31 December 2020

SNCF GROUP ANNUAL FINANCIAL REPORT

SNCF.COM

- EDITORIAL FROM THE SNCF GROUP CHAIRMAN AND CEO

- STATEMENT OF THE PERSONS RESPONSIBLE FOR THE SNCF GROUP ANNUAL FINANCIAL REPORT

EDITORIAL

JEAN-PIERRE FARANDOU
SNCF GROUP CHAIRMAN AND CEO

« This year, we have shown that SNCF Group is resilient and confirmed that our diversification strategy is the right choice. The full commitment of all our teams was decisive as we continued to adapt our offers to the government's health strategy and meet essential mobility needs. We didn't just manage the crisis: we mobilized to lay the groundwork for the future by accelerating our operational and commercial adaptation.

That is the meaning of our "Tous SNCF/All SNCF" strategic plan, built on four pillars: people, regions, the planet, and innovation, including digital technology. This work was made possible by renewed dialogue within SNCF and with our regional partners in France, which has been my priority since being named to my current position.

Today we are ready to move; we are determined to seize opportunities in our sector and expand in all types of mobility in France and abroad. The rail recovery plan approved by the French government will help revitalize our network and strengthen the rail industry. And we will prove our capacity to offer customized, competitive solutions to each by responding to every call for tender for passenger rail operations in France.

More than ever, throughout the pandemic we have shown that our Group is useful to the people of France and that we contribute to national solidarity. Tomorrow, I'm convinced that this public utility will be one of the keys to our attractiveness and our performance. We owe it to the people of France to improve our operational and industrial performance and our contribution to society even more. Which we will do by winning back sales volumes with a fare policy that is at once more accessible, simpler and clearer ».

STATEMENT OF THE PERSONS RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

LA PLAINE SAINT-DENIS, 24 FEBRUARY 2021,

We attest that, to the best of our knowledge, the consolidated financial statements have been prepared in accordance with the applicable accounting principles and give a true and fair view of the assets and liabilities and the financial position of the issuer as at 31 December 2020 and of the results of its operations for the year then ended, and that the accompanying management report fairly presents the changes in operations, results and financial position of the issuer and a description of its main risks and uncertainties.

JEAN-PIERRE FARANDOU
SNCF GROUP CHAIRMAN AND CEO

LAURENT TRÉVISANI
DEPUTY CHIEF EXECUTIVE OFFICER
FINANCE STRATEGY

SNCF GROUP

31 DECEMBER 2020

01 –

SNCF GROUP MANAGEMENT REPORT

THE SNCF GROUP IN 2020

1. SNCF GROUP PROFILE

1.1 PRESENTATION OF THE BUSINESS MODEL

SNCF SINCE 2020: A NEW GROUP

In 2020, SNCF changed. Previously made up of three EPIC and their subsidiaries, the new unified group comprises a parent company and its daughter companies, including Keolis and Geodis.

Since 1 January 2020, SNCF has been an integrated unified group

– The 3 EPICs became 5 companies: SNCF (parent company), SNCF Réseau, SNCF Gares & Connexions, Fret SNCF SAS and SNCF Voyageurs.

– The French State fully owns SNCF, whose share capital cannot be transferred.

– SNCF holds all the companies directly or indirectly. The shares of SNCF Réseau and SNCF Voyageurs cannot be transferred.

– Geodis and Keolis belong to the SNCF parent company.

As of 1 January 2021, TFMM and Fret SNCF SAS will be grouped within Rail Logistics Europe.

STRENGTHS

Present in virtually all transport market segments, the SNCF Group combines experience and innovation capacity. Drawing on its rail core business, expertise and ecological assets and its ability to reinvent in a radically changing context, the SNCF Group acts in the general interest, serving customers and contributing to the vitality of regions, under the recovery plan adopted in response to the COVID-19 crisis.

AN ORGANISATION INVOLVING 3 MAIN BUSINESS LINES

PASSENGER TRANSPORT

	SNCF VOYAGEURS	KEOLIS
ACTIVITIES	High-speed trains in France and Europe: inOui, Eurostar, Thalys, TGV France-Europe Regional passenger transport: ter Île-de-France transport: Transilien Low-cost high-speed trains: OUIGO Medium and long-distance trains in France : INTERCITÉS Sales: Oui	Shared mobility in urban and periurban areas (underground, tramway, bus, car, train, shuttle, river and sea transport, bicycle, car-sharing, car-pooling, autonomous vehicles, etc.) KEOLIS
ECONOMIC MODEL	• Sale of tickets to private and business passengers *(individuals and groups)* • Competitive market *(Open Free Service or Public Service Delegation)*, in France and abroad	• Public service delegation from transport and passenger organising authorities • Competitive market internationally, open in France since December 2019

TRANSPORT & LOGISTICS

	RAIL AND MULTIMODAL FREIGHT TRANSPORT (TFMM)	GEODIS
ACTIVITIES	FRET SNCF rail, combined transport, rail motorways, rail freight forwarding, VFLI, Naviland Cargo, VIIA, Forwardis	Freight forwarding, contractual logistics, supply chain optimisation, distribution & express, road transport GEODIS
ECONOMIC MODEL	• Sale of services to shippers, rail or road carriers, logistics operators and freight-forwarders • Competitive market	• Sale of services to shippers (companies from all business sectors) • Competitive market

ASSET MANAGEMENT

	SNCF GARES & CONNEXIONS	SNCF RÉSEAU	SNCF IMMOBILIER
ACTIVITIES	• Operation, renovation and economic development of French train stations • Management of exchange flows and hubs	• Management of the access to the French national rail network and traffic • Infrastructure maintenance and renewal • Creation of new lines	• Real estate and land management and monetisation • Management and development of residential assets
ECONOMIC MODEL	• Fees from rail companies and businesses	• Infrastructure fees paid by rail companies using the network	• Sales, monetisation and rents

SUPPORT FUNCTIONS

	CONSULTING & ENGINEERING
ACTIVITIES	• Design of major infrastructure and public space projects: **SYSTRA, AREP** • SNCF International • SNCF Consulting
ECONOMIC MODEL	• Sale of services to customers (States, foreign railways, urban communities, etc.) • Competitive market

A GROUP DRIVING PUBLIC POLICY, DELIVERING LOW-CARBON SOLUTIONS, COMMITTED TO A GREEN AND HUMAN RECOVERY AND PROMOTING THE DEVELOPMENT OF REGIONS, NATIONAL INDUSTRY AND EMPLOYMENT

Rail **65% of revenue** vs Non rail **35%**

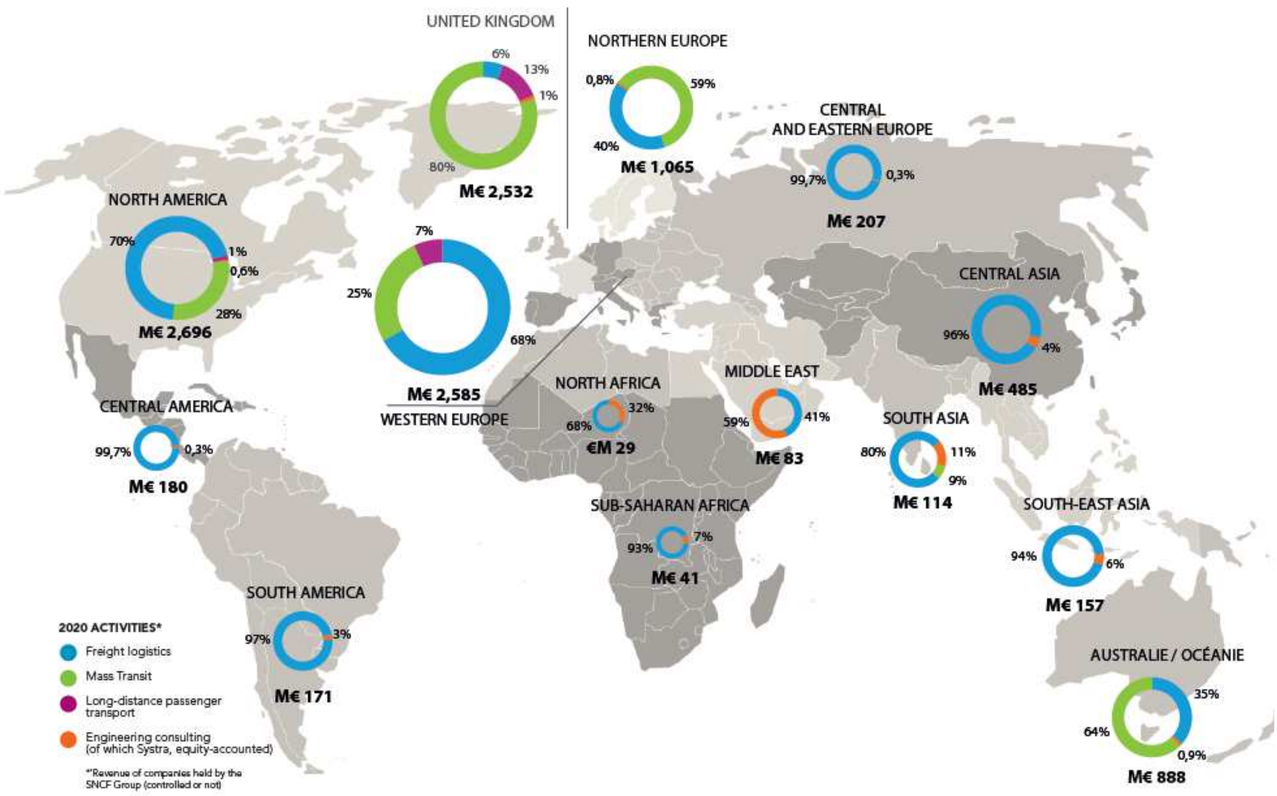
0,6% **of transport GHG emissions** for **10%** of passengers and freight transported

30x **less GHG** emissions for a train passenger than a single car driver

173,600 **indirect jobs** in the supplier chain / **294,400** jobs induced, including **38,000** jobs supported in construction and public works/year

90% **of Group purchases** made in France

FOCUS ON SNCF COVERAGE WORLDWIDE: A CONSTANTLY DEVELOPING BUSINESS INTERNATIONALLY



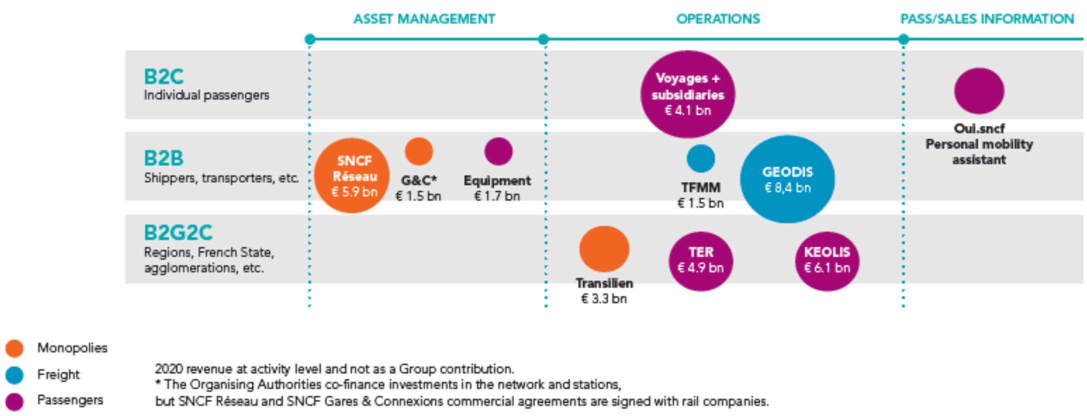
120	61,000	1/3
countries	employees abroad	of international revenue

No.1 WORLDWIDE automatic underground and tram

No.10 WORLDWIDE logistics

No.3 WORLDWIDE most used regional rail network

A GROUP PRESENT ACROSS THE ENTIRE MOBILITY VALUE CHAIN



2020 revenue at activity level and not as a Group contribution.
* The Organising Authorities co-finance investments in the network and stations, but SNCF Réseau and SNCF Gares & Connexions commercial agreements are signed with rail companies.

BUSINESS MODEL

RESOURCES

FINANCIAL & ORGANISATIONAL

A change in status on 1 January 2020

€ 38.1 bn in Group net debt after assumption of the SNCF Réseau debt of **€25 bn** by the French State on 1 January 2020

€ 4.7 bn in aid under the rail recovery plan

No.3 Green Bond issuer in France and **No.5** in Europe and worldwide

Capacity of **15 M** daily passengers in France and abroad

INDUSTRIAL

30,000 km of track including **2 700** of high-speed lines

3,000 stations

8.2 M m² of buildings (excluding stations and platforms)

Capacity to run **15,000** passenger trains per day

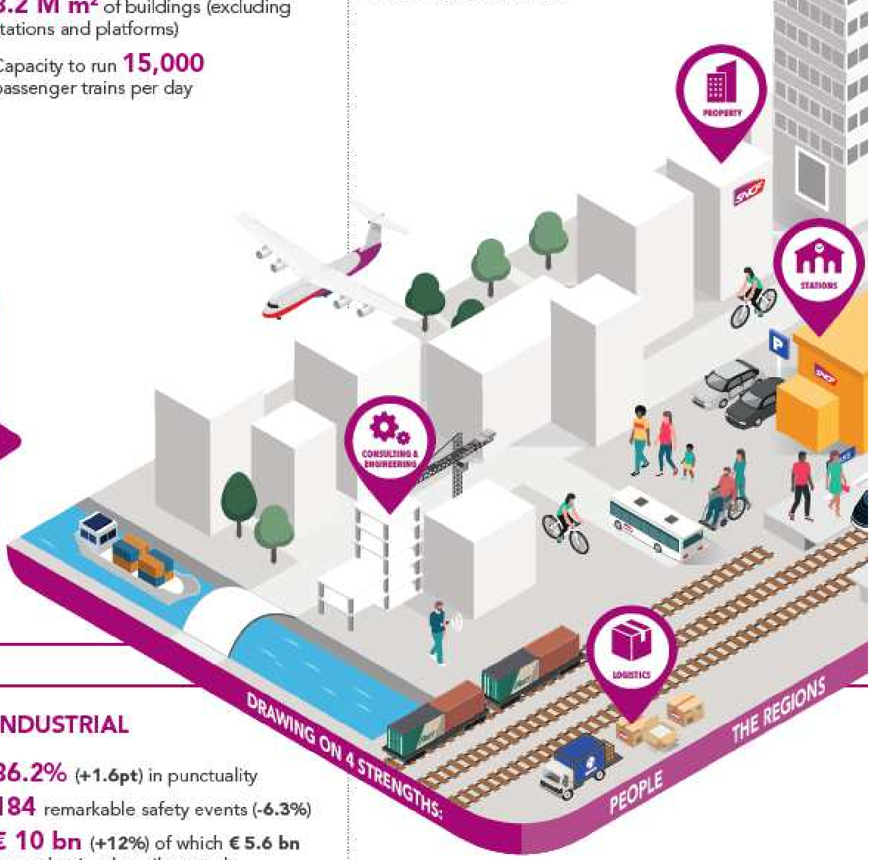
DIGITAL & INNOVATION

350+ start-ups in collaboration with the Group and a fund of

M€ 160 earmarked for direct and indirect investment

MISSION

Act for the vitality of all regions, through safe, ecological and inclusive mobility



VALUE CREATION

FINANCIAL & ORGANISATIONAL

Proactive governance bodies committed to running the company

€ 30 bn (-14%) of revenue, of which **1/3** internationally

A1+: V.E rating

INDUSTRIAL

86.2% (**+1.6pt**) in punctuality

184 remarkable safety events (**-6.3%**)

€ 10 bn (**+12%**) of which **€ 5.6 bn** to modernise the rail network

170,000 shippers in France and worldwide

-45%, decline in TGV traffic, in France

-32%, decline in TER traffic

-45%, decline in Transilien traffic

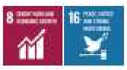
85%, level of Freight activity

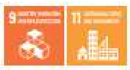
DIGITAL & INNOVATION

222 on-line datasets

14 patents filed in 2020

GROUP CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS





*Source: Utopies 2020 study, 2019 data (indirect + spin-off impacts), excluding subsidiaries.

HUMAN

271,509 (-1,7%) employees
22.4% international
150 professions

RELATIONAL

11 regional coordinators for the Group
€ 15 bn (-11.2%) in purchases

ENVIRONMENTAL

14.7 TWh (-23%) of energy consumed by the Group
96% of railway track recycled

GROUP CSR STRATEGY

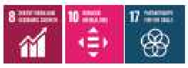
- Develop rail and sustainable mobility
- Reduce the environmental footprint of our activities
- Improve the adaptation and resilience of our activities to climate change
- Act for social cohesion and the ecological and solidarity economy in regions
- Make our employees the main players and beneficiaries of ecological and social transition
- Develop the highest ethical standards and an open governance

FOR THE GROUP'S MEN AND WOMEN

71% of rail activity employees have received training in France
10,045 (-25%) recruitments under permanent contracts in France
23% of women in the total rail activity workforce

FOR THE RELATIONAL

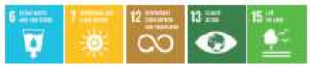
Our **294 000** jobs supported in France*
10 medical TGVs



FOR THE ENVIRONMENT & THE CLIMATE

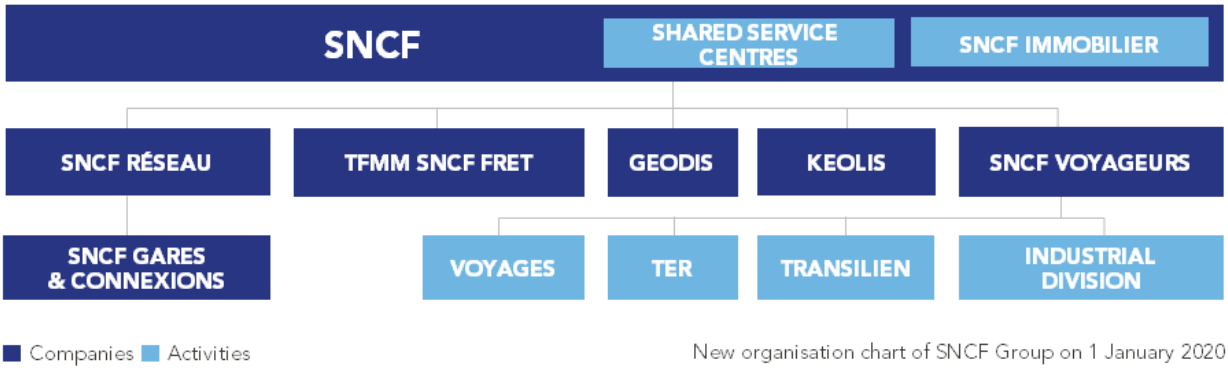
2.6 Mt (-27%) of CO_2e
30% reduction in CO_2e emissions in transport activities and **50%** reduction in CO_2e emissions in real estate activities in 2030 compared to 2015
20% reduction in energy intensity by 2025 compared to 2015

Zero non-recovered waste by 2030 for products central to rail activity



1.2 2020, THE FIRST YEAR OF THE NEW GROUP

The SNCF Group's new organisation on 1 January 2020



New organisation chart of SNCF Group on 1 January 2020

1.2.1 An organisation stabilised in 2020, resulting in the creation of an integrated group

After two years 2018 and 2019 marked by the preparation of the French rail reform, the year 2020 was that of its implementation.

1.2.1.1 A unified group of public limited companies

On 1 January 2020, the EPICs were replaced by 5 companies:

– SNCF, a fully state-owned limited company and Group parent entity, ensures the Group's long-term strategic and financial management.

– SNCF Voyageurs, owned by the parent entity, comprises all the Group’s rail companies dedicated to transporting passengers in France and abroad.

– SNCF Réseau, owned by the parent entity, is responsible for the engineering, physical and commercial operation and maintenance of the French rail network. As infrastructure manager, SNCF Réseau is the hub for the French rail system.

– SNCF Gares & Connexions, subsidiary of SNCF Réseau, manages and operates French train stations. It guarantees train station access and services for transport operators.

– SNCF Fret, owned by the parent company, the main national freight transport operator.

The change from an EPIC to a public limited company (SA) led to a change in governance: governing bodies with greater involvement in the Group's affairs, directors with various complementary and diverse backgrounds, industrial and financial management based on the company’s corporate interest.

This change from an EPIC to a public limited company also led to a change in situation. Even though SNCF retains what makes it a unique company, it adopts the codes, best practices and requirements of a nationwide and worldwide industrial services group.

1.2.1.2 Empowered activities in charge of their own development

SNCF has various activities: with distinct customers, specific business models and specific challenges. The operational roll-out of the Group's strategy must rely on the activities themselves, as only they can develop operating methods.

The activities must be empowered in line with the streamlining of certain functions (pooling of support functions, Group IS policy, etc.) so as not to hinder the Group’s optimisation.

1.2.1.3 The parent company, ensuring the Group’s strategic management

The SNCF parent company is in charge of strategic leadership driving the subsidiaries and their activities. It leads the Group's transformation and is responsible for:

– Managing the long term: definition of the Group’s strategy, consistency of business strategies, cash allocation, portfolio management and definition of partnerships or alliances, debt management, steering of certain major transversal or industrial policies, management of research and innovation.

– Securing the short term, particularly compliance with the strategic trajectory defined with the shareholder: set-up of the transversal performance plan and monitoring of financial and production/service quality macro indicators for the business.

1.2.1.4 A solidarity-based economic model

In 2018, the rail reform provided for the assumption of €35 billion of SNCF Réseau's debt by the State. The 2020 Finance Law ratified the assumption of a first tranche of debt amounting to €25 billion on 1 January 2020. The assumption of the second tranche will take place in 2022.

Debt reduction remains a priority to create leeway and enable SNCF Réseau to modernise its operating methods, reduce the network's average age and promote the modal transition from air and road transport.

The sustainability and renewal of the SNCF Group’s economic mode is a major challenge for Group stability. Two vital financial solidarity mechanisms were therefore secured:

– Tax consolidation: this legal mechanism enables a parent company, the head of the tax consolidation, to collect the corporate income tax of its subsidiaries. The difference between income tax collected from the subsidiaries and income tax payable to the French State, arising from the consolidation of profits and losses between subsidiaries, fuels the parent company’s resources.

– The French State support fund: given the financial pressure on the SNCF Réseau economic model, a support fund was set up by the French State. This fund provides SNCF Réseau with a yearly investment grant (€762 million in 2020) to finance renewal operations. This fund is financed by the parent company's own resources, mainly dividends waived by the French State, all or part of the tax consolidation profit and, where applicable, its cash flow. In 2020, during the health crisis, the support fund received an exceptional grant of €4.05 billion financed by the recapitalisation of SNCF SA by the French State under the rail recovery plan to secure future investments.

1.2.1.5 A social transition already underway

With the end of recruitment of personnel with railway worker status and the ongoing negotiation of a new collective agreement for the industry, the company is reinventing its labour agreement.

Social dialogue is the first pillar of this transition, based on mutual confidence between trade unions and the company. It must contribute to defining a social framework, in both the industry and the company, that is tailored to our challenges and ensures the Group's social performance and fairness for all employees, whether statutory or contractual.

The creation of the new SNCF also confirms the future of the company and all its employees. The second pillar is the employees' commitment to the company and vice versa. It is the company's wish that each and everyone finds their right place. Supporting the career development of each employee and the success of their projects are factors guaranteeing future confidence and security.

1.2.1.6 A useful company

As a public company, SNCF fulfils a public utility role by delivering seamless mobility across all regions and for all French people. As a historical player, the Group wishes to provide each region with a first-rate public service and continue to serve the country as a whole.

By working with the various public stakeholders (State, local communities, EU, transport users associations, environmental and societal associations, corporate networks etc.), the Group promotes its involvement in the implementation of national and local public policies and aims to guarantee a high-quality rail service accessible to all.

1.2.2 2020: a health crisis of unprecedented proportions

1.2.2.1 The impact of the crisis on the Group

The lockdown and travel restrictions introduced from March 2020 added to the impacts of the strike in the winter of 2019-2020 and have weighed historically on SNCF's activities. The impact of lockdown on the 1st half of the year was a loss of nearly €4 billion in revenue and more than €3 billion in gross profit. With the second lockdown, losses increased to reach -€6.8 billion in revenue and -€5.4 billion in gross profit at the end of 2020. Despite the corrective measures taken during the year, the cash flow is in deficit by €2.8 billion and the debt exceeds €38 billion, where the budget provided for €36 billion.

Given the diversity of the Group's activities, the crisis has had a different impact on each Group business: passenger transport (leisure and business, regulated and non-regulated) has been hit hard by the crisis and is facing the acceleration of new dynamics that will have a lasting effect on this activity (working from home, less business travel, etc.). The Voyages activity was hit hardest. Although heavily dependent on a successful economy, logistics and freight transport fared better, as they are essential to the running of national and regional economies.

1.2.2.2 A response commensurate with the gravity of the situation

Given the scale of the crisis, substantial measures have been put in place to overcome financial constraints, while continuing to fulfil the Group's public utility mission.

SNCF therefore:

– participated in the national effort to fight the pandemic by running 10 medical TGVs during the first wave.

– helped sustain the country's economic activity while maintaining freight activity and a minimum transport plan during the two lockdowns despite low occupancy rates.

To absorb some of the losses, the Group set up an extensive savings plan to boost available cash by €2.5 billion in 2020 by activating all possible levers (control and reduction of external expenses, investments, etc.). In particular, cash management has been a constant area of focus:

– Without ever challenging supplier payment deadlines, with invoices paid on time, sometimes even in advance, to take account of their constraints.

– Resulting throughout 2020 in a transparent dialogue with rating agencies and investors on the Group's situation and strategy. SNCF was thus able to continue to finance its debt and maintain the confidence of the financial markets, as evidenced by its stable financial rating.

1.2.2.3 Rail, a recovery plan priority

Considering the extent of the COVID crisis impact on rail transport, state financial aid proved necessary under the government economic recovery plan.

For the rail sector, this resulted in:

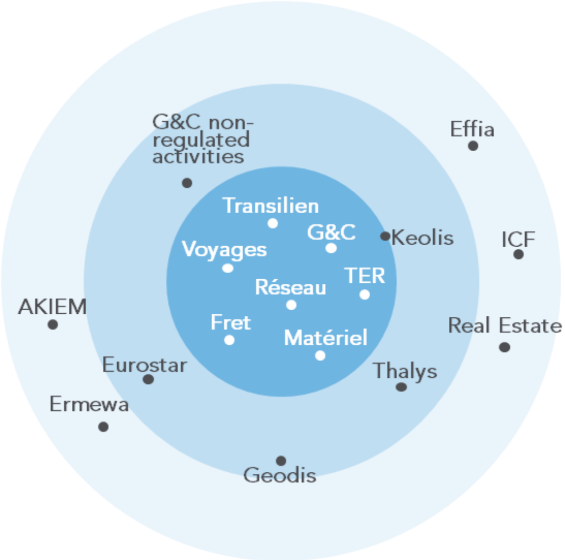
– A €4.7 billion recovery plan, primarily for the rail network, with two components: (i) a recapitalisation of €4.05 billion to maintain network development and investment capacities and (ii) budgetary credit of €650 million earmarked for the renewal of the rail freight network and minor historical regional routes and the resumption of two night train lines.

– A specific recovery plan for the rail sector of around €170 million per year.

1.3 AN AMBITION: BE THE WORLD CHAMPION OF SUSTAINABLE MOBILITY BY 2030

In the medium and long-term, the crisis will not undermine the sound fundamentals of the mobility market which is set to expand. SNCF supports this approach and in 2020 adopted its corporate project "Tous SNCF", which has set a clear goal: become a world champion of passenger and freight sustainable mobility by 2030.

1.3.1 A strategy primarily focusing on the French core rail business



The priority of the Group's new strategic positioning is the "French core rail business".

This core comprises SNCF Réseau, SNCF G&C, the carriers of SA Voyageurs (TER, Transilien, Voyages, Intercités), the industrial division (Equipment and other services) and Fret SNCF.

The focus is on this core for the following reasons:

– a French rail network that requires extensive major investment,

– activities that need to be equipped to respond to the opening of the domestic passenger rail market to competition with the initial bidding processes launched in 2019 and open access for the long-distance transport market since December 2020, even though the health crisis has postponed the arrival of new carriers,

– a French rail freight sector with structural difficulties,

– the high level of service expected from a state-owned national company.

The priority given to the French core rail business does not mean that SNCF will abandon its plans as an international mobility and logistics group. The Group will continue to focus on a second scope of activities including:

– Voyageurs SA carriers in Europe, instrumental in safeguarding the Group's domestic market activities and generating higher profits. They are a major growth engine.

– Keolis, a world leader in mass transit, is a strategic asset offering a wide range of multimodal services.

– Non-regulated commercial revenue of SNCF Gares & Connexions, which supports the core rail activity.

– Finally, Geodis is a world logistics leader whose high-growth activity has significant value creation potential in the years to come.

Finally, the third scope comprises the Group's asset managers and land and real estate assets: beneficial to the Group, but whose holding and monetisation methods may be reviewed to facilitate growth and the value generated for SNCF.

1.4 FOUR THRUSTS TO ACHIEVE OUR GOAL

To achieve our goal of becoming a world champion of sustainable passenger and freight mobility by 2030, the Group is committed to its four customer-centric thrusts: people, ecological transition, the regions and digital innovation.

1.4.1 People

SNCF wishes to put people at the centre of its operations and focus to become one of the most attractive Groups in France. The company's ambitious transformations (particularly the opening up of the domestic passenger rail market) requires it to strengthen social dialogue and support these changes while attracting and retaining employees. This is why, from 2020, as part of the TOUS SNCF programme, each company's strategic projects will systematically include action plans to improve employee satisfaction and commitment. SNCF aims to become the preferred group of French people and its employees.

The people aspect is also reflected in the solidarity within the Group in terms of jobs. As a labour-intensive company, its employees' skills are the Group's main asset. The Group's strength therefore lies in the ability to change jobs, change activities and develop its own expertise by maintaining the links between each company and activity.

These issues underline the need for strategic workforce planning in all regions across the entire Group and the development of mobilities between entities. This should ensure long-term and fulfilling positions for each employee within the company.

1.4.2 Ecological transition

SNCF is proactive and exemplary in its environmental policy, and considers ecological transition as:

– an imperative, which must be met at all levels of the company;

– an opportunity: as a low-carbon means of transport, rail is an adapted response in the fight against climate change, which sets itself apart from other competitors. SNCF's role is therefore to make its virtuous means of transport ever more efficient and therefore increasingly attractive.

SNCF has adopted a plan to extensively reduce its carbon footprint: -30% in 2030 in its rail activities and -50% in real estate. It focuses on all levers: decarbonisation of traction energy, business actions, purchasing policy.

1.4.3 The regions

SNCF wishes to expand its coverage in the regions and become a leader in sustainable mobility. Today, the regions are hubs of creativity, innovation and economic, industrial, non-profit and social initiatives. This regional vitality is an asset to which the Group contributes through its diversified offer of minor historical routes, mass transit and high speed lines. Through its ability to cover the whole of France, the central positioning of its stations and its local mobility solutions, SNCF thus remains a key player contributing to the economic, environmental, social and cultural development of the regions.

1.4.4 Innovation and digital technology

Innovation, and in particular digital technology, are at the heart of SNCF's customer services, production processes and business lines to ensure the Group's competitiveness in the face of future challenges. SNCF is seeking to become one of the digital leaders in Europe. This is reflected in:

– The Group’s positioning in MaaS (mobility as a service) to meet its customers’ need for an individualised, efficient and integrated end-to-end offering. Based on current technologies, SNCF has the assets to reach this target that is coveted by numerous players.

– The increase in the digitalisation of track slot management for greater robustness and flexibility while maintaining perfect neutrality with the roll-out in December 2020 of the rail capacity optimisation tool SIPH (timeslot production system).

– Increased data enhancement in all areas, particularly asset management and maintenance (real estate, rolling stock, etc.), where this enhancement contributes to developing specific predictive models to ensure maintenance before breakdowns or emergencies.

1.5 A RESPONSIBLE GROUP

The world is developing in a context where interconnected segments are faced with four crises:

– A climate crisis requiring radical individual and collective behavioural changes by companies;

– A regional crisis: all regions do not have the same level of development or inclusion in the globalisation of trade. This creates imbalances in terms of growth, tax resources and therefore public service coverage;

– A labour crisis, as a result of the regional crisis, generated by job access difficulties and income disparities making it hard for households to change their lifestyles and, in particular, become more environmentally friendly;

– A health crisis of historic proportions that caused a global crisis in 2020, the consequences of which will continue for several years, leading to profound economic, social and cultural changes.

SNCF's commitments are detailed in the Group's non-financial performance statement (see section 5).

1.5.1 A reasserted social commitment

The new SNCF has multiple social responsibilities:

– As an employer, the Group has a workforce of 272,000 people worldwide. It must provide each employee with the means to develop professionally, a protective social framework and a reassuring environment. As part of the employer’s promise, the Group must rise to challenge of making its brand appealing to attract and retain sought-after key talents.

– As a purchaser, the Group is a major player in the rail sector and the national and European economy.

– As a mobile solutions provider, SNCF is central to the life of many French people and citizens in other countries. Our operational and commercial performance determines their quality of life and their ability to find employment, get to their workplace daily and access their rights. The continuous improvement of our fundamentals is not only a question of competitiveness: it is also a question of social justice and regional equity.

– As a public company, SNCF is at the service of the nation. It aims to be a useful group in the daily life of every French person.

Since 2003, SNCF has adhered to the 10 principles of the United Nations Global Compact on human rights, anti-corruption, labour rights and environmental protection. It releases an annual publication on its progress in this area.

1.5.2 The fight against climate change at the heart of our commitment

Whereas the transport sector accounts for 30% of the country’s greenhouse gas (GHG) emissions, rail only accounts for 0.6% yet represents 10% of people and goods transported. To boost this score even further and promote the modal transition to collective transport, the SNCF Group is committed to an ambitious CO2e emission reduction plan. By reducing energy consumption, increasing efficiency in its use and adopting new energies that generate less CO2e, this plan meets the requirements of France's National Low Carbon Strategy (SNBC) and contributes to the French government’s actions in its fight against climate change.

The aim is to reduce CO2e emissions by 30% in transport activities and 50% in real estate activities by 2030 compared to 2015. These goals are consistent with the SNBC and the Paris Agreement objectives.

In 2019, the Science Based Target (iSBT) initiative approved the targets set using its method, with a CO2e emission reduction commitment of 26% by 2030.

In the spring of 2020, SNCF took part in an experiment led by ADEME and the CDP to adapt the low-carbon transition assessment (ACT) methodology to the transport sector. The purpose of this ACT method is to analyse the consistency between the company’s targets (validated through iSBT) and the means implemented to achieve them. SNCF obtained a 12A+ rating, the best rating in the transport panel.

SNCF launched the “carbon neutral trajectory” project and developed a tool to enable the Group companies to build reduction scenarios for their energy consumption and GHG emissions. This tool is currently being rolled out.

1.5.2.1 Energy issues

There are two types of issues at stake:

– Consume less energy

The issue of consumption is central to "business actions" and therefore processes. Equipment eco-parking, eco-driving and the development of rail smart grids are important levers for reducing energy consumption. Their general roll-out contributes to transport greening and the reduction in energy-related production costs.

– Reduce the carbon intensity of the energy consumed

New engine types currently under development are sustainable solutions designed to replace diesel trains. The hybrid train, hydrogen train or biocarbons will contribute to reducing our footprint.

1.5.2.2 Controlling resources and environmental impacts

– Eco-design and circular economy

SNCF has embarked on a path towards zero non-recovered waste by 2035 for products central to rail activity (infrastructure, rolling stock and waste in stations and on trains).

The circular economy is a major focus of the SNCF Group's sustainable development strategy. Since 2013, the SNCF Group has been developing a policy aimed at limiting the consumption of resources, reducing waste in all its operating processes, and recovering products at the end of their life cycle (ballast, sleepers, rails, switches and crossings, overhead lines).

SNCF recycles more than 92% of its trains on average and 55,000 tonnes of materials are recycled each year on average.

– The environmental management system

For many years, SNCF has adopted an ISO 14001 certified environmental approach for its industrial sites and set up adapted Environmental Management Systems (EMS) in all its operational units.

– Control of air emissions

SNCF rolled out a programme to monitor air quality in underground rail enclosures and search for improvement solutions. Several particle reduction technologies were tested in 2020 and other new technologies will be tested by 2023.

– Preservation of biodiversity

With 30,000 km of track and 100,000 hectares of rights-of-way, SNCF constantly interacts with nature. It works to reconcile industrial practices and biodiversity, and therefore joined Act4Nature (first French event uniting 65 companies which pledge to protect biodiversity) in 2018.

– Continue our commitments under the Act4Nature initiative and anticipate the ban on glyphosate at the end of 2021.

Since 2005, SNCF has rolled out a rational action plan for the management of plant life, based on the continuous improvement of weeding techniques (GPS equipped weeder trains) and alternative solutions in very specific areas.

1.5.3 SNCF, a natural partner committed to developing regions

The Group's relationship with the regions is natural and long-standing: transport has always contributed to opening up and developing regions, agglomerations and city centres. This is supported by our 11 regional coordinators.

Regions are currently undergoing major changes: metropolitanisation and globalisation, regional de-industrialisation, population ageing, their desire to reduce their energy footprint, etc.

All the Group's business lines contribute to the response: support the development of mass transit by reinvigorating minor historical regional routes, boost the capacities of major stations while maintaining a maximum of stations open in acceptable conditions, assist all regions in developing mobility services tailored to their demographic, environmental and financial challenges.

The Group has therefore adopted a new regional approach with its organising authority customers to accompany them in optimising the use of their transport infrastructures and solutions. Under this strategy, SNCF will mobilise all the Group's entities to provide general mobility solutions adapted to the specificities of each region.

SNCF Développement supports the local economy by transforming the Group's industrial sites. Since 2011, 627 entrepreneurs have been supported and 2,013 jobs financed for a total of €10.6 million.

The SNCF Group Foundation devotes a yearly budget of €5 million to 3 areas, education, culture and solidarity. In 2020, SNCF strengthened its commitment to solidarity by supporting 719 associations (compared with 702 in 2019). Its actions are based on 3 pillars: joint construction with businesses and associations, regional coverage with a network of contacts and employee commitment which supports the voluntary commitment of the Group's employees and skills sponsorship (4,000 employees in 5 years).

1.5.4 A Group with multiple responsibilities

The new SNCF is a consistent and inclusive Group, involved in a sustainable development approach and aware of its responsibilities:

– Social responsibility in the event of emergencies which require us to act quickly, efficiently and with agility;

– Environmental responsibility to meet the challenges of clean mobility and transport decarbonisation;

– Financial and economic responsibility to achieve and secure the long-term balance in the rail system;

– Responsibility vis-a-vis customers who are the heart and soul of our businesses and must guide our daily decisions for a constantly improved and recognised service quality.

2. MAJOR ACHIEVEMENTS BY ACTIVITIES IN 2020

2.1 IN 2020, OPERATIONS WERE HIT BY AN UNPRECEDENTED CRISIS, BUT SNCF GROUP SHOWED ITS RESILIENCE

On the heels of labour disputes linked to French pension reform in early 2020, the Covid-19 pandemic produced the longest, most severe halt in operations that SNCF Group has ever known. Passenger travel—and high-speed rail in particular—fell sharply, with a 48% decline in passengers on the high-speed rail network (TGV INOUI, OUIGO, Eurostar, Thalys and other services), including a 45% fall within France. For transport services under contract, passenger travel fell 45% for Transilien, 32% for TER and 30% for Keolis (on major French networks) from 2019 levels.

These upheavals cut into the Group's financial performance:

– Full-year revenue came to €30.0bn, down nearly 14% from 2019 (at constant scope of consolidation and exchange rates). The pandemic cut total revenue by €6.8bn in 2020, including €4.8bn for high-speed rail.

– Revenue for all high-speed rail services combined was down 54%, as international mobility came to a standstill and the French market slowed significantly. At SNCF Réseau, revenue fell 9%, with track access fees hit by reduced transport offerings. At SNCF Gares & Connexions, revenue was down 4%, due in particular to income from retail tenants falling a steep 31%.

– EBITDA stood at €2.0bn at year-end 2020 (6.6% of revenue vs 15.9% at the end of 2019), with the decline offset by savings achieved through SNCF's crisis plan. The pandemic trimmed EBITDA by €5.4bn full year.

Nonetheless, SNCF Group showed the resilience of its business model and its ability to cushion the shock by drawing on five complementary strengths:

– A diversified business portfolio cushioned the impact of the crisis and preserved growth drivers. Geodis reported revenue up 4.5% from 2019, with a record second half buoyed by e-commerce operations in contract logistics and freight forwarding. Rail freight as a whole averaged 85% of levels recorded under a normal transport plan, with revenue down 12%. Services delivered under contract also proved fairly resilient, reflecting regional and urban transport organizing authorities' commitment to maintaining their service offering, and this cushioned the impact of the pandemic. Declines in revenue were held in check at TER (-4%) and Keolis (-8%).

– **A proactive sales policy helped fuel a recovery in passenger travel at the end of each lockdown.** These successful restarts underscore the Group's responsiveness along with the enduring popularity of rail travel in France. One example was TGV high-speed rail, which saw a summer rebound to 80% occupation rates at the end of France's first lockdown, after bottoming out in April and May, when only 10% of seats were sold. Working in partnership with regional authorities, TER also launched a successful campaign in June to encourage travel within France, offering special low-price tickets throughout the TER network during the summer months.

– **Growth on international markets continued, amid promising new contracts and renewals.** In the UK, Keolis was awarded extensions of two contracts in London—the South-eastern network and the DLR driverless metro. The company also won new contracts in Denmark, to operate electric buses in Greater Copenhagen and bio-fuel powered buses in the North, along with a contract renewal in Odense, and signed an agreement for services in Stockholm, Sweden. In the US, contracts for rail networks in the Boston and Washington, DC suburbs were extended. Finally, Geodis sales on international markets rose by over 8%, with the most notable gains in Asia and the Americas.

– **Despite the crisis, the Group succeeded in carrying out projects essential to future growth in mass transit and rail.** It signed a contract to operate and upgrade service in 2020-2023 with Île-de-France Mobilités (the transport organizing authority for the Paris Region), a deal that recognizes SNCF's expertise in mobility for densely populated urban environments. Transilien has the world's No. 3 regional rail network by number of passengers carried, and ranks No. 1 outside Asia. The launch in July of a low-cost OUIGO service linking the centre of Paris and the centre Lyon was also a major event in the run-up to competition for this corridor.

– **SNCF Group continues to promote solidarity in France, delivering more utility and hands-on service than ever.** The Group worked with the French government to roll out the nation's pandemic strategy, adapting transport solutions on offer to changing needs. SNCF freight operations carried food and other products required for strategic economic activity. Geodis met urgent transport needs, including shipment of 1 billion masks through an air and maritime link between China and France, as air freight capacity was scaled back. SNCF also organized specially equipped trains to carry patients from hard-hit regions across France to available hospital beds and medical services in other parts of the country.

2.2 STATE SUPPORT AND SNCF'S OWN EFFORTS TO DEPLOY A CRISIS RESPONSE AND COST-CUTTING PLAN HELPED THE GROUP WITHSTAND UPHEAVALS AND GET FINANCES BACK ON TRACK

SNCF enjoys the support and commitment of government authorities in France, who view the rail industry as a priority and an essential contributor to economic recovery. **The €4.7bn rail industry recovery plan announced by the State, primarily for the rail network, including a €4.05bn capital increase for SNCF SA,** comes on top of the transfer of €35bn in debt to the State (€25bn on 1 January 2020 and €10bn in 2022). These measures underscore **the importance of sustainable mobility to the French government, and place SNCF at the heart of France's low-carbon strategy.** Funds will be used to revitalize and upgrade the nation's rail network. The plan also addresses other goals and initiatives, including a revival of rail freight and a concerted effort to achieve equal access and coverage for all regions in France.

In addition, SNCF has launched a series of unprecedented cost-cutting measures to curb the impact of the crisis. These include reducing structural and operating costs, postponing or cancelling some non-critical projects and investments, and tightening cash management. **Safety and network revitalization have been isolated from the cost-cutting:** efforts to maintain operation of rolling stock, fixed installations and information systems have been spared. **By year-end 2020, the combined impact of these projects had generated savings that boosted available cash by €2.5bn.**

As part of this drive, at year-end 2020 SNCF launched a project to consider the sale of Ermewa, a subsidiary specialized in leasing railcars and tankers whose operations were deemed non-strategic for the Group.

Together these measures are aimed at restoring SNCF's financial trajectory and enabling it to confirm its financial commitments under the 2018 French rail reform package: free cashflow at breakeven by 2022, net indebtedness/EBITDA at or below 6.0x in 2023, and FFO[1] / Net indebtedness at or above 10% in 2022.

Despite these disruptions, SNCF has not changed its priorities for employment, and has not considered—and is not now considering—any economic layoffs due to the crisis. In 2020, the number of jobs fell 1%, and 2021 projections show reductions of less than 2% for rail operations in France. Adjustments remain very limited, and the Group's commitment to hiring is unchanged. And SNCF has made progress in workplace diversity, gaining 10 points in the gender equality index introduced under former French Minister of Labour Muriel Pénicaud, rising from 78 to 88/100. **SNCF Group is one of the top recruiters in France, with over 10,000 new hires in 2020** (including 3,850 in rail) and nearly 8,500 more anticipated in 2021 (including 2,500 to 3,000 in rail). It will also take on 7,000 students on work-study programmes.

SNCF amplified its commitment to the communities it serves in 2020. This was reflected in the top A1+ score awarded to it by non-financial rating agency Vigéo-Eiris, which assesses companies' environmental, social and governance performance. **SNCF Group ranks No. 5 worldwide, all sectors combined, in a field of 4,879 businesses, and No. 1 in the Tourism and Transport sector in a selection of 20 European companies.**

2.3 DESPITE THE SHARP DETERIORATION IN ITS PERFORMANCE, SNCF RETAINS ROBUST FINANCIAL CAPACITY, ENABLING IT TO MAINTAIN THE CONFIDENCE OF ITS PARTNERS AND LOOK TO THE FUTURE

Net profit attributable to equity holders of the parent company came to -€3.0bn, hit hard by the Covid crisis and the January strikes.

As a result, free cash flow was a negative -€2.8bn, linked directly to the -€3.6bn year-on-year fall in EBITDA, among other factors.

The Group's net indebtedness stood at -€38.1bn at 31 December 2020, or €22.1bn down from 31 December 2019 (-€60.3bn). This change reflects the transfer to the

[1] FFO = EBITDA – interest expense – tax

French State of part of SNCF Réseau's debt (€25bn) under the French rail reform package, and negative free cash flow of -€2.8bn in 2020.

Despite the deterioration in its performance, SNCF Group's finances remain solid thanks to the recovery plan, to new measures by the French State placing rail transport at the heart of the country's low-carbon strategy for transport and development of sustainable mobility, and, finally, cost-cutting measures adopted by the Group itself. This is reflected in unchanged ratings from Moody's (Aa3/Stable outlook), S&P Global (AA- / A-1+ / Negative outlook) and Fitch Ratings (A+ / Negative outlook) published on 20 October, 21 October and 4 December 2020, respectively.

The Group can therefore look to the future with its financing capacities intact, a €6.3bn cash position in mid-February 2021, and a fully available €3.5bn credit line. SNCF SA, SNCF Group's new debt issuing entity, raised €6.8 billion on financial markets in 2020, confirming investors' confidence in SNCF Group and its growth prospects.

2.4 SNCF HAS ALREADY MADE THE ECOLOGICAL TRANSITION A CORE COMPONENT OF ITS CSR STRATEGY, IN LINE WITH FRANCE'S NATIONAL LOW-CARBON STRATEGY

SNCF is taking action across the board to **reduce its environmental footprint, advance the circular economy by reclaiming materials, reduce pressure on biodiversity, and increase the share of renewables in its energy mix**. The Group is also working to reduce its own consumption through a range of green practices such as eco-driving and eco-parking, which should cut its energy bill by 8% and 12% respectively.

SNCF Group is working to guide green research and incorporate environmental concerns into the design of its facilities and equipment. Its operational and innovation choices reflect this commitment.

Working with manufacturers Alstom and Bombardier, and in partnership with French regions, SNCF has embarked on an unprecedented, ambitious plan to **green its diesel rolling stock** by deploying **hybrid, battery- and hydrogen-powered TER regional trains**. The hybrid TERs will make their first test runs in 2021, equipped with lithium-ion batteries able to recover, store and recycle braking energy. SNCF will also be testing rapeseed-based bio-fuel (B110). **TGV M, tomorrow's TGV,** has also been revamped: scheduled to go into service in 2024 for the Olympic Games, **it will reduce energy consumption by 20% and will be 97% recyclable**.

3. OTHER MAJOR EVENTS OF 2020

3.1 COVID-19 PUBLIC HEALTH CRISIS

The COVID-19 public health crisis has had a severe impact on the operations of the SNCF Group.

The Passengers business line was particularly hard hit. Operations were sharply reduced from 17 March 2020; services gradually recovered from the first easing of lockdown measures, subject to compliance with governmental health measures.

The financial consequences for revenue and key financial indicators are presented by business line and operating segment in the Group activities and financial results chapter.

This new economic context was taken into account when testing assets for impairment, as described in Note 4.4 to the consolidated financial statements.

The Group also adapted its cash management policies during this period to ensure that it can meet all its obligations and financial commitments as they fall due. A specific note describing the measures implemented is presented in Note 6 to the annual consolidated financial statements.

Finally, the Group has drawn up a specific action plan aimed at generating additional savings to mitigate the financial effects of the crisis. In parallel, the Group implemented furlough measures from mid-March onwards (see Note 1.2. to the annual consolidated financial statements).

3.2 PLANNED DISPOSAL OF ERMEWA

The SNCF Group is planning to sell Ermewa Holding SAS and its subsidiaries.

A call for tenders is underway and potential buyers are expected to be able to make their intentions known in the second quarter of 2021.

The Board of Directors of 8 October 2020 approved the principle of a potential partial or total sale of Ermewa Holding SAS and its subsidiaries.

As at 31 December 2020, in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", this subsidiary's assets and liabilities were reclassified to "Assets classified as held for sale" and "Liabilities associated with assets classified as held for sale" in the statement of financial position. Detailed information is shown in Note 4.3 to the consolidated financial statements.

3.3 STRIKE ACTION

The strike action that began on 5 December 2019 in opposition to proposed pension reforms continued until February 2020.

A loss was recorded, in addition to the commercial gestures with negative impacts on revenue, in the Group financial statements.

3.4 PARTIAL ASSUMPTION OF DEBT BY THE STATE

On 1 January 2020, the State assumed €25 billion (nominal repayment amount) of the debt carried by SNCF Réseau, in line with the French 2020 Budget Act.

The debt assumption mechanism is presented in Note 6.2.2.1 to the consolidated financial statements.

The impact of this transaction on net finance costs is an amount of net financial income that exactly mirrors the finance cost effectively borne by SNCF Réseau on the portion of its historical debt assumed by the State.

3.5 SIGNATURE OF THE ÎLE-DE-FRANCE MOBILITES 2020-2023 CONTRACT

On 9 December 2020, SNCF Voyageurs, SNCF Gares & Connexions and Île-de-France Mobilités, the Greater Paris transport organising authority, signed operating and investment contracts covering the period 2020-2023 and encompassing transport pricing and service policies for Greater Paris passengers.

These contracts give a central role to production and service quality, including a bonus/penalty system and a passenger repayment mechanism where the situation is unacceptable, as well as compensation linked to passenger ticket validation aimed at fighting fraud.

The contracts also provide for a major investment plan aimed at improving passenger comfort by introducing new trains and implementing a modernised ticket system, as well as bringing accessibility up to standard at 73 stations, improving inter-modality with the creation of additional bike parking spaces, replacing escalators, elevators, information screens and sound systems and renewing signage at 380 stations.

In addition, it includes provisions aimed at preparing the gradual opening to competition of all Ile-de-France rail network lines, primarily through the transfer of ownership at the end of the Ile-de-France Mobilités contract of all assets necessary and useful to its operation. The scope of assets covered by the contract was therefore extended in accordance with Article 21 of Law 27/06/2018 for a New Railway Pact.

3.6 SIGNATURE OF THE BUILDING PERMIT FOR THE GARE DU NORD MODERNISATION PROJECT

On 6 July 2020, Michel Cadot, Prefect of the Île-de-France region and Prefect of Paris, issued the building permit authorising the transformation of Gare du Nord station.

On 23 November, the City of Paris, SNCF, SNCF Gares & Connexions and SA Gare du Nord 2024 signed a memorandum of understanding for the modernisation of Gare du Nord station. At the end of an in-depth and constructive dialogue, which will continue over the coming months and years, the discussions were able to provide precise answers to the requests for improvements to the project made by the City of Paris during the public enquiry prior to the issue of the building permit for the Gare du Nord station renovation project, and then in the letter sent to the Prefect of the Île-de-France Region in May 2020.

The agreement between the City of Paris, SNCF, SNCF Gares & Connexions and SA Gare du Nord 2024 paves the way for the modernisation of Europe's largest station, which will be more welcoming for passengers, more open to Parisians - particularly the inhabitants of the 10th arrondissement - more environmentally friendly and safer.

The aim is that the work on the railway station will be completed in time for the 2024 Olympic and Paralympic Games in Paris.

3.7 RAIL RECOVERY PLAN

The State's recovery plan for the rail sector resulted in a €4.05 billion capital increase for SNCF SA, which strengthened its equity (see Note 6.5.1).

SNCF SA then paid the same amount of €4.05 billion to the State support fund dedicated to financing the SNCF Réseau infrastructure manager, according to the mechanism set up from 2016 and provided for in Article 2111-24 of the French Transport Code.

Under IFRS, this payment essentially reflects a dividend granted in 2020 to the State shareholder from the reserves, with the State waiving it to allocate it to the support fund intended to finance SNCF Réseau.

This sum of €4.05 billion will be paid by the State to SNCF Réseau in instalments starting in 2021. The annual payments will be made according to the funding requirements for renewal operations expressed by SNCF Réseau. They will be recognised at SNCF Réseau as investment grants on the balance sheet when they are received, i.e. as from 2021.

At 31 December 2020, this amount is presented in off-balance sheet commitments received in the SNCF Group financial statements (see Note 9 to the annual consolidated financial statements).

4. SNCF GROUP KEY FIGURES

4.1 KEY FINANCIAL PERFORMANCE INDICATORS

In € millions	31 December 2020	31 December 2019
Revenue	29,975	35,120
EBITDA	1,936	5,658
Net profit/loss - Group share	-3,030	-801
Recurring net profit/loss - Group share (1)	-2,764	-301
Net investment (2)	3,667	5,237
Investment from all funding sources (3)	8,932	10,013
Free cash flow (4)	-2,838	-2,349
Net debt / EBITDA	19.7	10.7
Workforce	271,509	276,350

In € millions	31 December 2020	31 December 2019
SNCF Group net debt	38,148	60,281
o/w SNCF Réseau net debt	29,422	51,852

(1) Definition of recurring net profit/loss in the Group activities and financial results chapter of this report.

(2) Net investments are calculated as follows:

In € millions	31 December 2020	31 December 2019
by aggregating the following line items from the cash flow statement:		
- Acquisitions of intangible assets and property, plant and equipment	7,381	8,371
- Investment grants received	-3,319	-3,120
- New concession financial assets	1,469	1,494
- Cash inflows from concession financial assets	-1,863	-1,508
Total net investments	3,667	5,237

(3) "Investment from all funding sources" is calculated as follows:

In € millions	31 December 2020	31 December 2019
by aggregating the following line items from the cash flow statement:		
- Acquisitions of intangible assets and property, plant and equipment	7,381	8,371
- New concession financial assets	1,469	1,494
minus changes in working capital requirement relating to investing activities, as presented in Note 4.2 to the annual consolidated financial statements	-82	-148
Total Investment from all funding sources	8,932	10,013

(4) Free cash flow is calculated as follows:

In € millions	31 December 2020	31 December 2019
by aggregating the following line items from the cash flow statement:		
- Cash from operations after cost of net debt and taxes	856	3,551
- Acquisitions of intangible assets and property, plant and equipment	-7,381	-8,371
- Investment grants received	3,319	3,120
- Repayments of lease liabilities	-962	-918
- Repayments of IFRS 16 lease receivables	1	1
- Proceeds from disposals of intangible assets and property, plant and equipment	137	350
- New concession financial assets	-1,469	-1,494
- Cash inflows from concession financial assets	1,863	1,508
- Impact of change in working capital requirement	983	-170
change in working capital requirement relating to income taxes, included in the cash flow statement line item "Taxes (paid)/collected"	-202	24
accrued interest on IFRS 16 lease liabilities, included in the cash flow statement line item "Interest paid on lease liabilities"	-1	18
dividends received from entities accounted for by the equity method, included in the cash flow statement line item "Dividends received"	17	31
Total free cash flow	-2,838	-2,349

4.2 MAIN NON-FINANCIAL KEY PERFORMANCE INDICATORS

KPIs	2020	2019
Total energy consumption (in GWh)	14,069	17,899
Greenhouse gas emissions (kt of CO2e) related to scope 1, 2 and 3 energy consumption (excluding refrigerants)	2,556	3,349
Percentage of women in the workforce	23%	23%
Number of permanent hires in France	10,044	13,391
Number of work-study contracts	7,109	
% of employees having received at least one training course in France	71%	81.7%

5. SUBSEQUENT EVENTS

The main subsequent events are as follows:

5.1 EUROSTAR FINANCIAL SUPPORT

Due to the COVID-19 crisis, Eurostar revenue plummeted in 2020, with a loss of more than 75% of its revenue compared to the actual 2019 figure. Despite the cost-cutting measures undertaken in 2020 by Eurostar and the set-up of financing in June 2020, Eurostar's financial position will again be complex in 2021 due to the cross-border travel restrictions in place following the emergence of the new COVID-19 variants. Faced with these difficulties, Eurostar is currently in discussions with banks and its shareholders to set up a new financing scheme. As the majority shareholder, the SNCF Group will do its utmost to ensure Eurostar's ability to continue operations as a going concern, reiterating its ambition for international high-speed rail transport.

5.2 ACQUISITION OF THE POLISH CARRIER PEKAES BY THE GEODIS SUBSIDIARY

On 1 February 2021, Geodis acquired all the shares of the Polish group Pekaes through its subsidiary Calberson GE.

This transaction will strengthen Geodis' positions in Poland which is no. 3 logistics market in Europe.

5.3 PAYMENT OF THE FIRST INSTALMENT OF STATE AID TO SNCF RÉSEAU

An initial instalment of €1.645 billion was paid on 23 February 2021 by the French State to SNCF Réseau under the rail recovery plan (see Note 2.1.10).

SNCF GROUP ACTIVITIES AND FINANCIAL RESULTS

1. ANALYSIS OF GROUP RESULTS

1.1 GROUP RESULTS

In € millions	Year 2020	Year 2019 (*)	Change 2020 vs 2019	
Revenue	29,975	35,120	-5,145	-14.6%
Infrastructure fees	-698	-904	206	-22.7%
Purchases and external charges other than infrastructure fees	-12,030	-12,757	726	-5.7%
Taxes and duties	-1,296	-1,379	83	-6.0%
Employee benefit expense	-14,064	-14,549	485	-3.3%
Other operating income and expenses	49	127	-77	-61.0%
EBITDA	1,936	5,658	-3,722	-65.8%
Depreciation and amortisation	-4,012	-3,946	-66	1.7%
Net movement in provisions	-128	-11	-117	-
Current operating profit	-2,204	1,700	-3,904	-229.7%
Net proceeds from asset disposals	134	179	-45	-25.3%
Impairment	-266	-86	-180	208.9%
Operating profit/loss	-2,337	1,793	-4,130	-230.3%
Share of net profit/loss of companies consolidated under the equity method	19	35	-16	-45.9%
Operating profit/loss after share of net profit of companies consolidated under the equity method	-2,318	1,828	-4,146	-226.8%
Net finance costs of employee benefits	-8	-4	-4	115.1%
Net borrowing and other costs	-1,119	-1,853	734	-39.6%
Net finance costs	-1,127	-1,856	729	-39.3%
Net profit/loss before tax	-3,445	-28	-3,416	-
Income tax expense	-4	-745	741	-99.5%
Net profit/loss from ordinary activities	-3,448	-773	-2,675	345.8%
Net profit/loss from transferred operations	-	-	-	n/a
Net profit/loss for the year	-3,448	-773	-2,675	345.8%
Net profit/loss - attributable to holders of the parent	-3,030	-801	-2,229	278.4%
Net profit/loss for the year attributable to non-controlling interests (minority interests)	-419	27	-446	-
Recurring net profit/loss - attributable to holders of the parent (1)	-2,764	-301	-2,463	816.9%
EBITDA / Revenue	6.5%	16.1%		
Current operating profit or loss / revenue	-7.4%	4.8%		

(*) With effect from 1 January 2020, the SNCF Group has decided to report EBITDA as a performance indicator, replacing the Gross profit indicator. The comparative data presented has been restated (see Note 1.4 to the consolidated financial statements).

(1) The Group discloses, both internally and externally, on recurring net profit - attributable to holders of the parent determined on the basis of restated net profit - attributable to holders of the parent:

– impairment losses;

– transactions generating an impact on profit or loss that is individually greater than €50 million in absolute value, generally included in and/or allocated between "Fair value remeasurement of previously-held equity interest" and "Net proceeds from asset disposals";

– the Group's share in these various items recorded in companies accounted for under the equity method and included in "Share of net profit/loss of companies consolidated under the equity method";

– changes in the fair value of financial instruments included within "Cost of net debt and other finance costs" that exceed €50 million in absolute value;

– specific transactions involving financial instruments (restructuring, renegotiation or other) with an impact of more than €50 million in absolute value on the cost of net financial debt;

– the change in deferred tax assets recognised on the entities of the SNCF tax consolidation group in the line item "Income tax expense";

– the share of minority interests relating to these various items and included in the line item "Net profit/loss attributable to non-controlling interests (minority interests)".

The indicator better reflects the net profit or loss (attributable to holders of the parent) relating to the Group's recurring performance. At the end of the year, it was as follows:

In € millions	Notes (*)	31 December 2020	31 December 2019
Net profit/loss - Group share		-3,030	-801
Impairment losses	4.4	266	86
Included in "EBITDA"	3	-	-45
Included in "Depreciation and amortisation"	4.2.5	-60	
Included in "Net movement in provisions"	4.6	108	-69
Included in "Net proceeds from asset disposals"		-	-1
Included in "Share of net profit/loss of companies consolidated under the equity method"		7	-
Included in "Cost of net debt and other finance costs" (specific transactions on financial instruments)	6.2	4	92
Included in "Income tax expense"	7	-0	436
Included in "Net profit/loss attributable to non-controlling interests"		-60	-
Recurring net profit/loss for the period - attributable to holders of the parent		-2,764	-301

(*) references to the notes relate to the consolidated financial statements.

1.2 COMPARABILITY OF THE FINANCIAL STATEMENTS

The comparability of the 2020 results with those of 2019 was impacted by the following changes in scope and exchange rates:

In € millions		Impact on changes in revenue
Voyages SNCF	Changes in 2019 scope (1)	
	Sale of OUIbus	-27
	Sale of Ecolutis (iDVroom)	-1
	Exchange rate fluctuations	-6
Passengers - other	Change in scope 2020	
	Sale of OuiCar	-1
Keolis	Changes in 2019 scope (1)	
	Keolis Santé acquisitions	1
	CarPostal France acquisition	58
	MyPark acquisition	11
	Sale of LeCab - private hire taxi activity	-5
	Exchange rate fluctuations	-35
Geodis	Change in 2019 scope (1)	
	Sale of Geodis Euromatic	-44
	Exchange rate fluctuations	-152
Rail and Multimodal Freight Transport (TFMM)	Change in 2019 scope (1)	
	Railtraxx/KCR acquisition	6
	Exchange rate fluctuations	-1
Freight & Logistics - Other	Change in 2019 scope (1)	
	Raffles Lease acquisition	8
	Change in 2020scope	
	DEMI acquisition	1
	Exchange rate fluctuations	0
Internal operations		3
Total		-185

(1) Transactions carried out in 2019 that had an impact on 2019 / 2020 revenue trends

1.3 2020 RESULTS

1.3.1 Revenue

The SNCF group's consolidated revenue amounted to €29,975 million at the end of December 2020, a decrease of €5,145 million (-14.6%) compared to 2019, which is explained by:

– changes in scope for +€11 million;

– the effect of exchange rate fluctuations for -€196 million;

– an organic growth of -€4,960 million (-14,2%) for the Group; changes in the business lines were as follows (data at business line level):

2020 organic growth in revenue at business line level		
SNCF Réseau	-€617 million	-9.5%
SNCF Gares & Connexions	-€64 million	-4.1%
Transilien	+€55 million	+1.7%
TER	-€194 million	-3.8%
Voyages SNCF	-€4,649 million	-53.3%
Industrial Division	-€90 million	-5.2%
Passengers - other	-€143 million	-21.6%
Keolis	-€529 million	-8.0%
Geodis	+€368 million	+4.5%
TFMM (train/multi-modal freight transport)	-€198 million	-11.9%
Freight & Logistics - Other	-€6 million	-1.2%
SNCF Immobilier	+€111 million	+20.7%
Corporate	-€84 million	-7.6%

1.3.2 EBITDA

At €1,936 million in 2020, EBITDA declined by €3,722 million or 65.8%, and the EBITDA-to-revenue ratio fell from 16.1% to 6.5% between 2019 and 2020.

The EBITDA loss as a result of the health crisis was estimated at €5,448 million.

In € millions	2020	2019	2020 vs 2019 change		Change at constant scope and exchange rates	
Revenue	29,975	35,120	-5,145	-14.6%	-4,960	-14.2%
Employee benefit expense	-14,064	-14,549	485	-3.3%	437	-3.0%
Purchases and external charges (other than infrastructure fees, traction energy and fuel), and other income and expenses	-11,055	-11,431	375	-3.3%	211	-1.8%
Infrastructure fees	-698	-904	206	-22.7%	202	-22.3%
Traction energy and fuel	-925	-1,199	273	-22.8%	276	-23.0%
Taxes and duties	-1,296	-1,379	83	-6.0%	83	-6.0%
EBITDA	1,936	5,658	-3,722	-65.8%	-3,751	-66.3%
EBITDA to revenue ratio	*6.5%*	*16.1%*				

1.3.3 Current operating profit

The loss from recurring operations was €2,204 million, down €3,904 million compared to 2019.

The revenue to current operating profit conversion rate thus fell from 4.8% in 2019 to -7.4% in 2020.

The €3,722 million decline in EBITDA was accentuated by an increase of €66 million in depreciation and amortisation and by a negative shift in the net movement in provisions, with a net charge of -€128 million in 2020 compared to -€11 million in 2019.

1.3.4 Operating profit/loss

Operating profit deteriorated by €4,130 million; the unfavourable change in operating profit from ordinary activities was compounded by:

– impairment losses of -€266 million in 2020 compared with -€86 million in the previous year;

– a €45 million decrease in net proceeds from asset disposals.

1.3.5 Net finance cost

The €729 million improvement in net finance cost between 2019 and 2020 is mainly due to the partial assumption by the State of SNCF Réseau's debt (see Note 2.1 to the consolidated financial statements).

1.3.6 Income tax expense

The income tax expense decreased by €741 million. The 2019 financial year had been affected by the impairment of deferred taxes in the amount of -€434 million. In addition, no TREF (tax on profits of railway undertakings) expense was booked in 2020 (compared with an expense of -€226 million in 2019).

1.3.7 Net profit/loss attributable to holders of the parent

As a result of all of these changes, the net loss attributable to holders of the parent was -€3,030 million, compared with -€801 million in 2019, after recognition of a net profit attributable to non-controlling interests (minority interests) of -€419 million.

1.4 CHALLENGES AND OUTLOOK

SNCF Group is stepping up the pace of change and development to meet its aim of becoming the world champion in sustainable mobility.

While 2020 was a year of disruption and 2021 promises to be complicated, too, SNCF's aim remains the same: by 2030, it will become a world-class champion of sustainable mobility for passengers and freight, with rail as its core business and France as its touchstone country. This means meeting short- and medium-term challenges: achieving 95% on-time arrivals for TGV high-speed trains and TER regional trains in 2025; reducing notable safety events and workplace accidents; transforming passenger information delivery, and more. These priorities are addressed in major industrial programmes that include FIRST for passenger information; H:00 for on-time arrivals; and PRISME for safety.

