamental rights protection policy, which reiterates the Group's operating principles:

- acceptable working conditions,
- acceptable working hours, wages, vacations,
- fair treatment (no harassment or discrimination, respect for privacy),
- freedom of association,
- refusal of forced labor and child labor,
- acceptable impact of our operations on local communities.

These principles, which are in line with the Group's Code of Ethics, are implemented by the Group's employees and managers, and are analyzed in detail in connection with the approval process for significant Group projects (development, acquisition/divestment, organization, etc.) reviewed by the Group's Commitment Committee.

Our Key Performance Indicator

KPIs	2018	2019
Annual percentage of projects approved by the Group Engagement Committees for which fundamental rights risks have been assessed and reduced to an acceptable level*	NA	19.5%

** Failure to respect human rights in the supply chain (forced labor and child labor), failure to respect freedom of association, discrimination, harassment*

In 2019, analyses of how "Fundamental Human Rights" were treated in major projects began to be carried out, and 19.5% of the Group's Engagement Committees verified that fundamental rights risks had been reduced to an acceptable level.

These initial figures confirm that the teams have taken the policy into account, but we have not yet reached the objective of 100% that Transdev has set for itself. It is therefore necessary to communicate and explain the approach internally, to facilitate its understanding, and to systematically ensure the existence and results of the analysis before projects are approved.

Our combat against tax evasion

To ensure compliance and respect for the laws in force, our tax governance is based on ethics and transparency.

Our approach for ethical and transparent taxation

Tax ethics

The Transdev Group does business in 18 countries. Our tax contribution (payment of taxes) is made in these countries and complies with local and international tax rules.

Our business has local economic impacts, such as job creation. In addition to corporate income tax, we pay other contributions in the countries in which we do business: social security contributions, wage withholding taxes, taxes paid on goods and services (VAT, GST, etc.), local property taxes, electricity and diesel taxes, and other local taxes.

When the Group operates in countries where the corporate tax rate is lower than in France, it is able to prove that it is engaged in a genuine business activity and that it has economic substance in those countries.

Tax transparency

The Group maintains a professional and cooperative relationship of confidence with the tax authorities in the countries where it operates and communicates all relevant information in a transparent manner, in compliance with its legal and tax obligations. For example, in 2019, Transdev in Australia obtained an excellent assessment from the Australian tax authorities in a "Top 1000 Streamlined Assurance Review" of the 2015-2018 financial years, particularly in the areas of transfer pricing, tax governance, tax risk management and reconciliation of tax and accounting results. The Group's companies ensure that tax returns and payments are made in accordance with the local laws in force. Our tax conduct is consistent with international developments (OECD guidelines, Base Erosion and Profit Shifting (BEPS) project, etc.).

Each year, the Group prepares and publishes the following documents:

- Country-by-country reporting (CBCR) since 2016
- Transfer pricing documentation prepared in accordance with tax authorities and Action 13 of the BEPS project.

Ethics and compliance management – combating corruption – whistleblowing

Transdev Group generates a significant share of its revenue from public authorities through calls for bids. It is therefore naturally exposed to the risk of bribery of public officials and influence peddling, which, in some cases, could take the form of inappropriate sponsorship actions.

The Group addressed corruption risks in a policy adopted in 2016, which has been supplemented by several specific procedures, in particular concerning sales intermediaries, sponsorships and corporate philanthropy. A review of ethical risks and an analysis of how they were dealt with prompted the Group to rework this policy and to implement a global ethics and compliance management system (“ECMS”), which specifically, but not exclusively, addresses the risk of corruption.

This new ECMS was approved by the Audit Committee in July 2019 and is progressively being implemented in all countries. It is applied by a network of ethics and compliance officers, who report functionally to the Group’s Risk, Ethics and Insurance Department, and sets out, for example, the procedures for prior verification of third parties (*KYC – Know Your Counterparties*), as well as the different levels of controls carried out.

The ECMS requires each country to set up an ethics whistleblowing system that protects whistleblowers. Ethics alerts are compiled in a semi-annual report submitted to the Group and, for certain types of incidents the Group deems unacceptable (such as bribery or data breach), the incident is reported immediately.

The Group has also set up an “alerts and incidents” system that ensures that any serious incident (human, environmental, etc.) is immediately reported and handled appropriately.

The Alerts and Incidents and Ethics Alert systems enable the Transdev Group to identify, handle and monitor any non-financial risk that arises.

The new ECMS periodic monitoring system implemented as of January 2020 will enable the Group to take stock of all its ethics and compliance systems and, therefore, to assess its vigilance plan.

The new ECMS is being progressively implemented. An initial self-assessment exercise begun at the end of December is currently underway. It will undergo a records-based audit in 2020.

In 2019, certain Group subsidiaries were investigated by local administrative or judicial authorities. None of these investigations resulted in a conviction. The Transdev Group monitors each of these potential incidents and systematically cooperates with the authorities.

Nevertheless, the Group is regularly restating to its employees its commitment to ethics, integrity and the absolute necessity to combat all forms of corruption.

Our Key Performance Indicator

KPIs	2018	2019
Percentage of managers trained in anti-corruption measures every 3 years (2018-2019 aggregated figures)	NC	72%
Of which percentage of managers trained during 2019		*16%*

The anti-corruption training course for Managers was deployed in 2018 over a three-year cycle.

As of December 31, 2019, 72% of the managers were trained, of which 16% were trained in 2019.

8. Methodological note

Method used to develop the business model

The business model highlights our methods for creating and preserving value over the long term through our service offers. It reflects the Group's strategic vision.

The business model is the product of the joint efforts, at the Group level, of the Finance Department and the Transformation and Strategy Department.

Method used to identify the main non-financial risks

We implement a global risk management policy throughout the Group intended to identify, assess and prioritize material adverse events that could impact it. Depending on the Group's risk appetite, potential events are handled in order of importance to reduce them to an acceptable level.

This methodology takes into account all risks and activities. It is based on a field viewpoint, which is consolidated, reviewed and adjusted at the Group level.

To analyze non-financial risks, this operating method was applied with an additional level of detail and specific requirements. For each family of risks (environment, social, fundamental rights, etc.), scenarios were defined in conjunction with the relevant experts of the Group and from certain countries in an effort to ensure completeness. These scenarios were compiled into a list shared with all Group contributors to non-financial performance in order to ensure their relevance and consistency.

In each country in which the Group does business, all scenarios were analyzed and evaluated in terms of impact and probability and, if applicable, the control systems in place and additional action plans were discussed. These analyses were then consolidated by the Risk Department into a proposed hierarchy by risk family. These were then reviewed and challenged by the relevant Group experts to arrive at the risks of each family. Lastly, the entire analysis was presented to the Executive Committee for final review.

The reporting scope

The consolidation scope of non-financial information is the same as that used to prepare the consolidated financial statements.

This non-financial information is then consolidated applying the method used to integrate the company into the Group's consolidation scope:

- the non-financial data of fully consolidated companies is included in full during the period they are consolidated;
- the non-financial data of joint activities is included only in proportion to their consolidation rate during the consolidation period;
- the non-financial data of companies consolidated using the equity method (joint ventures and associates) is not included.

The entities included in the environmental scope are fully or partially consolidated entities that engage in a transportation business that is not subcontracted. Legal entities disposed of or acquired during the year of the reporting period are also excluded.

The environmental scope does not include fleet and emission data from Finland.

Reporting methodology

Each department is responsible for its own indicators, which the CSR department centralizes for inclusion in the Statement of Non-Financial Performance.

We use two methods to collect and consolidate data:

- Data may be processed by the sites and then consolidated, for example for HR, environmental, health/safety and security indicators;
- Data may be directly processed centrally, as is the case for procurement and ethics indicators.

The GHG emission factors for electricity consumption by country, road diesel, rail diesel, light marine diesel, heavy marine diesel, vehicle natural gas, liquefied petroleum gas and gasoline are derived from the GHG Protocol Carbon Base.

For the 2019 Statement of Non-Financial Performance, the GHG emissions reporting protocols were changed from the ADEME protocol to the GHG protocol. In addition, the pollutant reporting protocols no longer rely on business data, but on ADEME data taken from the "Overview and evaluation of various urban bus sectors" study for Euro II to VI engines.

Emission factors for Euro 0 and Euro I engines reflect business data from internal studies.

The following indicators were developed in 2019 in conjunction with the deployment of Transdev policies:

HR

- Percentage of employees who had an annual interview
- Engagement policy deployment rate
- Percentage of employees who received at least one training course during the year.

Fundamental rights

- Annual percentage of projects approved by the Group Engagement Committee for which fundamental rights risks have been assessed and reduced to an acceptable level.

Procurement

- Percentage of master contracts > €100,000 that incorporate the Suppliers' Charter (France).

Safety

- Number of major accidents.

Security

- The indicator regarding the 'Number of physical assaults on passengers per million km' has been set and will be reported for the 2020 financial year;
- The indicator regarding the 'Share of countries covered by a national security manager' has been set and will be reported for the 2020 financial year;.

Verifications carried out in our social and environmental reporting systems

Each year, definition references are shared with the network of contributors and any changes to be applied by our contributors are made following discussions, prior to the launch of reporting campaigns in order to ensure, to the extent possible, that they properly understand which data is expected and that this information is reliable.

The Group focuses on the quality of non-financial information and therefore engages the teams involved in the continuous improvement of data. Optimization initiatives are deployed in all countries by implementing all levers available within the information production line: exhaustive and reliable data sources, modernized collection architectures, processing and retrieving information, and data consistency at the Group level.

Combating food waste and food insecurity, and ensuring animal welfare and responsible, equitable and sustainable food production

As of the date of this document, we have no knowledge of any actions to combat food waste and food insecurity or to ensure animal welfare. We are aware that these are essential issues but they do not concern our business sector.

We strive to ensure responsible, equitable and sustainable food production through our agreements with our service provider Sodexo, which:

- offers consumers healthy life choices and encourages them to follow them;
- promotes local development and equitable, inclusive and sustainable business practices,
- is a responsible buyer and provides management services that reduce carbon emissions.

9. Monitoring our non-financial performance

Our environmental Key Performance Indicators

KPIs		2018	2019
Rate of entities that experienced accidental pollution during the financial year		1.6%	1.6%
GHG emissions kg/100 km traveled*		90.5	85.6
Low-emission fleet** rate*		39.9%	45.2%
Pollutant emissions*** g/100 km traveled*	CO	74.1	64.0
	NOx	1224.6	1099.1
	MP	8.1	6.9
	HC		19.8

** Low-emission fleet definition: Euro VI standards, hybrids, CNG biogas, electric, biodiesel, hydrogen*
*** Figures are based on the fleet in operation on December 31, 2019 and 2018*
**** Diesel only. Pollutant emissions in 2018 were recalculated based on the pollutant emission factors used in 2019.*

Our societal Key Performance Indicator

KPIs	2018	2019
Percentage of master contracts > €100,000 that incorporate the Suppliers' Charter (France)	77%	96%

Our safety Key Performance Indicators

KPIs	2018	2019
Workplace accident frequency rate (*Number of workplace accidents with medical leave/total annual hours worked x 1,000,000)*	20.37	22.22
Workplace accident severity rate *(Number of days lost due to a workplace accident/ total annual hours worked x 1,000)*	1.35	1.68
Major accidents rate *(1 fatality (without suicide/natural death) and/ or 3 injured and hospitalized/total annual kms x 1,000,000)*	NA	0.03
Number of major accidents	*NA*	*54*

Our security Key Performance Indicators

KPIs	2018	2019
Workplace accident frequency rate due to assault *(Number of workplace accidents due to assault/ total annual hours worked x 1,000,000)*	2.66	2.27
Workplace accident severity rate due to assault (Number of days lost due to assault/total annual hours worked x 1,000)	0.08	0.06

Our social Key Performance Indicators

KPIs	2018	2019
Absenteeism rate	6.0%	6.1%
Employee turnover rate	23.1%	20.5%
Percentage of employees who received at least one training course during the year	90.9%	80.2%
Percentage of employees who had an annual interview *(Group Topex & Top managers)*	NA	83%
Engagement policy deployment rate *(Number of countries in which the program has been deployed among all the countries in which the Group operates)*	NA	38%

Our fundamental rights Key Performance Indicator

KPIs	2018	2019
Annual percentage of projects approved by the Group Engagement Committees for which fundamental rights risks have been assessed and reduced to an acceptable level*	NA	19.5%

** Failure to respect human rights in the supply chain (forced labor and child labor), failure to respect freedom of association, discrimination, harassment*

Our ethics Key Performance Indicator

KPIs	2018	2019
Percentage of managers trained in anti-corruption measures every 3 years (2018-2019 aggregated figures)	NC	72%
Of which percentage of managers trained during 2019		*16%*

All key performance indicators are audited except the following:
- engagement policy deployment rate.

10. Our contribution to 12 UN Sustainable Development Goals - the targets in detail

SDG	Targets relevant to Transdev	Initiatives/Commitments undertaken by Transdev
1 NO POVERTY	▪ Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance (Target 1.4).	▪ Transdev hires 25,000 persons each year in all the local areas it serves and promotes the inclusion of people having difficulty finding work. ▪ Transdev is committed to initiatives that encourage social inclusion and reduce inequalities in access to transportation.
3 GOOD HEALTH AND WELL-BEING	▪ Promote mental health and well-being (Target 3.4). ▪ Strengthen prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol (Target 3.5). ▪ Reduce the number of injuries and deaths due to road accidents (Target 3.6). ▪ Reduce the number of deaths and illnesses due to air, water, and soil pollution (Target 3.9).	▪ Transdev deploys a Safety policy and a Security policy in all countries where it operates.
5 GENDER EQUALITY	▪ End all forms of discrimination against women (Target 5.1). ▪ Ensure the effective participation of women in leadership positions (Target 5.5).	▪ Transdev deploys a policy to promote respect for fundamental rights. ▪ Transdev is committed to diversity and inclusion thanks to its Group Diversity and Inclusion Program.
7 AFFORDABLE AND CLEAN ENERGY	▪ Increase substantially the share of renewable energy in the global energy mix (Target 7.2). ▪ Double the global rate of improvement in energy efficiency (Target 7.3). ▪ Enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency, and advanced and cleaner fossil fuel technology, and promote investment in energy infrastructure and clean energy technology (Target 7.a).	▪ Transdev deploys an Environmental policy and a Sustainable Procurement policy. ▪ Working alongside local authorities, Transdev develops clean mobility solutions using green energies (natural gas for vehicles (NGV), hybrid, electric or hydrogen-powered buses). ▪ Transdev develops solutions to facilitate Mobility as a Service (MaaS) intermodal exchanges.
8 DECENT WORK AND ECONOMIC GROWTH	▪ Improve progressively global resource efficiency in consumption and production, and endeavor to decouple economic growth from environmental degradation in accordance with the 10-year framework of programs on sustainable consumption and production with developed countries taking the lead (Target 8.4). ▪ Ensure the creation of decent work and equal pay for work of equal value (Target 8.5). ▪ Reduce the proportion of youth without employment, education or training (Target 8.6). ▪ Take measures to eliminate child labor (Target 8.7). ▪ Protect workers' rights, promote safe and secure working environments and protect all workers (Target 8.8). ▪ Develop a strategy for youth employment and implement the Global Jobs Pact (Target 8b).	▪ Transdev deploys a Safety policy and a Security policy. ▪ Transdev deploys a policy to promote respect for fundamental rights and a vigilance plan. ▪ Transdev promotes social and economic inclusion by working with local actors. ▪ Transdev deploys an Ethics and Compliance Management System. ▪ Transdev deploys a Sustainable Procurement policy.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	▪ Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes (Target 9.4).	▪ Transdev deploys an Environmental Management System. ▪ Transdev develops clean, autonomous and electric mobility solutions.

SDG	Targets relevant to Transdev	Initiatives/Commitments undertaken by Transdev
10 REDUCED INEQUALITIES	▪ Promote the inclusion of all irrespective of age, sex, disability, etc. (Target 10.2). ▪ Ensure equal opportunity by eliminating discriminatory practices and promoting appropriate policies in this regard (Target 10.3).	▪ Transdev develops integrated and inclusive mobility solutions. ▪ Transdev promotes social ties through the Transdev Foundation. ▪ Transdev sets up Learning programs for the development of its employees. ▪ Transdev deploys a Diversity and Inclusion Program. ▪ Transdev deploys an Ethics and Compliance Management System and a policy to promote respect for fundamental rights.
11 SUSTAINABLE CITIES AND COMMUNITIES	▪ Provide access to safe, affordable, accessible and sustainable transportation systems for all, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons (Target 11.2). ▪ Reduce the adverse environmental impact of cities, paying special attention to air quality and waste management (Target 11.6). ▪ Provide universal access to safe green and public spaces, particularly for women and children, older persons and persons with disabilities (Target 11.7).	▪ Transdev deploys an Environmental policy and a Security policy. ▪ Transdev deploys clean, autonomous and electric mobility solutions. ▪ Transdev provides efficient and shared on-demand solutions. ▪ Transdev deploys a Sustainable Procurement policy.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	▪ Achieve sustainable management and efficient use of natural resources (Target 12.2). ▪ Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release into the air, water and soil in order to minimize their adverse impacts on human health and the environment (Target 12.4). ▪ Substantially reduce waste generation through prevention, reduction, recycling, and reuse (Target 12.5). ▪ Adopt sustainable practices in reporting and publish information on sustainability (non-financial reporting) (Target 12.6).	▪ Transdev deploys an Environmental policy and a Sustainable Procurement policy.
13 CLIMATE ACTION	▪ Incorporate climate change measures into corporate policies and strategies (Target 13.2).	▪ Transdev deploys an Environmental policy and is committed to a more ecological and cleaner mobility.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	▪ Reduce corruption and bribery in all their forms (Target 16.5). ▪ Develop effective, accountable and transparent institutions at all levels (Target 16.6). ▪ Ensure responsive, inclusive, participatory and representative decision-making at all levels (Target 16.7).	▪ Transdev deploys an Ethics and Compliance Management System and a policy to promote respect for fundamental rights.
17 PARTNERSHIPS FOR THE GOALS	▪ Promote partnerships, in particular public-private and civil society partnerships (Target 17.17).	▪ Transdev promotes social ties through the Transdev Foundation and develops local partnerships in the local areas it serves.

11. Vigilance plan

In accordance with Act No. 2017-399 of March 27, 2017 on the duty of vigilance of parent companies and principals, Transdev Group has adopted and implements a plan that includes reasonable vigilance measures to identify risks and prevent serious violations of human rights and fundamental freedoms, or threats to the health and safety of persons or of environment damage, due to its activities and those of the companies it directly or indirectly controls within the meaning of Article L. 233-16(II), as well as due to the activities of subcontractors or suppliers with whom it maintains an established business relationship, if such activities are related to that relationship.

This initiative is based on:

1. A process for identifying, analyzing and prioritizing risks

2. Established assessment procedures for risk mapping purposes
- **2.1** Assessment of subsidiaries
- **2.2** Assessment of subcontractors and suppliers

3. Appropriate actions to mitigate risks or prevent serious harm
- **3.1** A framework of fundamental rules
- **3.2** Responsible and accountable governance
- **3.3** Concrete prevention and monitoring actions

4. A mechanism for reporting and receiving reports on the existence or occurrence of risks

5. A system for monitoring measures implemented and evaluating their effectiveness
- **5.1** Risks and Compliance
- **5.2** Non-financial performance

6. Implementation report

This document is an appendix to the Transdev Group's management report.

1. A process for identifying, analyzing and prioritizing risks

The Group's main risks with respect to the duty of vigilance concern the following:

- Combating climate change, reducing pollution and the energy transition;
- The health, safety and security of passengers and employees (preventing serious bus and train accidents, workplace accidents, incivility and violence in public transportation, terrorist and armed attacks and assaults on employees or passengers)
- Responsible and sustainable procurement;
- Fundamental rights (preventing risks of violations of fundamental rights, including harassment and discrimination);
- Business ethics (combating all forms of corruption, influence peddling, money laundering and terrorist financing).

The mapping methodology used is described in Section 8 of the statement of non-financial performance and additional details are provided in the "Methodological Note" section of the same document.

2. Established assessment procedures for risk mapping purposes

1. ASSESSMENT OF SUBSIDIARIES

Vigilance plan risks were assessed for each country using a bottom-up approach. The methodology developed and used enables each country to apply this analysis within its subsidiaries.

The Group's performance indicators described in the statement of non-financial performance are applied within the various entities to enable each entity to track its performance and changes over time, as well as for reporting purposes.

2. ASSESSMENT OF SUBCONTRACTORS AND SUPPLIERS

This assessment and its results are described in the "Transdev, the economic and social partner of local areas" section of the statement of non-financial performance.

3. Appropriate actions to mitigate risks or prevent serious harm

1. A FRAMEWORK OF FUNDAMENTAL RULES

Transdev has adopted policies, procedures and codes of conduct that are binding on its stakeholders (employees, subcontractors, suppliers, consultants, service providers, etc.). The topics within the scope of the duty of vigilance that are covered by these policies and procedures include:

- The Safety Policy;
- The Group Environmental Policy;
- The Anti-Corruption Policy and Code of Conduct;
- The Group Sponsorship and Corporate Philanthropy Procedure;
- The corporate officers appointment procedure;
- The sales intermediaries, service providers and lobbyists procedure;
- The Risk Policy;
- The Crisis Management Procedure and Incident Reporting Procedure;
- The Code of Ethics;
- The Procurement Procedure and Suppliers' Charter.

These policies, procedures and codes are approved by the Executive Committee and circulated to all employees. In addition, whenever relevant, they are provided to the Group's stakeholders, who are requested to undertake to comply with them. They are regularly reviewed and modified, in accordance with the same approval process.

2. RESPONSIBLE AND ACCOUNTABLE GOVERNANCE

The Group has set up a chain of delegations of authority and signature powers that defines and limits the authority of the holders' powers, and that reminds them of their obligation to comply with, and to take reasonable and necessary measures to ensure that their teams are familiar and comply with all aspects of the statutes and regulations on preventing terrorism, organized crime and money laundering, as well as with the procedures, policies and codes adopted by the company, in particular on:

- Safety;
- Bribery, influence peddling and other conflicts of interests;
- Money laundering and the financing of terrorism;
- Fundamental rights;
- Anti-competitive practices;
- Environment.

It has also adopted a review and decision-making procedure for development and operational projects that is implemented by the Country and Group Engagement Committees, as well as by an Investment Committee, which are responsible for examining these projects and operations based on criteria defined by the Group. This procedure incorporates the issues covered by this vigilance plan and mitigation/action plans in the event of specifically identified risks. These committees are chaired by the manager responsible for the relevant business scope.

The Group Engagement Committees are managed by the Risks, Ethics and Insurance Department.

3. CONCRETE PREVENTION AND MONITORING ACTIONS

In addition to internal regulations and attentive governance, the Group has implemented risk management measures (Security, Safety and Environmental Management Systems, Training, Audits, Investigations), which are described in greater detail in Sections 3 to 7 of the statement of non-financial performance.

4. A mechanism for reporting and receiving reports on the existence or occurrence of risks

The Group has adopted a reporting and incident management procedure to quickly circulate information on confirmed significant risks, which ensures such risk is handled by the ordinary organization or a crisis management structure.

The system, which is managed by the Risk, Ethics and Insurance Department, is on call 24/7.

In addition, various functional reports are used to periodically report incidents by type (health and safety, security, environment, fraud, etc.).

Information is periodically cross-referenced between the Risk Department and the relevant functional departments to ensure that information is consistent and that incidents are handled and monitored.

Lastly, an ethical whistleblowing procedure has been set up. Employees may, in good faith and in a disinterested manner, report to ethics@transdev.com a serious non-compliance or danger of which they are personally aware, with respect to the following issues: accounting, finance, banking, corruption, influence peddling or money laundering, anti-competitive practices, discrimination, harassment and, more generally, respect for the fundamental rights, health and physical or mental integrity of any person concerned by our business, and protection of the environment and biodiversity.

This procedure, which is managed by the Risk, Ethics and Insurance Department, operates in a manner that protects the rights of the relevant persons. Information has been provided within the Group about the existence of the whistleblowing system.

5. A system for monitoring measures implemented and evaluating their effectiveness

1. RISKS AND COMPLIANCE

Every six months, the Executive Committee meets as a Risk Committee to review risk and compliance management within the Group, actions completed and ongoing actions and their results, and decides on additional actions to be taken.

The information necessary for this review is prepared by the Risk Department in conjunction with the countries, the functional departments and the members of the Executive Committee.

Specific preparatory work is carried out on issues in relation to ethics and compliance. The information is reviewed with country representatives in order to prepare a report to be submitted to the Ethics and Compliance Committee. That committee's analyses and proposals are included in the semiannual risk report.

Each year, the Audit Committee also examines the risks and compliance review presented by the Risk, Ethics and Insurance Department, the engagement plans of the Internal Audit and Internal Control Departments and their reports on their audits, recommendations, and the follow-up to the implementation of the plans and measures adopted.

2. NON-FINANCIAL PERFORMANCE

The report and its conclusions are reviewed annually by the Audit Committee.

6. Implementation report

In 2019, the Group made progress on the various components of the vigilance plan, in particular:

- Ensuring the entities in which it invests or with which it is a co-shareholder take ethics and compliance issues into account;
- Knowledge of third parties, by formally adopting a KYC procedure that defines the procedures for ex-ante verification and validation of new business relationships;
- Actually including environment and fundamental rights questionnaires in projects submitted to the Engagement Committees.

These advances have not yet led to a reduction in overall risks, but they do promote greater involvement on the part of managers. The Group's goal in 2020 is to enhance the effective implementation of this policy across the entire scope of its business.

Report by the independent third party on the consolidated non-financial statement included in the Group management report

FOR THE YEAR ENDED DECEMBER 31ST 2019

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

To the shareholders,

In our capacity as independent third party of your company (hereinafter the "entity"), accredited by COFRAC under number 3-1058 (whose scope is available at www.cofrac.fr), and member of the Mazars network of one of the TRANSDEV Statutory Auditors, we hereby report to you on the non-financial statement[1] for the year ended December 31st 2019 (hereinafter the "Statement"), included in the Group management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code *(Code de commerce)*.

The entity's responsibility

The Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators. The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and are available on request from the entity's head office).

Independence and quality control

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

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, and with ISAE 3000 :

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;

[1] ISA 3000 - Assurance engagements other than audits or reviews of historical financial information (note de bas de page à conserver).

- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III as well as information regarding compliance with human rights and anti corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with its their business relationships, its their products or services, as well as its their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to
  – assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  – corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (poor skills planning, active bribery of a public official or a regulatory authority and passive bribery of private individuals, failure to respect human rights in the supply chain, failure to respect freedom of association, discrimination, diversity and harassment), our work was carried out on the consolidating entity, for the others risks, our work was carried out on Transdev France entity ;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1(2), we implemented:
  – analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  – tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on Transdev France entity and covers between 33% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

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

Means and resources

Our work was carried out by a team of 6 people between November 2019 and December 2020 and took a total of 4 weeks.
We conducted some twenty interviews with the people responsible for preparing the Statement, representing in particular the CSR management, the Human Resources management, the Environment management, the Safety management, the Risk, Ethic and Insurance management.

Conclusion
Based on the procedures performed, nothing has come to our attention that causes us to believe that the Consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Commentaires
Without modifying our conclusion and in accordance with article A. 225-3 of the French Commercial Code, we have the following comments:

- In view of the definition in 2019 of the security policy, the key performance indicators associated will be deployed starting from 2020(3). Similarly, the policy related to sustainable procurement having been deployed at the end of 2019 on the world perimeter, the key performance indicator associated 100,00 that incorporate the Suppliers' Charter) is only deployed on France perimeter representing 38% of the Revenue from Ordinary Activities (ROA).
- The key performance indicators "workplace accident frequency rate due to assault" and "workplace accident severity rate due to assault" have inherent uncertainty due to the nature of the information reported. Indeed, the qualification of a work accident as "aggression" may vary according to the practices of the countries and the processes implemented.

(2) Lister les informations quantitatives (indicateurs clés de performance et résultats), en note de bas de page ou en annexe du rapport
(3) Number of physical assaults on passengers per million kilometers; Share of countries covered by a national security manager.

APPENDIX 1

Qualitative information (actions and results) that has been considered as most important topics, related to main CSR risks:

- Sustainable procurement policy
- Security policy
- Ethics and compliance policy

Social indicators:
Absenteeism rate; Employee turnover rate; Percentage of employees who received at least one training course during the year; Percentage of employees who had an annual interview.

Safety and security indicators:
Workplace accident frequency rate; Workplace accident severity rate; Major accidents rate; Workplace accident frequency rate due to assault; workplace accident severity rate due to assault.

Environmental indicators:
Rate of entities that experienced accidental pollution during the financial year; GHG emissions per 100 km traveled; Low-emission fleet rate; Pollutant emissions per 100 km traveled.

