

# ANDRA

## 2016 Financial Report





# **ANDRA**

## **2016 Financial Report**

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# MANAGEMENT REPORT

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## 1.1 Legal and Financial data

Andra, the French National Radioactive Waste Management Agency, is a public industrial and commercial entity set up by the Act of 30 December 1991, since integrated into the French Environment Code, and amended by Act 2006-739 of 28 June 2006, on the sustainable management of radioactive materials and waste. Its operating is governed by Articles R.542-1 to 19 of the French Environment Code. Andra manages its own finances, and presented its accounts in accordance with commercial rules and practices.

*Andra's financial situation is sound, commensurate with the need to provide for innovation, the industrial tools of today and the responsibilities of the future:*

Turnover for 2016 rose by +1.9%, to €228 million. This was mainly due to the Cigeo Project (67%), for which detailed design studies were launched at the beginning of 2016, as well as operating and monitoring at surface disposal facilities (27%), where activity was slightly lower than in 2015, and the LLW-LL Project (2%), the programme for which has been scaled down following ASN's examination of the status report submitted at the end of 2015.

Investment net of income from disposals amounted to €28.9 million in 2016, of which approximately 44% was financed by the Agency's own funds, mainly in Andra's industrial centres in the Aube. Investment financed by third parties almost entirely concerns the works at the Meuse/Haute-Marne Centre (drifts and facilities).

Andra's net income in 2016 was €14.1 million, slightly lower than that for 2015 (€14.3 million). Net income primarily comes from a research tax credit, worth €13.5 million (after corporate tax). Operating income was €2.2 million. Operating of surface facilities accounts for most of this income, at €4.1 million. For the third year running, the collection of waste from producers other than nuclear power generators broke even, due to increased activity for specific types of waste requiring prior agreement. It remains to be seen in the next two years whether or not this upturn will continue, given that structural equilibrium remains fragile.

Thanks to cash flow generated by receipt of research tax credit, for which Andra has been eligible for around ten years, an ambitious policy regarding investment and securing funds to cover long-term costs has been put in place:

- ✓ Development and construction of waste inspection facilities for waste received at Andra's two Industrial Facilities in the Aube department (CI2A). The facility at the CSA site for low-and intermediate-level waste is due to be completed by the beginning of 2017 (total budget of €16.2 million), while that at the Cires site, for very low-level waste, has been operating since 2011 (€0.8 million);
- ✓ The development at the Cires site of a facility for sorting and processing of waste from producers other than nuclear power generators, commissioned in mid-2016 and now ramping up to full capacity (total budget of €9.5 million);
- ✓ Setting up a fund as required under 'Article 20' of the Planning Act, to secure funds to meet long-term costs related to the radioactive waste for which Andra has financial responsibility for several hundred years. On 31 December 2016, this fund was worth €54.2 million (plus €8.5 million in unrealised gains), with costs of €56.2 million at present value (€101.1 million at gross value). The Agency's liabilities are thus covered at a rate of 117%. Set up in 2014, the fund forms a reserve, as decided by the Board, designed to absorb any shortfalls in future yields or periods of high inflation, thereby optimising the risk/yield ratio. It should be noted that, since it was first set up, this fund has shown an average annual rate of return of 4.76%, which is higher than the expected discount rate of 3.5%.

The credit rating given by the Banque de France, which assesses the company's ability to honour its financial commitments for a 3-year period, is "excellent". It should also be noted that suppliers were paid within an average of 33 days in 2016, compared to 36 days in 2015.



## 1.2 Key events in 2016

The year 2016 began with sad news for Andra, our personnel and our partners, with the fatal accident in January when a drift under construction at the Underground Laboratory caved in. Following meticulous analysis of the conditions for resuming work, in liaison with experts, excavation works resumed in the drift in question in November.

Significant progress was made on the Cigeo Project in 2016:

- ✓ detailed engineering designs launched at the beginning of 2016;
- ✓ ASN and IRSN examined the documents submitted in April 2016: Safety Options Report, Retrievability Technical Options Report and the Master Plan for Operations;
- ✓ French Parliament adopted the "Reversibility" law, which also sets out the new schedule for the project and introduces an industrial pilot phase;
- ✓ Renewed national support for the project, directly initiated by the Prime Minister:
  - Work on the local development contract (*contrat de développement du territoire*) launched, based on the regional development report drawn up by Andra;
  - IGF/IGA<sup>1</sup> assessment launched relative to the project's tax considerations and its location across the region;
  - The first meeting of the High-level Committee (CHN) since 2013, chaired by the Minister of State for Industry, was held in December.

Demonstrations held in protest over the summer stopped a fence being built around the Lejuc woods (the future site of the "Shaft" zone). After the fence was pulled down, Andra attempted to build a shorter mobile perimeter wall to ensure security for work carried out to characterise the future "Shaft" zone, but this wall was also soon pulled down, preventing Andra from pursuing its characterisation operations (inventory of flora and fauna, geotechnical characterisation, etc.). Several cases of legal action against the project were also initiated in 2016.

At the same time, Andra has been seeking to improve dialogue with civil society, assisted by the Ethics and Society Committee set up at the end of 2016, by opening up new avenues for dialogue: local workshops, networks, publications, consultations on specific subjects.

ASN's opinion on the LLW-LL status report submitted at the end of 2015, and developments in the strategy pursued by waste producers, delaying the dismantling of first-generation reactors by several decades, have resulted in a review of the project programme and its medium-term objectives.

For Andra, our industrial activities remain a solid base which demonstrates the expertise and professionalism of our teams:

- ✓ CSA Safety Review submitted to ASN, and no significant safety events;
- ✓ At the Cires site, the facility for sorting and processing of waste from producers other than the nuclear power industry was commissioned, enabling Andra to manage the whole waste processing chain for small producers, with the exception of incineration;
- ✓ Improving customer satisfaction (rated 4.6/6 compared to 4.2 in 2015) stepped up thanks to new system organisation.

Regarding innovation, 19 projects, worth €20 million in public funding, were selected as a result of the second call for proposals held under the Investment in the Future programme relative to R&D on optimised management of post-dismantling waste.

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<sup>1</sup> IGF/IGA: France's Inspectorate General of Finances and Inspectorate General of Administrative Services

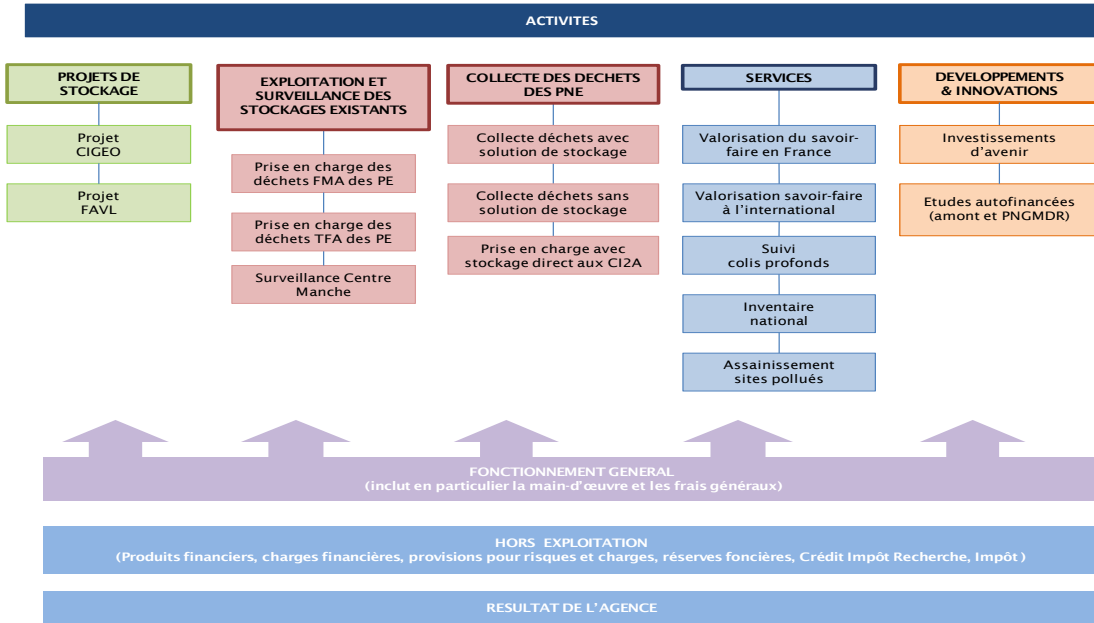
Labour/Management talks remained high on the agenda, and six agreements were signed with staff representatives in 2016. Discussions on drawing up a new performance target agreement with the government for the period 2017-2021 also provided an opportunity to bring the teams together to work on a collective project, involving everyone, including external stakeholders, in studies to identify Andra's strategic priorities for the period up to 2021.

Andra was particularly active on the international scene, participating, as an institutional sponsor, in the World Nuclear Exhibition (WNE) in June and the NEA International Conference on Geological Repositories in December.

Last, regarding public communication, over 14,700 people visited Andra facilities in 2016 (9,045 visitors to CMHM, 4,538 to CI2A and 1,130 to CSM).

Andra's triple certification of compliance for our safety and environmental quality management system was renewed in November 2016.

### 1.3 Structure of activities



### 1.4 Financing for activities

These activities are financed on a recurring basis by:

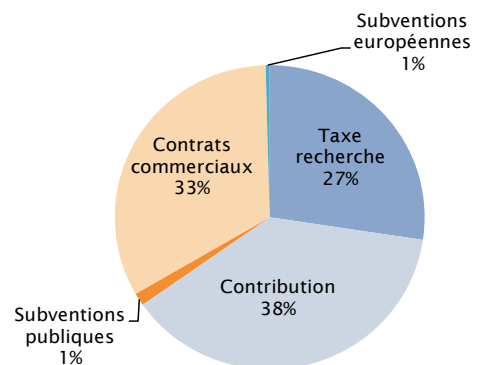
- ✓ **A tax allocated** for research and studies on HLW and ILW-LL disposal (Cigeo project) and a **specific contribution** introduced on 1 January 2014 to fund facility design studies for Cigeo and works prior to construction;
- ✓ **Sales contracts** for the LLW-LL project for the collection and disposal of waste, for operating and monitoring disposal facilities, and for promoting Andra's expertise in France and on the international market;
- ✓ **State subsidies** for keeping and publishing the National Waste Inventory, collecting and managing radioactive objects owned by private individuals and clean-up of sites contaminated by radioactivity;
- ✓ **Contracts** with the European Commission.

Certain costs are covered by Andra's own funds. For example, working hours spent coordinating funds from the Investment in the Future Programme, and some innovation outlook studies.

Investment relative to disposal facilities in service and new industrial facilities (in particular, the facility for sorting and processing of waste at the Cires site and the waste package inspection unit at the CSFMA site) is also funded by Andra's own funds, as also are allocations to "Article 20" funds set up to secure funds to cover the Agency's long-term costs.

Own funds are made up of income from Andra's various activities as well as various tax credits (notably the research tax credit).

Financement des activités en 2016



## 1.5 Andra's activities in 2016

### 1.5.1 The Cigeo Project

Regarding design studies, detailed engineering designs were progressively launched at the end of 2015, and will continue throughout 2017.

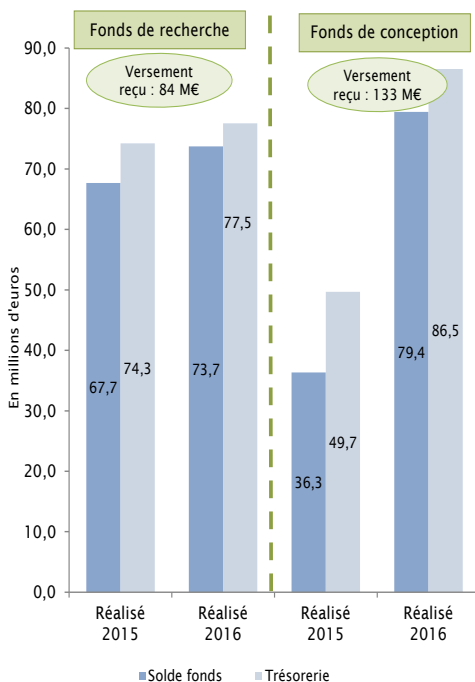
All the documents required - the Safety Options Report, Retrieval Technical Options Report and the Master Plan for Operations - were submitted to ASN in April 2016. ASN's examination, with technical support from IRSN, will continue throughout 2017. These documents also underwent an international peer review in the last quarter of 2016, the encouraging conclusions of which have been published.

The draft law on reversibility was adopted by Parliament over the summer. This law also provides certain elements essential to pursuing the Cigeo project, since it validates changes to the project proposed by Andra as a result of the public debate held in 2013, including the introduction of a pilot industrial phase to build and operate structures during a first phase, and thus have the benefit of feedback before moving on to subsequent phases.

In the Meuse Haute-Marne department, surface activities have focused on an initial archaeological survey in the "Ramp" zone. Over the summer, geotechnical and environmental survey operations planned in the future "Shaft" zone were disrupted by protesters, meaning that a security system had to be deployed in the future work zones. At the underground laboratory, work continued on part of the experimental programme in spite of the fatal accident which occurred at the beginning of the year. This included construction of a 40m-long cement-lined HLW disposal cell (cement injected between the rock and the metal sleeve), assembly of the tunnel-boring machine and resumption of excavation works at the end of the year.

Last, on the subject of local integration of the project, Andra published a document entitled "Input data for local stakeholders" preparing for integration of the Cigeo project in the region. Work on the local development contract was launched, at the request of the Prime Minister, by the Prefect in charge of coordination, in the summer of 2016 prior to a meeting of the High-Level Committee chaired by Christophe Sirugue, Minister of State for Industry.

Evolution du solde des fonds Cigeo



Since launching the engineering design stage and scheduling infrastructure works prior to construction of the future disposal facility, financing for the Cigeo project has come from two funds. The first, used to finance research, is a special fund into which, in addition to the tax levied on basic nuclear installations, another tax, known as the "research tax" is paid. The second, set up on 1 January 2014, is known as the "design" fund, into which a special contribution paid by radioactive waste producers is paid. Both these funds are covered separately in Andra's accounts, including cash flow, jobs and resources, and each has its own bank account. These funds have no impact on Andra's operating income.

A new decree was issued at the end of 2016 regarding funding arrangements set up under the "Research tax" order, which came into effect in 2017. This decree revises funding to the amount of €65 million a year, with a view to gradually balancing the fund's accounts. An Order covering the period 2014-2017 sets out the provisions for moneys to be paid into this "Design" fund. Expected expenditure for this period is more or less the same as the funds received under the Order.

### 1.5.2 The LLW-LL Project

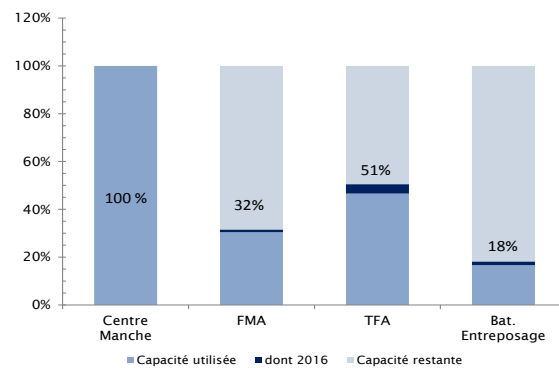
Given the new schedule for dismantling first-generation (GCR) reactors and ASN's opinion on the Status Report submitted in 2015, Andra has taken a stepwise approach to deploying the LLW-LL disposal facility project in the Aube. Thus, 2016 was devoted to defining a new work schedule based on the knowledge acquired by the end of 2015 and discussions with ASN, IRSN and radioactive waste producers, discussions which will carry on through 2017. A proposal to deploy in successive stages was presented to the producers at the end of 2016. In this context, many actions have been suspended or pushed back, including geological surveys which will be carried out in 2017, as well as some R&D and engineering design programmes. As a result, a great deal less was achieved in 2016 compared to 2015.

Andra is involved in financing the project, with regard to the waste collected from producers in the hospitals and universities sector and waste from orphan contaminated sites. Expenditure was €3.7 million (related to redefining the work schedule).

### 1.5.3 Surface facilities

CI2A (*Centres Industriels de l'Andra dans l'Aube*, i.e. Andra's two Industrial Facilities in the Aube department) is the collective name used for the CSA, the short-lived, low- and intermediate-level waste disposal facility (CSFMA), and the Cires, which houses the very low-level waste disposal facility (CSTFA) and the new storage and collection buildings. These surface facilities are mainly financed through contracts signed with the producers which deliver waste to these facilities. These activities show an overall profit.

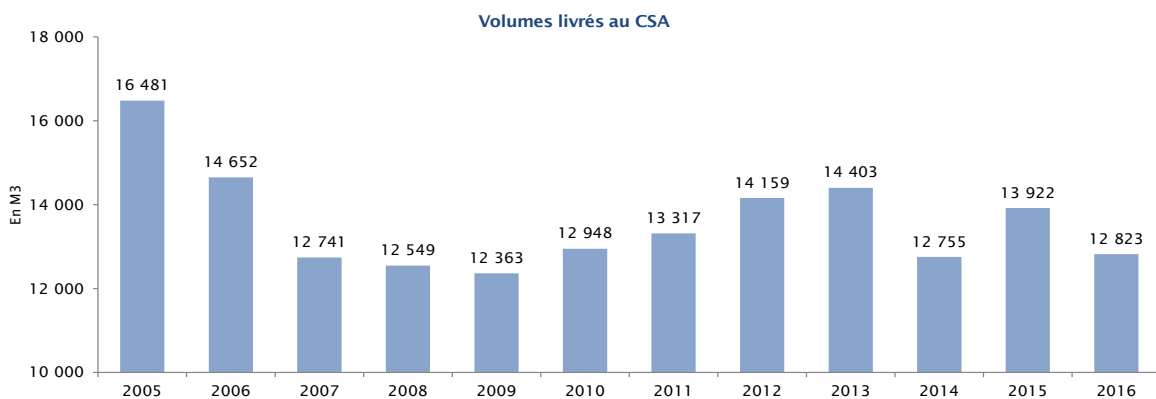
Consommation volumique des installations



#### 1.5.3.1 Disposal of low and intermediate-level waste at the CSA site

Waste package management activities at the CSA are mainly covered by a contract signed with EDF, CEA and AREVA for the period 2015 to 2019. The fill factor for the CSA is 32% of authorised capacity.