In France, trends observed in 2020, including growth in remote working, are expected to continue and will be part of structuring passenger and freight mobility offers in the future. Night train service will be reintroduced in France and the rest of Europe. These changes represent opportunities for SNCF, provided it accelerates the transformation of its businesses through increased use of digital technology, adjusts its business model; and continues to grow. It must also win back sales volumes by deploying a more accessible, simpler and clearer fare policy. A new sales and marketing drive is already under way. And an overhaul of TGV high-speed rail fares is being developed to offer passengers greater clarity, while new, more flexible passes for business travellers and remote workers are set for rollout during the year. A single app is also planned, combining OUI.sncf and L'Assistant SNCF.

In addition, SNCF is responding to every call for tender in passenger rail in France, bidding with a winning attitude—and going all out. Each competition is an opportunity to showcase its strengths, from teams' expertise to innovative flair and flexibility.

On international markets, SNCF has selective, steady growth targets for Keolis, including winning major contracts, and, for Geodis, in e-commerce business and freight forwarding. One sign is the recent acquisition of Pekaes by Geodis to significantly expand its presence in Poland. Keolis and Geodis are strategic businesses that will drive growth in the future and contribute to the Group's resilience and profitability. In spring 2021, SNCF will also introduce a new low-price high-speed rail offer in Spain's domestic market, under the OUIGO brand.

These challenges are an integral part of SNCF's growth strategy, which is focused on meeting the requirements of sustainable mobility and the ecological transition in line with priorities in the French government's recovery plan. For SNCF, the need to move people and goods and the need for corporate responsibility are inseparable, and this vision shapes all of its choices and priorities.

2. ACTIVITY RESULTS

The contributions to revenue, EBITDA, net investments, and Investment from all funding sources of the Group's components break down as follows (unless otherwise indicated, the financial data per activity shown in the table below and the tables on the following pages are presented as a Group contribution):

In € millions	SNCF Réseau	SNCF Gares & Connexions	Transilien	TER	Voyages SNCF	Industrial Division	Passengers - Other	Keolis
a) External revenue	2,406	186	2,946	4,533	3,693	60	68	5,982
b) Internal revenue	3,478	1,293	339	325	372	1,576	453	111
a+b Revenue	5,884	1,479	3,285	4,858	4,066	1,636	522	6,093
c) External EBITDA	851	237	291	344	-1,505	43	4	434
d) Internal EBITDA	110	11	33	39	52	29	5	16
c+d EBITDA	961	248	324	383	-1,453	72	9	450
Net investments (1)	2,681	23	-185	-80	386	87	31	219
Investment from all funding sources (1)	5,101	811	866	519	720	88	53	288

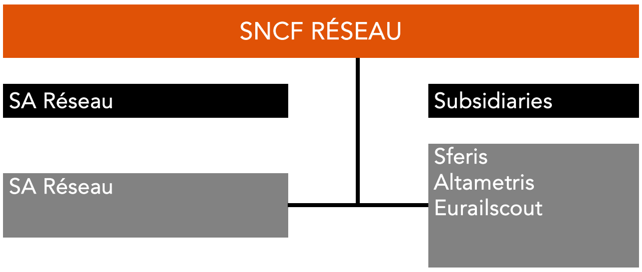
(1) See definition in Note 4 - SNCF Group key figures

In € millions	Geodis	TFMM (train/multi-modal freight transport)	Logistics - Others	SNCF Immobilier	Corporate	Inter-segment eliminations	Total
a) External revenue	8,260	1,361	415	56	9		29,975
b) Internal revenue	101	102	74	590	1,005	-9,820	-
a+b Revenue	8,361	1,463	489	645	1,014	-9,820	29,975
c) External EBITDA	707	17	281	204	29	-	1,936
d) Internal EBITDA	10	59	1	2	63	-430	-
c+d EBITDA	718	76	281	206	91	-430	1,936
Net investments (1)	143	55	242	5	60		3,667
Investment from all funding sources (1)	138	58	241	2	46		8,932

(1) See definition in Note 4 - SNCF Group key figures

Unless stated otherwise, the analyses of results by activity are not restated for scope and exchange rate impacts. Comments on revenue and EBITDA relate to data calculated at the level of each activity.

2.1 SNCF RÉSEAU



SNCF Réseau sells track slots and is responsible for the management, maintenance, upgrading and development of the national rail network. Its customers are 28 railway operators which use the national rail network and 9 other companies (combined transport operators, ports, etc.) which reserve track slots that they then assign to the railway operator of their choice. The segment includes the Sferis, Altametris and Eurailscout subsidiaries.

In € millions	2020	2019	Change
a) External revenue	2,406	2,428	-22
b) Internal revenue	3,478	4,073	-595
a+b Revenue	**5,884**	**6,501**	**-617**
c) External EBITDA	851	1,771	-920
d) Internal EBITDA	110	93	17
c+d EBITDA	**961**	**1,864**	**-903**
EBITDA / Revenue	16.3%	28.7%	
Net investments	2,681	2,965	-284
Investment from all funding sources	5,101	5,625	-523

Highlights

Railway reform, from 1 January 2020:

– Transformation of the EPIC SNCF Réseau into a public limited company with a share capital of €500 million, wholly-owned by SNCF SA and set-up of a new governance structure.

– Partial assumption of the financial debt by the State for €25 billion on 1 January 2020.

– Spin-off of SNCF Gares & Connexions with a contribution value of €514 million.

– Share capital increase by SNCF Réseau SA in the amount of €1,218 million in December 2020.

– A more integrated SNCF Group governance, safeguarding the independence of SNCF Réseau decisions.

2020 activity slowed down by:

– The impact of the strike: 24 days in January 2020.

– The COVID-19 health crisis had the following repercussions:

• A sharp decline in volumes: 111 Mtkm lost, i.e. an infrastructure fee loss of €1,085 million (including the impacts of the January 2020 strike, the decrease in volumes was 122 Mtkm / -25% and an infrastructure fee loss of €1,165 million).

• Less investment with an estimated production delay of 35 days at the end of the first lockdown, reduced to 24 days at the year-end.

– To contain the impacts of the crisis, a crisis plan of €130 million was implemented, in addition to the French State's recovery plan. The savings mainly cover overheads and furlough (+€108 million) and investment expenditure (+€22 million).

2020 results

– Revenue

Revenue at SNCF Réseau was down 9.5%, i.e. €617 million, compared to 2019. The impacts of COVID-19 (-€1,116 million) as well as the net impact of the December 2019 and January 2020 strikes (+€114 million) affected infrastructure fees. Excluding non-recurring impacts, revenue increased by €385 million, driven by the increase in infrastructure fees due to the growth in business volumes of SA Voyageurs (+€93 million including the development of TER offers and OUIgo lines), favourable price indexation (+€110 million, with a 1.8% increase in passenger and freight transport and a 2.4% increase in TET and TER access charges) and a scope impact related to the 2020 reform (+€184 million).

– EBITDA

EBITDA was down €903 million, i.e. -48.5%, year-on-year. The COVID-19 impact (-€1,156 million) stems from the decline in revenue, with expenses being controlled despite the excess costs arising from the application of precautionary health measures, and a steady level of network maintenance and operation during the crisis periods. This impact was partly mitigated by the implementation of the crisis plan (+€108 million) and the net impact of the December 2019 and January 2020 strikes (+€106 million). The residual difference relates to a favourable indexation of infrastructure fees (+€110 million) as well as a scope impact linked to the reform (-€86 million, including, in particular, the transfer of platforms to SNCF Gares & Connexions).

– Net investments

Net investments for the year (€2,681 million) were down €284 million. This change is linked to the transfer of station projects from SNCF Réseau to SNCF Gares & Connexions in 2020, and the delay in projects due to the health crisis, which was not completely resolved despite the resumption of work at a normal or even accelerated pace in the second half of the year.

– Investment from all funding sources

The volume of investment from all funding sources for the year (€5,101 million) was down €523 million. Projects of around €450 million were transferred by SNCF Réseau to SNCF Gares & Connexions in 2020. Moreover, the completion of projects in 2020 was strongly impacted by the COVID-19 crisis, even if part of the delay was made up in the second half of the year; as a result, gross investments in 2020 were significantly lower than in 2019. The delay mainly concerns renewal projects (-€120 million).

2021 outlook

Safety: always central to our priorities, with measures designed to reduce the rate of accidents.

COVID-19 crisis impacts:

–Uncertainties surrounding the volume of revenue relating to the transport plan.

–Measures undertaken to limit the impacts of the crisis on the financial statements.

Strategy:

–The year 2021 will be the first year of the corporate project "TOUS SNCF Ambition Réseau" that focuses on 4 priorities:

•Absolute customer focus.

•Production quality requirement

•Need for operational and occupational safety.

•Achieve a financial balance in 2024.

Discussions/Negotiations:

–Signing of the performance contract with the French State for the period from 2021-2030 expected in the first half of 2021.

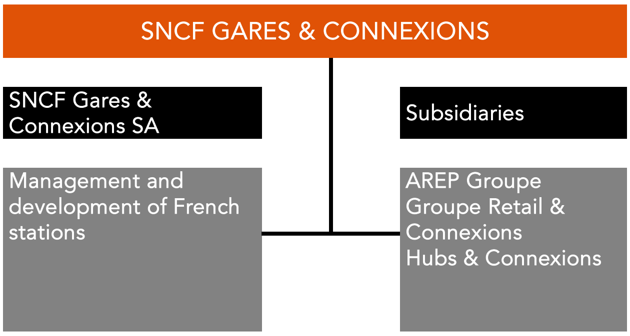
–Referral to the Transport Regulatory Authority (ART) of pricing scales for the national rail network for 2021-2023.

–Human resources: order on the grade and pay scale review, locking in the reference framework.

Deployment:

–The French Mobility law - minor historical routes: preparation to transfer certain lines to the regions once regulated, following the publication of the decree of 29 December 2020.

2.2 SNCF GARES & CONNEXIONS



SNCF Gares & Connexions specialises in the design, operation and marketing of train stations. It includes SNCF Gares & Connexions SA and its subsidiaries Arep, Retail & Connexions and Hubs & Connexions.

In € millions	2020	2019	Change
a) External revenue	186	282	-96
b) Internal revenue	1,293	1,261	32
a+b Revenue	1,479	1,543	-64
c) External EBITDA	237	244	-7
d) Internal EBITDA	11	9	2
c+d EBITDA	248	253	-5
EBITDA / Revenue	16.8%	16.4%	
Net investments	23	248	-225
Investment from all funding sources	811	411	400

Highlights

– Incorporation on 1 January 2020, pursuant to the law of 27 June 2018, of the public limited company SNCF Gares & Connexions, a subsidiary of SNCF Réseau:

- Transfer of SNCF Réseau station assets to the new SNCF Gares & Connexions SA.
- Transfer of staff from passenger activities and SNCF Réseau.
- Reorganisation of SNCF Gares & Connexions into nine station regional divisions and a head office.
- Appointment of Marlène Dolveck on 30 January 2020 as Chief Executive Officer of SNCF Gares & Connexions.

– Strong impact of the health crisis on the activity of SNCF Gares & Connexions:

- Closure of many stations and shops, shutdown of many projects during the lockdown from 17 March to 11 May.
- Closure of many shops during the second lockdown.
- Impact on SNCF Gares & Connexions revenue of the difficulties experienced by station shops following their closure during the lockdowns and a very slow resumption of activity after lockdown. Implementation of cost-saving measures to limit the impact of the health crisis.

– Implementation of cost-saving measures to limit the impact of the health crisis.

– Issuance of the building permit for the Gare du Nord 2024 project. Signature on 23 November of a memorandum of understanding between the City of Paris, SNCF, SNCF Gares & Connexions and SA Gare du Nord 2024 providing precise answers to the requests for improvements to the project made by the City of Paris during the public enquiry prior to the issue of the building permit for the Gare du Nord renovation project, and then in the letter sent to the Prefect of the Île-de-France Region in May 2020.

– Signature on 9 December 2020 of an investment contract for the period 2020-2023 with Île-de-France Mobilités, providing for an investment of €1.7 billion for stations, including €442 million contributed by SNCF Gares & Connexions, aimed in particular at bringing 73 stations up to accessibility standards, improving intermodality by creating additional bicycle parking spaces, replacing escalators, lifts, passenger information screens and public address systems, and redesigning signage in 380 stations.

– Favourable opinion of the French Transport Regulatory Authority (ART) on 28 February 2020 on the rates of fees for 2020 regulated services (except for the rates of fees for the provision of boarding gates in some areas).

– Capitalisation of the financial receivable of SNCF Réseau SA with SNCF Gares & Connexions SA related to the transfer of station assets for €367 million (including accrued interest).

2020 results

– Revenue

SNCF Gares & Connexions revenue was down €64 million (-4.1% compared to 2019. The COVID-19 impact (-€140 million) relates mainly to station shop fees, given the closure of shops and the decline in commercial activity. The residual difference of €76 million is mainly due to the inclusion in 2020 of platforms in the scope of SNCF Gares & Connexions (formerly SNCF Réseau).

– EBITDA

EBITDA was €5 million lower year-on-year. The unfavourable impacts of COVID-19 (-€112 million) were offset by the implementation of the crisis plan (€33 million) and the impacts of the 2020 reform (+€104 million including the integration in 2020 of platforms previously at SNCF Réseau).

– Net investments

Net investments for the year (€23 million) were down €225 million. Financial years 2019 and 2020 are difficult to compare due to the transfer of a large volume of projects from SNCF Réseau to SNCF Gares & Connexions in 2020. As a result, the gross investments made in 2020 are €400 million higher than those made by SNCF Gares & Connexions in 2019. Later invoicing from SNCF Réseau to SNCF Gares & Connexions for projects subcontracted to SNCF Réseau generated very favourable trade payables (investment WCR) for SNCF Gares & Connexions (difference of -€327 million vs 2019). As a result, gross investments regained a level close to those of 2019 (difference of +€73 million). However, SNCF Gares & Connexions received a high level of grants, including for projects transferred from SNCF Réseau (€300 million higher than in 2019).

– Investment from all funding sources

The volume of investment from all funding sources for the year (€811 million) was up €400 million. This change can be explained by the transfer of projects from SNCF Réseau to SNCF Gares & Connexions in 2020 (for €450 million); however, it is down by around €50 million on the historical scope of SNCF Gares & Connexions due to the health crisis and the savings plans implemented.

2021 outlook

A financial year 2021 marked by:

– A high level of uncertainty about the recovery of economic activity, and in particular commercial activity in stations.

– An assumption of a gradual recovery in the activity of shops in stations over the first six months and 80% of activity recovered over the last six months.

– An increase in basic services in line with the increase in the asset base and the drop in shop fees.

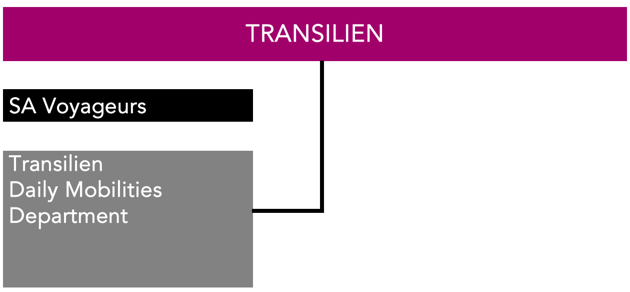
– A peak in investment from all funding sources at €1,140 million constrained to almost 100% given the existing financing agreements and accessibility.

– Set-up of the financial package for the Paris Austerlitz project with the sale of land, the transfer of financial income and the financing of works for around €90 million in cash.

– Validation by ART of the station reference document for 2021 expected in the 1st quarter of 2021.

– Productivity efforts to mitigate the loss of commercial royalties.

2.3 TRANSILIEN



Transilien provides local rail transport services in the Île-de-France (Greater Paris) region. This sector also includes the daily mobilities department (the financial data presented below includes data from this department).

In € millions	2020	2019	Change
a) External revenue	2,946	2,827	119
b) Internal revenue	339	404	-65
a+b Revenue	3,285	3,231	55
c) External EBITDA	291	32	259
d) Internal EBITDA	33	12	21
c+d EBITDA	324	44	279
EBITDA / Revenue	9.9%	1.4%	
Net investments	-185	203	-388
Investment from all funding sources	866	1,118	-252

Highlights

The year 2020 was marked by industrial action at the beginning of the year and then by an unprecedented health crisis.

An agreement signed in September 2020 between the State and Île-de-France - Mobilités (IdF-M) concerning the financing of losses in the Île-de-France transport system due to the health crisis.

Completion of work for the new 2020-2023 contract with Île-de-France - Mobilités:

– approval by the Boards of Directors of SNCF SA on 29 October and SNCF Voyageurs on 30 October 2020 authorising SNCF Voyageurs to enter into the contract with IdF-M;

– approval by the Idf-M Board of Directors on 9 December 2020.

Arrival of new equipment with 28 NAT trains and 12 Regio2N trains.

2020 results

– Revenue

Revenue at TER was up €55 million, i.e. +1.7%, compared to 2019. The increase is due to the rebasing of the lump-sum remuneration in line with the new contract with IdF-M (+€100 million), the counter-effect of the 2019 strikes (+€124 million), the end of the Cézembre operation (+€52 million) and favourable adjustments. These effects were mitigated by the strike impact of 2020 (-52 M€) and the COVID-19 impact (-171 M€), whose consequences have been absorbed thanks to the memorandum of understanding between the State and IdF-M on the sharing of the loss of revenue. Traffic was down 45% (COVID-19 impact).

– EBITDA

Transilien's EBITDA increased by €279 million between 2019 and 2020. This was mainly due to the counter-effect of the 2019 strikes (+€79 million), the end of the Cézembre operation (+€52 million), the anticipation of productivity measures, expense deferrals and favourable adjustments.

– Net investments

The volume of net investments for the year (-€185 million) was down €388 million due to a slowdown in projects impacted by the health crisis, resulting in a carry-over effect to 2021.

– Investment from all funding sources

The volume of investment from all funding sources for the year (€866 million) declined by €252 million due to the financing of investments that are now fully subsidised as from 2020.

2021 outlook

The 2021 financial year falls within the new 2020-2023 contract with Île-de-France - Mobilités, which boosts, at the request of IdF-M, Transilien's commitments in terms of quality of service for passengers through four priorities:

– significantly improve service quality to achieve excellence in Île-de-France and match the investments made by the organising authority, notably through the rolling stock master plan (720 new or renovated trains delivered by 2021, 24 maintenance/garage sites created or adapted, 25 adapted routes (platforms, tracks, signalling, electrical reinforcement);

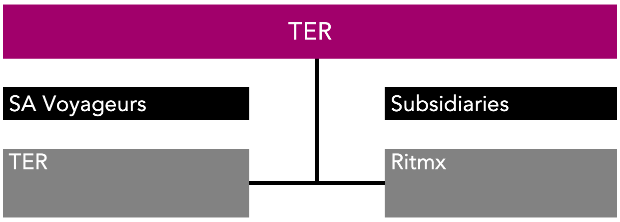
– focus on safety, cleanliness, accessibility, and passenger information;

– create a financial incentive for performance by increasing bonuses/penalties and remove the ceiling on expense reductions in the event of a non-performing offer;

– introduce a system of refunds for travellers in the event of an unacceptable situation;

The contract also stipulates that new investments are now fully subsidised by IdF-M. They amount to €6.4 billion over the period 2020-2023, with major challenges in 2021 for new rolling stock acquisitions, rolling stock renovations and maintenance workshops.

2.4 TER



TER provides regulated regional passenger transport services (rail and road, including urban and peri-urban), and related services (via the Ritmx subsidiary).

In € millions	2020	2019	Change
a) External revenue	4,533	4,575	-42
b) Internal revenue	325	476	-152
a+b Revenue	4,858	5,051	-194
c) External EBITDA	344	326	17
d) Internal EBITDA	39	16	22
c+d EBITDA	383	343	40
EBITDA / Revenue	7.9%	6.8%	
Net investments	-80	88	-168
Investment from all funding sources	519	611	-93

Highlights

A significant loss of revenue due to the pandemic.

Success of the TER de France operation carried out with the regions, offering two million TER tickets for less than €10 and a youth pass at €29s which was purchased by nearly 70,000 young people to discover France.

A transport plan defined in close coordination with the regional services throughout the health crisis.

Negotiations are still ongoing with the regions on dealing with the financial impact of the COVID-19 crisis.

2020 results

– Revenue

Revenue at TER was down €194 million, i.e.-3.8%, compared to 2019. This change is explained by the unfavourable impacts of COVID-19 (-€ 459 million), the strikes of January 2020 (-€64 million) and the partial repayment of furlough compensation to the regions (-€63 million). These impacts were partly offset by the counter-effect of the 2019 strikes (+€148 million), the transfer of the Normandy lines from Intercités to TER in 2020 and the development of the offer. Traffic revenues were down 28%.

– EBITDA

TER's EBITDA increased by €40 million (11.6%) between 2019 and 2020 with a COVID-19 impact of -€116 million, a 2020 strike impact of -€32 million, and conversely the counter-effect of the 2019 strikes for +€68 million, the favourable impact of the savings plan for +€72 million, as well as strong containment of production costs by activity.

– Net investments

The €168 million decline in TER net investments was due to a €52 million reduction in rolling stock acquisitions (purchase of new trains and renovation work) and a €41 million decrease in investments in fixed installations and IS. However, grants increased by €87 million and trade payables were reduced by €14 million.

– Investment from all funding sources

The volume of investment from all funding sources for the year (€519 million) was down €93 million. Rolling stock expenditure (purchase of new trains and renovation work) fell by €52 million. Expenditure for fixed installations and IS decreased by €41 million.

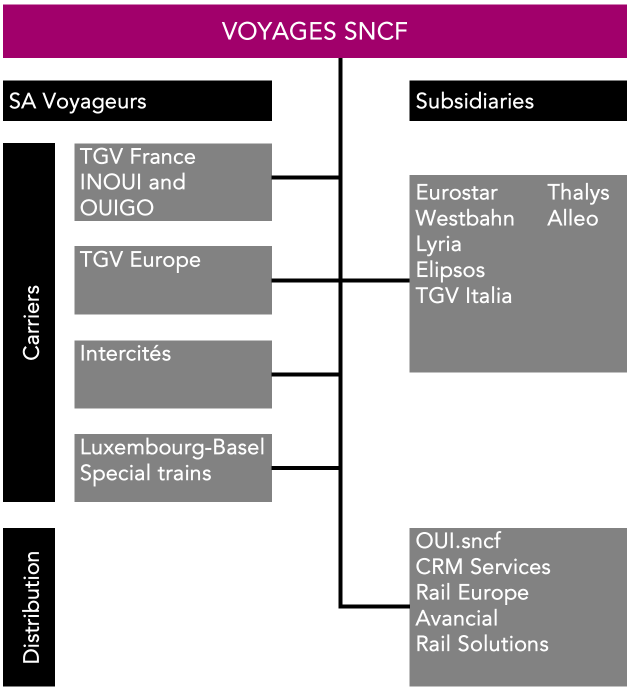
2021 outlook

– Continuation of the transformation plan through the TOUS SNCF TER programme (PlaneTER, OSCAR, offer engineering, finalised deployment of line management, etc.).

– A heavy work schedule on the seven work packages open to competition in the Sud, Grand-Est and Hauts-de-France regions as well as the renegotiation of agreements for those with a review clause.

– Negotiations with the organising authorities on dealing with the financial impacts of the health crisis will also continue in 2021.

2.5 VOYAGES SNCF



Voyages SNCF offers its customers:

– door-to-door passenger transport services in France and across Europe via SA Voyageurs (TGV, OUIgo, Intercités) and its subsidiaries (Eurostar, Thalys, Lyria, OUIgo España, etc.);

– distribution of travel-related products (including the subsidiary Oui.sncf).

In € millions	2020	2019	Change
a) External revenue	3,693	8,230	-4,537
b) Internal revenue	372	519	-146
a+b Revenue	4,066	8,749	-4,683
c) External EBITDA	-1,505	1,264	-2,769
d) Internal EBITDA	52	30	22
c+d EBITDA	-1,453	1,294	-2,747
EBITDA / Revenue	-35.7%	14.8%	
Net investments	386	688	-302
Investment from all funding sources	720	1,187	-467

Highlights

Voyages SNCF excluding Intercités

– The year 2020 was heavily marked by the health crisis, which severely hindered traffic, commercial revenues and therefore the financial balances of Voyages. The impact was even more marked for the international subsidiaries (Thalys and Eurostar), which were hard hit by health measures aimed at curbing cross-border mobility.

– Once train occupancy restrictions ended (June), the business recovery began through a policy of "generosity" on prices, continued price flexibility for customers and discount card promotions, which enabled the return of a higher-than-expected traffic momentum during the summer.

– The transport plan had to be adapted several times to take into account the low demand from professional and international customers, the November lockdown and the uncertainties weighing on the end of the year.

Intercités

For Intercities, the year 2020 was heavily impacted by the industrial action at the beginning of the year and the pandemic which led to a drop in traffic revenues of more than 50%. However, 2020 was also marked by:

– Completion of the transfer of Intercités lines to TER, with the final stage involving the Normandy lines on 1 January 2020. Intercités is thus refocusing on a scope of nine medium and long-distance lines (seven day and two night lines).

– Negotiation of additional coverage with the organising authority and a new stage in agreement negotiations as part of a one-year amendment to cover the year 2021.

– The commercial support plan accompanied by several specific action plans to reduce costs.

– Completion of the call for tenders for the future medium/long-distance multiple unit trains, with the signing of a financing agreement with the State for nearly €800 million.

– The call for tenders on the two Intercités Nantes-Lyon and Nantes-Bordeaux lines, which was cancelled by the Organising Authority due to lack of competition.

2020 results

– Revenue

Voyages SNCF revenue fell by €4,863 million (-53.5%). This declined was mainly due to:

- an unfavourable scope impact of -€28 million (see section 1.2 "Comparability of the financial statements").
- an unfavourable foreign exchange impact of -€6 million.

At constant scope and exchange rates, Voyages SNCF's revenue fell by -€4,649 million (-53.3%), due to the adverse impacts of COVID-19 (-€4,906 million), the strikes in January 2020 (-€143 million) and the counter-effect of the strikes in 2019 (+€348 million). Traffic revenues were down 56%.

Voyages (excluding subsidiaries and Intercités) reported a €3,127 million / -49% decrease in revenue, including a COVID-19 impact of -€3,381 million, a 2020 strike impact of -€121 million and a counter-effect of the 2019 strikes of €289 million. Traffic declined by 43% and traffic revenues were down 50%.

The first lockdown, from 16 March, led to a drastic reduction in the transport plan to 7% of the nominal programme in April. In July-August, the level of supply virtually returned to the nominal programme (95%) and the summer was temporarily marked by a clear improvement in the train occupancy rate with the partial return of Leisure customers, while the loss of Business customers remained very significant.

With the second lockdown from 28 October to 15 December, the transport plan was further reduced to 34% of the nominal programme in November.

The annual decline in traffic revenues was also due to lower train loads, a lower average basket size, and a growing share of OUIgo in the product mix.

Eurostar revenue was down €873 million / -75%, with a COVID-19 impact of -€1,005 million mitigated by the counter-effect of the "'work-to-rule strike" by French customs officials in 2019 and the creation of the new

Amsterdam-London route. Traffic declined by 78% and traffic revenue was down 75%.

Thalys reported a €360 million / -66% decrease in revenue, including a COVID-19 impact of -€371 million. Traffic fell by 68% and traffic revenue was down 71%.

The reduction in the revenue of other subsidiaries (-€182 million / -33%) was mainly due to the reduction in intra-group distribution fees (COVID-19 impact).

Intercités posted a €354 million / -46% decrease in revenue, including a COVID-19 impact of -€151 million, a 2020 strike impact of -€12 million, a counter-effect of the 2019 strikes of €33 million and an additional difference of -€224 million, mainly due to the transfer of the Normandy lines to TER. Traffic decreased by 60% and traffic revenue was down 67%.

– EBITDA

EBITDA declined by €2,747 million; at constant scope and exchange rates, it fell by €2,802 million, with a COVID-19 impact of -€3,511 million, a 2020 strike impact of -€104 million, a counter-effect of the 2019 strikes of €224 million and an additional €589 million difference due to the implementation of the savings plan (+€348 million).

Voyages (excluding subsidiaries and Intercités) posted a €1,976 million decline in EBITDA, with a COVID-19 impact of -€2,403 million and a 2020 strike impact of -€90 million. This was mitigated in particular by the savings plan relating to IT projects, overheads, research and communication costs (+€185 million), the counter-effect of the 2019 strikes (+€183 million), productivity gains (+€47 million) and the adaptation of the transport plan.

Eurostar EBITDA was down €531 million with a COVID-19 impact of -€676 million, mitigated by the implementation of the savings plan (+€87 million) and the counter-effect of the "work-to-rule strike" by French customs officials in 2019 (+€39 million).

Thalys reported a €195 million decrease in EBITDA, including a COVID-19 impact of -€243 million, partly mitigated by the savings plan (+€37 million).

EBITDA of the other subsidiaries was down €59 million. The impact of lower intra-group distribution fees received in connection with the COVID-19 impact (-€100 million) was mitigated by the savings plan (+€37 million).

Intercités reported a €34 million decrease in EBITDA, with a COVID-19 impact of -€88 million, a 2020 strike impact of -€6 million, a counter-effect of the 2019 strikes of €22 million, and a residual difference of €38 million relating in particular to the renegotiation of the agreement and the savings plan.

– Net investments

Net investments amounted to €386 million in 2020 compared with €688 million in 2019 due to lower acquisitions of rolling stock (new and refurbishment).

– Investment from all funding sources

The level of investment from all funding sources was €720 million in 2020 compared with €1,187 million in 2019 due to lower acquisitions of rolling stock (new and refurbishment).

2021 outlook

Voyages SNCF excluding Intercités

– After a particularly disrupted year in 2020, Voyages enters 2021 with very little visibility on traffic trends. The professional transport market is showing no signs of recovery in the short term. Leisure customers are far less proactive in anticipating their journeys and are highly volatile, depending on the health measures announced by the public authorities. For this reason, the forecasts are broken down into two periods:

- traffic momentum in the first half of 2021 similar to that observed in the last quarter of 2020 (business customers at -50% compared with 2019, and leisure customers at -25%);
- a more optimistic second half of the year, with a return of Leisure customers to the 2019 level, while the level of Business customers is expected to be between -10% and -15%;
- to limit the impacts of the crisis, Voyages is proposing a proactive action plan aimed at generating €740 million in cash savings, including adaptations to the transport plan.

– 2021 will also be marked by:

- the strategic project on the clarity and accessibility of the offer (EASY TGV programme), in order to meet new market demands;
- the arrival of competition (Trenitalia, Renfe);
- the effective launch of OUIgo España, a low-cost offer on the Spanish domestic market on 15 March 2021;
- the restructuring of Eurostar and Thalys, as part of Green Speed.

Intercités

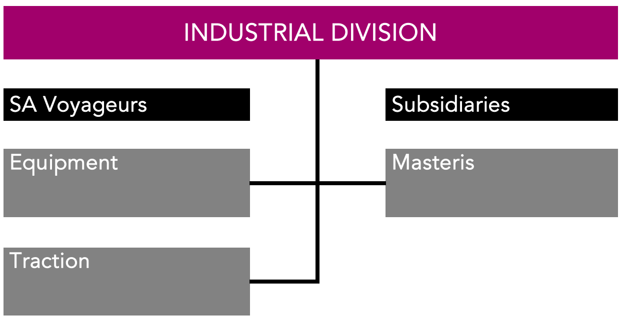
– The year 2021 will be marked by a particular economic context due to the uncertainties of the global health situation.

– Despite this context, Intercités is continuing its transformation to become a single institution and take over the direct management of its operational teams to become more efficient and responsive.

– As regards night-time services, the State announced its decision to relaunch the service to Nice (April 2021) and Pau-Tarbes (SA 2022).

– Work will begin on the negotiation of a new agreement post-2021.

2.6 INDUSTRIAL DIVISION



The Industrial Division coordinates all of the SNCF Group's other operations and business lines. It comprises Equipment, Traction, Rail Production, and their subsidiary Masteris.

In € millions	2020	2019	Change
a) External revenue	60	61	-1
b) Internal revenue	1,576	1,665	-89
a+b Revenue	1,636	1,727	-90
c) External EBITDA	43	95	-52
d) Internal EBITDA	29	22	7
c+d EBITDA	72	117	-45
EBITDA / Revenue	4.4%	6.8%	
Net investments	87	97	-9
Investment from all funding sources	88	102	-14

Highlights

A health crisis context which halted most Industrial Division production in the spring of 2020 and whose indirect impacts are still being felt at the year-end.

– Safety:

- Measures to reduce Remarkable Safety Events (RSE) maintained and showing positive results (1 Equipment RSE to date).
- The number of work accidents is below target (frequency rate of 8 compared to a target of 9), making the target of 5 in 2026 slightly more attainable.

– CSR:

- Significant progress in dismantling works which, despite the crisis, will be 90% completed (programme of 1,000 train cars, representing a strong increase compared to previous years).
- Deployment of the driver assistance tool (Opticonduite) to reduce energy consumption.

– Production:

- Operations to secure parts inventories at the end of 2019 and the decline in traffic due to the health crisis helped reduce downtime while waiting for parts (average of 28 to date compared with 46 in 2018).
- Industrial works: the spring lockdown halted parts repairs and the train transformation/modernisation lines. The post-health crisis period saw a significant upturn in activity, for a volume of approximately 80% to 90% of activity over the second part of the year. However, major delays on certain production lines (Wahou line for Transilien or Duplex for Voyages).

– Contribute to the success of the railway reform by reducing the cost of using equipment:

- Restructuring of locomotive and wagon maintenance sites (Avignon, Dunkirk, Chambéry in particular) to cope with a market downturn (Fret, Ermewa).
- New industrial facilities brought into service (Romilly, Vénissieux, Hellemmes), enabling industrial operations to be optimised.
- Continued roll-out of the factory of the future programme (automated management of part flows, tooling 4.0).
- Intensification of purchase savings by opening up tenders to new suppliers.
- Overhead cost savings programmes to help reduce the impact of strikes and COVID-19.

– Opening up to competition: major work carried out in 2020 with the transport regulatory authority (ART) in producing the 2021 tariffs to bring them into line with regulations

2020 results

– Revenue

The Industrial Division's 2020 revenues were down €90 million, i.e. -5.2% compared with 2019, with a COVID-19 impact of -€177 million, a 2020 strike impact of -€13 million, a counter-effect of the 2019 strikes of +€39 million, and a +€61 million increase generated mainly by the increase in prices for Equipment services in line with the ART recommendation (neutral price impact at Group level).

– EBITDA

Industrial Division EBITDA declined by €45 million between 2019 and 2020, with a COVID-19 impact of -€88 million, a 2020 strike impact of -€6 million and a counter-effect of the 2019 strikes of +€19 million. The balance of €30 million was due in particular to savings generated by the crisis plan (€36 million), the increase in prices for Equipment services (in line with the ART recommendation) and the change in the net impairment charge for inventories (net charge of €4 million in 2020 compared with a net reversal of €71 million in 2019).

– Net investments and investment from all funding sources

There was no material change in either net investments or investment from all funding sources during the period.

2021 outlook

– Safety:

- Electrical risk: 100% of the action plan applied by all entities.
- Continuation of measures aimed at reducing Remarkable Safety Events.
- Continued reduction in the number of work accidents to reach the frequency rates of the best industry standards: frequency rate of 8 in 2020 (target: from a rate of 11 in 2018 to a rate of 5 in 2026 for Equipment).

– CSR:

- Continuation of equipment dismantling work: 1,070 train cars in 2021 (current inventory of more than 4,200 train cars, 85 km of sidings).

– Production:

- Supply-chain: continued reduction in the amount of downtime while waiting for parts (less than 36 machines halted/day in 2021, i.e. -20 % compared to the 2020 objective).

– Contribute to reducing the cost of using equipment:

- Continued restructuring of the locomotive and wagon workshops.
- Continued roll-out of the performance plan: -€243 million by 2025 (2019 reference) with a crossing point of -€113 million by the end of 2021.
- Continued roll-out of the factory of the future programme (automated management of part flows, tooling 4.0).
- Continued deployment of predictive maintenance (CBM).
- Significant reduction in inventory levels (reaching €560 million at the end of 2021 vs. €647 million at the end of July 2020), provided there is no new health crisis.

- Maintenance of the crisis plan (ACE, FGA and investments), including a reduction in IT spending through strict arbitration (in line with the digital roadmap) and a reduction in support staff.

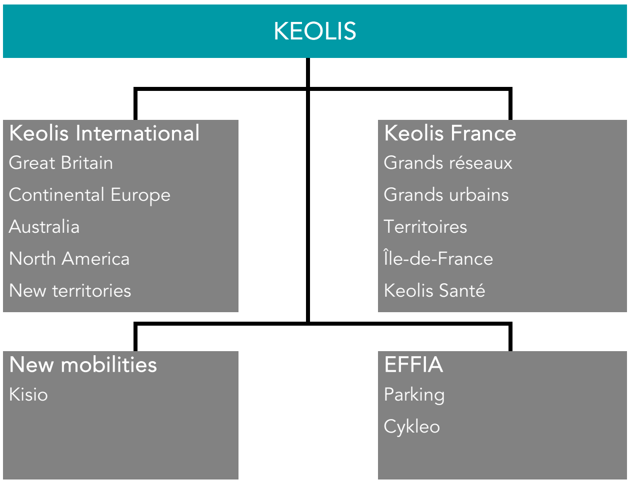
– Development challenges:

- OP'TER industrial programme (mid-life AGC and TER2N-NG): continued signing of agreements with the regions.
- Supply-chain and parts repair: contributing to winning tenders with TER.

– Opening to competition:

- Bringing internal and external invoicing into line with ORM and ART decisions.
- Measures to limit the current regulated scope (objective to exclude industrial maintenance and routine wagon maintenance).

2.7 KEOLIS



Keolis is a mass transit operator in sixteen countries worldwide. Its expertise covers all modes of transportation (train, bus, car, underground, tramway, ferries, bicycles), and parking management.

In € millions	2020	2019	Change
a) External revenue	5,982	6,475	-493
b) Internal revenue	111	118	-6
a+b Revenue	6,093	6,592	-499
c) External EBITDA	434	627	-193
d) Internal EBITDA	16	15	2
c+d EBITDA	450	641	-191
EBITDA / Revenue	7.4%	9.7%	
Net investments	219	287	-68
Investment from all funding sources	288	310	-21

Highlights

– France

- Numerous contract renewals and wins in urban (notably Dreux, Tarbes-Lourdes, Blois and Châtellerault) and interurban (Hérault, Bas-Rhin, Moselle, Oise, Gard, Pas-de-Calais, etc.) activities, representing a total annual revenue of €170 million.
- The year 2020 was strongly impacted by the COVID-19 epidemic, which directly affected all business lines linked to mobility and required constant responsiveness to adapt the transport offer, both in terms of operating levels and methods, in conjunction with the organising authorities.
- A significant decline in performance for all activities, particularly for activities not regulated by the organising authorities (tourism, occasional transport, airport services, etc.).
- Major contractual negotiations were conducted and are continuing with the organising authorities to mitigate the impact of this unpredictable external event, particularly on traffic revenues.
- Very significant savings plans have also been implemented.

– EFFIA

- The health crisis had a major impact on parking activity, with almost zero hourly traffic during the spring lockdown, followed by a moderate recovery before a relapse during the second lockdown. The decline in TGV use by business customers had a drastic impact in station car park revenues.
- Mitigation measures have been sought in savings plans and negotiations with delegating authorities to reduce the fixed portion of traffic charges.
- The acquisition of MyPark at the end of 2019 produced its full-year effect in 2020.

– International

- As in France, the COVID-19 crisis had a severe impact on international operations, particularly contracts exposed to revenue risk. However, the agreements negotiated with the organising authorities and the implementation of action and restructuring plans significantly limited the adverse impacts.
- Contract extensions totalling €700 million in annual revenue: rail contracts in Washington (Virginia Rail) and Boston (KCS), bus contract in Sweden and DRL and LSER franchises in the United Kingdom.
- Contract wins: Adelaide (rail) in Australia (€85 million in annual revenue), Denmark (A18), USA (notably Virginia and California).

– New Mobilities

- First full autonomy tests in progress and upgrading of supervisory/fleet management skills to run trains without an operator on board.

2020 results

– Revenue

Keolis 2020 revenue decreased by €499 million (-7.6%) compared to 2019. This was mainly due to:

– a favourable scope impact of +€65 million (see section 1.2, "Comparability of the financial statements");

– an unfavourable foreign exchange impact of -€35 million.

At constant scope and exchange rates, Keolis revenue fell by -€529 million (-8.0%). The COVID-19 impact was -€523 million. The balance of -€6 million was attributable for -€66 million to the France scope, mainly due to losses on the Angers and Brest contracts in 2019; this impact was partially offset by a €49 million improvement in the international scope, with revenue growth at Wales & Borders, the solid performance of KCS in the United States and increased activity in Melbourne, Australia.

– EBITDA

EBITDA at Keolis was down €191 million. At constant scope and exchange rates, EBITDA fell by €201 million, mainly due to the COVID-19 impact.

– Net investments

The net investments of Keolis declined by -€68 million compared to 2019. This was due, for -€45 million, to additional grants received, notably for Wales & Borders, and to lower investments, mainly for Keolis International and Effia.

– Investment from all funding sources

There was no significant change in the amount of investment from all funding sources.

2021 outlook

The year 2021 will be marked by great uncertainty surrounding the health situation for all Group activities.

– France

- Contractual negotiations will continue with the organising authorities to seek in particular to integrate the recurring impacts on revenues due to the COVID-19 crisis.
- A year of transition marked by the partial recovery of occasional interurban services and a partial recovery in Grands Réseaux et Urbains traffic as well as in Île-de-France.
- 2021 will also be a more intense year in terms of calls for tenders, particularly in Île-de-France with the opening up to competition of the Optile networks.
- Keolis Santé could benefit from a increase in the Social Security rates for medical transport.

– EFFIA

- A gradual recovery in car park use is expected in 2021, but in the ongoing difficult context of the health crisis.
- The rate of return of TGV business customers will be a decisive factor in the economic performance of station fleets.

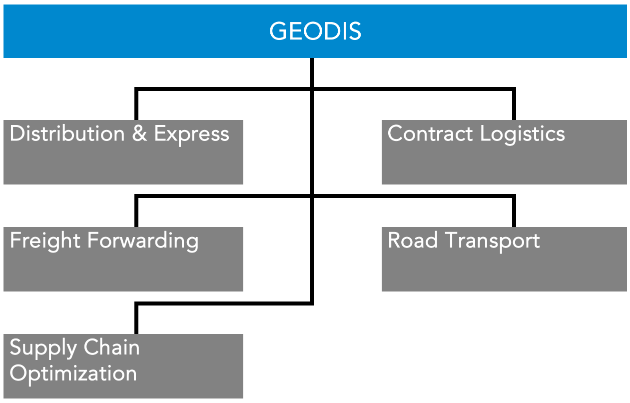
– International

- A COVID-19 impact that is still significant but will be limited thanks to the ongoing negotiations with the organising authorities in order to secure 2021.
- A year of transition in Wales with the government taking over Transport for Wales network operations (-€400 million in annual revenue) supported by a technical assistance partnership with KeolisAmey.
- Contract deployments are also expected with the start of the rail operation-maintenance contract in Adelaide in February 2021, and bus operations in Denmark with Movia A18 and Odensee in 2021.
- The United States will benefit from the bus contract wins at the end of 2020 (in Virginia and California) as well as the renewal of rail contracts in Boston (KCS) and Washington (Virginia Rail).

– New Mobilities

- Return to reasonable growth supported by a major productivity plan (€3 million).
- Kisio Digital: investment focused on the passenger information platform.
- Kisio E&C: continued investment in data services.

2.8 GEODIS



Geodis is a European operator with a global reach, offering management solutions across all or part of the logistics chain (Supply Chain Optimization, Air & Sea Freight Forwarding, Distribution & Express, Road Transport, Contract Logistics).

In € millions	2020	2019	Change
a) External revenue	8,260	8,072	188
b) Internal revenue	101	117	-16
a+b Revenue	8,361	8,188	173
c) External EBITDA	707	716	-8
d) Internal EBITDA	10	12	-1
c+d EBITDA	718	727	-10
EBITDA / Revenue	8.6%	8.9%	
Net investments	143	141	2
Investment from all funding sources	138	138	-0

Highlights

All Geodis business lines quickly rolled out action plans to limit the impact of the crisis (adaptation of operations, savings plans, increased controls over credit risk and debt collection) and develop offerings tailored to the exceptional situation:

–Geodis Freight Forwarding set up air charters from June to December to satisfy customer transport needs in a context of reduced air freight capacity.

–Contractual Logistics activities increased significantly during the year, driven by the high volumes in the US e-commerce market.

–Following the impact in the Spring of the coronavirus crisis, other activities recovered well in the second half of the year.

Overall, Geodis managed to reduce its debt and posted a record second half-year, offsetting the first-half decline.

2020 results

– Revenue

Geodis' 2020 revenue increased by €173 million (2.1%) compared to 2019. It was affected by:

- a scope impact of -€44 million (see section 1.2 "Comparability of the financial statements");
- an exchange rate impact of -€152 million.

At constant scope and exchange rates, revenue was up 4.5% (+€368 million). Revenue surpassed the 2019 level, driven by the solid momentum of Contract Logistics

(United States, Italy and France in the fourth quarter) and Freight Forwarding which, in addition to the introduction of a dedicated charter offer, benefited from favourable price impacts on air freight.

– EBITDA

EBITDA fell by €10 million.

At constant scope and exchange rates, it increased by €5 million.

The COVID-19 impact was offset by the adaptation of operations, strong growth in Contract Logistics, the favourable price impact on Air Freight and the implementation of cost-cutting plans across all business lines (+€87 million).

– Net investments and investment from all funding sources

There was no material change in either net investments or investment from all funding sources during the period.

2021 outlook

A global economic environment in keeping with the end of 2020, with a turnaround in GDP compared to 2020, but remaining lower than in 2019 in most countries (except China).

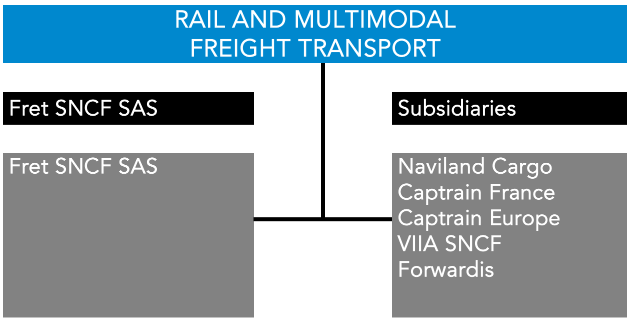
– Assumptions & issues:

- Contrasted assumptions depending on the business lines: volume gains in certain activities (Contract Logistics, benefiting in particular from the e-commerce momentum, Distribution & Express and Sea Freight), but a more difficult recovery in volumes for Road Transport and Air Freight, the latter nevertheless benefiting from high prices.
- Improvement in EBITDA based on revenue growth and productivity gains in the various business lines.

– Financial objectives:

- In 2021, Geodis forecasts growth in revenue and EBITDA compared with 2019, the pre-crisis reference year, while continuing to reduce its debt.

2.9 RAIL AND MULTIMODAL FREIGHT TRANSPORT (TFMM)



TFMM brings together the activities of rail freight companies, combined transport operators and freight forwarders through several companies (Fret SNCF SAS, Captrain France, Naviland Cargo, Captrain Europe, Forwardis and VIIA SNCF).

In € millions	2020	2019	Change
a) External revenue	1,361	1,531	-170
b) Internal revenue	102	125	-23
a+b Revenue	1,463	1,656	-193
c) External EBITDA	17	-41	58
d) Internal EBITDA	59	65	-6
c+d EBITDA	76	24	52
EBITDA / Revenue	5.2%	1.5%	
Net investments	55	52	4
Investment from all funding sources	58	52	6

Highlights

The year 2020 will continue to be marked by a significant economic slowdown in European countries. In Germany and France, the steel and automobile industries were hard hit. In France, poor beet and cereal harvests accentuated the fall in demand. TFMM made a concerted effort to meet all freight transport requests in France and Europe and ensure supply for essential sectors.

Transport plans, at a level of 60% to 70% during the first lockdown, made it possible to meet a significantly reduced demand in most European countries. The summer saw demand gradually increase to almost 80% of its nominal programme for Fret SNCF from September and 100% for combined transport and rail motorways.

New contracts/flows and tenders were won independently or in collaboration with subsidiaries depending on their location, which will have a full-year impact in 2021.

Finally, rail motorways, which were initially heavily impacted by the crisis, succeeded in massifying the Bettembourg - Le Boulou line by eliminating the Bettembourg - Barcelona flow to achieve loading rates of 95%, which allowed the reopening of the Calais - Orbassano line in cooperation with the AFA.

2020 results

– Revenue

TFMM revenue for 2020 was down €193 million (-11.6%) compared to 2019. It was affected by:

- a scope impact of +€6 million (see section 1.2, "Comparability of the financial statements");
- an exchange rate impact of -€1 million.

At constant scope and exchange rates, revenue declined by 11.9% (-€198 million). The COVID-19 impact amounted to-€216 million and the net impact of the strikes in 2019 and 2020 was +€22 million.

– EBITDA

EBITDA rose by €52 million.

The COVID-19 impact amounted to -€122 million and the net impact of the 2019/2020 strikes was +€17 million. The residual difference of €157 million was attributable in particular to the performance plan for €41 million, savings plans for €33 million, toll subsidies for €33 million and a streamlining of production costs (including subcontracting for €41 million and the closure of loss-making VIIA lines).

– Net investments and investment from all funding sources

There was no material change in either net investments or investment from all funding sources during the period.

2021 outlook

TFMM is planning a new legal organisation of the SNCF Rail Logistics scope for 2021 based on four business lines: Rail Motorways, Combined, Rail Transport (including Fret SNCF) and Freight Forwarders.

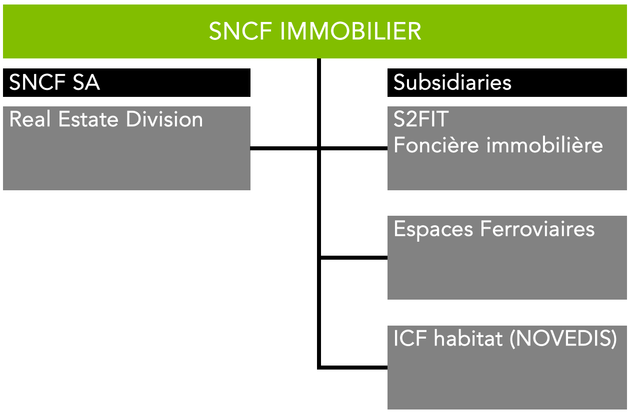
TFMM will therefore face a double challenge. While the SNCF Rail Logistics entities will use cross-selling and RCG partnerships to consolidate their position as key players in Europe and regain the level of activity and profitability of the strategic plan in 2022-2023, Fret SNCF will experience a pivotal year with its Fret 2025 project.

In particular, 2021 should mark a turning point for Fret SNCF, with a commercial approach based on Capacity Management, the saturation of which will be encouraged by a fair sharing of its performance gains between improving its profitability and shippers with (i) a reduction in structural costs, (ii) subsidies received, (iii) a qualitative leap in train paths due to the recovery plan, (iv) the beginning of a return to calm in the social climate as a result of a proactive social strategy.

In 2021, the rail recovery plan will give rise to a 50% reduction in the traffic charge for rail freight companies, aid for single wagons and an increase in aid for combined transport services.

2021 should consolidate SNCF TFMM's long-term positioning as the second largest sector player in Europe.

2.10 SNCF IMMOBILIER



SNCF Immobilier acts as agent or service provider for the other SNCF business lines in four main areas:

– Managing real estate used in operations (including master plans to optimise real estate assets, the construction and refurbishment of buildings, and managing leased properties);

– Monetising assets not required for railway operations;

– Managing the working environment in key office premises;

– Managing residential properties through the ICF Habitat group, a subsidiary of SNCF SA.

In € millions	2020	2019	Change
a) External revenue	56	43	13
b) Internal revenue	590	492	98
a+b Revenue	645	534	111
c) External EBITDA	204	203	1
d) Internal EBITDA	2	-0	2
c+d EBITDA	206	203	3
EBITDA / Revenue	31.9%	37.9%	
Net investments	5	28	-24
Investment from all funding sources	2	19	-17

Highlights

Real estate strategy:

– Relocation of the Equinoxe (18,000 m^2 for SNCF Réseau) and Innovia (16,000 m^2 for the IT Department) buildings to Saint-Denis Rimbaud.

– Inauguration of the Hellemmes Technicentre (28,000 m^2), specialising in mid-life TGV and Cross-Channel operations.

– Signature of an off-plan lease for a surface area of 30,000 m^2 in Saint-Denis.

– The foundation stone of the future SNCF Réseau Bordeaux-Bègles training campus was laid on 22 September 2020.

Urban development:

– Sale of the SNCF Réseau Gares des Mines site to Paris City Council for €42.5 million.

– SNEF: signature of a promise to sell Lot I at La Chapelle International for €12 million.

– On 17 December, SNCF Immobilier and the EPFIF (Île-de-France public land institution) signed a promise to sell: the transaction for €72 million concerns 16 hectares of land in Pantin along the RER D lines, on the perimeter of the former freight station in the Quatre-Chemins district.

– Signature of the agreement with the Nantes City Council for the transfer of 15 hectares (Nantes University Hospital), with a commitment from the local authority to contribute more than €100 million for the reconstruction of SNCF Réseau and Fret facilities in Nantes.

– Signature of a memorandum of understanding for a partnership with Strasbourg City Council, opening up approximately 30 hectares for monetisation.

– In September, SNCF Immobilier, on behalf of the owner SA and Europolia, the local public development company for the City of Toulouse, signed a land agreement for the sale of land (4.8 ha) owned by the Group near Toulouse Matabiau station.

– Monetisation of land: reopening of discussions with Paris, Lyon, Strasbourg, Bordeaux, Marseille, Rennes.

Housing

– The rehabilitation project for the railway town of Chelles (77) won an award at the BIM d'Or ceremony on 21 September 2020, demonstrating the importance of the digital model in renovation.

2020 results

– Revenue

Between 2019 and 2020, SNCF Immobilier's revenue increased by €111 million, i.e. +20.7%.

– EBITDA

EBITDA stood at €206 million in 2020, compared to €203 million in 2019, i.e. +1.5%.

– Net investments and investment from all funding sources

There were no material amounts of net investments or investment from all funding sources.

2021 outlook

Real estate strategy:

– Impact of the investments on SNCF Réseau training centres (Bordeaux, Lyon and Nanterre) for around €65 million.

– Continuation of the equipment master plan phase 1 (roll-out by the end of 2023) with the implementation of extensive rehabilitation or new construction operations for the Tergnier, Bischheim, Quatre-Mares, Saintes and Périgueux sites (€26 million).

– Programme to improve working conditions on behalf of SNCF Réseau, several hundred projects totalling €15 million.

Urban renewal:

– Upgrading work for around €60 million, of which €7 million mainly at Gare de Lyon - Daumesnil and Toulouse Tri Postal.

– Sale of assets from SNCF to SNEF for €39 million for urban renewal projects on Hebert land (Paris Nord Est).

Working environment

– The operation of the future Réseau campuses will be the 1st Full FM contract to be implemented by SNCF Immobilier.

Housing

– In the midst of the health crisis, our subsidiary ICF Habitat announced a vast €4.5 billion recovery plan.

3. INVESTMENTS AND NET DEBT

3.1 INVESTMENTS

In € millions	2020	2019	Change	
Investment from all funding sources	-8,932	-10,013	1,081	-11%
Disposals	137	350	-213	-61%
Investments, net of disposals	-8,795	-9,663	1,294	-13%

The level of investment from all funding sources, down €1,081 million compared to 2019, stood at -€8,932 million in 2020. The volume of investments during the year was mainly impacted by the health crisis and delayed rolling stock deliveries.

Disposals were €213 million lower than in 2019; disposals during the financial year consisted mainly of real estate assets.

3.2 GROUP NET DEBT

In € millions	31 December 2020	31 December 2019	Change
Non-current debt	76,196	68,105	8,091
Non-current receivable	-33,490	-6,380	-27,111
Net non-current debt used to calculate net debt	42,706	61,726	-19,020
Current debt	8,240	9,132	-891
Current receivable	-12,798	-10,576	-2,222
Net current debt used to calculate net debt	-4,558	-1,444	-3,113
Net debt	38,148	60,281	-22,133
Net debt / EBITDA	19.7	10.7	
Gearing (Net debt / Equity)	3.0	-7.0	

Net debt amounted to €38,148 million as at 31 December 2020, for a gearing (net debt / equity) of 3.0 (compared with -7.0 as at 31 December 2019). The ratio of net debt to EBITDA (on a twelve months rolling basis) increased from 10.7 as at 31 December 2019 to 19.7 as at 31 December 2020.

Net debt was impacted by the following movements in 2020:

Opening net debt	60,281
Cash from operations	-856
Net investments	3,667
Disposals	-137
Dividends received from companies accounted for by the equity method	-17
Repayments of lease liabilities and related interest	962
Scope transactions	1
Change in operating WCR	-984
Dividends paid	4,825
Changes in fair value/amortised cost, translation differences	317
Change in tax WCR	202
Assumption of SNCF Réseau debt by the State	-25,000
SNCF SA capital increase	-4,050
Proposed disposal of the Ermewa group - application of IFRS 5	-1,073
Other	9
Closing net debt	38,148

3.3 FUNDING SOURCES AND DEBT MANAGEMENT

Non-current debt increased by €8,091 million and current debt decreased by €891 million.

The main reasons for those movements were:

– a new financial grant of €6,132 million, linked to the assumption by the State of €25,000 million of the debt carried by SNCF Réseau (see Note 2.1 to the consolidated financial statements);

– the increase in bonds less issue premiums for €6,277 million;

– €971 million in borrowings from credit institutions, net of issue premiums;

– the repayment of bonds for €4,129 million;

– the reclassification of the Ermewa group's debt under liabilities associated with assets classified as held for sale for €1,116 million;

– the repayment of loans from credit institutions for €440 million.

The non-current and current receivables increased by €27,111 million and €2,222 million, respectively.

The main reasons for these movements were:

– a new receivable of €31,132 million from the Public Debt Fund (CDP), linked to the assumption by the State of €25,000 million of the debt carried by SNCF Réseau (see Note 2.1 to the consolidated financial statements);

– the increase in deposits paid for €860 million;

– the repayment of the CDP debt for €2,548 million.

The SNCF Group's long-term debt was rated as follows by the main rating agencies:

	Long-term rating	Outlook	Date of the report
Standard & Poor's	AA-	Negative	21-Oct-20
Moody's	Aa3	Stable	20-Oct-20
Fitch Ratings	A+	Negative	22-May-20

On 7 July 2020, Standard & Poor's Global Ratings downgraded the outlook for its AA-rating from Stable to Watch Negative, reflecting the consequences of the COVID-19 crisis for the Group.

3.4 EXPOSURE OF THE GROUP TO MARKET RISKS AND USE OF FINANCIAL INSTRUMENTS

Market risk management is subject to a general framework approved by the Group's Board of Directors.

Details of the strategy implemented are described in the Capital and financing note to the consolidated financial statements.

4. ACQUISITIONS OF EQUITY INVESTMENTS

No material equity investments were performed during the financial year 2020.

5. FINANCIAL RELATIONS WITH THE STATE AND LOCAL AUTHORITIES

SNCF receives:

– network investment grants,

– public service orders (as is the case with any public service agent or supplier to the French State and local authorities) in a monopoly legislative and regulatory framework,

– operating and investment grants received mainly for Transilien, TER and Intercités operations.

5.1 PUBLIC SERVICE ORDERS

The table below shows revenue generated by SNCF Voyageurs SA and SNCF Réseau SA with the French regional authorities, Île-de-France Mobilités and the State:

In € millions	2020	2019	Change
Compensation for regional rates	22	27	-5
Services for the Organising Authorities (Regions and Île-de-France Mobilités)	6,483	5,201	1,282
Socially-motivated prices	13	9	4
Defence	93	146	-53
Trains d'Equilibre du Territoire (TET)	173	185	-12
TER and TET access fees	1,910	1,860	50
Total	8,693	7,428	1,265

5.2 GRANTS AND PUBLIC FUNDING RECEIVED FROM THE FRENCH STATE AND OTHER PUBLIC BODIES

Public funding granted to the Group by the French State and government authorities are presented in the following table:

In € millions	2020	2019	Change
Operating grants	159	149	10
Cash inflows from concession financial assets	1,863	1,508	356
Investment grants relating to intangible assets and PP&E (1)	3,319	3,120	199
Freight business rate compensation	124	81	43
Trains d'Equilibre du Territoire (TET)	173	185	-12
Total	5,640	5,043	596

(1) See Note 4.2 to the consolidated financial statements.

With respect to its network investments, SNCF Réseau receives co-financing from public and private partners. Public partners include the Agence de financement des infrastructures de transport de France (AFITF) or other regional authorities.

SNCF Voyageurs and Keolis receive investment grants in the form of third-party financing, primarily from local authorities, particularly for rolling stock.

In accordance with IFRIC 12, grants received as part of a concession are presented in the statement of financial position as a deduction from intangible assets or financial assets, according to the applicable model, following the analysis of each concession agreement. With regard to concession financial assets, the grants received are considered as a means of reimbursing such assets.

Investment grants received are deducted from intangible assets and property, plant and equipment in the balance sheet. In the income statement, they are recorded in operating profit or loss (as a deduction from depreciation and amortisation) according to the estimated economic life of the corresponding assets.

Freight business rate compensation is paid to cover the marginal cost of freight traffic, in addition to fees paid by freight companies.

6. EMPLOYEE MATTERS

6.1 WORKFORCE

	31 December 2020	31 December 2019	Change vs 31/12/2019		Change at constant scope	
SNCF Réseau	57,603	58,036	-0.7%	-433	-0.7%	-433
SNCF Gares & Connexions	4,937	4,040	+22.2%	897	+22.2%	897
Transilien	14,458	14,766	-2.1%	-308	-2.1%	-308
TER	28,440	28,420	+0.1%	21	+0.1%	21
Voyages SNCF	23,445	25,373	-7.6%	-1,928	-7.6%	-1,928
Industrial Division	10,972	10,947	+0.2%	25	+0.2%	25
Passengers - other	466	62	+657.9%	405	+724.5%	446
Keolis	68,833	70,632	-2.5%	-1,799	-2.5%	-1,799
Geodis	41,038	41,073	-0.1%	-35	-0.1%	-35
TFMM (train/multi-modal freight transport)	9,443	10,218	-7.6%	-776	-7.6%	-776
Freight & Logistics - Other	786	768	+2.4%	18	-0.7%	-6
SNCF Immobilier	1,585	1,034	+53.3%	551	+53.3%	551
Corporate	9,504	10,982	-13.5%	-1,479	-13.5%	-1,479
TOTAL	271,509	276,350	-1.8%	-4,841	-1.7%	-4,824

6.2 PRINCIPAL AGREEMENTS SIGNED IN 2020

An agreement on social unity and the development of social dialogue within the scope of the five SNCF companies was signed on 29 October 2020.

RISK MANAGEMENT AND INTERNAL CONTROL

The SNCF Group wishes to have a clear vision of the risks to which it is exposed and implement measures that contribute to the control of its activities, the effectiveness of its operations and the efficient use of its resources, in order to secure its decisions and strengthen its ability to create value.

Risk management and internal control are complementary to preventing and controlling these uncertainties.

The overall organisation of the Group's risk management and internal control system is based on a "three lines of defence" governance model.

Entity operational management is the first line of defence. It defines and implements a control system encompassing the processes under its responsibility.

SA functional managers form the second line of defence, performing a support and management role. They also bring their expertise to the operational departments, promoting exchanges and the sharing of best practices. They contribute to the structuring and coordination of the control system.

On the third line of defence, internal audit provides an independent assessment of the risk control level and the robustness of internal control.

Each SA is responsible for risk management and internal control within its scope, including its subsidiaries.

The risk management process is led and steered within the Group by the Risk Management Department, part of the Audit, Risks, Safety and Security Department (DAR2S).

Internal control within the Group is led and steered by the Internal Control Department, which is part of the Group's Finance Department.

The Group's Internal Audit Department, part of the Audit, Risks, Safety and Security Department (DAR2S), provides the third line of defence, through the performance of internal audit assignments.

1. SNCF GROUP RISK MANAGEMENT

For the SNCF Group, a risk is defined as "any event likely to have a negative impact on the achievement of a company's objectives, assets, reputation, people or the environment". This definition includes both internal and external risks.

After identifying and assessing the risks, risk management consists in carrying out priority actions to improve control and reduce or maintain the likelihood of these risks occurring at an acceptable level of probability and impact. It is up to corporate governance to express its risk appetite, i.e. the type and level of risk it is prepared to take with regard to its strategy. The level of risk appetite expressed determines the allocation of resources and the expected return.

SNCF's risk management system is based on the main French and international standards: FERMA risk management reference framework, ISO 31000 standard and the 2010 AMF recommendations.

The SNCF Group has set itself the objective of making the risk-based approach an integral part of the Group's culture and gradually embedding it in the company's processes (strategic plan, project management, etc.).

To consolidate its risks, the company relies on a two-fold approach:

– A "top down" vision through regular meetings with the Chairmen of the SAs and members of the Executive Committees.

– A "bottom up" vision through several levels of mapping in the company, which updates the Group's mapping (3 levels of mapping: Group - level 1, SAs - level 2, Business lines - level 3).

The common methodology deployed within the Group is seen from a dynamic perspective, organised into 4 stages:

– The identification of an entity's risks through individual or collective interviews to collect all the risks for a scope and document them (maximum credible scenario(s), causes, consequences, link with the strategic project, existing control system to manage the risk).

– Risk assessment using a classic method: assessment of the impact, probability and margin for improvement on risk control, to obtain a hierarchical view of the risks in relation to each other.

– Risk treatment:

- Designation for each risk of a Sponsor, a member of the company's Executive Committee. He may appoint an operational pilot (person reporting directly to the Executive Committee member) to carry out the work of bringing risks under control,
- Decision on the orientations of the action plan to improve risk control (prevention, protection, transfer measures, etc.), monitoring of action plan progress, and possible escalation of alerts to the highest level of the company.

– Planned annual risk review to:

- Verify the deployment of action plans and ensure their effectiveness.
- Update the mapping with regard to changes in the context, organisation or progress of action plans (reassessment of risks, elimination of risks, addition of new risks).

The collective questioning around these 4 steps is a real opportunity for managerial alignment to identify short and medium-term priorities.

A company cannot progress without taking risks, but it must have the capacity to make educated, arbitrated and well-informed decisions, minimising as far as possible the element of hazard and uncertainty. The SNCF Group applies the principle of risk appetite when deploying its services.

1.1 RISKS RELATED TO SAFETY AND SECURITY

1.1.1 SAFETY

1.1.1.1 Risk description

The SNCF group is recognised for its excellence in terms of safety of people and traffic. The expectations of our customers in this area are very high. Safety is inherent in all the SNCF Group's activities and the safety culture is deeply rooted in all business lines. Very significant resources are implemented to ensure this safety. Nevertheless, it is not possible to completely rule out the risk of a railway accident or a major industrial accident.

The Group respects and values the regulatory obligations defined by the States where it conducts its activities. The regulatory framework in France is largely based on the French Transport Code, as well as Law 2006-10 of 5 January 2006, which transposes European directives into French law. It also includes Decree 2006-369 of 28 March 2006 relating to the mandates and by-laws of the EPSF and Decree 2006-1279 of 19 October 2006, relating to rail traffic safety and rail system interoperability, amended by the Decrees 2010-814 of 13 July 2010, 2014-121 of 11 February 2014, 2015-143 of 10 February 2015, 2015-960 of 30 July 2015 and 2015-1757 of 24 December 2015.

1.1.1.2 Main control systems

Launched in 2016, the PRISME (Pro-activity - Risks - Interfaces - Simplification - Management - Equipment) safety management transformation programme made it possible to reduce the number of remarkable safety events in the scope of the former public railway group by 50%. Actions, analytical methods, as well as the implementation of preventive measures, have made it possible to initiate an essential shift to ensure the safety of the company's employees and customers. Examples include raising awareness on the importance of considering organisational and human factors (OHF) and training 8,000 managers, the "Rules that save" deployed in all entities, risk analysis using the "butterfly-loops" method, etc.

Stage 2 of PRISME started in 2020 and aims to establish a participatory, proactive and integrated safety culture on a long-term basis.

It is based on six priorities:

– Support projects throughout their life cycle (design, deployment, embedding of practices, measurement).

– Give Occupational Health and Safety a weight equivalent to that of Railway Operating Safety by developing common methods and tools (quality and sharing of feedback, analysis of risk situations, sharing of best practices, etc.).