Sustainable purchasing indicator:
Percentage of master contracts > €100,000 that incorporate the Suppliers' Charter (France).

Ethics indicator:
Percentage of managers trained in anti-corruption measures every 3 years (2018-2019 aggregated figures).

Fundamental rights key performance indicator
Annual percentage of projects approved by the Group Engagement Committees for which fundamental right risks have been assessed and reduced to an acceptable level.

Consolidated Financial Statements Transdev Group S.A.

As of December 31, 2019

the mobility company

Contents

I. The Transdev Group

I.1. General information

Transdev Group, the parent company of the Transdev group (hereinafter "Transdev" or the "Group") is a joint stock company *(société anonyme)* incorporated under French law, which has stated capital of €1,206,035,927.20, and which was registered with the Nanterre Trade and Companies Registry under number 521 477 851 on December 12, 2011. The head office is located at 3 allée de Grenelle, 92 130 Issy-les-Moulineaux, France.

Transdev is a global mobility operator and integrator: it designs, sets up and operates passenger transportation systems that incorporate all modes of land and sea travel, combining a range of public transportation services and on-demand mobility solutions, and offering services that facilitate passengers' daily lives. Transdev's approach, which is rooted in long-term partnerships, is to advise and provide support to businesses and public authorities in the pursuit of the safest and most innovative mobility solutions.

In 2019, the Group generated consolidated revenue of €7.4 billion and did business in 18 countries. It comprises 633 consolidated subsidiaries and has 76,817 employees (average number of full-time equivalent employees). In addition, the Group participates in *sociétés d'économie mixte* (part state-owned corporations) in France, in which the Group holds non-controlling interests.

I.2. Shareholder structure

On January 9, 2019, in accordance with the agreement entered into between Caisse des Dépôts and the Rethmann group on October 2, 2018:

- Rethmann France acquired the 30% of Transdev Group's capital previously held by the Veolia group;
- Transdev GmbH, a wholly owned subsidiary of Transdev Group, acquired the shares of the holding company Rhenus Veniro, which, together with its subsidiaries, conducts the Rethmann group's public passenger transportation businesses in Germany.

In addition, a capital increase of €68.9 million reserved for Rethmann France was carried out on June 28, 2019, pursuant to which ordinary shares and non-voting preferred shares were issued, thereby increasing Rethmann France's stake in Transdev Group's capital to 34%.

Caisse des Dépôts retains sole control of Transdev Group, with over two-thirds of the voting rights and 66% of the capital, thus maintaining its role as the long-term majority shareholder.

II. Consolidated income statement

(€ millions)	December 31, 2018	December 31, 2019	Notes
REVENUE FROM ORDINARY ACTIVITIES	**6,948.0**	**7,415.5**	**VII.4.1**
Cost of sales	(6,178.4)	(6,590.4)	
Selling costs	(65.7)	(55.9)	
General and administrative expenses	(589.3)	(624.0)	
Other items of current operating result	-	(0.1)	
CURRENT OPERATING RESULT	**114.6**	**145.1**	**VII.4.1**
Other operating income and expenses	(182.3)	(9.8)	
OPERATING RESULT	**(67.7)**	**135.3**	**VII.4.1**
Share of net income (loss) of equity-accounted entities	5.3	6.7	
o/w share of net income (loss) of joint ventures	1.9	3.3	VII.8.1
o/w share of net income (loss) of associates	3.4	3.4	VII.8.1
OPERATING RESULT after share of net income (loss) of equity-accounted entities	**(62.4)**	**142.0**	
Net finance costs	(22.2)	(45.3)	VII.9.3
Other financial income and expenses	(5.1)	(9.9)	VII.9.3
Income tax expense	(4.6)	(33.5)	VII.13.1
NET INCOME FROM CONTINUING OPERATIONS	**(94.3)**	**53.2**	
Net income (loss) from discontinued operations	-	-	
NET INCOME (LOSS)	**(94.3)**	**53.2**	
Share of non-controlling interests	(2.1)	(7.5)	
SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	**(96.4)**	**45.7**	

The accompanying notes are an integral part of the consolidated financial statements.

III. Consolidated statement of comprehensive income

(€ millions)	December 31, 2018	December 31, 2019
NET INCOME (LOSS) FOR THE YEAR	**(94.3)**	**53.2**
Actuarial gains or losses	(4.5)	(4.2)
Related income tax	1.0	2.3
Amount net of tax	(3.5)	(1.8)
Fair value adjustments on equity instruments	(1.4)	0.3
Related income tax	-	-
Amount net of tax	(1.4)	0.3
OTHER ITEMS OF COMPREHENSIVE INCOME NOT SUBSEQUENTLY RELEASED TO NET INCOME	**(4.9)**	**(1.5)**
o/w attributable to joint ventures	*(0.1)*	*-*
o/w attributable to associates	*(0.1)*	*0.1*
Fair value adjustments on derivatives used as cash flow hedge	0.4	2.0
Related income tax	(0.3)	(0.6)
Amount net of tax	0.1	1.4
Foreign currency translation		
Translation differences on the accounts of subsidiaries kept in foreign currencies	(10.9)	-
Translation differences on net foreign investment financing	-	(0.8)
Related income tax	-	0.2
Amount net of tax	-	(0.6)
Net foreign exchange gains and losses	(10.9)	(0.6)
OTHER ITEMS OF COMPREHENSIVE INCOME SUBSEQUENTLY RELEASED TO NET INCOME	**(10.8)**	**0.8**
o/w attributable to joint ventures	*(0.5)*	*0.2*
o/w attributable to associates	*0.9*	*0.5*
TOTAL OTHER COMPREHENSIVE INCOME [1]	**(15.7)**	**(0.7)**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**(110.0)**	**52.5**
Attributable to owners of the parent company	(112.2)	45.2
Attributable to non-controlling interests	2.2	7.3

[1] No other comprehensive income attributable to activities held for sale as defined in IFRS 5 for the year ended December 31, 2019.

The accompanying notes are an integral part of the consolidated financial statements.

IV. Consolidated statement of financial position

ASSETS *(€ millions)*	December 31, 2018	December 31, 2019	Notes
Goodwill	723.6	826.5	VII.7
Other intangible assets	108.6	135.8	VII.6.1
Property, plant and equipment	1,045.9	1,157.8	VII.6.2
Right-of-use assets	-	1,073.0	VII.6.3
Investments in equity-accounted companies	67.9	73.5	VII.8.1
Non-current operating financial assets	287.2	271.3	VII.6.4
Other non-current financial assets	98.0	71.9	VII.9.2
Deferred tax assets	42.3	41.2	VII.13.2
TOTAL NON-CURRENT ASSETS (I)	**2,373.5**	**3,651.0**	
Inventories and work in progress	107.5	127.3	VII.4.2
Operating receivables	1,381.9	1,520.0	VII.4.2
Current operating financial assets	39.7	37.0	VII.6.4
Other current financial assets	48.5	182.1	VII.9.2
Current derivative instruments - assets	2.4	0.5	VII.9.4
Cash and cash equivalents	387.2	336.3	VII.9.1
Assets held for sale	31.1	22.8	VII.10
TOTAL CURRENT ASSETS (II)	**1,998.3**	**2,226.0**	
TOTAL ASSETS (I+II)	**4,371.8**	**5,877.0**	

EQUITY AND LIABILITIES *(€ millions)*	December 31, 2018	December 31, 2019	Notes
Capital	1,137.1	1,206.0	
Reserves and retained earnings attributable to owners of the parent company	(253.9)	(213.4)	
Equity and net income attributable to owners of the parent company	**883.2**	**992.6**	**VII.12**
Equity and net income attributable to non-controlling interests	50.8	27.5	VII.12
EQUITY (I)	**934.0**	**1,020.1**	
Non-current provisions	380.8	376.8	VII.11
Non-current financial liabilities	784.5	1,020.9	VII.9.1
Non-current lease liabilities	83.8	809.0	VII.9.1
Provision of rolling stock under concession arrangements - Non-current part	34.5	33.6	VII.1.7.4
Non-current derivative instruments - liabilities	2.8	1.8	VII.9.4
Other non-current liabilities	35.1	64.3	
Deferred tax liabilities	16.5	42.4	VII.13.2
TOTAL NON-CURRENT LIABILITIES (II)	**1,338.0**	**2,348.8**	
Operating payables	1,841.3	1,976.5	VII.4.2
Current provisions	142.8	153.0	VII.11
Current financial liabilities	23.0	73.1	VII.9.1
Current lease liabilities	19.7	268.5	VII.9.1
Provision of rolling stock under concession arrangements - Current part	5.5	6.2	VII.1.7.4
Current derivative instruments - liabilities	2.8	2.5	VII.9.4
Overdrafts	5.2	25.2	VII.9.1
Liabilities held for sale	59.5	3.1	VII.10
TOTAL CURRENT LIABILITIES (III)	**2,099.8**	**2,508.1**	
TOTAL EQUITY AND LIABILITIES (I+II+III)	**4,371.8**	**5,877.0**	

The accompanying notes are an integral part of the consolidated financial statements.

V. Consolidated statement of cash flows

(€ millions)	December 31, 2018	December 31, 2019
NET INCOME (LOSS) FOR THE YEAR	**(94.3)**	**53.2**
Operating depreciation, amortization, provisions and impairment losses	442.3	547.6
Financial amortization and impairment losses	(5.0)	(0.3)
Gain (losses) on disposal	(14.8)	(55.8)
Unwinding of discounted provisions, receivables and payables	5.1	8.8
Share of net income (loss) of equity-accounted entities	(5.3)	(6.7)
Dividends received	(1.5)	(2.6)
Net finance costs	22.2	45.3
Income tax expense	4.6	33.5
Other items	(1.7)	(1.4)
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL REQUIREMENTS	**351.6**	**621.6**
Income taxes paid	(19.9)	(15.4)
Changes in working capital requirements	26.6	(10.4)
Change in contract costs	(1.1)	(1.1)
I. NET CASH FROM OPERATING ACTIVITIES	**357.2**	**594.7**
Capital investments	(310.2)	(367.8)
Proceeds on disposal of intangible assets and property, plant and equipment	48.1	59.0
Net investments in operating financial assets		
New operating financial assets	(83.6)	(17.1)
Principal payments on operating financial assets	45.5	39.9
Purchase of financial investments	(27.2)	(176.8)
Sale of financial assets	1.6	(29.3)
Dividends received (including dividends received from joint ventures and associates)	4.3	6.6
Non-current financial receivables, cash out	(2.8)	(3.8)
Non-current financial receivables, cash in	2.4	1.0
Net increase / decrease in current financial receivables	(3.3)	(128.7)
II. NET CASH USED IN INVESTING ACTIVITIES	**(325.2)**	**(617.0)**
Capital increase	-	70.8
Dividends paid	(5.3)	(6.4)
New non-current borrowings [(1)]	295.2	527.1
Principal payments on non-current borrowings [(1)]	(205.2)	(261.3)
Net increase (decrease) in current borrowings [(1)]	0.6	(33.4)
Principal payments on lease liabilities	(43.2)	(296.7)
Interest paid	(16.6)	(20.6)
Interest paid on lease liabilities	(4.2)	(24.6)
Transactions between shareholders - acquisitions and divestitures, without change in control	-	(0.5)
III. NET CASH FROM (USED IN) FINANCING ACTIVITIES	**21.3**	**(45.6)**
IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES AND OTHER	**(5.6)**	**(3.0)**
NET CASH AT THE BEGINNING OF THE YEAR	**334.3**	**382.0**
Changes in cash, cash equivalents and overdrafts (I+II+III+IV)	47.7	(70.9)
NET CASH AT THE END OF THE YEAR	**382.0**	**311.1**
Cash and cash equivalents	*387.2*	*336.3*
Overdrafts	*(5.2)*	*(25.2)*

[(1)] The reconciliation between the change in net financial debt in the consolidated statement of financial position and the cash flows is presented in note VII.9.1.

The accompanying notes are an integral part of the consolidated financial statements.

VI. Statement of changes in equity

			Items that may be reclassified to profit or loss		Items that are not reclassified to profit or loss				
(€ millions)	Share capital	Consolidated reserves and retained earnings	Foreign exchange translation reserves	Fair value reserves	Fair value reserves not re-classifiable to profit or loss	Other unrealized gains/ (losses), not re-classifiable to profit or loss	Equity attributable to equity owners of the parent	Non-controlling interests	Total equity
AS OF JANUARY 1, 2018	**1,137.1**	**(90.7)**	**(5.3)**	**(1.6)**	**-**	**(44.7)**	**994.8**	**51.9**	**1,046.7**
Third party share in dividend distributions of subsidiaries	-	-	-	-	-	-	-	(3.2)	(3.2)
Transactions between shareholders	-	0.6	-	-	-	-	0.6	(0.1)	0.5
TOTAL TRANSACTIONS BETWEEN SHAREHOLDERS	**-**	**0.6**	**-**	**-**	**-**	**-**	**0.6**	**(3.3)**	**(2.7)**
Foreign exchange translations	-	-	(11.2)	-	-	-	(11.2)	0.3	(10.9)
Actuarial gains or losses on pension liabilities	-	-	-	-	-	(3.4)	(3.4)	(0.1)	(3.5)
Fair value adjustment on hedge derivatives and assets measured at fair value through other comprehensive income	-	-	-	0.1	(1.3)	-	(1.2)	(0.1)	(1.3)
Other changes in comprehensive income	-	-	-	-		-	-	-	-
OTHER COMPREHENSIVE INCOME	**-**	**-**	**(11.2)**	**0.1**	**(1.3)**	**(3.4)**	**(15.8)**	**0.1**	**(15.7)**
NET INCOME (LOSS) FOR THE YEAR 2018	**-**	**(96.4)**	**-**	**-**	**-**	**-**	**(96.4)**	**2.1**	**(94.3)**
AS OF DECEMBER 31, 2018	**1,137.1**	**(186.5)**	**(16.5)**	**(1.5)**	**(1.3)**	**(48.1)**	**883.2**	**50.8**	**934.0**
FIRST APPLICATION OF IFRS 16 AND IFRIC 23 (1)	**-**	**(33.0)**	**-**	**-**	**-**	**-**	**(33.0)**	**-**	**(33.0)**
AS OF JANUARY 1, 2019 RESTATED	**1,137.1**	**(219.5)**	**(16.5)**	**(1.5)**	**(1.3)**	**(48.1)**	**850.2**	**50.8**	**901.0**
Parent company capital increase	68.9	-	-	-	-	-	68.9	-	68.9
Third party share in share capital increases of subsidiaries and in changes in consolidation scope	-	-	-	-	-	-	-	1.9	1.9
Third party share in dividend distributions of subsidiaries	-	-	-	-	-	-	-	(4.7)	(4.7)
Transactions between shareholders	-	28.3	-	-	-	-	28.3	(27.8)	0.5
TOTAL TRANSACTIONS BETWEEN SHAREHOLDERS	**68.9**	**28.3**	**-**	**-**	**-**	**-**	**97.2**	**(30.6)**	**66.6**
Foreign exchange translations	-	-	-	-	-	-	-	(0.6)	(0.6)
Actuarial gains or losses	-	-	-	-	-	(2.2)	(2.2)	0.4	(1.8)
Fair value adjustment on hedge derivatives and assets measured at fair value through other comprehensive income	-	-	-	1.3	0.4	-	1.7	-	1.7
Other changes in comprehensive income	-	-	-	-	-	-	-	-	-
OTHER COMPREHENSIVE INCOME	**-**	**-**	**-**	**1.3**	**0.4**	**(2.2)**	**(0.5)**	**(0.2)**	**(0.7)**
NET INCOME (LOSS) FOR THE YEAR 2019	**-**	**45.7**	**-**	**-**	**-**	**-**	**45.7**	**7.5**	**53.2**
AS OF DECEMBER 31, 2019	**1,206.0**	**(145.5)**	**(16.5)**	**(0.2)**	**(0.9)**	**(50.3)**	**992.6**	**27.5**	**1,020.1**

(1) The impacts of the first-time adoption of IFRS 16 and IFRIC 23 are described in note VII.1.2.

The accompanying notes are an integral part of the consolidated financial statements.

VII. Notes to the consolidated financial statements

VII.1. Accounting principles and policies

VII.1.1. Accounting standards framework

VII.1.1.1. Basis underlying the preparation of the financial statements

Pursuant to Regulation no. 1606/2002 of July 19, 2002, as amended by European Regulation no. 297/2008 of March 11, 2008, the consolidated financial statements for fiscal year 2019 are prepared in accordance with IFRS (International Financial Reporting Standards), as adopted by the European Union and published by the International Accounting Standards Board (IASB). These standards are available on the following European Union website: *https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_en*

The company's financial statements are presented, for comparison purposes, with the financial statements for fiscal year 2018, which were prepared using the same accounting standards framework, taking into account the new texts applicable as of January 1, 2019 (see note VII.1.1.3).

In the absence of IFRS standards or interpretations, and in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" the Transdev group refers to other IFRS standards that address similar or related issues, as well as to the conceptual framework. If necessary, the Group may use other standards, in particular US standards.

VII.1.1.2. General principles applied in preparing the consolidated financial statements

The consolidated financial statements are presented in millions of euros, unless stated otherwise.

The consolidated financial statements include the financial statements of Transdev Group and those of its subsidiaries included in the scope of consolidation. The financial statements of the subsidiaries are drawn up for the same reference period as those of the parent company, from January 1 to December 31, 2019, in accordance with uniform accounting policies and methods.

The consolidated financial statements are presented on a historical cost basis, with the exception of assets and liabilities held for sale measured in accordance with IFRS 5 (lower of the net carrying amount and the net fair value less costs to sell) and assets and liabilities recognized at fair value: derivatives, financial instruments at fair value through profit or loss and financial instruments at fair value through other comprehensive income (in accordance with IAS 32 and IFRS 9).

The Transdev group consolidated financial statements as of December 31, 2019 were approved by the Board of Directors at its meeting on February 27, 2020.

VII.1.1.3. Standards, amendments to standards and interpretations applicable as of fiscal year 2019

The accounting policies and valuation rules applied by the Group in preparing the consolidated financial statements as of December 31, 2019 are identical to those the Group used as of December 31, 2018, with the exception of the new standards, amendments to standards and interpretations of mandatory application as of January 1, 2019, which are described below:

- IFRS 16 "Leases";
- IFRIC 23 "Uncertainty over Income Tax Treatments";
- Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement";
- Amendments to IAS 28 "Long-term interests in Associates and Joint Ventures";
- Amendment to IFRS 9 "Prepayment Features with Negative Compensation";
- Improvements as a result of the IFRS 2015-2017 annual improvement process.

The impacts of the initial application of IFRS 16 "Leases" and IFRIC 23 "Uncertainty over Income Tax Treatments" are described in note VII.1.2. The comparative figures for 2018 have not been restated.

The other standards and interpretations of mandatory application as of January 1, 2019 have not had a material impact for the Group.

VII.1.1.4. Main texts applicable after December 31, 2019 and not adopted early by the Group

The main texts which became mandatory after December 31, 2019 are listed below:

- Amendments to IAS 1 and IAS 8 on materiality;
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7);
- Amendments to the Conceptual Framework in IFRS standards.

The Group is currently assessing the impacts of the initial application of these texts.

VII.1.2. Changes due to IFRS 16 and IFRIC 23

VII.1.2.1. Initial application of IFRS 16 "leases"

As of January 1, 2019, Transdev has applied IFRS 16 "Leases", which supersedes IAS 17 and the related IFRIC and SIC interpretations. IFRS 16 changes the method by which lessees account for leases.

IFRS 16 eliminates the distinction that was formerly made between operating leases, included in off-balance sheet commitments, and finance leases. All leases are now presented in the consolidated statement of financial position by recognizing an asset representing the right to use the underlying asset and a liability representing the discounted value of rents payable over the expected term of the lease.

Application of this new standard also results in a change in the presentation of rental expense in the income statement (i.e., depreciation of the right of use in current operating result as defined in note VII.4.1 and interest expense in financial income).

The accounting principles and policies applied to leases are explained in note VII.1.7.3.

For contracts within the scope of IFRIC 12 "Service Concession Arrangements", the entry into force of IFRS 16 does not change the current accounting treatment of equipment provided to the Group in consideration for the payment of rent, the legal form of this arrangement being a lease agreement (see note VII.1.7.4).

The Group's leases mainly concern rolling stock and properties (depots and offices).

Transition method

The Group has chosen the modified retrospective approach and recognized the cumulative effect of the initial application of the new standard as an adjustment to the opening balance of equity as of January 1, 2019.

For the transition, the Group has applied IFRS 16 to contracts that were previously identified as containing leases in accordance with IAS 17 and IFRIC 4.

Leases previously classified as operating leases

Measurement of the lease liabilities and the right-of-use assets

As of January 1, 2019, for leases previously classified as operating leases in accordance with IAS 17, the Group has recognized in the consolidated statement of financial position:

- a lease liability measured at the present value of the remaining lease payments as of January 1, 2019, calculated using its incremental borrowing rate as of that date;
- a right-of-use asset measured as follows:
  - rolling stock, other transportation equipment (excluding company and service vehicles) and Transdev Group's headquarters are measured by calculating the net carrying amount as of January 1, 2019, as if IFRS 16 had been applied since the commencement date of the lease, then by discounting using the incremental borrowing rate as of January 1, 2019;
  - other assets (in particular real estate assets) are measured at the amount of the lease liability as of January 1, 2019, adjusted by the amount of prepaid or accrued lease payments recognized in the consolidated statement of financial position as of December 31, 2018.

Deferred tax has been recognized on the difference between the right-of-use assets and the lease liabilities.

Lease term and depreciation period for non-removable improvements

The lease term corresponds mainly to the non-cancellable period of each contract, except in cases where the Group is reasonably certain of exercising the renewal options contractually foreseen.

In December 2019, IFRIC published its final decision on determining the enforceable term of a lease and the depreciation period for non-removable leasehold improvements. The Group is currently analyzing the impact of this decision on the current assumptions used for 3/6/9 commercial leases in France and on automatically renewable and indefinite term contracts.

This decision may cause the Group to revise the terms of certain leases and, therefore, to change the amount of the lease liability, the associated right-of-use asset and the depreciation periods used for the lease improvements under these leases.

Discount rates

The discount rates applied as of January 1, 2019 are based on the Group's incremental borrowing rate determined by currency and by country.

For rolling stock and other transportation equipment (excluding company and service vehicles), the maturity used at the date of transition is aligned with the term of the lease at commencement date. For other assets, in particular real estate assets, the maturity used corresponds to the remaining term of the lease as of January 1, 2019.

The weighted average incremental borrowing rate applied to the lease liabilities recognized in the consolidated statement of financial position as of January 1, 2019 is approximately 2.3%.

Leases with an initial term of more than 12 months for which the lease term ends within 12 months of the date of initial application

The Group has recognized leases with an initial term of more than 12 months for which the term expires within 12 months from January 1, 2019 in accordance with the procedures described above, i.e., recognition of a lease liability and a right-of-use asset as of January 1, 2019.

The corresponding lease liability is around €20 million.

Leases previously classified as finance leases

For leases that were classified as finance leases in accordance with IAS 17, the carrying amount of the right-of-use asset and lease liability as of January 1, 2019 corresponds to the carrying amount of those items as of December 31, 2018.

Impacts

In the consolidated income statement, the application of this new standard increases the current operating result, EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) and the interest expense in financial income (EBITDA and current operating result are defined in note VII.4.1).

As set out in note VII.1.2.3, the first-time application of IFRS 16 as of January 1, 2019 resulted in

- a decrease in equity attributable to owners of the parent amounting to -€32.7 million net of deferred tax;
- an increase in net financial debt (as defined in note VII.9.1) amounting to €974.9 million.

The comparative figures for 2018 have not been restated.

In addition, goodwill impairment tests have been carried out, taking into account the impacts of IFRS 16, in particular:

- including right-of-use assets in the value of capital employed tested;
- excluding lease payments from future cash flows used to determine value in use;
- using a discount rate that takes into account right-of-use assets.

These impairment tests are described in detail in note VII.7.2.

VII.1.2.2. Initial application of IFRIC 23 “Uncertainty Over Income Tax Treatments”

As of January 1, 2019, the Group has applied IFRIC 23, which supplements IAS 12 “Income Taxes” by clarifying the accounting for uncertainties relating to income tax.

IFRIC 23 has been applied retrospectively using the “simplified retrospective” transition method: the comparative figures for 2018 have not been restated.

As of January 1, 2019, the application of this interpretation had the following impacts:

- an additional liability of -€0.3 million was recognized as a decrease in equity;
- the reclassification, in the consolidated statement of financial position, of uncertain tax liabilities previously presented as “current provisions” under “operating liabilities,” for an amount of €3.4 million.

These impacts are not material and are presented in note VII.1.2.3.