Turnover for this activity reached €41.9 million, i.e. €1.4 million less than in 2015. Operating income was €1.6 million.

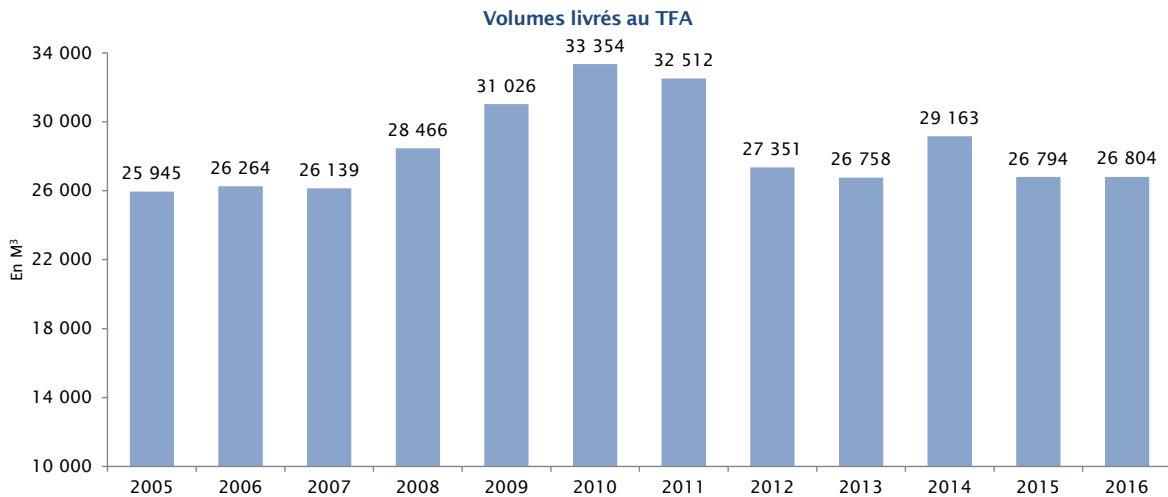


No accidents or incidents classified as level 1 or higher on the INES scale occurred at the facility (Basic Nuclear Installation) in 2016.

### 1.5.3.2 Disposal of very low-level waste at the Cires site

26,800m<sup>3</sup> of waste were delivered in 2016, lower than the level of activity for the period 2008-2011 during which an average 28,500m<sup>3</sup> of waste were emplaced each year. A new contract entered into force for industrial operations at the Cires site, covering a larger share of maintenance in light of preventive and corrective maintenance at the facility, required after 13 years of operating.

The total volume of waste emplaced to date is 328,300m<sup>3</sup>, i.e. 50.5% of the capacity currently authorised at the facility. This activity generated profits of €1.1 million.



### 1.5.3.3 Monitoring activity at the CSM disposal facility

Over 500,000 m<sup>3</sup> of waste have been disposed of at this facility, with the last package being received in 1994, after 25 years of operating. The facility entered its monitoring phase in January 2003 (known to date as the "closure phase" in the regulations).

The current agreement, initially set out to cover the period 2011-2015, has been extended up to the end of 2019 to ensure continued funding for studies required for the revision of Safety Report RDS 2019 (amendment currently being signed). No events were declared to ASN in 2016, and, regarding finances, this activity broke even.

## 1.5.4 Waste collection from producers other than nuclear power generators

### 1.5.4.1 Collection of waste for which there is a disposal solution

This activity, for which there is no public funding, entails managing waste produced in sectors other than nuclear power generation. The price charged is updated each year (as per the radioactive waste collection guide) and is designed to cover the costs of conditioning, transportation, processing and disposal. In 2016, there was a sharp increase in waste collection activity, resulting in an increase in inventory stored until such time as routine operation begins at the facility for sorting and processing of waste at the Cires site, which has been postponed from the start of Q2 2016 to the start of Q1 2017. The recovery plan for this activity is producing the desired results, showing a profit for the third year running, mainly due to recalculating write-backs on provisions to factor in the new management solutions defined. In addition to the price rise, the recovery plan also includes seeking optimisation, mainly through better management of the tools and facilities required for this sector, as well as optimising waste management processes depending on the characteristics of the waste.

### 1.5.4.2 Collection of waste pending development of suitable disposal solutions (LLW-LL/ILW-LL)

This type of waste is mainly collected from private individuals, or from education establishments which hold legacy radioactive substances. It includes minerals, naturally-radioactive salts (radium, thorium), objects bearing radium, and lightning conductors.

This type of waste is usually characterised as radium that has quite high activity levels, requiring disposal at the future facility for LLW-LL (radium-bearing waste). To a lesser extent, some waste also requires disposal in an ILW-LL facility. This is the case for certain sealed sources and radium-bearing items for medical use.

These activities may be subsidised by the state, in the form of free handling for certain holders, in application of CNAR policy (French National Commission for Radioactivity Assistance). In 2016, 440 lightning rod heads were collected, compared to an average 600 heads per year over the last ten years. Reduced activity in this field is offset by an increase in the collection of radium-bearing objects and an increase in the number of requests to handle non-standard waste.

## **1.5.5 Promoting Andra's expertise in France and abroad**

### **1.5.5.1 Promoting Andra's expertise in France**

The shift in strategy, moving toward moderate commercial development which supports recognition of our expertise and the quality of what we do, and supports optimal waste management in France and worldwide, now underpins both these activities which now come under the banner of "promoting our expertise". In France, we are refocusing our business activity to provide consulting services prior to waste management. Since re-organising, prospecting will be less intense than before, and our efforts will focus more on developing partnerships, for example in the area of technological innovation. Turnover remained around €2 million.

### **1.5.5.2 Promoting Andra's expertise on the international market**

This activity entails promoting Andra's expertise by providing assistance, consulting and expert assessment services in the field of radioactive waste management, primarily based on the experience and knowledge we have built up in France. Targeted growth in sales set out in the four-year contract for 2013-2016 (up 6%) will not be achieved this year because of the shift in strategy implemented. Revenue at the end of December was stable compared to 2015, at €1.8 million. The major contracts, in terms of revenue, signed in 2016 were with: Ukraine, Bulgaria, Belgium, Brazil, South Korea and Iraq. This activity broke even.

## **1.5.6 Missions in the public interest**

### **1.5.6.1 Contaminated site cleanup**

Under the French Planning Act of 28 June 2006, Andra was tasked with the rehabilitation of sites contaminated by radioactive substances and management of the waste resulting from such cleanup operations. Expenditure in 2016 came to €2.1 million, almost entirely financed through state subsidies. The major sites rehabilitated in 2016 were:

- ✓ The Isotopchim site, for which, in 2016, solid chemicals were removed to CEA Saclay for disposal, and liquid chemicals having characteristics which mean that they can be disposed of using existing operational facilities, were then removed to the Cires facility (approx. 1,600 litres);
- ✓ The Charquemont site, for which company invoices were paid in 2016 following receipt of the final cleanup report;
- ✓ Operation Radium Diagnosis was launched to inspect sites suspected of being contaminated and, where necessary, to remediate them. Since the start of this operation, cleanup at 11 sites has been completed, decontamination or rehabilitation operations are ongoing at 10 sites, and 1 site is awaiting treatment.

### **1.5.6.2 The National Inventory**

This activity, which is financed by a state subsidy, involves updating an inventory of all radioactive waste existing in France and publishing this inventory every three years. In 2016, this mainly entailed analysing and validating declarations of radioactive materials and waste stocks as on 31 December 2015, and drawing up the files required to publish the Open Data National Inventory (open access to the raw data).

### 1.5.6.3 Subsidies received

Andra received the total amount of the subsidy available for the missions it carries out in the public interest (€2.8 million compared to €3 million in 2015). Expenditure financed using this subsidy (€1.3 million in 2016) was mainly related to work on the National Inventory (€0.6 million), subsidised management of radioactive items (€0.2 million), and studies required within the framework of the National Radioactive Materials and Waste Management Plan (PNGMDR) for which Andra does not have funding (€0.2 million).

Andra also received a subsidy before 2016 which is related to Programme 181 on "risk prevention" and is to be used to fund a number of projects identified as part of Operation Radium Diagnosis (ODR). Expenditure on legacy contaminated sites and ODR sites came to €2 million in 2016.

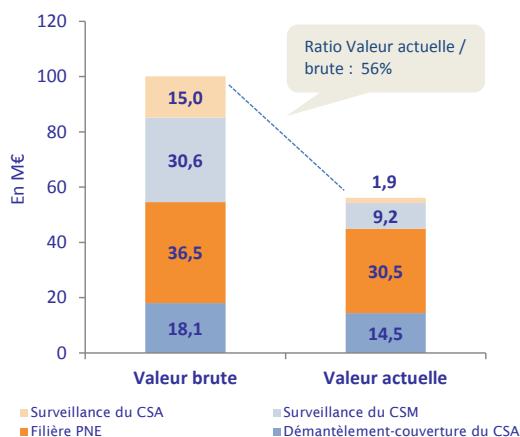
### 1.5.7 Investment in the Future

Funding under France's Investment in the Future programme is governed by the agreement signed between the State and Andra on 3 August 2010, and subsequent amendments thereto made in 2012 and 2014. In accordance with the amendment signed on 15 October 2014, a total of €45 million was allocated for R&D projects on developing solutions to optimise the management of radioactive waste resulting from the dismantling of nuclear facilities. The first call for proposals was published on 4 December 2014. In 2016, contracts worth €15.5 million were signed for the projects selected in 2015 following this first call for proposals. In 2016, 19 projects were approved by the Steering Committee under the second call for proposals, worth nearly €19.6 million in public funding. Contracts relative to these projects will be signed at the beginning of 2017. Regarding the PIVIC Project (in-can incineration vitrification of ILW-LL waste), launched in association with the CEA and AREVA, the feasibility study milestone was reached in June 2016. At the end of 2016, 76% of the funds granted had been committed.

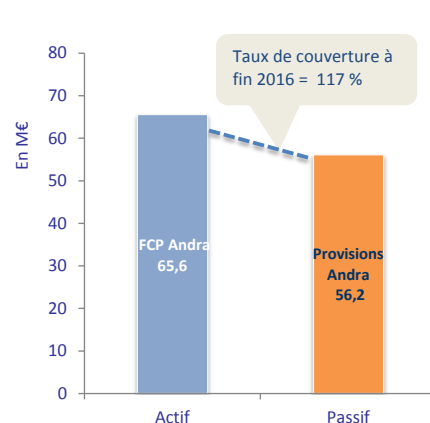
## 1.6 Other financial and accounting information

### 1.6.1 Securing funds for long-term costs

Provisions encadrées par l'article 20



FCP Andra dédié aux provisions article 20 à fin 2016



At the end of December 2016, contingency and loss provisions as required under "Article 20" came to €56.2 million at current value.

These provisions are covered by "dedicated assets" at a rate of 117%, bearing in mind that unrealised gains on the fund accounted for 21% of this rate of cover. These yields make it possible to start building up a reserve to be used to optimise the risk/yield ratio, as desired in the policy defined by the Governing Board.



These assets are managed in an "Andra diversified mutual fund" (FCP). At the end of 2016, the assets making up this fund can be broken down as follows: 47% in corporate securities, 23% in government bonds and 29% in shares.

The fund's disposable value (i.e. book value plus unrealised gains) is €65.6 million (of which €11.4 million in unrealised gains), i.e. an annualised rate of return of 4.76% from the start, higher than the discount rate of 3.5% expected by Andra. It should be noted that the rate of return in 2016 was higher than in 2015 (4.7% in 2016 compared to 2.6% in 2015), mainly achieved at the end of the year.

The situation and variations in the provisions for long-term costs and the associated dedicated assets are described in detail in the appendix to the annual accounts in the Financial Statements.

### 1.6.2 Paperless invoicing

In 2016, Andra worked on adapting our information systems, with a view to complying with the new requirements coming into force on 1 January 2017.

As part of the drive to modernise public sector services, the French State has opted to introduce a paperless invoicing system, with the following objectives:

- ✓ To have a unified automated processing system, making the circulation of information between players smoother and more reliable;
- ✓ To improve accounting quality, particularly regarding reliability and security;
- ✓ To reduce the carbon footprint and cut printing costs.

As a public entity, Andra is required, as of 1 January 2017, to:

- ✓ Receive invoices from its suppliers in electronic format. Note that the requirement to send invoices in electronic format will be rolled-out in staggered stages, in line with the schedule below:



- ✓ Issue invoices to public sector customers in electronic format (e-invoices);
- ✓ Use the Chorus Pro platform to submit, receive and send out e-invoices.

As well as this change in the regulations, electronic validation of supplier invoices has also been deployed, thus replacing paper forms.

## 1.7 Expected outlook for Andra's situation

The financial outlook for 2017 is good, given the expected payment of research tax credit, and satisfactory prospects for operating at disposal facilities.



# KEY FIGURES

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The tables given in this Chapter are management aggregates, and are not part of the accounting standards. They are provided to give the reader a simplified overview of Andra's financial situation.

## 2.1 Management balance sheet

ACTIF (En milliers d'euros)	31/12/2016	HORS FONDS DEDIES	DONT FONDS DEDIES			31/12/2015
			CIGEO CONCEPTION	CIGEO RECHERCHE	INVEST. D'AVENIR	
<b>Immobilisations incorporelles</b>						
Montants bruts	20 771	17 741	1 514	1 516	0	19 236
Amortissements	-10 182	-8 784	-150	-1 248	0	-9 306
<b>Immobilisations corporelles</b>						
Montants bruts	734 563	549 832	4 892	179 839	0	707 470
Amortissements	-393 106	-324 558	-520	-68 028	0	-376 178
<b>Immobilisations financières</b>	<b>80 559</b>	<b>80 542</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>80 170</b>
<b>ACTIF IMMOBILISE</b>	<b>432 605</b>	<b>314 773</b>	<b>5 736</b>	<b>112 096</b>	<b>0</b>	<b>421 392</b>
Stocks et en cours	34 468	34 468	0	0	0	31 079
Dépréciation des stocks et en cours	-689	-689	0	0	0	-689
Avances et acomptes versés	34 086	54	33 979	53	0	1 796
Créances clients	19 138	18 655	0	483	0	16 417
Dépréciations des créances clients	-268	-268	0	0	0	-303
Autres créances	230 119	194 453	20 327	15 339	0	224 088
Dépréciations des autres créances	-5	-5	0	0	0	-5
Disponibilités et valeurs mobilières	237 688	14 838	86 517	77 788	58 543	204 705
Charges constatées d'avance	11 486	7 519	3 660	307	0	11 319
<b>ACTIF CIRCULANT</b>	<b>566 023</b>	<b>269 026</b>	<b>144 483</b>	<b>93 971</b>	<b>58 543</b>	<b>488 406</b>
Ecart de conversion actif	-1	-1	0	0	0	2
<b>TOTAL GENERAL</b>	<b>998 627</b>	<b>583 798</b>	<b>150 219</b>	<b>206 067</b>	<b>58 543</b>	<b>909 800</b>

PASSIF (En milliers d'euros)	31/12/2016	HORS FONDS DEDIES	DONT FONDS DEDIES			31/12/2015
			CIGEO CONCEPTION	CIGEO RECHERCHE	INVEST. D'AVENIR	
Report à nouveau	94 887	94 887	0	0	0	80 454
Résultat de l'exercice	14 111	14 111	0	0	0	14 434
Subventions d'investissement	24 646	23 153	0	1 493	0	29 095
Provisions réglementées	104 742	104 320	134	287	0	102 468
Avances conditionnées	203 025	203 025	0	0	0	203 036
<b>RESSOURCES PROPRES</b>	<b>441 411</b>	<b>439 496</b>	<b>134</b>	<b>1 780</b>	<b>0</b>	<b>429 486</b>
<b>PROVISIONS POUR RISQUES ET CHARGES</b>	<b>78 240</b>	<b>78 240</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79 440</b>
Emprunts-dettes auprès étab. crédit	12 284	12 278	2	3	0	13 806
Emprunts-dettes financières divers	537	537	0	0	0	568
Avances et acomptes recus	4 415	3 363	0	1 052	0	4 452
Dettes fournisseurs	85 529	11 253	59 912	14 364	0	56 640
Dettes fiscales et sociales	18 019	14 823	1 399	1 797	0	19 070
Dettes sur immobilisations	7 116	3 952	140	3 024	0	5 396
Autres dettes	214 088	2 394	79 422	73 728	58 543	171 179
<b>DETTES</b>	<b>341 987</b>	<b>48 601</b>	<b>140 874</b>	<b>93 968</b>	<b>58 543</b>	<b>271 110</b>
Produits perçus d'avance	136 990	17 461	9 211	110 319	0	129 763
Ecart de conversion passif	0	0	0	0	0	1
<b>TOTAL GENERAL</b>	<b>998 627</b>	<b>583 798</b>	<b>150 219</b>	<b>206 067</b>	<b>58 543</b>	<b>909 800</b>