– Extend the consideration of Organisational and Human Factors to the "O" of organisation, to reduce exposure to risks and make human action more reliable.

– Mobilise Safety leadership: PRISME must give leaders and managers the means and tools to better understand the role of safety in their daily decisions. This is achieved through the support of safety specialists and training courses.

– Encourage and welcome, particularly through the Fair and Equitable approach, the individual and collective participation essential to improving operator safety.

– Develop risk awareness and risk management at all levels of the company.

1.1.2 SECURITY

1.1.2.1 Risk description

The SNCF Group places the security of goods and people at the heart of its concerns. Public facilities and the railway network are open spaces that cannot always be secured in their entirety.

In 2020, the terrorist threat did not ease in France and internationally and the potential modi operandi have become even more diversified. Stations and trains can be a prime target for attack in this respect.

1.1.2.2 Main control systems

The approach to this systemic risk, which depends on strong external factors, is transversal to the Group. The company works very closely with the public authorities on the subject of terrorist threats.

The Group is proactive in terms of researching and testing prevention solutions and implements actions to better detect the threat on its rights-of-way ("Agissons sûreté", armed General Security officers in civilian clothes, cooperation with the Gendarmerie Nationale, canine explosive detection teams, video protection, video patrol, detection algorithms, etc.).

1.2 RISKS RELATED TO INFORMATION SYSTEMS

1.2.1 Risk description

The activities of the SNCF group have been gradually digitised over the years and the company has become a major player in the digital world. The acceleration of the company's digital transformation has undeniably created performance levers and opportunities, but this has been accompanied by the growing dependence of the Group's business lines and activities on information systems, which accentuate the impacts of a major system failure on the operational production of the company.

2020 has seen an increase in the number of cyber-attacks against businesses. No sectors were spared (industry, finance, government authorities, hospitals, etc.) and the risk of a cessation of activity due to a cyber-attack is now high.

The unavailability of our information systems can also be caused by a production incident due to an internal failure, the loss of a datacenter or the failure of a telecom operator.

The company is carrying out ambitious projects to develop new information systems (production, distribution, passenger information, HR) that will lead to very significant leaps in performance. Nevertheless, the risk of a lack of control over these major projects cannot be ruled out, which could lead to a drift in costs and the temporary unavailability or under-efficiency of certain information systems.

1.2.2 Main control systems

The SNCF Group is collectively engaged at the highest level in cyber security through its ISS (Information Systems Security) management committee, which is regularly informed of the situation regarding these risks and which guides the major projects related to this issue through a multi-year ISS master plan updated annually. This master plan emphasises risk-based management based on a principle of continuous improvement, anticipation of threats and changes in the ISS business line according to the transformation of SNCF's business lines and compliance with laws and regulations.

An internal entity specialising in cyber security carries out technical tests to ensure that applications comply with current legislation and that the operational rules for protecting information systems within the Group's scope are effective. The differences observed are reported and give rise to corrective action plans.

In parallel and because human behaviour is central to the company's IS protection, awareness-raising actions for users and project managers are conducted so that cyber security best practices are widely communicated and individual vigilance becomes a daily reality.

Major Technical Migration projects are designed to remedy priority obsolescence by migrating part of the IS to the cloud and renewing our datacentres.

In terms of project management, the project validation and monitoring committees ensure that the Group's IS urban planning policy is properly applied.

IT Recovery Plans and Business Continuity Plans are drawn up and tested as part of regular crisis exercises so that managers and operational staff can acquire the right reflexes.

1.3 RISKS RELATED TO NON-COMPLIANCE

1.3.1 Risk description

The SNCF Group has identified several types of Non-Compliance risks for which a French or foreign supervisory authority could sanction the absence of internal measures designed to prevent them. These include the risk of corruption and influence peddling, and the risk of non-compliance with the GDPR (General Data Protection Regulation).

1.3.2 Main control systems

Each of these risks is the subject of written action plans to improve their control and guarantee the traceability and auditability of the compliance system.

Among the main control systems in place in 2020 for the risk of corruption and influence peddling are the deployment of more than 100 risk maps consolidated and validated on 3 levels, according to a method common to the entire SNCF Group. These maps make it possible to detect the most fragile processes and prioritise the remedial actions to be implemented. The pillars of the Sapin 2 Law are therefore the subject of joint work within the SNCF Group, with a constant concern for continuous improvement.

1.4 RISKS RELATED TO THE ECONOMIC ENVIRONMENT AND MARKETS

1.4.1 Risk description

The crisis linked to the global COVID 19 pandemic has had a major impact on all our activities (passenger and freight transport, maintenance and works, station activities). There has been a massive drop in the number of passengers on our trains, stations and buses during the various lockdown phases. The transport of goods by rail and road remained at a satisfactory level during this period (the development of e-commerce linked to lockdown and new logistics needs boosted road transport).

The mobility of our passenger customers will certainly continue to evolve with a health crisis, whose duration is unpredictable (development of working from home, environmental awareness, fear of public transport, etc.). There is a risk of lasting revenue loss for passenger activities and a risk of loss of toll revenue for Réseau. The long-term risk would be a loss for railways due to a disaffection of customers for the train and the lack of investment in Réseau.

At the same time, the arrival of competitors in the open access business and the activities covered by the agreements could reduce the SNCF Group's market share, depriving it of part of its revenue.

The business models of our various activities, which are largely made up of fixed costs, are therefore challenged.

1.4.2 Main control systems

The Passenger, Freight and Network businesses are deploying ambitious performance plans aimed at reducing their costs through better use of their assets, a more selective investment policy and the overhaul of processes based on the principles of operational excellence.

The Group is demonstrating a very dynamic commercial policy thanks to the introduction of new offers, loyalty programmes, international development and the simplification of its price lists.

1.5 HUMAN RISKS

1.5.1 Risk description

At Group level, the trajectory of job and skills development is subject to shared vigilance, given the risk of a lack (qualitative or quantitative) of competent resources - particularly in certain professions under stress, or of an imbalance between available skills and the needs of the company in the regions.

The health crisis, and its economic impact, accentuates the social risks linked to the management of transformations (performance plans, etc.) and changes in the workforce, requiring enhanced anticipation and support.

Finally, with the extensive transformation of the 5 SNCF companies, the risk of employee disengagement is being monitored by the management bodies.

1.5.2 Main control systems

The regular sharing of employment and resource trajectories, in line with the SNCF companies' strategic plans, and the enhanced measures to support transformations (assessment of social and economic impacts, etc.) reinforce the actions taken to control the risks identified.

Employee commitment is one of the cornerstones of the Tous SNCF corporate project, which is the subject of action plans integrated within entity projects.

The mobilisation shared with managers as part of the corporate project and the operational deployment of the Solidarité Emploi programme, contributing to the People pillar, the Group's fourth "fundamental" pillar, with the implementation of a regional employment management system in 2020, strengthen the control of these risks.

The results of employee surveys (AMPLI, ALLURE) conducted at the end of 2020 show an increase in employee commitment.

1.6 CSR RISKS

1.6.1 Risk description

SNCF places its corporate social responsibility at the heart of its raison d'être and strategy. It believes that businesses have a critical role to play and a responsibility to fulfil in contributing to the achievement of the UN's sustainable development goals. SNCF must comply with increasingly stringent environmental and societal rules. It also makes more ambitious voluntary commitments that it must also respect. Despite the importance attached to corporate social responsibility, SNCF is not immune to incidents with a serious impact on the environment, nor to practices that impact the basic freedom of employees or third parties (customers, suppliers, subcontractors, the public, etc.), resulting in excess costs and a negative media impact.

Furthermore, SNCF is already having to deal with the consequences of climate change on its activities. This is illustrated by the damage caused on infrastructures (asset impairment, track deterioration, etc.), equipment (breakdowns, accelerated obsolescence, etc.), and results in a decline in service quality (delays, temporary cessation of activity). These events have financial impacts and affect customer satisfaction. Beyond the impact on SNCF's operations, these events could have a knock-on effect on the regions, with significant socio-economic impacts.

1.6.2 Main control systems

SNCF is making its CSR strategy a lever for overall performance, competitiveness and attractiveness. Within this framework, actions to improve risk management have been launched.

To reduce environmental risks, roles and responsibilities are defined with a common reference framework. Regulatory monitoring is organised, ISO 14001 certification of the most at-risk sites is implemented and an environmental performance self-assessment system is in place for the other sites. Finally, there is an environmental training system, adapted to the different business lines. In addition, a strategic energy council, made up of the directors of the group's various companies, was set up in 2020 to define objectives and trajectories and monitor the results of programmes such as eco-driving, eco-parking, decarbonisation of rolling stock, etc.

In response to social risks, SNCF has set up charters formalising the Group's commitments, as well as the principles of action to be adopted by each employee: ethics charter, CSR supplier charter, diversity/gender balance charter. In addition, a professional whistleblowing system enables all employees employed on French territory to report facts or behaviour that are contrary to the law or regulations or likely to affect the company's activity or reputation.

To reduce infrastructure, station and rolling stock vulnerability – and boost their resilience to external pressures – the inclusion of climate risk in technical choices is now decisive for the company’s future performance as the commitment is for several decades due to the lifespan of the investments. Studies were conducted to better understand the climate change mechanisms and the impact on railway operations and incorporate this knowledge into the operating frameworks and processes of the company, as well as into its action plans.

2. FINANCIAL RISKS

Since 1 January 2020, the management of financial risks in the Group is strictly governed by the "Financial risk management framework", a document approved by the SNCF SA Board of Directors. It defines the methods for managing financial risks and specifies the instruments authorised and the intervention limits of the business lines.

This management framework details the central role of the Finance and Treasury Department, which is responsible for the strategic and financial management of the SNCF Group. It is responsible for financing all the group's entities and managing financial risks.

The SNCF Group is exposed to the following financial risks:

2.1 INTEREST RATE RISK

In order to limit its exposure to an increase in its financial expenses, the SNCF Group sets principles as part of its financial strategy, the objective of which is to limit its exposure to interest rate risk.

The current historically low interest rates and the desire to maintain medium- and long-term economic equilibrium led the SNCF SA Board of Directors to opt for a target long-term debt structure that is at least 90% fixed-rate. A limited margin of +/- 10 points around this target is nonetheless authorised.

To achieve this breakdown, the Group may use optional derivatives or interest rate swaps for hedging purposes.

2.2 LIQUIDITY RISK

SNCF SA's financial strategy requires it to have sufficient financial resources at all times to finance the entire Group. In addition to its own resources and public funding, SNCF SA has raised the bulk of its financing on organised or over-the-counter debt markets.

To cover its financing needs in 2020, SNCF SA had several financing programmes covering different maturities:

– EMTN (Euro Medium Term Notes) programme, the general framework for SNCF SA's bond issues, for a maximum amount of €12 billion.

– ECP (Euro Commercial Paper) programme, format for short-term issues of up to €5 billion.

– NEU CP (Negotiable European Commercial Paper) programme for a maximum amount of €3 billion.

In addition, SNCF SA benefits from a €3.5 billion revolving credit line that has never been drawn down.

In order to provide the financial markets with good visibility on the quality of its signature, SNCF SA is rated by three rating agencies: Moody's, Standard & Poor's and Fitch. As an issuer of listed debt securities, SNCF SA must comply with certain regulatory obligations, both vis-à-vis the AMF, its competent authority under the EMTN programme, and with the rules and provisions applicable to it in other jurisdictions.

2.3 FOREIGN EXCHANGE RISK

As part of its financial activity, SNCF SA negotiates financing in foreign currencies that generate a foreign exchange risk. SNCF SA is not intended to remain exposed to foreign exchange risk, so all financial transactions initiated in foreign currencies are systematically hedged to convert them into euros.

2.4 COUNTERPARTY RISK

The SNCF Group is exposed to counterparty risk in connection with its cash investments and the subscription of derivatives from its financial partners, insofar as the debtor refuses to honour all or part of its commitment or does not have the means to respect it.

To manage and limit this risk, investment instruments and derivatives are only entered into with financial institutions corresponding to the credit rating and equity criteria validated by the SNCF SA Board of Directors. A limited commitment amount by banking institution is determined according to these criteria.

In order to hedge its counterparty risk, SNCF SA makes margin calls with its financial counterparties. Collateral (in cash only) is called up in the amount of the market value of the financial instrument portfolios for each counterparty with whom SNCF SA is at risk.

2.5 RISK ASSOCIATED WITH THE USE OF PAYMENT METHODS

Three types of payment methods are available to SNCF SA to pay expenses and suppliers: transfers, direct debits and cheques.

The use of payment methods is secured by the implementation of a verification procedure. The issue of payments requires the involvement of at least three or four people from two separate departments, namely an invoice input clerk, an invoice "validator" (accounting department) and two payment order signatories (treasury department) for transfers and a single signatory for cheques and direct debit authorisations.

The SNCF SA Financing and Treasury Department controls the authorisations of individuals using payment methods (delegations of signature with banks).

3. INTERNAL CONTROL

3.1 DEFINITION AND OBJECTIVES

Internal control provides the Group's governance and, more generally, each manager with a view of the control of the various processes. It covers the company's internal processes (organisation, procedures, information systems, ethics charter, evaluation questionnaires, guidelines, etc.) whose purpose is to avoid or reduce the risks identified. The main objectives are:

– Compliance with laws and regulations.

– Proper functioning of internal processes, especially those relating to the protection of assets.

– Implementation of the instructions and directions given by Executive Management.

– Reliable financial information.

Like any control system, however, it cannot provide an absolute guarantee that all risks are fully controlled or eliminated.

3.2 GUIDELINES ADOPTED

The Group’s internal control guidelines are based on the reference framework published by the AMF (French Financial Markets Authority) in January 2007 and updated in July 2010. This reference framework identifies five components:

– An organisational structure with a clear definition of responsibilities, suitable resources and competencies that is supported by appropriate information systems, procedures, tools and practices.

– In-house dissemination of relevant and reliable information.

– A risk management system to identify, analyse and manage the main risks identified.

– Control activities proportionate to the challenges.

– Ongoing monitoring of the internal control system.

3.3 COORDINATION AND STEERING

The Group's various SAs have primary responsibility for their internal control, including within their affiliated subsidiaries.

The Group's ambitions in terms of control are defined through the Group's internal control framework.

The following committees have been set up:

– A Group Internal Control Committee, made up of the Strategy & Finance Director, the Finance Director, the Audit Director and the Risk Director, which sets the main objectives in terms of internal control and ensures that they are met.

– An Internal Control Committee, which brings together the Directors/Heads of Internal Control for the Group's Activities. It ensures the implementation of the objectives set by the Group Internal Control Committee, sharing of practices within the Group and the implementation of cross-Group internal control projects (training, assessment of systems, etc.).

A network of correspondents working within SNCF Group’s Activities, Businesses and Cross-functional departments is regularly organised.

An internal control checkpoint database common to the Group covers all the processes featuring in the AMF reference framework implementation guide, as well as the various “control environment” components and certain specific processes.

A new internal control tool was deployed in the autumn of 2020 to assess 13 SNCF Group processes. It was rolled out within 250 entities. Based on the results, and in line with the process benchmarks, collective and individual actions plans are defined where required and best practices shared.

4. OTHER RISK CONTROL BODIES

4.1 THE ETHICS AND PROFESSIONAL CONDUCT DEPARTMENT

SNCF Group's ethical approach is based on five core ethical values that express how the Group intends to work with its stakeholders (customers, suppliers, employees and civil society). These values are integrity, responsibility, respect for people, trust and courage.

This approach is based on the SNCF Group’s ethics charter, which was approved by the EPIC SNCF Supervisory Board on 3 November 2016. The charter, signed by all Executive Committee members, was distributed in January 2017 and sets out the five ethical values and the eleven resulting principles of conduct. These principles are distributed to all employees, whatever their status and function, and shall guide their professional conduct on a daily basis, particularly on anti-corruption, protection of the Group’s human capital, compliance with competition law and anti-fraud.

The SNCF Group's ethics charter is fully consistent with the various codes of ethics or good practice adopted by certain activities, business lines or entities of the Group, as well as the documents drawn up by the Group Ethics

Department in terms of ethics and prevention of breaches of integrity, in particular a recently revised anti-corruption code of conduct. This code will be appended to the internal regulations of the UPG's 5 SAs after consultation with staff representative bodies. The Group's gifts and invitations policy has also evolved, as have the processes for preventing conflicts of interest.

The professional whistleblowing system, managed by the Group Ethics Department, enables employees (of all ranks and under any contract) and third parties (service providers, customers) to express themselves in complete confidentiality about situations (in violation of laws and regulations) of which they may have been victims or direct witnesses. This system is an essential complement to the Charter and anti-corruption code of conduct. This system, which existed prior to the Sapin 2 law within the company, has also evolved in line with Law no 2016-1691 of 9 December 2016 relating to transparency, the fight against corruption and the modernisation of economic life (known as the SAPIN II law).

Furthermore, the SNCF Group oversees the programme to prevent and fight corruption as set forth in the aforementioned law.

The Group Ethics Department also provides Group employees with practical information sheets describing risk situations and giving advice and recommendations on the best course of action to take. Out of the 18 sheets in the collection, 9 are directly related to issues of integrity and compliance with existing internal regulations. They are regularly updated, as are the gifts and invitations and conflict of interest sheets.

The SNCF Group Ethics Department is responsible for:

– conducting internal ethical investigations following reports of failings, particularly under the whistle-blowing procedure,

– Advising on ethical, conduct and anti-corruption compliance matters.

– Identifying anomalies in procedures and responsibilities and documenting recommendations to ensure better control of these risks.

– Raising the awareness of Group employees of the ethics charter in general.

– Training in the prevention and fight against corruption and influence peddling in the Group's activities, in compliance with the Sapin II Law.

– Steering the deployment of the programme to prevent and fight corruption.

– Organising and facilitating scientific seminars, known as "ethics mornings", offering participants the opportunity to exchange with researchers and practitioners in the ethics field on topical issues.

A "MyEtic" application was deployed in 2018 on work smartphones provided to Public Rail Group employees, enabling ethics to be developed and practised by as many employees as possible. Using the application, employees can familiarise themselves with ethics documents, contact an ethics officer and initiate a whistleblowing procedure.

A network of SNCF Group ethics officers, representing the Group's various businesses, is led by the Ethics Department. These regularly trained officers are responsible for facilitating, relaying, reinforcing and, where necessary, adapting the Group's ethical approach in their respective entities.

There is a Group Ethics Committee, chaired by an external person (Dominique Lamoureux, Chairman of the CEA), and composed of directors representing SNCF SA, SA Voyageurs, SA Réseau and representatives of Geodis and Keolis. The purpose of this committee is to validate ethics and conduct measures and adopt the ethics guidelines proposed by the Ethics Department.

The Group Ethics Department continued to steer the implementation of the anti-corruption compliance programme imposed by the SAPIN 2 Law. This programme includes 8 measures in addition to the commitment of the management bodies, which in 2020 was notably demonstrated by the presentation and validation by the Executive Committee of a consolidated mapping of Group risks. The Chairman and CEO also recorded a formal speech which is incorporated into an e-learning awareness programme deployed since May 2020 and aimed at all staff. This video is integrated as an introduction in the training courses deployed by the Ethics Department.

- The Anti-Corruption Code of Conduct, which has been included in an internal reference framework applicable within the Public Rail Group. Violations of the Code of Conduct may therefore result in disciplinary action that could lead to dismissal. The new version of the Code of Conduct is currently under consultation with the SECs. It will be incorporated into the various internal regulations of the SAs in 2021.

– The proposed adherence to the SNCF Group Ethics Department whistleblowing procedure for the Group’s French subsidiaries (15 subsidiaries formalised their adherence to the procedure). This system is currently being upgraded for 2021.

- Regarding accounting procedures, work was carried out on key control points to adapt the content of the self-assessment campaigns. Anti-corruption will be a new audit matter for the statutory auditors.

- Training has been continued by the Group Ethics Department at a faster pace: nearly 1,900 agents were trained in 2020 via remote video training sessions and the *Université des Achats* has specifically trained nearly 100 buyers.

More than 3,000 agents followed the corruption prevention awareness e-learning in the second half of 2020.

In 2020, specific training (fraud and anti-corruption) was proposed to the network of internal controllers by the Group Ethics Department.

The Group Ethics Department also participates in the training offered by Dauphine University in connection with the compliance officer certificate and the Master 2.

The SNCF Group, which was audited by the AFA, has undertaken to do its utmost to continue and accelerate the implementation of the programme by following the AFA's recommendations. An operational anti-corruption committee was set up in 2019. It comprises representatives of the departments and entities participating in particular in the Compliance Committee. Its duties are to:

– Regularly review the progress, maturity and relevance of anti-corruption procedures.

– Determine which procedures should be renewed, and the corresponding process and timeframe.

– Organise and/or verify the means of deploying these procedures and ensure that they are properly traced and documented.

4.2 THE GROUP INTERNAL AUDIT DEPARTMENT

The internal audit function is performed by the Group Internal Audit Department (GIAD).

The Group Audit Director is appointed by the General Management of the SNCF Group. She reports to the Director of Risk, Audit, Safety and Security.

The Group Audit Director has direct access to the Chairmen of each of the SAs and SASs, with whom she regularly discusses, whenever necessary.

She also maintains a functional relationship with the Audit, Accounts and Risk Committees in which she participates.

The GIAD conducts its audit assignments independently and objectively. Its activities are governed by the Internal Audit Charter of the unified public group, approved by the governance of the SNCF Group.

All GIAD internal auditors and potential external service providers undertake to comply with the ethical rules set out in the International Professional Practices Framework issued in France by the French Institute of Internal Audit and Control (IFACI). Specific procedures are implemented for audits covering the scope of essential facilities to ensure compliance with all legal and regulatory provisions attached to the performance of these functions. In accordance with the Confidential Information Management Plan (CIMP) drawn up by SNCF Réseau, the GIAD has signed a confidentiality agreement with SNCF Réseau.

The GIAD uses a rigorous and proven methodology in conducting its tasks, in line with professional standards in this field. Certified by IFACI Certification since June 2006, the GIAD had its professional certification renewed in 2020.

Internal audit assignments are part of the audit programme consolidating the respective audit plans of SNCF SA, SNCF Voyageurs SA and SNCF Réseau SA.

To provide the SNCF Group with greater assurance of risk coverage, the GIAD uses the major risk maps of SNCF Voyageurs and SNCF Réseau as well as the SNCF Group to propose an annual audit plan for SNCF SA (including Fret SNCF), SNCF Voyageurs SA and SNCF Réseau SA (including SNCF Gares & Connexions).

A close dialogue with SA/SAS management accompanies the consolidation of these three audit plans.

The Chairmen and their Executive Committees/Management Committees, as well as the Audit, Accounts and Risk Committees validate the audit plans within their scope.

The entire consolidated programme of the unified public group (i.e. the 3 SNCF, SNCF Voyageurs and SNCF Réseau audit plans) is presented to the SNCF SA Board of Directors to provide it with an overview of the Group's risk management system.

In 2020, the GIAD conducted some 40 audit assignments. The reports, together with recommendations to mitigate the related risks, were presented to the sponsors and members of the relevant Executive Committees/Management Committees. In addition, each Chairman is informed of the key matters and lessons learned from the audits within his scope.

The effective implementation of the action plans, drawn up in accordance with the recommendations, is regularly monitored by the GIAD. The conclusions of these follow-ups are periodically presented by the GIAD to the Executive Committee/Management Committee and Audit, Accounts and Risk Committees.

The GIAD activity report is presented annually to the Audit, Accounts and Risk Committee.

The GIAD (IS Security Audit Assignment) also conducts audits relating to Information Systems Security (ISS). Each year, it conducts a programme of functional and technical audits to inform the business and IS teams of the risks they face if their information systems are compromised. In particular, it confirms the compliance and effectiveness of IS security operational rules within the scope of the Group. In 2020, it carried out some fifteen assignments in highly important business scopes or technological bases: applications handling sensitive data, essential applications supporting the Group's critical business processes, assessment of the maturity of entities or subsidiaries in line with ISS best practices (ISO 27001/27002 standards), etc.

The GIAD also coordinates its action with the other SNCF Group assurance functions: risk management, internal control, ethics and compliance. It maintains regular relations with the Statutory Auditors and the Transport Economic and Financial Control Mission (MCEFT).

4.3 THE LEGAL AND COMPLIANCE DEPARTMENT

The SNCF SA has a Legal Department combining the traditional duties of this department with those of a compliance department.

It also ensures secretarial services for the SNCF SA and SNCF Voyageurs SA Boards of Directors together with risk coverage for SNCF Group entities with insurance firms.

The SNCF SA Data Protection Officer also operates within this department.

It has the following duties:

– Ensuring legal needs specific to the institution’s governance (including governance, compliance and enforcement of regulations on IT and civil liberties).

– Satisfy the legal requirements of SNCF SA , particularly those assigned by law (including international matters, security, sustainable development, etc.), and those concerning the shared functions (see Article 3 of the bylaws).

– Develop, define and lead the SNCF Group's legal doctrine and strategy, particularly for Group litigation and pre-litigation.

– Guarantee, by delegation from the Chairman, the prevention of risk of violations of laws and regulations relating in particular to the following issues:

- Prevention of corruption and influence peddling.
- Protection of personal data.
- Competition law.
- International sanctions.
- Banking constraints.

The Group's compliance organisation is based on a multi-level organisation:

- The Group Legal and Compliance Director is supported by the Compliance Division, the entity within his department responsible for deploying and implementing the compliance programme monitoring procedures, monitoring and evaluating systems, monitoring the updating of risk mapping and action plans, and coordinating the network of compliance representatives within the management of SNCF SA and its subsidiaries.

- The Compliance Officers: The network of "business line" and subsidiary compliance officers enables the operational deployment of compliance programmes within the Group.

– Ensure the consistency and proper conduct of SNCF SA governance (secretaries of the Boards of Directors and the corresponding committees).

– Design and implement the Unified Public Group insurance policy. This action is carried out in a shared approach that improves the guarantees of the main companies (excluding Geodis) and their subsidiaries while enabling them to benefit from competitive pricing conditions.

The insurance policies negotiated and monitored by the Group Legal Department with brokers and insurers protect the Group's assets against random events likely to have an impact on its accounts, either through their intensity or frequency. They cover a large portfolio of contracts for all types of guarantees, in particular the following programmes:

- Group civil liability.
- Automobile fleet.
- Construction civil liability.
- Property damage.
- Cyber risks.

The Group Legal Department also supervises the "captive reinsurance company" SNCF RE, a subsidiary of SNCF Participations, with the aim of partly reinsuring the Group's major damage and civil liability risks.

– Ensure compliance with personal data protection rules (DPO) and inform and advise SNCF SA and its employees on their obligations under personal data protection regulations, monitor compliance and cooperate with the supervisory authority (CNIL).

Finally, the Group Legal Director is the SNCF Group internal mediator for its relations with suppliers.

4.4 INSTITUTIONAL CONTROLS

The Group has a complete institutional control environment and is subject to the control of:

– The French Court of Auditors.

– The French Government Commissioner.

– The French Transport Economic and Finance Control Office (MCEFT).

– The French Government Shareholding Agency (APE).

– The French Transport Regulatory Body (ART).

– The French public institution of railway safety (EPSF).

– The French High Committee for the National Rail Transport System.

The accounts are audited by two statutory auditors appointed by the ordinary general meeting, through a tendering procedure, following consultation with the Audit, Accounts and Risks Committee and on a proposal from the Board of Directors. Each subsidiary is audited by at least one of the two statutory auditors of SNCF Group.

These various participants are tasked with verifying that SNCF Group’s obligations are met, particularly in the area of accounting and finance.

NON-FINANCIAL PERFORMANCE STATEMENT

1. INTRODUCTION

1.1 IMPACT OF THE HEALTH CRISIS

The SNCF group and its employees serving the French population and meeting the health challenges

Faced with an unprecedented health crisis, the Group has been able to adapt its activities and work organisation in accordance with government directives. It has been able to carry out its public utility missions, with its partners, while ensuring the safety of its employees and customers.

1.1.1 Impact on global activity

The Group has had to demonstrate agility to constantly find the "right equation" between adapting to health constraints and offering transport services that meet the essential needs of customers, both passengers and shippers, in the general interest. From March to December 2020, the transport plans were adjusted to the conditions of the two lockdowns and the easing of restrictions introduced at national level. The company's entire business activity has thus been adapted to guarantee the continuity of daily public services (TER, Transilien, the networks operated by Keolis, Gares & Connexions, SNCF Réseau), the transport of essential goods (Fret and GEODIS), as well as major departures during the summer and winter holidays (TER and TGV) after several weeks of reduced traffic. The adaptation of transport plans from one week to the next has enabled the Group to work even more closely with its customers, the organising authorities and user associations, as well as with its shippers.

1.1.2 Impact on employees, customers and service providers

To ensure its business continuity plan, while guaranteeing the safety of its employees and customers, the company set up two task forces. The first is a team with security, HR, medical, logistics and communication skills, responsible for coordinating the implementation of government measures. The second, an expert in medical safety, is the SNCF scientific committee, made up of four university hospital doctors, who provide a weekly consultation for SNCF, and an epidemiologist.

To ensure the health safety of its passengers, SNCF has launched the "By train, all responsible" charter, which was presented on 11 May to user associations and the regions. Objective: to adapt travel to the gradual easing of restrictions and new health rules with a transport offer readjusted to needs, revised station circulation and boarding procedures to reduce contact, reinforced cleaning and information on train traffic and their level of affluence.

The measures taken for employees include the protection of agents on duty, particularly in contact with customers, the maintenance of wages in the event of furlough and extensive working from home when the job so allows. In addition, the company plans to prolong working from home beyond the health crisis, without however generalising it, by inviting employees in each Group company to sign an amendment to their employment contract.

To avoid any risk of isolation and to respond to the constraints of certain employees (specific family situations, cramped housing, etc.), the company has also provided coworking spaces that could foreshadow new ways of working. Finally, three toll-free telephone numbers have been made available to employees, managers and also to retired employees.

For employees carrying out their work on site or remotely, as well as for service providers (cleaning, security, work, etc.), work organisation is governed by strict compliance with the COVID-19 instructions available online. As for suppliers, who could be adversely affected by the crisis, the SNCF group accelerated the payment of 4,000 invoices between April and July.

1.1.3 Focus on logistics dedicated to national solidarity

Fret SNCF and TFMM

During the lockdown of spring 2020, the activities of Fret SNCF and TFMM adapted to the health crisis. No less than 60% of the freight trains that ran carried products vital to the nation.

They have been classified in three categories: National vital trains transporting chlorine to purify water or fuel for heating, especially hospitals, Pandemic vital trains to feed and care for the population, and industrial continuity trains to keep strategic factories located throughout the country running, sometimes at a reduced level.

Rail motorways, services on which semi-trailers or containers are loaded, have played a key role in the transport of these products, with a total of 2,200 semi-trailers and containers transported per week.

Geodis

The SNCF group's logistics and transport company played a key role in the fight against COVID-19 in 2020 with the establishment of an "air bridge" between China and France - and also Germany - for the transport of masks and medical equipment. With its solution of combined modes of transport all over the world (air, road, rail), GEODIS guarantees maximum flexibility. The company has had to adapt in order to maintain the 85% of employees in the field in complete safety and to devise new circuits, for example via specially chartered charters, instead of using transport in the hold of passenger aircraft.

Many other public interest missions have been carried out by the Group and its employees in the name of national solidarity: forecourt of large stations dedicated to COVID-19 tests, circulation of medicalised TGVs, accommodation by ICF Habitat for women in difficulty or caregivers, etc.

1.2 MARKET TRENDS: A WORLD IN TRANSITION BRINGING OPPORTUNITIES

In a few years, the market for the mobility of people and goods has changed profoundly. Rail accounts for 10% of the modal share for both passengers and goods, which offers significant opportunities for development.

Three key elements govern the repositioning of commercial trends:

– The opening of domestic rail transport to competition: opening to competition is a challenge that the SNCF group has already taken up in other rail markets (freight, international lines, logistics, urban transport). Since December 2019 for regional transport and since December 2020 for long-distance, modal competition in the domestic market has gradually become a reality for all the Group's rail operators. While the health crisis has affected all operators and could change the arrival schedule of competitors, the businesses are now in a position to respond to customer challenges in an open framework. To achieve this, the company continues to work on developing its competitiveness, improving its quality of service and in particular its punctuality and the enhanced clarity of its offers.

– The new modes of consumption: while "price" and "time" have long been the main criteria for customers' decisions, "responsible" consumption is a developing criteria. Consumers and customers are more vigilant about the environmental (carbon footprint), social (working conditions, gender equality) and territorial (creation of local jobs) impact. Specialising in rail, large-scale logistics and public transport, the Group provides sustainable solutions: essentially electric mobility benefiting from a low-emission energy mix, shared mobility to optimise the filling of rolling stock, connected mobility enabling customers to optimise their journeys and their carbon footprint, adapted mobility enabling each region to have mobility solutions.

– The COVID-19 health crisis has been a historical accelerator of behavioural changes, although not all conclusions can yet be drawn. Working from home, digitalisation of the economy, the "relocation" of production and consumption, and ecological awareness are all movements that have developed strongly. As far as transport is concerned, these changes present opportunities (abandonment of domestic flights, attention to the environmental impact of travel, return to local tourism) as well as risks (health fears, reduction in demand for mobility, particularly in the professional context). The health crisis is profoundly changing the mobility markets and the positioning of its players. As a group committed to innovation, ecological transition, service to regions and customers, and respect for human rights, SNCF has all the strengths it needs to consolidate its leading position in new mobility practices.

1.3 THE CORPORATE PROJECT PLACES CSR AT THE HEART OF THE GROUP'S STRATEGY

The "Tous SNCF" corporate project was launched in January 2020 by the Chairman and Chief Executive Officer Jean-Pierre Farandou to define both a strategy and the method for implementing this strategy within the Group's five railway companies.

Objective: that each and every one of the 150,000 employees of the five companies knows and understands the strategy, and knows how he or she personally contributes to it.

It is a simple, pragmatic approach to continuous improvement that starts with the staff and the field.

This approach explains the meaning and unity of the new Group following the reform and prepares the company to meet the challenges of the next decade: ecological and social transition, competition, vitality of all regions.

Results (end of 2020):

– 3 values of the Group: COMMITMENT, EFFICIENCY, OPENNESS.

– 4 strategic lines of action: PEOPLE, REGIONS, ENVIRONMENT, DIGITAL & INNOVATION.

– 1 methodological tool, the "Maison Tous SNCF", and its six pillars identified through a pilot group of operational managers: customer satisfaction and relations, employee commitment and satisfaction, production and service quality, economic and commercial performance, safety and security, social, regional and environmental commitment.

Thus, CSR is a strategic lever for competitiveness and differentiation to improve performance and meet the expectations of stakeholders, attract talent and increase employee pride and commitment.

At the end of this first year of the "Tous SNCF" initiative, 100% of the establishments (business units) of the five companies had co-constructed their project for the period 2021-2023.

At the same time, the survey measuring employee satisfaction, carried out in November 2020, indicated a 10 point increase in the confidence index compared to November 2019.

1.4 STRATEGY AND OUTLOOK

For more details, see Chapter 1. Group profile, part 1.3 An ambition: be the world champion of sustainable mobility by 2030.

1.5 COMMITMENT TO THE UNITED NATIONS

The SNCF Group is committed to upholding and fully integrating the 10 universal United Nations principles relating to respect for human rights, ILO standards, the environment and the fight against corruption.

For the past six years, the Group has been at the Advanced level of the Global Compact, the highest standard of performance in terms of corporate social responsibility. The actions implemented to integrate these principles strengthen the company's contribution to the 17 United Nations Sustainable Development Goals.

WE SUPPORT UN GLOBAL COMPACT

HUMAN RIGHTS	
	Ethical charter and whistleblowing system
	Annual review of the Group Ethics Department published on sncf.com
	CSR Supplier Charter - Anti-corruption, adherence to the Responsible Supplier Relations Charter
	Assessment of suppliers' level of maturity in respecting human rights
LABOUR	
	Signing of collective agreements with representative trade union organisations each year
	Observatory of the Quality of Life at Work composed of representatives of the company, trade unions and the National Agency for the Improvement of Working Conditions (ANACT)
ENVIRONMENT	
	Commitment to reduce CO2e emissions by 30% on transport activities and 50% on real estate activities between 2015 and 2030
	Commitment to achieve CO2e neutrality by 2050 in France
	Path towards zero non-recovered waste by 2035 for products central to rail activity
	Circular economy strategy 2017-2020
	Environmental Management System (EMS)
	ISO 14001 certification of industrial plants
ANTI-CORRUPTION	
	Group Ethical Charter
	Anti-Corruption Code of Conduct
	CSR Supplier Charter - Anti-corruption

Of the 17 United Nations Sustainable Development Goals, the SNCF Group contributes to 14 of them.

For more details, see Chapter 6.4 Cross-reference table.

1.6 KEY DATES OF OUR COMMITMENTS

KEY DATES OF OUR COMMITMENTS	
1999	Public Enterprises for the Environment Charter
2003	UN Global Compact
2004	Diversity Charter with IMS-Entreprendre pour la cité
2006	1st company collective agreement in favour of professional equality and gender diversity
2008	Sustainable Development Charter of the International Association of Public Transport (UITP)
2010	International Union of Railways (UIC) Charter for Sustainable Mobility
2012	Supplier Relations and Responsible Purchasing Label (RFAR)
2013	"Entreprendre dans les quartiers" Charter with the Ministry of Urban Affairs
2015	SNCF is a founding member of the Railsponsible initiative, for responsible purchasing in the rail sector Commitment to the French BusinessClimate Pledge initiative
2016	Membership of Science Based Targets
2017	Democlès Charter for the recovery of finishing waste
2018	Paris Action Climat Charter Participation in the Act4nature initiative, with 15 commitments in favour of biodiversity Commitment to the PAQTE approach in favour of the City's Priority Neighbourhoods Commitment to the Rail Freight Forward coalition to fight climate change
2019	INR Responsible Digital Charter Validation of SNCF's objectives by the SBT initiative Commitment to the #StopE initiative

1.7 GROUP NON-FINANCIAL ASSESSMENTS

SNCF

ECOVADIS	V.E
77/100	74/100
PLATINUM Top 1% 2021 ecovadis Sustainability Rating	A1+ vigeoeiris
Transport via railways	Travel & Tourism Europe
Top 1% of companies rated of the sector	1/20

In 2020, Geodis, also obtained the GOLD level with an overall rating of 68/100 and was one of the 2% of companies in the "Road freight transport" category to obtain this level.

1.8 THE BUSINESS MODEL

The Group's business model is presented in Chapter 1. Group profile, section 1.1 Presentation of the business model.

2. CSR GOVERNANCE

2.1 GLOBAL GOVERNANCE

2.1.1 The Department of Social Engagement and the Ecological Transition (DESTE)

The governance system introduced in October 2020 gives greater importance to the Group's social, societal and environmental responsibility issues, which are now taken to the highest level by SNCF's general management.

Reporting directly to the Chairman and Chief Executive Officer of the Unified Public Group, the DESTE is thus positioned within the Executive Committee and the General Management Committee of the parent company. Merged with the Corporate Project Department, oriented towards the companies and regions of the Group, the new management has the following role:

– To define, deploy and manage the Group's strategy for social commitment and ecological transition in connection with sustainable economic growth.

– To support all players in the implementation of this Group transformation strategy, by promoting societal and environmental innovation.

– To report on actions to all SNCF stakeholders through the Group's Non-Financial Performance Statement.

The DESTE brings together:

– The Ecological Transition Delegation.

– The Energy Transition Delegation.

– The Social Cohesion and Regions Delegation.

– The General Affairs Department (reporting, partnerships, training, responses to calls for tenders, monitoring, etc.).

– The SNCF Foundation.

– The SNCF au Féminin network.

– The SNCF Développement and Trains Expo Evénements SNCF subsidiaries.

A regional CSR coordination and steering body to represent all of the Group's business sectors in each region

It leads 11 regional coordinators in charge of three lines of coordination and regional coverage:

– A regional strategy built around the priorities of each region in a logic of corporate social and environmental responsibility (CSR).

– Customer satisfaction.

– Employment solidarity.

This body is headed by a Regional Advisor to the Group Chairman-CEO since 1 December 2020.

Exchanges of coordination and inspiration of good practices in CSR policies within the Group

Regular exchanges with the CSR managers of the Group's activities (carriers, network and subsidiaries) and cross-disciplinary professions (energy, purchasing, HR, ethics department in particular), i.e. some twenty players, help to coordinate CSR policies, speed up their implementation and seek out best practices.

2.1.2 Expert networks

Societal commitment managers

Regional representatives reporting to the TER departments, the managers of societal commitment (MES) are in charge of coordinating societal policies in conjunction with stakeholders in the regions: interventions in schools (IMS), integration initiatives, coordination of community services (TIG), contributors to the coordination of PIMMS and regional relay of the actions of the SNCF Foundation. Weekly exchanges and an annual seminar are held. This permanent coordination allows the setting up of working groups led by national management to meet the expectations of the regions and the organising authorities. The network also helps to share good practice and exchange information on news from different regions.

Environment network managers

Several networks of environmental managers or officers are organised within the companies, activities and business lines, at national and regional level and at Group level. They aim to coordinate the large community of employees in charge of the ecological transition as closely as possible and on a large scale. They meet regularly to discuss commitments and policies, guidelines to be developed and applied, and legal, normative and strategic monitoring while ensuring that they are properly taken into account within their scope, and to exchange best practices in terms of actions or experiments, regulations, organisational issues or cross-cutting approaches. Thematic discussion days are also organised with a broader scope of about a hundred participants.

SYNAPSES, the SNCF network of scientific and technical experts driving the Group's CSR ambitions

Created in 2010, the SYNAPSES network focuses on two strong expectations: boosting the Group's innovation and research and its influence through collective and cross-disciplinary actions, and sustaining and developing key expertise to prepare the Group's future.

Each of the 510 SYNAPSES experts is a member of a cross-disciplinary community of players from across the Group, which coordinates and drives innovation and scientific and technical excellence in its field, fulfilling the company's CSR ambitions in particular. Thus, a specific working group on sustainable development, made up of 80 experts, deals with various topics such as the water cycle, eco-design, circular economy, noise, biodiversity, adaptation to climate change, air quality and electro-magnetic radiation. The Energy working group accelerates technological innovation aimed at reducing the Group's energy consumption and phasing out diesel by 2035.

The network also innovates externally to serve the public interest. As an example, in 2020, a group of data scientists and experts from the Synapses network responded to a call for projects from the Assistance Publique - Hôpitaux de Paris aimed at developing software useful in the fight against the COVID-19 epidemic.

2.1.3 The Group Board of Directors

The Board of Directors regularly discusses CSR issues at its meetings. It is supported in its work by the Strategy and Investment Committee, which is responsible for dealing with CSR issues.

Key indicator

	2018	2019	2020
Gender balance on the Board of Directors (%)	-	-	50%

Key figure

– 96% attendance at the SA SNCF Board of Directors in 2020

2.1.4 Strategic councils within the Chairmen's Committee were created in 2020.

A Strategic Energy-Carbon Council

It meets twice a year to decide on strategic orientations and arbitrate on the key issues brought to its attention. It is led by the Director of Social Engagement and the Ecological Transition (DESTE) and brings together the chairmen and chief executive officers of the Group's seven companies (the five SNCF companies + Keolis and GEODIS). The first council meeting was held on 2 November 2020.

A Strategic Council for gender equality

It meets twice a year to steer the implementation of actions in favour of gender diversity and professional equality.

It is made up of the seven chairmen and chief executive officers of the Group’s companies, the Director of Managerial Performance and Leadership and is co-chaired by the Director of the DESTE and the Group Human Resources Director.

The first council meeting was held on 15 July 2020.

2.2 GOVERNANCE OF COMPLIANCE AND ETHICS

2.2.1 The Compliance Committee

A Compliance Committee was set up in July 2018. Chaired by the Deputy Chief Executive Officer of SNCF SA, it is composed of the Legal Directors of SNCF, SNCF Réseau, SNCF Voyageurs, FRET SNCF, GEODIS and Keolis, the Group Ethics Director, the Group Purchasing Director, the Group Safety and Security Risks Director, the Group Audit Director, the Director of the DESTE and the GEODIS Group Customs & Export Control Director. This Committee is responsible for ensuring the progress of the anti-corruption programme and for coordinating the actions to be carried out in a uniform and consistent manner within the SNCF group. The matters on the agenda of this Committee are examined by a "compliance secretary" acting in liaison with all employees concerned. The Committee's scope of action includes:

– Preventing corruption.

– Protection of personal data.

– Competition law.

– Duty of care.

– Embargoes and export rules.

– Banking constraints.

– Illegal supply of labour and improper sub-contracting.

– Personal data.

A network of compliance managers and officers was set up in 2020.

Protection of personal data

In 2018, the new European General Data Protection Regulation (GDPR) strengthened the protection of personal data.

As part of a global approach to data protection, the company has set up a data confidentiality and security policy aimed at guaranteeing the greatest possible protection of the personal data of its employees, customers or partners.

– A Data Protection Officer (DPO) was appointed at the beginning of 2018 in each Group entity to ensure compliance with all the obligations set out in the regulation.

– Each Group entity keeps a documented record of the processing of personal data within its scope.

– The use of personal data processors is subject to a specific data protection agreement.

– Processing operations at risk are subject to studies of the impact on the privacy of the data subjects (EIVP or PIA Privacy Impact Assessment).

– Requests to exercise rights received from data subjects are carefully examined by the DPOs and the departments responsible for implementing the processing operations in order to respond to the data subjects in accordance with the conditions and within the deadlines set by the GDPR.

Indicators common to all Group entities will be deployed in 2021 to report on the deployment of the GDPR compliance programme.

2.2.2 Ethics

The Group Ethics Department promotes ethics, monitors its implementation and manages whistleblowing and advisory systems. It also conducts internal investigations (on internal or external whistleblowing) and examines cases of psychological and sexual harassment, discrimination at work, conflicts of interest or breaches of probity in all Group departments.

Positioned within the Group Human Resources Department, it is responsible for all Group companies.

Key indicators

	2018	2019	2020
Whistleblowing alerts received (nb),	84	80	95
Investigations carried out by the Group Ethics department (nb)			24
Training sessions on the corruption prevention programme (nb)			114

The Group Ethics Committee

Created in 2006, the Group Ethics Committee only met once in 2020, due to the lockdown and significant reorganisation during the year. It usually meets at least three times a year. This new committee, chaired by the Chairman of the Business Ethics Circle, is composed of representatives of SNCF, SNCF Voyageurs, SNCF Réseau, as well as GEODIS and Keolis. This Committee ensures that the principles contained in the SNCF Group's ethics charter are respected by all components of the company. This body also validates actions carried out in the area of ethics within the Group and ensures that the ethics or good conduct guidelines proposed by the Group Ethics Department are adopted.

Network of ethics officers

A network of nearly 60 SNCF Group ethics officers, representing the Group's various businesses, is led by the Group Ethics Department. These representatives, who are kept regularly informed, are responsible for coordinating, relaying, reinforcing and, if necessary, adapting the Group's ethical approach in their respective entities.

Transparency

In view of the public shareholding of the SNCF group, senior executives must make a declaration of assets and interests at the time of their appointment, in the event of substantial changes in their situation during their term of office and at the end of their term of office.

2.3 DIALOGUE WITH STAKEHOLDERS

2.3.1 Institutional relations

The SNCF group is one of the largest public transport and logistics groups in the world. As such, it is regularly called upon to express its position on subjects that concern it and on the framework within which it carries out its work. The company conducts its interest representation activities in accordance with international, European and national laws and regulations.

It thus participates in discussions and work relating to French and European regulatory changes, particularly in the passenger and freight transport sector, in the field of sustainable development or, more broadly, on any regulations that may concern it, at the European Union (EU), national and regional levels.

Dialogue with the regions

The regions are one of the four strategic lines of action of the "Tous SNCF" corporate project. The new regional policy implemented by the Group aims to improve clarity and efficiency vis-a-vis its external contacts. Its purpose is to facilitate interaction between the components of the Group, for the benefit of its customers, its institutional or economic partners and its employees, while respecting the responsibilities of each party, the rules of competition and the independence of the essential functions of the infrastructure manager.

As of 1 July 2020, this ambition led to the appointment, in each region, of a "Group Regional Coordinator". Appointed from among the managers in place in each region, he represents the various components of the Group (Voyageurs, Réseau, Gares & Connexions, Fret or Immobilier). In addition, SNCF is developing partnerships with the main associations of elected officials such as Régions de France, ADF, AMF, Urban France, Villes de France and APVF. It is associated with the annual events organised by these partners.

Sharing its vision at national level

As part of the work for the French Parliament, the SNCF Group is regularly called upon by the National Assembly and the Senate to share its vision or feedback.

This lobbying is conducted in compliance with the provisions of Law No. 2016-1691 of 9 December 2016 on transparency, the fight against corruption and the modernisation of economic life (known as the "Sapin II Law"), particularly with regard to the annual reporting obligations concerning actions to represent interests before the High Authority for the Transparency of Public Life (HATVP). The Group has also appointed a representative of its interests duly registered in the Senate register. In addition, a public affairs charter has been drawn up and distributed within the Group.

Finally, SNCF sets out its vision and asserts its interests through its membership of the Public and Rail Transport Union (UTP), the professional organisation of urban transport companies and railway companies (freight and passengers) in France, as well as the UITP (International Union of Public Transport).

In the first months of 2020, the Group had followed Parliament's work on pension reform. In the following months, the crisis was the main concern: the Chairman and Chief Executive Officer of SNCF and the chairmen of the Group's various companies were heard by the sustainable development committees of both chambers on the management of the crisis and its financial consequences for the Group. The state of the network and the future of rail freight were widely discussed.

Several hearings were held in the National Assembly and the Senate, notably on the recovery plan, as part of the examination of the finance bill and budgetary missions concerning transport. Other subjects gave rise to hearings, including transport security and the transport of goods.

Working together at European level

The European Union (EU) is an essential decision-making level for all those involved in the transport sector. Present in Brussels since 1992, the Group has a European Affairs Directorate (DAE) which regularly exchanges with the EU institutions - Parliament, Commission and Council - as well as with France's permanent representation and various other representatives on the European stage. Drawing on the Group's international experience in the fields of rail infrastructure, transport and logistics, the SNCF Group presents its positions to the EU institutions and contributes to enriching the decision-making processes on the subjects in which it has expertise.

The Group also contributes to the European public debate by organising conferences or events on topical issues. It is entered in the European institutions' transparency register.

In 2020, the Group asserted its interests in the revision of the European regulation on rail passengers' rights and on the "taxonomy" regulation. Within the framework of the European *Green Deal*, the company has supported the increase of the greenhouse gas emission reduction targets for 2030 and neutrality targets for 2050 and has responded to several Commission consultations, with the aim of promoting sustainable mobility and modal shift to the train.

Finally, the SNCF group indicated its position on the opening up and reuse of data from public companies and on the development of information services and multimodal ticketing.

As a player in European rail interoperability, the SNCF Group also participates in the development of European regulations steered by the European Railway Agency (ERA) and the Commission. SNCF is a member of the Shift2Rail public-private partnership, co-financed (€450 million) by the European Horizon 2020 programme, whose activities define the railways of the future through collaborative projects with, in return, 45% funding from the European Union. It focuses on several innovation programmes dedicated to rolling stock, control and command, infrastructure and rail freight. It is highly involved in defining its successor Europe's Rail JU (Horizon Europe programme) as a future founding member starting in 2021. As a major European operator, the Group plays an active role in the European ecosystem for directing funding for research and innovation, particularly in the Research Group (RICG) of the International Union of Railways and in ERRAC, the European Rail Transport Technology Platform. At the end of 2020, it submitted to the Commission its strategic research and innovation agenda, which is the basis of the work programme of the aforementioned future partnership.

2.3.2 Partnerships

To best prepare for the ecological transition of mobility, SNCF is helping to mobilise around CSR issues by forging partnerships, carrying out joint projects and participating in working groups. The associations and networks listed below are those with which the Group has worked over the past two years. Work was carried out during 2020 on the rail recovery plan, with the organisations most involved in climate issues and ecological mobility for passengers and freight.

2.3.2.1 Business networks

EPE – ENTREPRISES POUR L'ENVIRONNEMENT - *Partner since 1993*

– Inter-company forum for ecological transition.

– Conduct of studies, publications and events.

– Participation of SNCF in thematic commissions and working groups (climate change, biodiversity, etc.).

Achievements

– Zen2050 *Study* to establish the steps to be taken in different sectors of activity in order to achieve "zero net emissions" of greenhouse gases by 2050 in France and good practices on *The integration of environmental health issues by companies* (2019).

– *Business solutions for biodiversity, scaling up* (2020), *Partnerships in the circular economy* (2020).

ORÉE – ORGANISATION POUR LE RESPECT DE L'ENVIRONNEMENT EN ENTREPRISE - *Partner since 2013*

– Collaboration on biodiversity, circular economy and regional cohesion.

– SNCF holds the vice-presidency and runs three business clubs (recovery of foam and textiles, station/train waste management and waste from building deconstruction).

– Coordination by the SNCF Circular Economy officer of the FRIVEP (Industrial Reuse and Recycling of Professional Clothing) project.

Achievements

– Inauguration of the experimental phase of the FRIVEP project by the Secretary of State for Ecological and Inclusive Transition, B. Poirson and his industry counterpart, A. Pannier-Runacher (2019).

– Booklet on the eco-design of professional clothing intended for players in the sector, institutions, ADEME, companies, etc. (2020).

2.3.2.2 Research laboratories

THE SHIFT PROJECT - *Partner since 2013*

– SNCF participation in studies, publications and conferences organised by The Shift Project to inform and influence the debate in favour of a low-carbon economy in Europe

Achievements

– Guides: *Energy-climate scenarios: evaluation and guidance* and *Mobilising Higher Education for Climate* (2019).

– Studies: *Global vision of the French Economic Transformation Plan (PTEF)*; *Decarbonising mobility in the Seine Valley*, *https://theshiftproject.org/en/article/eu-oil-depletion-2030-study/*; *Crisis(s), climate: preparing the future of aviation* (2020).

2.3.2.3 Environmental and societal associations

FNE – FRANCE NATURE ENVIRONNEMENT - *Partner since 2008*

– Sharing knowledge on environmental issues (mobility, biodiversity, resources, etc.).

– Search for new approaches in businesses and support for their implementation.

– Supporting consultation in the regions with local associations.

Achievements

– Identification of 100 hectares of land for photovoltaic farms, projects to protect the biodiversity of railway rights-of-way in the regions and training in sustainable mobility issues for employees (2019).

– Invitation of local associations to the EGALIM participatory workshops organised by SNCF Réseau, publication with Réseau Action Climat: *Rail transport: are we on track*, proposals for a real revival of rail transport (2020).

FNH - NICOLAS HULOT FOUNDATION FOR NATURE AND MANKIND - *Partner since 2011*

– High-level dialogue between SNCF and FNH executives.

– Exchanges of expertise on mobility issues.

– Relaying actions on social networks (SNCF and FNH).

– Cooperation at events.

Achievements

– Participation of SNCF in the development of the FNH's daily mobility survey (2019).

– Publications: *Rail: 3 priorities to revive a key sector of ecological and social transition* and with Climate Action Network, *Rail transport: are we on track*, proposals for a real revival of rail transport (2020).

CLIMATE CHANCE - *Partner since 2015*

– Participation of SNCF in the various summits organised by Climate Chance.

– Exchanges on sustainable mobility and the promotion of "low carbon" solutions.

Achievements

– SNCF is taking part in the presentation of the World Climate Observatory's annual report on the climate actions of non-state actors.

LPO - BIRD PROTECTION LEAGUE - *Partner since 2015*

– Sharing knowledge to protect biodiversity on railway rights-of-way.

– Sharing expertise to improve business practices.

– Training courses on biodiversity issues.

Achievements

– Protection of stork nests above the tracks in the Côte-d'Or and Aquitaine regions, training in the correct behaviour when dealing with snakes for 80 track maintenance staff in the Ain region, project to create an artificial burrow for the European badger in an SNCF embankment in the east of France (2019).

– Working groups on the protection of biodiversity (avifauna, vegetation control, etc.), installation of 59 tit nesting boxes to combat processionary caterpillars in the Grand Est and PACA regions and 48 bat nesting boxes in the PACA region, training and guidance for vegetation control projects in the Pays de la Loire region (2020).

RECORD - *Partner since 2013*

– Tripartite cooperation research projects in the field of the environment (industries, public bodies and researchers).

– Every year, SNCF proposes new projects and participates in several of them.

Achievements

– Study of Exposure to atmospheric particles: link between physico-chemical characterisation and health impact; brakes and levers for the deployment of eco-design in companies, maturity of sectors and sources of bio-sourced materials (2019).

– Workshop on the measurement of microbiological diversity in the air and on surfaces (2020).

MÉTÉO ET CLIMAT - *Partner since 2015*

– Presentations at annual events (conferences, plenary sessions, etc.).

– Co-founder of the "Climate Train" association with SNCF: a TER (regional express train) that hosts an exhibition dedicated to the climate and invites the public to better understand the issues, possible solutions and ways of acting.

– Support and annual participation in the International Weather and Climate Forum (FIM).

Achievements

– Presentation of the Climate Train and conference by Jean Jouzel, in Saint-Denis, on the occasion of Vive le train! week (2019).

– FIM: Climate change conference: anticipate to adapt and support by SNCF for the Climate Education Prize (2020).

INSTITUT TÉLÉMAQUE - *Partner since 2011*

– Commitment of SNCF employees as tutors for young middle and high school students from modest backgrounds. Since 2011, Institut Télémaque has supported more than 1,000 sponsored children.

– Sharing of experience and testimonies with young people during meetings organised by the institute

– Participation and sharing of expertise during working groups and workshops organised by the institute with all the partners around the challenges of the coming years.

Achievements

– Organisation of stands in companies to recruit tutors and hosting and supporting young people in their 3rd year internship at SNCF (2019).

CAPITAL FILLES - *Partner since 2017*

– Support for young female high school students by SNCF volunteer "godmothers" (advice, expertise in their choice of career path, application for a school or work-study programme).

– Discovery of the professional world.

Achievements

– Between 50 and 70 SNCF godmothers who mentor a young girl each year, and 6 SNCF delegates to promote the approach.

2.3.2.4 Multi-player networks

COMITE 21 - *Partner since 1995*

– Analysis of transitions in connection with a very large network of players to inform decisions.

– Support for the implementation of the Sustainable Development Goals (SDGs) down to the local level.

Achievements

– Partner of the conference Do companies have sufficient instruments to respond to societal injunctions? as part of the vote on the PACTE law.

– Benchmark of best practices for dialogue with stakeholders.

– Participation of SNCF in various working groups (adaptation to climate change, etc.).

ORSE – OBSERVATORY OF CORPORATE SOCIAL RESPONSIBILITY - *Partner since 2010*

– Tools, studies and working groups on emerging themes to support companies' CSR strategy

Achievements

– Everything you need to know guide about gender equality, study Male standards in companies, publication Osons le social bonds! (2019).

– Court for future generations: Should CSR be killed?; Good diversity practices in companies benchmark; Guide with the C3D Pacte Law & Raison d'être (2020).

2.3.2.5 Academic world

The SNCF group relies on academic partnerships to work on the scientific expertise and future skills potentially needed for the technological changes that will impact the company's various business lines. In this respect, the Group steers its doctoral training policy and strategy via Industrial Research Training Agreements (CIFRE) with the National Association for Research and Technology (ANRT) (operator of the scheme on behalf of the Ministry of Higher Education, Research and Innovation (MESRI)). The doctoral programme supports the SNCF group's managers and supervisors, enables them to communicate effectively about their scientific work and strengthens or creates links with their academic partners (laboratories, universities and schools).

For the financial year 2020, 70 theses were in progress, including 20 at SNCF, 25 at SNCF Réseau, 12 at SNCF Voyageurs, three at SNCF Gares & Connexions and 10 at the subsidiaries (AREP, Keolis), with the start of 15 CIFRE agreements. The specialities are very diverse and cover engineering sciences (mechanical, electrical engineering, hydrology, geotechnics, statistics, operational research, computer science, automation) as well as human and social sciences (geography, sociology, economics, management, law).

In the financial year 2020, 10 doctoral students presented their thesis (all types of contracts combined: CIFRE agreement, doctoral contracts).

2.3.3 Listening to customers

The Group builds and maintains close relationships with its customers, as evidenced by the broad online consultation organised during the summer of 2017 to build its corporate project. In total, more than 58,000 contributions from employees and travellers were recorded. SNCF also signed a memorandum of understanding with 10 national consumer associations - working in transport, housing, trade union representation, etc. - which it meets regularly to discuss current and future projects.

In addition, SNCF supports the Forum Vies Mobiles, a mobility research laboratory that studies the impact of travel on French people's lifestyles and the transition towards more desirable and sustainable ways of life.

An enriched customer relationship

While SNCF increasingly relies on its staff at stations or on board trains to ensure quality customer relations, it also strives to streamline and constantly improve the user experience. Therefore the Group, with Transilien, TER, Voyages and Keolis, is increasing the number of systems and channels to promote responsiveness and dialogue with passengers: websites, Assistant SNCF, Twitter, Facebook, WhatsApp and IMessage feeds, Chatbots, remote Customer Relationship Centres (CRC), etc.

As an example, Transilien's customer service department processed around 25,000 customer requests per month via its various contact channels (telephone, contact form on Transilien.com, interphone, Emergency Call and Information Terminals (BAUI), @TransilienSav twitter feed, email and post) in 2020.

To best support customer observations and expectations, OUI.Sncf launched a conversational bot in January 2019 to replace the claim form on the sncf.com website and to deal more easily with events in real time. In the event of disputes, customers benefit from a mediation system, independent of the Group, accessible from the sncf.com website

Focus on Mediation

Since 1994, the mediation system has enabled passengers to request a second opinion on their complaints directly from the Mediator. This service is a simple and free method of settling disputes between transport operators (SNCF, Eurostar, Thalys) and their customers.

The Mediator, an independent personality from outside the company, can be contacted via www.mediateur.sncf.com or by post at the following address: SNCF Médiatrice SNCF Voyageurs, TSA 37701, 59973 TOURCOING CEDEX.

The number of referrals to the SNCF Voyageurs Mediation Service is constantly increasing, despite the health crisis, with nearly 17,000 referrals in 2020, i.e. an average of more than 1,400 cases per month compared with 650 in 2017. Each year, the observations made during the investigation of the complaint files referred to the Mediator enable her to make recommendations to the transport companies on the recurring problems encountered. Many improvements are thus made to the specific dysfunctions observed. She hands down rulings in law and equity.

Examples of recommendations followed by action

For OUI.sncf, recurring problems were observed in 2019 (no account being taken of an expired subscription card) where the customer risked being fined or overcharged at the checkpoint. Following a recommendation, the introduction since October 2020 of the tariff control of rights at the time of purchase now makes it possible to avoid a purchase at a price for which the customer cannot qualify.

For OUIGO, customers often mention the difficulty of finding the departure platform for trains at Paris-Gare-de-Lyon and Paris-Montparnasse. Following a recommendation, signage has been improved and access to the platforms of both stations is now indicated on the tickets.

Some TER tickets do not show clearly enough that they are valid all day long. The Mediator therefore recommended better readability. Since 2020, the latest e-tickets have included the mention: "Valid on all TER trains of the day".

Finally, following complaints about the identity documents that can be produced with the ticket, the TGV Max general terms and conditions of sale have included the driving licence as a supporting identity document.

2.4 THE GROUP VALUES

Principles of conduct

The SNCF Group's ethics charter, adopted by the Supervisory Board and Executive Committee in November 2016, formalises five ethical values (integrity, responsibility, respect for people, trust, courage) and eleven principles of conduct to be respected by employees. In case of doubt, the charter explains the three reflexes to adopt: discernment, request for advice and whistleblowing.
For further details:

sncf.com/en/commitments/our-values/ethics-programme/values-and-principles

Making every employee a responsible player

The ethical approach promotes the right conduct for employees to adopt. The Group Ethics Department ensures their application, in order to make everyone a responsible and effective player, respectful of others and of the company. The professional whistleblowing system enables all employees employed on French territory to report facts or behaviour that are contrary to the law or regulations or likely to affect the company's activity or reputation.

For the first time, ethical questions concerning knowledge of the Group's ethics charter and the whistleblowing system were asked in the employee satisfaction survey at the end of 2020. The results are satisfactory with the following answers:

– Knowledge and awareness of the Group's ethical charter and/or the anti-corruption code of conduct: 75%.

– Knowledge of the whistleblowing system or ethics advisory system: 59%.

In 2020, the Group Ethics department launched several communications via the work smartphone app "MyEtic". In addition to its actions to prevent and deal with situations of sexual harassment, it has also continued its work initiated in 2019 on the ethics of artificial intelligence to better understand the issues at stake: ethical assessment of use cases based on the work of the European Commission, response to French and European calls for projects concerning AI in support of intra-group players, etc.

It also updated three practical fact sheets on the new gifts and invitations policy, "trans" people and conflicts of interest, and intensified the implementation of the anti-corruption programme provided for by the Sapin II law, with the deployment of a new training and e-learning course "Acting against corruption".

Focus on the implementation of the anti-corruption programme

The law of December 9, 2016 on transparency, the fight against corruption and the modernisation of economic life, also known as the Sapin II Law, requires large companies to implement a programme (containing eight measures) designed to prevent, combat and detect corruption or influence peddling in France and abroad. A Compliance Committee, together with an Anti-Corruption Operational Committee, has therefore been set up to ensure the implementation and monitoring of the necessary actions.

In this context, the new status of unified public group (UPG), which came into effect on January 1, 2020, has been taken into account for the entire programme and a new Group risk map has been drawn up. In addition, a new code of conduct, which will be appended to the internal regulations of the UPG companies, is currently being presented. It was also submitted to the employee representative bodies for consultation.

Among the achievements in 2020:

– The design of specific maps for all the entities of the new unified public group and a Group map validated in July 2020 by the Executive Committee.

– The adoption by the Executive Committee of a policy on gifts & invitations.

– The overhaul of distance training - with video - of the staff most exposed to the risk of corruption, which has been followed by nearly 2,000 agents during 117 sessions in 2020.

– The launch of an e-learning awareness-raising programme, available to all employees since May 2020, which has brought together more than 3,000 users over 6 months.

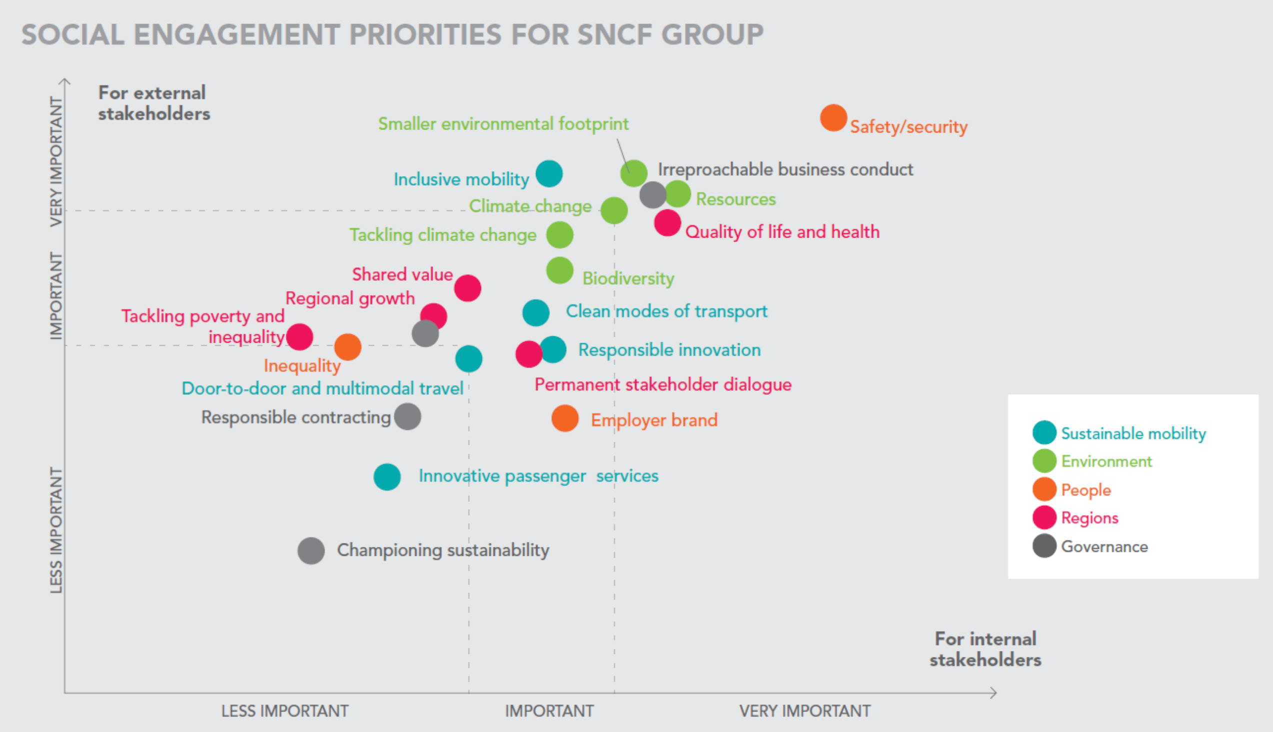
3. MATERIALITY OF CSR ISSUES

3.1 ANALYSIS OF MATERIALITY

SNCF has given new impetus to its stakeholder dialogue initiatives by conducting a survey in 2017 of its internal and external stakeholders on their expectations of the Group. This materiality analysis helped to redefine the Group's societal commitment strategy. All the Group's employees and nearly 25,000 external parties (local authorities, partners, suppliers, customers) were questioned. Nearly 9,000 people expressed their opinion on the importance of the various CSR issues for the Group and on its performance in these different areas. A third of the respondents declared their interest in continuing the dialogue on the Group's CSR issues.