VII.1.2.3. Impacts of the initial application of IFRS 16 and IFRIC 23

Impacts of the initial application of IFRS 16 and IFRIC 23 on the consolidated statement of financial position as of January 1, 2019

ASSETS *(€ millions)*	December 31, 2018	First application of IFRS 16	First application of IFRIC 23	January 1, 2019 restated
Goodwill	723.6	-	-	723.6
Other intangible assets	108.6	-	-	108.6
Property, plant and equipment	1,045.9	(110.5)	-	935.4
Right-of-use assets	-	1,091.1	-	1,091.1
Investments in equity-accounted companies	67.9	-	-	67.9
Non-current operating financial assets	287.2	-	-	287.2
Other non-current financial assets	98.0	(44.2)	-	53.8
Deferred tax assets	42.3	2.4	-	44.7
TOTAL NON-CURRENT ASSETS (I)	**2,373.5**	**938.8**	**-**	**3,312.3**
Inventories and work in progress	107.5	-	-	107.5
Operating receivables	1,381.9	3.0	-	1,384.9
Current operating financial assets	39.7	-	-	39.7
Other current financial assets	48.5	-	-	48.5
Current derivative instruments - assets	2.4	-	-	2.4
Cash and cash equivalents	387.2	-	-	387.2
Assets held for sale	31.1	-	-	31.1
TOTAL CURRENT ASSETS (II)	**1,998.3**	**3.0**	**-**	**2,001.3**
TOTAL ASSETS (I+II)	**4,371.8**	**941.8**	**-**	**5,313.6**

EQUITY AND LIABILITIES *(€ millions)*	December 31, 2018	First application of IFRS 16	First application of IFRIC 23	January 1, 2019 restated
Capital	1,137.1	-		1,137.1
Reserves and retained earnings attributable to owners of the parent company	(253.9)	(32.7)	(0.3)	(286.9)
Equity and net income attributable to owners of the parent company	**883.2**	**(32.7)**	**(0.3)**	**850.2**
Equity and net income attributable to non-controlling interests	50.8	-		50.8
EQUITY (I)	**934.0**	**(32.7)**	**(0.3)**	**901.0**
Non-current provisions	380.8	-	-	380.8
Non-current financial liabilities	784.5	-	-	784.5
Non-current lease liabilities	83.8	702.2	-	786.0
Provision of rolling stock under concession arrangements - Non-current part	34.5	-	-	34.5
Non-current derivative instruments - liabilities	2.8	-	-	2.8
Other non-current liabilities	35.1	-	-	35.1
Deferred tax liabilities	16.5	-	-	16.5
TOTAL NON-CURRENT LIABILITIES (II)	**1,338.0**	**702.2**	**-**	**2,040.2**
Operating payables	1,841.3	(0.4)	3.7	1,844.6
Current provisions	142.8	-	(3.4)	139.4
Current financial liabilities	23.0	-	-	23.0
Current lease liabilities	19.7	272.7	-	292.4
Provision of rolling stock under concession arrangements - Current part	5.5	-	-	5.5
Current derivative instruments - liabilities	2.8	-	-	2.8
Overdrafts	5.2	-	-	5.2
Liabilities held for sale	59.5	-	-	59.5
TOTAL CURRENT LIABILITIES (III)	**2,099.8**	**272.3**	**0.3**	**2,372.4**
TOTAL EQUITY AND LIABILITIES (I+II+III)	**4,371.8**	**941.8**	**-**	**5,313.6**

Impact of the initial application of IFRS 16 on the consolidated income statement

The following table presents the 2019 figures as though the Group had continued to apply IAS 17:

(€ millions)	December 31, 2019 with IFRS 16 (reported)	IFRS 16 Impacts	December 31, 2019 with previous IAS 17
REVENUE FROM ORDINARY ACTIVITIES	**7,415.5**	**-**	**7,415.5**
Cost of sales	(6,590.4)	14.9	(6,605.3)
Selling costs	(55.9)	-	(55.9)
General and administrative expenses	(624.0)	6.7	(630.7)
Other items of current operating result	(0.1)	-	(0.1)
CURRENT OPERATING RESULT	**145.1**	**21.6**	**123.5**
Other operating income and expenses	(9.8)	-	(9.8)
OPERATING RESULT	**135.3**	**21.6**	**113.7**
Share of net income (loss) of equity-accounted entities	6.7	-	6.7
o/w share of net income (loss) of joint ventures	3.3	-	3.3
o/w share of net income (loss) of associates	3.4	-	3.4
OPERATING RESULT after share of net income (loss) of equity-accounted entities	**142.0**	**21.6**	**120.4**
Net finance costs	(45.3)	(21.0)	(24.3)
Other financial income and expenses	(9.9)	(0.4)	(9.5)
Income tax expense	(33.5)	0.3	(33.8)
NET INCOME FROM CONTINUING OPERATIONS	**53.2**	**0.5**	**52.7**
Net income (loss) from discontinued operations	-	-	-
NET INCOME (LOSS)	**53.2**	**0.5**	**52.7**

Impact of the initial application of IFRS 16 on the consolidated statement of cash flows

The following table presents the 2019 figures as though the Group had continued to apply IAS 17:

(€ millions)	December 31, 2019 with IFRS 16 (reported)	IFRS 16 Impacts	December 31, 2019 with previous IAS 17
NET INCOME (LOSS) FOR THE YEAR	**53.2**	**0.5**	**52.7**
Operating depreciation, amortization, provisions and impairment losses	547.6	272.7	274.9
Financial amortization and impairment losses	(0.3)	-	(0.3)
Gain (losses) on disposal, inclunding the reversals of provisions	(55.8)	-	(55.8)
Unwinding of discounted provisions, receivables and payables	8.8	-	8.8
Share of net income (loss) of equity-accounted entities	(6.7)	-	(6.7)
Dividends received	(2.6)	-	(2.6)
Net finance costs	45.3	21.0	24.3
Income tax expense	33.5	(0.3)	33.8
Other items	(1.4)	0.2	(1.6)
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL REQUIREMENTS	**621.6**	**294.1**	**327.5**
Income taxes paid	(15.4)	-	(15.4)
Changes in working capital requirements	(10.4)	1.1	(11.5)
Change in contract costs	(1.1)	-	(1.1)
I. NET CASH FROM OPERATING ACTIVITIES	**594.7**	**295.2**	**299.5**
II. NET CASH USED IN INVESTING ACTIVITIES	**(617.0)**	**-**	**(617.0)**
New non-current borrowings	527.1	-	527.1
Principal payments on non-current borrowings	(261.3)	-	(261.3)
Net increase (decrease) in current borrowings	(33.4)	-	(33.4)
Principal payments on lease liabilities	(296.7)	(274.7)	(22.0)
Interest paid	(20.6)	-	(20.6)
Interest paid on lease liabilities	(24.6)	(20.5)	(4.1)
Other	63.9	-	63.9
III. NET CASH FROM (USED IN) FINANCING ACTIVITIES	**(45.6)**	**(295.2)**	**249.6**
IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES AND OTHER	**(3.0)**	**-**	**(3.0)**
NET CASH AT THE BEGINNING OF THE YEAR	**382.0**	**-**	**382.0**
Changes in cash, cash equivalents and overdrafts (I+II+III+IV)	(70.9)	-	(70.9)
NET CASH AT THE END OF THE YEAR	**311.1**	**-**	**311.1**
Cash and cash equivalents	*336.3*	-	*336.3*
Overdrafts	*(25.2)*	-	*(25.2)*

Reconciliation between the operating lease commitments reported under IAS 17 as of December 31, 2018 and the lease liabilities recognized in the consolidated statement of financial position as of January 1, 2019

(€ millions)	
OPERATING LEASE COMMITMENTS REPORTED UNDER IAS 17 AS OF DECEMBER 31, 2018	**1,134.4**
Commitments relating to short-term leases	(2.3)
Rental deposits which will be refunded contractually by the last lease payments (1)	(44.3)
Effects of delay in availability dates	(35.8)
New assessment of the lease term (2)	(7.8)
Other	6.8
LEASE LIABILITIES BEFORE DISCOUNTING	**1,051.0**
Discounting	(76.1)
ADDITIONAL LEASE LIABILITIES AS A RESULT OF THE INITIAL APPLICATION OF IFRS 16	**974.9**
Existing finance leases as of December 31, 2018	103.5
LEASE LIABILITIES AS OF JANUARY 1, 2019	**1,078.4**

(1) Security deposits in connection with rolling stock leases, recognized in financial assets as of December 31, 2018.
(2) O/w optional periods not included in the operating lease commitments.

VII.1.3. Scope and principles of consolidation

VII.1.3.1. Principles of consolidation

Controlled entities

The Transdev group fully consolidates all entities over which it exercises control.

Definition of control

Control exists when the Group:

- holds power over an entity, and
- is exposed or has rights to variable returns from its involvement with the entity, and
- has the ability to use its power over the entity to affect the amount of its returns.

Full consolidation method

The Group consolidates a subsidiary in its consolidated financial statements from the date it obtains control of the entity to the date it ceases to control the entity.

Non-controlling interests represent the equity in a subsidiary that is not directly or indirectly attributable to the Group.

Net income and each component of other comprehensive income are allocated between owners of the Company and non-controlling interests. Total comprehensive income of subsidiaries is allocated between owners of the Company and non-controlling interests, even if this results in non-controlling interests having a deficit balance.

Change in ownership interests in consolidated subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in a change of control over the subsidiaries are accounted for as equity transactions, as they are transactions performed by shareholders acting in this capacity.

The effects of these transactions are recognized in equity at their net-of-tax amount and do not therefore impact the consolidated income statement of the Group.

These transactions are presented in the net cash from financing activities in the statement of cash flows.

Investments in joint ventures and associates

Definitions

An associate is an entity over which the Group has significant influence. Significant influence is constituted by the power to participate in the financial and operating policy decisions of the entity, without exercising control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties ("joint venturers") that have joint control of the entity have rights to its net assets.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Equity method

The results and assets and liabilities of associates or joint ventures are incorporated in the Group consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with the provisions of IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations".

Under the equity method, the investment in the associate or joint venture is initially recognized at acquisition cost and is adjusted thereafter to reflect the Group's share of the net income and other comprehensive income of the associate or joint venture.

An investment is accounted for using the equity method from the date on which the entity becomes an associate or joint venture. On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the entity's identifiable assets and liabilities is recognized as goodwill; this goodwill is integrated in the line "Investments in joint ventures" or "Investments in associates". Any excess of the net fair value of the entity's identifiable assets and liabilities over the cost of the investment is recognized in profit or loss.

Presentation of the share of net income of the Group's equity-accounted entities in the consolidated income statement

Following the coming into force of Recommendation No. 2013-01 issued by the French Accounting Standards Authority (*Autorité des Normes Comptables,* ANC) on April 4, 2013, and if the activities of the equity-accounted entities are in line with the Group's activities, the share of net income of the Group's equity-accounted entities is included in the line "Operating result after share of net profit (loss) of equity-accounted entities".

When a Group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transaction with the associate or joint venture are recognized in the Group's consolidated financial statements solely to the extent of interests held by third parties in the associate or joint venture.

Impairment tests

The requirements of IFRS 9 "Financial Instruments" are applied to determine whether it is necessary to test for impairment with respect to the investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets".

Loss of significant influence or joint control

The equity method is no longer applied from the date the investment ceases to be an associate or a joint venture. If the Group retains a residual interest in the entity and that interest is a financial asset, the financial asset is measured at fair value at the date the investment ceases to be an associate or a joint venture.

If an investment in an associate becomes an investment in a joint venture, or vice versa, the equity method continues to be applied and the change in ownership interest does not trigger remeasurement to fair value.

Investments in joint operations

Definitions

A joint operation is a joint arrangement whereby the parties ("joint operators") that have joint control of the arrangement have direct rights to the assets and obligations for the liabilities relating to the arrangement.

Accounting for joint operations

As a joint operator in a joint operation, the Group recognizes the following elements in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output generated by the joint operation;
- its expenses, including its share of any expenses incurred jointly.

As a joint operator, the Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

VII.1.3.2. Transactions impacting the consolidation scope

Business combinations and goodwill

Business combinations are accounted for using the acquisition method, as defined in IFRS 3. Under this method, identifiable assets acquired and liabilities assumed of the entity acquired are recognized at their fair value on the acquisition date.

Goodwill generated by a business combination is measured as the excess of the total consideration transferred, the amount of any non-controlling interest and, if applicable, the fair value of any previously held interest, over the net of the amounts, on the acquisition date, of identifiable assets acquired and liabilities assumed. This goodwill is measured in the functional currency of the entity acquired and is recognized as an asset in the consolidated statement of financial position.

On the acquisition date, the Group may elect, for each transaction, to measure non-controlling interests at either fair value (full goodwill method) or at the proportionate share in the fair value of the acquired entity's identifiable net assets (partial goodwill method).

Pursuant to IFRS, goodwill is not amortized but is subject to impairment tests performed annually, and more frequently if there are indications that call into question the carrying amounts recognized as assets in the consolidated statement of financial position (see note VII.1.9).

If a business combination is made on particularly advantageous terms, negative goodwill is recognized. The corresponding gain is recognized as income on the acquisition date.

Acquisition-related costs are recognized in profit or loss in the periods in which the costs are incurred and the services received.

Pursuant to IFRS 3, the Group has a measurement period in which to finalize recognition of business combinations. This period ends when all necessary information has been obtained and no later than one year from the acquisition date.

When accounting for acquisitions of joint ventures, the Group applies the acquisition method, as defined by IFRS 3, Business Combinations.

Assets/liabilities classified as held for sale, discontinued operations

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" specifies the accounting treatment applicable to assets held for sale as well as the presentation and information to be disclosed about discontinued operations.

In particular, it requires that assets held for sale be presented separately in the consolidated statement of financial position at the lower of their carrying amount or their fair value, less sale costs, when the criteria under the standard are satisfied.

When the Group is committed to a sale process leading to the loss of control of a subsidiary, all assets and liabilities of that subsidiary that are material for the Group are reclassified as held for sale where the classification criteria set by the standard are met, irrespective of whether the Group retains a residual interest in the entity after sale.

In addition, the standard requires that the results of discontinued operations be presented separately in the consolidated income statement, retrospectively, for all periods presented.

VII.1.4. Translation of foreign subsidiaries' financial statements and foreign currency transactions

VII.1.4.1. Translation of foreign subsidiaries' financial statements

Statements of financial position, income statements and statements of cash flows of subsidiaries whose functional currency is different from the parent company's presentation currency are translated into the currency used to present the consolidated financial statements at the applicable exchange rate, i.e., the year-end rate for consolidated statement of financial position items and the average annual rate for income statement and cash flow statement items. Foreign exchange translation gains and losses are recognized in equity as other comprehensive income.

The exchange rates of the major currencies of non-euro countries used in preparing the consolidated financial statements were as follows:

€1 = X foreign currency

AVERAGE RATE	2018	2019
U.S. Dollar	1.182	1.120
Australian Dollar	1.580	1.611
Swedish Krona	10.257	10.588
CLOSING RATE	**2018**	**2019**
U.S. Dollar	1.145	1.123
Australian Dollar	1.622	1.600
Swedish Krona	10.255	10.447

VII.1.4.2. Foreign currency transactions

In general, the functional currency of the Group's subsidiaries is their local currency. Transactions denominated in foreign currency are translated by the subsidiaries into their functional currencies at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated by the subsidiaries into their functional currencies at the year-end exchange rate. The resulting foreign exchange gains and losses are recorded in income for the period.

Loans to a foreign subsidiary for which payment is neither planned nor probable in the foreseeable future are essentially a portion of the Group's net investment in that foreign operation. Foreign exchange gains and losses on monetary items that are part of a net investment are recognized directly in other comprehensive income as foreign exchange translation adjustments and are released to income on the disposal of the net investment.

Foreign exchange gains and losses on borrowings denominated in foreign currencies or foreign currency derivatives used to hedge net investments in foreign subsidiaries are recognized in other comprehensive income as foreign exchange translation adjustments. Amounts recognized in other comprehensive income are released to income on the sale date of the relevant investment.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated using the exchange rate on the date that fair value is measured.

VII.1.5. Operational activities

VII.1.5.1. Revenue from ordinary activities

Sales of services (IFRS 15)

Five-step model

IFRS 15 "Revenue from Contracts with Customers" establishes a five-step model for determining when to recognize revenue and in what amount. The general principle of the model is that all companies should recognize revenue on the basis of the transfer of goods or services promised to customers for an amount that corresponds to the consideration they expect to receive in exchange for such goods or services.

The Group's primary business is the public transportation of passengers. It consists in managing a portfolio of multi-year contracts that can have very different characteristics (modes of transportation, start date, term, margin profiles and compensation terms, indexation formulas, etc.). In the vast majority of cases:

- a performance-related system of bonuses/penalties is applied to these contracts. They are calculated and settled over periods ranging from month to year and are approved by the governance bodies of the mobility authorities;
- contracts usually have revenue per unit of work (kilometers, hours, etc.) that is stable over time, assuming constant modes of transportation.

The customers are the mobility authorities (generally local authorities).

Under most contracts, the promise to the customer is to provide an overall service, i.e., a public transportation network management service, in which the identified services are interdependent components. The main costs for providing this overall service are primarily for rolling stock (depreciation, leasing, financing), payroll, energy (electricity, fuel, hydrogen) and maintenance.

The mobility authorities simultaneously receive and consume the benefits of the service as it is provided by the Group. They verify the public service provided as it is delivered (i.e., as kilometers/hours/services are consumed).

Principal/agent analysis

If a third party is involved in providing goods or services to a customer, an entity must determine whether it is acting on its own behalf (principal: revenue recognized is the gross amount to which the entity expects to be entitled in consideration for the specified good or service provided) or as an agent (agent: revenue recognized is a net amount equal to the commission to which the entity expects to be entitled in consideration for the arrangements made for the third party to provide the specified good or service).

The key principle is that an entity acts as a principal if it obtains control of the promised good or service before it is transferred to the customer.

The standard provides three indicators that an entity acts as a principal:

- the entity has primary responsibility for fulfilling the promise, including responsibility for the acceptability of the good or service and its compliance with the customer's specifications;
- the entity bears the risks associated with holding inventory, either before the goods are transferred to the customer or in the event of a return;
- the entity has the discretion to set the prices the customer pays for the goods or services.

The Group most often acts as a principal, in particular regarding access rights to the rail network in Germany and taxes and contributions.

Contract costs

IFRS 15 requires capitalizing the costs of acquiring contracts if both of the following conditions are met:

- these costs must be incremental, i.e., costs the entity would not have incurred if it had not acquired the contract; and
- the entity expects to recover them, i.e., the entity expects that the profit generated by the contract will be sufficient to absorb these costs.

The standard also addresses costs incurred to perform a contract. If the accounting treatment for such costs is not prescribed by another IFRS standard and they come within the scope of IFRS 15, the costs of performing the contract must be recognized as an asset only if they meet the following three conditions:

- they relate directly to the contract;
- they generate or enhance the resources of the entity that it will use to satisfy its performance obligations in the future; and
- the entity expects to recover them.

Capitalized costs incurred in the performance of a contract include certain costs sustained after the Group has been selected as a preferred bidder (restricted bid procedure) in bidding processes but before it receives any payment from customers.

Capitalized contract costs are amortized over the term of the contracts. Impairment is recognized if their carrying amount, less amortization, exceeds the economic benefits expected from the contract.

Concession arrangements (IFRIC 12)

See note VII.1.7.4 on concession arrangements.

VII.1.5.2. Inventories

In accordance with IAS 2 "Inventories", inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion or the estimated costs necessary to make the sale.

VII.1.6. Pension plans and other post-employment benefits

Transdev Group and its subsidiaries have set up several pension plans.

VII.1.6.1. Defined-contribution plans

Defined-contribution plans are plans under which the Group (or a Group entity) pays an agreed contribution to a separate entity, relieving it of any liability for future payments.

These obligations are recognized as an expense when due.

VII.1.6.2. Defined-benefit plans

Defined-benefit plans are plans that do not meet the definition of a defined-contribution plan. The net obligations of each Group entity are calculated for each plan based on an estimate of the amount employees will receive in exchange for services rendered during the current and past periods. This amount is then discounted to present value and the fair value of plan assets is deducted.

If the calculation shows a plan surplus, the asset is recognized for the maximum of the total present value of profits, in the form of future repayments or reductions in plan contributions. In such a case, the plan surplus is recognized in non-current financial assets.

Certain obligations of the Group or Group entities may carry repayment rights, corresponding to a commitment by a third party to repay, in full or in part, the expenses related to these obligations. Repayment rights are recognized in financial assets.

For the purpose of financing defined-benefit plans, the Group may make voluntary payments to pension funds. If applicable, such voluntary payments are presented on the consolidated statement of cash flows in net cash generated by the activity, in the same manner as other employer contributions paid.

Employee benefit obligations of the Group are calculated using the projected credit unit actuarial method. This method is based on the probability of personnel remaining with companies in the Group until retirement, foreseeable changes in remuneration, the appropriate discount rate and, in some jurisdictions, on the length of the operated public service contracts. Specific discount rates are adopted for each currency zone. They are determined based on the yield offered by bonds issued by top-quality companies (rated AA) or treasury bonds or equivalent where the market is not liquid, with maturities equivalent to the average term of the plans valued in the relevant regions. This results in the recognition of pension-related assets or provisions in the consolidated statement of financial position, and the recognition of the related net expenses.

Pursuant to IAS 19 "Employee Benefits", actuarial gains and losses related to post-employment benefits are recognized in other comprehensive income.

VII.1.7. Contractual assets

VII.1.7.1. Intangible assets excluding goodwill

Intangible assets are identifiable non-monetary assets without physical substance. They include mainly access fees paid to local authorities under public service contracts, the value of contracts and portfolios acquired in connection with business combinations, assets constituted under agreements (IFRIC 12), trademarks, patents, licenses, software and operating rights.

Intangible assets (excluding goodwill) are recognized at historical acquisition cost, less accumulated depreciation and any accumulated impairment losses.

If intangible assets have a definite useful life, they are amortized on a straight-line basis over their useful life, unless another systematic amortization basis better reflects the rate of consumption of the asset.

Useful lives are as follows:

	Range of useful lives in number of years [1]
Contractual rights	contract-based
Portfolios	based on a period covering 80% of discounted flows
Purchased software	3 to 10 years

[1] The range of useful lives is due to the diversity of relevant assets.

All intangible assets excluding goodwill are subject to impairment testing annually, as soon as there are indicators that may call into question the value recognized in assets in the consolidated statement of financial position (note VII.1.9).

VII.1.7.2. Property, plant and equipment

Recognition in the consolidated statement of financial position

Property, plant and equipment are accounted for at historical acquisition cost to the Group, less accumulated depreciation and any accumulated impairment losses.

Borrowing costs incurred to finance the acquisition and construction of installations

Borrowing costs for the purpose of financing the acquisition and construction of specific installations that are incurred during the construction period are included in the cost of these assets, in accordance with IAS 23 "Borrowing Costs".

Investment grants for property, plant and equipment

In accordance with the option offered under IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance", investment grants are deducted from the gross carrying amount of the assets for which they were received. They are recognized as a reduction in the depreciation charge over the useful life of the depreciable asset.

If construction of an asset takes place over more than one period, the portion of the grant not yet used is recorded as a liability in "other liabilities".

Depreciation

Property, plant and equipment are recorded by component and each component is depreciated over its useful life. Tangible assets are mainly depreciated on a straight-line basis over their useful life, unless another systematic depreciation basis better reflects the rate of consumption of the asset.

The range of useful lives used for the Group is as follows, by type of fixed assets:

Property, plant and equipment	Range of useful lives in number of years [1]
Buildings	20 to 25 years
Installations, fixtures and improvements	8 to 15 years
General plant assets	10 years
Machinery and equipment	5 to 10 years
Computer equipment	3 to 5 years
Office equipment and furniture	3 to 10 years
Coaches and buses	6.5 to 16 years
Minibuses	6 to 8 years
Locomotive frames / bogies / cabs	24 years
Locomotive engines	18 to 24 years
Heavy lifting equipment for overhaul of rolling stock	8 years

[1] The range of useful lives is due to the diversity of relevant assets and to the ways assets are used.

VII.1.7.3. Leases

Leases, as defined by IFRS 16 "Leases", are recorded in the consolidated statement of financial position, which leads to the recognition of:

- an asset representing a right-of-use of the asset leased during the lease term of the contract;
- a liability related to the payment obligation.

Lease term is defined on a contract-by-contract basis and corresponds to the firm period of the commitment plus any optional periods that are reasonably certain to be exercised.

Lease liabilities

At commencement date, the lease liability is measured at the present value of the lease payments over the lease contract term that are not paid, which include:

- fixed lease payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or the rate in force at the commencement date of the lease;
- amounts expected to be payable by the lessee under residual value guarantees;
- the payment of penalties in the event of the lessee exercising an option for the termination or non-renewal of the lease, if the lease term reflects the lessee exercising such an option.

Non-lease components, such as management fees, taxes or the provision of a maintenance service, are not included.

Right-of-use assets

At commencement date, the right-of-use asset is measured at cost and comprises:

- the amount of the initial measurement of the lease liability, to which is added, if applicable, any lease payments made before the commencement date, less any lease incentives received from the lessor;
- where relevant, any initial direct costs incurred by the lessee for the conclusion of the contract. These are incremental costs which would not have been incurred if the contract had not been concluded;
- estimated costs for restoration and dismantling of the leased asset according to the terms of the contract.

The right-of-use asset is depreciated over the lease term.

Exemptions

For short-term leases and leases for which the underlying asset is of low value, the Group uses the two exemptions permitted by the standard (recognition of full lease expenses in the operating result).

VII.1.7.4. Concession assets

Group assets

A share of the Group's assets is used in connection with concession or public service management contracts granted by public sector customers ("concession grantors") or signed by concessionaires purchased by the Group pursuant to total or partial privatizations. The characteristics of these contracts vary significantly by country.

Nevertheless, they generally provide, directly or indirectly, for the concession grantor's involvement on the one hand in determining the service and compensation, and on the other, the return of assets necessary to perform the service at the end of the contract.

IFRIC Interpretation 12, Service Concession Arrangements, is applicable to concession arrangements comprising a public service obligation and meeting the following criteria:

- The concession grantor controls or regulates the services to be provided by the operator using the asset, the infrastructure, the beneficiaries of the services and prices applied; and
- The concession grantor controls the residual economic value of the infrastructure at the end of the arrangement.

Pursuant to IFRIC Interpretation 12, such infrastructures are not recognized as fixed assets of the operator, but as financial assets ("financial asset model") and/or intangible assets ("intangible asset model"), depending on the compensation paid by the concession grantor.

Financial asset model

The financial asset model applies if the operator has an unconditional right to receive cash or another financial asset from the concession grantor, in compensation for concession services.

In the case of concession services, the operator has such an unconditional right if the concession grantor contractually guarantees payment of:

- Amounts specified or determined in the contract, or

- Any shortfall, i.e. the difference between amounts received from users of the public service and amounts specified or determined in the contract.

Financial assets resulting from the application of IFRIC Interpretation 12 are recorded in the consolidated statement of financial position under a separate heading entitled “Operating financial assets”. They are recognized at amortized cost.

Unless otherwise indicated in the contract, the effective interest rate retained is equal to the weighted average cost of capital of the entities carrying the relevant assets.

Cash flows associated with these operating financial assets are included in the consolidated statement of cash flows in net cash used in investing activities.

In accordance with IFRS 9 “Financial Instruments,” these assets are impaired using a model based on expected credit losses.

The portion that matures in less than one year is presented in “Current operating financial assets”, and the portion that matures in more than one year is presented in “Non-current operating financial assets”.

Revenue from ordinary activities associated with this financial model includes remuneration of the operating financial asset accounted for in Revenue from operating financial assets (excluding principal payments) and also the compensation for the service.

Intangible asset model

The intangible asset model applies if the operator is paid by the users or if the concession grantor makes no contractual guarantee concerning the recoverable amount. The intangible asset corresponds to the right granted by the concession grantor to the operator to charge users of the service as compensation for the concession services.

Intangible assets resulting from the application of IFRIC Interpretation 12 are recognized in the consolidated statement of financial position under a separate heading entitled “Concession intangible assets”. These assets are generally amortized on a straight-line basis over the term of the contract.

Outgoing cash flows, i.e. disbursements, associated with infrastructure construction pursuant to “intangible asset model” concession arrangements are presented in the consolidated statement of cash flows in net cash from investing activities, and incoming cash flows are presented in net cash generated by the activity.

Under the intangible asset model, revenue from ordinary activities corresponds to compensation for the service.

Mixed or bifurcation model

The choice of the financial asset or intangible asset model depends on the existence of payment guarantees made by the concession grantor.

However, certain contracts may include a payment commitment on the part of the concession grantor covering only part of the investment, with the balance covered by fees charged to users.

In such a case, the investment amount guaranteed by the concession grantor is recognized using the financial asset model and the balance is recognized using the intangible asset model.

Investment grants related to concession arrangements

Investment grants received in connection with concession arrangements are generally vested and are therefore not repayable.

In accordance with the option offered by IAS 20, these grants are presented as a deduction from intangible assets or financial assets, depending on the model chosen when the concession arrangement is interpreted (IFRIC 12):

- under the intangible asset model, investment grants reduce amortization expense for intangible assets within the scope of the concession over the residual term of the concession arrangement,
- under the financial asset model, investment grants are treated as a method of repaying the operating financial asset.

Assets provided to the Group by concession grantors

Under certain concession arrangements, the rolling stock is provided to the Group in consideration for the payment of lease instalments, in which case the legal form of the arrangement is a lease contract. At the same time, the concession grantor grants the Group unconditional reimbursement rights in an equivalent amount.

Due to the fact that the concession grantors control the use of the rolling stock, the Group cannot apply IFRS 16 to these contracts. Therefore, these future lease payments are treated as the acquisition cost of the concession contract, and their present value is reported in the "Provision of rolling stock under concession arrangements - non-current part" and "Provision of rolling stock under concession arrangements - current part" items of the consolidated statement of financial position. These liabilities are not included in the definition of the Group's "Net Financial Debt" indicator because they are future lease payments for rolling stock that are fully secured by revenues of the same amount and with the same maturities, to be paid by the concession grantors.

The reimbursement rights, of an equivalent amount, are classified as "Non-current operating financial assets" and "Current operating financial assets" in the consolidated statement of financial position.

These transactions have no impact on the consolidated statement of cash flows throughout the term of the contract.

In the consolidated income statement, amounts paid by concession grantors are set off against the lease instalments the Group pays for the rolling stock provided to it.

VII.1.8. Provisions

In accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets,” provisions are recognized if, at the end of the fiscal year, the Group owes a present (legal or constructive) obligation to a third party as a result of a past event, it is probable that discharging this obligation will result in an outflow of resources representing economic benefits for the company, and the amount of this obligation can be estimated reliably as of the balance sheet date.

In the event of restructuring, an obligation exists if, prior to year-end, the restructuring has been announced and a detailed plan produced, or implementation has commenced. No provision is recognized for future operating costs.

Provisions covering outflows after more than one year are discounted if the impact is material. The discount rates used reflect current assessments of the time value of money and specific risks associated with the obligation. The effects of the unwinding of discounted provisions are recorded in the income statement, under the heading "Other financial income and expenses".

VII.1.9. Impairment of fixed assets and non-financial assets

The carrying amounts of non-financial assets, other than inventory and deferred tax assets, are reviewed at year-end to determine if there is any indication that the value of an asset has become impaired. If such indication exists, the recoverable amount (equal to the higher of fair value less costs to sell and value in use) of the asset or group of assets is estimated.

Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at year-end following the updating of the long-term plan and at any other time if there is any indication of impairment.

If the recoverable amount calculated is less than the net carrying amount of an asset or group of assets, an impairment loss is recognized.

Impairments of fixed assets may be reversed, except impairments of goodwill.

VII.1.9.1. Goodwill and impairment testing

A cash generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows generated by other assets or groups of assets. In light of the Group's business, cash generating units generally coincide with a country.

For the purposes of impairment testing, as of the acquisition date, goodwill is allocated to each cash generating unit or group of cash generating units that should benefit from the business combination.

A cash generating unit to which goodwill is allocated is subject to impairment testing every year, as well as any time there is an indication that the CGU has suffered an impairment loss, by comparing the carrying amount of the CGU, including goodwill, with its recoverable amount.

Therefore, changes in the overall economic and financial context, deterioration in local economic environments and changes in performances are among the external indicators of impairment that the Group analyses to determine if impairment tests should be conducted more frequently.

If applicable, impairment of goodwill is recognized in the operating result, in "Other operating income and expenses"; it is definitive.

VII.1.9.2. Measuring recoverable amounts

The need to recognize an impairment loss is determined by comparing the carrying amounts of a CGU or group of CGUs and their recoverable amounts.