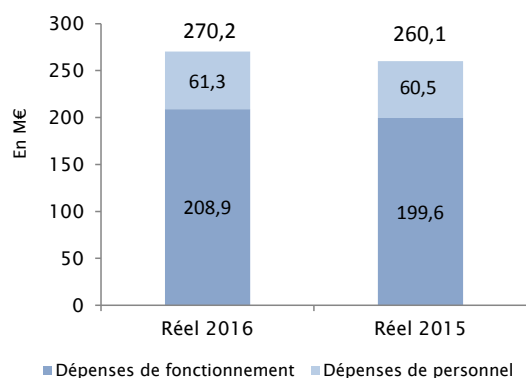
## 2.2 Management income statement

(En milliers d'euros)	31/12/2016	HORS FONDS DE DEDIES	DONT FONDS DE DEDIES			31/12/2015
			CIGEO CONCEPTION	CIGEO RECHERCHE	INVEST. D'AVENIR	
Production vendue (chiffre d'affaires)	227 726	75 485	87 939	64 302	0	223 573
Production stockée	3 328	3 328	0	0	0	4 000
Production immobilisée	14 328	1 487	0	12 841	0	12 822
<b>PRODUCTION DE L'EXERCICE</b>	<b>245 382</b>	<b>80 300</b>	<b>87 939</b>	<b>77 143</b>	<b>0</b>	<b>240 395</b>
Consommation en provenance des tiers	-157 589	-38 024	-70 663	-48 901	0	-151 193
<b>VALEUR AJOUTEE</b>	<b>87 793</b>	<b>42 276</b>	<b>17 276</b>	<b>28 241</b>	<b>0</b>	<b>89 202</b>
Subventions d'exploitation reçues	4 331	3 364	0	966	0	6 018
Impôts, taxes et versements assimilés	-26 426	-15 799	-2 509	-8 119	0	-25 650
Charges de personnel (hors CICE)	-61 791	-23 572	-17 646	-20 573	0	-61 022
CICE	445	445	0	0	0	462
Autres produits d'exploitation (hors CIR)	967	959	5	3	0	532
Autres charges d'exploitation	-879	-354	-6	-519	0	-309
Résultat financier	-91	-91	0	0	0	280
Résultat exceptionnel	-17	-17	0	0	0	52
Impôt sur les bénéfices	-1 100	-1 100	0	0	0	-1 303
CIR	14 140	14 140	0	0	0	13 427
<b>CAPACITE D'AUTOFINANCEMENT</b>	<b>17 371</b>	<b>20 250</b>	<b>-2 880</b>	<b>0</b>	<b>0</b>	<b>21 688</b>
Dotations aux amortissements et provisions	-29 151	-19 147	-619	-9 385	0	-31 581
Reprises sur amortissements et provisions	10 476	7 466	2 906	104	0	10 213
Valeur nette comptables d'éléments d'actifs cédés	-5 666	-3 818	-1 761	-87	0	-2 317
Produits de cession d'éléments actifs	3 685	3 685	0	0	0	606
Quote-part des subventions d'investissement virées à résultat	17 397	5 675	2 353	9 369	0	15 825
<b>RESULTAT NET</b>	<b>14 111</b>	<b>14 111</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14 434</b>

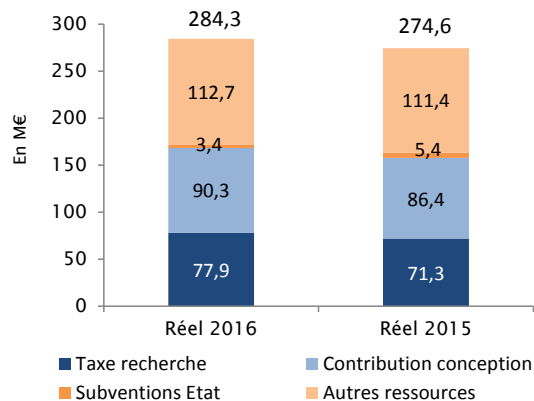
## 2.3 Balance sheet analysis

### 2.3.1 Income Statement

Repartition des charges

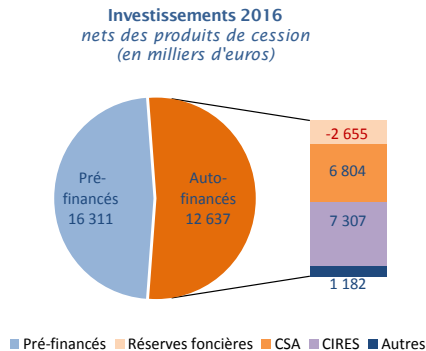


Répartition des produits



### 2.3.2 Investment expenditure

Investment net of income from disposals amounted to €28.9 million in 2016 (of which €34.1 million in acquisitions and €5.1 million in disposals), broken down as follows:



Investment pre-financed in 2016, worth €16.3 million, almost entirely concerns the work at the Meuse/Haute-Marne Centre (drifts and facilities). This included €14.1 million from the "Research" fund and €2.2 million from the "Design" fund.

Investment financed from own funds came to €12.6 million, made up of €14.1 million generated at the Aube Industrial Facilities (€6.8 million for renewal works and new structures at the CSA, and €7.3 million at the Cires, including completion of the facility for sorting and processing waste, costing €3.3 million) and -€2.6 million related to divested land reserves.

### 2.3.3 Contingency and loss provision

En K€	2016	Dotation	Reprise	2015
Provisions pour risques - article 20	8 922	153	0	8 769
Provisions pour risques - hors article 20	2 771	402	2 880	5 249
Provisions pour charges - article 20	47 230	1 641	1 303	46 892
Provisions pour charges - hors article 20	19 317	4 169	3 382	18 530
<b>Total des provisions pour risques et charges</b>	<b>78 240</b>	<b>6 365</b>	<b>7 565</b>	<b>79 440</b>
<i>dont provisions article 20</i>	<i>56 152</i>	<i>1 794</i>	<i>1 303</i>	<i>55 661</i>
<i>dont provisions hors article 20</i>	<i>22 088</i>	<i>4 571</i>	<i>6 262</i>	<i>23 779</i>

Provision for contingencies and losses stood at €78.2 million at the end of 2016. Net variation in the provisions of €1.2 million is related a) to a write-back of contingency provisions other than as required under "Article 20" worth €2.5 million (following signature of an agreement in 2016 regarding trade claims) and b) to recalculating provisions for long-term costs as required under "Article 20", worth €0.5 million and provisions for operating costs other than as required under "Article 20", worth €0.8 million.

At the end of December 2016, contingency and loss provisions as required under "Article 20" stood at €56.2 million at current value, and are covered by "dedicated assets" at a rate of 117% (with unrealised gains on the fund accounting for 21% of that figure).

### 2.3.4 Working capital and working capital requirement

ACTIF = EMPLOIS		2016	PASSIF = RESSOURCES		r2016/2015
EMPLOIS STABLES	841 165		RESSOURCES DURABLES	922 588	
ACTIF CIRCULANT	132 610	FR 81 423	PASSIF CIRCULANT	284 752	FR -2 326
		BFR -152 142			BFR -35 250
TRESORERIE ACTIVE	237 141	NET 233 565	TRESORERIE PASSIVE	3 577	TRESO NETTE 32 924

ACTIF = EMPLOIS		2015	PASSIF = RESSOURCES		r2016/2015
EMPLOIS STABLES	812 327		RESSOURCES DURABLES	896 076	
ACTIF CIRCULANT	88 863	FR 83 749	PASSIF CIRCULANT	205 755	FR -2 326
		BFR -116 892			BFR -35 250
TRESORERIE ACTIVE	204 491	NET 200 641	TRESORERIE PASSIVE	3 850	TRESO NETTE 32 924

In 2016, the variation in working capital requirement (WCR) of -€35.2 million was mainly due to surplus cash available in the Cigeo funds (€40.1 million in total, €36.8 million in the "Design" fund and €3.3 million in the "Research" fund). This surplus was due to differences in the frequency of payments into the funds (one payment per year at the beginning of May) and that of expenditure on the project.

The statement of source and application of funds below shows a breakdown of Andra's uses and resources according to purpose, separating those funds governed by legislative and regulatory requirements which mean that they are nonfungible in relation to the rest of Andra's cash (Research fund<sup>2</sup>, Design fund<sup>3</sup> and Investment in the Future fund<sup>4</sup>).

(En milliers d'euros)	AU 31/12/2016	HORS FONDS DEDIES	DONT FONDS DEDIES			AU 31/12/2015
			CIGEO CONCEPTION	CIGEO RECHERCHE	INVEST. D'AVENIR	
Acquisition d'immobilisations incorporelles et corporelles	34 092	16 353	3 677	14 062	0	32 994
Acquisition d'immobilisations financières	5	5	0	0	0	1 102
Besoins (+) ou dégageant (-) en fonds de roulement	-35 250	7 799	-39 735	-3 314	0	-20 412
Remboursement d'emprunt	1 250	1 250	0	0	0	1 250
Autres emplois	6 164	530	0	60	5 575	3 296
<b>I- TOTAL DES EMPLOIS</b>	<b>6 260</b>	<b>25 936</b>	<b>-36 058</b>	<b>10 807</b>	<b>5 575</b>	<b>18 230</b>
Capacité d'autofinancement	17 370	20 250	-2 880	0	0	21 688
Cessions	3 685	3 685	0	0	0	606
Fonds propres	6	6	0	0	0	0
Autres ressources	18 123	348	3 677	14 098	0	14 083
<b>II- TOTAL DES RESSOURCES</b>	<b>39 185</b>	<b>24 289</b>	<b>797</b>	<b>14 098</b>	<b>0</b>	<b>36 378</b>
<b>EXCEDENT (+) OU INSUFFISANCE (-) DES RESSOURCES (I- II)</b>	<b>32 924</b>	<b>-1 647</b>	<b>36 855</b>	<b>3 291</b>	<b>-5 575</b>	<b>18 148</b>
<b>Variation du FONDS DE ROULEMENT</b>	<b>-2 326</b>	<b>6 152</b>	<b>-2 880</b>	<b>-23</b>	<b>-5 575</b>	<b>-2 264</b>
<b>Variation du BESOIN (+) ou DEGAGEMENT (-) EN FONDS DE ROULEMENT</b>	<b>-35 250</b>	<b>7 799</b>	<b>-39 735</b>	<b>-3 314</b>	<b>0</b>	<b>-20 412</b>
<b>Variation de la TRESORERIE</b>	<b>32 924</b>	<b>-1 647</b>	<b>36 855</b>	<b>3 291</b>	<b>-5 575</b>	<b>18 148</b>
Niveau du FONDS DE ROULEMENT	81 423	23 023	0	-144	58 543	83 749
Niveau du BESOIN (+) ou DEGAGEMENT (-) EN FONDS DE ROULEMENT	-152 142	12 061	-86 517	-77 686	0	-116 892
Niveau de la TRESORERIE	233 565	10 963	86 517	77 542	58 543	200 641

Pour mémoire : BFR + Trésorerie = FRNG

The funds dedicated to the Cigeo project show a working capital of €43 million (€39.7 million for the Design fund and €3.3 million for the Research fund), resulting in an increase in total cash.

However, if we exclude dedicated funds, we see an increase in WCR (€7.8 million). This increase in working capital requirement is due to a reduction in debts of €2.1 million, an increase in receivables of €2.3 million, and in stocks (disposal structures) of €3.4 million.

## 2.3.5 Cash and fixed investments

### 2.3.5.1 Available cash

(En milliers d'euros)	AU 31/12/2016	HORS FONDS DEDIES	FONDS DEDIES			AU 31/12/2015
			CIGEO CONCEPTION	CIGEO RECHERCHE	INVEST. D'AVENIR	
Trésorerie à l'ouverture	200 642	12 610	49 662	74 251	64 118	182 493
Trésorerie provenant (affectée) à l'exploitation	52 878	13 670	36 859	2 349	0	41 071
Trésorerie provenant (affectée) aux investissements	-18 669	-14 032	-3	941	-5 575	-20 573
Trésorerie provenant (affectée) aux placements de MT & LT	-5	-5	0	0	0	-1 102
Trésorerie provenant (affectée) au financement	-1 281	-1 281	0	0	0	-1 247
<b>Trésorerie à la clôture</b>	<b>233 565</b>	<b>10 963</b>	<b>86 517</b>	<b>77 542</b>	<b>58 543</b>	<b>200 642</b>

Andra had total cash worth €233 million at the end of 2016 (compared to €201 million at end December 2015), €164 million of which is allocated to the Cigeo funds (€124 million at end 2015).

**Andra's cash available for activities other than Investment in the Future activities and the Cigeo project (i.e. not in dedicated funds) was €11 million.** This is slightly down compared to 2015 (-€1.6 million), mainly related to delayed payment of invoices for the LLW-LL project in 2016 due to the lack of contracts with the financiers.

<sup>2</sup> Fund set up in accordance with Article L542-12-1 of the French Environment Code to finance research and studies for the Cigeo project.

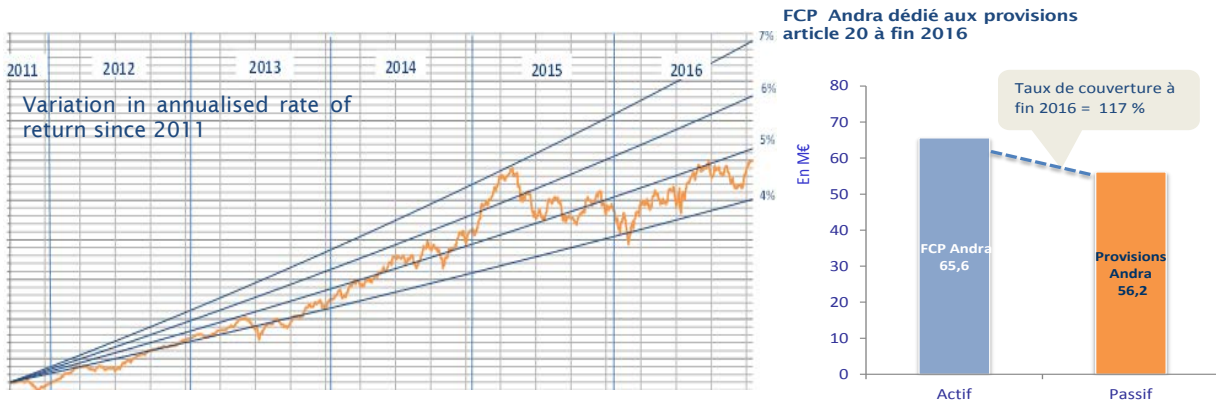
<sup>3</sup> Fund set up in accordance with Article L542-12-3 of the French Environment Code to finance design studies for the Cigeo project and work required prior to starting the construction phase.

<sup>4</sup> Fund set up in application of the agreement signed between the State and Andra and published in the Official Journal of the French Republic on 15 August 2010. This fund is managed via an account held at the Treasury Department, as per the Order.

### 2.3.5.2 Fixed investments

TRESORERIE IMMOBILISEE	2016	2015
FCP Andra	54 222	54 222
Contrats de capitalisation (y.c. intérêts courus)	26 085	25 697
Dépôts à terme	0	0
<b>Trésorerie immobilisée à la clôture</b>	<b>80 308</b>	<b>79 919</b>

#### a) Assets to cover long-term costs as per "Article 20" (Andra mutual fund)



Financial assets reserved to cover long-term contingency and loss provisions are managed in an "Andra diversified mutual fund" (FCP), approved by the AMF, the French Securities Regulator.

At the end of 2016, the assets making up this fund can be broken down as follows: 47% in corporate securities, 23% in government bonds and 29% in shares.

The fund's disposable value (i.e. book value plus unrealised gains) is €65.6 million (of which €11.4 million in unrealised gains), i.e. an annualised rate of return of 4.8% from the start, higher than the discount rate of 3.5% expected by Andra. It should be noted that the rate of return in 2016 was higher than in 2015 (4.7% in 2016 compared to 2.6% in 2015), mainly achieved at the end of the year.

These provisions are covered at a rate of 117% (just above the regulatory minimum requirement of 110%), with unrealised gains on the fund accounting for 21% of that figure. These provisions, as defined in policy, are to be used to offset any long-term shortfall in future yields or periods of high inflation, thereby optimising the risk/yield ratio. For the purposes of comparison, the risk of losses (excluding the 5% of most extreme cases) recalculated each year, is around 10 to 15%.

#### b) Other assets to cover long-term costs

Other fixed investments valued at €26.1 million at the end of 2016 are medium-term investments (fixed-term deposits and capital bonds) which will serve to finance investments from own funds and cover other future costs and risks not covered by the funds set aside under "Article 20", particularly provisions for monitoring and rehabilitation of the Cires site.