The questionnaire was drawn up on the basis of the main CSR issues and reference frameworks (ISO 26 000, Global Compact, UN Sustainable Development Goals, GRI). It incorporated the results of a quantitative survey (face-to-face interviews) and workshops that brought together several dozen staff members from various backgrounds and a group of user representatives.

Our challenges



3.2 NON-FINANCIAL RISKS

The SNCF Group has assessed its most significant non-financial, environmental, social, human rights and anti-corruption risks in accordance with implementing decree 2017-1180 of 19 July 2017. The analysis included the following steps:

This work to identify and assess significant non-financial risks was carried out on the basis of the Group's risk guidelines and the Group materiality study carried out in 2017.

Non-financial risks were identified collectively, with sustainable development specialists and risk managers (business line representatives), within the Group (activities and subsidiaries). This work was carried out in collaboration with the Audit and Risks Department, which leads and steers the risk management policy within the Group.

3.3 SUMMARY TABLE OF NON-FINANCIAL RISKS

Main non-financial risks

Main risks	Commitments and Objectives	References	KPIs	2020	Scope (*)
Operational Safety and Security of people and goods	The safety of customers, staff and subcontractors is part of SNCF's identity; it is its top priority Ensuring the peace and security of people and property through a targeted security policy	4.1 Security	Number of remarkable security events (RSE) (nb)	184	five companies
		5.1.6 Protecting people	Physical attacks against SNCF customers and agents and simple theft against customers (nb)	9,257	five companies
			Number of malicious acts against property and financial assets (nb)	17,793	five companies
			Acts of incivility and breaches of legislation (nb)	267,234	five companies
Information system	Ensure compliance with the rules on the protection of personal data	2.2.1 The Compliance Committee			
Access, affordability and customer expectations	Facilitate the mobility of all citizens by improving the accessibility of structures or services and by guiding the most vulnerable groups. **Objective: 730 stations accessible in 2025**	5.1.5 Promoting access to independent mobility	Rate of progress in making stations accessible (nb)	45.30%	five companies
	Offering multiple modes of transport, increasingly responsible and adapted to the expectations of passengers seeking fluidity and innovation **Objective: 70,000 additional bicycle spaces between 2020 and 2025**	5.1.2 Reinventing passenger mobility	Number of stations with secure bicycle parking (nb)	399	five companies
	Develop personalised and inclusive mobility offers	5.1.4 Providing transport accessible to all	Rate of customer satisfaction SNCF image survey (%)	70%	five companies
Energy-related risks	**Objective: Improve the energy performance of train traction and the building stock**	5.2.1 Rolling stock: consume less and change energies	Total energy consumption (in GWh)	14,069	UPG
			Energy consumption for rail traction (in GWh)	8,444	five companies Keolis Other
			Fuel consumption of road vehicles in commercial fleets (in kWh)	3,099	GEODIS Keolis Other
			Energy consumption of road service vehicles (in GWh)	222	five companies GEODIS Other
			Energy consumption of buildings (in GWh)	2,304	five companies GEODIS Keolis Other

Main risks	Commitments and Objectives	References	KPIs	2020	Scope (*)
Climate change	Raising our customers' awareness of increasingly planet-friendly mobility solutions using tools to facilitate the choice of low-carbon multimodal transport Propose shippers low-carbon multimodal solutions to help double the share of rail in freight transport in Europe (from 15 to 30%) and France (from 9 to 18%) between 2020 and 2030	5.1.2 Reinventing passenger mobility 5.1.3 Rebalancing the share of rail in freight transport 5.1.7 Facilitate and encourage low-carbon mobility to meet France's goal of carbon neutrality in 2050	Greenhouse gas emissions (kt of CO_2e) related to energy consumption (excluding refrigerants) (Scope 1&2&3))	2,556	UPG
	Maintain a path of reducing carbon emissions for trains, buildings and all our activities, consuming less and using other energies **Objective: - 30% traction GHG and -50% GHG for the building stock between 2015 and 2030**	5.2.1 Rolling stock: consume less and change energies 5.2.2 Become a committed player in the energy performance of buildings	CO_2e emissions from rail traction energy per passenger.km (Scope 1&2&3) (gCO_2e/ pass-km)	8.21	five companies
	Better anticipation and integration of climatic changes and hazards in the planning and management of services and investment decisions to ensure service continuity	5.3 Improving the adaptation of our activities to climate change			
Environmental standards and regulations	Deploying EMSs in Group companies to improve SNCF's environmental performance	5.2.7 Optimising environmental management	14001certified industrial rail facilities ISO 14001 (%)	90%	five companies
	Fighting against the depletion of resources and the impacts of the production of materials and waste on natural resources, biodiversity and the climate **Aiming for Zero non-recovered waste by 2030 on products central to the railway activity**	5.2.4 Integrating the circular economy in the Group with the aim of zero non-recovered waste by 2030 on products central to the railway activity	Total quantity of hazardous waste produced (in tonnes)	69.3	five companies GEODIS Keolis Other
	Continuing our commitments under Act4Nature	5.2.6 Conserving natural resources and biodiversity	Percentage of railway facilities (national rail network, sites) subject to measures to reduce or eliminate the use of plant protection products (excluding biological control) (%)	15.40%	five companies
	Anticipate the ban on glyphosate-based plant protection products by the end of 2021				
Supplier purchases	Supporting the professional integration of people who are far from work or disabled by including social clauses in contracts	5.4.3 Developing an increasingly responsible purchasing strategy	Solidarity purchases (M€)	36.50	five companies Keolis
	Increasing the weight of CSR criteria in the choice of our subcontractors and improving our performance as a responsible buyer.		Percentage of amount of purchases contracted in Year Y and covered by a rating of the offers at 20% of the total rating (%)	5.50%	five companies
	Reinforcement of CSR criteria throughout the purchasing process to promote social and environmental performance.		Supplier CSR performance (rating out of 100)	56.5	five companies GEODIS
Corruption and breach of the duty of probity	Promoting ethical behaviour and monitoring the implementation of the ethical charter	2.2.2 Ethics 2.4. The Group values	Whistleblowing alerts received (nb)	95	five companies
			Investigations carried out by the Group Ethics department (nb)	24	five companies
			Training sessions on the corruption prevention programme (nb)	114	five companies

Main risks	Commitments and Objectives	References	KPIs	2020	Scope (*)
Occupational health and safety	Assess, prevent and better control all risks related to the safety, health and quality of life at work of SNCF employees. **Objective: 0 Deaths - Reduction of frequency rates by 10% per year**	4.1 Security 5.5.3 Ensuring health and safety within the Group	Severity rate of occupational accidents (For 1,000 hours worked)	0.95	five companies
			Frequency rate of occupational accidents (For 1,000 hours worked)	11.80	five companies
Social cohesion/social dialogue	Maintaining quality social dialogue	5.5.2 Fostering the conditions for a well-developed social dialogue 5.5.5 Supporting employee commitment	Lost days per agent as a result of industrial action (nb)	1.35	five companies
	Objective: Right balance in the composition of the Board and its committees	2.1.3 The Board of Directors	Gender balance on the Board of Directors (%)	50%	UPG
	Developing better ways of living and working together by promoting a culture of inclusion	5.5.4 Building a better life together	Percentage of women in the workforce (nb)	23%	five companies
Employer brand appeal	Enhance the attractiveness of professions to attract talent and offer an attractive training and mobility offer to remain a leading and preferred employer **Objective: Recruit 7,000 work-study students in 2021**	4.2 People 5.5.1 Attract and retain talent 5.5.4 Building a better life together	Number of permanent hires in France (nb)	10,045	UPG
			Dismissals (nb)	557	five companies
			Work-study Contracts (nb)	7,109	UPG
Skills management	Enabling employees to adapt to changes in professions, techniques and organisations, by facilitating professional mobility throughout the Group, by building career paths and providing appropriate training.	4.2 People 5.5.1 Attract and retain talent	Training hours(in thousands)	3,743	five companies
		5.5. Making our employees the main actors and beneficiaries of the ecological and social transition	Percentage of employees having received at least one training course in France (%)	71%	five companies

(*) The scope of the non-financial performance statement indicators corresponds to:

- either the 5 companies: SNCF SA, Réseau SA, Gares & Connexions SA, Voyageurs SA and FRET SAS.
- or to the unified public group (UPG), i.e. SNCF SA, Réseau SA, Gares & Connexions SA, Voyageurs SA, Keolis, GEODIS, Rail freight multimodal transport.

3.4 THE SNCF GROUP TAX STRATEGY

The media, public opinion and NGOs pay increasing attention to the issues of international tax avoidance by major multinational groups. In a context where there is increasing pressure on public finances, governments are particularly attentive to the tax base erosion arising from the artificial allocation of taxable profits in tax jurisdictions outside of where the actual business activity has taken place.

In 2015, under the BEPS (Base Erosion and Profit Shifting) project, the OECD published recommendations for coordinated international action to reform the current international system of taxation and remove any loopholes.

As a multinational group operating worldwide, SNCF recognises the key role of taxes in preparing budgets in the countries where it develops its activities. All the Group's entities support the BEPS initiative and are convinced that tax transparency measures will help limit unfair tax competition and benefit the growth of our activities.

The SNCF Group applies the following guidelines:

– The SNCF Group subsidiaries act as responsible taxpayers worldwide, in accordance with applicable tax laws and regulations.

– SNCF encourages ethical and transparent business practices.

– SNCF promotes an open dialogue based on trust between tax policy decision-makers and the companies.

– SNCF has a tax team that works closely with various players within the international tax framework, in order to comply with its requirements.

– SNCF undertakes to submit clear and transparent information to the various tax authorities so that they can better understand the Group's tax strategy.

3.4.1 Our commitments

The SNCF tax policy is based on four primary commitments:

3.4.1.1 Compliance — Pay the right amount of tax within the statutory deadlines

We undertake to comply with the tax laws and regulations of the countries in which SNCF Group entities operate. This consists in paying the right amount of tax within the statutory deadlines to the tax authority of the country where the tax is due. This also involves declaring all the relevant facts and circumstances and seeking existing tax exemptions and incentives.

Furthermore, SNCF files an annual Country by Country Report (CbCR), pursuant to international recommendations and French tax law.

3.4.1.2 Responsibility in managing our tax policy

As part of the development of our commercial activities, we take into account — among other factors — the tax regulations in the countries where we operate in order to maximise value creation in the long term for our partners or employees.

Any office in a foreign State has an economic and commercial substance and takes into account the potential impacts on our reputation and ethical integrity. We do not set up artificial tax arrangements.

Each SNCF Group entity adopts a responsible and prudent approach; no system has been set up primarily or exclusively for tax purposes.

For cross-border transactions, SNCF applies the OECD principles and verifies that the transfer pricing rules defined within the Group comply with the "arm's length principle".

These cross-border transactions are documented within the Group and reported in full to the tax authorities if required by national tax regulations.

The Group's tax department is responsible for:

– Defining the transfer pricing policy for all Group activities, making sure that SNCF Group companies adopt this policy.

– Ensuring that the clauses set out in the tax agreements entered into with the countries where the SNCF Group operates are properly enforced.

3.4.1.3 Efficient tax risk management

Considering the scope of our activities and the tax requirements incumbent upon the Group, there may be uncertainties as to the interpretation of local or international tax measures. In addition, conflicts of jurisdiction may result in disagreements as to which country should collect the taxable profit.

SNCF seeks to identify, assess and verify any tax risks to safeguard all its transactions. In the event of uncertainty or complexity surrounding the extent of a tax risk, an external advisor is consulted, particularly for international taxation.

The SNCF Group has employees qualified in all areas of finance; they are responsible for managing the taxation relating to withholding taxes and tax returns.

The SNCF Group tax department ensures that requirements for all taxes and duties, such as NA, corporate income tax and wage tax.

3.4.1.4 Constructive working relationship with the tax authorities

SNCF maintains a professional, cooperative and respectful relationship with all the tax authorities in the countries where the Group operates.

The Group does not adopt any tax position that may create a risk for its reputation or undermine its image with the tax authorities. We always answer any request for information from the tax authorities with complete transparency.

However, after first sought to resolve disputes in a fair and transparent manner, we are prepared to initiate legal proceedings should any disagreement with a tax authority decision or ruling persist.

4. EXCELLENCE ON THE FUNDAMENTALS

4.1 SAFETY

SNCF Sécurité: the PRISME programme

The safety of customers, staff and subcontractors is part of SNCF's identity; it is its top priority. In 2015, SNCF launched the PRISME programme to transform safety management and strengthen the safety culture within the group's various entities. Fair & equitable, rules that save, risk-based management, renewed audits and monitoring, managerial transformation, consideration of organisational and human factors... The projects undertaken over the past four years have contributed to raising awareness of the highest standards of safety conduct to ensure the safety of the company's employees and customers. PRISME has reduced the number of safety events by 50%.

To continue this transformation programme over the period 2020-2026, SNCF intends to establish a participatory, proactive and integrated safety culture over the long term. To do this, the company used collective intelligence. It has thus launched a participatory approach aimed at sharing all good practices in the field, facilitating the expression of needs and encouraging the emergence of proposals. In addition, it continues to rely on an international committee of experts to advise and enlighten it in its safety management. Finally, as part of the corporate project, safety and security form the foundations of the "Maison Tous SNCF", a methodology common to all SNCF group entities for the construction of their entity project.

Key indicator

	2018	2019	2020
Remarkable safety events (RSE) (nb)	209	164	184

There were more events in 2020 compared to 2019, an exceptional year, but the trend remains satisfactory compared to 2018. The Fair and Equitable approach allows people to speak out and spontaneously report more events. The health situation has considerably changed activities, with frequently adapted organisations and agents more often exposed to the risk of error. Support is in place to assist them, particularly in terms of organisational and human factors.

Keolis

For Keolis, the ultimate objective remains that of "Zero At-Fault Accidents" for passengers, employees and third parties, through robust and applicable management systems and safety culture development approaches applied in each subsidiary according to their regulatory context and the specific features of the mobility services operated. The parent company provides the necessary support locally and ensures continuous improvement, develops the exchange of good practices and organises feedback.

This support is organised on the basis of a common management base using shared standards, procedures, instructions, training and tools. Among the 2020 actions for accident prevention, the management reference framework has been revised with the participation and collaboration of representatives from the business lines and line management in different countries. It is aligned with management system standards such as ISO 45 001 on occupational health, ISO 39 001 on road traffic safety and the recommendations of the European Railway Agency (ERA) for guided transport systems. It will provide subsidiaries with a Group framework harmonised with international standards and best practices for public transport and mobility services.

4.2 PEOPLE

SNCF Humain

More than ever, the challenges of employment and skills development in the regions are crucial. The Solidarité Emploi programme, launched in January 2020, reflects the desire to put people and solidarity back at the heart of the company's priorities and actions. SNCF Humain becomes the fourth fundamental alongside SNCF Sécurité, SNCF Robustesse and SNCF Information.

The Solidarité Emploi programme aims to set up a coordinated management of professional mobility in the heart of the regions.

This 4th fundamental should allow each agent to build a career path within the Group. The aim of the programme is to:

– Reaffirm inter-company solidarity as a priority and put it into practice and integrate it into the processes.

– Develop mobility between company activities.

– Give employees greater visibility on the jobs of tomorrow and those available today in each employment area.

– Make managers responsible for their employees' career paths, with the support of HR stakeholders.

To encourage mobility at Group level, in the regions, the Solidarité Emploi programme has led to the implementation of a new employment governance, effective from the end of 2020. This new form of governance brings together local players (regional group coordinators, HR directors, school directors, etc.) with a single objective: to best meet the professional mobility needs of employees to cover the SNCF group's jobs with internal resources.

From January 2021, the Regional Mobility Agencies, replacing the Mobility Initiative Spaces (EIM), will have extended responsibilities. In very concrete terms, they will support, promote and facilitate the professional mobility of employees in each region.

Finally, every year, the employees of the five companies - SNCF, SNCF Réseau, SNCF Gares & Connexions, SNCF Voyageurs and Fret SNCF - are invited, through the satisfaction and commitment surveys (ALLURE and AMPLI), to express their feelings and give their opinion on the quality of life at work, listening, managerial relations and their confidence in the future. Many employees (around 60%) take part in these annual surveys. Each manager shares the results with his team to identify actions to increase employee satisfaction at work and also contributes to the human aspect of the company's project.

2020 employee satisfaction surveys

– Participation rate in the AMPLI 2020 survey (SNCF, SNCF Voyageurs, SNCF Gares & Connexions, Fret SNCF): 61.5% (vs. 55% in 2019).

– Participation rate in the ALLURE 2020 survey (SNCF Réseau): 56% (idem 2019).

4.3 PUNCTUALITY

SNCF Robustesse: the H00 programme

The H00 programme was launched in 2017 with the aim of improving the punctuality of trains (down to the second) and ensuring better service for the customer. Three years later, the programme is one of the Group's fundamentals.

Despite a year 2020 marked by the COVID-19 pandemic and the January strike, the H00 programme is up 1.6 points compared to 2019, with 86.2% of trains departing on time. Since the start of the programme, 12% more trains have been departing on time. This represents 357,000 trains.

For 2021, efforts are focused on the 12 programme standards. The objective at the end of 2021 is to reach a level of at least 3 out of 4 on each of them. It also means getting more than 88% of trains to depart on time, with a target of 90% punctuality by the end of 2022.

4.4 INFORMATION

SNCF Information: the FIRST programme

After three years in place, the Information First programme has boosted performance in terms of the management and quality of the production of Passenger Information.

In 2020, the programme demonstrated its effectiveness in the wake of the various lockdowns. Due to the mobilisation of all stakeholders, the company was able to offer customers returning to the trains an offer that is comprehensible across all channels, consistent (distribution and transport IS), anticipated (over several days) and guaranteed from start to finish.

The developments in 2020 include:

– The geo-location of trains since June 2020 via the SIRIUS driver tablets and the deployment of a new incident reporting tool in November 2020 enable operational centres to be more responsive.

– Drafting crisis management scenarios (700 written scenarios) improves the handling of disrupted situations and must become an essential process (objective of 80% of scenarios to be used by 2021).

– Changes in quality indicators for passenger information produced (and not just perceived) with calculation methods closer to the customer's vision.

– Streamlining of passenger information systems to reduce the dissemination time of passenger information by three and reduce operating costs.

In 2021, the Group intends to strengthen the programme (€150 million invested over 3 years) by making significant progress in the responsiveness of passenger information and by securing the commitment of managers, agents and the customer culture in consolidated organisations through the standardisation of processes.

2021 will also see the completion of projects visible to customers, such as the merger of the SNCF app with OUI.sncf or the deployment of tools (EASY) to inform agents in contact with passengers in real time.

Facing the challenges (technological, post-COVID-19, legislative, societal, etc.) and working together to seize the opportunity of opening up to competition will also prepare the programme for the future to achieve a level of excellence in terms of passenger satisfaction in disrupted situations.

5. DELIVERING MOBILITY THAT WORKS FOR PEOPLE AND PLANET

5.1 DEVELOPING RAIL AND SUSTAINABLE MOBILITY

5.1.1 Providing a sustainable network for the regions

5.1.1.1 Context

More than a means of transport, the freight or passenger train is a real lever for regional development and revitalization. At the end of the health crisis, SNCF wishes to strengthen its partnership strategy with each region and serve each region's economic recovery. This will involve the increased renovation of the network of minor historical regional routes.

5.1.1.2 Our commitments

To work alongside local authorities by preserving minor historical regional routes.

5.1.1.3 Policies and actions

Varied in their functionalities (peri-urban and inter-city links, low-density regional services, etc.) and uses (types of trains, number of journeys, etc.), minor historical regional routes have been the subject of increasing investment over the last few years, both in terms of rolling stock and infrastructure renovation.

In 2019 and 2020, SNCF Réseau committed €400 million/year of renewal investment on these lines, double the annual average for the previous four years. This momentum will continue with the implementation of the State's action plan with the regions, following on from the report by Prefect Philizot. It is set out in State/Region protocols for each region, determining the funding rules specific to the lines.

To contribute to the financial effort, the rail component of the Recovery Plan allocates €620 million to the minor historical regional routes, including €300 million in direct State subsidies for the project and the rest allocated to SNCF Réseau (€250 million from the State and €70 million financed by future disposals carried out by the Group). It is combined with the commitments of many regions and will be contracted out in the State/Region Plan Contracts (CPER).

At the same time, the company is developing a partnership approach to build, with the State, the regions, local authorities and operators, an adapted and innovative response for each line.

SNCF Réseau is therefore working to support regions wishing to benefit from the possibility of transferring infrastructure management missions introduced by Article 172 of the French Mobility Law (LOM). The publication of the implementing decree at the end of 2020 (decree no. 2020-1820) defines the framework for carrying out these transfers and opens up the possibility of new management methods, under the full responsibility of the rail transport organising authorities.

A guide to rethinking minor historical regional routes

In September 2018, SNCF Réseau published a methodological guide proposing an approach to ensure a future for "small lines" by outlining solutions to reduce the costs of renewal. This guide, updated annually, is based both on a method to better define the characteristics of line renewal (mobility needs to be met, correct dimensioning, etc.) and on a series of optimised technical solutions, by theme. The result is a range of operations that goes from the use of the "factory train" for the renewal of the Libourne - Bergerac line in 2019 to specific solutions involving the reuse of rails and a reduction in the number of sleepers, as for the Avranches - Dol line.

This guide supplements the transparency work undertaken by SNCF Réseau with the State and the regions through the publication of an annual inventory of lines.

In figures, minor historical regional routes:

– 78% single-track lines.

– 85% non-electrified.

– Average age 37 years.

5.1.2 Reinventing passenger mobility

5.1.2.1 Context

Competition between different modes of transport and the intensification of trade are changing the contours of mobility for travellers with a growing demand for environmentally-friendly and seamless mobility.

5.1.2.2 Our commitments

– To offer multiple modes of transport, increasingly responsible and adapted to our customers' expectations (TGV air, renewal of night trains, high-speed trains in Europe, etc.).

– To decarbonise mobility by developing the use of active modes such as intermodality between bicycles and the train.

5.1.2.3 Policies and actions

SNCF is deploying new offers tailored to the needs of each customer and region in order to better respond to economic, climatic, public health and quality of life challenges.

Aware that the development of soft transport is a major challenge for the ecological transition, particularly for everyday journeys, SNCF is working with the organising authorities to develop active mobility, such as intermodality between bicycles and the train, tram and bus. The Group is thus positioning itself as a committed and voluntary player in the objective set by the French Mobility Law (LOM), adopted in December 2019, of tripling the modal share of cycling by 2024.

Making more room for bicycles at the station

SNCF Gares & Connexions has thus deployed the Enhanced Multimodal Space (EMA) programme on an experimental basis in 224 stations to develop carbon-free mobility, including cycling, through a range of intermodal services (secure bicycle shelters, self-service repair station, self-service scooters, information terminals about points of interest, etc.). Gares & Connexions has also included in its 2020-2025 strategic plan the creation of 70,000 bicycle parking spaces around stations by 2025. There are currently 20,254 secured spaces at 399 equipped stations.

Even more bicycles on board TGVs

In all TGVs, bicycles that are dismantled and placed in a cover can now be taken as luggage. As for bicycles that are not dismantled, the capacity is set to increase; in 2020 Voyages proposed on its TGV INOUI 6% more bicycle places compared to 2019, at the price of €10. The business plans to increase this capacity by renewing and modernising its fleet. In 2021, the web sales path will be optimised and the marketing of bicycle spaces will be extended to the OUI.sncf mobile application.

The aim is also to improve the clarity and readability of the offer (from search to booking), guarantee door-to-door bicycle transport (as part of the home luggage offer) and facilitate the dismantling of bicycles in stations (creation of "workshop points" in stations with covers and tools).

TER's extended bicycle offer

TER supports the regions in their strategy to develop both everyday cycling and cycle tourism.

For example, on the "Vélodyssée" in the Nouvelle-Aquitaine Region (Bordeaux/Arcachon, Hendaye/Bordeaux, Bordeaux/La Rochelle lines), each train can accommodate between 17 and 25 bicycles, in an adapted configuration (a system of protective covers on seats to allow for this heavy load).

The Pays de la Loire Region, for its part, offers "Jumbo bike" trains with modular zones, increasing the number of bicycles from 9 to 50 in the summer.

In addition, a partnership with France Vélo Tourisme provides a rental service near stations. Also, an agreement with a French sports brand enables all new annual TER to test a folding bicycle or scooter free of charge for 29 days.

In addition, since autumn 2020, the company has been experimenting with a bicycle "coupon" project to reserve a space in busy periods.

Key indicator

	2018	2019	2020
Stations with secure bicycle parking (nb)			399

The Mass Transit Academy: developing expertise in densely populated areas with travellers at the heart of the system

The Mass Transit Academy was created in June 2016 by three SNCF activities: Réseau Île-de-France, Transilien and Keolis, which share a common vision of Mass Transit (public transport in densely populated areas) to contribute to the development of operational performance in Île-de-France. Particularly in the management of passenger flows, carrying out work on an old and complex network, while continuing to operate it with limited impact for customers.

The Mass Transit Academy offers the following services:

– An inter-business training centre that provides a better understanding of operations in densely populated areas as well as customer behaviour (social psychology and nudge).

– A centre of expertise with capitalisation and dissemination of knowledge and good practices, the creation of benchmarks, learning expeditions, operational excellence, a Nudge Unit which leads experiments / processes to improve the customer experience and the performance of the system.

– A lab that supports breakthrough innovation and System innovation.

Since the creation of the Mass Transit Academy, 2,160 people have been trained, more than 1350 managers have been made aware of operational excellence and more than 10,000 agents have connected to the "Mon Parcours Mass Transit" awareness programme (micro and mobile-learning)

A stronger partnership with Air-France to promote the train in France

For 25 years, Air France and SNCF have been offering their customers a service that allows them to combine train and air travel in the same booking. Called "Train + Air" (formerly TGV Air) and used by more than 160,000 customers each year, it currently connects 14 stations to the Air France hubs at Paris-Charles de Gaulle and Paris-Orly. Since December 2020, Train + Air has also been available between Bordeaux Saint-Jean station and Paris-Orly airport. Customers travel by train from Bordeaux to Massy TGV, before being transferred to Paris-Orly by taxi. There are five daily departures from Bordeaux Saint-Jean and four from Massy TGV, at times adapted to allow for rapid connections.

This commitment between the two companies comes at a time when the government wants to ban domestic air flights with journeys of less than 2 hours 30 minutes by train, to encourage less carbon-intensive travel, while facilitating passenger intermodality.

An increase in night trains in France and Europe

SNCF is very much in favour of developing night trains, in line with the development and service strategy for the regions shared with the State, which wished to devote €100 million to night trains as part of the recovery plan. The railcars of the two existing lines are currently being refurbished to modernise these trains. Two new lines, Paris-Nice and Paris-Tarbes, will also be brought back into service by 2022.

In December 2020, SNCF, the Austrian ÖBB, Swiss CFF and German DB railways also announced, on the sidelines of the Council of Transport Ministers of the European Union, their desire to build a new European offer for cross-border night trains. Priority will be given to four new "Night jet" lines linking 13 major European cities:

– December 2021: Vienna-Munich-Paris and Zurich-Cologne-Amsterdam.

– December 2023: Vienna/Berlin-Brussels/Paris.

– December 2024: Zurich-Barcelona.

The Green Speed project for High Speed Europe

Initiated in 2019, this project offers an attractive eco-responsible alternative to road and air travel in Europe. This alliance between Eurostar, the cross-Channel rail operator, and Thalys, the Franco-Belgian operator, will enable nearly 30 million passengers a year to take high-speed trains by 2030, offering simplified international routes, attractive fares, a quality service and favouring renewable energies.

5.1.3 Rebalancing the share of rail in freight transport

5.1.3.1 Context

Faced with the constant increase in the flow of goods, the development of rail freight can meet both the ecological challenges of the regions and the needs of economic players, provided that it is combined with several other modes of transport. This is the belief of the European "Rail Freight Forward" alliance and its French version "4F", of which SNCF is a member.

5.1.3.2 Our commitments

Offer shippers low-carbon multimodal solutions to help double the modal share of rail freight in Europe and France between 2020 and 2030.

5.1.3.3 Policies and actions

For companies and territories that are increasingly concerned about the environment, rail freight is a positive impact, high-performance, low-carbon solution. With 90% of goods (in tonnes.km) transported in France by electric locomotives, Fret SNCF emits 14 times less CO2e than road transport. In addition, rail transport consumes six times less energy than road transport.

In 2019, SNCF Réseau decided to devote €20 million a year for five years to renovating the sidings most used by freight trains, but also for the storage of passenger trains.

At the end of 2020, 35 sites had benefited from works to restore infrastructure and sidings.

Fret SNCF's strength is that it offers different transport formats to cover all shippers' needs, everywhere in France and internationally: from a single wagon to a full train, through combined transport or piggyback transport, which allows containers or semi-trailers to be transported on wagons to avoid congestion on major roads and thus reduce their carbon impact.

Fret SNCF Freight also serves ports and offers intermodal solutions with pre- and/or post road haulage via a network of logistics sites connected throughout France.

Another innovative project to give more flexibility to rail freight: the Autonomous Freight Train, tested in real conditions in October 2020.

The new 4F alliance to double the share of goods transported by rail by 2030

The SNCF group's rail freight transport companies (Fret SNCF, VFLI, Naviland Cargo, VIIA, Forwardis) are members of 4F (Fret Ferroviaire Français du Futur), an alliance of French operators created in the summer of 2020 based on the European "Rail Freight Forward" model. With the same principle: make rail the lever of a strong economy reconciling production and climate. This coalition proposed to the State a project to support rail freight based on the complementarities between the different rail-road-river-sea modes. Objective: to double the market share of rail freight by 2030 (18% for France and 30% at European level).

Result: in December 2020, the State announced to the entire sector a total of €170 million in grants for single wagons, halving infrastructure fees in addition to start-up aid for three new rail freight motorways by 2022 (Sète-Calais, Cherbourg-Hendaye and Barcelona-Perpignan-Rungis-Dunkerque/Antwerp) which will allow semi-trailers, containers and swap bodies to be loaded onto trains (piggyback transport), in addition to the eight currently in service.

Other measures over the period 2021-2024 will contribute to the creation/renovation of combined road-rail transport terminals, the renovation/maintenance of capillary lines or work on engineering structures. In addition, €210 million will be granted to the SNCF Réseau infrastructure manager to offset the additional costs of reprogramming maintenance work designed to boost freight traffic.

Investments that generate savings. Doubling the share of rail in France from 9% to 18% will save €25 billion in external costs for land freight transport between 2020 and 2040 and reduce the amount of CO2e emitted by almost 8 million tonnes by 2030.

VIIA rail motorways

– 8 rail motorways Bettembourg - Le Boulou; Bettembourg – Perpignan; Bettembourg – Barcelona; Bettembourg – Calais; Orbassano – Calais; Calais – Mâcon; Le Boulou – Mâcon; Aiton – Orbassano.

– In 2020, 89,300 t of CO2e avoided through rail motorways, up 2% compared to 2019.

Winning new customers through capacity management

In 2019, Fret SNCF deployed capacity management. Objective: to offer trains running at intervals on predefined lines to give customers more opportunities to integrate their goods. Trains thus become reserves of capacity, enabling shippers to reserve spaces that correspond exactly to their needs.

Result in 2020: 60% of Fret SNCF's trains passed through these capacity management lines. And with the launch of new lines in 2021, this share will rise to 70%.

These trains allow shippers to gain in flexibility - batch format, variations in orders and peaks in activity, etc. -, responsiveness and reliability. A new commercial offer will be launched in 2021 to support this deployment. By optimising train filling, capacity management also enables our customers to reduce the energy balance of the tonnes transported.

GEODIS' new rail-road platform to promote rail transport

Entirely dedicated to multimodal transport, the new logistics hub in Dourges (62), operational since November 2020, strengthens the North-South rail line operated by GEODIS. Covering an area of 35,000 m2, including a 10,000 m2 secure warehouse alongside the railway tracks, the new road-rail platform has 21 truck-side docks and can load 16 wagons simultaneously, i.e. half a train. The two daily trains (one in each direction) to the Avignon hub, for customers in the retail sector, represent the equivalent of 100 full trucks on the road, for a reduction of up to 75% in greenhouse gas emissions.

5.1.4 Offer transport accessible to all

5.1.4.1 Context

Making the train more accessible to all categories of passengers is becoming a vital issue at a time of opening up to competition and low cost travel. But also due to the health crisis, which has severely restricted travel in France and Europe and is having a lasting impact on travel habits, particularly for business. SNCF responds to this by offering a diversified, adapted offer at affordable prices.

5.1.4.2 Our commitments

Develop mobility offers at affordable and personalised rates.

5.1.4.3 Policies and actions

To meet the needs of each of its customers and make mobility more inclusive, in May 2019 SNCF introduced new, simpler and more advantageous discount cards for TGV. In 2019, 113.5 million customers travelled at high speed in France and Europe with SNCF.

The year 2020 was an exceptional year, with months of strikes until February, followed in March by an unprecedented health crisis that severely restricted travel in France and Europe. SNCF has responded by adapting supply to demand and to the Government's travel restrictions. The company has continued to offer more low prices to allow the greatest number of people to travel: For example, 1.5 million TGV INOUI and OUIGO tickets for less than €50 were put on sale for the festive season, i.e. 1 out of 3 tickets and +15% compared to Christmas 2019.

SNCF also permitted the free exchange of all INOUI and OUIGO TGV tickets throughout the crisis.

In addition, since 2019, Voyages has launched an initiative to simplify the TGV fare system: the aim is to make the offers simpler and more accessible, notably by reducing the perception of high prices, but also more attractive to win back customers and attract new ones. This project is all the more important in a context of crisis and will be boosted from 2021 through co-construction work with all the stakeholders (employees, economic experts, users' associations, etc.).

Since September 2020, TER has been working alongside the regions with its PlaneTER programme. Objective:

encourage customers to leave their cars in the garage and make them prefer the train, with attractive fare ranges and new ways to make it easier to buy tickets. Also with "Optim'TER" type approaches enabling regions to redesign the offer on the basis of mobility needs expressed with solutions more suited to the minor historical regional lines (services, frequency, connections, etc.).

High speed at an affordable price

After already carrying 17 million passengers in 2019, OUIGO's low-cost TGV offer is expanding its coverage and offering new destinations in France. Since June 2020, Lyon city centre has thus been served with three daily return trips from three Ile-de-France stations (Paris-Marne-La-Vallée-Chessy, Paris Gare de Lyon and Paris Roissy CDG 2 Airport) and from €16 for adults and €8 for children.

In 2021, OUIGO will offer new destinations in the Alps from €10 for adults and at a fixed rate of €5 for children. During the winter season, OUIGO trains will therefore run between Roissy-Charles-de-Gaulle Airport, Marne-la-Vallée and Bourg-Saint-Maurice.

And to offer sustainable mobility in Europe, SNCF is launching a OUIGO offer in Spain from 10 May 2021, health situation permitting. OUIGO, adapted to the Spanish market, will offer five daily round trips between Madrid and Barcelona, also serving Zaragoza and Tarragona at low prices: an offer from €9 with children up to the age of 3 travelling free and a price of €5 for children aged between 4 and 13.

TER mobile shops to meet customers

TER is experimenting with new ways to make it easier to buy tickets and give people the idea of using the train, not only where there are no ticket offices or ticket machines, but also for the 25% of French people who do not have a smartphone.

SNCF is thus increasing the number of telephone sales outlets with customer relations centres located in the regions, which can sell tickets and send them by post from 2019. It is also experimenting with the electronic sales desk in Pont-L'Évêque, Challans and Cholet.

The physical points of sale are also deployed via mobile shops, vehicles that circulate in four regions (Pays-de-la-Loire, Brittany, Nouvelle-Aquitaine and Grand-Est) and park in communal spaces such as markets. In addition, shops such as multi-service grocery shops, newsagents or tourist offices sell TER tickets under a commercial contract using an application (Mobileo).

TER low-cost operation to encourage people to return to the train in the summer

To revive train tourism, after the lockdown, when the French were tempted to choose the car, TER launched a special summer low-cost operation with all the regions of France. The campaign inviting people to visit France by TER was entitled "2 million tickets for less than €10" and was relayed by all traditional (media, display, etc.) and digital (OUI.sncf, TER sites, social networks, etc.) communication channels. The system included an interactive map showing more than 2,000 regional sites accessible by TER.

Result: 2.4 million tickets sold. In addition, 68,000 monthly "TER de France" youth passes at €29 were sold during the summer period. Two thirds of the young people would not have travelled without this offer.

Key indicator

	2018	2019	2020
Customer satisfaction rate (SNCF image survey) (%)	68.00	73.00	70.00

In figures: customer satisfaction rate (in normal and disrupted situations):

84% for TGV INOUI (vs 82% in 2019) and 84% for OUIGO.

5.1.5 Promoting access to independent mobility

5.1.5.1 Context

The law of 11 February 2005 on the fundamental rights of people with disabilities makes accessibility part of the Group's strategy. The need for independent mobility is growing with the ageing of the population.

5.1.5.2 Our commitments

To cover 730 national and regional stopping points in France over the period 2016-2025 as part of the commitments made in the Programmed Accessibility Agendas (Ad'AP), launched by the State in 2014. The National Accessibility Master Plan -Programmed Accessibility Agenda (SDNA-Ad'AP) validated by order of the Minister of Transport, published in the Official Journal on 18 September 2016.

Develop digital accessibility of SNCF media, particularly for visually and hearing impaired customers.

5.1.5.3 Policy and actions

For more than 15 years, the Group has been multiplying its actions to enable everyone, including people with disabilities and reduced mobility, to travel in optimal conditions of accessibility and comfort. And since 2014, the Ad'AP mechanism has provided for involvement at several levels. The Group is therefore carrying out adaptation work to make platforms and buildings accessible (pathways, signage, ticket offices or information and sales areas, etc.). It should be noted that the State has decided to devote €120 million as part of the rail recovery plan to support the accessibility of stations. In addition, assistance services are available to help passengers get on and off the train. The agents in contact with customers in stations and on trains, including rail security staff, are therefore trained in the specific needs of people with disabilities and reduced mobility.
In addition, progress is being made to make applications and websites usable by all. For example, in Assistant SNCF, an "on-board announcements" function now enables hearing impaired passengers to communicate with the train driver.

Increasingly accessible rail services

The interim report of the SDNA-Ad'AP for 2015-2025, available on the SNCF website www.accessibilite.sncf.com, shows that, over the period 2015-2018, 90% of the commitments undertaken in terms of accessibility were met.

– 51 stations out of 160 with full accessibility, from the passenger building to the platforms.

– 109 remaining stopping points by 2025, an attainable goal.

– 31% of the objective achieved in 4 years.

– 129 completed passenger buildings.

– 60 platforms brought up to standard.

– €93 million invested, i.e. 92% of the target.

SNCF has entered period 2 of the SDNA-Ad'AP, which runs from 1 January 2019 to 31 December 2021. An assessment of this period 2 will therefore be carried out in mid-2022.

Key indicator

	2018	2019	2020
Rate of progress in making stations accessible (%)		39.50	45.30

New protocol between SNCF and PRM associations

The Accessibility Advisory Council (ACFA) meeting of 8 October resulted in the signing of a new consultation protocol. This is the third protocol in 15 years signed between SNCF and associations representing the world of disability. With this text, in force until 2024, the PRM associations with which the SNCF Accessibility Department used to co-construct public transport accessibility will also become the main contacts of the new carriers applying to operate train lines on the French network.

The Advisory Council was also an opportunity for the company to announce a multi-year digital accessibility plan for 2020-2022 that will improve navigation of the SNCF group's sites and applications. To meet this commitment, e.SNCF has recruited five people undergoing career changes who will be trained in digital accessibility audits to support all IT departments and the IT managers of the various business lines in making their applications accessible.

SNCF continues its commitment to greater digital accessibility

OUI.sncf, Ouigo.com, sncf.com, transilien.com, En Gare, alerte 3117 or mobile applications... Between sites aimed at the general public and those enabling agents to carry out their missions, the SNCF group manages more than 200 websites and mobile applications.

As digital accessibility concerns everyone, e.SNCF had a duty to hire as many digital employees as possible to make accessibility a central part of its practices and to move towards a more inclusive digital world. To fulfil this ambition, a digital accessibility master plan was formalised for the years 2020-2022.

Among the rules laid down in this new scheme:

– The appointment of digital accessibility officers in each digital department of the various public limited companies.

– Funding of training to learn the profession of accessibility auditor for the first five employees undergoing retraining. They will then work for the various Group entities to assess software assets and propose corrective actions.

– e.SNCF's digital school provides training modules designed to raise awareness among all employees and enhance the skills of digital players on technical subjects.

These modules were deployed as part of the European Week for the Employment of People with Disabilities in November 2020.

Keolis trains its employees in disability

For Keolis, which has been committed since 2018 to a Group accessibility policy, raising employee awareness of accessibility issues, sharing best practices throughout the value chain and, more generally, changing the way disabilities and frailties are viewed is a central and competitive issue. Keolis' in-house training institute offers six training courses on the reception, support and commercial behaviour to adopt for disabled passengers.

On the occasion of an international day dedicated to sign language, Group tools have been created to raise employee awareness, such as a web conference on hearing impairments in French and English, a video to raise awareness among field agents and a booklet of courtesy signs and special transport signs, as well as some advice on how to communicate with a hard of hearing and/or hearing impaired person, even without knowing French Sign Language (LSF).

The subsidiaries continued their actions, as in the Keolis Quimper network, which organised training courses on invisible disabilities (myopathies, Parkinson's or Alzheimer's disease, osteoarthritis, polyarthritis, strokes, mental illness, etc.) for drivers and agents in contact with customers. The objectives: consider the concept of "reduced mobility" and its consequences in transport, and adopt attitudes when receiving people with disabilities in order to improve the quality of service expected for these passengers. Several scenarios were proposed on the basis of the customer journey: old age and disability simulator, provision of glasses to simulate six different forms of visual impairment, simulation of hearing problems, handling of electric and manual wheelchairs, routes, etc.

5.1.6 Protecting people

5.1.6.1 Context

At a time when vigilance against attacks is essential for everyone and the context of a health crisis requires strict compliance with government measures, the security challenges for public transport have increased and have required the strong involvement of staff contributing to prevention, control and security missions on the networks.

5.1.6.2 Our commitments

To ensure the peace and security of passengers through a targeted security policy.

5.1.6.3 Policy and actions

SNCF must ensure the security of its passengers and the goods entrusted to it by shippers. To this end, it has a comprehensive integrated security policy, combining internal resources, a partnership with internal security forces (police, gendarmerie, customs) and public prosecutors' offices, and the use of private security companies for security missions, with a view to jointly guaranteeing security. Human resources are central to the system, so SNCF is committed to deploying the right technological tools and organisations to improve their efficiency and provide the best possible protection for people and property.

SNCF has an internal security service of 2,800 people, the General Surveillance, spread throughout France, capable of intervening on behalf of all players in the railway system, in accordance with the legislation.

The active fight against incivility is also supported by prevention actions among young people.

Social mediation to prevent incivilities

Even if they may appear benign, incivilities (use of noisy equipment, door restraints, cigarettes in stations or on trains, various types of damage) are detrimental to peace of mind when travelling and sometimes hinder the use of public transport. The inconvenience caused is all the greater as it occurs in a confined environment.

In terms of prevention, Transilien deploys social mediators in the Île-de-France region to reach out to travellers and ease tensions on a daily basis. Through dialogue, they can encourage behaviour that is more compatible with the way of life in society. Otherwise, railway security officers intervene to fine offenders.

In 2020, many incivilities were linked to non-compliance with health rules and led security teams to issue fines to people travelling without protective masks or certificates on the rail network when requests to do so proved unsuccessful. This mobilisation contributed to the absence of COVID-19 contamination "clusters" in transport.

Modernisation of rail security tools and more canine teams

The 2,800 or so staff of the SNCF security service (General Surveillance) began to be equipped in 2020 with new private network radios and new long-range smartphones. These tools facilitate communication with the command post, itself in contact with the law enforcement agencies.

The operational teams are also gradually being equipped with so-called "pedestrian" cameras that record images and sound during an intervention. These cameras, implemented in strict compliance with the legal framework, prove to be very useful in preventing the rise in tensions when carrying out missions and in consolidating the judicial process by providing evidence.

The distribution of these new tools (4G radios, new generation smartphones, pedestrian cameras) will be completed in 2021.

In addition, SNCF is continuing its efforts in terms of canine teams. There are now 36 internal teams which intervene for ¼ of items abandoned in stations and trains. Canine explosive detection teams intervene to "qualify" an abandoned object and limit the disruption to train traffic that law enforcement interventions require. Nearly 100,000 "lost" minutes, during which trains would not have been able to run, were thus avoided in 2020.

Special focus on violence against women

Studies conducted in recent years show that 87% of women using public transport report declare having been victims of gender-based harassment [2], that 6 out of 10 women fear assault or theft on public transport in the Ile-de-France region, compared to 3 out of 10 men [3], and that many women have already changed their transport habits (avoidance strategy).

The SNCF Security Department has completed its typology (touching, flashing, sexual remarks or behaviour, rape, voyeurism) in the database of facts recorded to measure the phenomenon more precisely. General Surveillance officers follow a training course designed in collaboration with MIPROF (Interministerial Mission for the Protection of Women). They work closely with law enforcement agencies to make the process of filing a complaint easier (support).

Keolis security plan to restore peace of mind

The year 2020 was marked by the upheaval of the health crisis. In this context, Keolis' action focused on three essential and complementary areas:

– Preventing and fighting against nuisances and delinquency in spaces and on board to increase the security of employees and passengers.

– This need was reinforced at the end of the first lockdown, after the resumption of ticket checks and because of the obligation to wear a mask. Tensions were observed between travellers and staff.

– Control of compliance with the new health rules in force. This new role of the inspectors contributes to restoring the sense of security in public transport.

– The strengthening of operational partnerships with national and local police authorities for the security of public transport and compliance with health restrictions and obligations. There are also partnerships with associations involved in conflict mediation, in the fight against addictions or in supporting the integration of people in precarious situations.

– In addition, in 2020, Keolis prepared the subsidiaries of French networks for the deployment of pedestrian cameras in accordance with the Mobility Law (LOM). It also led the support of networks of conurbations of more than 100,000 inhabitants in the deployment of the national ISIS database for recording security incidents.

Interventions in schools

For more than 20 years, SNCF has been running awareness-raising campaigns in schools and high schools to prevent risks (electrical risks, crossing tracks, etc.) and encourage good behaviour (reducing incivility and malicious acts, etc.) on board trains, in stations and in all railway areas.

Nearly 200,000 young people are reached every year by some 500 volunteer SNCF staff in all professions, who are specifically trained to understand the different age groups and the prevention messages to be passed on to them depending on their level of education.

The SNCF intervenes in establishments close to railway tracks or when risky or uncivil behaviour has been reported. Teachers or school principals can also request the intervention of an SNCF agent by responding to the information campaigns conducted for them or by sending their request to ims@sncf.fr

After several years of spontaneous approaches to schools, a partnership between SNCF and the Ministry of Education was officially signed in 2006 and renewed in 2016 to ensure the long-term future of the "Voyageur et Citoyen" scheme.

COVID-19 and everyday trains

Coupons for access to TER trains to respect physical distancing

To respect the distancing measures on board TER trains, as part of the easing of the lockdown and to guarantee passenger peace of mind when travelling, specific access rules were enforced on 11 May 2020 in several regions (Bourgogne-Franche-Comté, Centre Val de Loire, Hauts de France, Normandy, Occitanie). In order to use certain busy trains, passengers had to carry an access coupon in addition to their valid ticket or season ticket.

As the aim of this measure was to regulate passenger numbers both on board and in the station in order to avoid crowds, the coupon was only available online. It was free of charge on the TER website, Assistant SNCF or the OUI.sncf app within three days preceding the journey. The list of these 614 limited-access trains could be consulted on the TER site for each region. Customers in difficulty

[2] Survey on gender-based harassment and sexual violence against women in public transport, Fédération nationale des associations d'usagers des transports - Fnaut - 2016. In this study, FNAUT defines gender-based harassment: "Gender-based harassment covers sexual violence, acts that may be criminally incriminated as sexual harassment, as well as behaviour that is on the fringe (insistent glances, comments, whistling) or that is isolated (the offence of sexual harassment is only constituted, for certain acts, in the case of repeated behaviour). »

[3] Survey Victimisation and feelings of insecurity in Ile de France, Institut d'aménagement et d'urbanisme (IAU) - 2016

could obtain remote assistance from the TER Customer Relations Centre.

A strategy of health reassurance on Transilien lines

Since May 2020, Transilien has widely made known the many measures taken to protect passengers (adaptation of sales equipment, information on respecting distancing and protective health measures, and reinforced cleaning and disinfection in stations and on board trains).

In addition, a reassurance strategy was launched in the summer via the #C'estPasLoinEnTrain campaign. This campaign promotes tourism in the Paris Region in order to encourage travellers to regain confidence in everyday transport and support the gradual recovery of economic activity in the region in the autumn of 2020.

Finally, on the Transilien network, the health crisis confirmed a diagnosis shared with the Île-de-France region: that of the congestion of certain lines. Through its expertise in Mass Transit, Transilien highlighted the value of smoothing out peak hours and working from home days over the entire week. Several commitment charters were signed with companies and institutional partners in major employment areas such as Plaine Commune and La Défense.

Key indicators

	2018	2019	Dec 2019 to Nov. 2020
Physical attacks against SNCF customers and agents and simple theft against customers (nb)	10,365	12,064	9,257
Malicious acts against property and financial assets (nb)	21,747	21,265	17,793
Acts of incivility and breaches of legislation (nb)	160,441	207,980	267,234

The number of offences against customers and agents dropped in 2020, which is less than the reduction in the number of passengers, particularly on everyday trains, since the start of the 1st lockdown at the end of March 2020. This change reflects an adaptation of the behaviour of certain individuals to the situation induced by the lockdown (more direct actions for thefts in particular). Acts against property, and in particular against infrastructure, fell significantly. The very strong increase in incivilities and offences is entirely attributable to the offence of not wearing a mask which appeared this year.

5.1.7 Facilitate and encourage low-carbon mobility to help achieve the French objective of neutrality in 2050

5.1.7.1 Context

With 10% of passengers and goods transported for only 0.6% of CO2e emissions out of the 30% represented by the transport sector, rail is one of the most environmentally-friendly modes of transport. Faced with the climate emergency, the Group intends to promote the use of trains to reduce the transport sector's carbon footprint with information tools.

5.1.7.2 Our commitments

Raise our customers' awareness of increasingly planet-friendly mobility solutions using tools to facilitate the choice of low-carbon multimodal transport.

5.1.7.3 Policies and actions

When a traveller takes the train, they emit 30 times less greenhouse gases than by car, and 80 times less than by plane (500 km journey - source ADEME). The same applies when a company transports its goods by train rather than by road (9 times less - source CER). SNCF wishes to capitalise on these low-carbon characteristics to strengthen its contribution to achieving France's goal of carbon neutrality by 2050, especially with a view to a possible increase in the mobility of passengers and freight by 20% by 2050. This is neatly illustrated by the launch of Assistant SNCF in 2019.

This personal mobility assistant facilitates multimodal travel and provides better visibility of low-carbon journeys. The digital platform, which is open to all external transport operators, has three objectives: reduce the environmental crisis, reduce car traffic congestion around urban areas and offer transport solutions in sparsely populated areas. Regularly improved to include new offers for sustainable, shared and collective mobility, it is used by 15 million passengers.

To further simplify the mobility of its customers, SNCF has announced that by the end of 2021 it will create a single application, merging OUI.sncf and Assistant SNCF.

TER carbon labels

Designed in the form of a universal rating system from A to F as for household appliances, they display for each of the 680 regional lines the results of CO2e emissions produced for a passenger per kilometre and comparisons with other modes of transport.

This is an opportunity for customers to become more aware of the positive impact of trains on their journeys, and for SNCF teams to measure the progress of all their zero-emission initiatives.

The GEODIS emissions calculator

GEODIS, the Group's transport and logistics company, has put its calculator online to assess the environmental impact of freight transport. Freely accessible on the GEODIS website since autumn 2020, the calculator measures the emissions of pollutants and greenhouse gases produced by a flow by comparing different modes of transport (air, rail, road, sea, river, etc.). For each shipment of goods, it provides an overview of the various options available. This allows customers to choose the most environmentally-friendly transport. The calculations take into account the mass of goods transported, their origin, destination and mode of transport and the tool provides a quantified assessment.

The availability of this indicator, developed with the specialised organisation EcoTransIT World (methodology certified by the Global Logistics Emissions Council), is in line with GEODIS' CSR strategy, which includes a target of a 30% reduction in CO2e by 2030.

This objective involves optimising its transport plans, integrating cleaner energies (natural gas and electricity) into its vehicle fleet and developing the use of rail for multimodal transport.

Key indicators

	2018	2019	2020
TOTAL greenhouse gas emissions relating to energy consumption Scope 1,2 &3 (in thousands of tonnes of CO2e)	3,179	3,349	2,556
of which rail traction (trains, underground, tram)(thermal and electric - in thousands of tonnes)	1,270	1,483	1,193
of which commercial road transport (in thousands of tonnes)	1,277	1,210	858
of which service vehicles (in thousands of tonnes)	70	82	71
of which buildings (in thousands of tonnes)	562	574	434
TOTAL greenhouse gas emissions relating to energy consumption Scope 1 & 2 only (in thousands of tonnes of CO2e)	2,959	3,135	2,393

Across the entire SNCF Group scope, greenhouse gas emissions for the energy consumption scope fell by 24% due to the impact of the health crisis, surpassing the decrease in consumption. This was attributable to a greater reduction of fossil fuel-burning road vehicles which emit more GHG emissions. On the French rail traction scope, GHG emissions decreased by 20%, to 566 kt CO2e, which is automatically due to the COVID impact. Within the rail traction energy consumption SNCF Voyageurs scope, the indicator per passenger-km rose from 6.1 g CO2e/pass.km to 8.2 g CO2e/pass.km (+34% vs. 2019). Due to the extent of the health crisis, the drop in passenger numbers was greater than the drop in supply. For freight activity (rail traction energy scope), the indicator per tonne-km fell by 6%, from 5.5 g CO2e/t.km to 5.2 g CO2e/t.km. Freight activity was much less affected by the crisis than passenger activity.

5.2 REDUCE THE ENVIRONMENTAL FOOTPRINT OF ACTIVITIES

5.2.1 Rolling stock: consume less and change energies

5.2.1.1 Context

The Group has an excellent carbon and energy performance, due to the number of passengers and goods transported by train and the majority use of low-carbon electrical energy. However, the company is an energy-intensive industry (no 1 industrial consumer in France). This represents an annual expenditure of around €1.3 billion (€925 million in 2020). It must reduce its consumption and continue the transformation of its fleet in order to gradually phase out fossil fuels. These changes will be carried out in a context of rising energy prices and new obligations to ensure the compliance of its facilities and equipment, with operational and financial implications.

5.2.1.2 Our commitments

Maintain a 30% greenhouse gas emission reduction path in line with France's National Low Carbon Strategy (SNBC) for all our transport activities, between 2015 and 2030 in France.

To achieve this, improve the energy performance of train traction by 20% between 2015 and 2025 and increase the share of renewable energies in the Group energy mix.

In 2019, the Science Based Target (iSBT) initiative approved the commitment to reduce CO2e by 26% by 2030 for the five companies, in accordance with the Paris Agreement.

5.2.1.3 Policy and actions

The SNCF is thus aiming to reduce its own CO2e emissions by identifying levers (energy savings, energy performance, new energies) in all its activities to consolidate them in a common trajectory. Following the iSBT's approval, SNCF launched the “carbon neutral trajectory” project and developed a tool to enable the Group companies to build reduction scenarios for their energy consumption and GHG emissions. This tool is currently being rolled out.

In the spring of 2020, SNCF took part in an experiment led by ADEME and the CDP to adapt the low-carbon transition assessment (ACT) methodology to the transport sector. The purpose of this ACT method is to analyse the consistency between the company’s targets (validated through iSBT) and the means implemented to achieve them. SNCF obtained a 12A+ rating, the best rating in the transport panel. Concerning the greening of trains, many projects entered the finalisation or acceleration phase in 2020 (hybrid, battery, hydrogen, biofuel trains, etc.). SNCF is developing new avenues, through a very transversal systemic approach with institutional players (regions, cities, etc.) to define the best sustainable mobility offer and the most suitable technologies.

In addition, the signature in 2019 of a Power Purchase Agreement for the direct purchase of solar power produced in France (around 150 peak megawatts) contributes to improving the management of financial risks relating to the energy market and the greening of energies used. By undertaking to purchase energy generated by photovoltaic power plants over 25 years, the SNCF contributes to national energy transition goals in its renewable energy development strategy, thus helping to mitigate climate change, while reducing financial risk relating to energy market volatility.

Anti-waste programs for trains

Smooth driving with gradual acceleration and deceleration phases is a well-known feature in cars. The same principle is applied to driving TGVs: optimising braking and engine load before stopping in stations, while respecting schedules. This operation is made easier by an algorithm integrated into the driver's tablet which indicates the speed to be adopted in real time. Initial feedback confirms the simulations, which estimated the potential for energy savings at between 8% and 12%.

Deployed in 2020 for TGVs, eco-driving training for drivers using the "Opti-conduite" tool will then be rolled out to all trains.

Other anti-waste measures are applied such as eco-parking. For the TGV, the closing of the doors can be delayed to limit energy losses (this will be carried out in 2021). For everyday trains, it reduces the time the trains are electrically powered, without affecting punctuality or the capacity to maintain or clean trains in workshops.

A carbon simulator for rail projects

Since February 2020, a carbon footprint tool, Tuvalu, has been used upstream of major infrastructure renewal projects. The aim is to enable teams to measure the carbon footprint of their engineering works project and reduce its impact by assessing the carbon weight of their design choices. Ultimately, the use of Tuvalu should enable the company to improve its knowledge of the carbon profile of its different types of engineering works and reduce the carbon footprint of its sites.

Train greening

To phase out diesel by 2035, SNCF is continuing to work with manufacturers to develop ever more environmentally-friendly equipment.

Dual-mode hybrid trains deployed by 2022. Equipped with Li-ion batteries that reuse the train's braking energy.

Result: a 20% reduction in energy consumption and polluting emissions as well as a 50% reduction in costs per km.

A first train will be tested in 2021 and commissioned the following year in the Occitanie, Grand-Est, Nouvelle-Aquitaine and Centre-Val de Loire regions.

Rechargeable battery trains by 2023. The transformation of old dual-mode electric-diesel trains into dual-battery-catenary mode will also enable them to recover braking energy, save catenary energy and, above all, run electrically on all types of track with an autonomy of 80 km.

Several Regions (Sud, Occitanie, Nouvelle-Aquitaine, Hauts-de-France) have signed a memorandum of understanding for a trial in 2022 with trains using rechargeable batteries.

Hydrogen trains in 2025. Green hydrogen from renewables is the solution for a zero-emission motorisation (CO2e, pollutants, fine particles) since this innovation only emits water vapour.

The first trial runs are planned for 2023 in several Regions (Occitanie, Bourgogne-Franche-Comté, Auvergne Rhône-Alpes and Grand-Est) and the commissioning of a first series of 14 trains in 2025.

The TGV M by 2024. The new trains will reduce energy consumption by 20%, particularly due to the return of energy to the catenary during braking and the aerodynamic shape of the train. The other major advantage: a carbon footprint improved by 32% compared to current trains.

Electric RER trains are planned. The Smartilien is a hybrid electric RER Transilien project which, due to a braking energy recovery system, would allow a 30% energy saving. In addition, it would emit virtually no fine particles and improve air quality in underground stations. Currently being modelled on RER line C, it could be developed by 2024.

The use of biofuels, particularly rapeseed-based biofuels. Tests carried out in 2019 show promising results with significant reductions in greenhouse gas emissions (-60%) and a reduction in fine particles. Another advantage: it does not require adaptation to current equipment (Regiolis trains) and could be tested as early as 2021.

It is a quick and transitional solution to reduce polluting emissions while waiting for the deployment of technologies such as hydrogen.

GEODIS low-carbon commitments

GEODIS, a world leader in transport and logistics, is committed to reducing its CO2e emissions by 30% by 2030. With this in mind, GEODIS has deployed a programme focused on reducing fuel consumption (raising driver awareness and eliminating empty mileage), developing alternative engines and energies (B100 type biofuel, biogas, etc.), partnerships with its main subcontractors and developing "low carbon" solutions for its customers (deployment of low-emission vehicles and energy infrastructures).

By joining the "Voluntary Commitments for the Environment - Transport and Logistics" (EVE) programme initiated by ADEME in 2019, GEODIS ROAD Transport is committing its teams, but also all the players in its freight transport chain - from customer to transport partner - to the same approach of reducing the environmental impact of its activities and aims to improve its environmental performance by 6%. Furthermore, by joining the ECTA (European CleanTrucking Alliance) in 2020 alongside 20 other companies, GEODIS wishes to help the move towards decarbonising road transport in the European Union.

Keolis: technical expert in electric bus networks

The Keolis group operates several vehicle networks running on alternative energy to diesel or petrol, including electric buses in France and abroad, and offers its technical expertise in this area to the organising authorities to meet the energy and carbon transition needs of cities and regions.

In 2020, two major networks came into operation:

– On 1 December, Keolis' Norwegian subsidiary began operating the 100% carbon-free bus network in Bergen. The network's fleet includes 102 electric buses, 10 trolleybuses and 26 buses running on hydrotreated vegetable oil (HVO).

– On 13 December, Keolis's Dutch subsidiary started operating 246 electric buses in the provinces of Gelderland and Overijssel.

These launches are in addition to the deployments of recent years (Reno/Foothill/Greensboro (United States), Amiens and Pau (France)) and prepare those to come (Copenhagen in Denmark, Gothenburg in Sweden).

Keolis thus assists the organising authorities in the overall optimisation of their passenger mobility service, from design through commissioning, operation and maintenance to asset management. Its offer also integrates the issues of operational robustness, deployment of the necessary infrastructure, quality of service to users and, of course, the overall economy of the system.

International low-carbon high-speed rail

In October 2020, Eurostar launched its first direct service between the Netherlands and London with a high-speed train that emits 86% less carbon per passenger than the equivalent air journey. Eurostar thus reinforces the position of the high-speed rail as the most environmentally-friendly choice for short-distance European travel. The British leg of all journeys is now powered by renewable energy.

Key indicators

	2018	2019	2020
Total energy consumption in GWH	17,119	17,899	14,069
Energy consumption for rail traction (in GWh)	9,756	10,558	8,444
Fuel consumption of road vehicles in commercial fleets (in GWh)	4,440	4,297	3,099
Energy consumption of service road vehicles (in GWh)	219	256	222
Energy consumption of buildings (in GWh)	2,704	2,789	2,304

Across the entire SNCF Group scope, energy consumption declined by 21% between 2019 and 2020, *due overall to the impact of the unprecedented health crisis. The scope effects are not significant. For the French rail traction scope, consumption represents 6,292 GWh, down 21% compared to last year, as the crisis has led to a reduction in supply.*

5.2.2 Buildings: consume less and change energies

5.2.2.1 Context

With 25,000 buildings (excluding stations and infrastructure), including 8.2 million m² of tertiary, industrial and railway premises (excluding stations and platforms) and 95,000 housing units, including 90,000 social housing units, the SNCF manages a considerable real estate portfolio.

The Group, via SNCF Immobilier, is taking up the challenge of reducing the energy consumption of a diversified (tertiary buildings, maintenance workshops, housing, etc.), often old, building stock. Contributing to the energy transition is a major focus of the company's real estate policy. It involves controlling consumption in existing buildings, the development of renewable energies and low-carbon buildings, housing and neighbourhoods.

5.2.2.2 Our commitments

Adopt a trajectory, in line with the SNBC, to reduce CO2e emissions by 50% for real estate assets in 2030, across France, compared to the 2015 reference year.

Improve assets performance by 20% between 2015 and 2025 and develop renewable energies for internal consumption.

5.2.2.3 Policy and actions

The CO2e emission reduction strategy is based on the "carbon neutral trajectory" with a tool designed to build reduction scenarios for energy consumption and GHG emissions. This tool is currently being rolled out.

Potential savings have been identified on the most energy-intensive sites to reduce the energy bill. The Group has therefore been working for several years to eliminate oil-fired boilers in existing buildings, eradicate poor insulation in the housing stock, include energy performance commitments in maintenance contracts and use more renewable energy, notably by developing them on its property assets.

As for new or renovated buildings, the company systematically adopts an eco-design and energy pooling approach.

SNCF Immobilier and its subsidiaries ICF Habitat, Espaces ferroviaires and S2FIT are working on the ecological transition by designing sustainable neighbourhoods and housing as well as high-performance industrial facilities.

This is illustrated by several operations: the requalification of the Les Messageries railway right-of-way (Paris 12th arrondissement), which will make way for a new low-carbon district, the construction of the Rennes technicentre, whose energy consumption has fallen by 40% in the first year, and the construction of two new High Environmental Quality certified technicentres: in Romilly-sur-Seine (Aube) and Vénissieux (Rhône).

As for stations, SNCF Gares & Connexions has embarked on an ambitious plan to reduce its energy consumption and develop renewable energies, notably by installing solar panels on its property assets. SNCF Gares & Connexions is thus aiming for self-consumption of energy by 2050.

Objective of low consumption in industrial facilities and rolling stock

Spread over more than 2,000 sites, the 25,000 or so buildings (excluding railway stations) have an average age of 74 years. As energy consumers, they represent an annual expense of around €1 billion.
Reducing their consumption involves, among other things, switching from oil-fired boilers to alternative energy (gas, heat pumps, wood), following the example of the Landy technicentre in Saint-Denis (93), which was powered by an energy-efficient biomass heating system in 2018.

Improving the energy performance of the building stock also involves in-depth renovations, as part of the "Usines du futur 4.0" modernisation programme for rolling stock maintenance sites which began in recent years.

The Hellemmes technicentre (Nord region) was thus certified in 2020 as a positive energy building (BEPOS) and awarded the E+C- label. In addition to high-performance thermal insulation, it includes a 6, 000 m² photovoltaic power plant on the roof for self-consumption of energy and the production of domestic hot water.

The new technicentres in Romilly-Sur-Seine (Aube) and Vénissieux (Rhône) have been designed for the High Environmental Quality (HQE) certification obtained in 2019 and 2020 respectively. Thermal insulation, photovoltaic panels (for Romilly), air-conditioning for tertiary and industrial premises and acoustic insulation enable them to reach the HQE Excellent level in eco-construction and eco-management.

The programme is ongoing with the delivery of the new sites in Tergnier (Aisne) and Bischheim (Bas-Rhin) by 2023.

Energy renovations in the housing stock

While new buildings are highly energy-efficient, this is not always the case for older low-rent housing. It requires major investment to improve its ecological footprint and guarantee affordable rates for tenants.

A major player in urban transformation grouped within SNCF Immobilier, ICF Habitat strives to deliver exemplary refurbishments. Every year, the company spends more than €50 million on the construction of new low-energy housing and the maintenance of its old social housing stock. It must ensure its maintenance for the comfort and safety of its tenants. In addition, an average annual investment of €70 million is made in renovation work, leading to a reduction in energy consumption and greenhouse gas emissions for the majority of housing units. This is clearly illustrated by the restoration of the 298 social housing units of the Gergovie residence dating from the 1960s (Paris 14th arrondissement), inaugurated in 2019.