Recoverable amount is defined as the higher of fair value less costs to sell and value in use.

Fair value less costs to sell is measured on the basis of available information enabling the best estimate of sale value less the costs necessary to make a sale, under normal competitive conditions between well-informed and consenting parties.

The value in use measured by the Group is equal to the present value of future cash flows from CGUs or groups of CGUs, taking into account their residual value, on the basis of the following factors:

- Projected cash flows are based on the long-term plan prepared during the first semester and subsequently revised. This plan covers the year in progress and the next six years. This period corresponds to the average duration of the Group's portfolio of long-term contracts and its short-term business activities;
- Final values are measured on the basis of the present value of projected cash flows for the last year of the long-term plan (2025). These cash flows are estimated for each CGU on the basis of a continuous growth rate that takes factors such as inflation into account;
- A discount rate (weighted average cost of capital) is determined for each asset and cash generating unit. This rate corresponds to a risk-free rate, increased by a risk premium weighted on the basis of specific country risks (see note VII.2). Therefore, the discount rates estimated by management for each cash generating unit reflect current assessments of the market, the time value of money and country risks specific to the CGU only; other risks are included in future cash flows;
- Investments included in cash flow projections are investments that make it possible to maintain the level of economic benefits that the assets should generate in their current condition and to satisfy contractual obligations;
- Restructuring plans not yet implemented are not included in the cash flow projections used to measure value in use.

VII.1.10. Financial instruments

VII.1.10.1. Classification and measurement of financial assets and liabilities

Measurement, recognition and derecognition of financial assets
Under IFRS 9, all financial assets must be recognized according to one of the following three classification categories:
- assets at amortized cost;
- assets at fair value through other comprehensive income;
- assets at fair value through profit or loss.

The classification of a financial asset in each of these categories depends on the business model applied to it and the characteristics of its contractual cash flows.

Financial assets are initially recognized at fair value, less transaction costs, if the relevant assets are not subsequently measured at fair value in income. In the case of assets measured at fair value in income, transaction costs are recognized directly in income.

Assets at amortized cost

This category includes loans to investments, operating financial assets, other loans and receivables and trade receivables. After initial recognition at fair value, these instruments are recognized and measured at amortized cost using the effective interest rate method (EIR).

Net gains and losses on loans and receivables consist of interest income and impairment losses.

Assets measured at fair value through profit or loss

This category includes among others:

- the majority of non-consolidated investments, which are almost all shares of unlisted companies;
- derivatives not classified as cash flow hedges.

Net gains and losses on assets measured at fair value in the income statement consist of interest income, dividends and fair value adjustments.

Assets at fair value through other comprehensive income

This category includes equity instruments not held for trading for which the Group has irrevocably elected, instrument by instrument, and as of initial recognition, to recognize changes in fair value in other comprehensive income.

Other assets at fair value through other comprehensive income are mainly cash flow hedging derivatives (see below).

Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the contractual rights to the cash flows from the financial asset pursuant to a transaction under which nearly all the rights and obligations inherent to ownership of the financial asset are transferred. Any interest created or retained by the Group in financial assets transferred is recognized separately as an asset or liability.

Cash and cash equivalents

Cash equivalents are held to meet short-term cash commitments. For an investment to be considered a cash equivalent, it must be easily convertible into a known amount of cash and have negligible risk of a change in value, thereby meeting the criteria of IAS 7 “Statement of Cash Flows”.

Cash and cash equivalents include all cash balances, certain term deposits, negotiable debt instruments and cash UCITS.

Cash and cash equivalents are measured at fair value in income.

Bank overdrafts repayable on demand that form an integral part of the Group's cash management policy represent a component of cash and cash equivalents for the purposes of the statement of cash flows.

Recognition and measurement of financial liabilities

With the exception of trading liabilities and liability derivative instruments that are measured at fair value, borrowings and other financial liabilities are initially recognized at fair value, less transaction costs, and are subsequently measured at amortized cost using the effective interest rate method (EIR).

The effective interest rate is the rate that exactly discounts future cash payments or receipts over the estimated term of the financial instrument or, if applicable, over a shorter period, enabling calculation of the net carrying amount of the financial asset or liability.

Recognition and measurement of derivative instruments

The Group uses derivative financial instruments primarily to hedge its exposure to foreign exchange, interest rate and commodities risks resulting from its operating, financial and investment activities. Certain transactions carried out in accordance with the Group’s risk management policy that do not meet hedge accounting criteria are recorded as trading instruments.

Derivative instruments are recognized at fair value in the consolidated statement of financial position. Other than the exceptions detailed below, changes in the fair value of derivative instruments are recognized in the consolidated income statement. The fair value of derivatives is estimated using standard valuation models that take into account active market data.

Net gains or losses on instruments at fair value in the consolidated income statement (trading) correspond to flows exchanged and the change in the value of the instrument.

Derivative instruments may be classified as hedges under one of three types of hedging relationship: fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation:

- A fair value hedge is a hedge of exposure to changes in the fair value of a recognized asset or liability, or an identified portion of such an asset or liability, that is attributable to a specific risk (in particular, interest rate or foreign exchange risk) and could affect net income for the period;
- A cash flow hedge is a hedge of exposure to variations in cash flows that are attributable to a specific risk associated with a recognized asset or liability or a highly probable forecast transaction (such as a fuel purchase) and could affect net income for the period.

VII.1.10.2. Impairment of financial assets

IFRS 9 requires the use of a prospective impairment model based on expected credit losses over the life of financial assets for which credit risk has increased significantly since initial recognition, taking into account all reasonable and supportable information, including forward-looking information.

The Group has opted for the simplified method to measure impairment losses on trade receivables.

VII.1.10.3. Hedge accounting

An asset, liability, firm commitment or highly probable forecast cash-flow qualifies for hedge accounting if:

- The hedging relationship is precisely defined and documented at the inception date;
- The effectiveness of the hedge is demonstrated at the outset and by regular subsequent verification of the correlation between movements in the market value of the hedging instrument and the hedged item.

The use of hedge accounting has the following consequences:

- In the case of fair value hedges of existing assets and liabilities, the hedged portion of these items is measured at fair value in the consolidated statement of financial position. Changes in fair value are recognized in the consolidated income statement, where they are set off against matching changes in the fair value of the hedging financial instruments, to the extent they are effective;
- In the case of cash flow hedges, the effective portion of changes in fair value of the hedging instrument is recognized directly in other comprehensive income, and changes in the fair value of the underlying item are not recognized in the consolidated statement of financial position. The ineffective portion of fair value variations is recognized in income. Amounts recognized in other comprehensive income are released to income in the same period or periods in which the asset acquired or liability issued impacts income.

VII.1.10.4. Financial items in the consolidated income statement

Net finance costs consist of
- interest payable on borrowings,
- interest expenses on lease liabilities,
- income from investments of cash and cash equivalents,
- gains or losses on interest rate derivatives, whether or not classified as hedges.

Other financial income and expenses primarily include income from financial receivables, dividends, foreign exchange gains and losses, impairment losses on financial assets and the unwinding of discounted provisions.

VII.1.10.5. Principles for measuring fair value of financial assets and liabilities

The fair value of all financial assets and liabilities is measured at year-end, either for recognition in the accounts or disclosure in the notes to the financial statements (see note VII.9.5).

Fair value is determined:
- Based on quoted prices in an active market (level 1); or
- Using internal valuation techniques involving standard mathematical calculation methods integrating observable market data (forward rates, interest rate curves, etc.). Valuations produced by these models are adjusted to take into account a reasonable change in the credit risk of the Group or the counterparty (level 2); or;
- Using internal valuation techniques integrating parameters estimated by the Group in the absence of observable data (level 3).

VII.1.11. Income tax

Income tax (expense or credit) includes current tax expense (or credit) and deferred tax expense (or credit).

Temporary differences and tax losses generally result in the recognition of deferred tax assets or liabilities.

Deferred tax assets resulting from temporary differences are recognized only if it is probable that:

- Sufficient taxable temporary differences will be available within the same tax entity or the same tax group, and it is likely that they will reverse during the period in which these deductible temporary differences will arise or during the periods in which the tax loss resulting from the deferred tax asset may be carried forward or back;
- The Group will have future taxable profits against which the asset can be set off.

At each year-end, the Group reviews the recoverable amount of deferred tax assets associated with significant tax loss carry-forwards. Deferred tax assets associated with such tax losses are not recognized or are reduced if facts and circumstances specific to each relevant company or tax group so require, in particular if:

- The time frame of projections and uncertainties about the economic environment no longer allow an assessment of the level of probability that they will be used;
- The companies have not begun to use these losses;
- The time frame of foreseeable use exceeds the deferral period authorized by the tax laws and/or a period of about five years from the end of the relevant fiscal year; or
- A set-off against future taxable profits appears uncertain due to the risk of diverging interpretations concerning the application of tax laws.

Deferred tax balances are calculated on the basis of the tax situation of each company or the overall results of all companies within the relevant tax consolidation scope, and the net amount is recognized as an asset or liability in the consolidated statement of financial position by tax entity.

Deferred tax assets and liabilities are adjusted to take into account the effect of amendments to the tax laws and changes in tax rates in force at year-end. Deferred taxes are not discounted.

VII.2. Use of management estimates in applying Group accounting standards

Transdev may make estimates and use assumptions that affect the carrying amount of assets, liabilities, revenue and expenses, as well as the disclosures concerning contingent assets and liabilities. The actual future results may be appreciably different from these estimates.

Underlying estimates and assumptions are made based on past experience and other factors considered as reasonable given the circumstances. They act as a basis for making judgments necessary for measuring the carrying amounts of assets and liabilities, which cannot be obtained directly from other sources. Actual values may differ from these estimates.

All of these estimates are based on an organized process for collecting forecast information on future flows, after validation by operating management, and on anticipated market data based on external indicators, which are used in accordance with consistent and documented methodologies.

Underlying estimates and assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is recognized in the period the change is made.

Accounting estimates are made in an environment where market trends can be rapid and significant and the consequences of which may make it more difficult for the Group to make estimates. In this context, the consolidated financial statements for the period were prepared based on the current environment, particularly with respect to the estimates presented below.

The Group's key estimates used in preparing its consolidated financial statements concern:

- the measurement of provisions (note VII.11). In determining these provisions, Transdev has used the best estimates of these obligations. In particular, the estimate of provisions for self-insurance and claims in the United States is based on an estimate of litigation settlements and an actuarial valuation, which takes into account factors such as claim ratio (claim frequency and size), the progress of litigation and disputes not yet identified. These factors are based on judgments, which are a source of uncertainty;
- measurement of non-current assets or groups of non-current assets held for sale (notes VII.1.3, VII.3.3 and VII.10). The Group uses its judgment to determine the fair value less costs to sell of groups of assets held for sale;
- pending legal or arbitration proceedings (note VII.16). In accordance with the criteria of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the Group has determined that, as of December 31, 2019, no provision or accrued income should be recognized in connection with ongoing legal or arbitration proceedings when their outcome is considered highly uncertain or the financial consequences thereof are not quantifiable to date.
- determining the recoverable amounts of goodwill, property, plant and equipment, and intangible assets. Note VII.7 presents the future cash flow and discount rate assumptions used to measure the recoverable amounts of these assets. Sensitivity analyses were also performed and are presented in the aforementioned note.
- the determination of the lease terms and of the renewal options used to determine the value of lease liabilities and right-of-use assets in accordance with IFRS 16 "Leases" (see notes VII.1.2 and VII.1.7.3);
- the amounts of deferred tax assets and liabilities, as well as the income tax expense recognized (note VII.13). These balances reflect the Group's tax position and are based on the best estimates available to the Group of future taxable profits and the outcome of tax audits in progress.

For the purposes of these estimates, the Group used the following methodology for calculating discount rates:

- Application of IAS 36 "Impairment of Assets": the discount rates used correspond to the weighted average cost of capital, calculated at the end of the second semester of 2019, taking into account the right-of-use assets;
- Application of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets": the discount rates used consist of a risk-free interest rate and a risk premium specific to the underlying assets and liabilities;
- application of IFRS 16 "Leases" (excluding the transition to IFRS 16 which is described in note VII.1.2.1): the discount rates used consist of either the implicit interest rate in the lease or the incremental borrowing rate, which is determined by currency, maturity and country;
- Application of IAS 19 "Employee Benefits": commitments are measured using a range of market indices, in particular the iBoxx index, and data provided by actuaries of the Group.

VII.3. Significant events during the fiscal year

VII.3.1. Shareholder restructuring

See note I.2.

VII.3.2. Commercial operations

North America

In the United States, Transdev was the successful bidder for the Fairfax Connector operations contract. This contract for a term of five years, which began on July 1, 2019, will generate annual revenue of around USD 90 million.

The Mobilinx consortium, of which Transdev is a member, was awarded the contract for the Hurontario tram in the Toronto area (annual revenue for Transdev of around CAD 44 million).

Europe and Morocco

In Sweden, Transdev was the successful bidder for five 10-year bus operations contracts in Gothenburg, which will generate revenue of around SEK 840 million. These contracts require, in particular, the commissioning of 160 new electric buses and 210 other buses powered exclusively by biofuels.

In Germany, Transdev renewed and extended the scope of the contract for the operation of the Bremen regional rail network for a term of 15 years (average annual revenue of around €100 million).

In Ireland, Transdev renewed the contract to operate Luas, the Dublin tram network (with expanded maintenance services), for a term of 6 years, plus an option for 5 additional years (annual revenue of around €63 million).

Transdev renewed its contract to operate the Rabat-Salé-Témara tram network for ten years, thereby operating and maintaining the two tramway lines as of January 1, 2020 (annual revenue of around MAD 154 million).

VII.3.3. Main acquisitions during the fiscal year

Europe

On January 9, 2019, the Group acquired the Rethmann group's public passenger transportation activities in Germany (Rhenus Veniro) (see note I.2).

In the Czech Republic, the Group acquired bus operators Havirov CSAD in August 2019 and Anexia in November 2019.

In September 2019, the Group acquired A Björks AB, a bus operator in the central and northern regions of Sweden.

North America
In Canada, Transdev acquired Voyago (Ontario) in April 2019.

Pacific
In New Zealand, Transdev acquired bus operators Howick and Eastern Buses in Auckland and Mana Coach Services in Wellington in the second half of 2019.

VII.3.4. Continued divestment of BtoC activities

Initiated in 2018, the process of divesting business to consumer ("BtoC") activities continued in 2019 with the disposal of:
- the European long-distance coach operations of Isilines-Eurolines;
- the SuperShuttle and taxi activities in the United States.

These three activities, which were not cash-generating units, had been classified as non-current assets held for sale as of December 31, 2018.

In addition, on December 23, 2019, Transdev announced an agreement to dispose of its airport bus service business in Sweden (Flygbussarna). Because the criteria required by IFRS 5 were met as of December 31, 2019, this activity, which is not a cash-generating unit, was classified as a non-current asset held for sale and measured at the lower of its net carrying amount and its estimated fair value less costs to sell.

VII.4. Operational activities

VII.4.1. Operating result

VII.4.1.1. Items comprising revenue from ordinary activities and operating result

The items comprising revenue from ordinary activities and operating result are shown below:

(€ millions)	2018	2019
Revenue from services	6,903.5	7,365.0
Revenue from sales of goods	32.2	38.0
Revenue from operating financial assets	12.3	12.5
REVENUE FROM ORDINARY ACTIVITIES	**6,948.0**	**7,415.5**
Employee expenses	(3,761.6)	(3,954.5)
Impairment of operating receivables, net of reversals	6.9	(12.2)
Depreciation, amortization and operating provisions, net of reversals (excluding restructuring and impairment of operating receivables and goodwill)	(267.2)	(518.8)
Gains (losses) on disposals of capital assets	13.2	2.7
Others	(2,824.7)	(2,787.6)
CURRENT OPERATING RESULT	**114.6**	**145.1**
Restructuring costs *(net of provisions and reversals)*	(7.2)	(5.2)
Gains (losses) on disposals of financial assets	1.6	32.8
Impairment losses on goodwill, other non-current expenses resulting from impairment tests, and adjustments to fair value of assets held for sale	(149.6)	(0.1)
Others	(27.1)	(37.3)
OPERATING RESULT	**(67.7)**	**135.3**
Share of net income (loss) of equity-accounted entities	5.3	6.7
OPERATING RESULT after share of net income (loss) of equity-accounted entities	**(62.4)**	**142.0**

At year-end 2019, the Group's consolidated revenue from ordinary activities totaled €7,415.5 million. The main geographical areas in which the Group does business are France (€2,826 million), the United States (€1,237 million), Germany (€1,037 million) and the Netherlands (€717 million).

Employee expenses are discussed in note VII.5.1.

VII.4.1.2. Reconciliation of EBITDA to operating result

(€ millions)	2018	2019
EBITDA *(Earnings Before Interest, Taxes, Depreciation, and Amortization)* [1]	364.2	666.1
Depreciation and amortization	(244.9)	(528.4)
Operating provisions, net of reversals	(20.3)	(2.6)
Gains (losses) on disposals of capital assets	13.2	2.7
Others	2.4	7.3
CURRENT OPERATING RESULT	**114.6**	**145.1**
Restructuring costs *(net of provisions and reversals)*	(7.2)	(5.2)
Gains (losses) on disposals of financial assets	1.6	32.8
Impairment losses on goodwill, other non-current expenses resulting from impairment tests, and adjustments to fair value of assets held for sale	(149.6)	(0.1)
Others	(27.1)	(37.3)
OPERATING RESULT	**(67.7)**	**135.3**
Share of net income (loss) of equity-accounted entities	5.3	6.7
OPERATING RESULT after share of net income (loss) of equity-accounted entities	**(62.4)**	**142.0**

[1] Including impairment related to operating working capital requirements.

In 2018, the "Impairment losses on goodwill, other non-current expenses resulting from impairment tests and adjustments to fair value of assets held for sale" line includes brand impairment losses in the United States and France, as well as the fair value measurement of activities classified as non-current assets held for sale (see note VII.3.4).

VII.4.1.3. Breakdown of net depreciation and amortization, provisions and impairment

The breakdown of the net depreciation, amortization, provisions and impairment expense in fiscal year 2019 is shown below:

(€ millions)	Operating	Financial	Tax	Total
Net provisions for impairment of assets (1)	(12.8)	0.2	(32.8)	(45.4)
Provisions for contingent liabilities	(28.3)	-	-	(28.3)
Current and non-current provisions	**(41.1)**	**0.2**	**(32.8)**	**(73.7)**
Depreciation, amortization and impairment of property, plant and equipment and intangible fixed assets	(229.2)	-	-	(229.2)
Depreciation, amortization and impairment of right-of-use assets	(289.5)	-	-	(289.5)
Impairment losses on goodwill, other non-current expenses resulting from impairment tests and adjustments to fair value of assets held for sale	(0.1)	-	-	(0.1)
DEPRECIATION, AMORTIZATION, PROVISIONS AND IMPAIRMENT	**(559.9)**	**0.2**	**(32.8)**	**(592.5)**

(1) Impairment losses on inventories and receivables are recorded in changes in working capital requirements in the consolidated statement of cash flows.

The provisions for contingent liabilities are described in note VII.11.

VII.4.1.4. Breakdown of restructuring costs

(€ millions)	2018	2019
Restructuring costs	(7.3)	(8.2)
Restructuring provisions, net of reversals	0.1	3.0
RESTRUCTURING COSTS	**(7.2)**	**(5.2)**

In fiscal year 2019, restructuring costs primarily concerned operations in the United States.

VII.4.2. Working capital requirements

VII.4.2.1. Changes in working capital requirements by type

Net WCR includes "operating" WCR (inventories, trade receivables, trade payables, other operating receivables and payables and tax receivables and payables excluding current taxes), "tax" WCR (current tax receivables and payables) and "investment" WCR (current receivables and payables on fixed asset acquisitions).

Changes in each of these types of WCR in fiscal year 2019 are shown below:

(€ millions)	January 1, 2019 restated	Change in business	Net impairment losses	Change in consolidation scope	Currency impact	Reclassification in assets / liabilities held for sale	Other changes	December 31, 2019
Inventories and work in progress (1)	107.5	13.6	0.4	4.9	0.6	0.3	-	127.3
Operating receivables (o/w tax receivables, except current tax)	1,319.4	56.3	(12.5)	63.7	6.0	10.2	(0.2)	1,442.9
Operating payables (o/w tax payables, except current tax)	(1,744.1)	(47.4)	-	(66.2)	(4.6)	(12.6)	(3.9)	(1,878.8)
OPERATING WORKING CAPITAL REQUIREMENTS (2)	**(317.2)**	**22.5**	**(12.1)**	**2.4**	**2.0**	**(2.1)**	**(4.1)**	**(308.6)**
Tax receivables (current tax)	20.9	12.8	-	(0.1)	0.2	-	-	33.8
Tax payables (current tax)	(13.6)	(15.0)	-	(4.2)	(0.1)	-	-	(32.9)
TAX AMOUNTS IN WORKING CAPITAL REQUIREMENTS	**7.3**	**(2.2)**	**-**	**(4.3)**	**0.1**	**-**	**-**	**0.9**
Other receivables	44.6	(3.3)	-	1.9	-	0.5	(0.4)	43.3
Other payables	(86.9)	31.2	-	(11.1)	(0.2)	-	2.2	(64.8)
INVESTMENTS IN WORKING CAPITAL REQUIREMENTS	**(42.3)**	**27.9**	**-**	**(9.2)**	**(0.2)**	**0.5**	**1.8**	**(21.5)**
NET WORKING CAPITAL REQUIREMENTS	**(352.2)**	**48.2**	**(12.1)**	**(11.1)**	**1.9**	**(1.6)**	**(2.3)**	**(329.2)**

(1) Net inventories and work in progress correspond mainly to raw materials and spare parts.
(2) The change in working capital requirements in the consolidated statement of cash flows is equal to the sum of the "Changes in business" and the "Net impairment losses" of the operating working capital requirements presented above.

VII.4.2.2. Changes in operating receivables

Changes in operating receivables in fiscal year 2019 are shown below:

(€ millions) OPERATING RECEIVABLES	January 1, 2019 restated	Change in business	Impairment losses [1]	Reversal of impairment losses [1]	Change in consolidation scope	Currency impact	Reclassification in assets held for sale	Other changes	December 31, 2019
Trade receivables	913.4	65.2	-	-	51.5	4.9	9.4	(0.1)	1,044.3
Impairment on trade receivables [1]	(28.6)	-	(26.7)	13.2	(9.8)	(0.2)	(0.6)	(0.2)	(52.9)
Trade receivables, net	**884.8**	**65.2**	**(26.7)**	**13.2**	**41.7**	**4.7**	**8.8**	**(0.3)**	**991.4**
Other operating receivables	437.7	(8.9)	-	-	22.0	1.3	2.1	(0.3)	453.9
Impairment on other operating receivables	(3.1)	-	(0.4)	1.4	-	-	(0.7)	0.4	(2.4)
Other operating receivables, net	**434.6**	**(8.9)**	**(0.4)**	**1.4**	**22.0**	**1.3**	**1.4**	**0.1**	**451.5**
Other receivables	44.6	(3.3)	-	-	1.9	-	0.5	(0.4)	43.3
Tax receivables	20.9	12.8	-	-	(0.1)	0.2	-	-	33.8
OPERATING RECEIVABLES, NET	**1,384.9**	**65.8**	**(27.1)**	**14.6**	**65.5**	**6.2**	**10.7**	**(0.6)**	**1,520.0**

[1] Impairment losses are recorded in operating income and included in the line "Changes in working capital requirements" in the consolidated statement of cash flows.

VII.4.2.3. Changes in operating payables

Changes in operating payables in fiscal year 2019 are shown below:

(€ millions) OPERATING PAYABLES	January 1, 2019 restated	Change in business	Change in consolidation scope	Currency impact	Reclassification in assets held for sale	Other changes	December 31, 2019
Trade payables	574.5	(52.7)	35.0	2.0	5.9	-	564.7
Other current operating payables	1,169.6	100.1	31.2	2.6	6.7	3.9	1,314.1
Other payables	86.9	(31.2)	11.1	0.2	-	(2.2)	64.8
Tax payables	13.6	15.0	4.2	0.1	-	-	32.9
OPERATING PAYABLES	**1,844.6**	**31.2**	**81.5**	**4.9**	**12.6**	**1.7**	**1,976.5**

VII.4.3. Contract costs

Contract costs defined by IFRS 15 totaled €3.4 million as of December 31, 2019 (€2.7 million as of December 31, 2018) (see note VII.6.1.).

VII.5. Employee expenses and benefits

VII.5.1. Employee expenses and workforce

VII.5.1.1. Employee expenses

(€ millions)	2018	2019
Employee expenses	(3,735.5)	(3,921.7)
Profit-sharing and incentive plans	(26.1)	(32.8)
TOTAL EMPLOYEE EXPENSES	**(3,761.6)**	**(3,954.5)**

VII.5.1.2. Workforce

The consolidated full-time equivalent workforce is equal to the number of employees of each subsidiary, calculated as a full-time equivalent for the fiscal year, on the basis of working hours and employment rates. That figure is then consolidated using the consolidation method applied to the company within the consolidation scope:

- Employees of fully consolidated companies are included in full during the consolidation period;
- Employees of joint operations are included only in proportion to their consolidation rate during the consolidation period;
- Employees of companies consolidated using the equity method are not included.

The average consolidated full-time equivalent workforce totals 76,817 employees for continuing operations and is broken down geographically as follows:

AVERAGE NUMBER OF EMPLOYEES	2018	2019
France	31,720	31,757
United States	13,325	13,327
Netherlands	6,218	5,685
Pacific	5,382	5,868
Germany	4,186	5,705
Others	12,759	14,476
TOTAL	**73,590**	**76,817**

VII.5.1.3. Compensation of Executive Committee members

The compensation of the Executive Committee members is provided in note VII.15.1.

VII.5.2. Post-employment benefits and other long-term benefits

Depending on local regulations and collective bargaining agreements, the Group has set up defined-contribution pension plans, defined-benefit pension plans (covering one company or several employers) and other post-employment benefits for its employees.

VII.5.2.1. Breakdown of provisions in the statement of financial position

(€ millions)	France [1]	United States	Australia / New Zealand	Sweden	United Kingdom	Other	Total
Pension plans and early-retirements (except retiree medical coverage)	-	22.6	-	21.7	7.6	10.2	62.1
End-of-career allowances	63.2	-	0.8	-	-	6.7	70.7
Other post-employment benefits	0.4	-	-	-	-	-	0.4
Total post-employment benefits	**63.6**	**22.6**	**0.8**	**21.7**	**7.6**	**16.9**	**133.2**
Long-service awards	5.4	-	-	-	-	3.1	8.5
Other long-term benefits	-	-	21.3	-	-	11.5	32.8
Total other long-term benefits	**5.4**	**-**	**21.3**	**-**	**-**	**14.6**	**41.3**
PROVISIONS FOR EMPLOYMENT BENEFIT OBLIGATIONS AS OF DECEMBER 31, 2019	**69.0**	**22.6**	**22.1**	**21.7**	**7.6**	**31.5**	**174.5**

[1] The reported "France" activity does not include the activities carried out by the holding company (included in the column "Other").

VII.5.2.2. Defined-contribution plans

As described in note VII.1.6, defined-contribution plans refer to plans under which the Group pays an agreed contribution to a separate entity, relieving it of any liability for additional payments. These obligations are recognized as an expense when they come due.

In certain subsidiaries, defined-contribution plans have been set up to supplement the basic plans. The Group's expenses for these plans totaled about €55 million (€55 million in 2018).

VII.5.2.3. Defined-benefit plans

Certain companies of the Group have set up defined-benefit plans (primarily supplemental pensions and end-of-career allowances) and/or plans that offer other post-employment benefits.

These obligations are measured using the defined-benefit obligation (DBO) concept or the discounted value of the obligation. These future payment obligations may be financed in part or in full (through plan assets).

Non-financed plans

Non-financed plans are essentially retirement benefit plans, for which rights vest only if the employee is still employed by the Group at the time of retirement. A provision is recognized, without any obligation to pre-finance it because the payment of these benefits remains uncertain. In some cases, funds have been placed with external organizations (such as insurance companies) but without any future payment obligation.

Financed plans

Financed plans are essentially pension plans in the United States and the United Kingdom. These obligations are pre-financed by contributions paid by the Group's subsidiaries and the employees to external funds that are separate legal entities and whose investments are subject to the fluctuations of the financial markets.

United States

In the United States, defined-benefit plans essentially concern retirement obligations pursuant to a contract, which are managed through a pension fund. All rights acquired (based on salary and number of years of service with the Group) have been frozen; beneficiaries who are still employed cannot acquire additional rights.

United Kingdom

In the United Kingdom, the Group's obligations are managed essentially through pension funds. Each fund is managed by a council of trustees, who are representatives of the Group's subsidiaries, employees and retirees, and at times independent consultants.