# FINANCIAL STATEMENTS

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## 3.1 Summary reports

### 3.1.1 Income Statement

(En milliers d'euros)	31/12/2016	31/12/2015	NOTE ANNEXE
Production vendue (chiffre d'affaires)	227 726	223 573	01
Production stockée	3 328	4 000	
Production immobilisée	14 328	12 822	02
Subventions d'exploitation recues et reprises de subventions d'investissement	6 691	8 894	03
Autres produits	10 760	9 513	04
Reprises sur provisions	7 713	7 599	08
Transferts de charges	864	455	
<b>PRODUITS D'EXPLOITATION</b>	<b>271 410</b>	<b>266 855</b>	
Consommation en provenance des tiers	157 589	151 193	05
Impôts, taxes et versements assimilés	26 426	25 650	06
Charges de personnel	61 346	60 561	07
Dotations aux amortissements et provisions	22 999	26 256	08
Autres charges	879	309	
<b>CHARGES D'EXPLOITATION</b>	<b>269 239</b>	<b>263 970</b>	
<b>RESULTAT D'EXPLOITATION</b>	<b>2 171</b>	<b>2 885</b>	
Produits financiers	848	1 283	09
Charges financières	1 625	1 634	09
<b>RESULTAT FINANCIER</b>	<b>-777</b>	<b>-351</b>	
<b>RESULTAT COURANT AVANT IMPOTS</b>	<b>1 393</b>	<b>2 535</b>	
Produits exceptionnels	12 074	6 445	10
Charges exceptionnelles	12 396	6 669	10
<b>RESULTAT EXCEPTIONNEL</b>	<b>-322</b>	<b>-224</b>	
Impôt sur les bénéfices	-13 039	-12 124	11
<b>RESULTAT NET</b>	<b>14 111</b>	<b>14 434</b>	

### 3.1.2 Balance sheet

ACTIF (En milliers d'euros)	BRUT	AMORT. & DEPRECIATION	NET AU 31/12/2016	NET AU 31/12/2015	NOTE ANNEXE
Immobilisations incorporelles	20 771	10 182	10 589	9 930	12
Immobilisations corporelles	734 563	393 106	341 457	331 292	12
Immobilisations financières	80 559	0	80 559	80 170	13
<b>ACTIF IMMOBILISE</b>	<b>835 893</b>	<b>403 288</b>	<b>432 605</b>	<b>421 392</b>	
Stocks et en cours	34 468	689	33 778	30 390	14
Avances et acomptes versés	34 086	0	34 086	1 796	15
Créances clients	19 138	268	18 870	16 114	16
Autres créances	230 119	5	230 114	224 083	17
Disponibilités et valeurs mobilières	237 688	0	237 688	204 705	18
Charges constatées d'avance	11 486	0	11 486	11 319	19
<b>ACTIF CIRCULANT</b>	<b>566 985</b>	<b>962</b>	<b>566 023</b>	<b>488 406</b>	
Ecarts de conversion actif	-1		-1	2	
<b>TOTAL GENERAL</b>	<b>1 402 877</b>	<b>404 250</b>	<b>998 627</b>	<b>909 800</b>	

PASSIF (En milliers d'euros)	NET AU 31/12/2016	NET AU 31/12/2015	NOTE ANNEXE
Report à nouveau	94 887	80 454	20
Résultat de l'exercice	14 111	14 434	
Subventions d'investissement	24 646	29 095	21
Provisions réglementées	104 742	102 468	22
Avances conditionnées	203 025	203 036	23
<b>RESSOURCES PROPRES</b>	<b>441 411</b>	<b>429 486</b>	
<b>PROVISIONS POUR RISQUES ET CHARGES</b>	<b>78 240</b>	<b>79 440</b>	<b>24</b>
Emprunts-dettes auprès étab. crédit	12 284	13 806	25
Emprunts-dettes financières divers	537	568	26
Avances et acomptes recus	4 415	4 452	27
Dettes fournisseurs	85 529	56 640	28
Dettes fiscales et sociales	18 019	19 070	29
Dettes sur immobilisations	7 116	5 396	28
Autres dettes	214 088	171 179	30
<b>DETTES</b>	<b>341 987</b>	<b>271 110</b>	
Produits perçus d'avance	136 990	129 763	31
Ecarts de conversion passif	0	1	
<b>TOTAL GENERAL</b>	<b>998 627</b>	<b>909 800</b>	

### 3.1.3 Statement of changes in financial position

(En milliers d'euros)	Besoins 1	31/12/2016 Dégagement 2	Solde 2 - 1	31/12/2015 Solde
Variation des actifs d'exploitation :				
Stocks et en-cours	3 389			
Avances et acomptes versés sur commandes	32 290			
Créances clients, comptes rattachés et autres créances d'exploitation	2 756			
Autres créances d'exploitation	3 124			
Variation des dettes d'exploitation :				
Avances et acomptes reçus sur commandes	37			
Dettes fournisseurs et comptes rattachés		28 889		
Autres dettes d'exploitation		48 425		
<b>A - Variation nette "exploitation"</b>	<b>41 596</b>	<b>77 314</b>	<b>35 718</b>	<b>19 499</b>
Variation des autres débiteurs	2 188			
Variation des autres créditeurs		1 721		
<b>B - Variation nette "hors exploitation"</b>	<b>2 188</b>	<b>1 721</b>	<b>-468</b>	<b>913</b>
<b>A + B = Besoins (-) ou dégagement (+) en fonds de roulement</b>			<b>35 250</b>	<b>20 412</b>
Variation des disponibilités	32 651			
Variation des concours bancaires courants et soldes créditeurs de banques	274			
<b>C - Variation nette "Trésorerie"</b>	<b>32 924</b>	<b>0</b>	<b>-32 924</b>	<b>-18 148</b>
<b>VARIATION DU FONDS DE ROULEMENT GLOBAL (TOTAL A + B+ C)</b>				
Ressource nette (+) ou emploi net (-)			<b>2 326</b>	<b>2 264</b>

(En milliers d'euros)	AU 31/12/2016	AU 31/12/2015
Acquisition d'immobilisations incorporelles et corporelles	34 092	32 994
Acquisition d'immobilisations financières	5	1 102
Besoins (+) ou dégagement (-) en fonds de roulement	-35 250	-20 412
Remboursement d'emprunt	1 250	1 250
Autres emplois	6 164	3 296
<b>I- TOTAL DES EMPLOIS</b>	<b>6 260</b>	<b>18 230</b>
Capacité d'autofinancement	17 370	21 688
Cessions	3 685	606
Fonds propres	6	0
Autres ressources	18 123	14 083
<b>II- TOTAL DES RESSOURCES</b>	<b>39 185</b>	<b>36 378</b>
<b>EXCEDENT (+) OU INSUFFISANCE (-) DES RESSOURCES (I- II)</b>	<b>32 924</b>	<b>18 148</b>
<b>Variation du FONDS DE ROULEMENT</b>	<b>-2 326</b>	<b>-2 264</b>
<b>Variation du BESOIN (+) ou DEGAGEMENT (-) EN FONDS DE ROULEMENT</b>	<b>-35 250</b>	<b>-20 412</b>
<b>Variation de la TRESORERIE</b>	<b>32 924</b>	<b>18 148</b>
<b>Niveau du FONDS DE ROULEMENT</b>	<b>81 423</b>	<b>83 749</b>
<b>Niveau du BESOIN (+) ou DEGAGEMENT (-) EN FONDS DE ROULEMENT</b>	<b>-152 142</b>	<b>-116 892</b>
<b>Niveau de la TRESORERIE</b>	<b>233 565</b>	<b>200 641</b>

Pour mémoire : BFR + Trésorerie = FRNG

### 3.1.4 Cash flow table

(En milliers d'euros)	AU 31/12/2016	AU 31/12/2015
Résultat net	14 111	14 434
Amortissements et provisions	18 675	21 368
(Plus) ou moins values sur cessions	1 981	1 711
Subventions d'investissement virées à résultat	-2 360	-2 875
Virement à résultat de la Q-P des investissements financés	-15 037	-12 950
<b>Capacité d'Autofinancement (C.A.F.)</b>	<b>17 370</b>	<b>21 688</b>
(Augmentation) / diminution des stocks et en cours	-3 389	-3 916
(Augmentation) / diminution des créances d'exploitation	-38 375	10 013
Augmentation / (diminution) des dettes d'exploitation	77 272	13 286
<b>A- TRESORERIE PROVENANT (AFFECTEE) A L' EXPLOITATION</b>	<b>52 878</b>	<b>41 071</b>
Acquisition d'immobilisations corporelles ou incorporelles	-34 092	-32 994
Acquisition d'immobilisations financières	-5	-1 102
Cession ou réduction d'immobilisations	3 685	606
Financement des dépenses d'investissement	17 769	13 788
Investissements d'avenir	-5 575	-2 887
Autres fonds propres	11	1
(Augmentation) / diminution des créances sur immobilisations	-2 188	-522
Augmentation / (diminution) des dettes sur immobilisations	1 721	1 435
<b>B- TRESORERIE PROVENANT (AFFECTEE) AUX INVESTISSEMENTS</b>	<b>-18 674</b>	<b>-21 675</b>
Augmentation / (diminution) des dettes financières	-31	3
Augmentation / (diminution) des emprunts bancaires	-1 250	-1 250
<b>C- TRESORERIE PROVENANT (AFFECTEE) AU FINANCEMENT</b>	<b>-1 281</b>	<b>-1 247</b>
<b>D- VARIATION DE TRESORERIE (A+B+C)</b>	<b>32 923</b>	<b>18 149</b>
<b>E- TRESORERIE A L'OUVERTURE</b>	<b>200 642</b>	<b>182 493</b>
<b>F- TRESORERIE A LA CLOTURE (D+E)</b>	<b>233 565</b>	<b>200 642</b>
<i>dont trésorerie dédiée au fonds conception</i>	<i>86 517</i>	<i>49 662</i>
<i>dont trésorerie dédiée au fonds recherche</i>	<i>77 542</i>	<i>74 251</i>
<i>dont trésorerie dédiée aux investissements d'avenir</i>	<i>58 543</i>	<i>64 118</i>
<i>dont trésorerie disponible pour les autres activités de l'Agence</i>	<i>10 963</i>	<i>12 611</i>

## 3.2 Accounting principles

Andra's financial statements for 2016 have been drawn up in application of the standards, principles and methods contained in the 2015 general accounting plan [Regulation No. 2014-03 of June 5, 2014 of the ANC, France's national accounting standards body (*Autorité des Normes Comptables*), approved by the Order of September 8, 2014].

### 3.2.1 Options and exceptions

#### Tangible and intangible assets

##### *Valuation of the entry cost*

Tangible and intangible assets are valued at the historic purchase or production cost. Given the options introduced by ANC Regulation No. 2014-03, Andra opted to use the method whereby fixed asset purchasing costs, borrowing costs and R&D costs are entered in the accounts as expenditure.

In the specific case of projects, study costs are recorded as expenditure during the conceptual design phase and as fixed assets from the detailed engineering design phase, provided that the Governing Board has taken the investment decision, and, at the latest, in the year in which said decision is taken.

##### Regarding land reserves:

Land reserves acquired for Andra constitute a right entered as intangible fixed assets, where the purchase option may be exercised at a later date to have the land required for future facilities.

##### Regarding dismantling assets:

Dismantling assets are entered as tangible assets and correspond to dismantling and rehabilitation costs relating to the CI2A facilities, and are offset against the related loss provisions. In the specific case of state-subsidised waste storage and disposal work, a tangible asset exists to cover the work required.

Dismantling assets are subject to changes in liabilities and are depreciated in specific ways depending on how they are classified:

- ✓ Andra's share of dismantling costs is depreciated over the period of use of the tangible asset used as the related provision;
- ✓ The waste producers' and the State's share of dismantling costs are depreciated at the time of the work performed.

##### *Depreciation based on replacement value*

Fixed asset items are recorded using the component approach and are depreciated over the useful life of the asset and depending on the likely conditions of their use. Depreciation schedules are usually calculated using the straight-line method and based on the rates normally applied to the following categories of assets:

Bâtiments	20 à 30 ans
Installations	10 à 20 ans
Matériels et outillages	5 à 10 ans
Mobiliers et informatique	3 à 10 ans

##### Regarding the short-lived, low- and intermediate-level waste disposal facility (CSFMA):

The depreciation method used with regard to these facilities is calculated proportionally to the effective use of the disposal capacities.

##### Regarding the Meuse/Haute-Marne underground research laboratory (LSMHM):

The structure was defined as a "special facility" in view of the specific purpose for which it is used, as defined under Article 5 of the Decree of 3 August 1999.

The facilities are depreciated on the basis of their useful lives, within the limits of the administrative operating licence granted by Decree:

- ✓ The initial operating licence, issued by the Decree of 3 August 1999, was valid up to 31/12/2006. It was then extended up to 31/12/2011 by the Decree of 23/12/2006;
- ✓ Decree No.2011-1910 of 20/12/2011 authorises Andra to continue operating the Underground Laboratory up to 31/12/2030. The extension or renewal of the administrative licence was considered to be a significant change in the use conditions of depreciable assets, implying revision of the depreciation schedule for the current tax year and subsequent tax years, based on the remaining net book value and remaining lifetime.

##### *Special depreciation allowances for tax purposes*

Extraordinary allocations record the difference between depreciation allocated using the straight-line method and the declining balance method of depreciation, and depreciation on the replacement value of assets, based on technical assessment. Depreciation of assets for which the right to use the declining balance method of depreciation can be applied are calculated using the straight-line method, as provided for in Article 39 B of the French General Tax Code and the supplement on the depreciation allowance recorded under tax-regulated provisions.

In the specific case of facilities at the Underground Laboratory, Andra has defined their useful life as 20 years, in accordance with the tax authority's position given in 2009. Depreciation relating to these facilities is monitored as a memorandum entry, as follows:

- ✓ Reincorporating the fraction used to calculate depreciation for accounting purposes which exceeds fiscal depreciation up to 2010, with useful life limited to that initially defined in 2011, this being shorter than the useful life adopted by the tax authority;
- ✓ In this regard, deducting the accounting depreciation fraction deferred for tax purposes as of 2011, since allocations booked for depreciation were lower than those allowed by tax law.

Related funds are written back for each reincorporation or deduction of the related fraction used to calculate accounting depreciation.

#### *Depreciation of fixed assets*

Where appropriate, fixed assets are subject to impairment when events or circumstances make their value in use less than the net book value over the long term.

In the specific case of the site used for the disposal of very low-level waste (Cires), Andra decided it would be prudent to writedown the value of the land used for the facility in proportion to the quantity of waste emplaced in relation to disposal capacity at the site, considering that the return of the facility site to unrestricted use post-operating and post-monitoring was hypothetical.

Regarding the land reserves acquired by Andra or on Andra's behalf, a write-down has been entered for woodland and forest likely to be exchanged, given that their exchange value will probably be lower than the purchase price.

#### *Financing investment*

Regarding investment in disposal facilities:

Until 31 December 1998, funds received from waste producers were recorded as capital grants, recorded in the income statement in line with depreciation of the assets they are used to fund.

Since the tax year 1999, invoicing the producers for the investment expenditure which they finance is recorded as prepaid income and is included in the income statement for the tax year, at the same time and using the same method as for depreciation of the assets funded.

Regarding investment expenditure relative to research on storage and disposal of radioactive waste in deep geological repositories:

- ✓ For the period 1999-2006, funds were recorded as advances subject to conditions, in view of the agreement on funding and monitoring construction of the Meuse/Haute-Marne underground research laboratory and the qualification studies on geological media with a view to siting a facility for the deep geological disposal of radioactive waste;
- ✓ Since 2007, allocations from the Research fund and the Design fund to cover investment expenditure have been entered as prepaid income and included in the income statement at the same time and using the same method as for depreciation of the assets funded.

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#### *Financial fixed assets*

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##### *Value of financial assets*

Andra's fixed investments are recorded in the books as TIAP, *Titres Immobilisés de l'Activité de Portefeuille* (i.e. long-term shareholdings in trading portfolios), the aim of these portfolios being to earn, in the longer term, a satisfactory rate of return without being involved in the management of the companies in which shares are held. They include:

- ✓ An "Andra mutual fund" (FCP) valued at the historic share subscription price, and intended to finance long-term provisions which Andra is required to hold under "Article 20" of the law of 28 June 2006;
- ✓ Term investments (capital bonds and fixed-term deposits), valued at their historic cost, plus accrued interest at year closing. These investments are primarily intended to finance provisions not secured by the Andra FCP.

### Depreciation of financial assets

Regarding the FCP, made up of bonds, shares, and UCITS, the book value used at the end of the tax year to determine any unrealised loss is assessed by factoring in the company's general development outlook (the company in which shares are held), based on the net asset value or value in use.

Given the purpose of this portfolio and the term for which it will be kept, depreciation is taken into account in the event of any significant or prolonged fall in the fund's book value or of any risk related to the investment instruments held in it.

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### Inventory and work in progress

Stocks of raw materials and consumables are assessed using the weighted average-cost method and, if necessary, are depreciated according to categories of items with low turnover rates.

Work in progress and finished products relating to the disposal structures at Andra's industrial facilities in the Aube are valued at cost price.

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### Accounting treatment of the Cigeo funds

Under Planning Act 2006-739 of 28 June 2006 on the sustainable management of radioactive materials and waste, the choices implemented by Andra regarding the treatment of the funds set up to finance the research and studies required to design the high-level and intermediate-level long-lived radioactive waste disposal facilities, are as follows:

- ✓ Income from the Research and Design funds is recorded as turnover not subject to VAT, given that the funds paid into these funds are collected from waste producers under similar conditions to those applicable within the framework of the 1999-2006 financing agreement, for the purpose of covering the costs of an identical activity;
- ✓ The debit or credit balance of the funds is carried over as "Other liabilities" or "Other receivables", and operating, financial and extraordinary income are offset separately.

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### Accounting treatment of the Investment in the Future fund

Within the framework of the nuclear component ("*Nucléaire de demain*") of the programme set out in revised Budget Act No.2010-237 of 9 March 2010, an agreement between the State and Andra was signed on 3 August 2010. This allocated €100 million to Andra to finance the development of innovative

radioactive waste management solutions aimed at reducing the volume and hazard posed by certain types of radioactive waste for which disposal is problematic. This sum is paid into an account opened at the Treasury Department (*Recette Générale des Finances*) and was registered in an account for expenses payable on resources, and will then be allocated in the accounts according to the use of credit (grants, loans, repayable advances, shareholdings). The Tax Legislation Directorate (*Direction de la Législation Fiscale*) confirmed the accounting and tax principles used to monitor this fund.

A new agreement with the State was signed on 31 January 2012 with a view to redeploying €25 million in credits entrusted to Andra to the ANR, bringing the sum paid into the fund down to €75 million.

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### Receivables

Receivables are entered in the accounts at nominal value. Receivables are depreciated on a case-by-case basis depending on the risk of non-recovery.

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### Investment securities

Investment securities are recorded at the purchase price.

At year closing unrealised profit or loss is calculated based on the last known net asset value. After offsetting unrealised loss and profit, in a uniform category [FCP or Open-ended investment company (SICAV)], net unrealised loss is, where appropriate, depreciated.