External insulation and new heating and hot water production equipment are used to reconcile economic, social and environmental performance. 50% of renewable energies have been introduced, and energy consumption and CO2e emissions have been halved. The new equipment, installed progressively, has already led to an 11% reduction in heating costs for tenants.

A new low-carbon neighbourhood by 2030

In addition to managing and optimising its industrial and commercial assets, the SNCF Group gives new life to buildings and transforms land that is no longer useful for its operations. Thus, the former disused "Les Messageries" railway site (Paris 12th arrondissement), transformed by 2030 into a 90,000 m2 eco-district, will be resource-efficient with: 50% of renewable energy produced, and low carbon with the objective of -30% CO2e emissions. In addition, photovoltaic solar panels will be installed on 40% of the roofs of the buildings to supply electricity to housing units and commercial activities.

To respond with concrete solutions to the challenges of responsible urban development, Espaces Ferroviaires, the Group's urban planning and property development subsidiary, is committed to environmental certification initiatives (HQE, BREEAM, E+C-, BiodiverCity) with CERTIVEA, partnership approaches with CSTB to manage the carbon impact of operations, with ADEME in connection with the AMI Positive Energy and Low Carbon Impact Neighbourhood and Health Impact Studies.

SNCF property assets to develop solar energy

Over the next few years, the Group will increasingly use renewable energies, in particular photovoltaic energy, with a view to energy self-consumption and marketing. With its considerable land holdings on the ground and on rooftops, SNCF has a decisive advantage in forging successful partnerships with manufacturers and local authorities to develop the maximum number of solar energy production sites.

To achieve this, the company, via SNCF Immobilier, has made three commitments with the French government since 2018 in favour of solar energy:

– Identify and characterise areas with a minimum surface area of 2 ha to develop photovoltaic projects. This phase has been completed.

– Encourage the deployment of solar projects on eligible land. In 2020: two emblematic solar power plant projects (Danzé 12.6 ha and Les Muriers 12 ha) and 11 potential sites for photovoltaic power plants were identified covering a total of 120 ha.

– Develop self-consumption projects on SNCF buildings and the gradual installation of photovoltaic panels on the roofs of the main existing buildings (potential 16 ha). Several buildings are already equipped, such as the Hellemmes (Nord) technicentre with its 6,000 m² rooftop photovoltaic plant.

SNCF Immobilier is also involved in identifying and determining the contractual conditions for making land available in the Grand-Est, Bourgogne Franche Comté, Auvergne Rhône-Alpes and Occitanie regions to accommodate the future hydrogen production and distribution stations needed to bring the first hydrogen trains into operation.

In stations, SNCF Gares & Connexions plans to install 300,000 m² of photovoltaic panels by 2025 with the aim of producing at least as much energy as is consumed by 2050.

The SNCF "Green Bond" programme for ecological transition: proof in the figures

Track maintenance and renewal are key to the smooth flow of passengers and goods, and are essential to the satisfactory performance of the lines. Nevertheless, they require a substantial and recurrent investment.

To achieve this, every year SNCF invests in numerous projects to maintain, modernise and improve the energy efficiency of the rail system (track renewal, renewal of fixed electric traction facilities, renewal of signalling, etc.). Most of these renewals are carried out on the so-called "backbone" network, i.e. the network with the most traffic, which is 100% electrified.

To diversify its sources of financing, SNCF issues "Green Bond" securities. Investment in the modernisation of the railway system, a key factor in a low-carbon economy, is eligible for green bond financing.

The Green Bonds market is booming and benefits from a positive perception throughout the Group, the investment community and civil society. On a global scale, the SNCF group is the leading issuer of "Green Bonds" in the rail market and one of the most innovative (first worldwide issue of a Green Bond over 100 years).

The Group's "Green Bonds" approach is designed on the basis of a robust methodology validated by the best market standards ("Green Bond Principles", "Climate Bond Initiative").

This methodology is organised in two stages:

Calculation of the carbon footprint: calculation of the carbon cost of the renovation projects undertaken by the Group (direct and indirect emissions);

Calculation of avoided emissions: calculation of avoided emissions linked to optimal use of the rail network ~~(~~made possible by the projects undertaken~~)~~.

From 2016 to 2019, the impact of all "Green Bonds" emissions corresponds to a total of 25.9 million T CO2eq saved, i.e. the carbon footprint of 53,500 French people over 40 years.

To go a step further, the Group decided in 2021 to extend its programme to new eligible assets, first and foremost the purchase and renovation investments (OPMV) of the high-speed Voyages fleet.

Today, SNCF is the first mobility group in the world to develop a programme covering both infrastructure and rolling stock.

5.2.3 Limiting the disturbances linked to train traffic

5.2.3.1 Context

To contribute to ecological transition, regional development and responsible mobility, SNCF has for many years pursued a policy to limit the environmental impact of its infrastructure, equipment and buildings and enhance its assets. In this way, the company intends to rise to the environmental challenges of the century and participate in meeting the State's commitments to preserve the planet. This is vital for the development of the modal shift to the train.

5.2.3.2 Our commitments

Ensure the conditions for the modal shift to rail by minimising the environmental impacts of rail traffic.

5.2.3.3 Policy and actions

Preserving air quality and reducing noise disturbance for customers, employees and residents are a decisive part of the policy to limit the disturbance caused by rail traffic.

Although trains meet many mobility needs while emitting less greenhouse gases, particles and nitrogen oxides, and consuming less space and energy than other modes of transport, there is room for improvement. Contributing to improving air quality, particularly on public transport, is one of the main thrusts of SNCF's environmental policy. Although the issue of air quality in underground spaces remains complex, SNCF is one of the few railway players in the world involved in this issue and its work is the subject of international publications.

In addition, noise disturbance for residents living near railways is a real concern. This exposure has an impact on health and quality of life, causing discomfort, sleep disorders and high blood pressure. It must be subject to preventive measures as well as improvements.

Improving air quality by 2035

A trajectory for reducing particulate emissions by 2035 is being defined. The aim is to achieve a maximum reduction in particulate emissions and reduce the remaining emissions in underground stations by means of technical systems (filtration, ventilation, capture, vacuum train, dust fixing system, etc.).

The years 2020 to 2023 will be devoted to improving knowledge and testing solutions followed by performance measurement in collaboration with international organisations to prepare the transition to an industrial phase. Several avenues are being explored on rolling stock, particularly with regard to braking mechanisms, as mechanical braking contributes to the emission of fine particles.

An RER C train equipped with a fine particle suction device, developed with Tallano Technologie, has just been put into service for performance and endurance tests in real conditions at the end of 2020. Several air filtration technologies are or have been tested at the Avenue Foch station (RER C) or in Sevran Beaudottes (RER B): technology proposed by Air Liquide, consisting of capturing airborne particles by a positive ionisation process, air washing technology using a salt water solution by Starklab, and more traditional filtration with Mann & Hummel (test in progress). Several of these tests were carried out with the support of the Île-de-France Region.

In addition, a project for a hybrid electric Transilien RER, which would emit virtually no fine particles during braking and contribute to improving air quality in underground stations, is currently being modelled on line C. It could be developed by 2024.

In addition to the actions carried out in recent years to improve air quality in underground railway enclosures, the company is also developing alternatives to thermal traction for passenger transport.

Reducing railway freight noise by 2024

Controlling the noise pollution generated by traffic and railway works is a necessary condition for maintaining sound relations with local residents and communities and also developing the modal shift to the train for passenger and freight transport.

The company is therefore deploying a noise pollution prevention and reduction policy that requires combined action on rolling stock, infrastructure and operations.

To comply with the Noise TSI (Technical Specification for Interoperability) voted on 31 January 2019, the company published a map of its quiet freight routes in 2020 and launched a programme to re-equip its rolling stock (freight wagons) with brake pads made of a composite material instead of cast iron pads. The company will thus be in compliance with the ban at the end of 2024 on running noisy wagons on the so-called silent routes defined at European level.

Composite brake pads on the Ermewa wagon fleet

Controlling the environmental impact of rail freight transport, particularly noise reduction, is a major challenge for Ermewa. In 2016, the Group's freight wagon rental company launched the modernisation of its entire fleet and is gradually equipping its wagons with composite brake pads, replacing cast iron pads. This programme is co-financed by the European Union.

With 70% of the wagons already equipped with composite brake pads, the entire fleet should be silent by December 2024.

In figures: percentage of wagons equipped with composite brake pads by the end of 2020

– Ermewa: 70%

– Infrarail (fleet of wagons for transporting building materials): 48.2%

5.2.4 Integrating the circular economy in the Group with the aim of zero non-recovered waste by 2030 on products central to the railway activity

5.2.4.1 Context

SNCF, a material-consuming industry (rail, rolling stock, stations, etc.), has made the circular economy a major focus of its sustainable development strategy to combat the depletion of resources and the impact of material and waste production on natural resources, biodiversity and the climate.

5.2.4.2 Our commitments

Aiming for zero non-recovered waste by 2030 on products central to railway activity (infrastructure, rolling stock and waste in stations and on trains).

5.2.4.3 Policy and actions

Since 2013, the SNCF has been developing a strategy aimed at limiting resource consumption, reducing waste in all its operating processes and recovering end-of-life products. The policy deployed concerns the Group's industrial activities (infrastructure, rolling stock), the real estate sector (buildings) and the transversal commercial activities. Its four main objectives:

– Promote eco-design by integrating life cycle costs.

– Adapt industrial processes to optimise the lifespan of components and make optimum use of material deposits.

– Develop partnerships with existing or emerging eco-organisations and industrial waste recovery sectors.

– Create value for the company and the regions.

The priority actions are as follows:

– Improve the collection and sorting of waste.

– Increase and industrialise the reuse of products.

– Industrialise and optimise the recovery of non-reusable products.

– Increase the value of material capital not recovered internally through external sales.

– Quantify and boost the carbon economy linked to the circular economy policy.

The rail network: a considerable lever for waste reduction

Maintenance and modernisation operations on railway lines generate large quantities of removed products (rails, ballast, wooden and concrete sleepers, etc.) which constitute a real material capital with considerable reuse and recycling potential. By avoiding the extraction phases, which consume a great deal of energy and water, recycling/reuse enables mineral or vegetable resources to be saved while reducing the environmental footprint. It also helps prevent the depletion of metals such as the high-quality steel used in the manufacture of rails and the copper used for catenaries.

In 2020:

– 229,580 tonnes of ballast were reused, with an estimated saving of €2.1 million.

– 345,064 tonnes were recovered from road base layers.

– 96% of the rails removed were recycled in steelworks.

– 4% were reused on railway tracks.

– 51,784 tonnes of wooden sleepers were recovered.

– €25 million in financial gains were obtained by selling end-of-life materials.

In 2020, three flagship projects were launched:

The Miramas artificial quarry: to create a recycled aggregate service offer for the railway industry in the PACA and Occitanie Regions.

The experimental recycling plant in Beaune for track structuring materials: to take delivery of products and sort, check and recondition them for reuse on building sites and maintenance operations.

Approval of the first GREENSTEL "green rails" manufactured by LIBERTY Rail Hayange (90% less CO2e emissions than a conventional rail according to the manufacturer).

The circular economy for rolling stock

Rolling stock maintenance allows the equipment to be maintained in complete safety. This is all the more important as some materials are no longer manufactured. Rolling stock is used for an average of forty years, during which it is maintained or completely renovated during interventions known as "mid-life operations". In order to treat condemned equipment (Corail or Intercités carriages, Transilien railcars, TER trains, TGV trainsets, old diesel or electric locomotives, etc.) on an industrial scale, SNCF is accelerating the development of a national network at the seven existing sites in France.

Between now and 2021, 15 centres will be in operation with the aim of handling more than 1,000 train bodies a year until 2030, which will enable the SNCF to create 430 permanent jobs. It recycles more than 92% of its trains and 55,000 tonnes of materials are recycled each year on average.

Waste management in stations and on trains

For SNCF, waste management on board and in stations is an emblematic feature of its environmental credibility. After conducting trials in several stations, the company's various entities have come together to act collectively to maximise waste reduction at source, optimise sorting and collection system possibilities, steer the process from end to end and sustainably control costs.

SNCF industrialises the recycling of its professional clothing

Professional clothing must undergo special treatment when it is no longer in use. It represents a function and, for security reasons, it cannot be collected in the bins of the consumer textile sector with so-called domestic clothing.

To ensure that the disposal of this professional clothing is more environmentally-friendly than incinerations or landfills, in 2014 the SNCF initiated a new dedicated collection and treatment channel, FRIVEP (Filière de Recyclage/Réemploi Industrielle des Vêtements Professionnels - Industrial Channel for the Recycling/Reuse of Professional Clothing). This project was carried out with the Orée association (Organisation for the respect of the environment in companies), 6 partner companies and the ADEME (French Environment and Energy Management Agency).

Result: after 18 months of trials, 25 tonnes of professional clothing, including 5 tonnes from SNCF, were subjected to recycling and transformation tests by manufacturers. Several possible uses have already been listed such as integration in insulating felts, recycled wire, industrial wiping cloths, padding, etc.

The Frivep project resulted in the inauguration of a first experimental centre in January 2019. It will be extended by a pre-industrial phase called FIREX (Industrial Channel for the Recycling of Textiles) which should be set up in 2021, subject to the development of the health crisis.

"La grande collecte" for the reduction of digital waste

In November 2019, the SNCF launched "La grande collecte", encouraging its employees to return all old or unused SNCF computers to the operation's 300 or so ambassadors, to give them a second life or reuse certain parts. Result: Nearly 25,000 computers were collected by the end of 2020, of which 73% were reused and 16% of parts were reused. Only 11% of computers end up as waste in recycling.

Beyond its environmental impact, "La grande collecte" is also part of a responsible and united approach. The old SNCF equipment is sold to Olinn, an SME employing more than 80% of people with disabilities, which takes care of reconditioning it before it is put back on the market.

Each computer collected is donated by Olinn to Emmaus Connect, an association fighting against the digital divide. In addition, the money received by the SNCF from the resale of its equipment to Olinn enables it to finance associations in the regions as well as digital training for its agents who are the furthest away from the digital world.

It is also through Olinn that 18,000 old smartphones from customer relations agents were recovered, 75% of which are reused and 25% had their parts reused or recycled (Mobil'IZ/SNCF Voyageurs project).

GEODIS optimises the value of electronic equipment

GEODIS has recognised expertise in "reverse logistics" or the extension of the life of electronic equipment through reuse, repair, recycling and remarketing solutions.

More than 500,000 electronic products (computers, smartphones, servers, etc.) are tested and reconditioned by GEODIS every year. Once refurbished, the equipment is then redeployed to customers who have entrusted them with its treatment or sold on an e-commerce platform created by GEODIS.

Equipment that cannot be repaired is dismantled. A database with the dismantling and recovery process of more than 200 electronic products is constantly updated with the latest prices of basic materials in order to determine the most optimal balance between labour costs and product recovery. Materials such as copper, aluminium, gold, silver and platinum are then recovered. The rest is incinerated. Less than 1% goes to landfill.

Key indicator

	2018	2019	2020
Total quantity of hazardous waste produced (in kt)	77	84.5	69.3

5.2.5 Automating eco-design

5.2.5.1 Context

Firmly committed to eco-design, SNCF integrates this approach into the management of the network, rolling stock and buildings to reduce their environmental impact as much as possible throughout their life cycle: extraction of raw materials, production, distribution, use and end of life. Eco-design optimises the use of resources (reduction of energy and raw materials), and reduces pollution and disturbances.

5.2.5.2 Our commitments

Improving our environmental performance throughout the life cycle of our activities and projects from the design stage.

5.2.5.3 Policy and actions

Eco-design is a priority for SNCF Réseau, covering products, services and railway projects. This approach to improving environmental performance primarily results in:

– Savings of non-renewable resources and materials.

– Improved energy efficiency.

– Limitation of environmental pollution.

– A reduction in the network's vulnerability to climatic hazards.

– A reduction in the amount of space consumed and impacted.

– Eco-design now extends to taking into account climatic risks and the necessary adaptation of infrastructures and rolling stock.

Eco-design at SNCF Réseau

At the end of 2020, more than 100 projects (compared with 50 in 2018 and 75 in 2019) were undertaken throughout France in an eco-design approach at various levels: station accessibility, "High Performance" projects, infrastructure renewal, etc. The aim is to monitor the performance of these projects and increase the number of projects every year. In Île-de-France, an eco-design support tool has been developed to assist teams and integrate environmental performance in the course of studies, prior to projects being carried out. Some validation documents for the different project phases (commitment committees) and methodological guides already include an eco-design clause.

In addition, in 2020, around twenty contracts for railway products (including catenary contact wires and signalling cables) were renewed by integrating environmental performance clauses. The objective: higher performing products for better projects. A space for sharing eco-design information has been online in the company since 2018 and now brings together benchmarks, life cycle analysis results and many good practices.

In 2021, a structured catalogue will be set up to help designers find inspiration in all business lines.

Eco-design central to the modernisation of the Narbonne-Bize freight line

Economical and ecological, the reuse of materials favours the reopening or renovation of secondary lines. The materials (rails, ballast, sleepers) used to renew the Narbonne-Bize capillary freight line, which serves the Orano plant, in the summer of 2020, came from old projects undertaken in the Montpellier region.

On the 5 km of track that was modernised, 4,000 tonnes of ballast and 2,000 metres of rail were recovered. Result: with €2 million of investment, financed by the Occitanie Region, Grand Narbonne, Orano and SNCF Réseau, 2,000 fewer trucks serve the Orano plant on the roads each year.

Research into bio-sourced materials for trains

The manufacture of seats, shelves and other components in trains can be polluting due to the use of petroleum-based materials, which are difficult to recycle. To find more environmentally-friendly alternatives, a team of SNCF Research experts assessed in 2019 the relevance of using materials derived from living organisms, such as wood, resins or plant fibres, in the railway sector.

In 2020, the project focused on technical train parts. Following a national call for expertise, the SNCF Research experts in collaboration with SNCF Voyageurs selected the French flax and hemp sector, as well as four SMEs from the Regions of Normandy, Hauts-de-France, Grand Est and Auvergne-Rhône-Alpes. An application for certification is in progress with ADEME for the development, manufacture and rail certification of prototype parts.

AREP eco-design model for stations and buildings

AREP, the Group's architecture subsidiary, did not wait for the new energy regulation (ER 2020), applicable since January 2021, to apply its criteria. Since 2019, all new projects for SNCF Gares & Connexion have complied with this regulatory framework, which makes it possible to measure and optimise the carbon footprint of operations, limit energy consumption and systematically plan for the production of renewable energy (photovoltaic solar power, geothermal energy, etc.). This is illustrated by the modular crèches in stations in the inner suburbs of Île-de-France (15 crèches built or under construction), the Saint-Denis Centre RER D station project, where the passenger building was studied by simulating the climatic conditions of 2050, or, for SNCF Immobilier, by the Hellemmes (Nord) technicentre, delivered in 2020, certified as a positive energy building (BEPOS) and E+C.

Focus on the Nîmes-Pont-du-Gard model station

Another achievement that embodies all the components of the approach initiated by AREP and SNCF Gares & Connexions since 2019: the new Nîmes Pont-du-Gard station, where the eco-design of the building immediately reduces its energy requirements. Built with simple materials, it is naturally ventilated and cooled. The intense greenery of the surrounding area also contributes to the climatic comfort of travellers, while at the same time promoting and respecting biodiversity. It is a zero-carbon station and a model of self-consumption: its car park equipped with solar shades provides 10 times the station's annual energy consumption. It exceeds all the environmental standards of the previous stations and should pave the way for a new eco-sustainable model.

5.2.6 Conserving natural resources and biodiversity

5.2.6.1 Context

The SNCF railway network is a huge network that runs across the whole country and constantly interacts with nature. Aware of its role, SNCF works to promote biodiversity in synergy with the regions.

5.2.6.2 Our commitments

Pursue our commitments under Act4Nature and anticipate the ban on the use of glyphosate by the end of 2021.

5.2.6.3 Policy and actions

Although SNCF's activities have an impact on biodiversity, it also owns land that shelters and preserves it. Biodiversity is a major issue in SNCF Réseau's CSR policy and is an important part of the Group's social commitment policy. After joining the Act4Nature initiative in 2018, the SNCF published an initial report on its website in 2020, as well as a guidance document, "Biodiversity approach", common to all Group entities and has strengthened its application of the ARC principle: Avoid, Reduce, Compensate, with the deployment of a tool for monitoring compensatory measures.

To make its approach part of a collective commitment, the Group has entered into numerous partnerships with companies working on environmental issues - in particular the Orée, EPE or CILB associations - and finances research projects, such as the Ecosystem and Landscapes Land Transport Infrastructure (ITTECOP) programme.

Concrete achievements to protect and promote biodiversity

SNCF has made 15 commitments as part of the Act4nature initiative, launched in 2018 by Entreprises pour l'Environnement (EpE). Within this framework, numerous and varied projects are being carried out, such as the development of infrastructure corridors into ecological corridors where possible, the restoration of ecological continuity of rivers impacted by hydraulic works, or the reduction of clashes with wildlife by experimenting with different systems, to name a few.

When renewing or developing the network, the company strives to disturb the natural environment as little as possible.

Depending on the case, it provides for various arrangements such as: the reconstruction of the Brétigny wetland in the Île-de-France region, during the replacement of catenaries on line C, and the reconstruction of bat nesting boxes after the construction of the LGV Est high-speed line. The modernisation of lines such as Clisson-Cholet included the installation of fences during the works to protect rare animal and plant species (dragonflies, wild orchids).

As part of trackside maintenance, SNCF Réseau's 30,000 employees are in direct contact with biodiversity. To raise their awareness of biodiversity and train them in best practices while respecting safety requirements, SNCF Réseau, in collaboration with the Bird Protection League (LPO), has developed the "bio operator" serious game.

This type of initiative and many others, such as the fight against invasive alien species, a responsible timber procurement policy for sleepers or the development of research into railway biodiversity, are also included in a biodiversity action plan for 2019-2025.

Focus on the maintenance of tracks and their surroundings and the Egalim law

Limiting the use of plant protection products is a priority for the Group. For this purpose, various arrangements and methods are tested, such as the installation of anti-vegetation mats under the tracks, the use of alternative biocontrol products or the seeding chosen.

A mix of plant species compatible with railway and personnel safety constraints has been tested since 2019 on sidings in Bourgogne (Franche-Comté), at the Villeneuve St-Georges yard (Val-de-Marne) and soon on six other sites, including one on the LGV Atlantique high-speed line. If the results are conclusive, one third of the sidings in France could benefit from this experiment.

In the longer term, herbicide-free alternatives such as new electric wave and pulse technologies are being studied.

Under the Egalim law (agriculture and food), a consultation process was launched in 2020 on the SNCF Réseau's charter of commitments relating to the protection of people using plant protection products. 12,500 stakeholders representing the residents of more than 8,000 municipalities crossed by the rail network were invited to participate.

Key indicator

	2018	2019	2020
Percentage of railway facilities (national rail network, sites) subject to measures to reduce or eliminate the use of plant protection products (excluding biological control) (%)	4.3	5.9	15.4

5.2.7 Optimising environmental management

5.2.7.1 Context

The formation of the new SNCF in January 2020 into five companies requires the implementation of a new unifying approach to environmental issues, as well as a framework for a more global vision of environmental risks in order to better reduce their scope. This is the Environmental Management System (EMS).

5.2.7.2 Our commitments

Deploy the EMS in all Group companies to improve SNCF's environmental performance.

5.2.7.3 Policy and actions

With the creation of the new SNCF on 1 January 2020, the roles of the five new companies have been clearly defined in terms of environmental management, with an SNCF parent company taking on strategic responsibilities, strengthened management and control powers, and oversight of all Group companies. The Group's companies and activities, for their part, are fully responsible for the conduct of their operations, as close as possible to customers and employees.

A reference framework presents the Group's general environmental directives as well as the associated challenges. The text also specifies the missions common to all five SNCF companies and their respective responsibilities in terms of environmental management.

The entire organisation of the managerial approach is thus reshaped around the Department of Social Engagement and the Ecological Transition (DESTE), which defines the environmental strategy on behalf of the SNCF Group, steers and monitors the implementation of this strategy and reports publicly on it. It proposes and leads all Group policies on the various environmental issues, in co-construction with all Group companies. It also organises their governance and sets up the tools needed to monitor and steer these policies (reference frameworks, information systems, coordination, etc.).

The management systems in place

Implementing Environmental Management Systems (EMS) within the Group, and ensuring their sustainability and optimisation is one of the objectives of the new SNCF. To be effective, environmental actions must be carried out over the long term, as part of a structured continuous improvement process integrated into the operation of establishments (business units).

The EMS can be ISO 14001, HQE Exploitation, BREEAM certified, Integrated Management Systems (IMS) or so-called "adapted" EMS for activities with a lower environmental impact.

In 2020, all the activities that make up the company were equipped with an EMS and 90% of the industrial establishments (technical centres, track industrial facilities) were ISO 14001 certified.

Simplified EMS management using an environmental assessment tool

The continuous improvement process of the Environmental Management System (EMS) is based on:

The compliance plan (PMC), based on the regulatory assessment of sites in relation to environmental regulations

The continuous environmental improvement plan (PACE), based on environmental analysis.

The aim of this analysis is to identify, analyse and prioritise the main sources of environmental damage from activities (water, air, soil, noise, biodiversity, energy, waste, etc.), taking into account the sensitivity of the sites. For example: sites in flood-prone areas or close to a Seveso site, etc. The aim is to take preventive actions to reduce the likelihood of risks occurring or to reduce the severity of the consequences.

To simplify this work, a digital tool has been developed. Each risk is characterised by an "aspect/impact" assessment. For example, the "distribution of bottled water in stations" (process), in relation to the "waste" sector, results in an aspect of " non-hazardous waste production " and an impact of "pollution linked to waste management".

These two factors are assessed using several criteria (frequency, severity, intensity, sensitivity and control) to obtain a score calculated by a formula. The score is then compared to a "materiality threshold" defined by each of the companies within its scope, which constitutes an element of prioritisation for future actions.

This digitised solution, which is currently being deployed in all the activities of the five companies, is a real step forward compared to the former local Excel files. The tool will also enable the company to have a more global vision of environmental risks, at the level of a region, an activity, a company and thus to update, for the environmental part, the mapping of CSR risks.

Environmental awareness for production managers

The Department of Social Engagement and the Ecological Transition has designed training on environmental issues for managers of all the company's establishments (business units). This awareness-raising, which is intended to be practical and educational, should help them to identify in their work the challenges of the ecological transition for SNCF and the actions to be implemented to contribute to it by drawing inspiration from concrete achievements within the group.

Key indicator

	2018	2019	2020
Percentage of ISO 14001certified industrial facilities and sites	98	97	90

Due to internal reorganisations, SNCF sites created in 2020 (TechniFret, TechniNat and Grand Est technicentre) were not yet ISO 14001 certified as at 31 December 2020. They aim to be ISO 14001 certified in 2021. The certification of the Hauts-de-France technicentre was suspended following an audit and should again be validated in early 2021.

5.3 IMPROVE THE ADAPTATION AND RESILIENCE OF ACTIVITIES TO CLIMATE CHANGE

5.3.1.1 Context

Deterioration of tracks, breakdown and accelerated ageing of trains… The SNCF group is already suffering the consequences of climate change on its equipment. This leads to a drop in service quality and financial impacts. In response to these major risks, the Group has undertaken to implement a strategy of adaptation and resilience for its rail activities.

5.3.1.2 Our commitments

Better anticipation and integration of climatic changes and hazards in the planning and management of services and investment decisions to ensure service continuity and reduce long-term investment costs.

5.3.1.3 Policy and actions

Natural disasters or extreme weather conditions, whether or not they result from climate change, will have a growing negative impact on SNCF's operations, traffic, passenger comfort and financial performance, if anticipatory measures are not taken now. Such events could indeed result in damage to physical assets, leading temporarily to the closure of the transport infrastructure in the affected areas, reduction of company revenues, interruption of the supply chain etc. These events could have a knock-on effect on the regions, with significant socio-economic effects.

Bearing in mind that climatic events are becoming more intense, more frequent and with greater impact, scope and gravity, the SNCF Group has taken several actions within its activities:

Integrating climate risk into technical choices to reduce the vulnerability of infrastructures, stations and rolling stock and increase their resilience and adaptive capacity.

Extensive studies to better identify climatic causes and adapt activities

In 2015, SNCF, in partnership with ADEME, the Institute for Climate Economics (I4CE) and the University of Versailles Saint-Quentin, launched a thesis on the adaptation of the French railway system to the consequences of climate change. This project, the work of which was reported in 2019, analysed how this knowledge is grasped within SNCF and how economic analysis could be more effectively exploited to transform this knowledge into operational decision-making for adaptation.

In 2016, studies on the relationship between the weather and incidents on the SNCF network helped to qualify the nature of the impacts and identify the indicators to be monitored on the Transilien scope to reduce weather-sensitive incidents.

Today, resilience and adaptation to climate change is a major focus of the SNCF Group's CSR strategy for the decade 2020-2030. This will allow better anticipation and management of the impact of climate change on the changes in transport demand, infrastructures and rolling stock.

Mitigating the financial risks of climate change

The growing concern about greenhouse gas emissions and climate disruption, which led to the COP21, could give rise to new regulations (low emission zones in particular, carbon tax). These could require Group to reduce, modify and/or initiate operations, meet new compliance obligations for its facilities and/or equipment, with operational and financial impacts.

SNCF Réseau's actions to adapt infrastructures

The adaptation and resilience of the infrastructure, its components and its operation are the new major challenges for SNCF Réseau to cope with extreme weather events and to ensure continuity of service and rail traffic punctuality in response to the expectations of our customers and the Mobility Organising Authorities.

A set of measures

SNCF Réseau's various technical departments have already started working on the issue of climate change (particularly in the areas of track, earth and hydraulic structures and IFTEs (Fixed Electrical Traction Facilities).

To reduce the vulnerability of the infrastructure to flooding, SNCF Réseau has carried out Detailed Vulnerability Analyses (DVA) of the infrastructure every year since 2016, as well as a census of the network's critical technical installations in order to map at-risk establishments and facilities located outside Flood Risk Areas (TRI). In 2019, improved Business Continuity Plans (BCPs) for the whole country were drafted.

With regard to fire risk, SNCF Réseau has defined a general policy for all SNCF Réseau assets and a specific fire safety policy for the network's technical facilities (signal boxes, etc.).

Since 2017, several studies carried out by researchers and consulting firms have led to a new wave of adaptation to climate change. The objective is to analyse the intrinsic fragility of assets in the face of climate hazards and define the broad outline of a roadmap for adaptation, as well as the governance and management of this issue.

Since 2020, as part of the Paris-Normandy High Performance studies, a study of the vulnerability of the Seine axis to climate change has been under way.

SNCF Réseau is also implementing solutions in the field to reduce the vulnerability of infrastructures:

The TOUTATIS (TOUrnées Terrain sur AlerTes IntempérieS) project: to avoid any deterioration due to climatic conditions, specific monitoring is carried out during work on the tracks. The project is currently being rolled out.

Heat inspections: to anticipate periods of high temperatures, the tracks are closely monitored to detect and remediate the slightest installation or maintenance problem.

Adverse weather inspections: to avoid any deterioration due to adverse weather, maintenance staff closely monitor certain structures to detect the slightest problem.

5.4 ACTING FOR SOCIAL COHESION AND THE ECOLOGICAL AND SOLIDARITY ECONOMY IN THE REGIONS

5.4.1 Promoting regional cohesion

5.4.1.1 Context

The SNCF is working alongside local authorities to support them in their transformation, offering them comprehensive solutions that integrate employment, environmental and inclusion issues, and more open stations. This is all the more essential during periods of health, economic or climatic crisis.

5.4.1.2 Our commitments

Revitalising small and medium-sized stations and strengthening our role as a civic transport operator promoting national solidarity.

5.4.1.3 Policy and actions

Vital to urban and regional development, stations - whether small, medium or large - bring the city and its outskirts together and must become or once more become the vital centre of the cities of today and the future. They can foster economic development and meet the expectations of a more open and inclusive society. The regions are aware of this, which explains why the SNCF is working in close partnership with them to transform stations into intermodal hubs and service locations that revitalise the regions.

Moreover, with the creation of a "solidarity TER" within 48 hours for the disaster victims in the Roya Valley, and the transport of vital products and sick people during the health crisis, the SNCF demonstrated in 2020 its commitment and efficiency in rapidly rallying the regions and its public utility role.

Solidarity after storm Alex: 48 hours to run a "cargo TER"

To transport food and the necessary equipment to villages in the Nice hinterland cut off from the world after the storm had passed, the SNCF transformed a TER into a freight train in 48 hours.

The teams of Sud-Provence-Alpes-Côte d'Azur TER had the idea to run this solidarity train from Nice to Breil-sur-Roya in the Maritime Alps.

To create the necessary space for the storage of goods, one third of the seats (60 out of 170), luggage racks and interior glass walls were removed and safely stored in reserved areas of the train, as its empty mass could not be changed for safety reasons. A protective floor also had to be laid down so as not to damage the train.

The adapted TER was able to load the equivalent of 25 pallets, which represents approximately 10 to 12 tonnes of goods.

Medical TGV

On 24 March 2020, faced with the scale of the COVID-19 epidemic, the Directorate General of Health asked the SNCF to transport patients in intensive care as quickly as possible to relieve the hospitals in Eastern France and the Paris region.

The teams had 48 hours to prepare. An unprecedented feat for an assignment that has never before been equalled: between 26 March and 10 April, ten medical TGVs transported 202 patients to other regions. In addition to this regional solidarity, the company decided to make its TGVs accessible free of charge to medical staff during the first lockdown.

A tramway to open up Montfermeil and Clichy-sous-Bois

In Seine-Saint-Denis, the towns of Clichy-sous-Bois and Montfermeil are benefiting from an ambitious urban renewal plan. In order to build a vast living area combining social diversity and economic attractiveness, it became essential to improve public transport services in these two municipalities, which are located in a very landlocked area.

The SNCF, the State and the Île-de-France Region have thus designed a €270 million project to facilitate mobility on the Clichy-sous-Bois and Montfermeil plateau: the new branch of the T4 tramway, which includes the construction of eight new stations serving four municipalities.

Results: the new section, inaugurated in December 2019 and put into service to the Hôpital de Montfermeil terminus in September 2020, has made travelling easier, saved time and improved comfort for the 37,000 passengers expected to use it daily. It provides users with comfortable and reliable trams for better connection with employment areas, university and cultural centres. All the urban developments for the arrival of the tram also give a new face to the neighbourhoods it will pass through.

Bringing small stations back to life

The Group's partnership with the regions as part of the "1001 gares" programme is another key thrust of the regional strategy deployed by the company throughout France.

This initiative was launched by SNCF Gares & Connexions in June 2019 to revitalise vacant spaces in stations serving less than 100,000 passengers a year. An overall budget of €20 million has been earmarked for this investment to bring the premises up to standard.

Objective: call on promoters of local initiatives to reinvest in small stations through innovative, useful activities (coworking areas, bicycle cafés, services, shops, etc.). The scheme appeals to local authorities because it promotes employment and the revitalisation of their communities, via the stations.

In 2020, despite the health crisis, nearly 50 projects with the "1001 gares" label have been set up in France, and a hundred or so other projects are currently being examined, studied or set up.

At the end of January 2021, the "1001 gares" platform hosted 560 stations, for an overall surface area of nearly 90,000 m².

5.4.2 Providing active support for job creation and regional revitalisation

5.4.2.1 Context

The Group takes advantage of its presence throughout the country to support projects that generate growth and create jobs. Its action with the regions takes on a new dimension in the social context generated by the health crisis in 2020.

5.4.2.2 Our commitments

Contribute directly to the dynamics of employment and the revitalisation of the regions through funding and support for business creation.

5.4.2.3 Policy and actions

SNCF Développement's action takes the form of a wide variety of projects that enhance its commitment to economic and regional players, e.g. support for job creation projects and local trade, training to ensure skills development, particularly in short-staffed digital professions, etc.

This development and entrepreneurial support subsidiary of the Group brings together all the expertise required to revitalise the regions. Since 2011, the structure has been offering a comprehensive range of services to support local and national stakeholders in adapting employment areas affected by economic change and the sustainable transformation of their activities. This role has become even more important due to the health and social crisis of 2020.

Its ambition: recreate value at the core of the regions by financing and supporting business creation, as well as by building tailor-made skills development paths.

Finally, by preparing strategic regional analyses, the company contributes to identifying each regional challenge to ensure better coverage by the SNCF Group.

Acting for social inclusion at grassroots level

In the disadvantaged districts of cities, social difficulties and economic inequalities are a barrier to access to employment. At the same time, many trades are undergoing a profound transformation as a result of digital transformation.

To address these issues, SNCF Développement created the École des Nouvelles Compétences (New Skills School) in Saint-Denis in 2019. Objective: encourage the integration of residents from disadvantaged neighbourhoods by training them in web-related professions, with a permanent contract at the end of the process. The initiative was carried out with the training organisation Wild Code School, the Plaine Commune territory, and the employer e.Voyageurs (a digital subsidiary of SNCF Voyageurs).

Results: in July 2019, ten candidates from the city's disadvantaged districts were selected to join the École des Nouvelles Compétences. On 10 February 2020, at the end of six months of certified web developer training, eight trainees, including four women, were recruited into the Group as "Design and Development Engineers" on permanent contracts.

More than 150 jobs and a Ferrocampus® in Saintes

Following the development of the industrial activities at the Saintes (17) technicentre, which has left some areas unused, the SNCF group, as a responsible company, has been committed since 2018 to supporting the economic attractiveness and employment in the Saintes living area. The Group's subsidiary has therefore set up a revitalization fund of €1.5 million to finance the creation of more than 100 jobs and has opened a digital training centre.

Results: since 2018, the École des Nouvelles Compétences created in Saintes by SNCF Développement has been helping men and women change their jobs in line with the digital transformation of companies. A total of 152 jobs have been organised with a target of 100 job creations. Also, 100 training courses have been provided in Saintes. As the objectives set with the region have been exceeded, SNCF Développement is going to hand over the reins to a training centre in Charente-Maritime that will pursue the strategy launched in line with the needs of local companies.

Moreover, the good perception of the SNCF group by the region’s elected representatives, partly due to SNCF Développement's revitalisation initiative in the region, facilitated the creation of the Ferrocampus® project. Designed for and with the key players in the French rail industry, Ferrocampus® is destined to become a centre of excellence in Europe dedicated to sustainable, connected, autonomous and carbon-free rail mobility. An objective reaffirmed in a letter of intent signed in October 2020 between the President of the Region and the Chairman and CEO of SNCF.

In figures: SNCF Développement’s commitment

– €10.6 million committed since 2011.

– 2,013 jobs supported since 2011.

– 627 entrepreneurs supported since 2011.

– 110 digital training courses provided since 2018.

– 67% return to work or continued studying after long training courses.

5.4.3 Developing an increasingly responsible purchasing strategy

5.4.3.1 Context

Contributing to the goals that the SNCF has set for itself in terms of carbon neutrality, circular economy or local presence is a priority for procurement. This includes strengthening CSR criteria throughout the purchasing process.

5.4.3.2 Our commitments

Increase the weight of CSR criteria in the choice of our subcontractors and improve our performance as a responsible buyer by assessing risks more and more closely.

5.4.3.3 Policy and actions

The SNCF has the opportunity to create more value by making its suppliers committed partners and contributors to its CSR performance.

Its action is guided by three main priorities:

– Identify and control CSR-Purchasing risks by prioritising high-stake purchasing categories.

– Integrate CSR requirements in line with the Group's CSR objectives at each stage of the purchasing process and take into account the analysis of the life cycle cost of the products purchased in the economic performance of the offers.

– Contribute to the socio-economic development of the regions by participating in the creation and maintenance of local employment through our purchases (particularly from SMEs), by strengthening purchases from the social and solidarity economy.

In April 2010, the SNCF signed the "Responsible Supplier Relations" Charter, and has been awarded the "Responsible Supplier Relations and Purchasing" label since 2012. In its supplier relations, the SNCF favours dialogue, cooperation and, if necessary, mediation with a system that has been operational since 2010. The process for referring a case to the supplier mediator is explained on the sncf.com website.

Responsibility at the heart of the purchasing process

In 2020, with the support of a specialised service provider, the SNCF mapped its CSR and purchasing risks for all its purchasing categories (123) and the scope of purchases covered, i.e. around €12 billion (2019 figures). This mapping was used to identify and prioritise the purchasing categories on which specific risk management actions are implemented as part of a continuous improvement process.

To make CSR performance a decisive criteria, the share of CSR in the rating of offers can now represent up to 20% of the overall rating for purchases with a high CSR challenge.

For 2020, 5.5% of the amount of purchases contracted over the year included a 20% CSR rating for the offers.

In addition, SNCF, in partnership with an external service provider specialising in assessing the CSR performance of companies, has set up a platform on which to monitor its suppliers appraised by this independent third party. To date, approximately 1,000 of its suppliers have been or are being assessed.

– Average score out of 100 SNCF suppliers assessed: 56.4 compared with 42.9 for all suppliers (60,000) assessed by this independent third party.

– 74% of suppliers have a score higher than 50/100

In addition, SNCF is developing inclusive purchasing by increasing the use of Social and Solidarity Economy (SSE) companies, promoting business groupings, co-contracting and the implementation of social inclusion clauses. In spite of the health crisis, SNCF thus achieved in 2020:

– €15.5 million from the sheltered and adapted sector

– €21 million with social integration companies

– 1.4 million social inclusion hours contracted in 2020

Contributor to regional economic and social development (Utopies 2020 study - 2019 data (indirect + induced impacts), excluding subsidiaries)

Present throughout France, the Group is a major player in regional development. To carry out its role and help create jobs, the Group has a committed and responsible purchasing policy. Its rail activity represented nearly €12 billion in purchases from French suppliers in 2019.

Suppliers

23,000 suppliers, including 16,400 SME-VSEs

Jobs

294,400 jobs supported by SNCF in France including:

– 173,600 indirect jobs in the supplier chain

– 120,800 jobs generated by household consumption and public spending

1.1% of jobs in France

Added value

€15.8 billion in added value creation, i.e.

1% of national GDP

Key indicators

	2018	2019	2020
Amount of solidarity purchases (M€)	57	84	36.5
Percentage of amount of purchases contracted in Year Y and covered by a rating of the offers at 20% of the total rating (%)			5.50
Supplier CSR performance (rating out of 100)	56	56.9	56.5

In 2020, the amount of solidarity purchases decreased because the scope changed: social inclusion hours are no longer valued in euros as in previous years.

A risk map currently being renewed at Keolis

In 2020, Keolis redefined its purchasing policy, of which social responsibility is an integral part. The implementation of this policy is primarily based on the strengthening of CSR criteria throughout the purchasing process to promote social and environmental performance.

Among the actions carried out, Keolis entrusted an external service provider with the mapping of risks linked to social responsibility, specific to purchasing (environment, safety, ethics, sustainable purchasing, etc.). This follows the publication in 2018 of the law on the duty of care and the fight against corruption (known as the Sapin II law). This new mapping covered a French scope representing €1 billion of expenditure and 15,000 active suppliers.

The results of this first mapping exercise were used to identify high-risk purchasing categories, which have been subject to prevention and mitigation measures.

Among all the measures taken to better control supplier risk, and particularly in line with the regulations on unreported employment, Keolis provides purchasing teams with an online solution to meet the duty of care requirement.

In 2020, the Keolis group launched a review of its CSR purchasing risk matrix so that all of the Group's purchases are taken into account, both in France and abroad.

5.4.4 Increasing the number of solidarity actions carried out by the SNCF Foundation

5.4.4.1 Context

Since 1995, the SNCF Foundation has been promoting solidarity and civic initiatives in favour of vulnerable people or people in difficulty, with the aim of building a better life together. The health crisis of 2020 has revealed the extent of its action and the crucial role of associations in interacting with employees.

5.4.4.2 Our commitments

Continue actions to combat exclusion through new partnerships and support for the associations most in difficulty.

5.4.4.3 Policy and actions

In 2016, the SNCF Foundation became a Group foundation, with a budget of €5 million per year for the five-year period 2016-2020. Bringing together SNCF, SNCF Voyageurs, SNCF Réseau, Fret SNCF and Keolis, it supports initiatives that promote the command of basic knowledge (reading, writing, arithmetic) and access to digital technology. As a lever for opening up to the world, it also promotes access to culture and the practice of an artistic discipline. Finally, it supports solidarity actions in favour of equality, diversity and civic commitment.

Its three performance levers of action are based on regional coverage, inter-association and inter-company co-construction, and employee commitment. The skills sponsorship scheme enables employees, with the help of human resources, to donate their working time to solidarity associations.

The year 2020 was marked by a great surge of solidarity from the SNCF group and its employees, in which the SNCF Foundation naturally took part. Despite the difficulties linked to the health crisis, the SNCF Foundation supported a total of 719 associations in 2020 (compared with 702 in 2019).

This support is in line with its social commitment in favour of the most vulnerable populations.

Solidarity actions linked to the health crisis: a helping hand to associations

In response to the specific difficulties highlighted by this crisis and the urgency of the situation, the SNCF Foundation has created a "COVID-19 Solidarity Fund" and focused its financial support in three areas: medical research and assistance to carers, assistance to the most vulnerable people and protection of women who are victims of violence. Five national associations have been helped:

– The AP-HP Foundation to contribute to research and the physical and psychological professional conditions of healthcare personnel.

– Institut Pasteur to support its research related to the Coronavirus C19.

– The Abbé Pierre Foundation and the Women's Foundation for listening to and rehousing people who are homeless or in danger.

– France Bénévolat for less isolated and more inclusive retirement homes.

At the regional level, the SNCF Foundation identified 27 associations among those most in difficulty to help them financially.

Employee involvement by video conference

At the request of employees and associations, the SNCF Foundation has offered remote assignments, as part of skills sponsorship, to enable SNCF employees to continue their commitment, particularly in terms of educational and digital support. For example, they have helped young people organise their work and maintain their motivation during the lockdown or supported women in their entrepreneurial project.

A programme to support 1,000 refugees by 2021

The SNCF Foundation is committed to helping vulnerable people, through a programme of aid for refugees which, in 2020, represented:

- 700 young unaccompanied minors in 13 establishments of the "Apprentis d'Auteuil" association in six regions
- 150 solidarity missions carried out by refugees throughout France with France Bénévolat
- More than 100 SNCF employees helping refugees in their search for work or learning French, as part of skills sponsorship with Singa, France Terre d'Asile and KODIKO.

In addition, the SNCF Foundation took part in the #Aveclesréfugiés Solidarity Train, in partnership with Generali, the United Nations High Commissioner for Refugees and the Interministerial Delegation for the Reception and Integration of Refugees, in 4 stopover cities: Paris, Bordeaux, Clermont-Ferrand and Geneva. A total of 500 students visited the train, led by 71 refugees who became exhibition guides for the occasion.

Finally, the Foundation has created with the Generali and Plaine Commune consortium an incubator to support 50 refugee entrepreneurs per year.

An Alliance to unite around skills sponsorship

Skills sponsorship responds to many challenges: compensate for the drop in public subsidies allocated to associations, give more meaning to employee career paths, and embody the company's corporate social responsibility policy in concrete terms.

Convinced of the virtues of skills sponsorship, both for companies and employees, the SNCF group, through its Foundation, has encouraged a shared approach by creating the Alliance for skills sponsorship with some twenty companies. The Alliance is open to any company wishing to adhere to its goals. Its strength lies in the diversity and richness of its members.

Results: members commit to promoting the seven principles of the Skills Sponsorship Manifesto: develop a skills sponsorship programme, offer a variety of roles, promote employee engagement, assess results, support research work, share experiences and good practices and encourage other companies to join the Alliance

5.4.5 Strengthening social commitment

5.4.5.1 Context

The SNCF is a historic player in the field of integration for people who have the least access to employment. It seeks to provide the closest possible support to the regions and is working towards more inclusive mobility.

5.4.5.2 Our commitments

Supporting measures for educational justice, inclusion and professional integration.

5.4.5.3 Policy and actions

As a responsible public group with strong local roots, the SNCF helps fight against exclusion and precariousness, and integrate people with the least access to employment through numerous actions in collaboration with the players involved in Inclusion through Employment (IAE) and social action.

Whether through sustainable purchasing with integration clauses, support for the adapted sheltered sector or integration projects, every year many SNCF entities provide support to help people in their lives.

As a player in all forms of mobility, the SNCF group seeks to act for more inclusive mobility and provide solutions for people who are currently excluded.

In addition, through its partnership with the Ministry of Justice and the National Agency for Community Service, SNCF supports alternatives to prison sentences with a professional integration approach. The national agreement, renewed in 2020, aims to encourage the development of community service, with the increase from 280 to 400 hours of public interest work. The assignments carried out in this context constitute a first professional experience for 70% of the people who benefit from them.

Finally, to promote the professional integration of young people, who have been hit hard by the economic and social consequences of the health crisis, the SNCF has joined forces with the French government in the "French impact" and "Un jeune, une solution" schemes.

A hackathon on the professional integration of young people

In November 2020, as part of the "1 jeune - 1 solution" plan launched by the Ministry of Labour, Employment and Integration, the SNCF took part in the online Grand Hackathon organised by "Le French Impact" and "Big Bloom", support programmes for social innovation projects, with five other partner companies. Alongside 144 participants from the public, associations and companies, SNCF group employees used their collective intelligence for 48 hours non-stop to promote one of the six themes, e.g. integration through sport, the fight against the digital divide or environmental training.

Three of the six winning projects involved SNCF employees:

– "Relève tes talents": a progressive card game that allows young people to identify their skills and highlight them in their CV, cover letter or professional interview.

– "Kode for Good": a 15-day professional and solidarity challenge during which students will have to create a digital solution that meets a societal challenge.

– "Club Rebond": a team of companies is committed to helping young people from disadvantaged backgrounds by facilitating their access to employment within a given time.

PIMMS to create social links and proximity

At a time when nearly 20 million people in France are experiencing difficulties in accessing essential services - administration, employment services, training, health, mobility, etc. - SNCF is a partner of 51 Points d'Information Médiation Multi-Services (Multiservice Information and Mediation Points) (PIMMS).

The Group has been working alongside the PIMMS since their creation in 1998 and is a partner in this regional initiaive to meet the expectations of citizens by facilitating their access to administrative services and digital technology. These reception spaces, located in railway stations or urban centres, are accessible free of charge to all local residents; particularly for people who are far from public services or who are digitally excluded.

In 2020, 381,149 people were supported by the PIMMS partners of SNCF and Keolis.

In addition, the PIMMS also have a human dimension of inclusion since the PIMMS mediators are also in the process of integration. In February 2020, the PIMMS welcomed 340 people on subsidised contracts, 65% of whom found a job or followed a training course leading to qualifications.

During the health crisis in 2020, the mediators maintained their services to assist and guide a public weakened by the pandemic. They proposed social mediation and digital tool awareness-raising assignments.

Eurostar offers French courses to English students

In 2020, Eurostar was keen to support the population as much as possible during the health crisis by encouraging its employees, on holiday or furlough, to carry out voluntary work. For example, several French-speaking staff members volunteered to help students in London schools take French courses online. A total of around 100 young people benefited from this scheme.

5.5 MAKING EMPLOYEES THE MAIN PLAYERS AND BENEFICIARIES OF THE ECOLOGICAL AND SOCIAL TRANSITION

5.5.1 Attracting and retaining talent

5.5.1.1 Context

In a context marked by technological developments, the health crisis and its economic and social impacts, and the end of recruitment of personnel with railway worker status since January 2020, the SNCF is striving to make its professions and training courses more attractive to deal with the risk of a shortage of skilled staff, particularly in certain short-staffed professions. The volume of recruitment remained high in 2020, despite the health crisis.

5.5.1.2 Our commitments

Make people want to join SNCF and stay there with an attractive training and mobility offer to remain a leading and preferred employer.

5.5.1.3 Policy and actions

The SNCF is one of France's leading recruiters in the industrial sector, with 3,846 new employees in 2020 in the five companies. The Group recruits mainly in the Île-de-France region and in technical professions. SNCF Voyageurs and SNCF Réseau each account for 44% of recruitments. 62% of newcomers were hired as operational staff, 16% as supervisors and 22% as managers.

During the lockdowns in 2020, SNCF adapted its recruitment process by carrying out selection tests and remote interviews. Recruiters also participated in Virtual Forums.

Social networks - Facebook, Twitter, LinkedIn - are always an important communication and marketing tool and the emploi.sncf.com site simplifies procedures for applicants (chatbot, matching CVs with offers, etc.). The Digitalent recruitment tool enables recruitment agencies to monitor the recruitment orders expressed by the HR players in the Group's entities, select applicants or send profiles to managers.

An enriching career path

Developing skills, enhancing employability and supporting professional mobility are priority objectives of the SNCF's human resources policy and differentiating factors for applicants.

A lever for developing new skills, professional mobility is also an opportunity for the Group to develop its competitiveness by relying on increasingly competent and versatile employees. In 2020, 1,862 employees were transferred between the five SNCF companies and 1,982 were seconded to subsidiaries and other organisations. To facilitate mobility, the SNCF relies on training, the network of Mobility Initiative Spaces, transformed into Regional Mobility Agencies in January 2021, and an employment exchange.

Virtual classrooms during the health crisis

The health crisis did not prevent the company from continuing its actions to develop employee skills.

In 2020, more than 117,000 hours of training were provided via the Mon Académie online platform , the single entry point for the Group's catalogue of distance learning courses. The period saw an increase in access to the platform and courses followed of more than 14% compared to 2019.

Mixed courses that alternate between distance and classroom formats are now part of the Group's educational systems

Thus, many "cross-functional" training courses in human resources, finance, purchasing, communication and managerial training have been adapted so that they can be followed remotely, particularly in virtual classrooms.

Co-option challenge to recruit in quantity and quality

In November 2019, the SNCF launched a co-option challenge to encourage all employees to recommend people in their entourage with profiles sought by the company and thus increase the number and quality of applications.

In the context of the COVID-19 health crisis, the company is counting on the commitment of its employees to help it recruit for the jobs it needs: driving, train preparation, traffic, engineering, station and train infrastructure maintenance. They receive a gross exceptional bonus of up to €600 if the person proposed is actually recruited.

The challenge is all the more important as the profiles proposed by employees are much more in line with the prerequisites sought than spontaneous applications, which saves considerable time. Thanks to the CVs submitted on a dedicated platform, more than 200 people have already been recruited on permanent contracts for positions as engineers, electricians and rail signalmen.

An interactive site on Transilien professions

With several hundred jobs in Île-de-France to be filled each year (drivers, customer relations, maintenance, etc.), Transilien innovates to make its businesses better known and more attractive.

"Quai des Métiers Transilien", a micro-learning site launched in 2019, provides information on the roles of its employees, the working environment and describes the skills and qualities required. The training courses and career developments offered internally are also presented.

Using this online training, applicants have another vision of the daily life of agents, all explained in a mass-transit context, i.e. large volumes of travel in densely populated areas, with quizzes, anecdotes, practical information, etc.

People who pass the final test with a score of over 80% are contacted by the SNCF recruitment team to discuss their career plans.

Key indicators

	2018	2019	2020
Number of permanent hires in France	11,571	13,391	10,045
Number of work-study contracts			7,109
Percentage of employees having taken at least one training course in France (%)		81.70	71.00
Total number of training hours(in thousands)	5,891	5,180	3,743

5.5.2 Fostering the conditions for a well-developed social dialogue

5.5.2.1 Context

The year 2020 saw the end of the conflict against the government's pension reform project and was marked by measures to ensure health and safety at work, in the face of the COVID-19. A key agreement was also reached for the social unity of the new SNCF.

5.5.2.2 Our commitments

Maintain social dialogue despite crises, or even concerning crises, to provide services adapted to the employees of the different companies in the new SNCF.

5.5.2.3 Policy and actions

Although January and February 2020 saw the continuation and end of the long strike, which began on 5 December 2019, against the introduction of a universal points-based pension scheme, the social partners had to immediately restore ties to deal with the health crisis at the beginning of spring. The challenge was to continue ensuring essential traffic for the country, while preserving the health of employees. Many of the topics on the 2020 social agenda had to be postponed to the 2021 agenda: professional mobility, gender balance and professional equality between women and men.

However, in the autumn, the employer and unions were able to negotiate and sign a unanimous collective agreement on the social unity of the new SNCF and the organisation of social dialogue in the five companies that now make up the company. The year ended in December with the election of employee representatives to the boards of directors of the Group companies.

An agreement on social dialogue: matrix for a renewed social dialogue

Signed unanimously by the trade union organisations representing the SNCF (CGT, UNSA, SUD-Rail, CFDT), the agreement of 29 October 2020 was drawn up to adapt and structure collective bargaining and, more broadly, social dialogue, in line with the new organisations set up on 1 January 2020 under the rail reform voted in 2018.

The text reaffirms the social unity of the new SNCF, across its five companies, particularly in the form of a set of common social rules, including the railway worker status, collective agreements and current HR guidelines.

It provides for three possible types of agreement: group agreements, which apply directly to all employees, framework agreements, which set the main principles valid for all and allow for variations negotiated specifically within companies, and finally company agreements, which open up the possibility of concluding, within one or other of the companies, an agreement applicable to its exclusive scope, and thus adapted to its specific features.

It also creates new areas for dialogue: a dialogue on employment at regional level, a national dialogue on the company's major business lines, in addition to a dialogue on railway safety at Group level, through the creation of a specific committee.

The election of employee representatives to the Board of Directors

SNCF is one of the large public companies where employees are represented on the Board of Directors by colleagues whom they elect directly. Boards of directors are the corporate governance bodies responsible for determining and implementing major strategic directives. One third of Board members are employee representatives elected for a four-year term, while the other two-thirds are appointed by the shareholder, in this case the State.

The entire ballot took place in electronic format, allowing the 185,500 voters of SNCF and some of its subsidiaries to express themselves if they wished to do so.

In terms of the number of seats, the result shows a high degree of stability, with the distribution of seats between the trade union organisations remaining unchanged: at the end of the ballot, the CGT still held 5 seats, as did the UNSA, while SUD-Rail retained its 3 seats and the CFDT remained without a seat. In terms of percentages, the CGT gained two points, UNSA and SUD-Rail remained stable, and the CFDT lost 1.5 points.

Key indicator

	2018	2019	2020
Days lost per agent (due to industrial action)		2.84	1.35

5.5.3 Guaranteeing health and safety in the Group

5.5.3.1 Context

SNCF places people at the heart of its project and its development ambitions. Health, safety and quality of life at work are covered in a comprehensive policy steered at the highest level. This is also why, since the beginning of the health crisis, the Group has stepped up its vigilance and attention to its employees.

5.5.3.2 Our commitments

Assess, prevent and better control all risks related to the safety, health and quality of life at work for SNCF employees.

5.5.3.3 Policy and actions

In order to strengthen its safety culture and achieve its priority goal of 0 fatalities and 0 serious accidents at work, the SNCF launched the PRISME programme in all its entities in 2015. This integrated safety management transformation program has resulted in concrete results: the number of Remarkable Safety Events (RSEs) has been reduced by 50% and the number of accidents at work, after having been reduced by 10% over the first four years of the programme, fell sharply in 2020, showing a 37% drop.

The SST managerial transformation programme is part of the safety culture transformation programme and, in conjunction with the H00 (punctuality) and FIRST (passenger information) programmes, contributes to the integration of safety standards into managerial practices, such as visual management, safety contact, or field trips.

In 2020, actions contributing to the reduction of accidents at work focused on risks related to travel, the leading cause of accidents (PPE, modelling of the risks of slipping and tripping on flat surfaces and due to an uneven surface), on personal injury (equipping SNCF security staff with pedestrian cameras), and on road risk (revision of training courses and project for connected vehicles). As for the risks linked to coactivity, 2,100 users were trained in the "DIGIPREV" tool, which was rolled out this year, to help them draw up prevention plans.

Health and safety in the context of COVID-19

The health crisis has had a very strong impact on the Group's activities and required a strong mobilisation of the teams in charge of preventing occupational risks. They intervened to support managers to help them build a framework integrating protective measures in all activities, in order to limit the risk. The organisation of work was redesigned (adapted business gestures, reduction in the level of passenger service, working from home, etc.) and agents were provided with all the useful protective products and materials, in compliance with government decisions and health protocols (masks, hand sanitiser, virucidal products, etc.).

This health and economic crisis has also led the company to refocus on actions with very high added value. Thus, the deployment of the managerial transformation programme continued with distance learning. By relying on standards of operational excellence, occupational health and safety (OSH) has been implemented into daily routines. This is evidenced by the number of observations made by the end of 2020, which amounts to more than 20,000.

Finally, to limit the risks of isolation during the lockdown period, the company made available to all its employees a toll-free number with professional counsellors.

Understanding the reality of working from home

The Group takes all kinds of measures to promote the quality of working life of its employees and prevent psycho-social risks, such as commitment and satisfaction surveys, systematic assessment in work groups, adaptation to changes in professions and techniques, or anticipation of the challenges and human impacts in supporting transformations, etc.

The agreement on working from home signed in July 2017 offers several formulas that can be adapted to the needs of employees and teams. The health crisis has accelerated and systematised the introduction of working from home for those jobs that allowed it. Feedback is being received and will be used to revise the current collective agreement. About a quarter of the employees in the five companies currently work from home.

Among the benefits perceived by the employees surveyed and concerned between March and June 2020: better autonomy, efficiency, quality of life, concentration and time saved by not having to travel to work. For the team: efficient group times, shorter meetings. And for their manager: management by objectives and results with increased confidence. Moreover, the annual employee satisfaction and commitment survey confirms this trend. This positive assessment that must not hide the fact that the health crisis has created an "easy" choice between working at home or taking a risk for oneself and one's family. More global internal and external studies show that satisfaction decreases when the number of working from home days increases: 89% of employees are satisfied with 1 or 2 days a week, 82% if it is 3 days or more. Moreover, young people are less in favour of working from home than older people. And managers say they feel more

pressure.
Surveys are scheduled in some companies and activities to understand the developments.

Toll-free numbers to listen to employees during the health crisis

To ensure the health and safety of its employees, the company has set up two task forces, including a medical safety expert unit made up of doctors. In addition to health instructions and practical or e-learning guides to improve working from home that are regularly distributed to all employees, the SNCF has deployed an information campaign on adapting work gestures to comply with protective measures and physical distancing, mainly via tutorials.

In addition, three toll-free numbers were activated during the lockdowns, in addition to the company's psychological support centre, which can be reached all year round. A first number was set up to listen to, support and maintain the link with all employees, from 8am to 6pm Monday to Friday. At the end of the line, a team of professionals (psychologists, social workers, nurses, doctors, etc.) to help people suffering from feelings of isolation.

The second number, which can be reached at the same times, was designed to answer all managers' questions of a medical nature concerning COVID-19 and its consequences on work. A third number was intended for SNCF retirees.

Accidents at work: all responsible, all committed

Improving the health and safety of employees remains an area of continuous improvement in working conditions. The challenge is to reduce both the severity and frequency of work accidents. While in France, road accidents are the leading cause of death in the professional context, SNCF is particularly exposed. The company records around 100 road accidents with lost time every year. In addition, around a thousand employees are victims of an accident linked to circulating on flat surfaces and on uneven surfaces (falling near the tracks, on the stairs, etc.). It is the leading cause accounting for a third of accidents at work, generating more than 75,000 days of work stoppage per year.

In order to make its employees aware of road risk, the company has designed four separate specific training:

– Taking road risk into account in e-learning.

– Classroom road risk prevention with a digital tool.

– Driving a light commercial vehicle - in a classroom and on board a vehicle.

– Filling in a report.

In addition, to promote eco-driving and safer driving, the company is working on a project for vehicles with connected boxes (which analyse the route): 224 service vehicles were equipped with them at the end of 2020.

Finally, in order to identify the barriers that help avoid accidents on flat and uneven surfaces, a modelling of the risks of falls was carried out. Result: the simplified "butterfly loop" risk analysis method for this type of accident is available to all professionals concerned.

Key indicators

	2018	2019	2020
Severity rate of occupational accidents (for 1,000 hours worked)	0.93	0.99	0.95
Frequency rate of occupational accidents (for 1,000 hours worked)	17.58	18.05	11.80

The impact of periods of inactivity (industrial action, furlough) had a favourable impact on the frequency rate which, adjusted, would be around 13.1, down by around 30%. This correction does not perfectly reflect the decrease in risk exposure and the 2020 results must be assessed taking into account the period impacted by the health crisis.

5.5.4 Building a better life together

5.5.4.1 Context

To fulfil its purpose, SNCF draws on its strengths: the diversity of its employees. In recent years, the Group has been working towards improved ways of living and working together by promoting a culture of inclusion.

5.5.4.2 Our commitments:

Recruit employees who reflect our customers and promote an inclusive work environment offering equal conditions for success.

5.5.4.3 Policy and actions

Committed to inclusion and the fight against all forms of discrimination, the Group strives to make building a better life together a factor of success and performance. It acts on several levels:

Equal opportunities, particularly by taking action in urban disadvantaged neighbourhoods, where social difficulties are obstacles to employment.

Diversity and professional equality, with the renewal of the third agreement (2019-2021) on gender equality.

The integration of people with disabilities: the SNCF has 6,588 employees with a declared disability.

Preventing discrimination and building a better life together by raising awareness among managers and employees, mainly through the "ProDIVERSITY" serious game or at conferences. Over the last three years, the Inclusion & Diversity Rendez-Vous have brought together more than 22,000 participants.

In addition, every year, 3,000 managers and HR representatives are trained in non-discrimination.

In the second half of 2020, training sessions on diversity issues were digitised to comply with health regulations.

The SNCF's commitment to combating domestic violence and its impact on the workplace

During lockdown which exacerbates domestic violence, SNCF widely relayed internally an initial communication from the OneInThreeWomen network[4], which the group partners, with contacts to help victims.

The company then took part in the public awareness campaign that the network carried out in support of the Fédération Nationale Solidarité Femmes (FNSF) and distributed it to all its employees.

Entitled "les violences ne sont pas privées de sortie", the campaign focuses on the national telephone number 3919 managed by the FNSF. It also relays the call for donations

[4] The OneInThreeWomen network, co-founded by FACE and the Kering Foundation in 2018, is made up of the SNCF, L'Oréal, Korian, Carrefour, BNP Paribas and Oui Care.

to meet the increasing demand for accommodation and support for victims, during and after the lockdown.

To complete the network's action, the Group's internal services (social action, psychologists, doctors, SNCF housing agency) may enter the private world of employees to support them and direct them towards accommodation solutions in the event of an emergency.

Equal opportunities at Keolis

In 2020, Keolis launched a national and local recruitment campaign: "The world is changing, not our commitments", based on 4 professions: driver, mechanic, workshop manager and operations manager which are accessible to all profiles (young or senior, with or without a diploma, in retraining or not). Relayed by several partners including Pôle Emploi, the French Transport Association and the École de la seconde chance, the campaign encouraged more than 8,000 men and women of all ages from various sectors to apply.

Keolis also had a recruitment stand at the Hello Handicap virtual exhibition for the second year running. Some 30 subsidiaries published job offers and conducted interviews. In total, nearly 500 applications were received, with an average conversion rate of 11.5%.

In addition, the transport operator is pursuing its policy of professional equality between men and women by working with all its subsidiaries on the widespread roll-out of the Gender Equality European and International Standard (GEEIS) certification. Keolis is stepping up its training to combat discrimination (equality, diversity, inclusion, harassment, cognitive bias, etc.) in its subsidiaries for local managers.

An improvement in gender wage equality index in SNCF companies in 2020

As of 2020, each SNCF company published its gender equality index score. The scores of the five SNCF companies (Voyageurs, Réseau, Gares & Connexions, Fret et SA SNCF) for 2020 were between 89 and 94 points.

The wage equality index score improved substantially in 2020, compared to 78 points in 2018 and 2019, for the Public Rail Group scope (corresponding to the five SNCF companies created on 1 January 2020).

This improvement was mainly attributable to the proactive measures undertaken by the company in 2020 to guarantee the same wage increase for employees on maternity leave as other employees during the reassessment of wages.

"Diversity Leader 2021" label for SNCF

On 18 November, the Financial Times newspaper awarded SNCF the title of "Diversity Leader 2021". This annual award, launched in 2019, recognises the commitment of European companies that, through their actions, promote diversity and inclusion among their employees.

The "Diversity Leaders" label was awarded following an independent survey conducted (by Statista) among a sample of more than 100,000 employees. Companies from all industrial sectors employing at least 250 people in Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Spain, Sweden, Switzerland, the United Kingdom and the United States were eligible for the survey.

Reference company for the DUODAY 2020

For the second year running, SNCF took part in DuoDay, organised on 19 November 2020 as part of European Disability Employment Week (EDEW). A new opportunity for the company to raise awareness among its employees about disability in the workplace. The principle: during the course of a day, employee volunteers welcome people with disabilities to help them discover their profession and broaden their career prospects.