In 2010, all rights acquired (based on salary and number of years of service with the Group) were frozen; beneficiaries who are still employed cannot acquire additional rights.

Risk exposure

The main risks to which the Group is exposed through the pension plans in the United Kingdom and North America are plan asset volatility, changes in bond rates and longevity.

Obligations with respect to defined-benefit pension plans and other post-employment benefits

The tables below show the Group's obligations with respect to defined-benefit pension plans (see note VII.1.6) and other post-employment benefits. They exclude, by definition, defined-contribution plans and multi-employer retirement plans, in particular the SPOV plan in the Netherlands (see note VII.5.2.4).

Actuarial assumptions

Actuarial assumptions used for the calculations vary according to the country in which the plans are set up.

	As of December 31, 2018	As of December 31, 2019
Discount rate		
Euro zone	1.3%	0.4%
United States	4.3%	3.2%
United Kingdom	2.8%	2.0%
Sweden	2.3%	1.3%
Inflation rate		
Euro zone	1.8%	1.5%
United States	2.5%	2.5%
United Kingdom (1)	3.2%/2.1%	3.0%/2.0%
Sweden	1.9%	1.9%
Rate of salary increases (excluding SPOV plan)	**2.3%**	**2.0%**

(1) RPI/RCI

Changes in the defined-benefit obligation (DBO) and plan assets

(€ millions)	AS OF JANUARY 1, 2019 RESTATED			AS OF DECEMBER 31, 2019		
	Non-financed plans	Financed plans	Total	Non-financed plans	Financed plans	Total
Changes in the defined-benefit obligation						
Discounted value of the defined-benefit obligation at beginning of year	**84.9**	**171.3**	**256.2**	**86.6**	**162.4**	**249.0**
Current service cost	3.9	0.8	4.7	4.0	-	4.0
Interest cost	1.2	4.9	6.1	1.2	5.1	6.3
Benefit obligation assumed on acquisitions	1.7	-	1.7	2.1	-	2.1
Benefit obligation transferred on divestitures	-	-	-	(0.3)	-	(0.3)
Curtailments / settlements	-	(1.7)	(1.7)	-	-	-
Actuarial losses (gains)	2.2	(6.1)	(3.9)	5.2	13.5	18.7
o/w experience actuarial losses (gains)	1.8	(0.6)	1.2	(0.9)	(3.1)	(4.0)
o/w demographic assumptions actuarial losses (gains)	0.1	0.4	0.5	0.2	(2.3)	(2.1)
o/w financial assumptions actuarial losses (gains)	0.3	(5.9)	(5.6)	5.9	18.9	24.8
Benefits paid	(6.9)	(8.4)	(15.3)	(7.2)	(7.8)	(15.0)
Plan amendments	-	-	-	0.7	-	0.7
Other (including foreign exchange translation)	(0.4)	1.6	1.2	0.1	(2.5)	(2.4)
Discounted value of the defined benefit obligation at end of year (1)	**86.6**	**162.4**	**249.0**	**92.4**	**170.7**	**263.1**
Changes in plan assets						
Fair value of plan assets at beginning of year	**1.6**	**133.2**	**134.8**	**1.5**	**121.7**	**123.2**
Actual return on plan assets	0.1	(4.4)	(4.3)	0.2	16.9	17.1
o/w interest income on plan assets	-	3.8	3.8	-	3.7	3.7
o/w actuarial gains (losses)	0.1	(8.2)	(8.1)	0.2	13.2	13.4
Employer contributions	0.3	2.3	2.6	0.2	1.9	2.1
Curtailments / settlements	-	(1.5)	(1.5)	-	-	-
Benefits paid	(0.5)	(8.4)	(8.9)	(0.4)	(7.8)	(8.2)
Other (including foreign exchange translation)	-	0.5	0.5	-	(3.9)	(3.9)
Fair value of plan assets at end of year (2)	**1.5**	**121.7**	**123.2**	**1.5**	**128.8**	**130.3**
Funding status (a) = (2) - (1)	**(85.1)**	**(40.7)**	**(125.8)**	**(90.9)**	**(41.9)**	**(132.8)**
Asset limit (b)	**0.7**	**-**	**0.7**	**0.4**	**-**	**0.4**
NET OBLIGATION (-a + b)	**85.8**	**40.7**	**126.5**	**91.3**	**41.9**	**133.2**

Plan assets

The actual rate of return on assets in fiscal year 2019 was around 14%, compared to -3.2% in 2018.

The average allocation of the Group's plan assets is shown below:

	As of 31 December, 2019
Equities	39.4%
Goverment bonds	1.6%
Corporate bonds	21.1%
Quoted assets	**62.2%**
Insurance contract	14.8%
Real estate	0.8%
Other [(1)]	22.3%
Non-quoted assets	**37.8%**

[(1)] *Including Liability Driven Investment (LDI).*

In 2020, the contribution to the funding of defined-benefit plans should be about €2 million.

Change in reimbursement rights

Reimbursement rights concern the portion of employee rights in respect of post-employment benefits that correspond to the period worked with their previous employer, or when the operating agreement states that the employees' rights in respect of these commitments are reimbursed by third parties. They totaled €3.6 million as of December 31, 2019 (€4.5 million as of December 31, 2018).

Net cost of post-employment benefits

(€ millions)	2018			2019		
	Non-financed plans	Financed plans	Total	Non-financed plans	Financed plans	Total
Current service cost	(3.9)	(0.8)	(4.7)	(4.0)	-	(4.0)
Interest cost	(1.2)	(4.9)	(6.1)	(1.2)	(5.1)	(6.3)
Interest income on plan assets	-	3.8	3.8	-	3.7	3.7
Curtailments / settlements	-	0.2	0.2	-	-	-
Plan amendments	-	-	-	(0.7)	-	(0.7)
Other	(0.3)	(0.7)	(1.0)	0.9	(1.0)	(0.1)
Net cost of post-employment benefits in the consolidated income statement	**(5.4)**	**(2.4)**	**(7.8)**	**(5.0)**	**(2.4)**	**(7.4)**
Actuarial gains (losses) on assets	0.1	(8.2)	(8.1)	0.2	13.2	13.4
Experience actuarial gains (losses)	(1.8)	0.6	(1.2)	0.9	3.1	4.0
Actuarial gains (losses) on demographic assumptions	(0.1)	(0.4)	(0.5)	(0.2)	2.3	2.1
Actuarial gains (losses) on financial assumptions	(0.3)	5.9	5.6	(5.9)	(18.9)	(24.8)
Actuarial gains (losses) on reimbursement rights	-	-	-	0.4	-	0.4
Net cost of post-employment benefits in other comprehensive income	**(2.1)**	**(2.1)**	**(4.2)**	**(4.6)**	**(0.3)**	**(4.9)**
TOTAL	**(7.5)**	**(4.5)**	**(12.0)**	**(9.6)**	**(2.7)**	**(12.3)**

Costs recognized in the income statement are posted to the operating result, with the exception of the net interest expense, which is recognized in financial income.

Sensitivity of the discounted value of the obligation and of the current service cost
The Group's actuarial debt is particularly sensitive to discount rates and salary increases.

For example, an increase of 0.5% in the discount rate would reduce the discounted value of the Group's obligation by about €15.7 million and the current service cost for the following year by €0.2 million. A drop of 0.5% in the discount rate would increase the discounted value of the Group's obligation by about €16.5 million and the current service cost for the following year by €0.3 million.

In addition, an increase of 0.5% in the salary increase rate would increase the discounted value of the Group's obligation by about €3.5 million.

VII.5.2.4. Multi-employer plans

Pursuant to collective bargaining agreements, certain Group companies participate in multi-employer defined-benefit plans.

General situation
The principal multi-employer plans are primarily in the Netherlands, the United States and Sweden. The corresponding expense recognized in the consolidated income statement is equal to the contributions made during the year. This amount was approximately €12 million in 2019 (approximately €9 million in 2018) and does not include the contribution to the SPOV plan in the Netherlands (see below).

Specific situation: SPOV plan in the Netherlands
The Group also participates in a defined-benefit multi-employer plan through its subsidiaries in the Netherlands, the SPOV *(Stichting Pensioenfonds Openbaar Vervoer)* multi-employer plan. The retirement pension is based on a percentage of the average reference salary per career for each year of length of service.

The SPOV plan is an optional pension fund available to companies covered by the Public Transportation National Collective Bargaining Agreement in the Netherlands. Twenty-three companies were members at year-end 2018.

As of December 31, 2019, the plan assets (100% coverage) totaled €4.5 billion and the discounted value of the obligation, applying local accounting principles, was estimated at €4 billion (100% coverage with a discount rate of 0.65%).

The current service cost totaled €26.2 million in 2019, which is equal to the employer's contribution.

In 2020, this fund will merge with the *Spoorwegpensioenfond* (SPF) multi-employer fund and the new merged plan will become a defined-contribution plan under which the companies will no longer be required to make additional contributions if the fund does not have sufficient assets to pay all benefits corresponding to services rendered by employees.

VII.6. Contract assets

VII.6.1. Intangible assets excluding goodwill

The table below shows intangible assets, broken down by asset class and flow:

(€ millions)	Concession intangible assets	Contract costs	Trademarks	Other intangible assets with indefinite useful life	Intangible assets with indefinite useful life	Contracts and portfolios acquired	Software acquired	Other intangible assets with a definite useful life	Intangible assets with a definite useful life	Other intangible assets
As of January 1, 2018	**5.6**	**2.1**	**83.8**	**5.8**	**89.6**	**15.6**	**26.4**	**26.2**	**68.2**	**165.5**
Investments	-	1.0	-	0.2	0.2	-	6.7	15.7	22.4	23.6
Disposals	-	-	-	-	-	-	(0.1)	-	(0.1)	(0.1)
Impairment losses and amortization	(2.4)	(0.4)	(50.0)	(6.0)	(56.0)	(3.2)	(12.6)	(9.8)	(25.6)	(84.4)
Change in consolidation scope	-	-	-	-	-	2.4	(2.7)	0.5	0.2	0.2
Currency impact	-	-	0.4	-	0.4	(0.3)	(0.2)	(0.2)	(0.7)	(0.3)
Other movements	0.1	-	-	-	-	-	7.8	(3.8)	4.0	4.1
TOTAL AS OF DECEMBER 31, 2018	**3.3**	**2.7**	**34.2**	**-**	**34.2**	**14.5**	**25.3**	**28.6**	**68.4**	**108.6**
o/w gross amounts	*27.0*	*4.2*	*55.7*	*1.9*	*57.6*	*226.9*	*113.9*	*45.0*	*385.8*	*474.6*
o/w cumulated amortization and impairment	*(23.7)*	*(1.5)*	*(21.5)*	*(1.9)*	*(23.4)*	*(212.4)*	*(88.6)*	*(16.4)*	*(317.4)*	*(366.0)*
Investments	8.2	1.1	-	0.4	0.4	-	14.8	9.7	24.5	34.2
Disposals	-	-	-	(0.2)	(0.2)	-	(0.3)	(2.2)	(2.5)	(2.7)
Impairment losses and amortization	(3.2)	(0.7)	-	(0.4)	(0.4)	(4.5)	(12.7)	(5.3)	(22.5)	(26.8)
Change in consolidation scope	-	-	-	-	-	25.9	0.4	2.2	28.5	28.5
Currency impact	(0.4)	-	(0.3)	0.2	(0.1)	1.0	-	0.1	1.1	0.6
Other movements	-	0.3	(7.0)	-	(7.0)	(0.6)	7.1	(6.4)	0.1	(6.6)
TOTAL AS OF DECEMBER 31, 2019	**7.9**	**3.4**	**26.9**	**-**	**26.9**	**36.3**	**34.6**	**26.7**	**97.6**	**135.8**
o/w gross amounts	*34.6*	*5.6*	*85.4*	*2.4*	*87.8*	*248.3*	*142.2*	*54.3*	*444.8*	*572.8*
o/w cumulated amortization and impairment	*(26.7)*	*(2.2)*	*(58.5)*	*(2.4)*	*(60.9)*	*(212.0)*	*(107.6)*	*(27.6)*	*(347.2)*	*(437.0)*

In 2018, impairment losses on intangible assets with indefinite useful lives concerned primarily brands in the United States and France.

VII.6.2. Property, plant and equipment

The table below shows property, plant and equipment, broken down by asset class and flow:

(€ millions)	Rolling stock and other transportation equipment	Plant and equipment	Buildings	Land	Other	Property, plant and equipment
As of January 1, 2018	**691.1**	**66.7**	**96.2**	**64.8**	**149.1**	**1,067.9**
Investments	166.9	23.5	6.5	3.5	62.2	262.6
Disposals	(30.1)	(1.3)	(2.7)	(0.8)	(4.7)	(39.6)
Impairment losses and depreciation	(181.5)	(19.3)	(11.6)	(0.7)	(25.2)	(238.3)
Change in consolidation scope	7.8	0.2	0.2	-	(0.4)	7.8
Currency impact	(4.8)	(0.6)	-	(0.1)	0.4	(5.1)
Reclassification as assets held for sale	(1.4)	(0.1)	-	-	(2.0)	(3.5)
Other movements	18.9	27.5	5.6	1.1	(59.0)	(5.9)
TOTAL AS OF DECEMBER 31, 2018	**666.9**	**96.6**	**94.2**	**67.8**	**120.4**	**1,045.9**
o/w gross amounts	*1,827.7*	*274.1*	*193.7*	*74.0*	*275.5*	*2,645.0*
o/w cumulated depreciation and impairment	*(1,160.8)*	*(177.5)*	*(99.5)*	*(6.2)*	*(155.1)*	*(1,599.1)*
Transition to IFRS 16	(97.6)	(0.7)	(12.2)	-	-	(110.5)
As of January 1, 2019 restated	**569.3**	**95.9**	**82.0**	**67.8**	**120.4**	**935.4**
Investments	210.7	12.2	5.1	0.9	67.2	296.1
Disposals	(45.2)	(0.7)	(2.9)	(0.1)	(2.5)	(51.4)
Impairment losses and depreciation	(149.4)	(16.5)	(11.8)	(0.8)	(24.7)	(203.2)
Change in consolidation scope	137.1	3.2	27.0	8.9	2.8	179.0
Currency impact	5.9	0.3	0.5	0.2	0.4	7.3
Reclassification as assets held for sale	(11.1)	(0.5)	-	-	2.0	(9.6)
Other movements	35.4	(13.6)	4.6	(1.0)	(21.2)	4.2
TOTAL AS OF DECEMBER 31, 2019	**752.7**	**80.3**	**104.5**	**75.9**	**144.4**	**1,157.8**
o/w gross amounts	*2,034.6*	*281.5*	*237.0*	*83.0*	*305.8*	*2,941.9*
o/w cumulated depreciation and impairment	*(1,281.9)*	*(201.2)*	*(132.5)*	*(7.1)*	*(161.4)*	*(1,784.1)*

VII.6.3. Leases

As of January 1, 2019, the Group has applied IFRS 16 "Leases" (see note VII.1.2).

The table below shows right-of-use assets, broken down by asset class and flow:

(€ millions)	Right-of-use - Rolling stock and other transportation equipment	Right-of-use - Real estate	Right-of-use - Other	Right-of-use assets
Existing finance leases as of December 31, 2018 [(1)]	97.6	12.2	0.7	110.5
Operating leases, first application of IFRS 16 [(1)]	701.6	261.8	17.2	980.6
As of January 1, 2019 restated	**799.2**	**274.0**	**17.9**	**1,091.1**
Investments	202.3	63.1	9.7	275.1
Disposals	(3.1)	(7.5)	(0.7)	(11.3)
Impairment losses and depreciation	(211.5)	(68.9)	(9.1)	(289.5)
Change in consolidation scope	22.5	9.2	0.5	32.2
Currency impact	2.0	1.4	0.1	3.5
Reclassification as assets held for sale	-	(5.9)	(0.1)	(6.0)
Other movements	(20.7)	(1.4)	-	(22.1)
TOTAL AS OF DECEMBER 31, 2019	**790.7**	**264.0**	**18.3**	**1,073.0**
o/w gross amounts	*1,739.8*	*344.1*	*28.1*	*2,112.0*
o/w cumulated depreciation and impairment	*(949.1)*	*(80.1)*	*(9.8)*	*(1,039.0)*

[(1)] The impacts of the first-time adoption of IFRS 16 are described in note VII.1.2.

As of December 31, 2019, right-of-use assets were concentrated primarily in France (€420 million) and in Germany (€311 million).

Information relating to lease liability is available in note VII.9.1.

The rents resulting from non-capitalized leases are shown below:

(€ millions)	2019
Expense relating to short-term leases	(28.4)
Expense relating to leases of low-value asset	(2.7)
Expense relating to variable lease payments	(2.6)

VII.6.4. Concession activities: current and non-current operating financial assets

(€ millions)	Operating financial assets representing property, plant and equipment restated in accordance with IFRIC 12 (1)	Operating financial assets covering future lease payments (2)	Operating financial assets
As of January 1, 2018	**251.7**	**44.5**	**296.2**
Additions	85.6	-	85.6
Repayments / disposals	(45.6)	(4.5)	(50.1)
Impairment losses	(1.8)	-	(1.8)
Currency impact	(3.0)	-	(3.0)
TOTAL AS OF DECEMBER 31, 2018	**286.9**	**40.0**	**326.9**
o/w gross amounts	*288.6*	*40.0*	*328.6*
o/w impairment	*(1.7)*	-	*(1.7)*
Additions	20.4	-	20.4
Repayments / disposals	(39.7)	(0.2)	(39.9)
Currency impact	0.9	-	0.9
TOTAL AS OF DECEMBER 31, 2019	**268.5**	**39.8**	**308.3**
o/w gross amounts	*270.3*	*39.8*	*310.1*
o/w impairment	*(1.8)*	-	*(1.8)*
o/w < 1 year	*30.9*	*6.1*	*37.0*
o/w > 1 year and < 5 years	*125.3*	*23.5*	*148.8*
o/w > 5 years	*112.3*	*10.2*	*122.5*

(1) These amounts correspond to the unconditional rights to receive remuneration from the concession grantors in respect of the financing of rolling stock on behalf of concession grantors.

(2) These amounts correspond to the unconditional rights to receive remuneration from the concession grantors in respect of lease payments to be made related to rolling stock (at the end of 2019, these lease payments are due to a concession grantor).

Operating financial assets include financial assets recognized as a result of applying IFRIC 12 to concession arrangements (see note VII.1.7.4).

With respect to operating financial assets representing property, plant and equipment restated applying IFRIC 12 (Group assets):

- Cash flows associated with these operating financial assets (new assets and principal repayments) are broken down in the net cash flows associated with investment transactions presented in the consolidated statement of cash flows (see note V).
- Revenue generated by operating financial assets is reported as revenue from ordinary activities, which is broken down in note VII.4.1.

As of December 31, 2019, operating financial assets were concentrated primarily in France (€204.5 million).

VII.7. Goodwill

VII.7.1. Changes during the period and breakdown by cash generating unit

(€ millions)	"France" CGU	"United States" CGU	"Germany & Central Europe" CGU	"Australia and New Zealand" CGU	"Canada" CGU	"Northern Europe" CGU	"United Kingdom & Ireland" CGU	"Iberia" CGU	"Netherlands" CGU	Goodwill
As of January 1, 2018	**505.0**	**96.6**	**24.2**	**35.1**	**22.3**	**1.1**	**10.1**	**3.3**	**3.8**	**701.5**
Change in consolidation scope	15.9	-	-	-	-	2.4	1.7	-	0.2	20.2
Currency impact	-	4.6	-	(1.9)	(0.8)	0.1	(0.1)	-	-	1.9
Impairment losses	-	-	-	-	-	-	-	-	(0.2)	(0.2)
Other movements	-	(0.1)	-	-	-	-	-	-	0.3	0.2
TOTAL DECEMBER 31, 2018	**520.9**	**101.1**	**24.2**	**33.2**	**21.5**	**3.6**	**11.7**	**3.3**	**4.1**	**723.6**
o/w gross amounts	*632.9*	*126.9*	*144.7*	*69.9*	*35.6*	*35.1*	*39.1*	*21.9*	*317.8*	*1,423.9*
o/w cumulated impairment	*(112.0)*	*(25.8)*	*(120.5)*	*(36.7)*	*(14.1)*	*(31.5)*	*(27.4)*	*(18.6)*	*(313.7)*	*(700.3)*
Change in consolidation scope	11.4	-	53.3	7.4	9.8	10.1	-	1.7	-	93.7
Currency impact	-	1.9	0.7	0.8	1.8	(0.1)	0.6	-	-	5.7
Impairment losses	-	-	-	-	-	-	-	(0.1)	-	(0.1)
Other movements	3.7	-	-	-	-	-	(0.1)	-	-	3.6
TOTAL DECEMBER 31, 2019	**536.0**	**103.0**	**78.2**	**41.4**	**33.1**	**13.6**	**12.2**	**4.9**	**4.1**	**826.5**
o/w gross amounts	*648.0*	*129.3*	*198.7*	*78.6*	*48.2*	*44.5*	*41.1*	*23.6*	*317.8*	*1,529.8*
o/w cumulated impairment	*(112.0)*	*(26.3)*	*(120.5)*	*(37.2)*	*(15.1)*	*(30.9)*	*(28.9)*	*(18.7)*	*(313.7)*	*(703.3)*

VII.7.2. Impairment tests

Goodwill and other intangible assets with an indefinite useful life are systematically tested for impairment each fiscal year and whenever there is an indication that the CGU may have lost value, in accordance with the procedures described in note VII.1.9.

In 2019, these impairment tests were carried out taking into account the impact of IFRS 16 (see note VII.1.2).

VII.7.2.1. Key assumptions used to measure recoverable amounts

The bases for calculating recoverable amounts are described in note VII.1.9.

Changes in the economic and financial context and changes of a competitive, social or regulatory nature may affect estimates of recoverable amounts, as well as unforeseen changes in the political, economic and legal systems of certain countries. Cash flow projections in the long-term plan reflect changes in volumes, rates, direct costs and investments during the period, established on the basis of, first, contracts or business activities using historical data and, second, expected changes during the period covered by the long-term plan.

Other assumptions that affect the measurement of recoverable amounts are the discount rates and the perpetual growth rates. These vary depending on the cash generating unit's country or geographical area, in accordance with the criteria specified in notes VII.1.9 and VII.2. The discount rates and average perpetual growth rates used in 2019 are shown below:

	Determination of the recoverable amount	Discount rates [1]	Perpetual growth rates
France	Value in use	4.1%	1.7%
Germany	Value in use	4.3%	2.1%
United States	Value in use	5.3%	2.2%

[1] After taking into account the right-of-use assets.

VII.7.2.2. Sensitivity of impairment tests

Recoverable amounts measured within the framework of impairment tests underwent a sensitivity analysis on the basis of a discount rate increased by 0.5%, a perpetual growth rate decreased by 1% and operating cash flows decreased by 5%. These assumptions concerning changes are considered reasonable in light of the Group's business activities and the geographical areas where such business activities are conducted.

As of the measurement date, no material difference was observed between the recoverable amount of all the cash-generating units, based on their value in use, and the carrying amount relevant for impairment testing.

VII.8. Companies accounted for by the equity method and other non-consolidated securities

The main companies consolidated in the consolidated financial statements are presented in note VII.18.

Commitments in connection with the Group's scope are broken down in note VII.14.

VII.8.1. Joint ventures and associates

	Equity value		Share of net income	
(€ millions)	As of January 1, 2019 restated	As of December 31, 2019	As of January 1, 2019	As of December 31, 2019
Colombia	6.2	11.3	1.6	1.2
Asia	5.5	11.2	(0.4)	0.1
Iberia	8.0	8.2	0.4	0.6
France	13.1	7.5	(0.5)	0.9
Germany	6.0	6.0	0.8	0.5
INVESTMENTS IN JOINT VENTURES	**38.8**	**44.2**	**1.9**	**3.3**
Asia	20.1	19.9	2.2	1.5
France	7.4	7.5	1.2	1.9
Other	1.6	2.0	-	-
INVESTMENTS IN ASSOCIATES	**29.1**	**29.4**	**3.4**	**3.4**
INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES	**67.9**	**73.6**	**5.3**	**6.7**
o/w share of net income (loss) of equity-accounted entities in continuing operations			*5.3*	*6.7*

All companies consolidated under the equity method, whether joint ventures or associates, conduct business in line with the Group's activities.

Joint ventures and associates are not considered individually material at the Group level.

Most of the Group's joint arrangements under joint control are joint ventures within the meaning of IFRS 11 and are accounted for using the equity method (see note VII.1.3).

VII.8.2. Non-consolidated investments

The Group's non-consolidated investments totaled €20.8 million as of December 31, 2019 (€24.7 million as of December 31, 2018), and consist primarily of:

- investments in non-controlled concession holders that own public transportation infrastructures (Nottingham City TPS, etc.);
- investments in innovative start-ups (MaaS Global Ltd, etc.);
- investments in certain non-controlled *sociétés d'économie mixte* (part state-owned corporations) in France (Grenoble, Nantes, etc.).

Investments in non-consolidated companies are not considered individually material at the Group level.

The breakdown of non-consolidated investments measured at fair value through profit or loss or through equity is presented in note VII.9.2.

VII.9. Financing, financial instruments and financial risk management

Financial assets and liabilities comprise the following main items:
- financial liabilities, lease liabilities, cash and cash equivalents and overdrafts (note VII.9.1);
- other current and non-current financial assets (note VII.9.2);
- derivative instruments (note VII.9.4).

Off-balance sheet commitments are broken down in note VII.14.

VII.9.1. Net financial debt

Net financial debt consists of gross debt (non-current and current financial and lease liabilities and overdrafts) net of cash and cash equivalents, and after taking into account the fair value of interest rate and foreign exchange derivatives.

VII.9.1.1. Components of net financial debt

As of December 31, 2019, the Group's main sources of financing were:

- bonds, issued in the form of unlisted private placements, for a total amount of €505 million (€160 million maturing in August 2025, €125 million maturing in August 2026 and €220 million maturing in November 2029);
- a credit facility placed with a syndicate of banks for a total amount of €1,100 million, which had been drawn down by €340 million as of December 31, 2019, maturing in July 2024, with two one-year extension options subject to the lenders' agreement.

  This credit facility carries a financial covenant that must be tested semi-annually (see note VII.9.1.5).
- a *Schuldschein* placement (a private placement governed by German law) in the amounts of $62.5 million and €68.5 million, which will mature between 2020 and 2027;
- leases.

As of December 31, 2019, the Group's net financial debt is broken down as follows:

(€ millions)	December 31, 2018	January 1, 2019 restated	December 31, 2019
Non-current financial liabilities	784.5	784.5	1,020.9
Current financial liabilities	23.0	23.0	73.1
Overdrafts	5.2	5.2	25.2
FINANCIAL LIABILITIES (incl. overdrafts)	812.7	812.7	1,119.2
Cash and cash-equivalents	(387.2)	(387.2)	(336.3)
Fair value of interest rate and foreign exchange derivatives related to net financial debt	1.2	1.2	3.8
NET FINANCIAL DEBT EXCLUDING LEASE LIABILITIES [1]	**426.7**	**426.7**	**786.7**
Lease liabilities [2]	103.5	1,078.4	1,077.5
NET FINANCIAL DEBT [1]	**530.2**	**1,505.1**	**1,864.2**

[1] Liabilities related to the provision of rolling stock under concession arrangements are not included in the indicator "Net Financial Debt" (see note VII.1.7.4, "Assets made available to the Group by concession grantors").
[2] Only finance leases are included in the net financial debt as of December 31, 2018 (all leases from January 1, 2019).

In 2019:

- In November 2019, Transdev Group carried out a new bond issue of €220 million in the form of an unlisted private placement maturing in November 2029;
- In July 2019, Transdev Group signed an amendment to its credit facilities agreement concluded in March 2016, increasing the amount of the credit facility from €700 to €1,100 million and cancelling the €300 million term loan. The maturity of this credit facility was extended to July 2024, with two one-year extension options subject to the lenders' agreement.

VII.9.1.2. Cash and cash equivalents and overdrafts

A review of the Group's cash and cash equivalents balances at year-end did not disclose any material amounts that were unavailable to the Group.