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### Contingency and loss provision

In the case of liabilities where there is an obligation toward a third-party unlikely to be met at year closing, they are not entered in the accounts but may be mentioned in the Appendix.

Provision for long-term costs relative to end-of-cycle commitments is assigned for waste for which Andra is financially liable.

In the specific case of dismantling and rehabilitation costs relative to facilities in the Aube, the related costs are totally assigned on the liabilities side, given the immediate nature of the degradation to facilities, in application of ANC Regulation No.2014-03. These provisions are offset against assets as "Andra's portion" and "Third-party portion" of dismantling assets.

In the specific case of the provisions set aside to complete works funded by the State, costs are totally assigned on the liabilities side, written off against a "State portion" tangible asset.



Commitments related to length-of-service awards payable on retirement to Andra employees are covered by insurance contributions paid since 1999 and no longer by a provision for loss. The amount of entitlements accrued at year closing is recorded as an insurance premium equal to amounts paid in, while the supplement covering accrued entitlements is given in the Appendix with the other off-balance sheet commitments. Since 2008, the value of these obligations has been calculated based mainly on assuming voluntary retirement.

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#### *Treatment in the accounts of the research tax credit*

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As a precaution, the research tax credit is considered as an asset and is entered in the accounts in the year in which it is paid (not in the year in which research costs are incurred) or is written off against corporate tax.

In accordance with the ANC Recommendation set out in Regulation No.2014-03, a new accounting method was adopted in 2014. The tax credit is now entered after deducting income tax.

### **3.2.2 Additional information**

On 12 April 2016, in application of the provisions set out in Articles L.111-3 and L.133-1 of the French Financial Courts Code, the Cour des Comptes published a report on the management of Andra for the 2008 to 2013 fiscal years (updated in 2014).

### **3.2.3 Post-closing events**

Legal rulings are expected during the first quarter of 2017, as a result of the lawsuits brought before the courts related to a) appeals lodged against operations undertaken by Andra regarding the future siting of Cigeo (site clearance, geothermal potential, etc.), and b) a request by Andra to put an end to the illegal occupation of land which it owns.

Note that these events have no impact on the year's accounts.

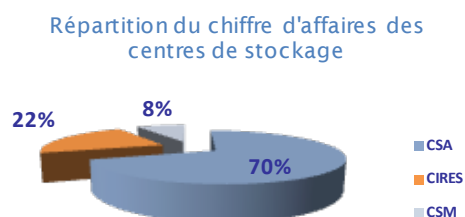
### **3.2.4 List of key abbreviations**

CSA	Low- and intermediate-level waste (LILW) disposal facility.
Cires	Facility for the collection, storage and disposal facility of very low-level waste.
CI2A	Andra's Industrial Facilities in the Aube department (CSA + Cires).
CSM	Waste disposal facility in the Manche department.
CMHM	Meuse/Haute-Marne Centre.
LS	Meuse/Haute-Marne underground research laboratory
ETe	Technological Exhibition Facility at the Meuse/Haute-Marne Centre.
Cigeo	Deep geological disposal facility for high-level and intermediate-level long-lived waste.

### 3.3 Notes on the Income Statement

#### Note 01: Turnover by activity

En K€	Note	2016	2015
Projet CIGEO	(a)	152 241	145 220
Projet FAVL		4 345	7 351
Centres de stockage		60 687	61 248
Producteurs non électronucléaires		5 884	5 269
Autres activités	(b)	4 568	4 485
<b>TOTAL</b>		<b>227 726</b>	<b>223 573</b>



(a) The Cigeo project is mainly funded by the tax known as the "research tax", in addition to the tax levied on basic nuclear installations, together with a special contribution recently introduced by Article 58 of Act No.2013-1279 of 29 December 2013. For 2016, the amounts received were €83,963,000 and €133,390,000 respectively, and the amounts still to be used are €73,728,000 and €79,421,000.

(b) Of which €2,212,000 related to promoting Andra's expertise and know-how in France and €1,709,000 on the international market.

#### Note 02: Capitalised production costs

Capitalised production costs for the tax year 2016 came to €12,841,000 for research work carried out in the Meuse/Haute-Marne.

#### Note 03: Operating subsidies received and investment grants written back

En K€	Note	2016	2015
Subvention DGEC	(a)	1 312	3 691
Subvention DGPR	(a)	2 038	1 734
Subventions d'investissement	(b)	2 360	2 875
Autres subventions	(c)	981	593
<b>TOTAL</b>		<b>6 691</b>	<b>8 894</b>

(a) State subsidies are broken down as follows:

En K€	SOLDE AU 01/01	ENCAISSEMENT SUBVENTION	DEPENSES DE FONCTIONNEMENT	DEPENSES D'INVESTISSEMENT	SOLDE AU 31/12
Subvention DGEC	1 540	2 766	1 312	0	2 994
Subvention DGPR	4 267	0	2 038	0	2 229
	5 807	2 766	3 350	0	5 223

The DGEC (French Directorate-General for Energy and Climate) subsidy to fund missions which Andra carries out in the public interest (National Radioactive Waste Inventory, site cleanup and recovery of orphan waste), stipulated in the 2016 Budget Act, was paid, worth €2,766,000 (net of reserve cost). The amount used in 2016 was €1,312,000 and the amount of the subsidies received still to be used is recorded under liabilities in the balance sheet for the sum of €2,994,000 (excluding non-allocated payment of €290,000).

The amount of the DGPR (France's Directorate General for Risk Prevention) subsidy to fund expenditure relative to implementation of the French Environment Round Table programme (coming within the framework of the "Risk Prevention" programme) used in 2016 was €2,038,000. The amount remaining to be used at the end of 2016 was €2,229,000.

(b) Investment grants are recorded in the income statement as write-backs against depreciation of the relevant fixed asset (see Accounting principles).

(c) Other subsidies obtained in 2016 involved contracts awarded within the framework of European research programmes, worth €771,000.

#### Note 04: Other income

En K€	Note	2016	2015
Financement des investissements	(a)	10 693	9 462
Autres		68	50
<b>TOTAL</b>		<b>10 760</b>	<b>9 513</b>

(a) Reversal of investment financed by waste producers is recorded in profit and loss in line with the related depreciation (see Accounting principles).

#### Note 05: External expenses

En K€	Note	2016	2015
Achats stockés de matières et fournitures	(a)	7 499	7 693
Achats non stockés de matières et fournitures		5 185	5 243
Sous-traitance	(b)	126 085	120 050
Primes d'assurance	(c)	2 385	2 117
Personnel extérieur à l'entreprise		445	609
Rémunération d'intermédiaires et honoraires		1 731	2 358
Déplacements, missions et réceptions		1 982	1 955
Autres achats et charges externes	(d)	12 278	11 169
<b>TOTAL</b>		<b>157 589</b>	<b>151 193</b>

(a) Materials and supplies used to construct disposal structures at CSA cost €6,433,000 in 2016.

(b) Subcontracting was mainly used for Cigeo Project studies (€101,930,000 in 2016, of which €64,426,000 for design studies and €37,504,000 for research, compared to €92,596,000 in 2015).

(c) Insurance premiums include allocations related to the collective insurance contract intended to cover commitments to pay length-of-service awards payable on retirement (€1,100,000 in 2016 compared to €1,200,000 in 2015).

(d) Of which €6,221,000 for maintenance and repairs.

#### Note 06: Taxes, duties and similar payments

En K€	Note	2016	2015
Taxes sur les salaires	(a)	4 974	5 188
Taxe sur les installations nucléaires		8 721	8 717
Taxes foncières et Contribution Economique Territoriale		11 274	11 060
Autres impôts et taxes	(b)	1 457	685
<b>TOTAL</b>		<b>26 426</b>	<b>25 650</b>

(a) The reduction in employer's payroll tax in 2016 is linked to changes in the liability rate (70% in 2016 compared to 72% in 2015), linked to the reduction in resources received to fund Cigeo costs.

(b) This item shows an increase since, in 2016, it includes the Archaeology Tax relative to the application to carry out a survey of the area in which the Cigeo facility will possibly be built, for the sum of €768,000.

## Note 07: Staff costs

Staff costs rose by 1.3% compared to 2015:

En K€	Note	2016	2015
Salaires et traitements	(a)	41 609	40 936
Charges sociales	(a)	18 164	18 110
Autres charges de personnel		2 018	1 977
Produit d'impôt CICE	(b)	-445	-462
<b>TOTAL</b>		<b>61 346</b>	<b>60 561</b>

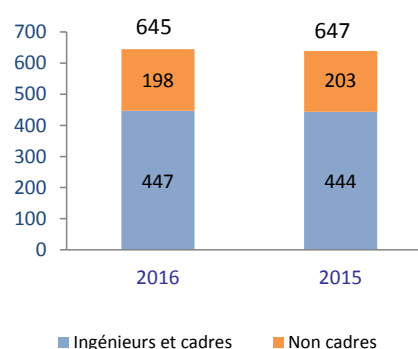
(a) Labour costs were more or less stable, with controlled changes to wages and social security contributions (average earnings of employee in the same post for two successive periods - RMPP - set at 1.6%) and a stable number of staff (average monthly staff numbers, not including PhD researchers, stabilised at 645 in 2016).

Staff entitlement to paid leave and time saving accounts (CET) are recorded under expenses payable. Note that an amendment to the CET agreement has been signed, with a view to limiting the number of days taken, depending on the employee's length of service.

Under the terms of the employee profit-sharing agreement signed on 17 June 2014 for the period 2014-2016, provision was made for gross dividends of €1,300,000 for 2016 (compared to €1,515,000 in 2015).

(b) The Crédit d'Impôt Compétitivité Emploi (tax credit for competitiveness and jobs) will mainly be used to fund patent registration expenses in France and worldwide, and for studies on innovative solutions not funded under the "Investment in the Future" programme.

Effectif mensuel moyen (hors thésards)



## Note 08: Operating income allocations and writebacks

Net variation in fixed asset depreciations (down €0.1 million in 2016) is mainly due to losses in the value

En K€	Dotations		Reprises	
	2016	2015	2016	2015
<b>Sur immobilisations</b>				
Amortissement des immobilisations incorporelles et corporelles	18 234	17 456	0	0
Dépréciation des immobilisations incorporelles et corporelles	11	425	113	145
<b>TOTAL</b>	<b>18 245</b>	<b>17 880</b>	<b>113</b>	<b>145</b>
<b>Sur actif circulant</b>				
Dépréciation des stocks et en-cours	0	0	0	0
Dépréciation des créances clients	0	0	35	27
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>27</b>
<b>Provisions</b>				
Pour risques	556	3 478	2 880	992
Pour charges	4 198	4 898	4 685	6 435
<b>TOTAL</b>	<b>4 755</b>	<b>8 376</b>	<b>7 565</b>	<b>7 426</b>

of land reserves as a result of exchanges (see Note 10).

Net variation in contingency provisions (down €2.3 million in 2016) is mainly related to the result of trade claims under examination in 2015.

Net variation in loss provisions (down €0.5 million in 2016) is mainly related to operating costs at the Cires facility, revised down in light of the new contract for work on disposal cells.

## Note 09: Financial income

En K€	Note	2016	2015
Revenus des titres immobilisés	(a)	388	522
Revenus des valeurs mobilières de placement	(b)	5	312
Reprise sur provisions		2	0
Transfert de charges	(c)	441	442
Différences positives de change		11	5
Autres produits financiers		1	2
<b>TOTAL PRODUITS</b>		<b>848</b>	<b>1 283</b>
Dotations financières aux provisions		1	2
Désactualisation des provisions	(c)	1 127	1 071
Intérêts et charges assimilées	(d)	481	534
Différences négatives de change		15	26
<b>TOTAL CHARGES</b>		<b>1 625</b>	<b>1 634</b>
<b>RESULTAT FINANCIER</b>		<b>-777</b>	<b>-350</b>

- (a) Income on fixed investments is related to interest accrued on capital bonds. Average yield, net of management costs, was 1.5% in 2016 and 2.2 % over the last 48 months.
- (b) Income on investment securities was €981,000 in 2016, including €976,000 in investments offset in the Cigeo funds (see Accounting options). Average yield of Andra's investments in investment securities was 0.5% in 2016 (0.6% over the last 48 months and 1.5% over the last 10 years).
- (c) Accretion expenses on provisions include the portion of CSA dismantling costs payable by the producers, the impact of which is lessened by a transfer of the expense of €441,000.
- (d) Interest is mainly related to the loan taken out to finance construction of the CSTFA (Cires site) (€466,000 in 2016 compared to €529,000 in 2015).

## Note 10: Extraordinary income

Extraordinary income for the year 2016 primarily comprised special depreciation allowances on fixed assets financed using own funds.

En K€	Note	2016	2015
Produits exceptionnels sur opérations de gestion		7	252
Produits des cessions d'éléments d'actif	(a)	5 144	606
Quote-part du financement des investissements repris en résultat	(b)	4 344	3 487
Reprises sur amortissements dérogatoires		2 356	1 952
Reprises sur provisions		0	248
Autres produits exceptionnels		222	-100
<b>TOTAL PRODUITS</b>		<b>12 074</b>	<b>6 445</b>
Dépréciation exceptionnelle des immobilisations	(c)	394	0
Charges exceptionnelles sur opérations de gestion	(c)	1 706	100
Valeur comptable des éléments d'actifs cédés	(a)	5 666	2 317
Dotations aux amortissements dérogatoires	(b)	4 630	4 252
<b>TOTAL CHARGES</b>		<b>12 396</b>	<b>6 669</b>
<b>RESULTAT EXCEPTIONNEL</b>		<b>-322</b>	<b>-224</b>

- (a) Retirement of assets was mainly related to land reserves.
- (b) This item refers to the write-back of investment funds from the producers, as and when the assets financed are depreciated.
- (c) Including €1,895,000 in extraordinary expenditure charged to the Cigeo funds, related to the worksite accident and malicious damage at the CMHM.

## Note 11: Income tax

En K€	Note	Impôt	CICE	CIR	Net
Impôt sur les sociétés		1 083			1 083
Contribution sociale		18			18
Crédit Impôt Compétitivité Emploi imputé	(a)		-445		-445
Crédit Impôt Recherche imputé				-638	-638
<b>Total charge d'impôt</b>		<b>1 101</b>	<b>-445</b>	<b>-638</b>	<b>18</b>
Crédit d'impôt recherche encaissé	(b)			-13 501	-13 501
<b>Total</b>		<b>1 101</b>	<b>-445</b>	<b>-14 140</b>	<b>-13 484</b>

(a) Tax credit attached to staff costs, assigned prior to Research tax credit since 2014, in application of the order in which tax credits must be assigned, as set out in the Budget Act (see Note 07).

(b) Research tax credit 2012 reimbursed at expiry of the legal assignment period (checked by the DVNI in 2013).

The balance of tax credits not used against the tax payment of €41,936,000 at the end of 2016 is exclusively related to tax credit declarations for the tax years 2013-2015.

Future increases and reductions in tax not entered in the accounts, resulting from time differences between the accounting bases and the tax bases, are as follows:

En K€	Base	Impôt
Provisions non déduites	-10 563	2 958
Plus-values latentes sur actifs financiers	-11 617	3 253
<b>Allègements futurs d'impôt</b>		<b>2 958</b>
Charges constatées d'avance déduites	1 662	-465
<b>Accroissements futurs d'impôt</b>		<b>-465</b>

Calculating related future taxes is based on the statutory rate of 28%.

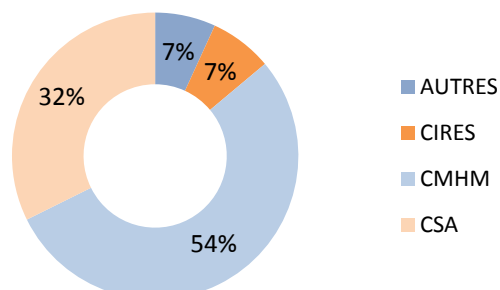
## 3.4 Notes on the Balance Sheet

### 3.4.1 Notes on Assets

#### Note 12: Tangible and intangible assets

Valeurs brutes en K€	2016	2015	Variation		Virement de poste à poste
			Augmentation	Diminution	
<b>Immobilisations incorporelles</b>	<b>20 771</b>	<b>19 236</b>	<b>3 400</b>	<b>1 884</b>	<b>20</b>
Terrains, agencements et aménagements	44 496	46 722	1 278	3 537	34
Constructions, agencements et aménagements (*)	208 320	203 502	3 346	637	2 109
Installations à caractère spécifique	344 284	333 276	5 794	276	5 490
Matériel et outillage, agencements	90 429	87 842	1 808	174	954
Installations générales, agencements	211	211	0	0	0
Matériel de transport	2 143	1 963	248	75	8
Matériel de bureau et informatique	8 195	7 954	490	300	50
Emballages récupérables	113	113	0	0	0
Immobilisations corporelles en cours	36 372	25 887	19 187	39	-8 664
<b>Immobilisations corporelles</b>	<b>734 563</b>	<b>707 470</b>	<b>32 150</b>	<b>5 038</b>	<b>-20</b>
(*) dont actifs de démantèlement quote-part propre	4 005	3 040	992	27	0
(*) dont actifs de démantèlement quote-part tiers	13 035	13 075	441	480	0
(*) dont actif quote-part Etat	7 556	7 556	0	0	0
<b>TOTAL</b>	<b>755 334</b>	<b>726 706</b>	<b>35 550</b>	<b>6 922</b>	<b>0</b>

INVESTISSEMENTS BRUTS  
AU 31/12/2016  
(hors actifs de démantèlement)



*Intangible fixed assets*

Intangible fixed assets at the end of 2016 were worth €20,771,000. These assets include software for internal use (€13,892,000), land reserves acquired on behalf of Andra (€6,309,000) and easements (€465,000), together with the acquisition of the label production activity for the nuclear sector (€105,000).

The net increase €1,535,000 for the tax year mainly relates to software for internal use.