Controllers, drivers, station sales staff, railway signalling design managers, traffic officers, passenger information managers, or equipment maintenance managers, as well as the chairman and members of the general management committee... In total, 201 duo offers were made by employees and nearly 100 duos were trained, placing SNCF in the top 3 of participating companies. A success in the current COVID-19 health context. Some meetings took place remotely and others were held face-to-face, respecting the protective measures.

Key indicator

	2018	2019	2020
Percentage of women in the workforce	23	23	23

5.5.5 Supporting employee engagement

5.5.5.1 Context

Through a number of schemes, SNCF encourages its employees to innovate to improve company processes or to bring their expertise to solidarity projects. A commitment that also benefits the development of each volunteer.

5.5.5.2 Our commitments

Encourage and enhance the engagement of SNCF employees through skills sponsorship and participatory innovation.

5.5.5.3 Policy and actions

SNCF has several schemes so that its employees can devote their time, skills and ideas.

The Participative Innovation approach aims to stimulate the dissemination of ideas by encouraging employees to propose innovative solutions for the benefit of all.

Skills sponsorship allows volunteer employees to carry out a short-term assignment within a partner association during their working time. During the health crisis, a number of employees were able to remotely carry out educational support assignments.

Sponsorship has a managerial objective, by recognising employees who are engaged for the benefit of society and by encouraging their development. The objective is also partnership-based, strengthening the Group's presence with local players. The company wishes to expand it and plans to extend it to long-term assignments.

Employees can also submit an application from an association that works to help vulnerable or disadvantaged people to the SNCF Foundation's "Coups de cœur solidaires". Short-listed associations can obtain up to €2,000. In 2020, 339 projects were selected in France, a commendable result given the period covered.

The SNCF au Féminin network enables its members to share their experience through mentoring programs to promote gender diversity and make change a driving force behind the Group's performance.

Exceptional mobilisation in the face of COVID-19

Faced with the COVID-19 epidemic, SNCF, a public company and partner of National Defence, wished to be fully involved in the "Résilience" operation announced by the Head of State. To this end, all agents who so wished and had operational reservist status were able to work for their home military entity. The Group has also relaxed the rules governing the secondment of its employees to public bodies to enable those who wished to do so to cater for the most vulnerable.

Participatory innovation to build on employee proposals

Led by the Group's human resources department, this approach, which allows employees to make proposals for improvement in their job and working environment, has been met with keen interest within the teams: each year, more than 11,000 proposals are received from nearly 9,000 employees. One in two is successfully implemented.

In 2019, the SNCF received the Gold Trophy award from Innov'Acteurs (business network) in the "Operational Excellence Innovation" category for this approach.

These ideas led to concrete and varied improvements, such as a new maintenance process improvement tool or new ways of working together. From a managerial point of view, this approach provides recognition for employees who propose innovative solutions.

In 2020, despite the health crisis, nearly 8,700 ideas were proposed by 7,000 employees.

A civic engagement website to encourage skills sponsorship

The Group's Foundation has launched a new "Engagement citoyen SNCF" website. User-friendly and interactive, this platform facilitates access to the assignments offered by skills sponsorship and is a showcase for 87 partner associations. The assignments offered allow employees to contribute their expertise in a speciality, commit on their own or in a team seminar to major causes such as collection for food banks or support a person in difficulty in their studies or professional career.

Depending on their availability, employees can devote between half a day and 10 days a year to their engagement. At the end of 2020, 4,577 employees were engaged in this scheme, on average for three days a year.

Human Resources is working on a long-term skills sponsorship programme that would offer employees a useful and enriching experience in their professional and personal careers.

Collective commitment to gender diversity with SNCF au Féminin

Thinking and acting to promote gender diversity and equal opportunities between women and men, and continuing the fight against gender stereotypes and sexism in the company and beyond... these are the commitments of SNCF, particularly through its SNCF au Féminin network. Created in 2012, it is the first company network in France dedicated to gender diversity. It has 9,300 members, 18% of whom are men.

Active throughout France, this network offers programmes, workshops and conferences throughout the year to raise awareness of gender diversity issues, e.g. the mentoring programme, e-learning training to resist everyday sexism and workshops organised by regional embassies: "How to fight against female burn out", "Never without them: equality is also a matter for men", "Putting an end to the fraud complex", etc.

As a member of the Observatoire de la mixité, the Alliance pour la mixité en entreprise, the Cercle inter'elles and 2Gap, the SNCF group facilitates the sharing of best practices between companies to promote gender diversity in all professions and at all hierarchical levels.

In 2020, 80 mentoring pairs were trained and 99% of participants recommend the programme. More than 4,700 people completed the e-learning course on everyday sexism. 99.5% of users found the course interesting and 94% felt ready to face everyday sexism and/or help a colleague who is a victim of sexism.

5.5.6 Bringing digital technology within everyone's reach

5.5.6.1 Context

Whether in the area of recruitment, management or employee support, human resources are going digital to gain in efficiency and attractiveness. The health crisis has accelerated digital transformation and digital inclusion.

5.5.6.2 Our commitments

Digitise HR services that provide real added value to employees and support the digital transformation of the company with a digital integration plan.

5.5.6.3 Policy and actions

In an increasingly competitive job market, SNCF is investing heavily in digitalisation to improve the identification of the best applicants and recruitment processes. The Digitalent website went online in 2019.

Internally, digital HR tools also allow managers and HR players to focus on tasks with higher added value, by accessing nearly 40 digital tools in a single click. They can also be used to measure employee satisfaction and make the accommodation and training offer more accessible through the Mon Académie platform, the single entry point for the Group's training catalogue.

At a time when everyone today needs to be able to handle digital tools and connected devices, SNCF launched a digital school in 2017 to drive the Group's transformation and in 2019 opened a digital awareness platform, in both online and face-to-face formats, with a conversation assistant to guide employees to appropriate training.

The massive development of working from home during the health crisis accelerated the digital transformation of the company and highlighted the risk of precariousness or digital exclusion for a certain number of employees. This is why a digital inclusion plan was launched at the beginning of the first lockdown.

A plan for digital inclusion during the health crisis

Digital inclusion (or e-inclusion) is the process that aims to make digital technology accessible to every person and provide them with the digital skills that will be a lever for their social and economic inclusion.

Its objectives are to allow business continuity and maintain social ties to fight against the feeling of isolation.

The action plan set up at the beginning of the health crisis by the Group Human Resources department and e.SNCF was designed to:

Take stock of the situation: 25% of employees who worked from home did not have a company mobile tool suitable for carrying out their daily tasks.

Give employees the possibility to use their personal digital equipment to log on to their email: 55% of employees without mobile equipment were able to use this solution.

Temporarily provide PCs for identified priority employees.

Support users in getting to grips with the tool, assist them via dedicated communities, the sharing of good practices, FAQs and guides, and enable them to deepen their knowledge (online training, digital passport, etc.).

An application and user workshops to raise digital awareness.

In just 9 months, the usage rate of the Teams collaborative tool increased from 6% to 50%. This development follows on from the massive working from home initiative set up during the health crisis.

The digital school then adapted to the needs of users by offering training at all levels (beginner, intermediate and specialist) on collaborative tools.

In September 2020, webinars and collaborative workshops were set up so that employees could familiarise themselves with Office 365's collaborative tools (chat, meetings, file sharing, etc.) based on personalised use cases. 254 learners were trained during 42 sessions between September and December.

Finally, to make all training courses available to employees, in December 2020, the e.SNCF digital school provided employees with a new "digital school" mobile application, with direct access to the training catalogue on smartphones.

Digitalisation of the HR offer

Since 2016, the HR University has been digitising its training offer. This approach has increased with the pandemic and the widespread adoption of working from home.

From March 2020, classroom training on around twenty themes (rest for sedentary staff, management of fixed-term contracts and temporary work, grading, the essentials on harassment, discrimination and secularism, etc.) was converted into digital workshops and virtual classes, led by in-house trainers. Until December 2020, they brought together 947 HR players from all companies and obtained a satisfaction score of 89%.

The transformation of a classroom training course into a distance learning course is more than just an adjustment. Good practices have been identified for the provision of quality distance education. To capitalise on this experience, the HR University, in conjunction with the Group's other business universities, has proposed a three-step method: designing the distance learning course, preparing the course with experts in each discipline, carrying out the training.

In addition, to become more professional, HR players can define a training programme according to their needs. This course is based on a quiz that allows them to self-assess and an offer of 210 training modules freely accessible on the HR section of Mon Académie, the online training platform for all learners.

Today, digital technology accounts for 89% of the HR training offer, either in the form of virtual classes/digital workshops, led by a facilitator, or online modules on Mon Académie RH.

6. REPORTING FRAMEWORK

In accordance with the European Directive on disclosure of non-financial information of 22 October 2014, the non-financial performance statement of the Unified Public Group is based on the reporting obligation set out in Articles L. 225-102-1 and R. 225-104 to R. 225-105 of the French Commercial Code. It draws on international norms and standards:

– The transparency principles of the Global Reporting Initiative (GRI), which SNCF uses as its reporting framework.

– The ISO 26000 standard relating to the Social Responsibility of Organisations.

6.1 REPORTING SCOPE

Definitively adopted by the Senate on 14 June 2018, the railway reform came into force on 1 January 2020. This reform aims to consolidate all of the SNCF group's activities into a single integrated entity.

The scope of the non-financial performance statement indicators corresponds to:

– either the 5 companies (SNCF SA, Réseau SA, Gares & Connexions SA, Voyageurs SA and FRET SAS).

– or the unified public group (UPG), i.e.: SNCF SA, Réseau SA, Gares & Connexions SA, Voyageurs SA and Fret SNCF SAS, Keolis, GEODIS, Rail freight transport (FRET SNCF (SAS), TFMM, etc.).

Subsidiaries are fully consolidated for the purposes of financial consolidation for the SNCF Group.

This reporting includes the international portion of activities, unless mentioned otherwise for specified indicators.

For each indicator, the scope covered is specified as follows: UPG for the Unified Public Group; K for Keolis; G for GEODIS; A for the other integrated subsidiaries Eurostar, Thalys, VFLI, Naviland Cargo, Ermewa Group, Captrain, VIIA, ICF Habitat.

6.2 REPORTING METHODOLOGY

6.2.1 The business model

The business model reflects the SNCF group's strategic vision. It highlights how the Group creates value and preserves it over the long term through its service offering. Its formalisation is the result of joint work between the Strategy Department, the Finance Department and the Department of Social Engagement and the Ecological Transition (DESTE).

6.2.2 Preparation of the reporting

Qualitative and quantitative information was collected from the five companies, Keolis, GEODIS and the following subsidiaries: Eurostar, Thalys, VFLI, Naviland Cargo, Ermewa Group, Captrain, VIIA, ICF Habitat.

Qualitative information was collected and consolidated by the DESTE from a network of correspondents in charge of CSR in the Group companies. Quantitative data was entered into the Business Financial Consolidation (BFC) tool by the Group companies. Data consolidation is performed by the DESTE.

The following indicators were collected for the 2020 non-financial performance statement:

– Gender balance on the SNCF SA Board of Directors.

– Number of investigations carried out by the Group Ethics department.

– Number of training sessions on the corruption prevention programme.

– Number of stations with secure bicycle parking.

– Percentage of amount of purchases contracted in Year Y and covered by a rating of the offers at 20% of the total rating.

– Days lost per agent as a result of industrial action.

– Number of work-study contracts.

From 2020 onwards, the reporting of the Group's GHG emissions linked to energy consumption will include in its calculation upstream energy and energy transport accounted for under Scope 3. This adjustment is necessary in the future in order to integrate the increasingly large share of indirect emissions in scope 3 linked to new energy uses (hydrogen, biofuels, etc.). Scope 3 related to upstream energy concerns mainly thermal energies such as diesel or fuel oil, the upstream/transport share of which represents 20% of the emission factor. This year, the Group has adopted a methodological approach to standardise methods by applying a 1, 2 and 3 scope (upstream energy/energy transport) for all activities. In addition to energy consumption, changes in GHG emissions can be explained by changes in energy fluids.

6.2.3 External audit

In 2020, the DESTE entrusted one of its statutory auditors with the task of verifying that the Non-Financial Performance Statement (NFPS) complies with the provisions of Article R.225-105, as well as the fairness of the information provided for in Article R.225-105-1, indicating, where applicable, any information omitted and not accompanied by the explanations provided for in the third paragraph of Article R.225-105.

The Statutory Auditors' report on the NFPS has been included in the Group's management report.

In 2021, the statutory audit firm PwC verified with moderate assurance the various key performance indicators presented after risk analysis in the NFPS.

6.3 DEFINITIONS OF INDICATORS

The fundamentals

Remarkable Safety Event (RSE) (nb): A remarkable safety event is an event of non-compliance with safety rules that puts at risk the physical integrity of persons transported or present in the vicinity of railway installations (including staff, employees of service providers and subcontractors).

Whistleblowing alerts received (nb): Number of professional alerts, corresponding to the definition and scope of the Sapin II law, received in the SNCF whistleblowing system and processed by the Group Ethics Department

Investigations carried out by the Group Ethics department (nb): Number of internal ethical investigations, resulting from the professional whistleblowing system or other reports, initiated and carried out by the Group Ethics Department.

Training sessions on the corruption prevention programme (nb): Number of classroom or distance training sessions for staff most exposed to the risk of corruption, as part of the programme to prevent corruption and influence peddling defined by the Sapin II Law, defined by the Group Ethics Department

Developing rail and sustainable mobility

Rate of progress of station accessibility (%): Station accessibility covers the entire scope of the travel chain, including access at the stopping point. The stopping point includes the passenger building, access to the platforms, passenger information and associated services. The National Accessibility Master Plan -Programmed Accessibility Agenda (SDNA-Ad'AP) validated by order of the Minister of Transport, published in the Official Journal on 18 September 2016 covers 730 national and regional stopping points in France over the period 2016-2025.

Stations with secure bicycle parking (nb): A bicycle parking service offering self-service shelters and secure collective lockers.

Rate of customer satisfaction (%): Percentage of people who answered very satisfied and rather satisfied to the question "Generally speaking, would you say you are satisfied with the SNCF, if you consider your recent experiences with the SNCF and the service as a whole (information, ticket purchase, journey, from your point of departure to your point of arrival)?". Customer satisfaction is measured by the SNCF Image Survey. A representative sample (quota method) of 1,000 French people per month aged 18 and over is surveyed continuously online via an access panel. Among these 1,000 French people, those who declare having travelled by train (all carriers, TGV INOUI and/or OUIGO and/or Transilien, etc.) in the last 12 months are identified.

Physical attacks against SNCF customers and agents and simple theft against customers (nb): Physical attacks include: sexual abuse (including "remarks or behaviour with sexual connotations"), deliberate assault and battery, rebellion, theft committed under threat / theft committed with violence, theft without violence committed against customers.

Malicious acts against property and financial assets (nb): All acts of malicious damage to SNCF property - SNCF scam thefts- SNCF Burglaries - SNCF Simple robberies.

Acts of incivility and breaches of legislation (nb): Violations (of the EVIN law against smoking, feet on benches, spitting, etc.), insults and defamatory remarks, threats, illegal presence (intrusions and obstructions to traffic) and activities (trafficking and use of drugs, begging, street vendors).

Reducing the environmental footprint of the Group's activities

Total energy consumption (in GWh): Sum of energy consumption for rail traction, for road vehicle fuels of commercial and service fleets and total energy consumption of sites. Data partially estimated within the framework of the Non-financial Performance Statement.

Conversion factors used on request at

engagementsociétal-transitionecologique@sncf.fr

Energy consumption for rail traction (in kWh): Quantity of energy consumed by rail traction expressed in Gigawatt-hours.

Fuel consumption of road vehicles in commercial fleets (in kWh): Quantity of energy consumed by commercial road vehicles (buses, trucks, LCVs, etc.) expressed in Gigawatt-hours, for which, as the case may be, their commercial fleets owned or operated

Energy consumption of service fleets (GWh): Quantity of energy consumed by service vehicles expressed in Gigawatt-hours.

Energy consumption of buildings in gigawatt-hours (GWh): Quantity of energy consumed by sites, expressed in Gigawatt-hours.

Greenhouse gas emissions linked to energy consumption (excluding refrigerants) scope 1 2 3 (in kt of CO2e): Calculation of greenhouse gas emissions, expressed in thousands of tonnes of CO2 equivalent, based on the items making up the "total energy consumption" indicator. Use of the ADEME carbon base factors for the France scope. Scope 3 here corresponds to the upstream energy/energy transport phase of the energy emission factors. Details on request at

engagementsociétal-transitionecologique@sncf.fr

CO2e emissions from rail traction per passenger.km and tonnes.km scope 1 2 3: The indicator is used to monitor CO2e emissions of SNCF Voyageurs and Fret rail transport activities in passenger.km and tonnes.km (rail traction energy consumption scope), in accordance with the methodology set up for information on GHG emissions of transport services pursuant to Art. L1431-3 of the Transport Code. Methodological note on request at

engagementsociétal-transitionecologique@sncf.fr

ISO 14001 certified facilities (%): The ISO 14 001 certification concerns exclusively industrial facilities and sites: technicentre, maintenance and traction facility, industrial track facility. Monitoring is carried out by establishment, each of which may include several sites. The other types of establishments or sites can be integrated into so-called "adapted" management systems specific to the 5 companies In 2020: 39 establishments. In 2019: 38 industrial facilities In 2018: 40 industrial facilities.

Total quantity of hazardous waste produced (kt): For the 5 companies, the industrial waste at risk recovered or destroyed is monitored via the "framework service contracts" system set up by the 5 companies at national level.

Percentage of railway facilities (national rail network, sites) subject to measures to reduce or eliminate the use of plant protection products (excluding biological control) (%): Percentage of hectares of track, paths and other railway areas where the use of synthetic herbicides has been reduced or eliminated out of the total number of hectares treated.

Improving the Group's societal impact in the regions

Amount of solidarity purchases (in millions of euros): These are purchases made from players in the Social and Solidarity Economy and more specifically:- companies in the Protected and Adapted Work Sector (STPA), which promotes the integration of people with disabilities -the Structure for Inclusion through Employment (SIAE), which enables all people who have been out of work for more than 24 months to benefit from integration programmes to enable them to return to the job market

Percentage of amount of purchases contracted in Year Y and covered by a rating of the offers at 20% of the total rating: Percentage of the amount of purchases in year Y contracted including a CSR rating of the offers at 20% / total amount of purchases contracted in year Y.

Supplier CSR performance (rating out of 100): Average of the scores awarded to SNCF suppliers assessed by EcoVadis on a scale of 0 to 100. Suppliers are targeted on the basis of an analysis of social and environmental risks and their strategic importance for the Group.

Making employees the main actors and beneficiaries of the ecological and social transition

Severity rate of occupational accidents (for 1,000 hours worked): Number of days lost due to temporary incapacity per 1,000 hours worked (Number of days lost due to temporary incapacity during the period/ hours worked in the period)*1,000. Hours worked are calculated by multiplying 1,607 hours by the average available workforce.

Frequency rate of occupational accidents (for 1,000 hours worked): Number of accidents with more than one day's absence from work, excluding commuting, occurring during the period per million working hours. (Number of occupational accidents with absence from work excluding commuting/hours worked) *1,000,000. Hours worked are calculated by multiplying 1,607 hours by the average available workforce

Portion of women in the workforce (%): Ratio between the number of women in the total workforce and the total number of employees. Calculation method: % of female employees / Total workforce at 31 December.

Gender balance on the Board of Directors (%): Percentage of women on the SNCF United Public Group Board of Directors.

Days lost per agent due to industrial action (nb): Result of the ratio between the number of strike days counted over a period and the number of employees available over the same period.

Recruitment on permanent contracts in France (nb): Number of permanent contract hires in the company over the calendar year. A hired employee is counted as one unit, regardless of the time spent in the company.

Work-study contracts (nb): Workforce on an apprenticeship contract, professional training, fixed-term and permanent contracts and CIFRE contracts on the last day of the period under review in France.

Dismissals (nb): Corresponds to terminations of employment contracts at the initiative of the employer: dismissals, removals of executives, revocations, contract terminations during the trial period at the initiative of the employer and dismissals on disciplinary grounds for employees with probationary status.

Total training hours (nb in thousands): Number of hours of presence of interns in training courses, including the commuting time. As from 2020, e-learning courses are partly integrated.

Employees receiving training at least once in France (%): Number of employees having taken at least one training course during the year. However, employees having had more than one internship are only counted once. Calculation method: Nb of employees having taken at least one training course/Available workforce as at 31 December. Available workforce corresponds to the full-time equivalent number of agents. The available workforce calculation is pro rata to the time of use.

6.4 CROSS-REFERENCE TABLE

II. A. 1. Employment information				
R225-105	SNCF Group policy and actions	SDG	Global Compact	ISO 26 000
II. A. 1. a. Employment			#6	6.4.3
Total number and breakdown of employees by gender, age and geographical area	1.1 Presentation of the business model			
Recruitments and dismissals	5.5.1 Attract and retain talent 5.5.6 Bringing digital technology within everyone's reach	8.5		
Wages and their trends	4.2 People 5.5.1 Attract and retain talent	8.5		
II. A. 1. b. Organisation of work			#6	6.4.4
Organisation of working time	5.5.5 Supporting employee engagement 5.5.6 Bringing digital technology within everyone's reach	8.2		
II. A. 1. c. Health and safety			#6	6.4.6
Workplace health and safety conditions	4.1 Security 5.5.3 Ensuring health and safety within the Group	8.8		
Work-related accidents, in particular their frequency and severity, and work-related illnesses	5.5.3 Ensuring health and safety within the Group	3.6		
II. A. 1. d. Labour relations			#3	6.4.5
Organisation of social dialogue, in particular the procedures for informing, consulting and negotiating with staff	5.5.2 Fostering the conditions of a well-developed social dialogue	16.7		
Review of collective agreements, particularly with regard to health and safety at work	5.5.2 Fostering the conditions of a well-developed social dialogue	16.6		
II. A. 1. e. Training			#6	6.4.7
Training policies implemented, in particular those relating to environmental protection	5.2.7 Optimising environmental management 5.5.1 Attract and retain talent 5.5.6 Bringing digital technology within everyone's reach	4.4		
Total number of training hours	5.5.1 Attract and retain talent	4.4		
II. A. 1. f. Equal treatment			#1-2-6	6.3.7
Measures taken to promote equality between women and men	5.5.4 Building a better life together 5.5.5 Supporting employee engagement	5.1		
Measures taken to promote the employment and integration of people with disabilities	5.5.4 Building a better life together	10.2		
Anti-discrimination policy	5.5.4 Building a better life together	5.2 10.3		

II. A. 2 Environmental information				
R225-105	SNCF Group policy and actions	SDG	Global Compact	ISO 26000
II. A. 2. a. General environmental policy			#7-8-9	6.5
Organisation of the company to take environmental issues into account and, where appropriate, environmental assessment or certification procedures	5.2.7 Optimising environmental management	9.4		
Resources devoted to the prevention of environmental risks and pollution	5.1.2 Reinventing passenger mobility 5.1.3 Rebalancing the share of rail in freight transport 5.1.7 Facilitate and encourage low-carbon mobility to help achieve the French objective of neutrality in 2050 5.2.1 Rolling stock: consume less and change energies 5.2.3 Limiting the disturbances linked to train traffic	9.4 11.6		
II. A. 2. b. Pollution			#7-8-9	6.5.3
Measures to prevent, reduce or repair releases in air, water and land that seriously affect the environment	5.1.2 Reinventing passenger mobility 5.1.3 Rebalancing the share of rail in freight transport 5.1.7 Facilitate and encourage low-carbon mobility to help achieve the French objective of neutrality in 2050 5.2.1 Rolling stock: consume less and change energies 5.2.3 Limiting the disturbances linked to train traffic	9.4 11.6		
Consideration of any form of pollution specific to an activity, in particular noise and light pollution	5.2.3 Limiting the disturbances linked to train traffic	11.6		
II. A. 2. c. Circular economy				
II. A. 2. c. i. Waste prevention and management			#7-8-9	6.5.3
Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste	5.2.4 Integrating the circular economy in the Group with the aim of zero non-recovered waste by 2030 on products central to the railway activity	12.5		
II. A. 2. c. ii. Sustainable use of resources			#7-8-9	6.5.4
Consumption of raw materials and measures taken to improve efficiency in their use	5.2.5 Automating eco-design	11.3 12.2		
Energy consumption, measures taken to improve energy efficiency and the use of renewable energies	5.2.2 Buildings: consume less and change energies	7.2 11.1 11.3 12.2		
II. A. 2. d. Climate Change			#7-8-9	6.5.5
Significant greenhouse gas emissions generated by the company's activities, in particular from the use of the goods and services it produces	5.2.1 Rolling stock: consume less and change energies 5.2.2 Buildings: consume less and change energies	13.3		
Measures taken to adapt to the consequences of climate change	5.3 Improve the adaptation and resilience of our activities to climate change	13.1		
Voluntary medium-and long-term reduction targets set to reduce greenhouse gas emissions and the means implemented to this end	5.2.1 Rolling stock: consume less and change energies 5.2.2 Buildings: consume less and change energies	13.3		
II. A. 2. e. Protecting biodiversity			#7-8-9	6.5.6
Measures taken to preserve or restore biodiversity	5.2.6 Conserving natural resources and biodiversity	6.3 12.4 15.9		

II. A. 3. Societal information				
R225-105	SNCF Group policy and actions	SDG	Global Compact	ISO 26000
II. A. 3. a. Societal commitments to sustainable development			#1-8	6.6.4
Impact of the company's activity on employment and local development	5.4.2 Providing active support for job creation and regional revitalisation	9.1		
Impact of the company's activities on local populations and surrounding communities	5.1.1 Providing a sustainable network for the regions 5.1.4 Offer transport accessible to all 5.1.5 Promoting access to independent mobility 5.4.1 Promoting regional cohesion	9.1 11.a		
Relations maintained with the company's stakeholders and the terms of dialogue with them	2.3 Dialogue with stakeholders 4.4 Information 5.4.5 Strengthening the Group's social commitment	17.17		
Partnership or sponsorship actions	2.3 Dialogue with stakeholders 5.4.4 Increasing the number of solidarity actions carried out by the SNCF Foundation	17.17		
II. A. 3. b. Subcontracting and suppliers			# 1-2-8	6.6.6
Consideration of social and environmental issues in purchasing policy	5.4.3 Developing an increasingly responsible purchasing strategy	8.3		
Consideration of social and environmental responsibility in relations with suppliers and subcontractors	5.4.3 Developing an increasingly responsible purchasing strategy	8.3		
II. A. 3. c. Fair practices			#1 -2	6.6.5
Measures taken to promote consumer health and safety	4.3 Punctuality 5.1.6 Protecting people 5.4.1 Promoting regional cohesion	11.2		

II. B. 1. Information on the fight against corruption				
R225-105	SNCF Group policy and actions	SDG	Global Compact	ISO 26 000
Actions taken to prevent corruption	2.4. The Group values	16.5	#10	6.6.3

II. B. 2. Information on human rights actions				
R225-105	SNCF Group policy and actions	SDG	Global Compact	ISO 26 000
II. B. 2. a. Promotion of and compliance with the provisions of the fundamental conventions of the ILO			#1-2	6.3.6 6.3.10
Respect for freedom of association and the right to collective bargaining	1.5 Commitment to the United Nations	16.6 16.7	#3	
Elimination of discrimination in respect of employment and profession	1.5 Commitment to the United Nations	5.5 10.2	#6	
Elimination of forced or compulsory labour	1.5 Commitment to the United Nations	8.7	#4	
Effective abolition of child labour	1.5 Commitment to the United Nations	8.7	#5	

Considering the SNCF Group's activity, combating food waste and food shortage, animal condition and well-being and the promotion of a responsible, sustainable and fair food supply are not material non-financial matters.

6.5 REPORT BY ONE OF THE STATUTORY AUDITORS

Société Nationale SNCF

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

For the year ended December 31st, 2020

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

Report by one of the Statutory Auditors, appointed as an independent third party, on the non-financial information statement included in the management report.

For the year ended 31st December 2020

To the annual general meeting of Société Nationale SNCF,

In our capacity as Statutory Auditor of Société Nationale SNCF (hereinafter the "entity), appointed as an independent third party and accredited by Cofrac (accreditation Cofrac Inspection n°3-1060 whose scope is available at www.cofrac.fr), we hereby report to you on the non-financial information statement[1] for the year ended... (hereinafter the "Statement"), included in the management report[2] pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement at chapter 6 "Reporting Framework".

Independence and quality control

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

Responsibility of the Statutory Auditor, appointed as an independent third party

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

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

However, it is not our responsibility to comment on:

- The entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- The compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

– we obtained an understanding of the entity's activities all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and, where applicable[1], the impact of these activities on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
– we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
– we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III,
– we verified that the Statement includes an explanation for the absence of the information required under article L. 225-102-1 III,
– we verified that the Statement presents the business model and the principal risks associated all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as its their policies, measures and the outcomes thereof, including key performance indicators;
– we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
– we assessed the process used to identify and confirm the principal risks;

- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with article L. 233-16 within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes[2] that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities (Société Nationale SNCF, SNCF Voyageurs SA, SNCF Réseau SA, SNCF Gares & Connexions, Fret SNCF SAS, Eurostar International Ltd, THI Factory – Thalys International, Geodis (entity consolidating indicators) and Keolis (entity consolidating indicators) and covers between 79% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important (list available in Appendix); we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

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

Means and resources

Our work was carried out by a team of 7 people between mid-November 2020 and February 2021 and took a total of 7 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted a dozen interviews with the people responsible for preparing the Statement representing the Department for Social Engagement and the Ecological Transition, the Human Resources Department, the Risks, Safety and Security Department, the Ethics and Deontology Department, the Group Procurement Department, the Group Communications Department, SNCF Réseau's Environment and Sustainable Development Department, and the Client Experience Department of SNCF Gares & Connexions.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, February 26, 2021

One of the Statutory Auditors
PricewaterhouseCoopers Audit

French original signed	*French original signed*
François Guillon	Sylvain Lambert
Partner	Sustainable Development Partner

Appendix: List of the information we considered most important

Key performance indicators:

- Number of remarkable security events (RSE)
- Rate of progress in making stations accessible
- Rate of customer satisfaction SNCF image survey
- Total energy consumption (in GWh)
- Energy consumption for rail traction (in GWh)
- Fuel consumption of road vehicles in commercial fleets (in kWh)
- Greenhouse gas emissions (kt of CO_2e) related to energy consumption (excluding refrigerants) (Scope 1&2&3)
- CO_2e emissions per passenger.km (Scope 1&2&3) (gCO_2e/ pass-km)
- 14001 certified industrial rail facilities ISO 14001 (%)
- Total quantity of hazardous waste produced (in tonnes)
- Percentage of railway facilities (national rail network, sites) subject to measures to reduce or eliminate the use of plant protection products (excluding biological control) (%)
- Solidarity purchases (M€)
- Supplier CSR performance (rating out of 100)
- Whistleblowing alerts received (nb)
- Investigations carried out by the Group Ethics department (nb)
- Training sessions on the corruption prevention programme (nb)
- Severity rate of occupational accidents (For 1,000 hours worked)
- Frequency rate of occupational accidents (For 1,000 hours worked)
- Lost days per agent as a result of industrial action (nb)
- Number of permanent hires in France (nb), and number of dissmissals
- Percentage of employees having received at least one training course in France (%) and number of total training hours (in thousands)
- Gender balance on the Board of Directors (%)

Quantitative information:

- Acts of incivility and breaches of legislation
- Number of malicious acts against property and financial assets
- Physical attacks against SNCF customers and agents and simple theft against customers
- Number of stations with secure bicycle parking

- Number of jobs supported by SNCF in France
- Network of ethics officers
- Knowledge and awareness of the Group's ethical charter and/or the anti-corruption code of conduct
- Number of stations with the Enhanced Multimodal Space (EMA) programme deployed
- Number of tickets put on sell for less than €50 for the festive season
- Participation rate in the AMPLI 2020 survey
- Number of Work-study Contracts
- Number of employees transferred between the five SNCF companies
- Number of employee time to the "Engagement citoyen SNCF"
- Number of vehicles equipped with connected boxes
- Number of old or unused SNCF computers returned
- Investment in social housing restoration

Qualitative information:

- CSR and purchasing risks map
- MyEtic initiative
- E-learning course "Acting against corruption"
- PlaneTER programme
- Deployment of pedestrian cameras in accordance with the Mobility Law (LOM)
- Studies of the impact on the privacy of the data subjects (EIVP or PIA Privacy Impact Assessment)
- Training sessions on diversity issues digitised to comply with health regulations.
- Toll-free number with professional counsellors to limit the risks of isolation during the lockdown period
- Simplified EMS management using an environmental assessment tool
- The Miramas artificial quarry
- The experimental recycling plant in Beaune
- Approval of the first GREENSTEL "green rails" manufactured by LIBERTY Rail Hayange
- Publication of an initial report on the Act4Nature initiative
- Eco-driving training for drivers using the "Opti-conduite" tool

INTERNAL CONTROL RELATING TO THE PREPARATION AND TREATMENT OF FINANCIAL AND ACCOUNTING INFORMATION

1. DEFINITION, OBJECTIVES AND SCOPE

Financial and accounting internal control covers the processes which supply accounting data: production of financial information, accounts closing and reporting measures.

The application scope of the internal control procedures relating to the preparation and treatment of financial and accounting information includes SNCF SA and all subsidiaries in the consolidated financial statements.

The control procedures are tailored to the size and activities of the various entities.

2. STEERING PROCESS FOR THE ACCOUNTING AND FINANCIAL ORGANISATION

2.1 PRODUCTION AND MANAGEMENT OF THE ACCOUNTS OF SNCF SA AND ITS DIRECTLY CONTROLLED SUBSIDIARIES

The production of financial and accounting information for SNCF SA and its directly controlled subsidiaries is managed by the SNCF SA Finance Department. It coordinates the preparation of the financial statements by relying on the services of the SNCF SA Finance Department and the accounting and financial departments of the subsidiaries.

The SNCF SA Finance Department coordinates the preparation of the monthly reporting packages produced by the accounting players using a reporting tool, and validates the overall consistency before importing the packages into the accounts consolidation tool.

Within SNCF SA, the operational entities produce an income statement, balance sheet items, a statement of changes in equity and the corresponding analyses. These items are discussed at monthly management meetings (except the January and July results) with the SNCF SA Finance Department. The subsidiaries produce an income statement, balance sheet, statement of changes in equity and the corresponding analyses. These items are reviewed regularly with the SNCF SA Finance Department for the main direct subsidiaries.

The quality of the financial and accounting information produced is based on continuously improving tools and skills within the teams of the SNCF SA Finance Department and the accounting and financial teams of the subsidiaries.

The SNCF SA Finance Department is responsible for the final production of the SNCF SA parent company financial statements. The Finance Departments of the subsidiaries are responsible for the production of their financial statements. The SNCF SA Finance Department is responsible for ensuring that the financial statements comply with current accounting standards and, as such, may request that corrections be made to the accounts produced by the operating entities and subsidiaries.

The SNCF SA accounting entities and subsidiaries have the necessary expertise for:

– bookkeeping, for tasks that are not shared within accounting shared services centres,

– formalised review of their accounts, and the production of their individual financial statements (where necessary) and financial reporting for the SNCF SA Finance Department.

For the five national companies, the quality of the interim and annual financial statements is backed by the pre-closings at 31 May and 30 November, during which all specific accounting matters are discussed with the operating entities and then validated.

The Statutory Auditors notify the SNCF Group Activity and Entity Finance Departments of the audit and internal control review work they have carried out and share with them the recommendations issued and audit points. At SNCF SA, a summary of recommendations on internal control is prepared for the Finance Department and presented to the Audit, Accounts and Risk Committee (AARC).

In addition, SNCF SA has a system of formalised commitments from the CFOs and financial managers of the operational entities on the faithful representation and fairness of the financial information they produce in their respective financial statements.

2.2 PRODUCTION AND COORDINATION OF THE SNCF GROUP'S ANNUAL FINANCIAL STATEMENTS

SNCF Group financial and accounting information is produced by the SNCF SA Finance Department. As such, it coordinates the preparation of the SNCF Group's financial statements with the support of the Finance Departments of the Group's subsidiaries, in particular SNCF Réseau and SNCF Voyageurs.

Consolidated accounts were prepared for 2020 for the SNCF Group. They are presented in audited and published financial statements.

SNCF Voyageurs and SNCF Réseau coordinate the financial and accounting tasks of the subsidiaries and accounting entities within their scope.

The SNCF SA Finance Department is responsible for the final production of the SNCF Group consolidated financial statements and ensures compliance with prevailing accounting standards.

The SNCF SA Finance Department conducts the IFRS consolidation of the SNCF Group in the consolidation software package and uses a reconciliation procedure implemented via an Internet portal to manage intragroup transactions.

Furthermore, in accordance with Law no. 2018-515 on a new railway pact, separate financial statements are prepared and published. These separate financial statements comprise a balance sheet and an income statement making it possible to distinguish between service facility management activities, passenger transport activities and within them passenger transport activities subject to a public service contract and freely organised passenger transport activities, other activities, eliminations of internal flows between these separate activities and a total corresponding to the SNCF Voyageurs SA financial statements.

In its decision no. 2019 -003 of 31 January 2019 published on 7 February 2019, the ART approved the accounting separation rules of SNCF Voyageurs.

2.3 SNCF'S OPTIM'SERVICES (SSC) ACCOUNTING PRODUCTION DEPARTMENT

The Accounting Production Department, which reports to Optim'Services, ensures the accounting production of the transversal processes of the 5 national SNCF companies. These processes concern trade payable accounting, payroll and social security accounting, trade receivable and expense claim accounting.

To carry out its missions, Optim'services relies on 4 Shared Services Centres dedicated to each process:

– The Accounts Payable Accounting SSC handles supplier invoices for SNCF Voyageurs, SNCF SA, SNCF Gares & Connexions and Fret SNCF, as well as part of those of SNCF Réseau.

– The Expense Claims SCC processes and records the expenses incurred by employees of the 5 national SNCF companies in the course of their professional activity.

These two SSCs roll out a transaction management approach to local players and conduct certain centralised controls themselves.

– The Trade Receivable SCC handles a portion of the invoicing carried out by the 5 national SNCF companies (in particular inter-5 national companies invoicing, seconded personnel, etc.) as well as the related accounting and collection.

– The Payroll and Social Security Accounting SSC, which is responsible for the accounting of salaries, social security contributions and employee-related liabilities, whatever the type of employment contract, for all five national SNCF companies.

It checks and corroborates the accounting data. In coordination with the Payroll Department, it develops the control measures and procedures to cope with changes in scope, accounting journal entries or information systems.

2.4 STANDARDS AND CHART OF ACCOUNTS

The SNCF Group publishes its consolidated financial statements in accordance with IFRS.

These standards are broken down into a set of accounting rules and methods (the "standards manual"). This manual applies to all group entities and is constantly updated. The rules and methods are regularly updated, taking into account the changes in IFRS standards and interpretations. The Accounting Standards Department, within the SNCF SA Finance Department, constantly monitors regulations and coordinates with its standard-setting correspondents.

The standards manual is then broken down into operational procedures per division.

Given the complexity of IFRS 16 on leases, a dedicated project team has been maintained to address the operational difficulties of implementing this recent standard.

The Group Accounting Standards Department also maintains a glossary of the chart of accounts used in the Group's financial consolidation tool as well as a glossary of the various types of off-balance sheet commitments.

2.5 MANAGEMENT TOOLS

The SNCF Group relies on a management cycle whose objective is to determine and monitor the SNCF Group's level of economic and financial ambition. Each scope then defines its own part of the selected objectives by steering its own entities (business lines, activities, entities, subsidiaries, etc.).

For the SNCF Group, Executive Management, supported by the Management Control Department within the SNCF SA Finance Department, coordinates the process through the various management cycle components.

This comprises stages common to the entire SNCF Group:

– The purpose of the strategic and financial plan is to set and monitor the SNCF Group's 10-year economic and financial goals in the light of changes in its economic, competitive and legal environment. The trajectory corresponds to the consolidation of its activities, each with its own selected objectives and managing its own sub-entities. The strategic plan aims to determine and manage profitability objectives, group investments, the debt trajectory and growth strategies (internal and external). It is steered by the Strategy Department, supported by SNCF SA's Finance Department, and is rolled out in two phases: an initial phase to define the ambition and make strategic decisions, and a phase to apply this goal at a more exhaustive level to secure the achievement of the overall trajectory. The strategic plan was presented to the SNCF SA Board of Directors on 29 April 2020 (before COVID). Since then, the trajectory has been updated regularly and is used as a tool for discussion with the Board of Directors. The strategic orientations were approved by the Board of Directors on 8 October 2020.

– the Y+1 budget, with reference to an estimated Y: the budgets for year Y+1 are examined in November/December. They set the level of ambition for the following year and are approved by the Boards of the various Group companies before 31/12/Y.

– an annual forecast in the autumn, which makes it possible to update the data for the current year's budget and serves as a basis for the following year's budget.

The above measures are supplemented by monthly management monitoring:

– monthly management reviews (except for January and July results) are conducted by SNCF SA's Finance Department on the basis of a management letter prepared by each activity (accounting and financial analyses, production indicators and operational performance indicators). These monthly management reviews are used to continuously monitor changes in the performances of the various scopes of responsibility and ensure that they meet their budget objectives.

– each month, a summary document on the Group's results is drawn up by the Management Control Department for the attention of Executive Management.

– For the SNCF Group Executive Committee, a monthly dashboard is produced and brings together management and analysis elements.

3. REPORTING OF FINANCIAL AND ACCOUNTING INFORMATION

Within SNCF SA, the SNCF Group Finance Department is responsible for monitoring and coordinating the financial communications of the entire SNCF Group (SNCF SA and all its subsidiaries) and for monitoring financial reporting obligations and compliance with standards.

Compliance with requirements is based in particular on the closing instructions sent by the SNCF SA Finance Department to the subsidiaries and businesses, which specify the key dates of the process and the substantive and formal requirements relating to the financial statements and management reports.

SNCF SA, the Group's parent company/holding company, is the only financial issuer to operate on the markets for the entire Group. In this context, corporate, economic and financial communication is carried out by the SNCF Group, in coordination with all of its constituent entities, in strict compliance with applicable regulations and a strict financial information policy (General Regulations of the French Financial Markets Authority (AMF), the French Commercial Code and the French Monetary and Financial Code).

Consequently, the SNCF Group publishes annual and half-yearly consolidated financial statements. Following the creation of the new SNCF Group on 1 January 2020, a new SNCF Group economic and financial communication charter is to be adopted.

The financial information communicated to the public by the SNCF Group is available on the website https://www.sncf.com/en/group/finance.

The statutory auditors guarantee the reliability and true and fair nature of the SNCF Group financial statements and ensure that the specific documents published when results are announced are compliant (management report, press release and press presentation).

The French Financial Markets Authority (AMF) also ensures that, in terms of financial reporting, the SNCF Group respects its obligations as an issuer on the financial markets.

Financial reporting obligations as of 1 January 2020

– The bond debt of the former EPIC SNCF Mobilités is now held by SNCF SA.

– The Group's bond financing will be managed by SNCF SA, the Group's sole issuer on the financial markets.

– SNCF Réseau's outstanding debt at 30 June 2020 remains on the balance sheet of SNCF Réseau SA, without transfer to SNCF SA.

Consequently, SNCF SA as sole issuer and SNCF Réseau SA, as long as it has bonds traded on regulated markets, are subject to the following obligations:

– the Transparency Directive (Directive no. 2004/109/EC of 15 December 2004) on the disclosure of periodic and ongoing information: see publication of annual and half-yearly financial reports

– the MAR Regulation (Regulation no. 596/2014 of 16 April 2014 on market abuse) on permanent information and the publication of inside information: see press release on inside information.

– No other entity within the SNCF Group is subject to these specific financial reporting requirements.

31 DECEMBER 2020

02 – REPORT ON CORPORATE GOVERNANCE

REPORT ON CORPORATE GOVERNANCE

SNCF governance as of 1 January 2020:

The new Railway Pact Law of 27 June 2018 approved the creation as at 1 January 2020 of a unified public group in the rail transport and mobility sector.

Pursuant to Decree 2019-1585 of 30 December 2019, the fully state-owned limited company SNCF directs, coordinates and manages the unified public group that it controls and whose organisation it defines.

1. THE BOARD OF DIRECTORS

1.1 COMPOSITION OF THE BOARD

The national company SNCF SA is administered by a Board of Directors of twelve (12) members, composed as follows:

– 7 members appointed by the general meeting of shareholders, at least two of whom meet independence criteria,

– 1 representative of the State appointed pursuant to Article 4 of the Order of 20 August 2014 on governance and capital transactions of public companies,

– 4 employee representatives appointed under Article 7 of the aforementioned Order of 20 August 2014.

Names and titles	Positions
Mr. Jean-Pierre Farandou [Chairman]	*Other positions within SNCF* SNCF Chairman and Chief Executive Officer Chairman of the Board of Directors *Positions outside SNCF* None
Mr. Frédéric Saint-Geours [Vice] Chairman of the Board of Directors	*Other positions within SNCF* None *Positions outside SNCF* None *Other Offices:* - Director of Casino-Guichard-Perrachon (SA) since 2006. Chairman of the Audit Committee, member of the Governance and CSR Committee. - Director of BPIFRANCE Investissement and BPIFRANCE Participations since 2013. Chairman of the Investment Committee.
Mr. Didier Casas [Chairman of the AARC]	*Other positions within SNCF* None *Positions outside SNCF* - Secretary General - TF1 Group - Director of TELE MONTE CARLO - TMC (Monegasque public limited company)

Mrs. Hélène Dantoine Member representing the State until September 2020	*Other positions within SNCF* None *Positions outside SNCF* - Deputy CEO – Agence des participations de l'Etat Directorships: - Orange SA director - Safran SA director - Chemins d'Avenirs director
Mrs. Isabelle BUI Member representing the State from 7 October 2020	*Other positions within SNCF* None *Positions outside SNCF* - Director of ADP SA, listed company - Director of Engie SA, listed company - Director of Transport Investments, Agence des participations de l'Etat
Mrs. Céline Lazorthes	*Other positions within SNCF* None *Positions outside SNCF* - Chairwoman of SC Leetchi (until November 2020). - Iliad Director (Since August 2020). - Chairwoman of SAS Celavi - Manager of Verdura SCI - Manager of Le Lieurey SCI - Member of the Florac Strategic Council - Member of the Board of Directors of the Generation Libre association - Co-chairwoman of the SISTA association
Mr. André Martinez [Chairman of the SIC]	*Other positions within SNCF* None *Positions outside SNCF* - Kaufman&Broad Director - Minority shareholder of Ville pour Tous-Hab.x - Minority shareholder of ParisJus-Wild & The Moon - Member of the GoSense SAS strategic committee - Founder and sole shareholder of Financière des Cent Chênes - Minority shareholder of OLIMARG and VIMARG (SCI)
Mrs. Agnès Touraine [Chairwoman of the ARGC]	*Other positions within SNCF* None *Positions outside SNCF* - Chairwoman of Act III Consultants, unlisted company - Director of Rexel SA-France - listed company - Member of the Supervisory Board of Tarkett SA- France- listed company - Director of Proximus BV – Belgium - listed company - Director of Groupe Bruxelles Lambert -Belgium- listed company - Member of the Supervisory Board of 21 Partners-France - unlisted - Director of the French American Foundation - Director of the René TOURAINE Foundation - Director of the IDATE Foundation

Mrs. Amélie Verdier	*Other positions within SNCF* None *Positions outside SNCF* - Budget Director– French Budget Ministry - Directorships: Companies: - AFP (Agence France Presse) - FRANCE TV - BPI France (observer) EPIC (State-owned industrial and commercial companies) - AFPA (State-owned company in charge of professional training for adults) - OPERA NATIONAL DE PARIS - PHILHARMONIE DE PARIS (State-owned company at the Cité de la musique) - SOLIDEO (Company tasked with delivering Olympics facilities) EPA (State-owned administrative companies): - ANTAI (National agency for automated offence processing) - ANTS (National Agency for Secure Documents) - CADES (Supervisory Committee of the organisation set up to amortise the French social debt - Caisse d'amortissement de la dette sociale)
Mrs. Christelle Jeannet (employee representative)	*Other positions within SNCF* Employee director *Positions outside SNCF* None
Mr. Bruno Lacroix (employee representative)	*Other positions within SNCF* Executive - Equipment *Positions outside SNCF* None
Mrs. Maryse Thaëron (employee representative) Until December 2020	*Other positions within SNCF* Chief conductor – Chief instructor *Positions outside SNCF* None
Mr. Julien Troccaz (employee representative) Until December 2020	*Other positions within SNCF* Station employee *Positions outside SNC* None
Mr. Fabien Villedieu (employee representative) since December 2020	*Other positions within SNCF* Train operator *Positions outside SNCF* None
Mrs. Séverine Rizzi (employee representative) since December 2020	*Other positions within SNCF* Administrative personnel *Positions outside SNCF* None

The Board of Directors should consider what should be the right balance within its membership and within that of its committees, particularly in terms of diversity (gender, nationalities, international experience, expertise). The list of members of the Board and associated committees, attached to this report, attests to the respect of this balance in the appointment of directors.

The term of office of Board members is four (4) years and is renewable.

The secretary of the Social and Economic Committee or of the equivalent body pursuant to Article L. 2312-74 of the French Labour Code; the secretary of the Public Rail Group's Central Committee, the official responsible for exercising the State's economic and financial control pursuant to Article L. 2101-7 of the French Transport Code, and the Government Commissioner also sit in an advisory capacity at Board meetings.

In addition, the Secretary of the Board of Directors, his deputy and, where appropriate, his staff, automatically sit on the Board.

The statutory auditors also attend meetings of the Board of Directors at which the annual financial statements are reviewed.

The Chairman of the Board of Directors may, if he deems it necessary, and depending on the agenda, invite members of the company or persons from outside the company to attend meetings of the Board of Directors without the right to vote.

1.2 BOARD DUTIES AND POWERS

In accordance with its general powers referred to in Article L. 225-35 of the French Commercial Code, the Board of Directors:

– determines the orientations of the company's activity and ensures their implementation, in accordance with its corporate interest, taking into consideration the social and environmental stakes of its activity;

– may examine, subject to the powers expressly reserved to shareholders' meetings and within the limit of the corporate purpose, all issues relating to the proper functioning of the Company and settles by its deliberations all matters which concern it;

– carries out the controls and checks it deems appropriate;

– authorises sureties, endorsements and guarantees to be given to third parties under the conditions provided for by the legal and regulatory provisions.

The chairman or chief executive officer is required to communicate to each director all the documents and information necessary for the performance of their duties.

In accordance with Article L. 2102-9 of the French Transport Code, and in compliance with Article L. 2101-1 of the same Code, the Company's Board of Directors approves the strategic, economic, financial, human resources, industrial and asset development and management policies of the unified public group. It constantly oversees the management of the SNCF national company.

In application of the Commercial Code, the Board of Directors has other specific powers:

– it convenes general meetings;

– at the end of each financial year, it draws up the annual financial statements, prepares the management report in accordance with Article L 232-1 of the French Commercial Code and calls the general meeting to approve them;

– - it prepares and presents to the general meeting a corporate governance report attached to the annual report; where appropriate, the corporate governance report may be presented in a specific section of the annual report;

– it draws up the management planning documents and the corresponding reports;

– - it authorises regulated agreements, i.e. agreements signed between the company and one of its managers, directors or shareholders holding more than 10% of the voting rights;

– it co-opts directors;

– it decides whether to combine or separate the functions of Chairman and Chief Executive Officer; if the decision is made to combine the functions of Chairman and Chief Executive Officer, the Board of Directors may appoint, from among the independent directors, a lead director whose role is to help lead and coordinate the work of the Board, in particular by ensuring compliance with the rules of governance and the quality of relations and exchanges between the Chairman of the Board, the directors and the shareholder;

– - it sets the remuneration of directors in accordance with the provisions of the Articles of Association1 (Articles L.225-47 and L 225-53);

– it appoints the members of the committees;

– it carries out the distribution of the remuneration of the directors;

– it decides on the relocation of the registered office on French territory, subject to ratification of this decision by the next ordinary general meeting;

– on delegation from the extraordinary general meeting, the Board of Directors brings the Articles of Association into conformity with the legislative and regulatory provisions, subject to ratification of the amendments by the next extraordinary general meeting;

– it carries out a mandatory annual deliberation on the company's policy on professional and wage equality between all employees and between women and men.

In general, and with the exception of day-to-day management, all decisions likely to significantly affect the Company's strategy, to modify its financial structure or its scope of activity, are subject to the prior authorisation of the Board of Directors after prior study, if necessary, by the relevant committee.

The Board of Directors also examines questions submitted to it for information at the initiative of the Chairman.

It also discusses issues that a director wishes to see debated by the Board of Directors in the context of various subjects, with the Chairman's agreement. In this case, the director informs the Chairman of the nature of the item at the beginning of the meeting, and the Chairman decides whether or not to include it on the agenda of the meeting or at the following meeting.

1.3 OPERATION OF THE BOARD

The Board of Directors meets as often as the interests of the Company require, at the call of the Chairman of the Board of Directors or if the latter is prevented from doing so, by the Vice-Chairman. By way of derogation from Article 12 of the aforementioned Order of 20 August 2014, it also meets when convened by at least half of its members on an agenda and in a place specified in the meeting notice. The Chief Executive Officer may request the Chairman to convene a meeting on a specific agenda.

The members of the Board of Directors are convened via a secure electronic platform or any other appropriate means at least ten (10) days before the Board meeting. However, in case of emergency, notices may be given twenty-four hours in advance, in the same form.

During the 13 meetings (6 ordinary and 7 extraordinary) held in 2020, the following matters were examined in particular:

– the group's annual financial statements

– the 2020 interim financial statements of the SNCF Group and SNCF SA and its subsidiaries,

– the 2021 budget of the SNCF group and SNCF SA

– review of the major risk mapping for the SNCF group

– implementation and monitoring of the measures deployed in the context of the health crisis

– monitoring of the health crisis impacts on the company's accounts and cash flow

– strategic review of the Group and its subsidiaries/Business Units

– strategic review of the Group's international operations, in particular certain specific development projects

– review of 22 commitment files

– share capital increase and resulting decrease

At each ordinary meeting, the Board of Directors is kept informed by its Chairman of the main events concerning the life of the SNCF Group. A safety review is systematically presented by the General Director for Safety.

With regard to delegation for share capital increases:

The Extraordinary Shareholders Meeting of 1 December 2020 decided to grant *"all powers to the Board of Directors, with the option to sub-delegate to the Chairman and CEO and/or Deputy CEO, to complete the operations relating to the Company's share capital* *increase, and particularly (i) record the decision of subscription by [the French State] and collect the subscription amounts, (ii) record the payment of the subscription price in full, (iii) record the final completion of the share capital increase, amend the Company's Articles of Association accordingly and carry out all registration, publication and filing formalities for the final completion of the share capital increase (iv), and more generally, carry out all necessary acts, operations, and formalities for the final completion of the share capital increase and its publication."*

On 15 December 2020, the Board of Directors recorded the French State's subscription to the share capital increase and the payment of the subscription price in full for the final completion of the share capital increase and the corresponding amendment to the Articles of Association.

Note that the Extraordinary Shareholders' Meeting of 1 December also delegated authority to the Board of Directors, with the option to sub-delegate to the Chairman and/or the Deputy CEO, to reduce, under the same conditions, share capital following the increase, and carry out the related formalities. On 15 December 2020, the Board of Directors therefore delegated authority to the Deputy CEO to record the completion of the share capital decrease, amend the Articles of Association accordingly and carry out the necessary formalities.

Table of attendance

Directors' attendance at Board of Directors' meetings in 2020 - attendance rate of 96%

	Didier CASAS	Céline LAZORTHES	André MARTINEZ	Frédéric SAINT-GEOURS	Agnès TOURAINE	Amélie VERDIER	Hélène DANTOINE	Isabelle BUI
1. Attendance - Board of Directors' meeting on 16 Jan.	YES	YES	YES	YES	NO	YES	YES	
2. Attendance - Board of Directors' meeting on 28 Feb.	YES	YES	YES	YES	YES	YES	YES	
3. Attendance - Board of Directors' meeting on 17 March	YES	YES	YES	YES	YES	YES	YES	
4. Attendance - Board of Directors' meeting on 08 April	YES	YES	YES	YES	YES	YES	YES	
5. Attendance - Board of Directors' meeting on 29 April	YES	YES	YES	YES	YES	YES	YES	
6. Attendance - Board of Directors' meeting on 26 May	YES	YES	YES	YES	YES	YES	YES	
7. Attendance - Board of Directors' meeting on 24 June	YES	YES	YES	YES	YES	YES	YES	
8. Attendance - Board of Directors' meeting on 30 July	YES	YES	YES	YES	YES	NO	YES	
9. Attendance - Board of Directors' meeting on 08 Oct.	YES	YES	YES	YES	YES	YES		YES
10. Attendance - Board of Directors' meeting on 29 Nov.	YES	YES	YES	YES	YES	YES		YES
11. Attendance - Board of Directors' meeting on 24 Nov.	YES	YES	YES	YES	YES	YES		YES
12. Attendance - Board of Directors' meeting on 15 Dec.	YES	YES	YES	YES	YES	YES		YES
13. Attendance - Board of Directors' meeting on 17 Dec.	YES	YES	YES	YES	YES	YES		NO

1.4 THE SPECIALISED COMMITTEES

At its first meeting on 16 January 2020, the Board of Directors decided to set up three specialised committees chosen from among its members and responsible for assisting it with its work:

– An Audit, Accounts and Risk Committee.

– A Strategy and Investment Committee.

– An Appointments, Remuneration and Governance Committee.

Thus, the Board of Directors has three committees responsible for preparing the decisions submitted to the Board and for providing it with additional information:

The Appointments, Remuneration and Governance Committee (ARGC):

– With regard to appointments, the Committee proposes to the Board of Directors the appointment and succession of directors and executive officers. It supervises the selection process of potential candidates. The precise list of the appointments concerned within the Group is drawn up by the Committee. The Chairman and Chief Executive Officer inform and obtain the opinion of the Committee for the appointment of the Group's senior executives.

– With regard to remuneration, the Committee examines and expresses its opinion on the principles and criteria for determining, allocating and awarding the components of remuneration and benefits of all kinds for corporate officers. It makes recommendations on the amount and terms and conditions of the remuneration to be allocated to directors.

– In terms of governance, it monitors issues relating to corporate governance and ensures the implementation within the Company's corporate bodies of the relevant principles and rules of good governance stemming in particular from the AFEP-MEDEF Code. It steers the annual evaluation process of the Board of Directors. It makes proposals on the independence of Board members in light of the criteria of the AFEP MEDEF Code.

It held 5 meetings during 2020, which provided an opportunity to discuss, inter alia:

– The functioning of the Board of Directors.

– Approval of the initial internal regulations of the Board of Directors and their adaptation.

– Setting the annual limits on the Chairman's powers with regard to sureties, endorsements and guarantees.

– The remuneration of directors.

– The remuneration of the SNCF Chairman and Chief Executive Officer.

– The remuneration and variable portion of the SNCF Deputy Chief Executive Officer.

– The guarantee of directors' independence and the composition of the committees.

–The management succession plan.

The Strategy and Investment Committee (SIC): expresses its opinion on the Company's strategic orientations and monitors their implementation.

It decides, where appropriate, on:

– The strategic plan, including the group's development projects.

– Strategic agreements, alliances and partnerships.

– The Research and Development policy.

– Internal or external growth operations, main commitments, main commercial contracts under the conditions in particular as to amount defined in Article 8 of these internal regulations.

This Committee may be requested by the Chairman of the Board of Directors to deliver an opinion on:

– Strategic choices in terms of technological developments, and even more broadly in terms of innovation.

– The issues of creating and modernising industrial equipment and works.

The Strategy and Investment Committee held 15 meetings (including 7 ordinary and 8 extraordinary meetings) in 2020. A total of 34 files, including 12 strategic files and 22 commitment files, were examined at these meetings.

In particular, the Committee was asked to analyse the following files:

– The strategic review of SNCF SA.

– Update of the group's strategic plan / trajectory.

– Strategic review of subsidiaries.

– The 2021 budget.

The Audit, Accounts and Risks Committee (AARC) is responsible, in particular, for reviewing the annual and half-yearly financial statements, the budget, risk mapping, the annual internal audit work programme, the report on corporate governance, internal control and risk management, and the compliance programme. The role of the Audit, Accounts and Risks Committee is not separable from that of the Board of Directors, which is legally required to approve the annual parent company financial statements and prepare the consolidated financial statements.

The Audit, Accounts and Risks Committee, when monitoring the process of preparing financial information, ensures the relevance and permanence of accounting methods, in particular when dealing with significant transactions. When examining the accounts, the Audit, Accounts and Risk Committee examines the major transactions in which a conflict of interest could have arisen.

In the context of monitoring the effectiveness of internal control and risk management systems and, where applicable, internal audit concerning procedures relating to the preparation and processing of financial and non-financial accounting information, the Audit, Accounts and Risk Committee hears the heads of internal audit and risk control and delivers its opinion on the organisation of their services. It is informed of the internal audit programme and receives internal audit reports or a periodic summary of these reports. It also monitors the performance of the Statutory Auditors' assignment and ensures their independence.

It held 8 meetings (6 ordinary and 2 extraordinary) in 2020 and examined 34 files. These meetings were devoted in particular to:

– The consolidated financial statements of the SNCF Group and the parent company financial statements for the year ended 31 December 2019.

– The closing of the Group's half-yearly financial statements.

– The allocation of State aid funds.

– The 2020 audit action plan of the Statutory Auditors.

– The impact of the COVID crisis - monitoring of the action plan.

– The State's recovery plan - SNCF Group recapitalisation.

– The 2021 budget.

1.5 THE COMMITMENTS COMMITTEES

The purpose of the commitment control system is to safeguard the SNCF Group's corporate interest and enable it to exercise its role as a strategic leader over its subsidiaries.

It is carried out through three dedicated committees:

– The Group Commitments Committee (for commitments impacting the Group).

– The Corporate Commitments Committee (for the commitments of the national company SNCF SA).

– The Real Estate Commitments Committee (for specifically real estate commitments).

Each of these committees meets every fortnight as a general rule, and in any event as often as necessary.

They are made up of representatives of the legal, financial and strategy departments, the entity that bears the commitment, experts invited as needed, the head of the committee and the secretary.

The Deputy Chief Executive Officer of SNCF SA (or his representative, in real estate matters) chairs the meetings and decides on the follow-up to be given to the proposed commitment after inviting the other participants to give their opinion.

2. THE CHAIRMAN OF THE BOARD OF DIRECTORS

In accordance with Article L. 2102-8 of the French Transport Code, the Chairman of the Company's Board of Directors is appointed from among the members proposed by the French State appointed pursuant to Article 6 of the aforementioned Order of 20 August 2014.

Pursuant to Article 11-2 of the Articles of Association, the Board of Directors also appoints a Vice-Chairman who, in the event that the Chairman is unable to attend, has the power to convene the Board of Directors and chair its meetings.

The Chairman of the Board of Directors organises and directs the work of the Board, which he reports on to the general meeting. He oversees the proper functioning of the Company's bodies and ensures, in particular, that the directors are able to fulfil their duties.

In the event of a tie, the person chairing the Board of Directors has the casting vote.

3. AGREEMENTS ENTERED INTO BETWEEN A MANAGER OR MAJOR SHAREHOLDER AND A CONTROLLED ENTITY

All agreements in 2020 were everyday agreements entered into at arm's length.

4. COMPENSATION OF CORPORATE OFFICERS

With regard to the remuneration of corporate officers, SNCF SA is governed by Article 3 of Decree no. 53-707 of 9 August 1953 relating to State control over national public companies, as amended by Decree no. 2012-915 of 26 July 2012. This decree sets out the terms and conditions for determining and publishing the compensation of corporate officers:

– Their gross compensation is capped.

– The compensation and benefits of any kind relating to their activity as well as any compensation or benefits payable or likely to be payable in the event of a cessation of activity or a change in their position or subsequent thereto, are verified;

– decisions or approvals from competent ministers are made public.

The compensation of corporate officers shown in the table below corresponds to the gross taxable compensation.

31 December 2020

	Amounts paid						Amounts due			
In thousands of Euros	Fixed Compen-sation	Annual variable Compen-sation	Deferred / multi-annual variable compen-sation	Excep-tional compen-sation	Benefits in kind	Sub-total	Termina-tion benefit	Non-compete benefit	Supple-mentary pension plan	Grand Total
Farandou Jean-Pierre										
Board Chairman SNCF SA										
Commitments										
Paid	450				11	461				461
Trevisani Laurent										
Deputy Chief Executive Officer Finance Strategy SNCF SA										
Commitments										
Paid	250				8	258				258
Total compensation	700	0			19	719				719

As a reminder, as at 31 December 2019, the compensation of the former EPIC SNCF corporate officers:

	Amounts paid						Amounts due			
In thousands of Euros	Fixed Compen-sation	Annual variable Compen-sation	Deferred / multi-annual variable compen-sation	Excep-tional compen-sation	Benefits in kind	Sub-total	Termina-tion benefit	Non-compete benefit	Supple-mentary pension plan	Grand Total
Farandou Jean-Pierre										
Board Chairman SNCF Mobilités										
Commitments										
Paid	75					75				75
Pépy Guillaume										
Board Chairman SNCF Mobilités										
Payable										
Paid	375				1	376				376
Jeantet Patrick										
Board Chairman SNCF Réseau										
Commitments										
Paid	330	106			16	452				452
Total compensation	780	106			17	903				903

31 December 2020

03 –

SNCF GROUP CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

In € millions	Notes	31/12/2020	31/12/2019(*)
Revenue	3	29,975	35,120
Purchases and external charges	3	-12,729	-13,660
Employee benefit expense	3	-14,064	-14,549
Taxes and duties other than income tax	3	-1,296	-1,379
Other operating income and expenses	3	49	127
EBITDA		1,936	5,658
Depreciation and amortisation	4.2.5	-4,012	-3,946
Net movement in provisions	4.6	-128	-11
Current operating profit/loss		-2,204	1,700
Net proceeds from asset disposals	4.2.6	134	179
Impairment losses	4.4	-266	-86
Operating profit/loss		-2,337	1,793
Share of net profit/loss of companies consolidated under the equity method	4.3	19	35
Operating profit/loss after share of net profit of companies consolidated under the equity method		-2,318	1,828
Net finance costs of employee benefits	5.3	-8	-4
Net borrowing and other costs	6.2	-1,119	-1,853
Finance cost		-1,127	-1,856
Net profit/loss before tax from ordinary activities		-3,445	-28
Income tax expense	7	-4	-745
Net profit/loss from ordinary activities		-3,448	-773
Net profit/loss from discontinued operations, net of tax		-	-
Net profit/loss for the year		-3,448	-773
Net profit/loss attributable to equity holders of the parent		-3,030	-801
Net profit/loss for the year attributable to non-controlling interests (minority interests)		-419	27

(*) With effect from 1 January 2020, the SNCF Group has decided to report EBITDA as a performance indicator in place of gross profit. The comparative figures shown were restated (see Note 1.4 to the consolidated financial statements).

Notes 1 to 10 are an integral part of these consolidated financial statements.