(€ millions)	Cash	Cash equivalents	Cash and cash equivalents	Overdrafts	Net cash
As of January 1, 2018	**340.3**	**4.1**	**344.4**	**(10.1)**	**334.3**
Change in business	24.6	23.9	48.5	5.7	54.2
Change in consolidation scope	0.1	-	0.1	(0.9)	(0.8)
Currency impact	(4.8)	-	(4.8)	0.1	(4.7)
Reclassification in assets / liabilities held for sale	(1.0)	-	(1.0)	-	(1.0)
Other movements	-	-	-	-	-
TOTAL AS OF DECEMBER 31, 2018	**359.2**	**28.0**	**387.2**	**(5.2)**	**382.0**
Change in business	(22.5)	(47.5)	(70.0)	(6.5)	(76.5)
Change in consolidation scope	(0.8)	25.2	24.4	(15.6)	8.8
Currency impact	(1.3)	-	(1.3)	2.0	0.7
Reclassification in assets / liabilities held for sale	(3.8)	-	(3.8)	-	(3.8)
Other movements	0.1	(0.3)	(0.2)	0.1	(0.1)
TOTAL AS OF DECEMBER 31, 2019	**330.9**	**5.4**	**336.3**	**(25.2)**	**311.1**

VII.9.1.3. Non-current and current financial and lease liabilitiess

Changes in, and breakdown by type, of current and non-current financial and lease liabilities in fiscal years 2018 and 2019:

(€ millions)	Bonds payable	Syndicated loan	Schuldschein private placement	Other financial liabilities	Total financial liabilities	Total lease liabilities
As of January 1, 2018	**-**	**500.0**	**170.6**	**45.9**	**716.5**	**142.9**
Cash flows	**285.3**	**(200.0)**	**-**	**5.3**	**90.6**	**(43.2)**
Increases / subscriptions	285.3	(200.0)	-	209.9	295.2	-
Repayments	-	-	-	(204.6)	(204.6)	(43.2)
Non-Cash flows	**-**	**-**	**4.9**	**(4.5)**	**0.4**	**3.8**
Increases / subscriptions	-	-	-	-	-	1.4
Change in consolidation scope	-	-	-	(1.0)	(1.0)	3.1
Currency impact	-	-	4.9	(5.4)	(0.5)	(0.7)
Reclassification in assets / liabilities held for sale	-	-	-	(0.1)	(0.1)	-
Other movements	-	-	-	2.0	2.0	-
TOTAL AS OF DECEMBER 31, 2018 (1)	**285.3**	**300.0**	**175.5**	**46.7**	**807.5**	**103.5**
o/w current part	-	-	-	*23.1*	*23.1*	*19.6*
o/w non-current part	*285.3*	*300.0*	*175.5*	*23.6*	*784.4*	*83.9*
Transition to IFRS 16	-	-	-	-	-	974.9
As of January 1, 2019 restated	**285.3**	**300.0**	**175.5**	**46.7**	**807.5**	**1,078.4**
Cash flows	**219.3**	**40.0**	**(54.1)**	**27.2**	**232.4**	**(296.7)**
Increases / subscriptions	220.0	340.0	-	(32.9)	527.1	-
Repayments	(0.7)	(300.0)	(54.1)	60.1	(294.7)	(296.7)
Non-Cash flows	**-**	**-**	**2.8**	**51.3**	**54.1**	**295.8**
Increases / subscriptions	-	-	-	-	-	275.1
Change in consolidation scope	-	-	-	60.1	60.1	31.4
Currency impact	-	-	2.8	4.2	7.0	3.9
Reclassification in assets / liabilities held for sale	-	-	-	(13.7)	(13.7)	(2.7)
Other movements	-	-	-	0.7	0.7	(11.9)
TOTAL AS OF DECEMBER 31, 2019 (1)	**504.6**	**340.0**	**124.2**	**125.2**	**1,094.0**	**1,077.5**
o/w current part	-	-	*37.4*	*35.7*	*73.1*	*268.5*
o/w non-current part	*504.6*	*340.0*	*86.8*	*89.5*	*1,020.9*	*809.0*

(1) Amounts before taking into account the fair value of interest rate and foreign exchange derivatives related to net financial debt (see note VII.9.4).

Maturity of non-current and current financial and lease liabilities

(€ millions)	December 31, 2019	As of December 31, 2019, to mature : < 1 year	2 years	3 years	4 years	5 years	> 5 years
Bonds payable	504.6	-	-	-	-	-	504.6
Syndicated loan	340.0	-	-	-	-	340.0	-
Schuldschein private placement	124.2	37.4	-	-	61.8	-	25.0
Other current and non-current financial liabilities	125.2	35.7	25.3	14.4	9.2	8.7	31.9
NON-CURRENT AND CURRENT FINANCIAL LIABILITIES (1)	**1,094.0**	**73.1**	**25.3**	**14.4**	**71.0**	**348.7**	**561.5**
LEASE LIABILITIES	**1,077.5**	**268.5**	**216.7**	**192.5**	**132.1**	**98.7**	**169.0**

(1) Amounts before taking into account the fair value of interest rate and foreign exchange derivatives related to net financial debt (see note VII.9.4.).

Breakdown of current and non-current financial and lease liabilities by currency

For financial debts, the primary currency of the financing lines is the euro. Currency swaps between euro lenders and foreign currency borrowers to finance foreign subsidiaries have been set up (see note VII.9.4.1).

For the vast majority of lease liabilities, leases are denominated in the same currency as that of the lessee.

Breakdown of current and non-current financial and lease liabilities by interest rate

(€ millions)	December 31, 2019	o/w Fixed rates	Floating rates
NON-CURRENT AND CURRENT FINANCIAL LIABILITIES (1)	**1,094.0**	**716.3**	**377.7**
LEASE LIABILITIES	**1,077.5**	**1,007.1**	**70.4**

(1) Amounts before taking into account the fair value of interest rate and foreign exchange derivatives related to net financial debt (see note VII.9.4.).

After interest rate hedging, the share of gross financial debt and lease liabilities at fixed rates is around 79% (interest rate derivatives are detailed in note VII.9.4.1).

VII.9.1.4. Unused credit lines

The Group has a €1,100 million credit facility maturing in July 2024, of which €760 million remained available as of December 31, 2019.

VII.9.1.5. Covenants

The legal documentation in connection with the €1,100 million credit facility includes a financial covenant, i.e., an undertaking to comply with a coverage ratio, non-compliance with which could lead to the acceleration of the credit facility. The ratio to be complied with, on a half-yearly basis, is the ratio between adjusted net financial debt and adjusted EBITDA.

This covenant was met as of June 30, 2019 and December 31, 2019.

VII.9.2. Other current and non-current financial assets

(€ millions)	Non-current financial assets at amortized cost	Non-consolidated investments measured at fair value through profit or loss	Non-consolidated investments measured at fair value through other comprehensive income (non recyclable)	Other non-current financial assets measured at fair value through profit or loss	TOTAL other non-current financial assets	TOTAL other current financial assets
As of January 1, 2018	**51.8**	**-**	**-**	**48.7**	**100.5**	**38.9**
Additions	1.6	0.3	0.4	1.5	3.8	0.6
Repayments / disposals	(0.3)	(0.1)	-	(2.6)	(3.0)	3.1
Change in consolidation scope	0.1	0.1	-	-	0.2	0.3
Impairment losses	-	(0.7)	-	-	(0.7)	4.7
Currency impact	0.1	-	-	-	0.1	1.2
Non-current / current reclassification	(1.6)	-	-	-	(1.6)	1.6
Reclassification as assets held for sale	-	(0.1)	-	(0.7)	(0.8)	-
Other movements	-	13.2	11.6	(25.3)	(0.5)	(1.9)
TOTAL AS OF DECEMBER 31, 2018	**51.7**	**12.7**	**12.0**	**21.6**	**98.0**	**48.5**
o/w gross amounts	*51.9*	*19.5*	*13.0*	*21.6*	*106.0*	*50.9*
o/w cumulated impairment	*(0.2)*	*(6.8)*	*(1.0)*	-	*(8.0)*	*(2.4)*
Transition to IFRS 16 [1]	(44.2)	-	-	-	(44.2)	-
As of January 1, 2019 restated	**7.5**	**12.7**	**12.0**	**21.6**	**53.8**	**48.5**
Additions	2.8	0.1	1.0	1.0	4.9	2.4
Repayments / disposals	(0.3)	(0.1)	(0.8)	(1.8)	(3.0)	126.4
Change in consolidation scope	0.5	0.1	-	0.2	0.8	0.1
Impairment losses	0.1	(0.1)	-	0.1	0.1	0.3
Currency impact	-	0.2	-	0.1	0.3	0.5
Non-current / current reclassification	-	-	-	-	-	-
Reclassification as assets held for sale	-	0.1	-	0.1	0.2	-
Other movements	15.0	(4.7)	0.3	4.2	14.8	3.9
TOTAL AS OF DECEMBER 31, 2019	**25.6**	**8.3**	**12.5**	**25.5**	**71.9**	**182.1**
o/w gross amounts	*25.8*	*15.2*	*13.8*	*25.5*	*80.3*	*184.2*
o/w cumulated impairment	*(0.2)*	*(6.9)*	*(1.3)*	-	*(8.4)*	*(2.1)*

[1] The impacts of the first-time adoption of IFRS 16 are described in note VII.1.2.

As of December 31, 2019, current financial assets consist primarily of advance payments on rolling stock in Germany.

Non-consolidated investments are described in note VII.8.2.

VII.9.3. Financial result

(€ millions)	2018	2019
Finance costs	(18.2)	(20.5)
Revenues from cash and cash equivalents	0.2	0.2
Net finance costs excluding lease liabilities	**(18.0)**	**(20.3)**
Interest expenses on lease liabilities [1]	(4.2)	(25.0)
NET FINANCE COSTS	**(22.2)**	**(45.3)**
Unwinding of discounted provisions	(5.1)	(8.8)
Others	-	(1.1)
OTHER FINANCIAL INCOME AND EXPENSES	**(5.1)**	**(9.9)**

[1] Only finance leases are included in the net financial debt as of December 31, 2018 (all leases from January 1, 2019, see note VII.1.2).

VII.9.4. Management of financial risk – derivative financial instruments

VII.9.4.1. Market risks and derivative instruments

To mitigate and manage its exposure to the risks of fluctuation in interest rates, foreign exchange rates and commodity prices, Transdev uses derivative instruments, some of which qualify as hedge accounting. All these derivatives are recognized in the consolidated statement of financial position at fair value.

Management of commodity risk

To manage changes in fuel prices, a fuel hedging policy has been adopted for contracts with indexation deemed inadequate or to hedge contractual commitments. The Group uses either firm fuel purchase contracts or derivatives whose features (notional amount and maturity) are defined on the basis of projected fuel requirements (based on firm orders or highly probable forecast flows). These derivatives are swaps concluded in local currency that set the future price of fuels.

These derivatives have been analysed in accordance with IFRS 9 "Financial Instruments", and are classified as hedging instruments (cash flow hedges). The impact of these derivatives on performance and consolidated financial position is shown in the table below:

CASH FLOW HEDGE DERIVATIVES					(€ millions) INCOME (LOSS) OF THE YEAR			CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
Nature	Unit	NOMINAL AS OF DECEMBER 31, 2019							
		total	< 1 year	> 1 year < 5 years	Recycling of fair value reserves into income	Income (loss), ineffective part	Total income (loss)	Fair value reserves (net of tax)	Fair value
Swaps	Ton, EUR	1,332	1,332	-	0.4	-	0.4	-	-
Swaps	Ton, GBP	9,900	7,500	2,400	0.1	-	0.1	(0.1)	(0.1)
Swaps	Ton, AUD	8,374	8,278	96	-	-	-	(0.1)	(0.1)
TOTAL		**19,606**	**17,110**	**2,496**	**0.5**	**-**	**0.5**	**(0.2)**	**(0.2)**

Management of currency risk

Currency risk associated with the financing of foreign subsidiaries

The Group is financed primarily in euros. Transdev has set up currency swaps between euro lenders and foreign currency borrowers to finance foreign subsidiaries. These swaps have been analyzed in accordance with IFRS 9 and have not been classified as hedging instruments. Accordingly, the reassessment of financing in foreign currencies granted to subsidiaries and changes in the value of swaps are recognized at the same time in income.

The impact of these currency derivatives on income and financial position is shown in the table below:

Nature	(local currency millions) NON HEDGE DERIVATIVES - NOMINAL AS OF DECEMBER 31, 2019		(€ millions)	
	Total	< 1 year	Income (loss) of the year	Fair value in the consolidated statement of financial position
Swap EUR/CAD	107.7	107.7	(1.8)	(0.4)
Swap EUR/SEK	1,225.0	1,225.0	0.3	(0.4)
Swap EUR/USD	4.1	4.1	-	-
Swap EUR/GBP	30.0	30.0	0.6	0.3
Swap EUR/AUD	40.0	40.0	(1.2)	(0.4)
Swap EUR/CZK	452.0	452.0	(0.1)	(0.1)
Swap EUR/NZD	52.5	52.5	(0.6)	(0.6)
TOTAL			**(2.8)**	**(1.6)**

Transactional currency risk

The Group has low exposure to transactional currency risk because the Group's business is conducted by subsidiaries that operate in their own countries and in their own currencies. Their exposure to currency risk is therefore naturally limited.

Translation risk

Transdev incurs translation risk as a result of translating the financial information of its subsidiaries in the consolidated financial statements. The main currencies concerned are the U.S. dollar, the Australian dollar and the Swedish krona.

A 10% depreciation of these four currencies against the euro would result in a decrease in the Group's revenue from ordinary activities of approximately €215 million.

Management of interest rate risk

The structure of the Group's financing naturally exposes it to fluctuations in interest rates. Debts with variable interest rates impact financial results in line with fluctuations in interest rates.

The impact of interest rate derivatives on income and financial position is shown in the table below:

(€ millions)

	INSTRUMENTS					INCOME (LOSS) OF THE YEAR				CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
			Nominal as of December 31, 2019								
	Nature	Unit	Total	< 1 year	> 1 year < 5 years	Recycling of fair value reserves into income	Income (loss), ineffective part	Income (loss) of non-eligible instruments	Total income (loss)	Fair value reserves (net of tax)	Fair value
Non hedge derivatives	*Swaps*	EUR	15.3	0.6	14.7	-	-	0.5	0.5	-	(1.8)
Cash flow hedge derivatives	*Swaps*	EUR	3.6	3.6	-	-	-	-	-	-	-
TOTAL			**18.9**	**4.2**	**14.7**	**-**	**-**	**0.5**	**0.5**	**-**	**(1.8)**

Assuming a constant debt structure (including lease liabilities) and management policy as of December 31, 2019, a change of 1% in interest rates would have an impact on the finance cost of gross financial debt of around €4.6 million after interest rate hedging.

VII.9.4.2. Management of credit risk

Credit risk is essentially due to the possibility that customers will be unable to meet their payment obligations. In light of the nature of its business and customers, Transdev considers it unlikely that credit risk will generate a material potential impact.

The aged trial balance of assets overdue but not impaired as of December 31, 2019 is shown below:

		December 31, 2019				Overdue not impaired		
(€ millions)	Note	Gross value	Impairment	Net value	Assets not yet due	Overdue between 0-6 months	Overdue between 6-12 months	Overdue for more than 1 year
Non-current and current operating financial assets	VII.6.4	310.1	(1.8)	308.3	308.3	-	-	-
Trade receivables	VII.4.2	1,044.3	(52.9)	991.4	804.1	163.6	12.9	10.8
Other operating receivables		294.9	(2.4)	292.5	272.8	5.4	5.9	8.4
Non-current financial receivables	VII.9.2	25.8	(0.2)	25.6	25.6	-	-	-
Current financial receivables	VII.9.2	150.4	(2.1)	148.3	148.3	-	-	-
Other non-current financial assets (excl. financial receivables)	VII.9.2	25.5	-	25.5	25.5	-	-	-
Other current financial assets (excl. financial receivables)	VII.9.2	33.8	-	33.8	33.5	0.1	-	0.2
TOTAL		**1,884.8**	**(59.4)**	**1,825.4**	**1,618.1**	**169.1**	**18.8**	**19.4**

VII.9.5. Carrying amount and fair value of financial assets and liabilities by accounting class

The principles used to measure fair value are described in note VII.1.10.

The fair value of loans and receivables is very close to the value in the consolidated statement of financial position.

As of December 31, 2019, the only financial assets and/or liabilities covered by enforceable master netting agreements are derivatives managed pursuant to FBF and ISDA contracts. These instruments are netted only in the event of a default by one of the parties to the contract. Therefore, they are not netted for accounting purposes.

VII.9.5.1. Financial assets

The table below shows the net carrying amount and fair value of the Group's financial assets, grouped according to the categories defined by IFRS 9, as of December 31, 2019:

	As of December 31, 2019						
	Carrying amount in the consolidated statement of financial position		Classes of financial assets				Method of measuring fair value
(€ millions)	Note	Total	Assets measured at amortized cost	Assets measured at fair value through profit or loss	Assets measured at fair value through other comprehensive income - recyclable	Assets measured at fair value through other comprehensive income - non-recyclable	
Non-consolidated investments	VII.8.2	20.8	-	8.3	-	12.5	Level 3
Current and non-current operating financial assets	VII.6.4	308.3	308.3	-	-	-	
Other non-current financial assets	VII.9.2	51.1	51.1	-	-	-	
Non-current and current derivative instruments - assets	VII.9.4	0.5	-	0.4	0.1	-	Level 2
Trade receivables	VII.4.2	991.4	991.4	-	-	-	
Other current operating receivables	VII.4.2	451.5	451.5	-	-	-	
Other current financial assets	VII.9.2	182.1	151.2	30.9	-	-	Level 1
Cash and cash equivalents	VII.9.1	336.3	-	336.3	-	-	Level 2
TOTAL		**2,342.0**	**1,953.5**	**375.9**	**0.1**	**12.5**	

VII.9.5.2. Financial liabilities

The table below shows the net carrying amount and fair value of the Group's financial liabilities, grouped according to the categories defined by IFRS 9, as of December 31, 2019:

	As of December 31, 2019					
	Carrying amount in the consolidated statement of financial position		Classes of financial liabilities			Method of measuring fair value
(€ millions)	Note	Total	Liabilities at amortized cost	Liabilities measured at fair value through profit or loss	Liabilities measured at fair value through other comprehensive income - recyclable	
Borrowings and other financial liabilities						
non-current financial liabilities	VII.9.1	1,020.9	1,020.9	-	-	
current financial liabilities	VII.9.1	73.1	73.1	-	-	
overdrafts	VII.9.1	25.2	-	25.2	-	Level 2
Lease liabilities	VII.9.1	1,077.5	1,077.5	-	-	
Non-current and current derivative instruments - liabilities	VII.9.4	4.3	-	3.8	0.5	Level 2
Non-current and current part of lease payments to be made under concession arrangements		39.8	39.8	-	-	
Trade payables	VII.4.2	564.7	564.7	-	-	
Other operating payables	VII.4.2	1,314.1	1,314.1	-	-	
TOTAL		**4,119.6**	**4,090.1**	**29.0**	**0.5**	

VII.10. Assets held for sale

In 2018, Transdev classified some of its business-to-consumer ("BtoC") activities as assets and liabilities held for sale in France and in the United States. These activities were divested during fiscal year 2019 (see note VII.3.4).

In addition, in 2019 Transdev classified the assets and liabilities of its airport bus service business in Sweden as assets and liabilities held for sale. This activity, which is not a cash generating unit, was measured at the lower of its net carrying amount and fair value less costs to sell.

VII.11. Provisions

VII.11.1. Discount rates

The discount rates used as of December 31, 2019, except for provisions for employee benefit obligations (see note VII.5.2), are shown below:

	As of 31 December 31, 2018	As of 31 December 31, 2019
Euro		
2 to 5 years	0.7%	0.2%
6 to 10 years	1.7%	1.0%
More than 10 years	2.7%	1.9%
U.S dollar		
2 to 5 years	4.4%	2.9%
6 to 10 years	5.2%	3.5%
More than 10 years	6.0%	4.5%

The methodology used to calculate these discount rates is described in note VII.2 entitled "Use of management estimates in applying Group accounting standards".

VII.11.2. Breakdown of provisions

(€ millions)	Provisions for self-insurance and claims	Provisions for employment benefit obligations	Provisions for litigation	Other provisions for contingent liabilities	Provisions
As of January 1, 2018	**133.5**	**158.1**	**31.8**	**83.9**	**407.3**
Additions during the period	120.8	18.5	16.9	99.0	255.2
Used during the period	(73.7)	(18.8)	(8.2)	(18.9)	(119.6)
Reversal	(3.5)	(0.7)	(5.8)	(9.1)	(19.1)
Actuarial gains (or losses)	-	4.2	-	-	4.2
Unwinding of discount	1.9	3.3	-	(0.1)	5.1
Change in consolidation scope	(0.3)	0.6	0.6	(0.1)	0.8
Currency impact	6.7	(1.6)	0.2	1.6	6.9
Other movements	0.4	0.5	(0.4)	(17.7)	(17.2)
TOTAL AS OF DECEMBER 31, 2018	**185.8**	**164.1**	**35.1**	**138.6**	**523.6**
o/w non-current part	*111.7*	*164.1*	*18.4*	*86.6*	*380.8*
o/w current part	*74.1*	-	*16.7*	*52.0*	*142.8*
Transition to IFRIC 23 [(1)]			(3.4)		(3.4)
As of January 1, 2019 restated	**185.8**	**164.1**	**31.7**	**138.6**	**520.2**
Additions during the period	118.4	22.2	23.3	45.2	209.1
Used during the period	(88.4)	(21.2)	(13.4)	(30.0)	(153.0)
Reversal	(1.7)	(1.2)	(4.9)	(19.9)	(27.7)
Actuarial gains (or losses)	-	5.2	-	-	5.2
Unwinding of discount	5.2	3.5	-	0.1	8.8
Change in consolidation scope	(0.9)	1.1	(0.1)	(41.8)	(41.7)
Currency impact	3.0	0.4	0.1	2.6	6.1
Other movements	-	0.4	(1.3)	3.7	2.8
TOTAL AS OF DECEMBER 31, 2019	**221.4**	**174.5**	**35.4**	**98.5**	**529.8**
o/w non-current part	*132.5*	*174.5*	*19.4*	*50.4*	*376.8*
o/w current part	*88.9*	-	*16.0*	*48.1*	*153.0*

(1) The impacts of the first-time adoption of IFRIC 23 are described in note VII.1.2.

VII.11.2.1. Provisions for self-insurance and claims

Provisions for self-insurance and claims concern essentially operations in the United States (€199.7 million at year-end 2019), for which Transdev has taken out insurance policies with third-party insurers, but which have deductibles of varying amounts that Transdev must pay.

VII.11.2.2. Provisions for employee benefit obligations

As of December 31, 2019, provisions for employee benefit obligations totaled €174.5 million, of which €133.2 million were for pension plans and other post-employment benefits, and €41.3 million were for other long-term benefits. Movements in obligations under pension plans and other post-employment benefits are described in note VII.5.2 on employee benefit obligations.

VII.11.2.3. Provisions for litigation

Provisions for litigation include all losses deemed probable in connection with litigation of all types (employment and other disputes) that the Group faces in the course of its business.

VII.11.2.4. Other provisions for contingent liabilities

Other provisions for contingent liabilities include:

- provisions for contractual maintenance obligations (major overhauls) in connection with the rail business in Germany; and
- other provisions for contingent liabilities.

VII.12. Equity

VII.12.1. Equity attributable to the owners of the parent company

Stated capital

As of December 31, 2019, Transdev Group's capital totaled €1,206,035,927.20, divided into 125,367,560 shares with a nominal value of €9.62 each, all fully subscribed and paid in, including 123,496,402 ordinary shares and 1,871,158 non-voting preferred shares.

Fair value reserves

(€ millions)	Available-for-sale securities [1]	Non-consolidated investments measured at fair value through other comprehensive income (non-recyclable)	Commodity derivatives used as cash flow hedge	Interest rate derivatives hedging cash flows	Total	o/w Attributable to owners of the parent company
As of January 1, 2018	**0.2**	**-**	**(1.7)**	**(0.1)**	**(1.6)**	**(1.6)**
Fair value adjustments	-	(0.9)	0.2	-	(0.7)	(0.7)
Other movements	(0.2)	(0.3)	-	-	(0.5)	(0.5)
As of December 31, 2018	**-**	**(1.2)**	**(1.5)**	**(0.1)**	**(2.8)**	**(2.8)**
Fair value adjustments	-	0.3	1.3	0.1	1.7	1.7
Other movements	-	-	-	-	-	-
AS OF DECEMBER 31, 2019	**-**	**(0.9)**	**(0.2)**	**-**	**(1.1)**	**(1.1)**

[1] Following the application of IFRS 9 as of January 1, 2018, non-consolidated investments, previously classified as available-for-sale assets, have been measured either at fair value through profit or loss or irrevocably at fair value through other comprehensive income.

Foreign currency translation

The exchange rates of the major currencies of non-euro countries used in preparing the consolidated financial statements are detailed in note VII.1.4.

VII.12.2. Non-controlling interests

A breakdown of changes in non-controlling interests is shown in the statement of changes in equity (see note VI).

VII.13. Taxes

VII.13.1. Income tax expense

VII.13.1.1. Breakdown of income tax expense

The Group's income tax for fiscal year 2019 is an expense of -€33.5 million, and breaks down as follows:

(€ millions)	2018	2019
Transdev Group tax group (France)	2.3	(16.8)
Netherlands	(0.1)	-
United States	5.5	2.7
Germany	0.5	(4.7)
Australia	(2.0)	(2.4)
Portugal	(0.8)	(0.3)
Sweden	(3.9)	(4.5)
Others	(6.1)	(7.5)
INCOME TAX EXPENSE	**(4.6)**	**(33.5)**
Current income tax	*(20.7)*	*(17.6)*
Deferred income tax	*16.1*	*(15.9)*

Nearly all French subsidiaries have chosen to join the tax consolidation group headed by Transdev Group (an agreement with a five-year term entered into in 2011 and renewable automatically). Transdev Group is solely liable to the French Treasury for current corporate income taxes calculated on the basis of the overall tax return. Transdev Group, the consolidating company, is entitled to any tax savings that may be generated.

VII.13.1.2. Theoretical and recognized income tax expense

(€ millions)	2018	2019
Net income (loss) from continuing operations (a)	(94.3)	53.2
Income (loss) from joint ventures and associates (b)	5.3	6.7
Income tax expense (c)	(4.6)	(33.5)
Pre-tax income (loss) from continuing operations (d)=(a)-(b)-(c)	(95.0)	80.0
Theoretical tax rate (e) (1)	**34.43%**	**34.43%**
Theoretical income tax -(d) x (e)	**32.7**	**(27.5)**
Tax rate differences (2)	(13.2)	(5.7)
Gain (loss) on disposals	0.9	26.9
Non-basis taxes	0.3	2.2
Tax visibility (3)	(33.8)	(31.9)
Other factors	8.5	2.5
INCOME TAX EXPENSE (effective tax)	**(4.6)**	**(33.5)**

(1) The theoretical tax rate given is the French tax rate (normal rate of 33.33%, to which is added the social contribution of 3.3%, bringing the total rate to 34.43%).
(2) The differences in tax rates are due to the fact that the Group does business in countries that apply tax rates that are different from the tax rate in France.
(3) Tax visibility includes primarily the movements of unrecognized deferred tax assets.

VII.13.2. Deferred tax assets and liabilities

VII.13.2.1. Changes

Changes in deferred tax assets and liabilities in fiscal years 2018 and 2019 are shown below:

(€ millions)	Deferred tax assets	Deferred tax liabilities	Net deferred tax
As of January 1, 2018	**44.4**	**(32.3)**	**12.1**
Change in business activities recognized in net income	(6.0)	22.1	16.1
Change in business activities recognized in equity	0.6	-	0.6
Change in consolidation scope	0.1	(3.2)	(3.1)
Currency impact	(0.7)	0.2	(0.5)
Other movements	3.9	(3.3)	0.6
TOTAL AS OF DECEMBER 31, 2018	**42.3**	**(16.5)**	**25.8**
Transition to IFRS 16	2.4	-	2.4
As of January 1, 2019 restated	**44.7**	**(16.5)**	**28.2**
Change in business activities recognized in net income	(27.6)	11.7	(15.9)
Change in business activities recognized in equity	1.6	0.1	1.7
Change in consolidation scope	9.0	(24.7)	(15.7)
Currency impact	(0.4)	(0.6)	(1.0)
Reclassification as assets / liabilities held for sale	-	1.4	1.4
Other movements	13.9	(13.8)	0.1
TOTAL AS OF DECEMBER 31, 2019	**41.2**	**(42.4)**	**(1.2)**

Business movements through equity primarily include tax impacts on fair value adjustments and actuarial gains and losses.

As of December 31, 2019, the amount of deferred tax assets not reflected on the statement of financial position totaled €246.7 million, of which €166.2 million are deferred tax assets generated by tax losses.