*Tangible fixed assets (other than dismantling assets)*

Gross tangible fixed assets (other than dismantling assets), were worth €709,967,000 at the end of 2016 (including €236,189,000 for the CSA, €51,642,000 for the Cires and €392,901,000 for the Cigeo project).

The net increase for the year was €25,057,000, including €15,632,000 for research and design for the Cigeo project. Other investments worth €9,425,000 were mainly investments in renewal work at disposal facilities and completion of the facility site (commissioned for total cost of €7.4 million).

*Dismantling assets*

Dismantling assets built up at the end of 2016 to offset the costs of dismantling and removal of various buildings entered as liabilities came to €17,040,000 at the end of 2016 (of which €13,401,000 for the CSA and €3,639,000 for the Cires). Note that a new dismantling asset worth €1 million was registered following commissioning of the facility for sorting and treating waste at the Cires site.

The asset worth €7,556,000 recognised as the "State portion" relates to the expected funding to cover future costs of storage and disposal of waste from decontaminating former clock- and watch-making industrial sites recorded as loss provisions.

Amortissements et dépréciations en K€	2016	2015	Variation	
			Augmentation	Diminution
<b>Immobilisations incorporelles</b>	<b>10 182</b>	<b>9 306</b>	<b>989</b>	<b>113</b>
Terrains, agencements et aménagements	9 059	8 523	536	0
Constructions, agencements et aménagements (*)	86 995	82 412	4 624	41
Installations à caractère spécifique	250 805	241 842	9 190	227
Matériel et outillage, agencements	38 596	36 348	2 358	110
Installations générales, agencements	200	198	2	0
Matériel de transport	1 340	1 217	171	48
Matériel de bureau et informatique	6 057	5 593	759	295
Emballages récupérables	53	44	9	0
<b>Immobilisations corporelles</b>	<b>393 105</b>	<b>376 177</b>	<b>17 649</b>	<b>721</b>
(*) dont actifs de démantèlement quote-part propre	976	870	106	0
(*) dont actif quote-part Etat	7 556	7 556	0	0
<b>TOTAL</b>	<b>403 287</b>	<b>385 483</b>	<b>18 638</b>	<b>834</b>

*Depreciation of assets based on replacement value:*

- ✓ CSA assets are depreciated in relation to the amounts of waste disposed: 11,496 m3 in 2016, i.e. 315,947 m3 disposed of the facility started operating (total capacity of 1,040,950 m3);

- ✓ Investments related to the Underground Laboratory are depreciated over a period limited to the period of the regulatory operating license. With the operating license extended until 2030, as set out in Decree No.2011-1910, the depreciation schedule was revised in 2011 (see Accounting principles);
- ✓ Dismantling assets for which Andra is liable are depreciated using the straight-line method, for the sites' operating life.

#### Depreciation of fixed assets:

- ✓ Depreciation of the land on which the Cires is built has been provided for since the facility was commissioned in relation to the amounts of waste disposed. The depreciation of €137,000 at the end of 2016 is related to the 328,249 m<sup>3</sup> of waste disposed since commissioning, for total regulated capacity of 650,000 m<sup>3</sup>;
- ✓ Depreciation of land reserves intended to be sold off or exchanged in order to have sufficient land to build future disposal facilities to factor in market margins. The depreciation of €1,061,000 brings the value of these assets to their probable fair value bearing in mind their purpose;
- ✓ Depreciation of the "State portion" asset in its entirety, i.e. €7,556,000, in the absence of any formal commitment from the Budget Directorate regarding funding the future costs of storage and disposal of waste from decontaminating former clock- and watch-making industrial sites recorded as loss provisions.

#### Note 13: Financial fixed assets

Fixed investments have been made using Andra's general funds, which mainly come from the research tax credit:

Valeurs brutes en K€	Note	2016	2015
FCP Andra (article 20)	(a)	54 222	54 222
Autres titres immobilisés	(b)	26 085	25 697
Dépôts et cautionnements versés		251	251
<b>TOTAL</b>		<b>80 559</b>	<b>80 170</b>

(a) The "Andra diversified mutual fund" (FCP), approved by the AMF in August 2011, set up to secure funds to cover long-time costs, in application of "Article 20" of Planning Act 2006-739 of 28 June 2006 on the sustainable management of radioactive materials and waste. On 31/12/2016, the market value of this fund was €65,624,000, for purchase value of €54,222,000, i.e. an unrealised gain of €11,402,000.

(b) Capital bonds used mainly to finance long-term costs are related to the classified facility at the Cires site were worth €20,500,000 at the end of 2016 and their redemption value was €26,085,000 (i.e. €5,585,000 accrued interest).

#### Note 14: Inventory and work in progress

CSA inventory worth €1,047,000 mainly includes spare parts (other than "safety-related" parts) and small tools. Depreciation of €689,000 is calculated on categories of items with low turnover rate.

At the end of 2016, 315,947 m<sup>3</sup> of the disposal structures at the CSA and 328,249 m<sup>3</sup> at the CSA had been filled (i.e. 30% and 50% of facility disposal capacity respectively).

Disposal structures available for operating at the end of 2016 were valued at €18,749,000 (€8,323,000 for the CSA and €10,426,000 for disposal cells at the Cires site).

Structures under construction were valued at €14,671,000 at the end of 2016 (including €14,287,000 for later subsequent phases at the CSA).

#### Note 15: Prepayments and advances paid

Prepayments and advances paid cost €34,086,000 at the end of 2016, including €33,978,000 paid to the Cigeo Project prime contractor, pending finalisation of new contract provisions for the detailed engineering design (see Note 28).



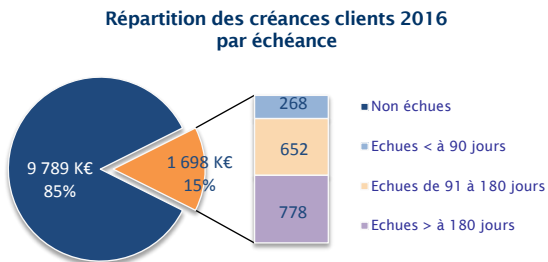
## Note 16: Customer receivables

	Note	2016	2015
Créances clients	(a)	11 488	8 623
Effets à recevoir		0	4
Factures à établir	(b)	7 315	7 130
Clients douteux ou litigieux		335	660
<b>TOTAL</b>		<b>19 138</b>	<b>16 417</b>

(a) Customer receivables were valued at €11,488,000 at the end of 2016, 85% of which were not yet due. The amount of receivables overdue was down compared to 2015: 15% at the end of 2016 compared to 42% at the end of 2015.

In 2016, customers were paid within an average of 64 days (compared to 63 days in 2015).

(b) Invoices not yet issued are mostly related to agreements signed with waste producers.



## Note 17: Other receivables

Other receivables include accrued income of €190,999,000 at end of 2016, offset against depreciations recorded up to the end of 2006 on investments in the Underground Laboratory financed by the waste producers. In application of the 1999-2006 financing agreement, this accrued income will be offset by invoicing on disposal services at the deep geological facility, or cancelled if the project does not go ahead.

Receivables from the State worth €35,023,000 at the end of 2016 were related to value-added tax for €33,150,000 (including a refund request for €22,010,000 granted in February 2017, the remaining sum related to VAT on disbursement and on unbilled payables).

## Note 18: Investment securities and cash

Under this item are recorded investments and bank deposits in credit, and credit balances are recorded under "Financial debts" (see Note 24).

En K€	Note	2016	2015
Placements affectés aux activités courantes		10 003	11 607
Placements affectés aux fonds dédiés Cigeo		1 306	39 050
<b>Valeurs Mobilières de Placement</b>	(a)	<b>11 309</b>	<b>50 657</b>
Disponibilités affectées aux activités courantes		4 836	4 058
Disponibilités affectées aux fonds dédiés Cigeo	(b)	163 000	85 871
Disponibilités affectées au fonds dédié aux investissements d'avenir	(c)	58 543	64 118
<b>Disponibilités</b>		<b>226 379</b>	<b>154 048</b>
<b>TOTAL</b>		<b>237 688</b>	<b>204 705</b>

(a) The investment securities portfolio at the end of 2016 mainly consisted in monetary CIS (OPCVM) funds.

(b) Including €159 million placed in fixed-term deposit accounts and interest-bearing fixed-term accounts.

(c) Cash related to the Investment in the Future programme is managed in an account held at the Treasury Department, as per the Order.

### Note 19: Prepayments

Prepayments at the end of 2016 were mainly related to:

- ✓ Financing construction of the facilities needed to operate current and future facilities. These costs, worth €7,811,000 at the end of 2016, will be expensed when facilities are commissioned, throughout the term of the contract under which the owner is bound by certain obligations regarding the right to use;
- ✓ Support for local economic development to be paid when the very low-level waste facility comes into service and that to be spread out over its operating lifetime.

### 3.4.2 Notes on Liabilities

#### Note 20: Retained earnings

The variation in Andra's equity corresponds to the allocation to "Retained earnings" of the profit of €14,434,000 carried forward from 2015.

#### Note 21: Investment grants

This includes funds from producers for investment in certain activities or from the state grant, primarily for the national waste inventory, which are expensed at the same time as the related assets are depreciated. These grants will be reduced in line with depreciation of the assets they have been used to finance.

Subventions d'investissement en K€	2016	2015	Variation	
			Augmentation	Diminution
CSA	182 107	182 257	6	157
CSM	6 653	6 653	0	0
CIGEO	5 510	5 543	0	33
Inventaire national	370	370	0	0
Producteurs hors électronucléaire	716	716	0	0
Autres	57	57	0	0
<b>TOTAL DES SUBVENTIONS RECUES</b>	<b>195 413</b>	<b>195 597</b>	<b>6</b>	<b>190</b>
CSA	159 448	155 516	4 088	157
CSM	6 576	6 512	64	0
CIGEO	3 725	3 487	272	33
Inventaire national	370	370	0	0
Producteurs hors électronucléaire	590	560	30	0
Autres	57	56	1	0
<b>TOTAL DES SUBVENTIONS VIREES A RESULTAT</b>	<b>170 766</b>	<b>166 501</b>	<b>4 455</b>	<b>190</b>

#### Note 22: Tax-regulated provisions

Special depreciation allowances for tax purposes recognise the difference between depreciation allocated using the straight-line and declining balance methods of depreciation, and depreciation on the replacement value of assets.

En K€	2016	2015	Variation	
			Augmentation	Diminution
Logiciels	938	1 015	0	77
Agencements des terrains	9 261	8 869	392	0
Constructions	51 748	49 335	2 413	0
Matériel et outillage, agencements	42 050	42 465	3	418
Matériel de transport	287	307	0	20
Matériel de bureau et informatique	458	476	0	18
<b>TOTAL</b>	<b>104 742</b>	<b>102 467</b>	<b>2 808</b>	<b>533</b>

#### Note 23: Advances subject to conditions

The agreement on funding and monitoring construction of the underground research laboratory and the qualification studies on geological media with a view to siting a deep geological waste disposal facility, which entered into force on 1 January 1999, stipulates that the sums paid by the waste producers (CEA 17% - AREVA NC 5% - EDF 78%) may be taken into account provided the research carried out results in setting up a deep geological waste disposal facility.

Under the terms of this agreement, the different producers' share in financing the investment costs for constructing the Underground Laboratory came to €203,025,000 at gross value at the end of 2016.

## Note 24: Contingency and loss provision

En K€	Note	2016	2015	Augmentation		Diminution	
				Dotation	Autres	Montants utilisés	Montants non utilisés et repris
Litiges		222	2 912	190		2 880	
Autres provisions pour risques hors article 20		2 549	2 337	212			
Autres provisions pour risques article 20 (selon périmètre 2016) (*)		8 922	8 769	153			
<b>TOTAL PROVISIONS POUR RISQUES</b>	(a)	<b>11 693</b>	<b>14 018</b>	<b>555</b>	<b>0</b>	<b>2 880</b>	<b>0</b>
<b>Provisions pour charges du CSA</b>							
Démantèlement des installations	(*) (b)	13 500	13 559		-59		
Couverture et fermeture définitive	(*) (c)	960	962		34		36
Surveillance	(*) (d)	1 923	2 078		73		228
ACHÈVEMENT DE TRAVAUX		5	8			3	
Autres charges	(e)	7 085	6 344	1 767		714	312
Fonds de concours		84	84				
<b>Provisions pour charges du CSM</b>							
Surveillance	(*) (f)	8 471	7 926	540	140	135	
Pérennisation de la couverture	(*) (f)	767	761		26	8	12
Autres charges	(g)	792	656	136			
<b>Provisions pour charges du CIRES</b>							
Remise en état	(h)	5 349	4 204		1 145		
Surveillance	(i)	3 774	3 366	290	118		
Autres charges	(j)	1 761	3 437	670		2 192	154
<b>Provisions pour charges hors électro-nucléaire</b>							
ACHÈVEMENT DE TRAVAUX	(*) (k)	14 053	14 050	753	134	357	527
Prise en charge des Terres Bayard	(*) (l)	7 556	7 556				
<b>Provisions pour charges de personnel</b>							
Médailles du travail	(m)	467	431	43		7	
<b>TOTAL PROVISIONS POUR CHARGES</b>		<b>66 547</b>	<b>65 422</b>	<b>4 199</b>	<b>1 611</b>	<b>3 416</b>	<b>1 269</b>
<b>TOTAL PROVISIONS POUR RISQUES &amp; CHARGES</b>		<b>78 240</b>	<b>79 440</b>	<b>4 754</b>	<b>1 611</b>	<b>6 296</b>	<b>1 269</b>
(*) dont charges de long terme soumises à l'article 20		56 152	55 661	1 446	348	500	803

### Note 24.1: General presentation of Contingency and loss provision

#### a) Contingency provision

Provision for disputes mainly related to cases currently being heard in court. Note that the write-back of €2,880,000 followed trade negotiations terminating at the end of 2016 with a settlement of €2.3 million (compared to a claim for €8.2 million).

Other provisions are mainly to cover the risk of any changes in the reference scenario relative to the industry other than nuclear power generators (mainly regarding packaging and disposal solutions chosen for certain categories of waste), and industrial risks (regarding the date of disposal facility closure).

#### Loss provision regarding the CSA

- The scope of the obligation to dismantle CSA facilities covers all the buildings within the nuclear zone. In application of the accounting arrangements set up regarding dismantling assets, Andra's portion of this provision is €465,000, and the waste producers' portion is €13,035,000, offset against a dismantling asset.
- Provision for the cost of the final cap and closure of the facility is equal to the portion of waste delivered to Andra (waste from producers other than nuclear power generators, so-called "occasional" and "medium-scale" producers). At the end of 2016, these types of waste accounted for 1.14% of the facility's theoretical capacity.

- d) Provision for the cost of monitoring the facility is equal to the portion of waste delivered to Andra (waste from "diffuse" nuclear waste producers and so-called "occasional" producers). At the end of 2016, these types of waste accounted for 0.52% of the facility's theoretical capacity.
- e) Other costs are to cover future costs resulting from waste disposal services at the CSA (including €2,627,000 for temporarily closing the disposal structures and €3,288,000 for maintaining confinement integrity, and for which assets have already been recognised). Note that the increase in 2016 relates to the revised assumed date of facility closure (2062 in the 2016 Safety Report, compared to 2054 before).

#### *Loss provision regarding the CSM*

- f) Provision for costs relating to the facility monitoring period and works to ensure the long-term resilience of the cap is recorded for 2.80092%, which is the portion of waste coming from Rhodia (formerly Rhône Poulenc Chimie). Management was transferred to Andra following the signature of a transaction with Rhodia in February 1996, as required by the government. In 2016, provision for monitoring was increased by €545,000 in line with the increase in third-party liability insurance in the field of nuclear energy, and this in spite of the Order of 19 August 2016 classifying the CSM as a reduced-risk facility.
- g) The provision is made to cover the estimated cost of short-term works required at the CSM. The allocation of €136,000 covers works to make the underground separative gravity network (RSGE) safe.

#### *Loss provision regarding the Cires*

- h) Andra's obligation to rehabilitate the site which it owns is explicitly stipulated in a Prefectoral Order. This provision is made in light of the "immediate" nature of degradation to the site as defined in ANC Regulation No.2014-03. This provision is offset against a dismantling asset, with depreciation over the useful life of the buildings to be dismantled. The increase in the provision of €1,145,000 follows the commissioning of the facility for sorting and treating waste and is based on an external estimate revised as a result.
- i) Provision for costs relative to the facility monitoring period is made in a stepwise manner depending on use of its disposal capacity, to reconcile these expenses with related operating income.
- j) Other loss provisions are to cover the future costs incurred by Cires operating cycles (including €1,063,000 for the final cap on the disposal cells) for which income has already been recognised. The net decrease in the provision of €1,676,000 is more or less entirely related to the cost of closing off disposal cells during the year.

#### *Loss provision related to non-nuclear power generation producers*

- k) Provision for completing the works is based on a valuation of the estimated costs of treating, storing or disposing of radioactive waste from the non-nuclear power generation sectors (including waste produced as a result of the CEA-ANDRA asset transfer agreement). Since this income has already been recorded, Andra is liable for the cost.
- l) Provision for managing earth from the Bayard site is intended to cover the future costs of storage and disposal of waste from decontaminating former clock- and watch-making industrial sites, following a reconditioning operation started in 2009. A dismantling asset charged to the State was recorded to offset this provision in its entirety.

#### *Provision for staff costs*

- m) This provision is made to cover the cost of the probable payment to employees working at the company of bonuses awarded for length-of-service.

#### **Note 24.2: Provision subject to obligations to secure funds**

"Article 20" of the Planning Act of 28 June 2006<sup>5</sup>, relative to sustainable management of radioactive materials and waste, requires operators of Basic Nuclear Installations to "assess prudently the costs of dismantling their installations and the costs of decommissioning, maintenance and monitoring in the case of their radioactive waste disposal facilities".