STATEMENT OF PROFIT OR LOSS AND GAINS/LOSSES RECOGNISED DIRECTLY IN EQUITY

In € millions	Notes	31/12/2020	31/12/2019
Net profit/loss for the year		-3,448	-773
Change in foreign currency translation differences		-144	93
Tax on change in foreign currency translation differences		2	-3
		-141	*90*
Change in fair value of cash flow hedges	6.4	-245	-431
Tax on change in fair value of cash flow hedges		4	-1
		-241	*-432*
Change in fair value of hedging costs	6.4	-49	84
Tax on change in fair value of hedging costs		0	0
		-49	*84*
Share of recyclable other comprehensive income of companies consolidated under the equity method	4.3	-5	11
Total recyclable other comprehensive income/loss		-437	-248
Actuarial gains/losses on employee defined-benefit plans	5	-28	-193
Tax on actuarial gains/losses on employee defined-benefit plans		4	-12
		-25	*-205*
Change in value of equity instruments at fair value through equity		-4	0
Share of non-recyclable other comprehensive income of companies consolidated under the equity method	4.3	*-3*	3
Total non-recyclable other comprehensive income/loss		-32	-202
Gains/losses recognised directly in equity		-468	-450
Net profit/loss and gains/losses recognised directly in equity		-3,917	-1,223
Attributable to equity holders of the parent		*-3,455*	*-1,278*
Attributable to non-controlling interests		*-462*	*55*

Notes 1 to 10 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED ASSETS

In € millions	Notes	31/12/2020	31/12/2019
Goodwill	4.1	2,127	2,513
Intangible assets	4.2	2,148	2,368
Lease right of use assets	4.2.3	3,836	3,948
Property, plant and equipment	4.2	52,217	51,674
Non-current financial assets	6	35,732	7,562
Equity investments	4.3.1	1,014	1,026
Deferred tax assets	7	4,615	4,473
Non-current assets		101,690	73,565
Inventories and work-in-progress	4.5.1	1,288	1,361
Operating receivables	4.5.2	9,924	10,496
Operating assets		11,212	11,857
Current financial assets	6	4,996	2,876
Cash and cash equivalents	6.2.2.5	7,939	7,754
Current assets		24,147	22,488
Assets classified as held for sale	4.3.2	2,113	-
Total assets		127,949	96,052

CONSOLIDATED EQUITY AND LIABILITIES

In € millions	Notes	31/12/2020	31/12/2019
Share capital	6.5	1,000	13,736
Consolidated reserves		14,721	-21,681
Net profit/loss for the year attributable to equity holders of the parent		-3,030	-801
Equity attributable to equity holders of the parent		12,691	-8,746
Non-controlling interests	6.5	4	118
Total equity		12,696	-8,628
Non-current employee benefits	5	2,814	2,767
Non-current provisions	4.6	1,412	1,260
Liabilities relating to concession assets excluded from the scope of IFRIC 12	4.2.5	2,409	2,549
Non-current financial liabilities	6	77,150	69,994
Non-current lease liabilities	6	3,127	3,137
Deferred tax liabilities	7	112	157
Non-current liabilities		87,023	79,864
Current employee benefits	5	163	179
Current provisions	4.6	132	164
Operating payables	4.5	17,343	14,429
Operating liabilities		17,656	14,771
Current financial liabilities	6	8,242	9,132
Current lease liabilities	6	888	913
Current liabilities		26,786	24,816
Liabilities associated with assets classified as held for sale	4.3.2	1,444	-
Total equity and liabilities		127,949	96,052

Notes 1 to 10 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In € millions	Share capital	Additional paid-in capital	Actuarial gains/ losses on employee defined-benefit plans	Equity instru-ments at fair value through equity	Group trans-lation reserves	Cash flow hedge	Hedging costs	Retained earnings and other reserves	Equity attribu-table to equity holders of the parent	Non-controlling interests	Total equity
Equity published as at 01/01/2019	13,736	-0	-387	-66	-246	-1,013	-135	-18,519	-6,629	139	-6,491
Net profit/loss for the year	-	-	-	-	-	-	-	-801	-801	27	-773
Gains/losses recognised directly in equity	-	-	-203	0	66	-434	84	10	-478	28	-450
Net profit/loss and gains/losses recognised directly in equity	-	-	-203	0	66	-434	84	-791	-1,278	55	-1,223
Dividends paid	-	-	-	-	-	0	-	-537	-537	-	-537
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-58	-58
Capital transactions	-	-	-	-	-	-	-	-0	-0	9	9
Changes in scope, non-controlling interests and non-controlling interest purchase commitments (*)	-	-	-0	-	-0	0	-	-271	-272	-24	-295
Other changes	-	-	-16	-	-1	-18	4	1	-30	-2	-33
Equity published as at 31/12/2019	13,736	-0	-607	-66	-181	-1,465	-47	-20,117	-8,746	118	-8,628
Net profit/loss for the year	-	-	-	-	-	-	-	-3,030	-3,030	-419	-3,448
Gains/losses recognised directly in equity	-	-	-2	-3	-123	-244	-49	-4	-425	-43	-469
Net profit/loss and gains/losses recognised directly in equity	-	-	-2	-3	-123	-244	-49	-3,034	-3,455	-462	-3,917
Dividends paid (***)	-	-	-	-	-	-	-	-4,812	-4,812	-	-4,812
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-35	-35
Capital transactions (***)	-	4,050	-	-	-	-	-	0	4,050	32	4,082
Changes in scope, non-controlling interests and non-controlling interest purchase commitments (*)	-	-0	-2	-	-0	2	-	673	672	352	1,024
Other changes (**)	-12,736	29	-0	-	-	82	-	37,606	24,982	-1	24,982
Equity published as at 31/12/2020	1,000	4,079	-612	-68	-303	-1,626	-96	10,316	12,691	4	12,696

(*) Of which changes in Eurostar and THI Factory non-controlling interest purchase commitments (see Note 6.2.2.4).
(**) Includes the raising of the share capital of SNCF SA after its transformation into a *société anonyme* on 1 January 2020 for €1 billion and transfer of €12,736 million in share capital as at 31 December 2019 to consolidated reserves (see Note 2.1.2), and assumption by the French State of SNCF Réseau's debt for €25 billion at 1 January 2020 (see Note 2.1.3).
(***) A share capital increase of €4.05 billion was performed by the French State in December 2020 and transferred to its support fund as a dividend distribution (see Note 2.1.10).

Notes 1 to 10 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

In € millions	Notes	31/12/2020	31/12/2019
Net profit/loss for the year	IS (1)	-3,448	-773
Eliminations:			
share of net profit/loss of companies consolidated under the equity method	IS (1)	-19	-35
deferred tax expense/(income)		-44	423
depreciation, amortisation, impairment losses and provisions		4,488	4,024
revaluation gains/losses (fair value)		28	104
net proceeds from disposals and gains and losses on dilution		-148	-193
Cash from operations after net borrowing costs and taxes		856	3,551
Eliminations:			
current income tax expense/(income)	7	48	322
net borrowing costs		1,077	1,736
dividend income		-2	-4
Cash from operations before net borrowing costs and taxes		1,979	5,604
Impact of change in working capital requirement	4.5	983	-170
Taxes paid (collected)		-250	-298
Dividends received		18	36
Cash flow from operating activities	6	2,731	5,172
Acquisitions of subsidiaries, net of cash acquired		-8	-295
Disposals of subsidiaries, net of cash transferred		-35	15
Acquisitions of intangible assets and property, plant and equipment	4.2	-7,381	-8,371
Disposals of intangible assets and property, plant and equipment		137	350
New concession financial assets, net of concession liabilities		-1,469	-1,494
Cash inflows from concession financial assets, net of concession liabilities	3.3	1,863	1,508
Cash inflows from lease receivables		1	1
Acquisitions of financial assets		-4	-81
Disposals of financial assets		8	-8
Changes in loans and advances		-99	-49
Changes in cash assets		-863	-98
Investment grants received		3,319	3,120
Cash flow used in investing activities	6	-4,531	-5,403

(1) Consolidated income statement

In € millions	Notes	31/12/2020	31/12/2019
Cash inflows from equity transactions*		4,080	-1
Issue of debt instruments		7,464	7,780
Repayments of borrowings net of Public Debt Fund (PDF) loan receivables (3)		-2,452	-3,039
Cash inflows from PPP receivables		277	275
Cash outflows on PPP payables		-283	-282
Net interest paid		-1,349	-1,648
Repayments of lease liabilities		-962	-918
Interest paid on lease liabilities		-147	-127
Dividends paid to Group shareholders*	Chg. in eq (2)	-4,812	-537
Dividends paid to non-controlling interests	Chg. in eq (2)	-13	-59
Increase/decrease in cash borrowings		307	-1,682
Cash flow from/used in financing activities		2,110	-238
Effects of exchange rate fluctuations		-35	16
Impact of changes in accounting policies		-28	-4
Impact of changes in fair value		-2	2
Increase/decrease in cash and cash equivalents		246	-455
Opening cash and cash equivalents	6	7,273	7,728
Closing cash and cash equivalents	6	7,519	7,273

(2) Consolidated statement of changes in equity.
(3) Of which cash inflows of €2,231 million for the PDF receivable (€0 million in 2019).
* See Note 2.1.10

Notes 1 to 10 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes 1 to 10 are an integral part of these consolidated financial statements.

All amounts are in millions of euros (€ millions), unless stated otherwise. As the Group has elected not to round off figures, there may be minimal differences.

1. ACCOUNTING STANDARDS BASE

Pursuant to European Regulation 1606/2002 of 19 July 2002, the SNCF Group prepares its consolidated financial statements in accordance with IFRS (International Financial Reporting Standards).

SNCF already applied IFRS, pursuant to Article L.2012-10 of the French Transport Code as amended with effect from 1 January 2015 by the Rail Reform Law (Law no. 2014-872 of 4 August 2014), in preparing the consolidated financial statements of the group formed by the *Groupe Public Ferroviaire* (Public Rail Group - PRG) and the subsidiaries of the group's entities.

Consequently, the entry into force on 1 January 2020 of the New Railway Pact Law (Law no 2018-515 of 27 June 2018), as supplemented by Order no 2019-552 of 3 June 2019, has not modified the presentation of the consolidated financial statements for the year ended 31 December 2020.

The consolidated financial statements for the year ended 31 December 2020 were approved by the SNCF Group Board of Directors on 24 February 2021.

The terms "the SNCF Group", the "Group" and "SNCF" refer to the group formed by the parent company SNCF, the companies SNCF Réseau, SNCF Voyageurs and FRET SNCF and fully-consolidated subsidiaries and equity-accounted entities. The "SNCF company" refers solely to the parent company.

1.1 ADOPTION OF IFRS

The consolidated financial statements of SNCF Group for the year ended 31 December 2020 have been prepared in accordance with the international accounting standards issued by the IASB (International Accounting Standards Board) and adopted by the European Union as at this date. The IFRS framework as adopted in the European Union may be consulted on the European Commission website:
(http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm).

The basis of preparation for the 2020 consolidated financial statements detailed in the following notes is the result of:

– standards and interpretations of mandatory application for fiscal years commencing on or before 1 January 2020, as described in a grey inset in each note to the financial statements;

– elected accounting options and exemptions applied, as provided for by the standards, in the preparation of the 2020 financial statements. These options and exemptions are described in the relevant notes to the financial statements.

1.1.1 Standards and interpretations applicable to consolidated financial statements for financial periods beginning on or after 1 January 2020

Amendments to standards and interpretations as well as the new standards published and applicable as at 1 January 2020 that more specifically concern the Group's consolidated financial statements are as follows:

Standard or interpretation	Summary description	Impacts
Amendments to IFRS 3 "Definition of a Business"	Issued by the IASB: 22 October 2018. Endorsed by the EU: Regulation (EU) 2020/551 of 21 April 2020, published in the Official Journal on 22 April 2020. These amendments help stakeholders determine whether an acquisition is of a business or a group of assets when IFRS 3 is applied. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and other third parties.	The SNCF Group has applied this amendment with effect from 1 January 2020. No material impacts were identified as at 31 December 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, "Interest Rate Benchmark Reform"	Issued by the IASB: 26 September 2019 Endorsed by the EU: Regulation (EU) 2020/34 of 15 January 2020, published in the Official Journal on 16 January 2020. These amendments are intended to enable entities to provide useful financial information during the period of uncertainty relating to interest rate benchmark reform. They amend some hedge accounting requirements, so as to prevent the discontinuation of hedge accounting for hedging relationships documented in accordance with IFRS 9, notwithstanding the uncertainties arising from ongoing benchmark reform. The amendments also require entities to provide investors with additional disclosures about hedging relationships that are directly affected by such uncertainties.	There has been no discontinuation of hedge accounting as a result of benchmark reform.
Standard amendments IAS 1 "Presentation of financial statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors"	Issued by the IASB: 1 January 2020 with possible early adoption as at 1 January 2019 Endorsed by the EU: 1 January 2020 These amendments clarify the definition of "material" used in IAS 1 and IAS 8.	The SNCF Group has applied this amendment with effect from 1 January 2020. No material impacts were identified as at 31 December 2020
Amendment to IFRS 16 "COVID-19-Related Rent Concessions"	Issued by the IASB: 28 May 2020 Endorsed by the EU: 9 October 2020 The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions relating to the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications and recognise their impact in profit or loss for the period.	The SNCF Group has applied this amendment. No material impacts were identified as at 31 December 2020

The Group has not opted for the early application of standards and interpretations of mandatory application in fiscal years starting on or after 31 December 2020, regardless of whether they were adopted by the European Commission.

1.2 ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the Group accounts, management must make estimates, as numerous items included in the consolidated financial statements cannot be valued precisely. The accounting estimates used for the 31 December 2020 financial statements were prepared under the current context of uncertainty regarding business outlooks (see Note 2.1.1). Management is required to revise its estimates in the event of a change in circumstances on which they are based or as a result of new information or further experience. As such, the estimates adopted at 31 December 2020 may be materially modified and subsequent actual results may differ materially from these estimates based on different assumptions or conditions.

These estimates and assumptions primarily concern:

– Determination of goodwill

Business combinations are accounted for using fair value estimates of the assets acquired and liabilities assumed and previously held equity investments in a step acquisition are remeasured at fair value. Goodwill is the difference between the acquisition price plus the value of the previously held equity investments and the fair value of the acquired assets and liabilities.

– Impairment of non-financial assets

When determining the recoverable amount of assets for impairment testing purposes (IAS 36) in accordance with the policy described in Note 4.4, value in use calculations are primarily based on estimates of expected future cash flows from the asset or cash-generating unit (CGU), the appropriate discount rate to be used to calculate the present value of these future cash flows and the growth rate adopted. Market value calculations are based on an assessment of the transaction price that could be obtained for the sale of the assets tested, taking into account the current condition of such assets.

– Employee-benefit related items

Considering that these benefits are settled several years after the personnel has rendered the corresponding services, the obligations under defined benefit plans and other long-term liabilities are recognised using actuarial valuations based on financial and demographic assumptions including discount, inflation, and salary increase rates and mortality tables. Due to the long-term nature of these plans, changes in these assumptions can generate actuarial gains and losses and may lead to a significant change in the commitments recorded.

– Recognition of deferred tax assets

A deferred tax asset is recognised when it is probable that the Group will generate future taxable profits against which unused tax savings may be offset. The Group's ability to recover these tax assets is analysed based on its business plan, contingencies relating to the economy and the uncertainties surrounding markets in which the Group is active. A new performance contract should be signed between the French State and SNCF Réseau in 2021. Deferred tax assets are adjusted upward or downward should there be any material change in future Group tax results, the adjustment being offset in the income statement.

– Provisions for environmental risks

The Group records a provision for environmental risks when there is a legal or implicit obligation towards a third party that can be reliably measured and which would result in an outflow of resources.

Amounts recorded for site decontamination are based on the best possible estimate resulting from year-end assessments and take into account valuations for known risks currently being assessed (see Note 4.6).

Amounts recorded for the dismantling of rolling stock containing asbestos correspond to the estimated dismantling costs at the end of the equipment life. These costs are determined based on the prices invoiced by scrap metal dealers and asbestos removers and the target prices of the most recent calls for tender. A change in these costs would be passed on to the amounts recorded.

– Derivative financial instruments

The Group uses assumptions to measure the fair value of its derivative instruments. The recognition and measurement principles are described in Note 6.4.

– Leases

The main uncertainties concern the inclusion of optional periods when assessing lease terms. The Group bases its estimates on the materiality of the underlying assets in the conduct of operations and a set of other assumptions deemed as reasonable with regard to facts and circumstances.

1.3 BASIS OF CONSOLIDATION

1.3.1 Entities under control, joint control or significant influence

Companies over which the Group exercises control, directly or indirectly, are fully consolidated. Under IFRS 10, control is defined and determined based on three criteria: power, exposure to variable returns and the relationship between power and these returns.

All material transactions between the controlled companies are eliminated.

The profit or loss of subsidiaries is divided between the Group and the non-controlling interests based on their percentage interest even if this results in the recording of negative non-controlling interests.

Joint arrangements qualified as joint operations within the meaning of IFRS 11 are recorded for their share of assets and liabilities and revenues and expenses after elimination of intra-group transactions.

The following are equity-accounted:

– Joint arrangements qualified as joint ventures under IFRS 11, meaning that they solely give rights to the net assets of an entity.

– Entities in which the Group exercises significant influence over financial and operating policies, but which it does not control (associates) under IAS 28. Significant influence is presumed to exist where the Group holds an interest of 20% or more.

The results of companies acquired or disposed of during the fiscal year are included in the consolidated income statement of the Group from the date control is acquired up to the date of transfer of control on disposal.

The financial statements of the companies included in the scope of consolidation are drawn up to 31 December 2020 and restated to comply with Group accounting policies. All internal profits and losses between controlled companies are fully eliminated and those between companies accounted for under the equity method are eliminated according to the percentage interest held.

A list of the main subsidiaries, joint ventures, joint operations, and associates and the factors used to assess control in certain entities is presented in Note 10.

1.3.2 Translation of the financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries whose functional currency is not the euro are translated into euros using the period-end exchange rate method:

– balance sheet accounts are translated at the year-end rate of exchange,

– income statement items are translated at the average annual rate of exchange,

– translation differences arising on the retranslation of opening balance sheet items (movement between opening and closing exchange rates) and income statement items (movement between average and closing exchange rates) are taken to “Translation differences” under other comprehensive income in consolidated equity.

Likewise, foreign exchange differences arising from the translation of receivables and payables that are part of the net investment in a foreign subsidiary are also recorded in “Translation differences” in equity. They are recorded in profit or loss upon removal of the net investment.

1.4 CHANGES MADE TO THE CURRENT PERIOD AND COMPARATIVE PERIODS

With effect from 1 January 2020, the SNCF Group has decided to report EBITDA as a performance indicator in the consolidated income statement, in place of gross profit.

The definition adopted by the SNCF Group for EBITDA is the same as that previously used for gross profit, except that it (i) excludes changes in provisions for employee benefits, which are not dependent on operating activities and have no direct cash impact and (ii) includes changes in provisions for current assets, which are directly related to operating activities. Provisions for employee benefits mainly comprise retirement benefits, compensation for work-related accidents and illnesses, social welfare, provident plan, gradual cessation of activity and time savings account schemes, and long service awards.

The impact of the change in performance indicator on the income statement for the year ended 31 December 2020 is an improvement of €25 million in “Employee benefit expense” and of €42 million in “Other operating income and expenses”, and a deterioration of €67 million in “Net movement in provisions”.

A reconciliation of published and restated figures for the comparative period is presented below:

In € millions	31/12/2020 published	31/12/2019 restated	31/12/2019 published	Reclas-sification
Revenue	29,975	35,120	35,120	
Purchases and external charges	12,729	-13,660	-13,660	
Employee benefit expense	14,064	-14,549	-14,574	-25
Taxes and duties other than income tax	1,296	-1,379	-1,379	
Other operating income and expenses	49	127	85	-42
Gross profit			5,591	
EBITDA	1,936	5,658		
Depreciation and amortisation	4,012	-3,946	-3,946	
Net movement in provisions	128	-11	55	67
Current operating profit/loss	2,204	1,700	1,700	0

2. MAJOR EVENTS

2.1 MAJOR EVENTS OF 2020

2.1.1 COVID-19 public health crisis

The COVID-19 public health crisis has had a severe impact on SNCF Group operations.

The Passengers business line was particularly hard hit. Operations were sharply reduced from 17 March 2020; services gradually recovered from the first easing of lockdown measures, subject to compliance with governmental health measures.

The new economic context was taken into account when testing assets for impairment, as described in Note 4.4 to the annual consolidated financial statements.

The Group also adapted its cash management policies during this period to ensure that it can meet all its obligations and financial commitments as they fall due. A specific note describing the measures implemented is presented in Note 6 to the annual consolidated financial statements.

Finally, the Group has drawn up a specific action plan aimed at generating additional savings to mitigate the financial effects of the crisis. In parallel, the Group implemented furlough measures from mid-March onwards (see Note 1.2. to the annual consolidated financial statements).

2.1.2 Implementation of rail industry reform

The reform of the French rail industry resulting from the New Railway Pact Law (Law no 2018-515 of 27 June 2018), as supplemented by Order no 2019-552 of 3 June 2019, took effect on 1 January 2020.

The changes to the Group's organisational structure, governance and missions - as described in the 2019 Annual Financial Report - are now operational.

All the accounting entries required for asset and capital transfers to the Group's new legal entities have been made (see Note 6.5). They have no impact on the consolidated financial statements, as the legal implementation of the reform qualifies under IFRS as a legal reorganisation of businesses under common control.

The new Group structure led the Group to adapt the presentation of its segment reporting which is now organised into 11 activities (see Note 3.1 to the annual consolidated financial statements).

2.1.3 Partial assumption of debt by the State

On 1 January 2020, the State assumed €25 billion (nominal repayment amount) of the debt carried by SNCF Réseau, in line with the 2020 French Budget Act.

The mechanism used is described below:

– SNCF Réseau and the Caisse de la Dette Publique (Public Debt Fund - PDF) set up, simultaneously, mirror loans with identical characteristics that perfectly reflect the characteristics (maturity, repayment profile, average interest rate, etc.) of SNCF Réseau's gross debt, including hedging instruments.

– The State replaced SNCF Réseau in the repayment of its debt to the PDF and waived its own debt, such that SNCF Réseau retained only its loan receivable from the PDF.

In accounting terms, this transaction resulted in:

– The recognition of the loan receivable and the mirror loan payable at market value, including a €6.1 billion fair value remeasurement in assets and liabilities compared to the €25 million nominal value.

– Simultaneously, the SNCF Group recognised the State's debt waiver by (i) incorporating into reserves the €25 billion nominal value of the assumed debt and (ii) recognising a financial grant on liabilities corresponding to the difference between the Réseau debt average interest rate and the current market rate.

With effect from 1 January 2020, the PDF loan receivable is accounted for as a financial asset at amortised cost. In parallel, the financial grant is being written back to profit or loss on an actuarial basis, as and when the fair value remeasurement associated with the receivable is reclassified to profit or loss via the amortised cost calculation.

Consequently, the impact of this transaction on net finance costs is an amount of net financial income that exactly mirrors the finance cost effectively borne by SNCF Réseau on the portion of its historical debt assumed by the State.

Furthermore, following the French Prime Minister’s announcements on 25 May 2018, the French State undertook to assume an additional €10 billion of SNCF Réseau’s debt as at 01/01/2022.

The debt assumption mechanism is shown in 6.2.2.1.

2.1.4 Planned disposal of Ermewa

The SNCF Group is planning to sell Ermewa Holding SAS and its subsidiaries.

A call for tenders is underway and potential buyers are expected to be able to make their intentions known in the second quarter of 2021.

The Board of Directors of 8 October 2020 approved the principle of a potential partial or total sale of Ermewa Holding SAS and its subsidiaries.

As at 31 December 2020, in accordance with IFRS 5 “Non-current assets held for sale and discontinued operations”, this subsidiary’s assets and liabilities were reclassified to “Assets classified as held for sale” and “Liabilities associated with assets classified as held for sale” in the statement of financial position. Detailed information is shown in Note 4.3 to the consolidated financial statements.

2.1.5 Strike action

The strike action that began on 5 December 2019 in opposition to proposed pension reforms continued until February 2020.

A loss was recorded, in addition to the commercial gestures with negative impacts on revenue, in the Group financial statements.

2.1.6 Impairment

Indications of impairment identified in the period and tests performed

The Group's business units and entities have checked for potential indications of changes in the fair value of CGUs and goodwill (primarily Geodis, Keolis and Eurostar), in particular relating to the potential effects of the COVID-19 public health crisis.

Impairment tests were carried out for entities showing potential indications of impairment. In parallel, all weighted average cost of capital (WACC) assumptions for the business units affected were updated to reflect changes in market parameters. The impact of the crisis on the rates used was also assessed by reference to the impact on discounted cash flows.

To better assess these effects and the related uncertainties, certain activities applied various scenarios using different assumptions about how soon and at what level operations would recover over time.

On completion of those analyses, some business units performed further testing. However, those tests did not require any adjustment to the values of the assets involved. For a detailed presentation of the analyses and impairment tests carried out, see Note 4.3 to the consolidated financial statements.

2.1.7 Signature of the Île-de-France Mobilités 2020-2023 contract

On 9 December 2020, SNCF Voyageurs, SNCF Gares & Connexions and Île-de-France Mobilités, the Greater Paris transport organising authority, signed operating and investment contracts covering the period 2020-2023 and encompassing transport pricing and service policies for Greater Paris passengers.

These contracts give a central role to production and service quality, including a bonus/penalty system and a passenger repayment mechanism where the situation is unacceptable, as well as compensation linked to passenger ticket validation aimed at fighting fraud.

The contracts also provide for a major investment plan aimed at improving passenger comfort by introducing new trains and implementing a modernised ticket system, as well as bringing accessibility up to standard at 73 stations, improving inter-modality with the creation of additional bike parking spaces, replacing escalators, elevators, information screens and sound systems and renewing signage at 380 stations.

In addition, it includes provisions aimed at preparing the gradual opening to competition of all Ile-de-France rail network lines, primarily through the transfer of ownership at the end of the Ile-de-France Mobilités contract of all assets necessary and useful to its operation. The scope of assets covered by the contract was therefore extended in accordance with Article 21 of Law 27/06/2018 for a New Railway Pact.

2.1.8 Signature of the building permit for the Gare du Nord modernisation project

On 6 July 2020, Michel Cadot, Prefect of the Île-de-France region and Prefect of Paris, issued the building permit authorising the transformation of Gare du Nord station.

On 23 November, the City of Paris, SNCF, SNCF Gares & Connexions and SA Gare du Nord 2024 signed a memorandum of understanding for the modernisation of Gare du Nord station. At the end of an in-depth and constructive dialogue, which will continue over the coming months and years, the discussions were able to provide precise answers to the requests for improvements to the project made by the City of Paris during the public enquiry prior to the issue of the building permit for the Gare du Nord station renovation project, and then in the letter sent to the Prefect of the Île-de-France Region in May 2020.

The agreement between the City of Paris, SNCF, SNCF Gares & Connexions and SA Gare du Nord 2024 paves the way for the modernisation of Europe's largest station, which will be more welcoming for passengers, more open to Parisians - particularly the inhabitants of the 10th arrondissement - more environmentally friendly and safer.

The aim is that the work on the railway station will be completed in time for the 2024 Olympic and Paralympic Games in Paris.

2.1.9 Credit rating

On 7 July 2020, Standard & Poor's Global Ratings downgraded the outlook for its AA- rating from Stable to Watch Negative, reflecting the consequences of the COVID-19 crisis for the Group.

2.1.10 Rail recovery plan

The State's recovery plan for the rail sector resulted in a €4.05 billion capital increase for SNCF SA, which strengthened its equity (see Note 6.5.1).

SNCF SA then paid the same amount of €4.05 billion to the State support fund dedicated to financing the SNCF Réseau infrastructure manager, according to the mechanism set up from 2016 and provided for in Article 2111-24 of the French Transport Code.

Under IFRS, this payment essentially reflects a dividend granted in 2020 to the State shareholder from the reserves, with the State waiving it to allocate it to the support fund intended to finance SNCF Réseau.

This sum of €4.05 billion will be paid by the State to SNCF Réseau in instalments starting in 2021. The annual payments will be made according to the funding requirements for renewal operations expressed by SNCF Réseau. They will be recognised at SNCF Réseau as investment grants on the balance sheet when they are received, i.e. as from 2021.

At 31 December 2020, this amount is presented in off-balance sheet commitments received in the SNCF Group financial statements (see Note 9 to the annual consolidated financial statements).

2.2 SUBSEQUENT EVENTS

The main subsequent events are as follows.

2.2.1 Eurostar financial support

Due to the COVID-19 crisis, Eurostar revenue plummeted in 2020, with a loss of more than 75% of its revenue compared to the actual 2019 figure. Despite the cost-cutting measures undertaken in 2020 by Eurostar and the set-up of financing in June 2020, Eurostar's financial position will again be complex in 2021 due to the cross-border travel restrictions in place following the emergence of the new COVID-19 variants. Faced with these difficulties, Eurostar is currently in discussions with banks and its shareholders to set up a new financing scheme. As the majority shareholder, the SNCF Group will do its utmost to ensure Eurostar's ability to continue operations as a going concern, reiterating its ambition for international high-speed rail transport.

2.2.2 Acquisition of the Polish carrier Pekaes by the Geodis subsidiary

On 1 February 2021, Geodis acquired all the shares of the Polish group Pekaes through its subsidiary Calberson GE. This transaction will strengthen Geodis' positions in Poland which is no. 3 logistics market in Europe.

2.2.3 Payment of the first instalment of State aid to SNCF Réseau

An initial instalment of €1.645 billion was paid on 23 February 2021 by the French State to SNCF Réseau under the rail recovery plan (see Note 2.1.10).

3. PERFORMANCE FOR THE PERIOD

With effect from 1 January 2020, the SNCF Group has decided to report EBITDA in the consolidated income statement, in place of gross profit.

The definition adopted by the SNCF Group for EBITDA is the same as that previously used for gross profit, except that it:
- excludes changes in provisions for employee benefits (retirement termination benefits, long service awards, post-employment benefits, gradual cessation of activity measures, social welfare and the provident plan), which are not dependent on operating activities and have no direct cash impact and
- includes changes in provisions for current assets, which are directly related to operating activities.

EBITDA therefore comprises:
- revenue and other income minus expenses directly attributable to operating activities. Those expenses mainly comprise purchases, sub-contracting, other external services, employee costs, taxes and duties other than income tax, disposals of operating assets (property, plant and equipment - mainly transport equipment - used in the operating cycle and disposed of in connection with upgrades to production facilities) and various other items;
- plus movements in provisions for current assets directly related to operating activities.

Revenue recognition principles are described in Note 3.2.

EBITDA is separate from current operating profit, which includes the majority of non-cash items (depreciation and amortisation, provisions, etc.) and other miscellaneous items not directly attributable to another income statement account. Accordingly, charges to provisions for employee benefits (excluding finance costs), provisions for liabilities and charges and reversals of used and unused provisions are recognised below EBITDA under "Net movement in provisions". EBITDA is therefore only impacted when the expense or loss is covered by the provision is effectively incurred.

3.1 SEGMENT INFORMATION

3.1.1 Determination of reported segments

Following the roll-out of the rail reform on 1 January 2020, the structure of the operating segments within the SNCF Group were reviewed with the following changes:

– The Transilien and TER activities, which previously comprised a single segment, are now presented separately;

– Intercités now forms part of the Voyages SNCF segment;

– Ermewa is presented in the Logistics business, under the Other line item;

– The creation of two segments, Industrial Division and Corporate.

The operations of the SNCF Group are now organised into five business lines and eleven segments:

– The Infrastructure Management business line, comprising two segments:

- SNCF Réseau, whose mission is to commercialise, manage, maintain, upgrade and develop the French national rail network. Its customers are 28 railway operators which use the national rail network and 9 other companies (combined transport operators, ports, etc.) which reserve track slots that they then assign to the railway operator of their choice. This segment includes the following SNCF Réseau subsidiaries: Sferis and Altametris.
- SNCF Gares & Connexions handles the operation and development of France's 3,030 railway stations, ensuring that all operators have fair and equal access. It includes Gares & Connexions SA, and its subsidiaries Arep Group and Retail & Connexions.

– The Passengers business line comprises four segments:

- Transilien: local regulated rail transport services in the Île-de- France (Greater Paris) region.
- TER: regulated regional passenger transport services (rail and road, including urban and suburban), and associated services (Ritmx).
- Voyages SNCF: door-to-door passenger transport in France and across Europe via SNCF Voyageurs SA (TGV, OUIgo, Intercités) and its subsidiaries (Eurostar, Thalys, Lyria, Rielsfera, etc.), and distribution of travel-related products (including via the subsidiary Oui.sncf).
- the Industrial Division: Equipment, Traction, and Rail Production activities and the Masteris subsidiary, which coordinates the Group's industrial operations.

– Keolis handles mass transit systems in 16 countries around the world. Its expertise covers all modes of transportation (train, bus, car, underground, tramway, ferries, bicycles), and the management of interconnection hubs (stations, airports) and parking.

– The Freight & Logistics business line, comprising two segments:

- Geodis: a European operator with global reach, offering management solutions across all or part of the logistics chain (Supply Chain Optimisation, Air & Sea Freight Forwarding, Contract Logistics, Distribution & Express, Road Transport, US Contract Logistics).
- TFMM: a rail/multi-modal freight specialist, including rail and combined freight operators and freight forwarders: Fret SNCF SAS, Captrain France (formerly VFLI), Captrain Europe (formerly Captrain), Naviland Cargo, Forwardis and VIIA SNCF.

– SNCF Immobilier acts as agent or service provider for the other SNCF Group companies in four main areas: managing real estate assets used in operations (master plans to optimise real estate assets, the construction and refurbishment of buildings, and managing leased properties), monetising assets not required for railway operations, managing the working environment in key office premises, and managing residential properties through SNCF SA subsidiary ICF Habitat Group.

All of these segments are served by corporate support functions and other service providers from within the SNCF Group: Shared Service Centres, holding company activities within SNCF Participations, and SUGE (rail safety), along with certain operational subsidiaries that comprise the "Other" segment.

3.1.2 Indicators reported

The key indicators reported for each segment are:

– External revenue, excluding transactions with the Group's other segments.

– Internal revenue comprising transactions between segments.

– EBITDA

– Net investment, which comprises gross acquisitions of property, plant and equipment and intangible assets (including own production capitalised and finance costs), net of (i) investment grants received and (ii) new concession financial assets net of cash inflows, i.e. after the impact of changes in working capital requirements relating to investing activities.

– Gross investment all funding sources, which comprises gross acquisitions of property, plant and equipment and intangible assets as recognised for accounting purposes (including own production capitalised and finance costs), plus new gross concession financial assets.

– Net indebtedness is the sum of current and non-current financial liabilities less current and non-current financial assets, when the latter arise from transactions which, in substance, only involve exchanges of cash flow: issue or receipt of cash in consideration for an expected cash reimbursement or remuneration.

The accounting methods adopted for the preparation of financial data for each segment are those used in the preparation of the consolidated financial statements. The internal revenue is eliminated in an "Inter-segment" line item for purposes of reconciliation with the Group consolidated financial statements.

The comparative data as at 31 December 2019 was restated in line with the new operating segment breakdown.

3.1.3 Segment information

In € millions	External revenue	Internal revenue	Revenue	External EBITDA	Net investment	Investment all funding sources	31/12/2020 Net financial debt
SNCF Réseau	2,406	3,478	5,884	851	-2,681	-5,101	29,422
SNCF Gares & Connexions	186	1,293	1,479	237	-23	-811	786
Intra-business line eliminations		-620	-620				
Infrastructure Management	2,592	4,151	6,744	1,088	-2,703	-5,913	30,208
Transilien	2,946	339	3,285	291	185	-866	-56
TER	4,533	325	4,858	344	80	-519	-1,232
Voyages SNCF	3,693	372	4,066	-1,505	-386	-720	4,926
Industrial Division	60	1,576	1,636	43	-87	-88	872
Other	68	453	522	4	-31	-53	-1,251
Intra-business line eliminations		-2,301	-2,301				
Passengers	11,300	765	12,065	-824	-239	-2,247	3,259
Keolis	5,982	111	6,093	434	-219	-288	1,034
Geodis	8,260	101	8,361	707	-143	-138	669
TFMM (train/multi-modal freight transport)	1,361	102	1,463	17	-55	-58	18
Other	415	74	489	281	-242	-241	-14
Intra-business line eliminations		-92	-92				
Freight & Logistics	10,036	185	10,222	1,005	-441	-436	673
SNCF Immobilier	56	590	645	204	-5	-2	-286
Corporate	9	1,005	1,014	29	-60	-46	3,260
Inter-segment eliminations		-9,820	-9,820				
Total	29,975	-	29,975	1,936	-3,667	-8,932	38,148

In € millions	External revenue	Internal revenue	Revenue	External EBITDA	Net investment	Investment all funding sources	31/12/2019(*) Net financial debt
SNCF Réseau	2,428	4,073	6,501	1,771	-2,965	-5,625	51,852
SNCF Gares & Connexions	282	1,261	1,543	244	-248	-411	748
Intra-business line eliminations		-320	-320				
Infrastructure Management	2,710	5,014	7,724	2,015	-3,213	-6,035	52,600
Transilien	2,827	404	3,231	32	-203	-1,118	746
TER	4,575	476	5,051	326	-88	-611	-887
Voyages SNCF	8,230	519	8,749	1,264	-688	-1,187	2,923
Industrial Division	61	1,665	1,727	95	-97	-102	923
Other	167	499	666	35	-74	-72	-1,862
Intra-business line eliminations		-2,618	-2,618				
Passengers	15,860	946	16,805	1,752	-1,149	-3,090	1,844
Keolis	6,475	118	6,592	627	-287	-310	1,121
Geodis	8,072	117	8,188	716	-141	-138	726
TFMM (train/multi-modal freight transport)	1,531	125	1,656	-41	-52	-52	5,408
Other	404	82	486	266	-270	-284	883
Intra-business line eliminations		-104	-104				
Freight & Logistics	10,007	220	10,227	941	-463	-457	7,017
SNCF Immobilier	43	492	534	203	-28	-19	-236
Corporate	27	1,072	1,098	120	-96	-100	-2,064
Inter-segment eliminations		-10,903	-10,903				
Total	35,120	-	35,120	5,658	-5,237	-10,013	60,281

(*) The comparative data as at 31 December 2019 was restated in line with the new operating segment breakdown

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Pursuant to IFRS 8 (section 33), information concerning geographical areas is not provided since the necessary information is unavailable and the cost to prepare it would be excessive.

3.2 REVENUE

SNCF Group generates its revenue from contracts with customers, in accordance with IFRS 15. It corresponds to all compensation (transaction price) collected from business transactions carried out in connection with its main standard and recurring operating activities. SNCF Group revenue is generated by its business lines:
- Passengers (Voyages SNCF, TER, Transilien, Industrial Division),
- Infrastructure Management (SNCF Réseau, SNCF Gares & Connexions),
- Keolis,
- Freight and Logistics (Geodis, TFMM –Fret SAS),
- SNCF Immobilier.

The transaction price mainly comprises:
- fixed contractual compensation agreed to with the customer,
- variable consideration corresponding to an entitlement subject to the realisation of recurring future events that can be reliably estimated using predictive methods. This mainly involves discounts and rebates granted to customers, penalties and indemnification following failure to meet contractual specifications and gains or losses regarding the performance of contractual objectives,
- consideration payable to customers corresponding to amounts paid or payable that is deducted from the transaction price when it does not correspond to distinct services received from the customer.

For the most part, guarantees are granted to customers in connection with passenger and freight transportation. They may be used to provide assurance that services sold meet contractual specifications (assistance guarantee, guarantee for damages, etc.). In this case, costs are provided for in accordance with IAS 37. When they correspond to a penalty incurred because a certain level of performance has not been met, they are deducted from revenue as a variable consideration of the transaction price (punctuality guarantee, travel vouchers issued due to disruptions, etc.). Finally, when they correspond to an additional service provided to the customer, they are recognised in revenue as a separate performance obligation.

The Group recognises revenue in its consolidated financial statements once control over the service is transferred to the customer:
- Under the multi-year agreements with the Transport Organising Authorities, the Group operates a transportation service. The performance obligation consists in maintaining continued access to the transport public service for users. The transaction price is determined on a yearly basis, according to the estimated operating costs and the criteria for achieving certain contractually defined performance objectives. Given the direct relationship between the parameters used to calculate compensation and the expected level of performance in completing the service over the same period, the annual compensation received is allocated directly to the annual services to which it corresponds. Control is therefore considered to be transferred over time and revenue is recognised on a straight-line basis over the period based on the accepted price quote.
- Regarding the other passenger transport activities, control is transferred as soon as the travel service is provided. Payment of the transaction price is due once the customer receives the service,
- Rail network usage fees paid by rail operators are recognised as revenue when trains are actually running, with control over the service transferred on such date,
- Regarding freight transport and logistics services, control over the service is steadily transferred over a short period and revenue can be recognised, given the very short duration, at a given time (goods departure or arrival),
- Services for which control is transferred over a long period primarily correspond to some real estate activities and certain station management activities.

The SNCF Group derives revenue from providing services, at a point in time or continuously over a period of time, to private individuals and to public and private sector customers. The key revenue-generating service lines are:

In € millions	31/12/2020	31/12/2019	Change	Segment
Passenger transport revenue	3,174	7,144	-3,970	Voyages SNCF
Freight transport revenue	7,010	7,043	-34	Freight & Logistics business unit
Other services ancillary to transport	2,604	2,615	-11	Voyages SNCF, Freight & Logistics business unit
Fees from Transport Organising Authorities (TOA) for regulated operations	13,199	13,914	-715	Transilien, TER, Keolis
Rail network management fees	2,251	2,205	46	SNCF Réseau
Station management revenue	186	286	-99	SNCF Gares & Connexions
Real estate rental revenue (excluding rent generated by stations)	97	126	-29	Freight & Logistics business unit, Voyages SNCF, Corporate
Transport equipment leasing revenue	361	352	9	Freight & Logistics business unit, Transilien, TER, Keolis
Upkeep and maintenance services	229	254	-25	All segments
Other revenue	865	1,182	-317	All segments
Revenue by main service line	29,975	35,120	-5,145	
Public sector (public bodies)	15,387	16,216	-829	
Private individuals	3,317	7,440	-4,123	
Private sector companies	11,272	11,464	-193	
Revenue by customer type	29,975	35,120	-5,145	
Immediate or one-day transfer	5,815	10,116	-4,301	
Point-in-time transfer over a period of less than one year (logistics, freight transport and compensation from OA)	23,545	24,391	-846	
Services provided continuously over more than one year (real estate, some station management operations, etc.)	615	613	2	
Revenue by recognition rate	29,975	35,120	-5,145	

3.3 TRANSACTIONS WITH TRANSPORT ORGANISING AUTHORITIES

As part of its transport activities, the Group provides public services on behalf of the Transport Organising Authorities (TOA or OA): the French State or various regional authorities. These services are covered by operating agreements with terms of 3 to 10 years. Rail transport regulated services are mainly operated by Keolis and SNCF Voyageurs (Transilien, TER and Intercités). They are included in the scope of IFRIC 12 when the assets used to provide a public service are controlled by the Transport Organising Authority (TOA). Control is deemed to occur when the following two conditions are met:

- the OA controls or regulates the public service, i.e. the OA controls or regulates the services that must be provided with the infrastructure that is the subject of the concession, and determines to whom it must provide them, and at what price; and
- the OA controls the infrastructure, i.e. is entitled to recover the equipment at the end of the contract.

Pursuant to IFRIC 12, the infrastructures developed by the public sector delegatee under the operating contract are not recorded as property, plant and equipment in the balance sheet, but rather as an intangible asset ("intangible asset model") and/or a financial asset ("financial asset model") according to the remuneration commitment given by the OA:

- the "intangible asset model" applies where the Group, as operator, receives a right to charge users of the public service and is paid in substance by the user, which means the operator bears a demand risk;
- the "financial asset model" applies where the Group has an unconditional right to receive cash or another financial asset, either directly from the OA or indirectly by means of guarantees given by the OA on the revenue from users of the public service. The consideration is independent of user numbers. Investment grants are classified, in this case, as a repayment clause of the operating financial asset. The Group has opted to categorise these financial assets in loans and receivables pursuant to IFRS 9 and to record them at amortised cost.

IFRIC 12 is applied retrospectively to financial periods beginning on or after 1 January 2010 for investments carried out after the conclusion of such agreements. Prior investments continue to be recorded in property, plant and equipment.

Pursuant to IFRS 15 "Revenue from contracts with customers", SNCF Group presents passenger revenue from regulated activities as revenue from transport organising authorities and not from private individuals.

For certain contracts, where the Group is not involved in the distribution process as an agent of the Operating Authority, the distribution service is recorded in the amount of service costs plus the margin attributable to this service.

Transactions with Transport Organising Authorities (TOAs) have the following impacts on the SNCF Group's consolidated financial statements:

In € millions	31/12/2020	31/12/2019	Change
Services with OA	11,803	11,093	710
Revenue generated from passenger ticket sales	1,155	2,601	-1,447
Services with the French state as OA of the Trains d'Équilibre du Territoire	169	179	-10
Interest income arising from concession financial assets	73	41	32
Impacts on revenue (*)	13,199	13,914	-715
New concession financial assets	-1,469	-1,494	24
Cash inflows from concession financial assets	1,863	1,508	356
Investment grants relating to intangible assets and PP&E (1)	3,319	3,120	199
Impacts on cash flow used in investing activities	3,714	3,134	579
(*) of which Keolis revenue	5,386	5,930	-544
of which SNCF Voyageurs revenue	7,813	7,984	-171

In € millions	31/12/2020	31/12/2019	Change
Intangible concession assets	109	112	-2
Non-current concession financial assets	2,016	966	1,050
Impacts on non-current assets	2,125	1,078	1,047

(1) Includes €2,470 million in 2020 (€2,601 million in 2019) of grants for SNCF Réseau rail network infrastructure.

New investment grants mainly concern the network and stations in the amount of €2,914 million and passenger transport regulated activities in the amount of €350 million.

The decrease in revenue from passenger sales tickets was due for €605 million to the coming into effect on 1/1/2020 of the new agreement with IDF Mobilités under which tickets are now sold by the OA, Transilien, as an "agent" within the meaning of IFRS 15 and it receives compensation for its distribution service recognised in revenue (see 2.1.8).

The overall decline in revenue was primarily due to the health crisis although conventional mechanisms mainly based on operating costs helped to limit this decrease.

The new concession financial assets presented in the table above represent the investments in returnable assets in connection with passenger transport regulated activities (Transilien €876 million, TER €315 million and Intercités €235 million). The grants relating to these investments are presented under "cash inflows from concession financial assets" and are deducted from concession financial assets in the balance sheet.

The rise in concession financial assets was attributable for €993 million to the coming into effect of the new agreement with IDF Mobilité which provides for the takeover of the assets by the OA at the end of the concession.

3.4 OTHER ITEMS

3.4.1 Purchases and external charges

Purchases, sub-contracting and other external charges:

In € millions	31/12/2020	31/12/2019	Change
Sub-contracting	-6,069	-6,076	7
Eurotunnel and other infrastructure fees	-698	-904	206
Other purchases and external charges	-5,454	-6,047	593
Traction energy	-507	-634	127
Purchases and external charges	-12,729	-13,660	932

The Group's consolidated financial statements were audited by the statutory auditors EY and PWC. The breakdown of their fees for work carried out for the parent company and its French subsidiaries included in "Purchases and external charges" is as follows. Services other than certification mainly include consistency reports, contractual audits and agreed-upon procedures.

This information is not required under IFRS, but disclosed in accordance with regulation 2016-09 of 2 December 2016 issued by the French Accounting Standards Authority (ANC).

	31/12/2020		31/12/2019	
In € millions	E&Y	PWC	E&Y	PWC
Accounts certification	-6	-5	-6	-5
Parent company	0	0	0	0
French subsidiaries	-5	-5	-6	-5
Services other than certification	-1	-1	-1	0
Parent company	0	1	0	0
French subsidiaries	-1	0	-1	0
Total	-6	-6	-7	-5

3.4.2 Employee benefit expenses and headcount

Employee benefit expenses mainly comprise wages, social security contributions, employee profit-sharing and expenses for other employee benefits, excluding changes in provisions for employee benefits.

Use of the furlough scheme in response to the COVID-19 crisis has been made easier by the latest government job protection measures. Ordinance no. 2020-346 of 27 March 2020 extended the scheme to "non-State employees of enterprises included in the national register of undertakings under majority State control, as mentioned in paragraph 3 of Article L.5424-1 of the French Labour Code", thereby bringing all SNCF Group companies within the scheme.

As a result, the SNCF Group companies were able to use the scheme from mid-March onwards. The Group has recognised net furlough payments (excluding the portion self-insured under the UNEDIC unemployment insurance scheme), as a reduction in the expected cost of short-term employee benefits, decreasing employee benefit expenses.

As from 1 January 2015, pursuant to Law 2014-288 of 5 March 2014 relating to professional training, employment and social democracy, the individual training entitlement (DIF) was replaced by the personal training account (CPF). This account is assigned to the individual (and not the employment contract) and accompanies the employee throughout his or her professional life. The personal training account is activated by the employee with or without the approval of the employer depending on whether the training is eligible within the meaning of Articles L. 6323-6, L. 6323-16 and L. 6323-21, and does or

does not take place during working hours.
The DIF enabled employees to take continuing education courses, accumulating 20 hours of training per year, up to a limit of 120 hours. On the transition to the CPF in 2015, hours vested under the DIF could be retained, but had to be used before 31 December 2020. The order of 21 August 2019 cancelled this deadline, however employees have to transfer their DIF hours to their CPF before 30 June 2021 and convert the DIF into euros to benefit from their DIF balance.
The accounting treatment of the CPF is the same as that applied to the DIF: the sums paid to training organisations represent an expense for the period and no provision is recognised. As the case may be, and given that in most cases employee training will benefit the company's future activity, the outflow of resources relating to its funding obligation would be compensated.
As at 31 December 2020, employee benefit expenses and headcount break down as follows:

In € millions	31/12/2020	31/12/2019(*)	Change
Wages and salaries	-13,505	-13,947	442
Profit-sharing and incentive schemes	-29	-45	16
Seconded and temporary employees	-531	-557	27
Employee benefit expense	-14,064	-14,549	485

(*) With effect from 1 January 2020, the SNCF Group has decided to report EBITDA as a performance indicator in place of gross profit. The comparative figures shown were restated (see Note 1.4 to the consolidated financial statements).

The average number of employees breaks down by socio-professional category as follows. The average number of employees includes those of fully-consolidated companies and the share of those in joint operations. The calculation corresponds to a mathematical average number of employees at the end of each calendar quarter, pursuant to regulation 2016.09 of 2 December 2016.

Average number of employees	31/12/2020	31/12/2019
Managers	59,052	57,565
Supervisors	59,334	61,204
Labourers	153,123	157,582
Total	271,509	276,350

3.4.3 Taxes and duties other than income tax

Taxes and duties other than income tax included in EBITDA mainly comprise the flat rate taxation of network companies (IFER), the Territorial Economic Contribution (CET), and the Territorial Solidarity Tax (CST).

The CET has two components: the *Cotisation Foncière des Entreprises* (CFE), assessed on the rental value of assets subject to real estate tax, and the *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE), computed on the basis of the added value generated by the company.

The Territorial Solidarity Tax (CST) is based on total revenue collected on the year-end tax due date relating to non-regulated passenger rail transport services and commercial services, net of State contributions compensating reduced and regulated fares.

In € millions	31/12/2020	31/12/2019	Change
IFER	-284	-276	-8
Property taxes	-135	-138	2
Territorial Economic Contribution	-310	-344	34
Territorial Solidarity Tax	-16	-16	0
Payroll taxes	-126	-182	56
Other taxes and duties other than income tax	-425	-424	0
Of which Other taxes based on compensation	*-364*	*-336*	*-28*
Taxes and duties other than income tax	-1,296	-1,379	83

As at 1 January 2018, the operating contributions paid by the Organising Authorities (Regions and Île-de-France Mobilités) to SNCF Voyageurs, in connection with its regional transport activity, are incorporated into the payroll tax calculation base.

Furthermore, Law 2018-771 ("Professional Future") of 5 September 2018, effective as at 1 January 2019, reforms payments of apprenticeship tax.

3.4.4 Other operating income and expenses

For the year ended 31 December 2020, "Other operating income and expenses" totalled €49 million (€127 million for the year ended 31 December 2019). This decrease was primarily due to the reclassification in EBITDA of changes in impairment of trade receivables, inventories and other receivables (see also Note 1.4.1).

4. OPERATING ASSETS AND LIABILITIES

4.1 GOODWILL

Pursuant to the purchase method, the identifiable assets and liabilities of the acquired company that meet IFRS recognition criteria are recognised at their fair value at the acquisition date, except for assets classified as held for sale, which are measured at fair value less costs to sell, deferred taxes which are recognised under IAS 12 "Income taxes" and employee benefits recognised in accordance with IAS 19.
Costs directly attributable to the acquisition are excluded from the acquisition cost and expensed directly to profit or loss.
Where control is acquired in stages, the previously-held interest is remeasured to fair value through operating profit.
Additional consideration is recognised at fair value at the date of acquisition of control through goodwill, if and only if it is received during the allocation period and relates to new information on the existing situation at the date of control. Otherwise, it is recognised in profit or loss or in other comprehensive income in accordance with IFRS 9.

Only identifiable liabilities meeting the recognition criteria of a liability or contingent liability in the acquired company are recognised at the acquisition date for the purpose of allocating the cost of the business combination. Therefore, a restructuring liability of the acquired company is only recognised for the purpose of allocating the business combination cost if, at the date of the acquisition, the acquired entity has a present obligation to perform this restructuring.

Adjustments to the fair value of assets and liabilities acquired as part of a business combination initially recognised based on provisional values (due to ongoing external valuation procedures or outstanding additional analyses) are recognised as retrospective adjustments to goodwill if they arise in the 12 months following the acquisition date and relate to additional information obtained on situations prevailing at the acquisition date. After this period, any adjustments are recognised directly in profit or loss unless they represent corrections of an error.

The Group has opted for the partial goodwill method and recognises in the balance sheet only the portion of goodwill attributable to equity holders of the parent, excluding goodwill attributable to non-controlling interests.
Goodwill is not amortised but is subject to impairment tests when there is an indication of impairment and at least once a year, according to the methods described in Note 4.4. Negative goodwill is recognised immediately in operating profit.

In the event of a loss of control of a subsidiary, the disposal capital gain or loss takes into account the net carrying amount of the allocated goodwill.
Purchases and disposals of non-controlling interests (minority interests) without a change in the level of control are allocated to equity.
Movements in goodwill in 2019 and 2020 break down as follows:

In € millions	Gross value	Impairment	Net value
As at 1 January 2019	2,731	-402	2,330
Acquisitions	174	0	174
Impairment losses	0	-1	-1
Disposals	-14	2	-12
Currency translation	34	-1	32
Other changes	-10	0	-10
As at 31 December 2019	2,914	-402	2,513
As at 1 January 2020	2,914	-402	2,513
Acquisitions	0	0	0
Impairment losses	0	-4	-4
Disposals	-20	10	-11
Currency translation	-76	1	-75
Other changes	-302	7	-295
As at 31 December 2020	2,516	-389	2,127

Disposals in 2020 mainly include the sale of Ouicar for -€11 million. “Other changes” mainly include the reallocation of Effia goodwill (contractual rights of -€131 million and deferred tax liabilities of €32 million) and the reclassification of Ermewa goodwill into assets classified as held for sale for -€197 million (see Note 4.3.2).

For 2019, acquisitions mainly comprised STEMI (€82 million), Parking Cathédrale SA (€63 million) and Parking de l'Esplanade SA (€12 million), all acquired by Keolis; and Railtraxx (€12 million), acquired by TFMM. Disposals relate to Euromatic. The “Other changes” line was impacted by a reallocation of goodwill to intangible assets (concession, patents and other rights) at Keolis Santé.

The main goodwill balances at the end of the reporting period are:

In € millions	31/12/2020	31/12/2019	Change
Keolis	627	729	-102
SNCF Voyageurs (*)	396	418	-22
Freight & Logistics	1,104	1,354	-251
of which Geodis CGU	*1,072*	*1,125*	*-53*
of which Rail Freight Fleet Management CGU	*0*	*197*	*-197*
of which Other rail operations	*32*	*32*	*0*
SNCF Corporate (**)	0	11	-11
Total	2,127	2,513	-385

(*) Includes €353 million for Eurostar (€373 million in 2019).
(**) Includes Ouicar (€11 million in 2019), transferred from Corporate to SNCF Voyageurs on 1 January 2020 and sold in October 2020.

4.2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

4.2.1 Intangible assets

Intangible assets mainly consist of brands acquired during business combinations, purchased software and software developed in-house, as well as industrial processes.
Intangible assets purchased for valuable consideration are recorded at initial acquisition cost or, where applicable, at fair value at the date of acquisition of control if such assets are acquired in connection with a business combination.
Intangible assets developed in-house are recorded in assets at production cost when they satisfy IAS 38 criteria.
Amounts are recorded in the balance sheet net of amortisation and impairment losses. Intangible assets with a definite useful life are amortised over their period of use in accordance with the durations detailed in Note 4.2.1.
Intangible assets with an indefinite useful life are tested periodically for impairment as disclosed in Note 4.4.

	31/12/2020			31/12/2019		
In € millions	Gross	Amortisation and impairment	Net	Gross	Amortisation and impairment	Net
Concessions, patents, software	2,585	-1,956	629	2,703	-1,997	706
Concession intangible assets (Note 3.3)	177	-68	109	160	-48	112
Other intangible assets	2,131	-1,146	985	2,200	-1,132	1,068
Intangible assets in the course of development	444	-20	425	490	-7	483
TOTAL	5,338	-3,190	2,148	5,552	-3,184	2,368

Other intangible assets mainly include brands acquired during business combinations for €375 million (€415 million in 2019), customers for €143 million (€273 million in 2019) and contractual rights for €330 million (€244 million in 2019).

Movements in intangible assets break down as follows:

In € millions	Concessions, patents, software	Intangible concession assets	Other intangible assets	Intangible assets in the course of development	Total
Net carrying amount as at 01/01/2019	581	76	1,128	419	2,205
Acquisitions	46	0	25	391	462
Disposals	-5	0	-2	-1	-8
Amortisation	-265	-17	-120	0	-403
Impairment losses	0	0	-4	-6	-10
Change in Group structure	-1	0	18	0	17
Currency translation	1	0	25	1	26
Other changes	350	53	-2	-321	79
Net carrying amount as at 31/12/2019	706	112	1,068	483	2,368
Acquisitions	46	0	-1	268	312
Disposals	-8	0	0	-1	-8
Amortisation	-262	-20	-114	0	-396
Impairment losses	0	0	-32	-13	-45
Change in Group structure	1	0	8	0	9
Currency translation	-1	0	-31	-1	-33
Other changes	148	18	88	-311	-59
Net carrying amount as at 31/12/2020	629	109	985	425	2,148

Acquisitions are described in Note 4.2.4. "Other changes" mainly include the allocation of Effia goodwill as contractual rights of €131 million and the reclassification of Ermewa intangible assets as assets classified as held for sale for -€99 million in accordance with IFRS 5 (see Note 4.3.2).

4.2.2 Property, plant and equipment

The property, plant and equipment of the Group include assets made available by the French State and assets owned outright.
Property, plant and equipment owned outright are recorded in consolidated assets at acquisition cost. Internally produced assets are recorded at production cost. Property, plant and equipment acquired as part of a business combination are recorded at their fair value on entry into the consolidation scope.
The production cost of assets manufactured comprises the cost of raw materials and labour used to manufacture the assets, including that of purchased spare parts. Interest costs are capitalised pursuant to IAS 23. Property, plant and equipment are not subject to periodic revaluation.

Maintenance and repair expenses are recognised as follows:

- for rolling stock:
  - current maintenance expenses borne during the useful life of equipment (repair work on faulty spare parts and replacement of unusable and missing parts) are recorded as operating expenses;
  - expenses under multi-year major overhaul programmes are capitalised as a separate overhaul component and depreciated;
  - overhauls performed at the end of the initial useful life of a component, together with refurbishment and transformation costs, are capitalised in assets where they extend the useful life;

- for fixed installations:
  - current maintenance and repair expenses (technical inspections, maintenance contracts, etc.) are recorded as operating expenses;
  - expenses under multi-year major building maintenance programmes are capitalised via the partial or total replacement of each component concerned.

Dismantling obligations for rolling stock containing asbestos are offset against an increase in the value of the equipment in balance sheet assets (see Note 4.6).

Investment property
Investment property consists of property assets held by the Group in order to collect rents or for capital appreciation. Investment property is measured at acquisition cost and depreciated on a straight-line basis over the respective useful lives.
As part of the first-time adoption of IFRS, their balance sheet value was calculated using the most appropriate estimate based on the total value of land and buildings. This amount has since been depreciated and reduced by the value of the disposals.

Rail infrastructures
The production cost of projects is capitalised in assets from the "pre-project" phase, with preliminary studies expensed in the period incurred.
For projects carried out directly, production cost includes the cost of studies, construction work, purchase cost and compensation paid for land acquisitions and direct operating expenses.
The production cost of work carried out under Public-Private-Partnerships (PPP) or concession arrangements is recognised in line with the physical progress of work based on the percentage completion communicated by the partners or concession holder. It consists of the sum of fees invoiced by the partners or concession holder plus the present value of future fees payable, multiplied by the percentage completion.
SNCF Réseau recognises an impairment in respect of non-completion risk on so-called "dormant" projects. A progressive fixed impairment is recognised on these projects where no costs have been allocated for over one year. Furthermore, where a trigger events calls into question the completion of a project, an exceptional impairment is recognised covering 100% of expenditure incurred. Both the fixed impairment and the exceptional impairment are calculated net of earned grants associated with the corresponding projects.
When a project is effectively abandoned, all expenditure incurred and grants earned in respect of the project are recognised in profit or loss and any impairment recorded is reversed.

Investment grants
The Group receives investment grants from third parties (French State, regional authorities, Regions, etc.) to finance the production of certain assets. They are presented as a deduction from the corresponding asset.
The methods used to amortise and release grants are specified in Note 4.2.5.

Property, plant and equipment breaks down as follows by category:

	31/12/2020			31/12/2019		
In € millions	Gross	Depreciation and impairment	Net	Gross	Depreciation and impairment	Net
Investment property	302	-24	278	312	-24	288
Land and buildings	25,368	-11,472	13,895	24,537	-10,957	13,581
Tracks, earthworks, engineering works and level crossings	56,921	-24,023	32,898	55,702	-23,043	32,659
Technical, electrical, telecoms and signalling equipment, plant and tooling, and other assets	29,679	-14,873	14,806	29,497	-14,071	15,426
Transport equipment(*)	31,642	-21,293	10,349	34,758	-22,462	12,296
Property, plant and equipment under construction	16,841	-21	16,820	14,877	-21	14,857
TOTAL EXCLUDING GRANTS	160,753	-71,706	89,047	159,684	-70,578	89,107
Investment grants	47,109	-10,279	36,830	50,471	-13,038	37,433
TOTAL	113,644	-61,427	52,217	109,213	-57,539	51,674

(*) Includes €987 million for transport equipment under construction (2019: €965 million).

Movements in property, plant and equipment, after investment grants, break down as follows:

In € millions	Investment property	Land and buildings	Tracks, earthworks, engineering works and level crossings	Technical, electrical, telecoms and signalling equipment, plant and tooling, and other assets	Transport equipment (*)	Property, plant and equipment under construction	Investment grants	Total net of grants
Net carrying amount as at 31/12/2018	298	13,203	31,222	15,545	12,265	12,678	-34,809	50,401
Acquisitions	0	34	0	176	1,220	6,627	-3,133	4,924
Disposals	-9	-47	0	-7	-40	-1	2	-101
Net depreciation	-1	-599	-1,075	-1,092	-1,280	0	1,302	-2,744
Impairment losses	0	-43	0	-7	-18	14	0	-55
Change in Group structure	0	36	0	6	199	-6	26	261
Currency translation	0	3	0	4	52	0	1	60
Other changes	0	995	2,512	801	-101	-4,456	-823	-1,072
Net carrying amount as at 31/12/2019	288	13,581	32,659	15,426	12,296	14,857	-37,433	51,674
Acquisitions	0	6	0	194	784	6,166	-3,594	3,556
Disposals	-9	-3	0	-6	3	-1	0	-15
Net depreciation	-1	-628	-1,104	-1,177	-1,212	0	1,462	-2,660
Impairment losses	0	-75	0	-78	-23	0	0	-176
Change in Group structure	0	516	-534	7	-1	1	0	-10
Currency translation	0	-3	0	-11	-56	-1	1	-70
Other changes	0	501	1,877	452	-1,443	-4,202	2,733	-82
Net carrying amount as at 31/12/2020	278	13,895	32,898	14,806	10,349	16,820	-36,830	52,217

(*) Includes transport equipment under construction.

Acquisitions in the amount of €7,150 million are described in Note 4.2.4. Depreciation charges and the impacts of impairment losses on the income statement are presented in Notes 4.2.5 and 4.4.

Other changes during the year mainly correspond to the commissioning of completed PP&E previously recognised as PP&E under construction, the reclassification of Ermewa PP&E for -€1,580 million (primarily transport equipment) as assets classified as held for sale (see Note 4.3.2), and the reclassification of Transilien PP&E as concession financial assets for -€993 million (see Note 3.3).

The breakdown of investment grants recognised during the year in the amount of €3,594 million is provided in Note 4.2.4.

4.2.3 Leases

Pursuant to IFRS 16, the existence of a lease in a contract is mainly based on the control exercised by the lessee over the right to use an identified asset for a period of time. Eligible contracts are therefore presented on the balance sheet by recording:

- an asset corresponding to the right-of-use of the leased asset over the term of the lease;
- a liability corresponding to the discounted value of the residual payments due to the lessor.

Off-balance sheet lease commitments concern leases that have been signed but the leased assets have not yet been made available, as well as leases of assets with a low value and short-term leases.

Measurement of the right-of-use asset

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

— the initial amount of the lease liability plus any lease payments made to the lessor, less any lease incentives received;

— any initial direct costs incurred by the lessee for the conclusion of the lease;

— an estimate of costs in dismantling and restoring the leased asset, according to the terms and conditions of the lease.

The right-of-use asset is depreciated over the lease term or the useful life of the underlying asset when the contract provides for a purchase option that the lessee is reasonably certain to exercise.

Measurement of the lease liability (see Note 6 Capital and financing)

At the commencement date, the lease liability shall be measured at an amount equal to the present value of the lease payments over the lease term.

The following amounts are taken into account when measuring lease liabilities:

— fixed payments (including in-substance fixed payments, i.e. payments that contain variability but are unavoidable);

— variable lease payments that depend on an index or a rate, using the index or rate as at the commencement date;

— amounts expected to be payable by the lessee under residual value guarantees;

— payments of penalties on the exercise of an option to terminate or not renew the lease, if the lease term was determined based on the assumption that the lessee would exercise such option.

Certain events may result in the values recorded on the balance sheet being re-estimated. This mainly involves the following situations:

— modification of the lease term, lease payment or scope of the leased assets;

— modification relating to whether it is considered reasonably certain (or not) to exercise an option;

— re-estimate relating to residual value guarantees;

— revised rates or index on which lease payments are based.

Broadly speaking, as the interest rate implicit in the lease is difficult to determine, the incremental borrowing rate is used to discount the lease liability. This rate is the rate of interest that the lessee would have to pay, at the lease commencement date, to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

This incremental borrowing rate is obtained by adding together the government bond rate and the credit spread. The government bond rate is a rate at maturity, specific to the location, currency and term of the lease. Where necessary, an additional premium may be used to reflect the quality of the underlying asset.

The lease term corresponds to the negotiated contractual term. Termination and extension options are only taken into account if a specific context enables the Group to be reasonably certain to:

— exercise an extension option, for instance, if the leased asset is considered as "strategic" or is subject to "major" investments whereas the residual lease term is significantly low.

— exercise a contractually agreed termination option.

In its interpretation of 26/11/2019, IFRIC set forth the principle whereby an "economic" lease term measured beyond the contractual term is taken into account. The Group did not revise the term of its leases as a result of this interpretation.

In-substance purchases

Certain transactions are considered as in-substance purchases of property, plant and equipment. These are financial arrangements with the following features:

- the lessee has a retention of legal title used as a guarantee of the repayment and payment of interest;

- the Group has initially purchased the equipment or has a predominant role in the purchase process with builders;

- the option must be exercised at the lease term in accordance with contractual terms and conditions.

As these financial arrangements are in-substance purchases and not leases, the corresponding liability is considered as a financial liability under IFRS 9 and as an item of property, plant and equipment in assets under IAS 16.

Practical expedients

Pursuant to the practical expedients set forth in the standard, the Group does not capitalise short-term leases (term of 12 months or less) and low value assets lease (indicative threshold of €5,000).

Right-of-use assets break down by category as follows:

	31/12/2020			31/12/2019		
In € millions	Gross	Depreciation and impairment	Net	Gross	Depreciation and impairment	Net
Land and buildings	3,315	-1,137	2,178	2,969	-717	2,252
Transport equipment	2,433	-909	1,524	2,226	-667	1,559
Other	231	-98	133	219	-81	138
TOTAL	5,979	-2,143	3,836	5,413	-1,465	3,948

Leases in the "Land and Buildings" category relate mainly to buildings such as warehousing, retail stores, offices, etc. Leases in the "Transport equipment" category include leases of rail and road transport equipment (including buses, trains, locomotives, cars, etc.).

Leased assets in the "Other" category mainly comprise technical equipment used in the operating cycle with significant financial implications.