VII.13.2.2. Breakdown by type and expiration schedule for deferred tax assets on tax losses (net)

(€ millions)	January 1, 2019 restated	December 31, 2019
Deferred tax assets recognized in net income	34.9	30.4
Deferred tax assets recognized in equity	9.8	10.8
NET DEFERRED TAX ASSETS	**44.7**	**41.2**
Deferred tax liabilities recognized in net income	(16.0)	(42.3)
Deferred tax liabilities recognized in equity	(0.5)	(0.1)
DEFERRED TAX LIABILITIES	**(16.5)**	**(42.4)**
NET DEFERRED TAX	**28.2**	**(1.2)**
Including tax losses	39.0	20.4
o/w expiration < 1 year	-	-
o/w expiration > 1 year and < 5 years	-	*0.9*
o/w expiration > 5 years	*0.7*	*0.4*
o/w unlimited	*38.3*	*19.1*

The procedures for reviewing the recoverable amount of deferred tax assets associated with tax loss carry-forwards are explained in note VII.1.11, in particular, the use of a five-year maximum tax schedule.

VII.13.3. Tax audits

In connection with their ordinary business activities, the entities of the Group in France and abroad are the subject of regular tax audits. In its estimates of risks, the Group takes into account the expenses that could result from the consequences of such tax audits, based on a technical analysis of the positions the Group defends before the tax authorities. The estimates of such risks are revised periodically in light of any developments in the audits and disputes.

VII.14. Off-balance sheet commitments and collateral

VII.14.1. Off-balance sheet commitments made and received

COMMITMENTS AND GUARANTEES GIVEN *(€ millions)*	December 31, 2019	MATURITY		
		< 1 year	between 1 and 5 years	> 5 years
Operating guarantees including performance bonds	813.2	362.4	260.5	190.3
Capital investment and purchase obligations	569.0	292.8	276.2	-
Commitments in connection with operating activities	**1,382.2**	**655.2**	**536.7**	**190.3**
Seller's warranties of assets and liabilities	18.7	-	18.7	-
Purchase and sale obligations	-	-	-	-
Investment commitments	-	-	-	-
Commitments in connection with the Group's scope	**18.7**	**-**	**18.7**	**-**
Letters of credit	49.5	49.5	-	-
Other financing commitments	11.6	-	2.7	8.9
Commitments in connection with financing	**61.1**	**49.5**	**2.7**	**8.9**
TOTAL COMMITMENTS MADE	**1,462.0**	**704.7**	**558.1**	**199.2**

COMMITMENTS AND GUARANTEES RECEIVED *(€ millions)*	December 31, 2019	MATURITY		
		< 1 year	between 1 and 5 years	> 5 years
Operating guarantees	210.8	157.7	46.5	6.6
Commitments in connection with operating activities	**210.8**	**157.7**	**46.5**	**6.6**
Seller's warranties of assets and liabilities	43.8	16.7	18.3	8.8
Other guarantees in connection with changes in scope	-	-	-	-
Commitments in connection with the Group's scope	**43.8**	**16.7**	**18.3**	**8.8**
Debt guarantees	0.3	0.3	-	-
Commitments in connection with financing	**0.3**	**0.3**	**-**	**-**
TOTAL COMMITMENTS RECEIVED	**254.9**	**174.7**	**64.8**	**15.4**

Commitments received under unused credit lines are described in note VII.9.1.4.

Operating guarantees – Commitments made

The Group defines operating guarantees as any commitments not associated with financing transactions that are required under agreements or contracts and, more broadly, that are required in connection with carrying on the business of the Group's companies. These guarantees include bid bonds, advance payment bonds and completion or performance bonds posted in connection with the execution of contracts or concession arrangements.

Investment and purchase obligations – Commitments made

These are irrevocable commitments associated with the acquisition of operating assets.

Letters of credit – Commitments made

Letters of credit are issued by financial institutions to creditors, customers or suppliers of the Group's companies as guarantees in connection with their operating activities. Letters of credit granted are primarily guarantees given to insurers in the United States guaranteeing payment of deductible amounts in the event of claims. Each insurer updates the total amount required, on the basis of an actuarial calculation of claim risk, either annually or upon renewal of the insurance policy.

The table above shows only the portion of letters of credit that exceeds the amount of the provision for self-insurance and claims covering this risk already recognized in the consolidated statement of financial position (see note VII.11.2).

VII.14.2. Collateral provided to secure financial liabilities

As of December 31, 2019, collateral provided by the Group totaled €124.6 million and is intended to guarantee financial liabilities. The amount of drawdowns under credit facilities outstanding at year-end 2019 totaled €81.2 million..

VII.15. Other notes

VII.15.1. Related party transactions

VII.15.1.1. Compensation and related benefits paid to principal officers (related parties)

The Group's principal officers consist of the members of Transdev's Executive Committee and the directors.

The table below presents the compensation and related benefits paid to the members of Transdev's Executive Committee:

(€ thousands)	2018	2019
Average number of full-time equivalents	**9.0**	**10.8**
Short-term benefits excluding employer contributions [1]	5,770.7	4,445.1
Employer contributions [2]	1,753.4	1,440.2
Post-employment benefits [3]	165.1	167.4
Other long-term benefits [4]	-	-
TOTAL	**7,689.2**	**6,052.7**

[1] Fixed and variable compensation, employee benefits in kind and termination benefits. Variable compensation comprises amounts due in respect of the prior fiscal year and paid during the next fiscal year.
[2] Except employer contributions related to post-employment benefits.
[3] Current service cost.
[4] Other compensation vested but payable in the long-term.

At the start of 2019, an additional person was appointed to the Executive Committee, bringing the total to 10 members. The figures above include the compensation and similar benefits paid to former members of the Executive Committee who left the Group in the first half of 2019.

Directors' fees paid to Transdev Group directors
Transdev Group's general meeting of shareholders held on March 15, 2019 voted to set the total gross annual amount of directors' fees to be paid to the Board of Directors in 2019 at €60,000. This amount is to be divided among the directors.

VII.15.1.2. Relationships with companies consolidated under the equity method

Investments in joint-ventures and associates are broken down in note VII.8.1. These non-material transactions are concluded on arm's-length terms.

VII.15.1.3. Relationships with Caisse des Dépôts and Rethmann companies and their subsidiaries not affiliated with Transdev

The relationships with Caisse des Dépôts and Rethmann companies and their subsidiaries not affiliated with Transdev for the fiscal year 2019 are presented in the table below:

(€ millions)	Relationships with Caisse des Dépôts companies and subsidiaries not affiliated with Transdev	Relationships with Rethmann companies and subsidiaries not affiliated with Transdev
Receivables		
Operating receivables	-	-
Current financial receivables	5.3	0.3
Non-current derivative instruments - liabilities	**-**	**-**
Liabilities		
Operating payables	-	0.1
Current financial liabilities	15.0	-
Non-current financial liabilities	46.7	-
Revenue from ordinary activities	-	-
Operating expenses	-	(0.5)
Net finance expenses	(1.1)	-

VII.15.2. Statutory auditors' fees

EY and Mazars are the Group's external statutory auditors.

(€ millions)	EY network	Mazars network	Other
Certification of accounts	3.6	3.0	0.1
Services other than certification	0.8	0.5	-
o/w Services other than certification required by law	*0.4*	*0.1*	-
o/w others [1]	*0.4*	*0.4*	-
TOTAL	**4.4**	**3.5**	**0.1**

[1] Legal, tax, employment-related, etc.

VII.16. Pending legal or arbitration proceedings

In the ordinary course of its operations, the Group is involved in a number of legal and arbitration proceedings with third parties or the tax authorities in certain countries. Provisions are recognized in connection with these legal and arbitration proceedings if an obligation (legal, contractual or implicit) is owed to a third party on the balance sheet date, if it is probable that an outflow of funds without consideration will be necessary to extinguish the obligation, and if the amount of such outflow of funds can be estimated with sufficient reliability.

As of December 31, 2019, the main legal proceedings pending concern regional aid for road transportation of passengers in Île-de-France.

In 2004, Syndicat Autonome des Transports de Voyageurs (SATV) and Société Autocars R. Suzanne petitioned the Île-de-France Region to cancel its decisions adopted in 1994, 1998 and 2001 creating aid programs, on the grounds that the Region had breached Article 108-3 of the Treaty on the Functioning of the European Union, which requires that all aid programs must be reported to the European Commission before they are implemented.

Pursuant to a decision rendered on February 2, 2017, the European Commission recognized that the aid programs that France had adopted to assist operators of bus transportation services in the Île-de-France Region were compatible with the internal market. Therefore, the nominal amount of the grants cannot be recovered by the Region. Only the interest for the period of illegality (the period between October 20, 1994 and February 2, 2017) could be recovered.

On May 15, 2017, Transdev SA, Transdev Île-de-France and Transports Rapides Automobiles (TRA) filed a petition with the General Court of the European Union requesting a partial cancellation of the decision of the European Commission, on the grounds that the aid program was not illegally implemented and did not have to be reported first, because it was a pre-existing aid program that was in effect before the Treaty of Rome came into force. The Île-de-France Region and other Île-de-France transportation operators have also filed an appeal with the General Court requesting the cancellation of the decision. The hearing before the General Court was held in September 2018. In a judgment rendered on July 12, 2019, the General Court affirmed the European Commission's decision describing the investment grants paid by the Region to transportation companies as an illegal but compatible aid program. The companies are still awaiting the decision of the *Conseil d'Etat* following the appeal against the decision of the Paris Administrative Court of Appeals of November 27, 2015 ordering the Region to determine the amount to be repaid by each company and to recover the aid deemed illegal. This decision of the *Conseil d'Etat* is expected in 2020.

No provision has been recognized in the Group's financial statements.

VII.17. Recent developments and post-year-end events

None.

VII.18. Main companies consolidated in the consolidated financial statements

As of December 31, 2019, 633 entities were consolidated by the Transdev group (619 as of December 31, 2018), of which:

- 581 companies were fully consolidated;
- 3 companies were consolidated in proportion to the equity share held;
- 49 companies were consolidated using the equity method, of which 35 were joint ventures.

The main companies of the Group are listed below:

Entity	Country	Address	Consolidation method (1)	Percentage of control as of December 31, 2019	Percentage of interest as of December 31, 2019
FRANCE					
TRANSDEV GROUP	FRANCE	3 ALLEE DE GRENELLE, 92130 ISSY-LES-MOULINEAUX	FC	100.0	100.0
TRANSDEV	FRANCE	3 ALLEE DE GRENELLE, 92130 ISSY-LES-MOULINEAUX	FC	100.0	100.0
TRANSDEV ILE-DE-FRANCE	FRANCE	3 ALLEE DE GRENELLE, 92130 ISSY-LES-MOULINEAUX	FC	100.0	100.0
TRANSPORTS RAPIDES AUTOMOBILES	FRANCE	241 CHEMIN DU LOUP, 93420 VILLEPINTE	FC	100.0	100.0
SOCIETE DU METRO DE L'AGGLOMERATION ROUENNAISE	FRANCE	15 RUE DE LA PETITE CHARTREUSE, 76000 ROUEN	FC	100.0	100.0
REGIE MIXTE DES TRANSPORTS TOULONNAIS	FRANCE	RUE OCTAVE VIRGILLY, 83100 TOULON	FC	100.0	71.4
COMPAGNIE ARMORICAINE DE TRANSPORTS	FRANCE	7 RUE MAX LE BAIL, 22000 SAINT BRIEUC	FC	100.0	99.9
TRANSDEV URBAIN	FRANCE	3 ALLEE DE GRENELLE, 92130 ISSY-LES-MOULINEAUX	FC	100.0	100.0
TRANSDEV LOCATION DE VEHICULES	FRANCE	3 ALLEE DE GRENELLE, 92130 ISSY-LES-MOULINEAUX	FC	100.0	100.0
COMPAGNIE FRANCAISE DE TRANSPORT INTERURBAIN	FRANCE	3 ALLEE DE GRENELLE, 92130 ISSY-LES-MOULINEAUX	FC	100.0	100.0
TRANSAMO	FRANCE	12 RUE ROUGET DE L'ISLE, IMMEUBLE AXE SEINE, 92130 ISSY LES MOULINEAUX	FC	100.0	95.1
RATP DEV TRANSDEV ASIA SA	FRANCE	3 ALLEE DE GRENELLE, 92130 ISSY-LES-MOULINEAUX	EM	50.0	50.0
NETHERLANDS					
TBC HOLDING B.V.	NETHERLANDS	JAN VAN GOYENKADE 8, AMSTERDAM, 1075 HP	FC	100.0	100.0
CONNEXXION TAXI SERVICES B. V.	NETHERLANDS	OOSTERLANDENWEG 15, 8271 ES IJSSELMUIDEN	FC	100.0	100.0
CONNEXXION OPENBAAR VERVOER N. V.	NETHERLANDS	WAARDERWEG 48, 2031 BP HAARLEM	FC	100.0	100.0
WITTE KRUIS AMBULANCE B. V.	NETHERLANDS	LAAPERSVELD 75, 1213VB HILVERSUM	FC	100.0	100.0
GERMANY AND CZECH REPUBLIC					
TRANSDEV GMBH	GERMANY	GEORGENSTRAßE 22, 10117 BERLIN	FC	100.0	100.0
BAYERISCHE OBERLANDBAHN GMBH	GERMANY	BAHNHOFPLATZ 9, 83607 HOLZKIRCHEN	FC	100.0	100.0
NORDWESTBAHN GMBH	GERMANY	ALTE POSTSTR. 9, 49074 OSNABRÜCK	FC	100.0	100.0
TRANSDEV MORAVA	CZECH REPUBLIC	POHRANIČNÍ 504/27, VÍTKOVICE, 703 00 OSTRAVA	FC	100.0	100.0
SWEDEN AND FINLAND					
TRANSDEV NORTHERN EUROPE AB	SWEDEN	FREDSFORSSTIGEN 22-24, 168 67 BROMMA	FC	100.0	100.0
TRANSDEV SVERIGE AB	SWEDEN	FREDSFORSSTIGEN 22-24, 168 67 BROMMA	FC	100.0	100.0
MERRESOR AB	SWEDEN	CITYTERMINALEN, KLARABERGSVIADUKTEN 72, 111 64 STOCKHOLM	FC	100.0	100.0
TRANSDEV FINLAND OY	FINLAND	TUUPAKANTIE 7 A FI-1740 VANTAA	FC	100.0	100.0
PORTUGAL AND SPAIN					
TRANSDEV PARTICIPACÕES SGPS	PORTUGAL	AVENIDA D. AFONSO HENRIQUES, 1462 – 1º 4450-013 MATOSINHOS	FC	100.0	100.0
TRANSDEV DIVISION ESPANA, SLU	SPAIN	CALLE SERRANO, 93 - 28006 - MADRID	FC	100.0	100.0
UNITED KINGDOM AND IRELAND					
TRANSDEV PLC	UNITED KINGDOM	CAVENDISH HOUSE, 91-93 CAVENDISH STREET, KEIGHLEY, WEST YORKSHIRE, ENGLAND, BD21 3DG	FC	100.0	100.0
TRANSDEV BLAZEFIELD LIMITED	UNITED KINGDOM	PROSPECT PARK, BROUGHTON WAY, HARROGATE, NORTH YORKSHIRE, ENGLAND, HG2 7NY	FC	100.0	100.0
TRANSDEV IRELAND	IRLAND	RED COW, NAAS RD. CLONDALKIN, DUBLIN 22, IRELAND	FC	100.0	100.0

(1) **FC:** fully consolidated; **EM:** equity method.

Entity	Country	Address	Consolidation method (1)	Percentage of control as of December 31, 2019	Percentage of interest as of December 31, 2019
UNITED STATES AND CANADA					
TRANSDEV NORTH AMERICA INC	UNITED STATES	720 E. BUTTERFIELD RD., SUITE 300, LOMBARD, IL 60148	FC	100.0	100.0
TRANSDEV BUSINESS SOLUTIONS, INC.	UNITED STATES	720 E. BUTTERFIELD RD., SUITE 300, LOMBARD, IL 60148	FC	100.0	100.0
B2B GOLDEN TOUCH TRANSPORTATION OF NY, INC.	UNITED STATES	45-02 DITMARS BOULEVARD, SUITE 19, ASTORIA, NY 11105	FC	100.0	100.0
TRANSDEV SERVICES, INC	UNITED STATES	2817 CANAL STREET, NEW ORLEANS, LA 70119	FC	100.0	100.0
TRANSDEV CANADA INC.	CANADA	720, RUE TROTTER, SAINT-JEAN-SUR-RICHELIEU (QUEBEC), J3B 8T2	FC	100.0	100.0
AUSTRALIA AND NEW ZEALAND					
TRANSDEV AUSTRALASIA PTY LTD	AUSTRALIA	LEVEL 8, 469 LA TROBE STREET, MELBOURNE, VICTORIA 3000	FC	100.0	100.0
TRANSDEV MELBOURNE PTY LTD	AUSTRALIA	12/114 WILLIAM STREET, MELBOURNE, VICTORIA 3000	FC	100.0	100.0
HARBOUR CITY FERRIES PTY LTD	AUSTRALIA	SUITE 2 LEVEL 19 9 HUNTER STREET, SYDNEY, NEW SOUTH WALES, 2000	FC	100.0	100.0
TRANSDEV WA PTY LTD	AUSTRALIA	8 SAINSBURY RD, O'CONNOR, WESTERN AUSTRALIA 6163	FC	100.0	100.0
CHILE AND COLOMBIA					
TRANSDEV CHILE S.A.	CHILE	HERNANDO DE AGUIRE, 162, OFFIC.1203, PROVIDENCIA SANTIAGO	FC	100.0	100.0
REDBUS URBANO SA	CHILE	AVENIDA EL SALTO 4651, HUECHURABA, SANTIAGO	FC	100.0	100.0
TRANSDEV COLOMBIA SAS	COLOMBIA	AV CL 57R sur 72F 50, BOGOTÁ, CUNDINAMARCA	FC	100.0	100.0
CHINA					
VT RATP CHINA	CHINA	WHITTY STREET TRAM DEPOT, CONNAUGHT ROAD WEST, HONG KONG	EM	50.0	50.0
MOROCCO					
TRANSDEV RABAT SALE SA	MOROCCO	8 RUE HAJ MOHAMED ERRIFAI HASSAN - RABAT - MOROCCO 10 000	FC	100.0	100.0

The main acquisitions during the year are described in note VII.3.3.

(1) **FC:** fully consolidated; **EM:** equity method.

Statutory auditors' report on the consolidated financial statements

YEAR ENDED DECEMBER 31, 2019

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditor's report includes information required by French law, such as the verification of the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Transdev Group,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Transdev Group for the year ended December 31, 2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes).*

Emphasis of Matter

We draw your attention to notes VII.1.2 and VII.6.3 to the consolidated financial statements setting out the effects of the initial application of standard IFRS 16 "Leases" and how it is implemented by your company. Our opinion is not modified in respect of this matter.

Justification of Assessments

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 assessments that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

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.

- Your Group has carried out impairment tests on goodwill (as described in notes VII.1.9, VII.2 and VII.7 to the consolidated financial statements). As part of our assessments, our work consisted in reviewing the methods of implementation of these impairment tests, as well as the assumptions used to make the cash flow projections. We also verified that the appropriate disclosure was made in the aforementioned notes to the consolidated financial statements.
- Other intangible assets with a definite useful life, property, plant and equipment, financial assets, taxes, provisions and employee benefit obligations, and financial instruments are recognized and measured according to the methods described in the notes to the consolidated financial statements (notes VII.6.1, VII.6.2, VII.6.4, VII.9.2, VII.13.1, VII.13.2, VII.9.5 and VII.11.2). As part of our assessments, our work consisted in

assessing the data and assumptions on which the judgments and estimates concerning these accounts were based, in reviewing, through sampling, the calculations made by your Group, and in verifying that the various notes to the consolidated financial statements provide the appropriate disclosures.

- As stated in note VII.16 to the consolidated financial statements, in the normal course of its business your Group is involved in legal and arbitration proceedings with third parties or the tax authorities in certain countries. We verified that an appropriate disclosure was made in the notes to the consolidated financial statements in this respect.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications, required by laws and regulations, of the information given in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement provided for by article L. 225-102-1 of the French Commercial Code *(Code de commerce)* is included in the Group's management report, it being specified that, in accordance with the provisions of article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the financial statements of the information contained in this statement. This information should be reported on by an independent third party.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Courbevoie and Paris-La Défense, March 9, 2020

The Statutory Auditors
French original signed by

MAZARS		ERNST & YOUNG et Autres
Gilles Magnan	Charles Desvernois	Jean-Christophe Goudard

Statutory financial statements Transdev Group S.A.

As of December 31, 2019

the mobility company

Contents

I. Statement of financial position

ASSETS (*€ thousands*)	Fiscal Year 2018 Net	Fiscal Year 2019 Gross	Fiscal Year 2019 Depreciation, Amortization	Fiscal Year 2019 Net	Notes
Fixed assets					
Intangible assets:					
Start-up costs	-	-	-	-	
Concessions, patents and similar rights	13,387	13,200	-	**13,200**	
Goodwill	-	283	283	-	
Other intangible assets	5,328	27,892	21,850	**6,042**	
Intangible asset advances and down payments	2,397	-	-	-	
TOTAL INTANGIBLE ASSETS	**21,112**	**41,375**	**22,133**	**19,242**	III.7.1 & 7.2
Property, plant and equipment:					
Land	-	-	-	-	
Buildings	-	-	-	-	
Transportation equipment	-	-	-	-	
Machinery and equipment	-	-	-	-	
Other	4,545	5,839	2,473	**3,365**	
Property, plant and equipment in progress and down payments	78	36	-	**36**	
TOTAL PROPERTY, PLANT AND EQUIPMENT	**4,623**	**5,875**	**2,473**	**3,401**	III.7.1 & 7.2
Investments:					
Equity investments	1,433,278	2,761,417	1,262,652	**1,498,765**	
Loans related to investments	833,925	1,186,198	41,538	**1,144,660**	
Other long-term securities	-	-	-	-	
Other loans	-	-	-	-	
Other	2,730	2,451	-	**2,451**	
TOTAL INVESTMENTS	**2,269,934**	**3,950,066**	**1,304,190**	**2,645,876**	III.7.1 & 7.2
TOTAL FIXED ASSETS (I)	**2,295,669**	**3,997,317**	**1,328,797**	**2,668,520**	III.7.1 & 7.2
Current assets					
Inventories and work in progress:					
Inventories of raw materials and other supplies	-	-	-	-	
Advances and down payments to suppliers	**36**	33	-	**33**	
Operating receivables:					
Trade receivables	22,771	21,661	-	**21,661**	III.7.3 & 7.4
Other	9,044	19,918	-	**19,918**	III.7.3 & 7.4
Marketable securities	25,006	17	-	**17**	
Cash and cash equivalents	138,149	108,057	-	**108,057**	
Prepaid expenses	1,765	2,055	-	**2,055**	
TOTAL CURRENT ASSETS (II)	**196,772**	**151,740**	**-**	**151,740**	
EXPENSES TO BE APPORTIONED OVER MORE THAN ONE PERIOD (III)	**-**	**-**	**-**	**-**	
BOND REDEMPTION PREMIUMS (IV)	**-**	**651**	**-**	**651**	
UNREALIZED EXCHANGE LOSSES (V)	**6,079**	**3,015**	**-**	**3,015**	III.7.5
GRAND TOTAL (I+II+III+IV+V)	**2,498,519**	**4,152,723**	**1,328,797**	**2,823,926**	

LIABILITIES *(€ thousands)*	Fiscal year 2018	Fiscal year 2019	Notes
EQUITY			
Capital	1,137,120	1,206,036	
Issue, contribution premiums	-	-	
Revaluation of assets	-	-	
Reserves:			
Legal reserve	19,573	19,573	
Other reserves	-	-	
Regulated reserves	-	-	
Retained earnings	260,020	130,885	
Income (loss) for the period	(129,135)	94,592	
Investment grants	-	-	
Regulated provisions	-	-	
Conditional advances	171	-	
TOTAL EQUITY (I)	**1,287,748**	**1,451,086**	III.7.6
PROVISIONS			
Provisions for liabilities	49,488	13,865	
Provisions for expenses	4,487	4,781	
TOTAL PROVISIONS (II)	**53,975**	**18,646**	III.7.7
LIABILITIES			
Other bonds	287,517	507,465	III.7.8
Borrowings from financial institutions (1)	476,857	465,277	III.7.8
Various debts	174,931	220,094	III.7.8
Advances and down payments on orders in progress	-	-	III.7.8
Trade payables	30,094	29,019	III.7.8
Tax payables and employee commitments	23,422	17,797	III.7.8
Liabilities to fixed asset suppliers	1,562	1,368	III.7.8
Other liabilities	151,001	107,160	III.7.8
Prepaid income	-	-	III.7.8
TOTAL LIABILITIES (III) [2]	**1,145,386**	**1,348,181**	
UNREALIZED EXCHANGE GAINS (IV)	**11,410**	**6,013**	III.7.5
GRAND TOTAL (I+II+III+IV)	**2,498,519**	**2,823,926**	
[1] Of which bank overdrafts and credit balances on bank accounts:	215	66	
[2] Prepaid expenses and income maturing within one year:	260,524	334,999	

II. Income statement

(€ thousands)	Fiscal year 2018	Fiscal year 2019	Notes
Revenue from operations:			
Sales of goods	-	-	
Production sold (goods)	-	-	
Production sold (services)	76,604	69,004	III.8.3
NET SALES	**76,604**	**69,004**	
Inventories of finished goods	-	-	
Operating grants	-	-	
Reversals of provisions, depreciation (and amortization), expense transfers	1,376	341	
Other revenue	13,065	13,744	
TOTAL REVENUE FROM OPERATIONS (I)	**91,045**	**83,089**	
Operating expenses:			
Supply purchases	-	-	
Changes in inventories	-	-	
Other purchases and external expenses	46,534	39,308	
Taxes	4,301	2,847	
Wages and salaries	32,056	25,546	
Social security contributions	15,450	11,850	
Depreciation and amortization:			
- fixed assets: amortization	3,753	3,023	
- fixed assets: depreciation	440	-	
- current assets: depreciation	-	-	
- liabilities and expenses : depreciation	386	3,525	
Other expenses	796	1,585	
TOTAL OPERATING EXPENSES (II)	**103,716**	**87,683**	
OPERATING INCOME (I-II)	**(12,672)**	**(4,594)**	
PROFIT ATTRIBUTED OR LOSS TRANSFERRED (III)	**417**	**2**	
LOSS INCURRED OR PROFIT TRANSFERRED (IV)	**-**	**25**	

(€ thousands)	Fiscal year 2018	Fiscal year 2019	Notes
Financial income:			
Income from equity investments	137,783	127,085	
Income from other marketable securities and non-current asset receivables	-	-	
Other interest and similar income	3,883	6,564	
Reversals of provisions, depreciation (and amortization), expense transfers	63,401	174,270	
Foreign exchange gains	23,456	25,006	
Net revenue from disposals of transferable securities	-	-	
TOTAL FINANCIAL INCOME (V)	**228,522**	**332,925**	
Financial expenses:			
Depreciation, amortization and provisions	330,263	102,908	
Interest and similar expenses	12,087	28,005	
Foreign exchange losses	31,106	21,903	
Net expenses on disposals of transferable securities	26	33,560	
TOTAL FINANCIAL EXPENSES (VI)	**373,481**	**186,376**	
FINANCIAL INCOME (LOSS) (V-VI)	**(144,959)**	**146,549**	III.8.4
CURRENT INCOME (LOSS) BEFORE INCOME TAX (I-II+III-IV+V-VI)	**(157,213)**	**141,931**	
Extraordinary income:			
From operations	4,691	-	
From asset disposals	100	854	
Reversals of provisions, depreciation (and amortization), expense transfers	-	-	
TOTAL EXTRAORDINARY INCOME (VII)	**4,791**	**854**	
Extraordinary expenses:			
From operations	4	3	
From asset disposals	107	72,821	
Depreciation, amortization and provisions	-	-	
TOTAL EXTRAORDINARY EXPENSES (VIII)	**112**	**72,824**	
EXTRAORDINARY INCOME (LOSS) (VII-VIII)	**4,679**	**(71,969)**	III.8.5
EMPLOYEE PROFIT-SHARING (IX)	**-**	**-**	
INCOME TAX (X)	**(23,400)**	**(24,631)**	III.8.6
TOTAL REVENUE (I+III+V+VII)	**324,775**	**416,870**	
TOTAL EXPENSES (II+IV+VI+VIII+IX+X)	**453,909**	**322,278**	
NET INCOME (LOSS)	**(129,135)**	**94,592**	

III. Notes to the financial statements

Transdev Group SA, the parent company of the Transdev group (hereinafter "Transdev" or the "Group") is a joint stock company (société anonyme) incorporated under French law, which has stated capital of €1,206,035,927.20, and which was registered with the Nanterre Trade and Companies Registry under number 521 477 851 on December 12, 2011. The head office is located 3 allée de Grenelle, 92130 Issy-les-Moulineaux, France.