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<sup>5</sup> Partly codified in Articles L. 542-1 and following of the French Environment Code

Two texts specifying application of Article 20 were introduced in 2007: the Decree of 23 February 2007, amended, and the Order of 21 March 2007, both relative to securing funds to cover costs in the nuclear sector. In particular, these texts set a double cap on the discount rate to be used in calculating provisions, which must be long-term, and define the waste categories to be used in allocating costs per category of operations.

In application of these texts and the legal specifications provided by the Administrative Authority on the scope of "Article 20", provisions related to securing funds to cover costs in the nuclear industry are identified with a star (\*) in the table above, and a total figure given in the bottom line "*dont charges de long terme soumises à l'article 20*" (of which long-term costs subject to Article 20).

At the end of December 2016, this total was €56,152,000 at present value.

#### **a) Presentation of provisions classified as per the categories set out in the Order of 21/03/2007 (amended)**

Provisions at present value account for nearly 57% of provisions at gross value:

En K€	Hypothèses de taux		Quote/Part Andra	Valeur 2016		Valeur 2015 actuelle
	Inflation	Actualisation		Brute	Actuelle	
<b>Nomenclature 4</b>						
Démantèlement des installations CSA	3,00%	3,50%	100,00%	16 869	13 500	13 559
Couverture & fermeture CSA	3,00%	3,50%	1,14%	1 200	960	962
Achèvement travaux non électronucléaire :						
dont quote-part actualisée	2,00%	3,50%	100,00%	31 209	25 240	25 404
dont quote-part non actualisée	Conditions 2016	N/A	100,00%	5 291	5 291	4 971
<b>Nomenclature 5</b>						
Pérennisation couverture CSM	3,00%	3,50%	2,80%	831	767	761
Surveillance CSM	2,00%	3,50%	2,80%	29 785	8 471	7 926
Surveillance CSA	2,00%	3,50%	0,52%	14 954	1 923	2 078
<b>TOTAL</b>				<b>100 140</b>	<b>56 152</b>	<b>55 661</b>

Each provision is allocated to cover the amount of waste for which Andra is fully and entirely liable.

Operators of basic nuclear installations remain liable under the law for the waste which they produce. Within this framework, and in accordance with the contract signed with Andra, they are liable for financing the future costs of the disposal facilities managed by Andra in proportion to the amount of waste disposed of on their behalf.

In the specific case of the future costs of dismantling the CSA facilities, the provision is entirely assigned under Liabilities. A dismantling asset worth the same amount is recorded under Assets, with a distinction being made between Andra's portion and third-party portions.

In the specific case of the provisions set aside to complete works funded by the State, costs are totally assigned on the liabilities side, written off against a "State portion" tangible asset.

#### **b) Main assumptions and methods used to assess costs and uncertainties**

##### **Long-term radioactive waste management costs (Category 4):**

Provisions for dismantling, capping and closure of the CSA are estimated based on estimates revised in 2009, assuming that the date on which works will be completed is 2062. This date was revised in 2016, in relation to the submission of the new Safety Report to the ASN. The assumption used to date refers to dismantling the facilities in the nuclear zone and establishing plant cover.

Provisions for completing works in the non-nuclear power generation sector are assessed based on the following assumptions:

##### **Regarding LLW-LL:**

- ✓ Date for disposal of this type of waste: as a precautionary measure, the date is still set for 2026, pending improved visibility over the future solution for such waste;

- ✓ Cost of LLW-LL disposal based on an assessment made in 2005, based on a low baseline inventory of 30,000 metric tons. A new assessment is expected in relation to progress on site reconnaissance studies, industrial management scenarios and feedback from the assessors of these scenarios.

*Regarding ILW-LL:*

- ✓ Date for disposal of this waste 2040;
- ✓ Cost of disposal based on the public report published in January 2016. Note that the difference compared to the target cost defined by Ministerial Order has been maintained in the contingency provisions as a precaution, in line with Andra's costing report.

*Post-closure monitoring costs (Category 5):*

The costs of monitoring the basic nuclear installations at the CSM and the CSA are assessed for a period of 300 years, following closure of the facilities.

The assumptions specific to each facility apply to the duration of the different monitoring periods and to the related costs:

- ✓ In the specific case of the CSM, the monitoring stage was officially announced in Decree No.2003-30 of 10 January 2003. Following ASN's favourable opinion issued at the beginning of 2010 regarding a stepwise approach to ensuring the long-term resilience of the cap, the period of "active" monitoring of the facility site will be maintained throughout the entire period of works to ensure the long-term resilience of the cap;
- ✓ Regarding monitoring of the CSA site, the assumptions defined are for a nominal scenario, which does not factor in works to ensure the long-term resilience of the cap. This scenario is based on the assumption that the cap to be established for the CSA should not require works of a similar nature to those for the CSM, since it will have the benefit of feedback on works undertaken at the CSM.

*c) Key changes since closing at year-end in 2015*

Changes since closing the accounts for 2015 are related to:

- ✓ The deferment of the CSA closure date, deferred from 2054 to 2062, in line with the last Safety Report submitted to ASN. This change in the scheduled date impacts on provisions for dismantling, closure and monitoring of the CSA site;
- ✓ The updated costs of CSM monitoring, following the significant increase the cost of third-party liability insurance in the field of nuclear energy, in spite of the fact that CSM has been classified as a reduced-risk facility;
- ✓ Financial discounting of the provisions.

*d) Discount rate applied*

The discount rates used for the purposes of Andra's accounts as on 31 December 2016 are determined, for each individual provision, according to the rules below:

	Taux	
	Inflation	Actualisation
Cat. 1 : Provisions > 5 ans	2,00%	3,50%
Cat. 2 : Provisions < 5 ans	Conditions économiques de l'exercice	
<i>Si indice TP (travaux public) majoritaire dans la dépense</i>	3,00%	

The provisions subject to application of "Article 20" of the Act of 28 June 2006 come under the first category of provisions, except in the case of the costs of removing waste within the next five years from non-nuclear power generation producers.

The discount rate applied cannot exceed:

- ✓ A cap set under the regulations which is "equal to the arithmetic mean over the last one hundred and twenty months of the 30-year constant maturity treasury rate (TEC 30 ans), recorded at the date of closing the accounts for the year in question, plus one point" (Art.3 of the Order);
- ✓ The expected yield-to-maturity rate of the fund assets.

The regulated cap is set at 3.31% plus 1 point, i.e. 4.31%. Over the last 120 months, the minimum 30-year constant maturity treasury rate (published by Natixis since 02/07/2001) was 0.9% on 31/07/2016 and its maximum was 4.95% on 31/05/2008.

At present, none of the accounting standards bodies stipulate a method for establishing a cautious discount rate over very long-term maturities (300 years).

On this subject, the CNEF (France's National Committee for the Evaluation of Funding for the costs of dismantling basic nuclear installations and spent fuel and radioactive waste management) published a report in July 2012 stipulating that *in the absence of an evident and undisputed conclusion regarding an appropriate discount rate, basic principles should be applied, leading to a cautious approach.*

The discount rate applied by Andra as cautious is 3.50% for all "Article 20" provisions. Given the main feature of the provisions built up, combined with the size and the structure of the establishment, Andra believes that this discount rate will enable it to absorb any variations in inflation and yield on investment over 300 years.

A number of observations can be made:

- ✓ The rate of inflation at 2% is consistent with the longer-term forecasts of inflation available at the beginning of 2017, i.e. 1.8% in ECB surveys for 5-year forecasts;
- ✓ The rate of inflation at 3% applicable to expenditure specific to public works is consistent with the mean annual rate for the last 15 years. Note that our German counterparts apply revaluation assumptions regarding their dismantling operations of between 3.6% and 3.7%<sup>6</sup>;
- ✓ The discount rate net of inflation applied to State pension commitments – which are also long-term commitments (100 years) – was 1.62% in 2012, 0.35% in 2013, 1.08% in 2014, 0.17% in 2015 and 0.18% in 2016 (Draft Budget for 2017);
- ✓ Andra's choice of a net rate of 1.5% is consistent with economic analysis of long-term discounting. The Lebègue report published in 2005 links the discount rate to the long-term growth rate and recommends a minimum rate of 2% over the long-term. This approach is supported by the Quinet report of 2013 which gives a discount rate of 1.5% over the long-term.

#### e) Sensitivity of provisions to the discount rate applied

Simulations of the provisions at present discounted value, and the "present value/gross value" ratio, can be used to understand sensitivity and risk inherent in the discount effect.

En K€	Actualisation 3,00%	Actualisation 3,50%	Actualisation 4,00%	Actualisation 4,31% (*)
Total des provisions (article 20)	65 945	56 152	49 151	45 681
Ratio Valeur actuelle / Valeur brute	66%	56%	49%	46%

(\*) Taux réglementaire plafonné

#### f) Operator's situation with regard to the "Article 20" provisions

##### Monitoring Committee body:

In accordance with the decree in force relative to Andra's legal status, Article R.542-13 of the French Environment Code stipulates that the Finance Committee must be a body of the Governing Board which is consulted with regard to annual closing of the accounts, multi-year programmes and their related forecast income and expenditure, together with all other finance-related matters.

As such, the Governing Board requested on 24 June 2010, renewed on 6 November 2015, that the Finance Committee should undertake the role of the Monitoring Committee as provided for in Article 9 of the Decree of 23 February 2007, amended, relative to securing funds to cover future costs in the nuclear industry, in application of "Article 20" of the Act of 28 June 2006.

<sup>6</sup> Presentation by the French National Assembly's Committee for Sustainable Development of the information report on the technical and financial feasibility of dismantling nuclear infrastructure (public session held on 1 February 2017).



*Approval by the Governing Board of the general policy relative to assets set aside to secure funds to cover long-time costs:*

The general policy on management of the assets set aside to secure funds to cover long-time nuclear industry costs was approved by Andra's Governing Board, after consultation with the Finance Committee.

This policy sets out the choices regarding the allocation of fund assets seeking a correct rate of return to ensure, as a priority, a level of secure funds and liquidity to cover future costs.

Andra has outsourced management of the fund assets and the task of reporting on strategic target allocation. The roles of advice and management have been separated through contracts and the entities tasked with performance.

To ensure that Andra is in a position to deal with forecast outgoings relative to its long-term costs, determining how fund assets will be allocated must factor in the need to optimise the yield-to-risk ratio while also taking account of environmental and social issues and good governance.

The investment objectives implemented are, in order of priority:

- ✓ *Reducing the risk of capital loss:*  
The baseline portfolio must take into account the possible occurrence of extreme scenarios and, in at least 95% of cases, be able to cover its commitments. This objective goes hand-in-hand with maximum capital loss in any one year limited to 5% of the portfolio value.
- ✓ *Achieving yields sufficient to cover liabilities:*  
The aim is to achieve a minimum yield on the baseline portfolio of 1.5% gross + inflation (i.e. 3.5% in line with the discount rate applicable to provisions), with higher than 95% probability.
- ✓ *Taking account of environmental, social and good governance criteria:*  
The guidelines that Andra has set out for the fund management entity include giving priority to socially-responsible investment products if there is a choice between investments with comparable risk and yield profiles.

The management rules applicable to these assets allocated to cover future costs have been defined as follows:

- ✓ Implement a dynamic portfolio management strategy;
- ✓ Implement the means required to comply with the investment policy, including the use of market tools and models, and drawing on effective financial expertise;
- ✓ Build up a reserve of non-expensed gains, to absorb any shortfalls in future returns;
- ✓ Set up a permanent internal auditing system, which will include alert systems.

Last, the investment rules set thresholds according to different categories of assets (shares/bonds), different product categories (Eurozone/US/sovereign/ inflation-indexed/company shares and bonds) and different categories of issuer, with a view to reducing the underlying financial risks primarily linked to inflation, to counterparty risk (issuer default) and liquidity risks.

*g) Situation regarding assets set aside to cover future costs and the rate of cover afforded by the provisions*

The fixed assets set aside to secure funds to cover long-term costs under "Article 20" are managed in an Andra Mutual Fund (*Fonds Commun de Placement*, or FCP), approved by the AMF.



### Value of the Andra FCP

En K€	2016	2015
Valeur comptable des parts du FCP Andra	54 222	54 222
Plus-values latentes du FCP Andra	11 401	8 457
<b>Valeur liquidative du FCP Andra</b>	<b>65 623</b>	<b>62 679</b>
Provisions pour charges	56 152	55 661
<b>Taux de couverture</b>	<b>117%</b>	<b>113%</b>

At the end of 2016, the fund's net asset value was €65,623,000 (including €11,401,000 in unrealised gains), i.e. a rate of cover of 117% (€65,623,000 booked at €56,152,000).

For information, since 2015, contingency provisions related to non-nuclear power generation producers have come within the scope of provisions secured in compliance with the regulations.

### Yield on the Andra FCP

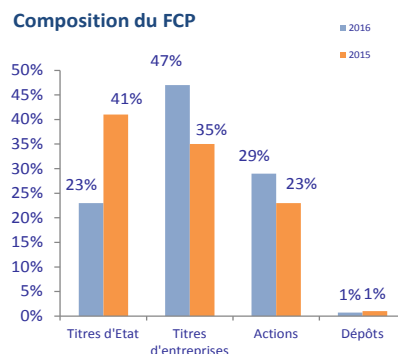
The fund's discounted rate of return of 4.76% at the end of 2016 was higher than the discount rate applied by Andra to provisions, of 3.50%. Note the improved yield in 2016, mainly related to high-yield shares and bonds (4.70% in 2016 compared to 2.63% in 2015).

	2012	2013	2014	2015	2016
Performance annuelle	5,55%	4,81%	7,68%	2,63%	4,70%
Performance annualisée cumulée	4,24%	4,48%	5,44%	4,78%	4,76%

### Composition of the Andra FCP

The fund is made up as follows: 23% Eurozone government securities, 47% company shares, 29% shares and 1% bank deposits. The sovereign bond allocation was reduced by 18% over the year (from 41% to 23%), in light of the fall in rates, and replaced by company shares and securities allocations.

The composition of the fund complies with the recommendations in the strategic asset allocation studied presented to the Finance Committee and to the general policy relative to the fund assets, aiming to achieve a minimum average yield of 3.5% over 10 years.



### Note 25: Bank borrowings

En K€	Note	2016	2015
Emprunts accordés	(a)	25 000	25 000
Remboursements		-16 375	-15 125
Intérêts courus		36	41
<b>TOTAL DES EMPRUNTS</b>		<b>8 661</b>	<b>9 916</b>
Banques créditrices		3 577	3 850
Intérêts courus		46	39
<b>TOTAL DES DETTES</b>		<b>3 623</b>	<b>3 889</b>

(a) In 2003, Andra took out a loan of €25 million to partly fund initial construction of the Cires facility. This loan is repayable in quarterly instalments over 20 years, depreciated at constant rate.

### Note 26: Other debts and liabilities

This item includes the sums (total of €427,000) deposited by suppliers and users of sealed radioactive sources to ensure their removal by the manufacturer.

### Note 27: Prepayments and advances received

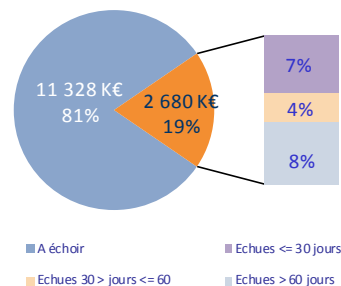
This item includes, for a sum of €2,791,000, prepayments received as set out in the "agreement on funding and monitoring construction of the underground research laboratory and the qualification studies on geological media". This agreement stipulated payment to Andra subject to achieving targets including remaining within the budget for studies and work on the feasibility of a facility for the disposal of HLW-LL and ILW-LL in deep geological formations.

Following the request for a supplementary payment submitted by Andra in 2008, and following the opinion issued by the conciliator appointed to rule on the different interpretations of the agreement, a transactional protocol aimed at keeping said prepayments paid by the nuclear operators, is now being officially drawn up.

### Note 28: Trade payables

En K€	2016	2015
Factures fournisseurs	15 138	23 276
Factures non parvenues	70 391	33 364
<b>DETTES SUR BIENS ET SERVICES</b>	<b>85 529</b>	<b>56 640</b>
Factures fournisseurs	3 419	4 068
Factures non parvenues	3 698	1 328
<b>DETTES SUR IMMOBILISATIONS</b>	<b>7 116</b>	<b>5 396</b>
<b>TOTAL</b>	<b>92 645</b>	<b>62 035</b>
<i>dont factures fournisseurs parvenues</i>	<i>18 556</i>	<i>27 344</i>
<i>dont factures fournisseurs non parvenues</i>	<i>74 089</i>	<i>34 691</i>

Dettes fournisseurs 2016 par échéance  
(hors retenues de garanties)



The payment terms stipulated in the general purchasing terms are 30 days from receipt of invoice for ongoing contracts, as since March 2013. Suppliers were paid within an average of 33 days in 2016 (compared to 36 days in 2015).

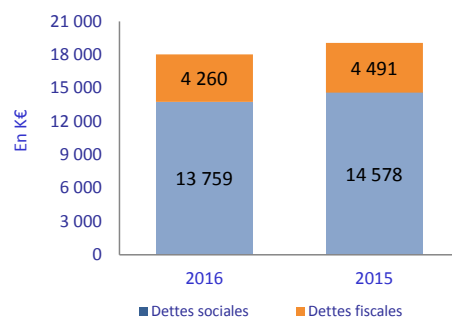
Of the outstanding supplier invoices on 31 December 2016, 81% were due and 19% overdue. Regarding the latter, the main reason for non-payment was that the invoice was not compliant with the services required.