III.1. Noteworthy actions and significant events during the period

III.1.1. Shareholder structure

On January 9, 2019, in accordance with the agreement entered into between Caisse des Dépôts and the Rethmann group on October 2, 2018:

- Rethmann France acquired the 30% of Transdev Group's capital previously held by the Veolia group;
- Transdev GmbH, a wholly-owned subsidiary of Transdev Group, acquired the shares of the holding company Rhenus Veniro which, together with its subsidiaries, conducts the Rethmann group's public passenger transportation businesses in Germany.

In addition, a capital increase of €68.9 million reserved for Rethmann France was carried out on June 28, 2019, pursuant to which ordinary shares and non-voting prefered shares were issued, thereby increasing Rethmann France's stake in Transdev Group's capital to 34%.

Caisse des Dépôts retains sole control of Transdev Group, with over two-thirds of the voting rights and 66% of the capital, thus maintaining its role as the long-term majority shareholder.

III.1.2. Equity investments

In 2019, Transdev Group SA subscribed for the capital increase of:

- its subsidiary Transdev North America in the amount of €61 million (which was entirely subscribed in consideration for a setoff against receivables);
- its subsidiary Transdev Ceska Republica in the amount of €50 million (which was entirely subscribed in consideration for a setoff against receivables);
- its subsidiary Transdev Canada in the amount of €15 million (which was entirely subscribed in consideration for a setoff against receivables);
- its subsidiary Transdev Colombia in the amount of €7 million.

In addition, in connection with its divestment of certain business-to-consumer ("BtoC") activities, Transdev Group sold its stake in Transdev Eurolines in 2019.

Finally, in 2019, Transdev Group spun off its entire Autonomous Transportation Systems business division to Transdev Group Innovation located in Satory.

III.1.3. Financing

On July 3, Transdev Group SA signed an amendment to the syndicated loan agreement it concluded in March 2016, increasing the amount of the credit facility from €700 to €1,100 million and cancelling the €300 million term loan. The maturity of this credit facility was extended to July 2024, with two one-year extension options subject to the lenders' agreement.

On November 5, Transdev Group carried out a new bond issue of €220 million in the form of an unlisted private placement maturing in November 2029.

III.1.4. Tax consolidation

On April 21, 2011, Transdev Group SA elected to be part of a tax group, as defined in Articles 223 A et seq. of the French General Tax Code *(Code général des impôts)*.

The tax consolidation election took effect on January 1, 2011 for a period of five years. It is renewable automatically unless expressly terminated by Transdev Group SA.

Income tax expense is allocated to the accounts of the various entities that comprise the tax group in accordance with the "neutrality" method required by the French National Accounting Institute *(Conseil National de la Comptabilité)*, and reiterated in the Official Tax Bulletin no. 4H-9-88.

Pursuant to this principle, each subsidiary pays the tax it would have paid in the absence of tax consolidation, and Transdev Group SA, the company that heads the tax consolidation group, pays its own tax and either receives the benefit of any tax savings or bears the burden of any additional tax due to the application of tax consolidation.

For 2019, the tax consolidation option led to the recognition of a consolidated tax bonus of €33.3 million on the parent company's financial statements and a Group tax liability of €8.4 million.

III.2. General rules and principles applied

The financial statements for fiscal year 2019 have been prepared in accordance with French accounting principles in effect. To the extent possible, detailed figures are provided in table form and expressed in thousands of euros.

New regulation ANC 2018-01 of April 20, 2018, which amended regulation ANC 2014-03 on the uniform chart of accounts, has no material impact on the Company's financial statements. The accounting principles applied to prepare these financial statements are the same as those applied for the year-end closing at December 31, 2018.

III.3. Consolidation

Transdev Group SA is the parent company of the Transdev group whose consolidated accounts are fully consolidated in the accounts of Caisse des Dépôts et Consignations (General Section), whose registered office is located at 56 rue de Lille, 75356 Paris 07 SP.

III.4. Measurement procedures and methods applied to various statement of financial position and income statement items

Items recognized on the financial statements are measured using the "historical costs" method. More specifically, the measurement procedures and methods described below are used for the various items reported on the annual financial statements.

III.4.1. Intangible assets

Intangible business assets are measured at acquisition cost. In accordance with the accounting regulations applicable to assets under ANC 2015-06, intangible business assets with an indefinite useful life are not amortized, but are tested each year for impairment. Impairment is recognized if the market value of the asset is less than its net carrying amount.

The accounting regulations on intangible business assets had no impact on the financial statements as of December 31, 2019.

Depending on its type, computer software is amortized over a period of three to five years.

III.4.2. Property, plant and equipment

Assets are depreciated on a straight-line basis over their useful lives:
- Buildings: ....20 years
- Installations, fixtures and improvements: ....8 years
- Computer equipment: ....5 years
- Office equipment: ....5 à 7 years
- Office furniture: ....5 à 10 years

III.4.3. Investments

For securities acquired, the gross value of long-term securities is equal to acquisition cost including ancillary expenses, if any.

Provisions for impairment of equity investments are recognized on the basis of (i) the financial performance of the investments, (ii) changes in income or (iii) their probable sale value. The company relies inter alia on the business plans prepared by the subsidiaries.
Other investments are recognized as assets at their initial recognition value. Impairment is recognized if the market value of an asset falls below net carrying amount.

III.4.4. Receivables and liabilities

Receivables and liabilities are recognized at their nominal values.

If applicable, impairment is recognized on receivables to take into account the risk of non-collection.

III.4.5. Transferable securities

Time deposit accounts are reported in this item. They are recognized at their acquisition cost, and a provision for impairment is recognized if their market value is less than their carrying amount.

III.4.6. Provisions for liabilities and expenses

Contingency and loss provisions are estimated according to the data known to the company on the date on which the financial statements are closed off.

Provisions are broken down by type in section III-7.7 of the notes to the financial statements.

III.4.7. Foreign currency transactions

During the fiscal year, transactions in foreign currencies are reported at their equivalent value in euros at the exchange rate in effect on the date of the transaction.

Receivables, liabilities, loans and borrowings in foreign currencies are reported on the statement of financial position for their equivalent value in euros using the year-end exchange rate. Any difference generated by updating the value of liabilities and receivables in foreign currencies using the year-end exchange rate is reported in the "unrealized foreign exchange gains or losses" item on the statement of financial position.

In accordance with Article 420-7 of the uniform chart of Accounts, the impact of converting cash accounts held in foreign currency is recognized directly on the income statement as a foreign exchange translation gain (loss). Similarly, the impact of converting current accounts held with subsidiaries that, by their nature, are comparable to cash accounts, is recognized directly on the income statement as a foreign exchange translation gain (loss).

A provision for liabilities is recognized for the net amount of the total amount of any unrealized foreign exchange losses, assessed by currency and maturity group, after taking into account forward transactions classified as hedging transactions for accounting purposes.

III.4.8. Foreign exchange derivative transactions

Transdev Group SA manages market risks associated with fluctuations in foreign exchange rates through the use of derivatives, in particular currency futures, currency swaps and currency options. These instruments are used for hedging purposes.
Foreign exchange derivatives classified as hedging transactions for accounting purposes are reported as foreign exchange gains or losses in parallel to the hedged items.

The overall position of derivatives not classified as hedging transactions for accounting purposes is reported by currency.
A provision is recognized for unrealized foreign exchange losses, unrealized gains are not recognized in income, and realized gains or losses are recognized in income.

III.4.9. Pension commitment

The rights accrued by the employees in respect of future post-employment benefits were calculated on the basis of the age and length of service of each employee, using a method that takes into account assumptions concerning changes in salaries, life expectancy and personnel turnover, in accordance with the principles applied in the Transdev group.

Expenses and income from discounting are recognized on the income statement using the preferential method described in CNC Recommendation No. 2003 R-01 of April 1, 2003.

In 2019, a rate of 0.40% was used for discounting.

As of December 31, 2019, a provision of €4.7 million was recognized for a shortfall in commitment coverage.

III.4.10. Commitment in respect of length of service benefits

The rights accrued by employees in respect of length of service benefits were determined according to the age and length of service of each employee, using a method that takes into account assumptions concerning changes in salaries, life expectancy and personnel turnover, in accordance with the principles applied in the Transdev group.

As of December 31, 2019, the commitments were covered by a provision of €0.1 million.

III.4.11. Competitiveness and employment tax credit - Replaced by a reduction in social contributions

Until December 31, 2018, the Competitiveness and Employment Tax Credit (CICE) was recognised in the "Corporate income tax" account in Transdev Group's financial statements.
On January 1, 2019, the Competitiveness and Employment Tax Credit was replaced by a reduction in social contributions.

III.5. Other information

III.5.1. Related-party transactions

Related-party transactions concerned by Article R.123-199 1 of the French Commercial Code

Pursuant to the regulations of the Accounting Standards Authority (*Autorité des Normes Comptables* or "ANC") and Article R.123-199 1 of the French Commercial Code concerning related parties, Transdev Group SA confirms that it did not engage any such transactions in fiscal year 2019.

Transactions with affiliates

As part of its holding activities, the company provides services to its subsidiaries on behalf of the group. These activities cover primarily technical assistance, a brand fee, the loan of employees and furnishing guarantees.

III.5.2. Statutory auditors' fees

Pursuant to Decree No. 2008-1487 of December 30, 2008, information concerning statutory auditors' fees is not disclosed in this note because it is provided in the notes to the Transdev group consolidated financial statements.

III.6. Post-closing events

None.

III.7. Additional information concerning the statement of financial position

III.7.1. Statement of fixed assets: changes in gross values

(€ thousands)	Gross values at the start of the period	Acquisitions, increases during the period	Disposals, reductions during the period	Other flows [1]	Unrealized currency losses	Gross values at the end of the period
Intangible assets	**40,999**	**1,180**	**(547)**	**(256)**	**-**	**41,375**
Intangible assets advances and down payments	**-**	**-**	**-**	**-**	**-**	**-**
Property, plant and equipment	**6,965**	**320**	**-**	**(1,446)**	**-**	**5,839**
Property, plant and equipment in progress	**78**	**35**	**-**	**(77)**	**-**	**36**
Investments, of which	**3,606,871**	**651,260**	**(312,513)**	**4,448**	**-**	**3,950,066**
Equity investments	2,695,406	133,945	(72,634)	4,700	-	2,761,417
Loans related to investments	908,735	517,270	(239,807)	-	-	1,186,198
Other long-term securities	-	-	-	-	-	-
Other loans	-	-	-	-	-	-
Other investments	2,730	-	-	(252)	-	2,451
TOTAL FIXED ASSETS	**3,654,913**	**652,795**	**(313,060)**	**2,668**	**-**	**3,997,317**

[1] Partial contribution of assets of the Innovation business on July 22, 2019.

Below is a breakdown of the main transactions involving investment securities:

(€ thousands)	Acquisitions during the period	Capital increase	Disposals during the period	Other flows	Changes during the period
Transdev North America	-	61,129	-	-	61,129
Transvdev Eurolines	-	-	(71,100)	-	(71,100)
Transdev Group Innovation	-	-	-	4,700	4,700
Transdev Colombia	-	7,151	-	-	7,151
Transdev Canada	-	15,037	-	-	15,037
Transdev Ceska Republica	-	50,147	-	-	50,147
Others	400	81	(1,534)	-	(1,053)
TOTAL	**400**	**133,545**	**(72,634)**	**4,700**	**66,011**

III.7.2. Statement of fixed assets: changes in depreciation, amortization and impairment

(€ thousands)	Position at the start of the period	Provisions during the period	Reversals or reductions during the period	Reclassifications Other flows	Depreciation and amortization at the end of the period
Depreciation and amortization of intangible assets	19,887	2,438	(110)	(82)	22,133
Depreciation and amortization of property, plant and equipment	2,421	585	-	(532)	2,474
Impairment of investments	1,336,938	102,857	(135,605)	-	1,304,190
TOTAL DEPRECIATION/AMORTIZATION AND IMPAIRMENT OF FIXED ASSETS	**1,359,245**	**105,880**	**(135,715)**	**(614)**	**1,328,797**
of which provision and reversals					
operating	-	3,023	(110)	-	-
financial	-	102,857	(135,605)	-	-
extraordinary	-	-	-	-	-

Impairment of financial assets and related receivables:

(€ thousands)	Position at the start of the period	Provisions during the period	Reversals during the period	Reclassifications	Position at the end of the period
Transdev Ile de France SA	482,866	6,793	-	-	489,659
Transdev SA	344,853	-	-	-	344,853
Transdev North America INC.	269,290	90,902	-	-	360,192
Other equity investments	239,929	5,162	(135,605)	-	109,486
TOTAL	**1,336,938**	**102,857**	**(135,605)**	**-**	**1,304,190**

III.7.3. Statement of receivable maturity dates

(€ thousands)	Fiscal year 2019 Gross	Maturing in less than one year	Of which affiliates or controlled entities	Fscal year 2018 Gross
Fixed assets				
Receivables from controlled entities	1,186,198	491,287	1,186,198	908,735
Other investments	2,451	-	-	2,730
Current assets				
Trade receivables	21,661	21,661	20,565	22,771
Other receivables	19,918	19,918	8,668	9,044
Prepaid expenses	2,055	2,055	-	1,765
TOTAL	**1,232,282**	**534,920**	**1,215,431**	**945,046**

III.7.4. Statement of current assets: changes in impairment

There were no movements concerning these items during the period.

(€ thousands)	Position at the start of the period	Provisions during the period	Reversals during the period	Reclassifications	Impairment at the end of the period
Inventories and work in progress	-	-	-	-	-
Trade and other receivables	-	-	-	-	-
Other accounts receivable	-	-	-	-	-
TOTAL IMPAIRMENT OF CURRENT ASSETS	**-**	**-**	**-**	**-**	**-**
of which provisions and reversals:					
operations	-	-	-	-	-
financial	-	-	-	-	-
extraordinary	-	-	-	-	-

III.7.5. Unrealized foreign exchange loss/gain

The breakdown of currency impact at year-end is shown below:

(€ thousands)	Unrealized currency translation losses	Unrealized currency translation gains
Receivables from controlled entities	3,012	1,789
Trade receivables	2	16
Transferable securities	-	-
Loans and other debts	-	4,208
TOTAL	**3,015**	**6,013**

and breaks down as follows by currency:

(€ thousands)	Unrealized currency translation losses	Unrealized currency translation gains
Canadian dollar CAD	-	238
Pound sterling GBP	326	-
New Zealand dollar NZD	-	595
Australian dollar AUD	2	446
Czech crown CZK	-	82
Swedish krona SEK	-	438
US dollar USD	2,686	4,213
TOTAL	**3,015**	**6,013**

III.7.6. Statement of changes in equity

(€ thousands)	Position at the start of the period	Appropriation of net income 2018	Capital reduction	Other own funds	Net income (loss) 2019	Position at the end of the period
Capital subscribed, called and paid in	1,137,120	-	68,916	-	-	1,206,036
Contribution premium	-	-	-	-	-	-
Legal reserve	19,573	-	-	-	-	19,573
Other Reserves	-	-	-	-	-	-
Retained earnings	260,019	(129,135)	-	-	-	130,885
Income (loss) for the period	(129,135)	129,135	-	-	94,592	94,592
Interim dividends (1)	-	-	-	-	-	-
Conditional advances	171	-	-	(171)	-	-
TOTAL EQUITY	**1,287,748**	**-**	**68,916**	**(171)**	**94,592**	**1,451,086**

At year-end, Transdev Group SA's share capital consists of 123,496,402 ordinary shares with a nominal value of €9.62, fully paid up and subscribed, and of 1,871,158 preferred shares with a nominal value of €9.62, fully paid up and subscribed.

In accordance with the ordinary general meeting's resolutions of March 15, 2019 approving the financial statements for 2018, the accounting loss for the fiscal year was allocated to retained earnings.

III.7.7. Provisions for liabilities and expenses

The movements during the period are shown below:

(€ thousands)	Amount at the start of the period	Provision during the period	Reversals during the period: used	Reversals during the period unnecessary	Contribution Other Flows	Amount at the end of the period
Provision for impairment (1)	49,488	3,042	(38,665)	-	-	13,865
Provision for pensions and length of service benefits	4,443	525	(187)	-	-	4,781
For employee contingencies	44	-	(44)	-	-	-
TOTAL	**53,975**	**3,567**	**(38,897)**	**-**	**-**	**18,646**
of which recognition and reversals:						
operating	-	3,525	(231)	-	-	-
financial	-	42	(38,665)	-	-	-
extraordinary	-	-	-	-	-	-

The main changes concern the types below:

(€ thousands)	Amount at the start of the period	Increases during the period	Decreases, reversals during the period	Reclassifications	Amount at the end of the period
(1) **Provisions for impairment**					
Provision for impairment of subsidiary value	48,987	42	(38,665)	-	10,364
Other provisions for risks	501	3,000	-	-	3,501
TOTAL PROVISIONS FOR IMPAIRMENT	**49,488**	**3,042**	**(38,665)**	**-**	**13,865**

III.7.8. Statement of debt maturity dates

(€ thousands)	Fiscal year 2019	Maturing in less than 1 year	Maturing in more than 1 year and less than 5 years	Maturing in more than 5 years	Of which affiliates or controlled entities	Fiscal year 2018
Other bonds	507,465	2,261	160,154	345,051	-	287,517
Borrowings from financial institutions	465,277	38,529	401,748	25,000	-	476,857
Various debts	220,094	217,313	2,781	-	220,094	174,931
Advances and down payments on orders in progress	-	-	-	-	-	-
Trade payables	29,019	29,019	-	-	8,870	30,094
Taxes payables and employee commitments	17,797	17,797	-	-	-	23,422
Liabilities to fixed asset suppliers	1,368	1,368	-	-	740	1,562
Other liabilities	107,160	28,711	78,449	-	105,131	151,001
Prepaid income	-	-	-	-	-	-
TOTAL	**1,348,181**	**334,999**	**643,132**	**370,051**	**334,835**	**1,145,386**

III.7.9. Statement of financial commitments

The total amount of the company's financial commitments breaks down as shown below:

TYPES OF COMMITMENTS *(€ thousands)*	Total	Subsidiaries, controlled entities and other affiliates	Other	Maturing in less than 1 year	Maturing in more than 1 year and less than 5 years	Maturing in more than 5 years
Operational performance guarantees	190,300	175,525	14,774	76,239	19,934	94,126
Guarantees on operating leases	219,075	217,799	1,276	7,345	55,669	156,060
Other operational guarantees	276,995	253,634	23,361	274,764	2,231	
TOTAL OPERATIONAL GUARANTEES	**686,369**	**646,958**	**39,411**	**358,349**	**77,833**	**250,187**
Guarantees related to financial transactions	-	-	-	-	-	-
Commitments made	-	-	-	-	-	-
Financial guarantees	32,590	32,546	44	1,344	4,833	26,412
TOTAL OTHER GUARANTEES AND COMMITMENTS MADE	**32,590**	**32,546**	**44**	**1,344**	**4,833**	**26,412**
Commitments received	760,000	-	760,000	-	760,000	-

The commitments made by Transdev Group SA mainly relate to financing and performance guarantees on behalf of its French and foreign subsidiaries. Commitments received consist of unused credit lines with banks.

III.7.10. Finance lease commitments

There were no finance lease commitments at year-end 2018 and year-end 2019.

(€ thousands)	Fiscal Year 2019 Amount	Fiscal Year 2018 Amount
Original value of assets	n.a.	n.a.
Amortization during the period	n.a.	n.a.
Total amortization	n.a.	n.a.
Lease payments during the period	n.a.	n.a.
Lease payments still outstanding	n.a.	n.a.

III.8. Additional information concerning the income statement

III.8.1. Compensation of corporate officers

(€ thousands)	Fiscal Year 2019 Amount	Fiscal Year 2018 Amount
Compensation paid to members of management bodies (directors' fees)	60	60

III.8.2. Average number of employees

	Salaried personnel	Personnel loaned to the company
Management employees	252	3
Supervisors and technicians	24	-
White-collar employees	34	-
TOTAL	310	3

III.8.3. Breakdown of net sales

(€ thousands)	Fiscal Year 2019 Amount	Fiscal Year 2018 Amount
A) Distribution by business sector		
Provision of services	69,004	76,604
TOTAL	69,004	76,604
B) Distribution by geographical area		
Provision of services France	34,258	44,744
Provision of services EU and non-EU	34,745	31,859
TOTAL	69,004	76,604

The revenue from management fees, invoicing of employees loaned and other costs is included in the provison of services.

III.8.4. Analysis of financial income (loss)

TYPE OF TRANSACTIONS *(€ thousands)*	Fiscal Year 2019 Amount	Of which affiliates or controlled entities
Financial revenue		
Revenue from controlled entities	105,303	105,303
Revenue from receivables of controlled entities	21,782	21,782
Other financial income	6,564	6,555
Reversals of financial provisions and expense transfers	174,270	174,270
Currency translation gains	25,006	-
TOTAL FINANCIAL REVENUE	332,925	307,910
Financial Expenses		
Financial amortization and provisions	(102,908)	(102,899)
Interest and similar expenses	(13,808)	-
Other financial expenses	(14,197)	-
Currency translation losses	(21,903)	-
Expenses on the disposal of transferable securities	(33,560)	-
TOTAL FINANCIAL EXPENSES	(186,376)	(102,899)
FINANCIAL INCOME (LOSS)	146,549	205,010

III.8.5. Analysis of extraordinary expenses and revenue

TYPE OF TRANSACTIONS *(€ thousands)*	Extraordinary expenses	Extraordinary revenue
Extraordinary expenses and revenue from management operations	(3)	-
Disposals of long-term investments	(72,634)	454
Disposals of property, plant and equipment	-	-
Disposals of intangible assets	(187)	400
Allocations to/reversal of depreciation/amortization and extraordinary provisions:		
Other extraordinary allocations/reversals	-	-
Excess tax depreciation	-	-
TOTAL	**(72,824)**	**854**

III.8.6. Corporate income tax breakdown

(€ thousands)	Current income (loss)	Extraordinary income (loss)	Total
1. Pre-tax income	141,931	(71,969)	69,962
2. Temporary differences	963	-	963
3. Permanent differences	(171,174)	72,179	(98,995)
4. Tax bases	(28,280)	210	(28,070)
5. Tax loss carryforwards and deferred depreciation	-	-	-
6. Taxable income after deduction of losses	(28,280)	210	(28,070)
7. Corporate income tax	24,631	-	24,631
8. Long-term capital gains tax (reduced rate)	-	-	-
9. After-tax income	166,562	(71,969)	94,592

Temporary differences correspond to expenses included in the book income that will be deducted from or added back to taxable income in future fiscal years.

Permanent differences primarily correspond to dividends received from subsidiaries, long-term net capital gains and losses and provisions for impairment of the financial assets.

In 2019, as a result of tax consolidation, Transdev Group SA recognised a tax saving of €33,255k in its individual financial statements and a tax liability of €8,023k.

III.8.7. Deferred taxation

As of December 31, 2019, Transdev Group SA held:

- Tax losses that can be carried forward indefinitely in the amount of (cerfa 2058-B Bis) €102,673K
- Total tax losses for the consolidated group of €307,479K

III.9. Information on subsidiaries, equity interests and the portfolio

A) Detailed information on each subsidiary and equity interest of more than 10% whose gross value exceeds 1% of Transdev Group SA's capital

The information about subsidiaries is taken from the figures as shown in the group reports (local accounts principles) as of January 17, 2020.

As an exception, the data concerning Transdev Ile de France SA and Transdev SA is taken from the parent company financial statements.

The data for subsidiaries outside the Euro Zone is converted at the December 31 exchange rate for equity and at the average rate for income statement information.

COMPANIES *(€ thousands)*	Capital	Par value	Share Capital of the subsidiary	Equity including net income (loss) for the period exclusing capital [1]	% held	Current value of securities held		Loans and advances made by TDG	Guarantees and pledges granted by TDG	Sales	Net income (loss)	Dividends received
						Gross	Net			2019	2019	2019
1. SUBSIDIARIES												
Transdev Ile-de-France SA 3, Allée de Grenelle 92 130 Issy-Les-Moulineaux	20,000,000	10EUR	200,000	59,512	100%	890,999	401,340	445	50	223,408	31,046	25,000
Transdev SA 3, Allée de Grenelle 92 130 Issy-Les-Moulineaux	1,241,266	140EUR	173,777	66,317	100%	691,000	346,147	577,481	76	139,169	36,304	34,160
Transdev Plc 401 King Street London United Kingdom	40,500,000	1GBP	47,602	(60,599)	100%	61,902	-	37,560	-	1,172	(2,601)	-
Transdev Participacoes SGPS SA Avenida D Afonso Henriques n° 1462 1° Edificio Olympus 4450-013 Matosinhos Portugal	17,000,000	1EUR	25,279	30,764	100%	108,000	102,943	29,704	-	-	4,080	7,500
Transdev Ceska Republica S.R.O. Klimentska 1207/10 Nové Mestro 110 00 Praha,1	50,000	10CZK	20	49,337	100%	50,167	50,167	18,679	-	303	(981)	-
Transdev Canada 1100 Bd Rene-Levesque, Bureau 1305, Montreal, Quebec H3B4N4	40,000,100	100CAD	52,404	851	100%	48,038	48,038	76,874	-	10,064	15	-
Transdev North America Inc 720 E Butterfield Road Suite 300 Lombard 60148 IL United States	1,000	1USD	-	338,808	100%	453,992	93,800	56,306	247,435	21,466	(13,662)	-
Transdev Northern Europe Box 14091, 16714 Broma Sweden	7,000,000	7,14 SEK	4,786	15,985	100%	65,500	64,874	117,407	-	-	23,835	14,213
Transdev GmbH Georgenstr. 22, 10117 Berlin Germany	25,600	1EUR	26	223,818	100%	166,500	166,500	164,674	-	67,368	(26,517)	8,903
Transdev Australasia Level 8, 469 Latrobe Street Melbourne Victoria Australia	67,100,000	0,70 AUD	29,447	39,111	100%	196,200	196,200	41,246	-	20,474	13,845	6,222
2. EQUITY STAKES												
Non applicable												

B) General information on subsidiaries and equity interests of more than 10% whose value does not exceed 1% of Transdev Group SA's capital

(€ thousands)	Current value of securities held		Loans and advances made by TDG	Guarantees and pledges granted by TDG	Sales	Net income (loss)	Dividends received
	Gross	Net			2019	2019	2019
1. Subsidiaries in which an equity stake of more than 50% is held							
1.1. French subsidiaries	6,054	5,993	7,983	-	-	-	605
1.2. Foreign subsidiaries	18,749	18,747	38,446	-	-	-	8,475
2. Equity interests (of between 10 and 50%)							
2.1. In French companies	662	362	101	-	-	-	-
2.2. In foreign companies	3,655	3,655	-	-	-	-	-

C) General information on subsidiaries and equity interests of more than 10%

(€ thousands)	Current value of securities held		Loans and advances made by TDG	Guarantees and pledges granted by TDG	Sales	Net income (loss)	Dividends received
	Gross	Net			2019	2019	2019
1. Subsidiaries							
1.1. French subsidiaries	1,588,053	753,480	585,909	-	-	-	59,764
1.2. Foreign subsidiaries	1,169,047	741,268	580,897	-	-	-	45,313
2. Equity interests							
2.1. In French companies	662	362	101	-	-	-	-
2.2. In foreign companies	3,655	3,655	-	-	-	-	-
GRAND TOTAL	**2,761,417**	**1,498,765**	**1,166,907**	**-**	**-**	**-**	**105,078**

Statutory auditors' report on the financial statements

YEAR ENDED DECEMBER 31, 2019

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditor's report includes information required by French law, such as the verification of the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Transdev Group,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Transdev Group for the year ended December 31, 2019.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework
We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence
We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*.

Emphasis of Matter

We draw attention to notes III.7.1 and III.7.2 to the financial statements relating to the trend in the value of the shares held by your Company.

Our opinion is not modified in respect of this matter.

Justification of Assessments

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 assessments that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

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.

Your Company has booked and valued equity interests according to the methods described in Note III.4.3 to the financial statements. As part of our assessments, our work consisted in examining the methods of implementation of these rules, assessing the data and assumptions on which the judgments and estimates used by your Company are based, and examining, on a test basis, the calculations made by your Company.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the Management Report and in the Other Documents with respect to the financial position and the financial statements provided to the Shareholders
We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest that the information relating to payment deadlines referred to in article D. 441-4 of the French Commercial Code *(Code de commerce)* is fairly presented and consistent with the financial statements.

Information relating to Corporate Governance
We attest that the Corporate Governance section of the Management Report sets out the information required by Article L. 225-37-4 of the French Commercial Code *(Code de commerce)*.

Other information
In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests has been properly disclosed in the management report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Courbevoie and Paris-La Défense, March 9, 2020

The Statutory Auditors
French original signed by

MAZARS

ERNST & YOUNG et Autres

Gilles Magnan

Charles Desvernois

Jean-Christophe Goudard

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