Unbilled payables were recorded at €74,089,000 at the end of 2016, of which €49,186,000 excl. VAT relates to design studies for the Cigeo project, as new contract terms applicable to detailed design studies were being negotiated. In view of this situation, advances were paid in 2016 to the relevant contractors, worth €33,978,000 excl. VAT (see Note 15).

### Note 29: Tax and social security payables

Social security payables valued at €13,759,000 at the end of 2016 are mainly related to provisions for paid leave and time saving accounts (CET), including social security contributions (€10,728,000 in 2016 compared to €10,437,000 in 2015) and dividends payable under the employee profit-sharing scheme (€1,300,000 in 2016 compared to €1,515,000 in 2015).

Tax payables were lower partly because of the Archaeology Tax relative to the application to carry out a survey relating to the design of the Cigeo facility (€710,000 payable at the end of 2016, compared to €1,220,000 at the end of 2015).



### Note 30: Other liabilities

En K€	Note	2016	2015
Avoirs à établir		310	396
Fonds Cigeo	(a)	153 149	104 039
Fonds des investissements d'avenir	(b)	58 543	64 118
Autres dettes	(c)	2 085	2 626
<b>TOTAL</b>		<b>214 088</b>	<b>171 179</b>

(a) Balancing item of the Cigeo project Research and Design funds (€73,728,000 and €79,421,000 respectively).

(b) Balancing item of the Investment in the Future fund.

(c) Other liabilities are mainly related to reciprocal agreements signed with employees under mobility agreements.

### Note 31: Deferred income

En K€	Note	2016	2015
Prestations restant à réaliser	(a)	13 628	12 947
Financement des investissements immobilisés	(b)	116 362	110 126
Financement des investissements non immobilisés	(c)	6 917	6 607
Financement des stocks		82	82
<b>TOTAL</b>		<b>136 990</b>	<b>129 763</b>

(a) Services still to be delivered are related to subsidised projects, to the tune of €5,223,000 and for which expenses are still to be incurred (€2,229,000 relative to implementation of the French Environment Round Table programme and €2,994,000 relative to missions which Andra carries out in the public interest, (excluding non-allocated payment of €290,000).

En K€	SOLDE AU 01/01	ENCAISSEMENT SUBVENTION	DEPENSES DE FONCTIONNEMENT	DEPENSES D'INVESTISSEMENT	SOLDE AU 31/12
Subvention DGEC	1 540	2 766	1 312	0	2 994
Subvention DGPR	4 267	0	2 038	0	2 229
	5 807	2 766	3 350	0	5 223

(b) Financed investment has net value, i.e. €188,388,000 in financed investment less €72,026,000 expensed in line with the depreciation schedule.

(c) Financing construction of the facilities needed to operate current and future facilities. Income will be offset against expenses when the facilities are commissioned, in line with write-backs of prepayments, throughout the term of the contract under which the owner is bound by certain obligations regarding the right to use (see Note 18).

### 3.5 Statements of receivables and liabilities

Etat des créances en K€	Montant brut	A un an au plus	A plus d'un an
Immobilisations financières (1) (2)	251	35	216
Avances et acomptes versés	34 086	34 086	0
Clients douteux ou litigieux	335	335	0
Créances clients	18 803	18 803	0
Personnel et comptes rattachés	46	46	0
Etat et autres collectivités publiques	35 023	34 310	713
Débiteurs divers	195 050	3 459	191 591
Charges constatées d'avance	11 486	1 594	9 893
<b>TOTAL</b>	<b>295 081</b>	<b>92 668</b>	<b>202 413</b>

(1) Prêts accordés en cours d'exercice

4

(2) Prêts remboursés sur l'exercice

3

Etat des dettes en K€	Montant brut	A un an au plus	A plus d'un an	A plus de cinq ans
Emprunts et dettes auprès des établissements de crédit (1)				
- A 1 an maximum à l'origine	3 659	3 659	0	0
- A plus d'1 an à l'origine	8 625	1 250	5 000	2 375
Emprunts et dettes financières divers	537	442	76	19
Avances et acomptes reçus	4 415	4 415	0	0
Fournisseurs et comptes rattachés	85 529	85 529	0	0
Personnel et comptes rattachés	8 719	8 719	0	0
Sécurité sociale et autres organismes	5 040	5 040	0	0
Etat et autres collectivités publiques	4 260	4 260	0	0
Dettes sur immobilisations	7 116	7 116	0	0
Autres dettes	214 088	165 457	48 091	540
Produits constatés d'avance	136 990	16 785	41 201	79 004
<b>TOTAL</b>	<b>478 977</b>	<b>302 671</b>	<b>94 368</b>	<b>81 938</b>

(1) Emprunts souscrits en cours d'exercice

0

(2) Emprunts remboursés en cours d'exercice

1 250

### 3.6 Tables of committed funds

En K€	Note	2016	2015
Avals, cautions et garanties		0	0
Suretés immobilières		0	731
Autres engagements	(a)	0	0
<b>TOTAL DES ENGAGEMENTS DONNES</b>		<b>0</b>	<b>731</b>
Avals, cautions et garanties	b)	35 366	28 838
<b>TOTAL DES ENGAGEMENTS RECUS</b>		<b>35 366</b>	<b>28 838</b>
Indemnités de fin de carrière	(c)	14	30
Locations immobilières		1 106	1 180
Compromis de vente		0	0
<b>TOTAL DES ENGAGEMENTS RECIPROQUES</b>		<b>1 120</b>	<b>1 210</b>

- (a) Sums paid by waste producers for construction of the Laboratory over the period 1999-2006 are likely to be taken into account in the case that a deep geological waste disposal facility is constructed (see Note 22 on liabilities).
- (b) Including a financial guarantee, for €24,091,000, issued by a credit institution, in compliance with the requirements set out in Articles L.516-1 and following of the French Environment Code.
- (c) Commitments to pay length-of-service awards payable on retirement, to which all Andra personnel are entitled, are covered by a collective insurance contract. In application of the Social Security Finance Act, these commitments are valued, including social security contributions, assuming a yield of 1.25% at the end of 2016 (compared to 2% at the end of 2015), with reference to the Actuary's assumptions regarding the duration of Andra's liabilities. To compare, the rates given for iBoxx AA 10+ and Bloomberg AA 15-year indices at the end of 2016 were 1.31% and 1.48% respectively (compared to 2.03% and 2.07% at the end of 2015).

En K€	2016	2015
<i>Passif social</i>	13 545	12 999
<i>Actif de couverture</i>	-13 559	-13 029
<b>Engagement net</b>	<b>-14</b>	<b>-30</b>



# ANDRA BODIES ON 1 FEBRUARY 2017

4.1	<i>Governing Board</i>	56
4.2	<i>Finance Committee</i>	57
4.3	<i>Scientific Council</i>	58

## 4.1 Governing Board

### Chairman

**Mr Christophe Bouillon** - appointed Chairman of the Governing Board by Decree of 23 December 2015.

### Members appointed by the Parliamentary Office for the Evaluation of Scientific and Technological Choices.

**Mr Christian Bataille** - MP for Nord - appointed by decision of 8 July 2015.

**Mr Christian Namy** - Member of the Senate for La Meuse - appointed by decision of 8 July 2015.

### Members appointed as representatives of the State

**Mr Frédéric Ravel** - Scientific Director, for the "energy, sustainable development, chemistry and processes" sector - Directorate General for Research and Innovation (DGRI) - appointed by decree of 19 October 2015, nominated by the Minister for Research.

**Mr Philippe Dupuis** - Inspector-General - Inspectorate General of Finances (IGF) - appointed by decree of 19 October 2015, nominated by the Energy Minister.

**Mr Philippe Merle** - Head of Technological Risks Department - Directorate-General for Risk Prevention (DGPR) - appointed by decree of 17 October 2016, nominated by the Minister for Ecology.

**Mr Arnaud Jullian** - Deputy Director, 3rd Budget Sub-Directorate - Directorate for the Budget (DB) - appointed by decree of 19 October 2015, nominated by the Minister in charge of the Budget.

**Mrs Raphaële Pailloux** - Director of the Nuclear, Biological and Chemical Management Unit - French Defence Equipment and Support (DGA) - appointed by decree of 19 October 2015, nominated by the Defence Minister.

Member nominated by the Health Minister: appointment pending.

### Members appointed in an advisory capacity

#### Local elected officials:

**Mr Christophe Bouillon** - MP for Seine Maritime - appointed by decree of 19 October 2015.

**Mrs Annie Sommier** - Town Councillor at the Fontenay-aux-Roses Town Hall - appointed by decree of 19 October 2015.

#### Experts appointed for their experience in the nuclear field:

**Mr Hervé Bernard** - Special Advisor to the Chairman of the Board - French Alternative Energies and Atomic Energy Commission (CEA) - appointed by decree of 19 October 2015.

**Mr Serge Massart** - Director, Special Advisor - Nuclear and Thermal Power Generation Division - EDF - appointed by decree of 19 October 2015.

#### Experts appointed by the Minister for Ecology:

**Mr Patrick Fauchon** - Mayor of Flamanville - appointed by decree of 19 October 2015.

**Mr Bruno Sainjon** - Chairman and CEO - Onera, the French national aerospace research centre - appointed by decree of 19 October 2015.

#### Expert advisor on Research:

**Mrs Anne Renault** - Director of the "*Mission pour l'interdisciplinarité*" - CNRS (French national centre for scientific research) - appointed by decree of 19 October 2015.



### Members appointed as employed members of Andra's Governing Board

*Members of the Governing Board elected on 4 June 2015 (for a term of 5 years)*

**Mr Jacques Delay** - CFE-CGC

**Mrs Sabine Franco** - CFE-CGC

**Mr Michel Nicolas** - CFE-CGC

**Mrs Stéphanie Perocheau** - CFE-CGC

**Mrs Laurence Petit** - CFDT

**Mr Stéphane Soulet** - CFDT

**Mr Jean-Noël Dumont** - CGT

**Mr Nicolas Solente** - CGT

### The following also attend meetings

**Mr Laurent Michel** - Government Commissioner, represented by **Mrs Virginie Schwarz** - Head of Energy - French Directorate-General for Energy and Climate (DGEC).

**Mr Jean-Pascal Codine** - Controller-General - General economic and financial control (CGEFI) - In charge of Energy.

**Mr Pierre-Marie Abadie** - CEO of Andra.

**Mrs Gaëlle Saquet** - Secretary-General of Andra.

**Mr Robert Corbet** - Secretary to the Andra Works Council.

## **4.2 Finance Committee**

**Mr Philippe Dupuis** - **Chair of the Finance Committee** - Member of the Governing Board representing the Government, appointed by the Energy Minister.

**Mr Hervé Bernard** - Member of the Governing Board appointed as an expert in the nuclear industry.

**Mr Jacques Delay** - Member of the Governing Board employed by Andra.

and, in his absence, **Mr Michel Nicolas** - Member of the Governing Board employed by Andra.

**Mr Arnaud Julian** - Member of the Governing Board representing the Government, appointed by the Budget Minister.

**Mrs Raphaële Pailloux** - Member of the Governing Board representing the Government, appointed by the Defence Minister and, in her absence, **Mr Loïc LeGall** - Chief Engineer, DGA.

### The following also attend meetings

**Mr Jean-Pascal Codine** - Controller-General - General economic and financial control (CGEFI) - In charge of Energy.

**Mr Stanislas Reizine** - Head of the French Office of public policy and oversight - Directorate for Energy - General-Directorate for Energy and Climate (DGEC).

**Mr Pierre-Marie Abadie** - CEO of Andra.

**Mrs Gaëlle Saquet** - Secretary-General of Andra.

### 4.3 Scientific Council

**Mr Christian Fouillac** - Chair of the Scientific Council - *Doctorat d'État* (State doctorate) in Geochemistry - Research Director at BRGM, the French Geological Survey until 2010, appointed by Order of 22 January 2015.

**Mr Eduardo Alonso** - President of UPC, the Polytechnic University of Catalonia (Spain), appointed by Order of 22 January 2015.

**Mr Philippe Behra** - Professor - ENSIACET, the Graduate school of engineering in Europe in the fields of matter transformation, energy and related services - INP, National Polytechnic Institute of Toulouse, appointed by Order of 22 January 2015.

**Mr Marc Demarche** - Deputy Director General of ONDRAF, the Belgian radioactive waste management agency, appointed by Order of 22 January 2015.

**Mrs Gabrielle Hecht** - Professor, History Department at the University of Michigan Ann Arbor (USA), appointed by Order of 22 January 2015.

**Mrs Isabelle Herlin** - Research Director at INRIA, the French Institute for Research in Computer Science and Automation - CLIME research team leader (Environmental data processing, inverse modelling problems and data assimilation), appointed by Order of 7 March 2016.

**M Philippe Ollar** - Head of the "Component Materials and Mechanical Engineering" Department - EDF R&D, appointed by Order of 22 January 2015.

**Mr Roger Salamon** - Chair of HCSP, the French public health board - Honorary Director of ISPED, the French institute for public health, epidemiology and development, appointed by Order of 22 January 2015.

**Mr Jean-Michel Torrenti** - Deputy Director of Materials and Structures at IFSTTAR, the French Institute for Transport, Planning and Networks Science and Technology, appointed by Order of 22 January 2015.

**Mr Pierre Toulhoat** - Deputy CEO of BRGM, the French Geological Survey, appointed by Order of 22 January 2015.

#### Ex officio member:

**Mr Yves Bréchet** - High Commissioner for Atomic Energy

# STATUTORY AUDITORS' GENERAL REPORT

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To whom it may concern,

As part of the task assigned us by the President of the Court of Appeal of Versailles, we hereby present our report relative to the tax year closing on 31 December 2016 regarding:

- the audit of Andra's accounts for the year, as attached to this report;
- the justification of our assessments;
- the specific checks and information required by law.

The annual accounts were closed by your Governing Board. It is our duty to express an opinion, based on our audit, relative to these accounts.

## 5.1 Opinion on the annual accounts

We carried out our audit in accordance with the standards of professional practice applicable in France; these standards require due diligence to ensure with all reasonable assurance that there are no significant anomalies in the annual accounts. An audit consists in checking, by sampling or other selection methods, details that substantiate the figures and data given in the annual accounts. It also entails assessing the accounting principles applied, any significant estimates included and the overall presentation of the accounts. We believe that the information which we have gathered is adequate and appropriate as the basis for our opinion.

We hereby certify that the annual accounts are, as required by the accounting rules and principles applicable in France, in order, sincere and provide a faithful image of the operating results for the year 2016, and of Andra's financial situation and assets at the end of the tax year.

Without detracting from the opinion expressed above, we would draw you attention to the following points:

- In the Appendix, Section 3.2.1, under "Accounting treatment of the Cigeo funds", sets out the accounting principles applied to the specific situation of the funds set up to finance research and Design studies for the deep geological disposal facility (Article L542-12-1 and following of the French Environment Code). The accounting principles applied mean that operating, financial and extraordinary income are offset separately, in order to balance the Research fund and the Design fund, as required by the legal texts.
- Section 3.2.1, under "Contingency and loss provision", and Notes 23.1. and 23.2 in the Appendix, mention, in particular, the methods used to assess the value of assets and end-of-cycle liabilities. This assessment, which is the result of Management's best estimate, is sensitive to the assumptions used in terms of cost estimates, disbursement schedules and discount rates.

## 5.2 Justification of our assessments

In application of the requirements under Article L.823-9 of the French Commercial Code relative to providing justification of our assessments, we would bring your attention to the following points.

### Accounting rules and principles

- In the Appendix, Section 3.2.1, "Tangible and intangible assets", presents the accounting principles used relative to recording fixed assets and investments, in particular those relating to the underground research laboratory and financing for investments.
- In the Appendix, Section 3.2.1, under "Contingency and loss provision", sets out the accounting principles used relative to recording and assessing long-term costs relative to end-of-cycle commitments. Future costs relative to Andra's industrial activities will, in the majority, be covered by specific funds payable by Waste Producers. Provision for long-term costs relative to end-of-cycle commitments is therefore assigned for the waste for which Andra is technically and financially liable.

In the specific case of dismantling and rehabilitation costs relative to the industrial facilities in the Aube, the related costs are totally assigned on the liabilities side, given the immediate nature of the degradation to facilities, in application of ANC Regulation No.2014-03. These provisions are offset against assets as "Andra's portion" and "Third-party portion" of dismantling assets. In this context, the provisions set aside, which impact on Andra's profit and loss statement, only cover the costs for which Andra is liable.

- Section 3.2.1., "Treatment in the accounts of the research tax credit", specifies that this tax credit is recorded as income in the tax year in which it is paid.

For the purposes of our assessment of the accounting rules and principles applied by Andra, we checked the appropriateness of the accounting methods mentioned above and the information provided in the Appendix to the Accounts, and we checked that they were correctly applied.

### Accounting estimates

Andra sets aside provisions to cover, in particular, the costs of dismantling, storage, disposal and monitoring, as described in the Appendix, Section 3.2.1 under "Contingency and loss provision".

Our analysis entailed assessing the data and the assumptions on which these estimates are based, reviewing Andra's cost calculations, and examining the procedures implemented for Management to approve these estimates.

We would, however, remind you that, since these estimates are based on forecasts which are, by their very nature, subject to uncertainty, what actually occurs may differ, possibly significantly, from the forecasts. Moreover, these estimates may be adjusted in the future either as a result of policy guidelines set by the supervisory authorities, or feedback on operating.

Our assessments thus formed part of the approach taken in our audit of the annual accounts, seen as a whole, and therefore contributed to forming our opinion, as given in the first part of this report.

### 5.3 Specific checks and information

In accordance with the standards of professional practice applicable in France, we also carried out the specific checks required by law.

We do not have any particular observations to make regarding the sincerity and consistency with the annual accounts of the information contained in the Governing Board's Management Report and in the documents appended to the statement of financial situation and the annual accounts.

Paris and Paris La Défense, 24 February 2017

Auditors



DENIS MARANGE



MATTHIEU LAMY





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