Movements in leases break down as follows:

In € millions	Land and buildings	Transport equipment	Other	Total
Net carrying amount as at 01/01/2019	2,436	1,605	127	4,169
New leases contracted	366	338	66	769
Impact of expired or terminated leases	-17	-1	0	-18
Depreciation	-495	-419	-51	-966
Impairment losses	0	0	0	0
Change in Group structure	-12	30	-5	12
Other changes (lease amendments, remeasured assumptions, etc.)	-26	6	1	-19
Net carrying amount as at 31/12/2019	2,252	1,559	138	3,948
New leases contracted	534	415	65	1,015
Impact of expired or terminated leases	-78	-8	-7	-93
Depreciation	-530	-424	-55	-1,009
Impairment losses	-23	0	0	-23
Change in Group structure	12	-22	-1	-11
Other changes (lease amendments, remeasured assumptions, etc.)	12	4	-7	9
Net carrying amount as at 31/12/2020	2,178	1,524	133	3,836

For details of depreciation charged to profit or loss, see Note 4.2.5.

The Group did not capitalise the following lease payments:

In € millions	31/12/2020	31/12/2019
Short-term leases	-105	-165
Low-value asset leases	-40	-48
Variable leases	-3	-7
Leases that are not eligible	-147	-220

4.2.4 Investment

Net cash outflows from investing activities relating to acquisitions of property, plant and equipment and intangible assets break down as follows:

In € millions	31/12/2020	31/12/2019
Intangible assets	-312	-462
Property, plant and equipment	-7,150	-8,057
Total acquisitions	-7,462	-8,519
Change in investment WCR	82	148
Intangible assets and PP&E capital expenditure flows	-7,381	-8,371

Investments in property, plant and equipment in the period relate mainly to:

– software developed in-house, either already brought into service or still under development, of which €129 million for SNCF Voyageurs and €85 million for SNCF Réseau and its subsidiary Gares et Connexions.

– investment expenses at SNCF Réseau for rail infrastructures in the amount of €4,851 million, mainly involving network upgrade investments (track renewal, deployment of fibre optics, signalling and Centralised Network Command), network compliance and development projects (EOLE, CDG Express, regional development projects),

– investments at Gares & Connexions for €806 million mainly correspond to station upgrades, station accessibility work, regional development projects financed by the French State-Region plan (CPER) and the EOLE project,

– acquisitions and upgrades of rail and road transport equipment amounting to €784 million (including acquisitions of "NAT" trains for Transilien, Océane trains, the "TGV of the future", TGV UFC trains, Eurostar trains, wagons, transcontainers and containers, TGV upgrades, and electric railcars).

– Upgrades to SNCF Voyageurs buildings for €196 million, (mainly work relating to the Tangentielle Ouest, the modernisation and adaptation of technicentres and workshops, primarily for Régiolis or Régio2N train maintenance).

Investment grants recognised in the period for property, plant and equipment amounted to €3,594 million, comprising €247 million for rail equipment and €3,347 million for fixed installations and rail infrastructure projects (expansions/renewals). The difference between that amount and the amount of grants received (€3,319 million) is mainly due to the change in working capital requirements during the period relating to investment grant receivables, particularly at SNCF Réseau which recognises the "earned" grant as an investment grant.

Investments for 2019 primarily comprised:

– software developed in-house, either already brought into service or still under development, of which €74 million for SA Réseau,

– investments at SNCF Réseau, including:

- €4,928 million in direct production.
- €90 million in maintenance activities.
- €153 million in direct acquisitions.

– acquisitions and upgrades to stations and buildings totalling €988 million (including the construction of new industrial facilities in the Hellemmes technicentre, redevelopment and upgrade of the passenger building at Paris Montparnasse station, work on the Tangentielle Ouest, extension or adaptation of maintenance workshops for Régiolis or Régio2N trains, the Massy / Evry and Clichy / Montfermeil tram-train projects),

– acquisitions and upgrades of rail and road transport equipment amounting to €1,215 million (including acquisitions of "NAT" trains for Transilien, Océane trains, the "TGV of the future", TGC UFC trains, Eurostar trains, wagons, transcontainers and containers, TGV upgrades; and electric railcars).

Asset-financing grants received totalled €3,133 million, including €123 million for rail equipment and €3,010 million for fixed installations.

4.2.5 Depreciation and amortisation

Amortisation of intangible assets

Intangible assets:

- are amortised on a straight-line basis over their useful life, which is generally less than five years, where they have a definite useful life.
- are amortised over the term of the arrangement, in the case of concession intangible assets.

Where an intangible asset has an indefinite life, it is not amortised but is subject to impairment tests at least once a year, according to the methods described in Note 4.4.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful life mainly on a straight-line basis.

Depreciation periods are as follows:

- Fixed installations:

	Complex constructions (stations, administrative buildings, etc.)	Simple constructions (workshops, warehouses, etc.)
Building shell	50 years	30 years
Enclosure	25 years	30 years
Light work	25 years	30 years
Fixtures and fittings	10 to 15 years	10 to 15 years
Technical work	15 years	15 years

- Rolling stock:

	TGV and motorised carriages	Passenger carriages	Electric and diesel locomotives
Structure	30 years	30 years	30 years
Interior fittings	15 years	15 years	Not applicable
Overhaul work	15 years	10 to 15 years	15 years

Other property, plant and equipment	
Land development	20 to 30 years
Plant and equipment	5 to 20 years
Earthworks	10 years
Tracks	20 to 100 years
Electrical energy facilities	10 to 75 years
Signalling	15 to 50 years
Telecommunications	5 to 30 years
Level crossings	15 years
Engineering works	30 to 70 years
Improvements to buildings owned by third parties	10 to 15 years
Cars	5 years
Freight cars	30 years ± 20%
Ships	20 years
IT equipment	Declining over 4 years
Other property, plant and equipment	3 to 7 years

Depreciation of lease right-of-use assets

The right-of-use asset is depreciated over the lease term or the useful life of the underlying asset when the contract provides for a purchase option that the lessee is reasonably certain to exercise.

Reversals of investment grants

Investment grants are recorded in operating profit (decrease in depreciation and amortisation) based on the estimated useful life of the related assets.

For non-depreciable land, grants are reversed to profit or loss according to the average depreciation period of the assets associated with the land.

Liabilities related to non-current concession assets outside the scope of IFRIC 12

In certain cases, the Group recognises liabilities in the same amount as the investments carried out under concession arrangements that are excluded from the scope of IFRIC 12. These liabilities are reversed each year based on the depreciation and amortisation recognised for the related assets and under the same line item in the statement of income. They mainly comprise a liability called "an operator's right of use".

Depreciation and amortisation break down as follows:

In € millions	31/12/2020	31/12/2019	Change
Amortisation of intangible assets	-393	-395	1
Depreciation of property, plant and equipment	-4,121	-4,050	-71
Depreciation of right-of-use assets	-1,010	-966	-44
Grants released to profit or loss	1,463	1,305	158
Reversal of liabilities relating to concession assets excluded from the scope of IFRIC 12	50	159	-109
Depreciation and amortisation	-4,012	-3,946	-66

"Grants released to profit or loss" include the release of all investment grants regarding the Wales and Borders contract following the forthcoming signature of the exit deal and the exit from the agreement in February 2021 for €60 million.

4.2.6 Net proceeds from asset disposals

Real estate disposals and asset disposals not directly related to the activity are included in separate transactions below current operating profit due to their unusual nature in terms of both their frequency and amount. This presentation has been adopted in order to provide the most reliable overview possible of the Group's recurring performance.

The net proceeds from disposal correspond to the difference between the sale price (net of costs directly attributable to the transaction) and the net carrying amount of the asset.

With respect to leases:

Net disposal proceeds represent the impact of lease cancellations and transfers. They are calculated as the difference between the net carrying amount of the rights-of-use and the amount of lease liabilities at the lease term.

The Group classifies sale and lease-back transactions as transactions that result in a sale within the meaning of IFRS 15. A transaction will be considered as a sale if control of the asset is transferred to the buyer (for example, the lease does not provide for an option to purchase the asset at the lease term).
— Transaction considered as a sale under IFRS 15
If the transfer of the asset by the seller-lessee is a sale under IFRS 15, the seller-lessee shall: (i) derecognise the underlying asset, (ii) recognise a right of use corresponding to the retained share of the net carrying amount of the transferred asset.
— Transaction not considered as a sale under IFRS 15
If the transfer of the asset by the seller-lessee is a sale under IFRS 15, the seller-lessee shall retain the transferred asset in its assets and recognise a financial liability equal to the transfer proceeds (received by the buyer-lessor).
Asset disposals had the following impacts on profit or loss:

In € millions	31/12/2020	31/12/2019	Change
Disposals of intangible assets	-8	-9	1
Disposals of property, plant and equipment	134	180	-46
Disposals of right-of-use assets	10	1	9
Disposals of financial assets	-1	8	-9
Net proceeds from asset disposals	134	179	-45

Net proceeds from asset disposals in 2020 related mainly to sales of real estate assets by SNCF Réseau (€83 million), including the sale of the Gare des Mines site in the 18th district of Paris, Fret SNCF (€15 million), SNCF Voyageurs (€11 million) and SNCF SA (€10 million).

As at 31 December 2019, net proceeds from the disposal of PP&E primarily concerned the sales of various complexes and properties by EPIC Mobilités for €84 million, EPIC SNCF Réseau for €69 million and by ICF-Novedis for €19 million.

4.3 EQUITY INVESTMENTS AND CHANGES IN GROUP STRUCTURE

4.3.1 Equity investments

The Group holds several investments in joint ventures and associates, consolidated under the equity method. The recognition principles are described in Note 1.3.1.

The movements in this heading over the year break down as follows:

In € millions	31/12/2020	31/12/2019
As at 1 January	1,026	970
Group share in net profit/loss	19	35
Impairment	0	0
Share of net profit/loss of companies consolidated under the equity method	*19*	*35*
Change in Group structure	-1	39
Reclassification to assets classified as held for sale	-5	0
Share in other comprehensive income	-2	-2
Distribution	-16	-31
Currency translation	-6	15
As at 31 December	1,014	1,026
of which: Significant joint ventures	*222*	*209*
Significant associates	*620*	*625*
Other companies consolidated under the equity method	*172*	*191*

In 2020, the reclassification to assets classified as held for sale corresponds to the reclassification of Chemfreight securities (Rail Cargo Logistics).

In 2019, the heading "Change in Group structure" mainly involved the Systra share capital increase for €35 million.

4.3.1.1 Significant joint ventures

The SNCF Group's two main joint ventures are GoVia and Akiem.

Govia is a joint venture set up between Keolis, which owns 35%, and the UK group Go-Ahead. This joint venture and its 7 subsidiaries operate in the local passenger transport sector in the UK.

Akiem is 50% owned by the SNCF Group since 30 June 2016. The Akiem Group, comprising 9 companies, provides locomotive and locotractor leasing and maintenance services to SNCF Group companies and other European rail operators.

In € millions	31/12/2020		31/12/2019	
STATEMENT OF FINANCIAL POSITION	Govia	Akiem	Govia	Akiem
Cash and cash equivalents	506	72	683	65
Other current assets	491	148	280	81
Total current assets	997	220	962	146
Non-current assets	403	1,553	694	1,093
Current financial liabilities (excluding trade payables, other creditors and provisions)	389	2	429	2
Other current liabilities	758	142	882	80
Total current liabilities	1,147	144	1,311	82
Non-current financial liabilities (excluding trade payables, other creditors and provisions)	0	1,321	0	856
Other non-current liabilities	138	19	256	21
Total non-current liabilities	138	1,340	256	877
Net assets	114	290	90	280
Reconciliation of financial data with value of investments in companies consolidated under the equity method:				
Group share in net assets	40	145	31	140
Goodwill	0	37	0	37
Other	0	0	0	0
Net carrying amount of investments in companies consolidated under the equity method	40	182	31	177

The operating companies of the Govia activity in the UK are contractually required to have a certain level of cash and cash equivalents and comply with a Liquidity Maintenance Ratio in order to sustain the public service offering should one of the operators fail. The required amount corresponds to the activity's direct costs for a certain number of weeks until the term of the franchise. Because of this restriction, this liquidity held by the operating companies is qualified as cash and cash equivalents that cannot be transferred to the Go Ahead group, Govia's majority shareholder. These cash and cash equivalents were estimated at around €483 million as at 31 December 2020 (approximately €577 million as at 31 December 2019). Keolis Amey Operations, primarily owned by Keolis, is subject to the same restriction in Wales which resulted in the classification of its cash for €40 million as at 31 December 2020 as cash and cash equivalents that cannot be transferred to its shareholders.

In € millions	31/12/2020		31/12/2019	
INCOME STATEMENT	Govia	Akiem	Govia	Akiem
Revenue	3,234	180	3,253	149
Operating profit/loss	54	34	88	28
Of which depreciation and amortisation	*-502*	*-91*	*-202*	*-65*
Finance cost	-11	-29	-5	-33
Of which interest expense on debt	*-2*	*0*	*-2*	*0*
Of which revenue from financial assets	*2*	*0*	*5*	*0*
Income tax expense	-6	5	-15	2
Net profit/loss from ordinary activities	37	10	69	-3
Net profit/loss from discontinued operations, net of tax	0	0	0	0
Net profit/loss for the year	37	10	69	-3
Group share in net profit/loss	13	5	24	-1

In € millions	31/12/2020		31/12/2019	
OTHER INFORMATION	Govia	Akiem	Govia	Akiem
Net profit/loss for the year	37	10	69	-3
Other comprehensive income and gains/losses recognised directly in equity (net of tax)	-9	0	8	-3
Total comprehensive income/loss	28	10	76	-6
Dividends paid to the Group	2	0	22	0

4.3.1.2 Significant associates

EUROFIMA is a transnational company based in Basel, Switzerland, 22.6% owned by the SNCF Group, whose purpose is to finance rolling stock equipment and support the development of rail transport in Europe.

Vesta is a real estate company over which the SNCF Group has exercised 20% significant influence since 31 December 2018. It manages and operates a real estate portfolio of around 4,000 housing units.

Systra is a grouping of around thirty companies (percentage interests of between 17% and 43%) present worldwide. It specialises in consulting and engineering for the rail and urban mobility sectors.

The summarised financial statements of significant associates are shown at 100 % and after cancellations of any internal profits.

In € millions	31/12/2020			31/12/2019		
STATEMENT OF FINANCIAL POSITION	Eurofima	Vesta	Systra	Eurofima	Vesta	Systra
Current assets	5,508	22	528	5,722	25	465
Non-current assets	11,501	1,278	246	10,392	1,267	273
Current liabilities	2,292	12	478	2,056	14	403
Non-current liabilities	13,169	559	151	12,530	533	176
Net assets	1,548	730	144	1,528	746	160
Reconciliation of financial data with value of investments in companies consolidated under the equity method:	0	0	0	0	0	0
Group share in net assets	350	146	62	345	149	69
Goodwill	0	12	49	0	12	49
Other	0	0	0	0	0	0
Net carrying amount of investments in companies consolidated under the equity method	350	158	111	345	162	118

In € millions	31/12/2020			31/12/2019		
INCOME STATEMENT	Eurofima	Vesta	Systra	Eurofima	Vesta	Systra
Revenue	0	46	651	0	46	631
Operating profit/loss	-9	12	22	-9	12	13
Net profit/loss from ordinary activities	25	2	1	20	-4	-1
Net profit/loss from discontinued operations, net of tax	0	0	0	0	0	0
Net profit/loss for the year	25	2	1	20	-4	-1
Group share in net profit/loss	6	0	0	4	-1	0

In € millions	31/12/2020			31/12/2019		
OTHER INFORMATION	Eurofima	Vesta	Systra	Eurofima	Vesta	Systra
Net profit/loss for the year	25	2	1	20	-4	-1
Other comprehensive income and gains/losses recognised directly in equity (net of tax)	5	0	-16	56	0	-3
Total comprehensive income/loss	30	2	-15	76	-4	-4
Dividends paid to the Group	2	4	0	2	2	0

Items of property, plant and equipment financed by EUROFIMA were capitalised in the Group financial statements for a gross value of €95 million as at 31 December 2020 (€204 million as at 31 December 2019). The related financing liability amounted to €118 million as at 31 December 2020, compared to €217 million as at 31 December 2019. Eurofima's share capital was not fully called up as at 31 December 2020. The callable share capital attributed to SNCF amounted to €435 million as at 31 December 2020 (€433 million as at 31 December 2019).

On this same date, the share of loans granted by Eurofima to members of countries whose sovereign debt is rated non-investment grade (i.e. rating granted by rating agencies of less than BBB-/Baa3) stood at €161 million (€173 million as at 31 December 2019). These loans are included in the non-current assets of the company's statement of financial position. In addition, Eurofima shareholders are jointly and severally liable for the undertakings falling under the financing agreements granted by Eurofima to the latter, each shareholder in proportion to its shareholding interest and the maximum amount thereof. This guarantee can only be called following a payment default by the borrower and the related State, which issued the guarantee and when the Eurofima guarantee reserve (€683 million) is insufficient to cover the loss arising from the payment default. The maximum commitment of SNCF SA amounts to €544 million as at 31 December 2020 (€541 million as at 31 December 2019). The French State guarantees all SNCF SA obligations towards Eurofima (the portion of share capital to be paid up, the fulfilment of financing agreements granted by Eurofima to SNCF SA and the guarantee granted by SNCF SA with respect to these financing agreements).

4.3.1.3 Other companies consolidated under the equity method

The Group also holds interests in other joint ventures and associates which, considered individually, are immaterial.

The aggregate contributions of these companies to the Group's net profit are as follows:

In € millions	31/12/2020		31/12/2019	
Group share	Non-material joint ventures	Non-material associates	Non-material joint ventures	Non-material associates
Net profit/loss from ordinary activities	-4	-2	2	6
Net profit/loss from discontinued operations, net of tax	0	0	0	0
Net profit/loss for the year	-4	-2	2	6
Other comprehensive income and gains/losses recognised directly in equity (net of tax)	0	-1	0	3
Net profit/loss and gains/losses recognised directly in equity	-5	-3	2	9
Net carrying amount of investments in companies consolidated under the equity method	80	92	96	95

4.3.1.4 Transactions with companies accounted for under the equity method

Transactions with associates, excluding Eurofima are not material.

The following tables present the main transactions with joint ventures and Group balance sheet headings with respect to these companies. These transactions were conducted on an arm's length basis.

In € millions	31/12/2020	31/12/2019
Revenue	41	48
Purchases and external charges	-47	-42
Other operating income and expenses	7	7
EBITDA with joint ventures	1	13

In € millions	31/12/2020	31/12/2019
Current financial assets	9	16
Non-current financial assets	99	52
Current financial liabilities	0	0
Non-current financial liabilities	0	0

4.3.2 Assets and liabilities classified as held for sale

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations":

- Non-current assets held for sale are assets whose accounting value will be recovered essentially through sale and not continued use. They are presented on a separate line of the balance sheet at the lower of their net carrying amount and fair value less costs to sell. A non-current asset can only be considered as held for sale when a certain number of criteria listed in the standard are met: asset available in its present condition for immediate sale, sale initiated, decided and planned and highly probable within twelve months. In the case of a Group of assets held for sale, any related liabilities are also presented on a separate line under a liability heading.

- Pursuant to the terms used by IFRS 5, a "discontinued operation" is a component from which the Group is separated or which it has transferred to a third party or which is classified as held for sale, and which represents a separate major line of business or geographical area of operations for the Group or which is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations. In addition to the reclassification of assets and liabilities under a separate balance sheet heading, the impact on profit or loss of the period of all discontinued operations, including any expected capital losses, is presented on a separate line of the income statement, after ordinary activities. The impacts of discontinued operations on cash flows are presented in the notes to the financial statements.

As at 31 December 2020, assets and liabilities of Ermewa were classified as being held for sale (see Note 2.1.4).

The ERMEWA group was considered as a group of assets classified as held for sale as at 31 December 2020, in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations".

The 31 December 2020 financial statements did not include any profit or loss from the future sale of Ermewa.

In € millions	31/12/2020	31/12/2019
Assets classified as held for sale	2,113	0
Liabilities associated with assets classified as held for sale	1,444	0
Net balance sheet impact	668	0

The main asset and liability categories reclassified in accordance with IFRS 5 as at 31 December 2020 are as follows:

In € millions	31/12/2020
Goodwill	197
Intangible assets	99
Right-of-use assets	21
Property, plant and equipment	1,580
Equity investments	5
Deferred tax assets	0
Inventories and work-in-progress	16
Operating receivables	153
Financial assets	5
Cash and cash equivalents	37
Assets classified as held for sale	2,113

In € millions	31/12/2020
Employee benefit obligations	12
Provisions	6
Lease liabilities	21
Deferred tax liabilities	178
Financial liabilities	1,114
Operating payables	113
Liabilities associated with assets classified as held for sale	1,445

4.4 IMPAIRMENT TESTING OF NON-CURRENT ASSETS

The Group assesses whether there is an indication that an asset has been significantly impaired at each balance sheet date. Where there is such an indication, an impairment test is performed.

Goodwill and indefinite life intangible assets are subject to an impairment test each year and whenever there is an indication of impairment. Impairment losses recorded on goodwill cannot be reversed.

When performing impairment tests, goodwill is allocated to the Cash-Generating Unit (CGU) or Group of CGUs that are expected to benefit from the synergies of the combination, regardless of whether other assets and liabilities of the acquired entity are allocated to these CGUs or Groups of CGUs. The CGU (or Group of CGUs) in question represents the lowest level at which the goodwill is monitored for internal management purposes. A CGU represents one or more legal entities or is defined based on the purpose of the assets used.

Property, plant and equipment and finite life intangible assets are subject to impairment when events or circumstances during the period (obsolescence, physical deterioration, significant changes in the method of utilisation, performances falling short of forecasts, decline in revenues, other external indicators, etc.) indicate that a loss in value may have occurred and that the recoverable amount may be less than the net carrying amount.

Impairment tests consist of comparing the net carrying amount of an asset or goodwill balance with its recoverable amount, equal to the higher of the fair value less costs to sell and the value in use. The recoverable amount of an asset is determined individually, unless the asset does not generate cash flows independent of those of other assets or Groups of assets. In such cases, which encompass the majority of property, plant and equipment and intangible assets of SNCF and goodwill balances, the Group determines the recoverable amount of the Group of assets (CGU) to which the tested asset belongs. If the net carrying amount, net of grants, exceeds the recoverable amount, an impairment is recorded in the amount of the difference.

The value in use corresponds to the value of the future economic benefits expected from the asset's use or removal. It is assessed based on discounted future cash flows determined according to economic assumptions and projected operating conditions adopted by SNCF management:
- cash flows are determined in business plans, drawn up for periods of 5 to 11 years and validated by the management bodies;
- beyond this timeframe, the flows are extrapolated by applying a long-term growth rate that is close to the long-term inflation rate expected by the Group, within the limit of the contractual period, if applicable, or otherwise indefinitely;
- flows are discounted at a rate appropriate to the activity segment.
Gross profit corresponds to the EBITDA/revenue ratio.

For investment property, the SNCF Group calculates a fair value less costs to sell for land comprising bare and build-on land based on:
- its location in a geographical area.
- a m² market value, taking into account the general use of the land after its sale.

Impacts on the income statement were as follows:

In € millions	31/12/2020(*)	31/12/2019	Change
Intangible assets and property, plant & equipment	-234	-85	-149
Goodwill	-4	-1	-3
Other	-28	1	-28
Impairment losses	-266	-86	-180

(*) of which mainly on real estate assets at Keolis for €118 million and SNCF Voyageurs SA for €96 million.

4.4.1 Background

A new strategic plan was completed in May 2020 but has yet to be validated due to the uncertainties surrounding the health crisis. It should be approved in the first half of 2021.

The COVID-19 crisis in 2020 triggered a major downgrade of SNCF's operating projections, leading to a review of the financial trajectory for the Group's core business lines, taking account of various effects including:

– lower activity levels, with an adverse effect on revenue relative to the projected trajectory;

– spending (operating and capex) on safety and compliance measures for spaces used by customers and employees;

– an increase in the amount of past due receivables.

All these factors led to impairment tests being conducted on the assets of most of the Group's CGUs in accordance with IAS 36, which requires such tests to be performed:

– at least once a year for goodwill and indefinite life intangible assets;

– whenever there is an indication of potential impairment, in the case of other non-current assets.

The estimates and assumptions used in these tests are subject to the uncertainties and difficulties of judgment inherent in the situation, in terms of the duration and consequences of the crisis, and its impacts on competition and demand from the Group's main customers.

The values for assets tested as presented in the tables below are shown net of impairment losses charged or reversed during prior periods, and exclude any acquisition or loss of control during the period.

4.4.2 CGUs carrying high levels of goodwill relative to total goodwill

Those CGUs that carry high levels of goodwill are described below.

4.4.2.1 Geodis CGU

Of the total amount of goodwill (net of impairment), €1,072 million (€1,125 million as at 31 December 2019) is allocated to the Geodis cash generating unit, which houses the logistics and freight transport operations of the Freight and Logistics business line. The CGU is tested for impairment at least once annually.

The main assumptions used to determine the recoverable amount are:

	2020	2019
Segment	Freight & Logistics	SNCF Logistics
CGU	Geodis	Geodis
Assets tested	€1,516 million	€1,555 million
Base used for recoverable amount	Value in use	Value in use
Source used	5-year plan and indefinite projection of a normative year	5-year plan and indefinite projection of a normative year
Discount rate (minimum - maximum)	7.3% - 8.3%	6.8% - 7.8%
Long-term growth rate	1.60%	1.90%

The test performed as at 31 December 2020 substantiates the carrying amount of the CGU's assets. Sensitivity analyses performed on the discount rate (± 50 bp), the long-term growth rate (± 10 bp) and gross profit rate (± 50 bp) will likely support the analysis.

4.4.2.2 Keolis CGU

Of the total amount of goodwill, €627 million (€729 million as at 31 December 2019) is allocated to the Keolis cash generating unit, which houses all operations in the multi-modal passenger transport solutions business of the Keolis segment. Indefinite life intangible assets allocated to this CGU amount to €83 million (€83 million as at 31 December 2019), and mainly comprise brands and licences. The CGU is tested for impairment at least once annually.

The main assumptions used to determine the recoverable amount are:

	2020	2019
Segment	Keolis	Keolis
CGU	Keolis	Keolis
Assets tested	€1,582 million	€1,813 million
Base used for recoverable amount	Value in use	Value in use
Source used	5-year plan and indefinite projection of a normative year	5-year plan and indefinite projection of a normative year
Discount rate (minimum - maximum)	5.9% - 6.8%	5.5% - 6.5%
Long-term growth rate	1.60%	1.90%

No impairment was recognised as at 31 December 2020. Sensitivity analyses performed on the discount rate (± 50 bp) and the long-term growth rate (± 50 bp) show a variation of ± €377 million in the recoverable amount. The same method applied in 2019 would have resulted in a variation of ± €294 million in the recoverable amount. The sensitivity analysis performed on the gross profit rate (± 50 bp) shows a variation of ± €464 million in the recoverable amount (± €454 million in 2019 using an equivalent method).

4.4.2.3 Rail Freight Fleet Management CGU

In 2020, goodwill was reclassified to assets classified as held for sale (€197 million as at 31 December 2019).

The test performed for this CGU, based on a value in use, gave rise to a recoverable amount that was higher than the net carrying amount.

The main assumptions used to determine the recoverable amount are:

	2020	2019
Segment	Freight & Logistics	SNCF Logistics
CGU	Rail Freight Fleet Management	Rail Freight Fleet Management
Assets tested	€1,866 million	€1,812 million
Base used for recoverable amount	Value in use	Value in use
Source used	5-year plan and indefinite projection of a normative year	5-year plan and indefinite projection of a normative year
Discount rate (minimum - maximum)	3.6% - 4.1%	3.9% - 4.5%
Long-term growth rate	2.00%	2.00%

No impairment was recognised, as the recoverable amount exceeded the value of the tested assets. Sensitivity analyses performed on the discount rate (± 50 bp), the long-term growth rate (± 50 bp) and the gross profit rate (± 50 bp) will likely support the analysis.

4.4.2.4 Eurostar CGU

Of the total amount of goodwill, €353 million (€373 million as at 31 December 2019) is allocated to the Eurostar cash generating unit, which houses all the cross-channel passenger operations of the Voyages SNCF segment. Indefinite life intangible assets allocated to this CGU amount to €259 million (€273 million as at 31 December 2019), and mainly comprise brands. The CGU is tested for impairment at least once annually.

The main assumptions used to determine the recoverable amount are:

	2020	2019
Segment	Passengers	Voyages SNCF
CGU	Eurostar	Eurostar
Assets tested	€1,724 million	€2,031 million
Base used for recoverable amount	Value in use	Value in use
Source used	15-year plan and indefinite projection of a normative year	10-year plan and indefinite projection of a normative year
Discount rate (minimum - maximum)	7.2% - 8.3%	6.2% - 7.1%
Long-term growth rate	1.60%	1.90%

The activity's cash flow forecasts used to assess the recoverable amount of assets and approved by the Board of Directors on 16 December 2020 rely on defining assumptions, including:

–The ability of Eurostar to continue as a going concern;

– Trends in traffic revenue including the gradual recovery of business after the slowdown due to the COVID crisis from mid-May.

– Amounts for expenses (employee benefits, purchases, etc.) which will, in some cases, be subject to performance plans.

– Infrastructure fee projections.

– The emergence of rail competition, whose positioning was postponed by several years under the 2020 test given the current context (crisis, regulatory changes, etc.)

– The level of investment required to upgrade the fleet, taking account of performance plans relating to train use optimisation and the arrival of new rolling stock and competitors.

The terminal value is calculated by extrapolating the target gross profit rate (relative to revenue) derived from the new trajectory prepared in December 2020, and factors in the assumption about the positioning of the arrival of rail competition.

Those estimates and assumptions were made in the context of difficulties in assessing the impact of (i) the COVID-19 crisis; (ii) issues around multi-modal competition, especially low-cost airlines; (iii) the arrival of rail competition; and (iv) Brexit (the withdrawal of the United Kingdom from the European Union): a trade and cooperation agreement was signed by the President of the European Commission, the President of the European Council and the British Prime Minister on 30 December 2020 and approved by the UK Parliament. As of 1 January 2021, this agreement determines the rules governing relations between the UK and the European Union in a certain number of areas.

No impairment was recognised, as the recoverable amount exceeded the value of the tested assets.

Furthermore, the sensitivity tests provided the following results:

– A gradual recovery from the autumn of 2021 would lead to a variation of -€83 million in the recoverable amount;

– A ± 100 bp change in the normative year gross profit rate would have an impact of ± €66 million on the recoverable amount (± €130 million in 2019);

– A ± £10 million change in the normative year investment would have an impact of ± €50 million on the recoverable amount (± €132 million in 2019);

– A 1-year delay in the date of arrival of competition would lead to a variation of approximately ± €172 million in the recoverable amount (± €151 million in 2019);

– A ± 25 bp change in the discount rate would result in a variation of ± €65 million in the recoverable amount (± €122 million in 2019);

– A ± 10 bp change in the normative year growth rate would have an impact of ± €10 million on the recoverable amount (± €32 million in 2019 for a ± 10 bp change).

Conversely, this decline in gross profit would have a positive impact on the financial liability relating to the purchase commitment granted by SNCF Voyageurs.

The financial liability relating to the irrevocable purchase commitments given by SNCF to buy out the stakes in Eurostar held by the CDPQ/Hermès consortium and SNCB are valued on the same bases.

4.4.3 CGUs with indications of impairment losses or reversals in 2020 and/or 2019

4.4.3.1 TGV France and Europe CGU (excluding Eurostar, Thalys and Ouigo España)

During the second half of 2020, new trends emerged that caused the new TGV business to review its financial trajectory:

– The slump in activity caused by the fallout from the COVID-19 crisis and the lockdown measures imposed by the public authorities in Autumn 2020;

The events described above led to a downgrade in the TGV business financial trajectory, and represent an indication of impairment.

Consequently, the TGV business tested the assets of the TGV CGU for impairment as at 31 December.

The cash flows used to determine the recoverable amount of this CGU's assets were taken from the 2020 Voyages Strategic Plan, prepared in connection with the Group's strategic plan presented to the Board of Directors in October 2020. They were adjusted to take into account the revised 2021 budget and the estimated impacts of the ongoing COVID-19 pandemic.

The main assumptions are as follows:

– A slump year, particularly in the first half of 2021, with a possible "reduced" 6-week lockdown (similar to that in November 2020);

– A decrease in travel by "pro" customers, mainly due to changes in behaviour and the savings plans set up by businesses.

– A scenario for gradual business recovery, with a 2019 level of activity regained from 2023/2024, driven by the low pricing policy;

– An operating and capital expenditure productivity plan that builds in the consequences of the COVID-19 crisis;

– A rail competition opening date from mid-June 2021;

– The considered assumptions correspond to trajectories corroborated by macro-economic scenarios. They were established to have sufficiently wide valuation ranges to conclude that there is an impairment risk.

Given the uncertainties surrounding future projections, several scenarios were prepared to consider different rates of business recovery. A main scenario as described above, and two alternative scenarios anticipating or delaying the return of "pro" customers. The scenarios were weighted and the outcome of the test did not lead the TGV business to record an impairment loss in the financial statements.

The other methodological components used to determine the recoverable amount as at 31 December 2020 are:

	2020
Segment	Passengers
CGU	TGV France and Europe (excluding Eurostar, Thalys and Ouigo España)
Assets tested	€5,641 million
Base used for recoverable amount	Value in use
Source used	10-year plan and indefinite projection of a normative year
Discount rate (minimum - maximum)	6.6% - 7.7%
Long-term growth rate	1.60%

The value in use is close to the net carrying amount of the assets.

The sensitivity analyses conducted as part of the test provided the following results:

– A change of +/- +50 bp in the discount rate represents a variation of -/+ €0.7 billion in the recoverable amount;

– A change of +/- 10 bp in the long-term growth rate represents a variation of -/+ €0.1 billion in the recoverable amount;

– A change of +/- 50 bp in gross profit represents a variation of -/+ €0.3 billion in the recoverable amount.

– A 1 year change to the return rate of "Pro" customers represents a variation of -/+€0.4 billion in the recoverable amount.

4.4.3.2 Gares & Connexions CGU

The current health crisis (COVID 19) represents an indication of impairment for the company and led Management to perform an impairment test.

The impairment test was performed as at 31 December 2020 using the cash flows from the new re-adjusted business plan as part of the new SNCF Group strategic plan, which incorporate:

– The effect of changes in scope related to rail reform (see scope contributed from SNCF Réseau);

– The effects of the COVID-19 crisis on the revised 2020 forecast and the business plan (investment overruns, and short/medium-term decrease in concession revenue in line with reduced footfall in station retail outlets);

– Certain productivity efforts in operating and capital expenditure, to limit the financial impacts of the end-2019 strike and the COVID-19 crisis.

However, the amended financial trajectory confirms the net carrying amounts of the assets of SNCF Gares & Connexions as at 31 December 2020.

The assumptions used to determine value in use are summarised below:

	2020
Segment	SNCF Gares & Connexions
CGU	Gares & Connexions
Assets tested	€2,909 million
Base used for recoverable amount	Value in use
Source used	10-year plan and indefinite projection of a normative year
Discount rate (minimum - maximum)	4.4% - 5.2%
Long-term growth rate	1.60%

The value in use is close to the net carrying amount of the assets.

4.4.3.3 Intercités CGU and Affrètement Voyageurs division CGU

The operating agreement signed on 27 February 2017 and covering the 2016-2020 period expires on 31 December 2020.

Negotiations on a new agreement for 2021 and beyond have not yet reached a conclusion, and at this stage a one-year extension appears to be under consideration.

Consequently, at this stage the assets are being tested for impairment based on the 2016-2020 agreement and the associated financial trajectory, which, should the agreement end:

– lays down the principle that the State will underwrite and compensate all investments made in rolling stock from 2011 onwards;

– does not include a clause underwriting and compensating investments made in rolling stock prior to 2011;

– does not specify any compensation for asbestos-related issues;

– does not specify compensation for the NCA of other assets (see fixed installations).

- The agreement provides for the financing of the annual depreciation of fixed installations via the operating contribution,
- The agreement clauses do not specify any compensation for the Net Carrying Amount of the Fixed Installations supported by Intercités. This non-compensation principle is legitimate due to the fact the investments may benefit other Organising Authorities or Rail Operators.

As at 31 December 2020, the decline in activity levels caused by the COVID-19 crisis and the lack of visibility on the post-2020 trajectory led to the conclusion that the net carrying amount of assets not covered by the agreement at the reporting date should continue to be impaired in full.

As at 31 December 2020, Intercités also recognised an impairment loss in the account for €40.5 million, reflecting the estimated value of the Fixed Installation Assets supported by the ISM division at the end of 2021. These Assets supported by the ISM division had not previously been subject to impairment.

As at 31 December 2020, all FI Assets (excluding IFRS 16 FI Assets) were impaired. Likewise, all RS assets, excluding

IFRIC 12 RS assets (guaranteed by an agreement) were fully impaired.

Considering the expiry of the operating agreement as at 31/12/2020 and the absence of an available financial trajectory for 2021, the value of the net assets were not tested for impairment in 2020.

	2020
Segment	Intercités
CGU	Intercités
Assets tested	No assets tested
Base used for recoverable amount	Value in use
Source used	2016-2020 Agreement
Discount rate (minimum - maximum)	5.2% - 6.0%
Long-term growth rate	Not applicable

4.4.3.4 Infrastructure CGU

The year-end impairment test on the Infrastructure CGU assets, carried out as at 31 December 2015, had led to an impairment loss of €9.6 billion based on a financial trajectory approved by the SNCF Réseau Board of Directors on 9 March 2015, which considered that it represented the best business forecast for the next 15 years.

In 2018, the adoption on 14 June 2018 of the authorisation law for a new railway pact and the various announcements by the French government, particularly regarding the change in SNCF Réseau infrastructure fee terms and conditions represented new indications of impairment. A new test was therefore carried out using available information taken from the reference framework for the PRG economic and financial trajectory and its roll-out for SNCF Réseau that was presented for information purposes to the Board of Directors on 25 July 2018. This test gave rise to the recognition of additional impairment of €3.4 billion.

In 2019, the following regulatory changes represented indications of impairment:

– The publication in September 2019 of the terms and conditions for the implementation of the Didier Law promulgated on 7 July 2014 on the sharing of responsibilities and financial expenses regarding the maintenance of engineering works;

– The scheduled ban on the use of glyphosate announced by the government, and illustrated by the Egalim law of 30 October 2018, regarding agriculture, and the set-up in 2019 of a parliamentary mission in charge of the strategy for the complete removal of glyphosate. The implementation of this regulatory change was confirmed by the SNCF Chairman to terminate the use of glyphosate in 2021.

The scope of the Infrastructure CGU test was adapted to the asset transfers carried out on 1 January 2020 under the rail reform. The Infrastructure CGU impairment test did not take into account the station assets transferred on 1 January 2020 representing a net carrying amount of €0.9 billion (on the transfer date). Taking into account the previously recognised impairment, as at 31 December 2019 the impairment tests confirmed the net carrying amounts of the Infrastructure CGU's assets and the transferred station assets. It was however noted that the recoverable amount also depends on the French State’s implementation of all the resources and commitments necessary for its support and the company’s ability to meet its productivity plans.

In 2020, the impacts of the COVID 19 health crisis (see paragraph 2.3) on the accounts of S.A. SNCF Réseau (decline in infrastructure fees, level of resources of the French State support fund coming from the national company SNCF, work postponements and excess costs) were identified as indications of impairment.

An impairment test was therefore carried out as at 31 December 2020 using the cash flows from the financial trajectory of the new SNCF Group strategic plan. This strategic plan was presented to the SNCF SA Board of Directors on 8 October 2020. It reiterates and updates the items already presented to the SNCF SA Board of Directors on 24 June 2020. It includes the repercussions from a strategic viewpoint of the French State’s announcements in September 2020 on the support for SNCF and, more generally, the rail sector. The financial trajectory used for the test also includes the impacts of the economic and health situation assessed as at 31 December 2020 by SNCF Réseau Management.

This financial trajectory represents the best assessment based on the assumptions known to date. It may change in the coming months depending on the ongoing discussions with the French State regarding the update of the SNCF Réseau performance contract.

The primary focal points in this financial trajectory are as follows:

– Consideration of a macro-economic scenario involving the gradual recovery of business from 2021 following the substantial decline in revenue in 2020;

– Gradual opening of passenger traffic to competition;

– Alignment of infrastructure fee volumes and prices with the SNCF Group strategic plan;

– Steady level of investment needed to restore the resilience of the network in line with the railway pact;

– Revision of the trajectory for renewal grants obtained through the French State support fund, by including grants from the French State recovery plan for €4.05 billion from 2021 (see paragraph 2.4);

– Balance of cash flows in 2024 and a debt level equal to six times gross profit in 2026, in accordance with railway pact commitments.

– The key assumptions used in the test relate to the level of infrastructure fees, the level of investment and productivity, as well as government funding.

– Regarding the level of infrastructure fees:

The increase in TGV and freight infrastructure fees was limited to the CPI (1.2%) instead of the indexing specified in the most recent performance contract, and indexing maintained for regulated infrastructure fees (i.e. TER and TET access fees), in accordance with the current performance contract and the applicable regulations;

On 6 February 2020, the ART issued an unfavourable opinion on the indexing of the pricing scales (TER and Transilien, published on 13 December 2019) for regulated operations in respect of 2021-2023 service timetables. SNCF Réseau published a new draft track slot pricing scale on 5 June 2020, which obtained an unfavourable opinion on 30 July 2020. For 2021, pricing is to be applied according to the law, based on the last inflation-indexed pricing approved; this new pricing scale was published on 10 September 2020.

Following the opinion issued on 27 November 2020 by the Conseil d'État on SNCF Réseau's use of 2020 price indexing for regulated activities (excluding TET), a new ART opinion was issued on 28 January 2021 with 2020 price changes capped at +1.8% compared to the sought-after 2.4%. This opinion complies with the invoicing and recognition principles adopted in the 2020 financial statements.

The 2022-2023 draft pricing scale was published on 11 December 2020 which obtained a favourable opinion from the ART on 9 February 2021. As from 2024, the indexing of regulated infrastructure fees will be maintained at the level of the most recent performance contract at 3.6% per year.

Furthermore, the State compensation scheme for freight activity, the amount of which is revised annually to reflect changes in indexing and the switch to the new directly attributable cost model starting with 2019 pricing scales, is assumed to be maintained.

Finally, the 10-year traffic projections for passenger and freight operations were prepared at SNCF Group level so as to ensure their reciprocity with the relevant entities.

– Regarding the level of productivity:

Productivity efforts in line with the railway pact commitments of recurring €1.6 billion between 2017 and 2026.

This productivity will contribute to achieving a normative profitability rate of 48% (EBITDA/revenue) in 2030 as taken into account in the terminal value calculation.

– Regarding the level of investments:

Additional renewal investments compared to the test conducted at the end of 2019 of around €2 billion over the period tested were taken into account. These investments will confirm the quality of the renewed network by 2030.

Gradual ramp-up of third-party funding for safety and accessibility expenditure (excluding the Île-de-France region) should result in their 100% funding from 2024.

– Regarding government support:

The investment grants derived from the State allocation of all or part of the dividends received from the national company SNCF out of the profits of its subsidiaries, topped up as necessary by the transfer of a share of the tax gain generated by the Unified Public Group (UPG) tax consolidation, were revised downwards following the 2019 year-end test for around €1.5 billion. The renewal investment grant amounts are based on the SNCF Group's economic and financial trajectory and its distribution capacity. The normative amount of these investment grants was €0.99 billion as from 2030.

The investment grants to be paid by the French State support fund under the railway recovery plan will amount to €4.05 billion. These grants will be earmarked for network renewal investment financing.

The measures relating to the new pension scheme, and, more generally, the new labour agreement resulting from the division agreements for rail activity were still being negotiated at the accounts closing date and therefore could not be modelled.

The other methodological components used to determine the recoverable amount as at 31 December 2020 are:

– The methodology used is the same as that applied in the previous impairment test carried out in 2019;

– Discounted cash flow projections are calculated for the years covered by the new 2021-2030 economic trajectory, updated for newly available information and extended to 2030, which remains the normative year as it is considered that the network will have stabilised at a performance/upgrade level to optimise the amount of maintenance;

– As regards the Sud Europe Atlantique (SEA) concession, the cash flow projections assume that operation of the line will be taken back from 2061, when the concession held by the current operator expires;

– The terminal value, representing 84% of the recoverable amount, is calculated by projecting the values for the normative year (2030) to infinity at a long-term growth rate of 1.6%;

– The projected cash flows are after tax, adopting a theoretical tax charge calculated using a known rate at each date that is then applied to projected current operating profit;

– Future cash flows were discounted at 5.6% (versus 5.15% as at 31 December 2019);

The estimates and assumptions used in this test are subject to the uncertainties surrounding the duration of the crisis and the difficulty in assessing impacts of challenges relating to competition, changes in transport plans and the market. Actual results and certain future assumptions could differ significantly from the estimates adopted as at 31 December 2020.

The carrying amount of Infrastructure CGU assets as at 31 December 2020 was €32.9 billion, versus €31.6 billion as at 31 December 2019. Those assets cover lines currently in service, plus upgrade works in progress. The recoverable amount determined by the 31 December 2020 test was close to this net carrying amount.

Other property, plant and equipment under construction (€2.1 billion as at 31 December 2020, versus €1.9 billion as at 31 December 2019) relate to capacity investments under development, the value of which is analysed separately in a specific review.

The results of the sensitivity analyses carried out as part of the test are:

	2020	2019
Segment	SNCF Réseau	SNCF Réseau
CGU	Infrastructure	Infrastructure
Assets tested	€32.9 billion	€31.6 billion
Base used for recoverable amount	Value in use	Value in use
Source used	Performance contract extended to 2030 and indefinite projection of a normative year	Performance contract extended to 2030 and indefinite projection of a normative year
Discount rate (minimum - maximum)	5.0% - 5.9%	5.05% - 5.15%
Long-term growth rate	1.60%	1.70%

– A change of +/- 10 bp in the discount rate represents a variation of -/+ €1 billion in the recoverable amount;

– A change of +/- 10 bp in the perpetual growth rate represents a variation of +€0.7 billion;

– A change of +/- €100 million in net annual renewal expenses represents a variation of -/+ €1.9 billion in the recoverable amount. This amount is for information only since, beyond a certain threshold, the impact of the change in renewal expenses on the recoverable amount of assets is not linear and the impacts may be material for maintenance, traffic and therefore infrastructure fees;

– An annual change of +/- €100 million in the infrastructure fees or the backing of the French State represents a variation of +/- €1.7 billion in the recoverable amount.

4.5 WORKING CAPITAL REQUIREMENT

In € millions	31/12/2020	31/12/2019
Change in inventories and work-in-progress	-30	94
Change in operating receivables (excluding share disposals and capital expenditure flows)	-476	331
Change in operating payables (excluding capital expenditure flows and liabilities relating to assets excluded from IFRIC 12)	478	256
Impact of the change in WCR in the consolidated cash flow statement	983	-170

The decrease in operating receivables was mainly due to the CICE securitisation in 2020 (see Note 9.2.2 on off-balance sheet commitments). The rise in operating liabilities was primarily attributable to tax liabilities with the set-up of output VAT on sales under the new Transilien agreement.

4.5.1 Inventories and work-in-progress

Inventories are valued at the lower of cost price and net realisable value. Cost price is equal to acquisition or production cost. Production cost includes both direct and indirect production expenses.
Inventory is valued using the weighted average cost method.
Inventories are written down based on the turnover, nature, age and useful life of items.

As at 31 December 2020, inventories and work-in-progress break down as follows:

			31/12/2020	31/12/2019	
In € millions	Gross	Impairment	Net	Net	Change
Raw materials	1,109	-150	959	979	-20
Finished goods	307	0	307	340	-33
Work-in-progress	50	-28	22	42	-20
Inventories and work-in-progress	1,465	-177	1,288	1,361	-73

Movements in inventory impairment break down as follows.

In € millions	31/12/2019	Charges	Reversals	Reclassifications	Change in Group structure	31/12/2020
Raw materials and supplies - impairment	-143	-62	54	1	0	-150
Finished goods - impairment	0	0	0	0	0	0
Work-in-progress - impairment	-10	-22	5	0	0	-28
Impairment of inventories	-153	-84	58	1	0	-177

4.5.2 Operating receivables

Receivables are recorded at nominal value on issue, except for receivables with a maturity of more than one year, which are discounted to present value where the impact of discounting is material.

Operating receivables are subject to the impairment model for expected losses within the meaning of IFRS 9, measured by the Group using the simplified approach that consists in estimating such losses over the life of the relevant receivables. The estimate is based on the ratio between losses on irrecoverable receivables and revenue recognised over a five-year period, reflecting a normal operating cycle for the Group's activities.

Furthermore, impairment is recognised when there is a potential risk of non-recovery (substantial payment delays, disputes, litigation, insolvency proceedings, etc.). This impairment is determined based on an individual or statistical appraisal of non-recovery risk using historical data.

Operating receivables break down as follows:

In € millions	Gross	Impairment	31/12/2020 Net	31/12/2019 Net	Change
Trade receivables and related accounts	3,766	-186	3,580	3,667	-86
Amounts receivable from the French State and local authorities	2,470	0	2,470	2,484	-14
Other operating receivables	3,788	-17	3,771	4,283	-512
Capital expenditure flow receivables and share disposals	97	0	97	60	36
Commodity asset derivatives and foreign exchange on business transactions	6	0	6	1	5
Net operating receivables	10,126	-203	9,924	10,496	-572

Movements in impairment of trade receivables and other operating receivables were as follows in 2020 and 2019:

In € millions	31/12/2019	Charges	Reversals	Reclassifications	Change in Group structure	Change and other	31/12/2020
Trade receivables and related accounts - impairment	-167	-93	66	5	1	2	-186
Other operating receivables - impairment	-26	-3	12	0	0	0	-17
Total	-194	-96	78	5	1	2	-203

In € millions	31/12/2018	Charges	Reversals	Reclassifications	Change in Group structure	Change and other	31/12/2019
Trade receivables and related accounts - impairment	-143	-82	59	-1	0	0	-167
Other operating receivables - impairment	-22	-6	2	0	0	0	-26
Total	-165	-88	61	-1	0	0	-194

Due to its business, Group exposure to credit risk is limited. Tickets are sold to passengers on a cash basis. In addition, the Group has significant relations with a number of public-sector customers (regional authorities, RATP, Île de France Mobilités (formerly STIF), armed forces, etc.). In the SNCF Logistics activity, dependence on customers is reduced by their low number. In carrying out its transport and/or freight forwarding activities, the Group also has the right to hold the merchandise with which it is entrusted, which reduces the risk of non-payment for services. Finally, based on an assessment of customer credit risk, payment terms and conditions before transport may be determined to limit the risk of non-payment.

While receivables from these customers may be past due, the Group considers that there are no grounds for impairment if no other items highlight a risk of non-recovery. Receivables are impaired when the Group is in dispute with a customer or when the ability to recover the receivable in full is hindered.

Trade receivables past due break down as follows (gross value):

31/12/2020			Past due but not impaired				
In € millions	Not past due	Impaired	< 3 months	4 to 6 months	7 to 12 months	> 12 months	Total
Trade receivables and related accounts	2,572	425	365	82	180	142	3,766
Total	2,572	425	365	82	180	142	3,766

31/12/2019			Past due but not impaired				
In € millions	Not past due	Impaired	< 3 months	4 to 6 months	7 to 12 months	> 12 months	Total
Trade receivables and related accounts	2,708	544	166	125	58	233	3,834
Total	2,708	544	166	125	58	233	3,834

4.5.3 Operating payables and other accounts in credit

Operating payables include payments to third parties with respect to operating activities (trade payables, employee-related payables, taxes and duties other than income tax, etc.), and asset acquisitions.
Payables are recorded at nominal value on issue, except for payables with a maturity of more than one year, which are discounted to present value where the impact of discount is material.

Operating payables break down as follows:

In € millions	31/12/2020	31/12/2019	Change
Trade payables and related accounts	7,110	6,770	340
o/w amounts payable on purchases of PP&E	*1,353*	*987*	*367*
Payments received on account for orders	983	520	462
o/w advances received on sales of PP&E	*653*	*295*	*358*
Employee-related liabilities	2,414	2,499	-85
Amounts payable to the French State and local authorities	1,977	1,707	270
Other operating payables	2,896	744	2,152
Deferred income	1,953	2,186	-233
Commodity liability derivatives and foreign exchange on business transactions	10	2	8
Total operating payables	17,343	14,429	2,913

For the liabilities relating to concession assets excluded from the scope of IFRIC 12, see Note 4.2.4

The €2,152 million rise in other operating liabilities was primarily due to the infrastructure grants claimed in advance.

4.5.4 Customer contract assets and liabilities

Contract assets represent a conditional right to consideration in exchange for goods or services that have already been transferred to a customer. They are reclassified to trade receivables once the right to payment becomes unconditional, i.e. it is no longer subject to any conditions other than the passage of time. They are recognised in operating receivables.

Contract liabilities correspond to cash received from a customer, or a right to payment already obtained, for services that have yet to be performed and recognised in revenue. They are recognised in operating payables.

The main contract assets identified at the Group level involve:

– Sales invoice accruals arising from customer contracts representing the difference between revenue invoiced and revenue to be recognised depending on the completion of costs or the service provided;

– Other contract assets, mainly corresponding to variable consideration for the Group promised in a customer contract.

Contract liabilities include:

– Payments received on account for customer orders;

– Customer loyalty programmes, measured and recognised at the fair value of the unused point's consideration in deferred income, with an offsetting decrease in revenue. These contract liabilities are transferred through profit or loss under the revenue heading as and when the loyalty points are used by customers;

– Deferred income relating to issued tickets that have been paid for during the period but which are used for a transport service expected in future periods;

– Deferred income relating to customer contracts recognised in revenue over time according to the percentage of completion method as well as any other deferred income arising from customer contracts;

– Other contract liabilities, including travel vouchers issued to compensate for disruptions and any other variable consideration for customers.

Contract asset and liability balances for the period reconcile as follows:

In € millions	31/12/2019	Increase	Decrease	Change in Group structure	Change and other	31/12/2020
Sales invoice accruals	644	1,044	-795	0	-8	886
Other customer contract assets	20	8	-12	0	0	16
Contract assets	665	1,052	-807	0	-8	902
Payments received on account for customer contracts	224	200	-84	0	-4	336
Deferred income from customer contracts	1,641	761	-935	0	9	1,477
Other customer contract liabilities	545	343	-416	0	0	472
Contract liabilities	2,410	1,305	-1,435	0	5	2,285

Contract asset and liability balances for the comparative period reconcile as follows:

In € millions	31/12/2018	Increase	Decrease	Change in Group structure	Change and other	31/12/2019
Sales invoice accruals	437	956	-748	-3	2	644
Other customer contract assets	18	5	-2	0	0	20
Contract assets	455	961	-750	-3	2	665
Payments received on account for customer contracts	187	146	-109	0	0	224
Deferred income from customer contracts	1,968	1,482	-1,850	-3	44	1,641
Other customer contract liabilities	423	286	-162	-2	0	545
Contract liabilities	2,579	1,913	-2,121	-5	45	2,410

4.6 PROVISIONS FOR LIABILITIES AND CHARGES

Provisions are recorded when, at the balance sheet date, the Group has a present obligation to a third party as a result of a past event and the settlement of this obligation will require an outflow of company resources with no consideration.

This obligation may be legal, regulatory or contractual. It may also result from Group practice or external commitments that create valid expectations in third parties that the Group will assume certain responsibilities.

The estimated amount of the provision reflects the outflow of resources that is likely to be necessary to settle the Group's obligation. If a reliable estimate of this amount cannot be made, no provision is recorded. Disclosure is provided in the notes to the financial statements.

Provisions are discounted when the impact of the time value of money is deemed material. The discount rate is determined with reference to a closing market rate based on leading corporate bonds with a maturity comparable to the estimated maturity of the provision. The reference used is Bloomberg AA for the Eurozone.

A contingent liability is a possible obligation that arises from past events whose existence will only be confirmed by the occurrence of uncertain future events not wholly within the control of the Group, or a probable obligation where it is not probable that an outflow of resources will be required. Except for contingent liabilities recognised as part of a business combination, contingent liabilities are not recorded, but disclosed in the note on off-balance sheet commitments.

Movements in provisions for liabilities and charges break down as follows:

In € millions	1/1/2020	Charges	Reversals in the period (used)	Reversals in the period (unused)	Other changes	31/12/2020	of which current	of which non-current
Litigation and contractual risks	230	219	-48	-48	-4	348	65	283
Tax, employee-related and customs risks	151	69	-39	-43	-1	136	35	101
Environmental risks	781	90	-40	-49	14	796	0	795
Restructuring costs	10	45	-5	-3	0	47	6	40
Other	252	86	-51	-42	-8	236	44	192
Total provisions	1,423	508	-184	-185	-1	1,562	150	1,412

4.6.1 Provisions for environmental risks

These provisions cover the costs of environmental protection, site restoration and equipment dismantling. The main provisions concern the following risks:

The risk relating to the Group's legal liability with respect to asbestos and removing asbestos:
obligation on the Group to remove asbestos from dismantled rolling stock and, in certain cases, to remove asbestos from buildings. With respect to rolling stock containing asbestos, there is a present obligation from the time the asbestos is detected. Any increase in the dismantlement provision is offset by an increase in the value of the equipment on the balance sheet for equipment not fully depreciated and in profit or loss for equipment at the end of its useful life. An impairment loss is recognised when the carrying amount of the asset exceeds its recoverable amount. The cost of dismantlement is amortised over the asset's remaining useful life. Should there be a decrease in the estimated probable outflow of resources, the provision is reversed against the corresponding asset in the balance sheet and in profit or loss for the portion exceeding the net carrying amount of this asset. The provision is gradually extinguished in profit or loss as the dismantlement is completed.

Decontamination and destruction of creosoted railway sleepers:
the obligation to destroy creosoted network railway sleepers in classified installations results from a commitment undertaken by SNCF Réseau. The resulting obligation is recognised in full in liabilities and discounted to present value based on the wooden railway sleeper removal schedule.

The main environmental risks covered by provisions at the reporting date are as follows:

– asbestos-related costs: €635 million (€622 million in 2019).

– - creosoted railway sleeper treatment costs: €97 million (€92 million in 2019).

– site decontamination costs: €52 million (€54 million in 2019).

The increase in the provision for asbestos-related costs relates mainly (€12m) to a reassessment of the costs of dismantling asbestos-contaminated rolling stock. It corresponds for €17 million recognised in "Other changes" to an increase in the dismantling of capitalised rolling stock and for €5 million to a reversal to current operating profit recorded in "Net movement in provisions". This increase was due mainly to the increase in projected treatment costs.

The provisions for rolling stock asbestos removal and laying of creosoted railway sleepers were updated. The time value effect generated a financial expense of €11 million in 2020.

4.6.2 Provisions for litigation and contractual risks

The provision for litigation and contractual risks primarily covers risks associated with legal disputes and contract completions, plus other contractual risks.

4.6.2.1 Litigation

The Group is involved in several unresolved legal disputes arising in the normal course of its activities.
Such disputes are provided based on an assessment of the related risk and the probability of realisation.
Unused reversals were mainly attributable to the elimination of risks related to current litigation or the adjustment to their measurement.

Resolved litigation

The provision recognised since 2016 following the litigation arising from a pricing claim from the PACA Region was reversed in full following the signing of a framework agreement with the PACA Region at the Plenary Session of 18 December 2020.

Ongoing litigation

– Asbestos anxiety damage

SNCF Mobilités employees or former employees filed suits in order to recognise asbestos anxiety damage. These employees seek to obtain compensation for the damage arising from their constant concern about the risk of developing a work-related disease due to asbestos exposure.

The provision recorded for the risk incurred in the consolidated financial statements for the year ended 31 December 2019 was subject to an additional charge of €2 million as at 31 December 2020.

– Industrial Tribunal litigation – ITIREMIA

Employees of ITIREMIA took a case to the Bobigny Industrial Tribunal to order SNCF Mobilités, SNCF Participations and ITIREMIA to pay damages for illegal supply of labour and obtain reclassification of their employment contract as an "SNCF employment contract" and "remaining wages relating to the collective status of SNCF employees". The ruling is pending.

– Eckwersheim LGV accident

On 14 November 2015, a test train derailed on the new East European high-speed line from Paris – Strasbourg, leaving 11 dead and 42 injured.

A provision for "civil liability" excess has been recorded in the accounts since the accident.

– Derailment in Culoz

On 24 July 2006, a work train comprising several components and partly belonging to SNCF and ETF derailed on the Rhône bridge between Culoz and Vions. The roles and responsibilities in the work train authorisation should be shared between SNCF, the train designer and manufacturer and the owner. SNCF may be considered as partly responsible. The proceedings are still ongoing.

– Tunnel des Montets

On 20 February 2012, SNCF Réseau (formerly RFF) entrusted the grouping comprising SPIE BATIGNOLLES TPCI, SOTRABAS, CEGELEC CENTRE EST, SPIE Batignolles ENERGIE FONTELEC and BG INGENIEURS CONSEILS with a design and build contract for the renovation of the Tunnel des Montets.

During the performance of this contract, the designer filed claims regarding the work statement of account following the work carried out in connection with the tunnel's renovation.

Despite the exchanges aimed at settling the contract through an agreement, the grouping filed suit and on 23 October 2015 filed an application to institute proceedings to approve the contract balance. The proceedings are still ongoing.

New litigation

– The Bretagne-Pays-de-Loire High-speed line

Lawsuits have been filed against SNCF Réseau for damages, noise pollution, vibrations and loss of market value for assets following the construction of the Bretagne-Pays-de-Loire high-speed line. A provision was recognised accordingly in 2020.

The remaining provisions cover contractual litigation and risks that are individually immaterial.

4.6.2.2 Provisions for onerous contracts

Provisions are recognised for long-term contracts when they become onerous, that is to say when the inevitable costs required to satisfy the contractual obligations exceed the future economic benefits expected from these contracts. Provisions are valued based on inevitable costs, which reflect the net contract exit cost, that is to say the lower of the contract performance cost or any other compensation or penalty arising from failure of performance.
An additional €123 million was charged to the provision for onerous contracts as at 31 December 2020. This increase primarily reflects a remeasurement by Keolis of losses on some of its contracts in Germany and the Netherlands due to the health crisis and persistent operational and contractual difficulties.

4.6.3 Provisions for tax, employee-related and customs risks

Provisions for tax risks primarily cover risks relating to taxes and duties other than income taxes; uncertain tax treatments relating to income taxes are recognised as operating payables in accordance with IAS 12, "Income taxes".
Provisions for employee-related risks mainly relate to an URSSAF social security audit of the former EPICs, SNCF, SNCF Mobilités and SNCF Réseau, covering the years ended 31 December 2016, 2017 and 2018, which was

already provided for as at 31 December 2019. The amount of the provision was adjusted as at 31 December 2020.

4.6.4 Provisions for restructuring costs

The cost of restructuring measures is provided in full in the year when such measures are decided and announced in sufficient detail prior to the period-end closing so as to create a valid expectation that they will be implemented.

A provision was recognised in 2020 in line with the closure of the Keolis Mobility Airport activity in Ile-de-France.

4.6.5 Other provisions

Other provisions mainly cover risks relating to contract performance, provisions for renewal of concession assets or other operational risks.

5. EMPLOYEE BENEFITS

5.1 DESCRIPTION OF EMPLOYEE BENEFITS

5.1.1 Collective agreements and industry agreements

The two main collective agreements in force within the Group are as follows:

– urban public transport collective agreement (CCN_3099) within the Keolis subsidiaries;

– road transport collective agreement (CCN_3085).

Negotiations were launched in December 2013 for the creation of a National Collective Agreement (CCN_3217) for the railway industry. Imposed by the Law of 4 August 2014 on rail reform, these negotiations encompass the mandatory sections of an industry collective agreement under French law.

Accordingly, five industry agreements each covering a future section of the CCN have already been negotiated and signed:

– agreement of 23 April 2015 on the application scope of the CCN;

– agreement of 17 December 2015 appointing the rail industry OPCA (joint body for collection of funding for training);

– agreement of 31 May 2016 on the general provisions of the CCN;

– agreement of 31 May 2016 on employment contracts and the organisation of working time in the rail industry;

– agreement of 6 June 2017 on professional training in the rail industry.

All these agreements were extended by ministerial order and are therefore applicable in full in all rail industry companies. All companies whose principal activity is covered by the application scope of the CCN are therefore concerned.

Exceptionally, the "organisation of working hours" section of the CCN covered by the agreement of 31 May 2016 is applicable since 1 January 2017 not only to rail industry companies, but also to employees of companies holding a security certificate or authorisation allocated to rail activities, irrespective of the main activity of their company.

The remaining sections of the CNN to be covered are:

– classification and compensation:

– industry employee collective guarantees (provident plan);

– union rights.

5.1.2 Pension and similar plans

Through its subsidiaries, the Group participates in pension plans and other employee benefits in accordance with the laws and customs of each country where it is established and outside of the statutory pension plans governed by law. These benefits comprise end-of-career or retirement benefits and bonuses with respect to long-service awards (France), defined benefit pension plans (United Kingdom, Italy (TFR), Germany, the Netherlands, Sweden, Norway, Australia and Canada) and retiree health costs (Canada).

In France, pension benefits paid to an employee at the retirement date are determined in accordance with the national collective agreement or the company agreement in force in the entity.

These plans can be partially funded.

In Italy, employees receive the Trattamento di Fine Rapporto di lavoro subordinato (TFR). This employment termination benefit, payable by the employer regardless of the reason for the contract's termination, takes the form of a single payment representing approximately 1/14th of the annual compensation per year of service. This plan is recorded as a post-employment benefit since the benefits are granted in respect of the service rendered during the working period.

5.1.3 Provident plan

The provident plan concerns the supplementary benefits plan for top executives with SNCF special regime status.

5.1.4 Social welfare initiatives

A number of social welfare initiatives have been implemented by SNCF, SNCF Voyageurs, SNCF Réseau, Gares et Connexions and FRET SNCF: access to infrastructures, consultation of social workers, etc. All active (short-term benefits) and retired employees with qualifying status (post-employment benefits) may benefit from these initiatives. A provision in the amount of benefit granted to retired employees was therefore recognised.

5.1.5 Compensation for work-related injuries

Compensation for work-related injuries is self-financed for active and retired SNCF, SNCF Voyageurs, SNCF Réseau, Gares et Connexions and FRET SNCF employees, independently of the current general regime.

Life annuities are provided in full at the date of grant to injured employees without any seniority conditions. They represent long-term benefits for active employees during their period of employment and post-employment benefits during their period of retirement.

5.1.6 Gradual cessation of activity

The Gradual Cessation of Activity programme seeks to adjust the work time of employees who have reached the end of their careers. A work-time formula is thus arranged to provide a transition period between professional activity and retirement. The agreement, effective since July 2008, offers the possibility of a gradual or complete cessation for SNCF, SNCF Voyageurs, SNCF Réseau, Gares et Connexions and FRET SNCF personnel. The granting of benefits is based on a combination of criteria: years of service, hardship and employee category. The agreement is treated as a long-term benefit in the consolidated financial statements. The calculation is mainly based on the assumption related to the expected proportion of employees that will benefit from the programme.

5.1.7 Long-service awards and other benefits

This heading combines the other long-term benefits granted to employees, particularly bonuses with respect to long-service awards (France) and employment termination benefits under the SNCF, SNCF Voyageurs, SNCF Réseau, Gares et Connexions and FRET SNCF voluntary retirement schemes.

5.1.8 Circulation privileges

SNCF, SNCF Voyageurs, SNCF Réseau, Gares et Connexions and FRET SNCF active and retired employees and their beneficiaries receive circulation privileges (CP) which enable them to travel under certain circumstances at prices that differ from the market. The Group considers that these travel privileges do not have a material impact on its production resources.

In the case of active personnel (during their period of activity), the CP satisfy the definition of short-term benefits as they are granted in consideration for services rendered by the beneficiaries during the period.

In the case of the post-employment period for active employees, current retirees and their beneficiaries, the Group considers the marginal average cost of the programme to be lower than the average price paid on reservation. A liability is not therefore recognised in respect of this post-employment benefit.

5.2 CHANGE IN THE NET POSITION OF PLANS

5.2.1 Breakdown of net liabilities (assets)

In € millions	31/12/2020	31/12/2019
Present value of the obligations	3,370	3,338
Fair value of plan assets	-394	-391
Net position of the plans	2,976	2,946
Effect of the asset ceiling	0	0
Total net liabilities (assets) at closing date	2,976	2,946
Of which net liabilities recorded	*2,976*	*2,946*
Of which net assets recorded	*0*	*0*

The Group's main employee benefit plans gave rise to the recognition of the following liabilities:

In € millions	31/12/2020	31/12/2019
Pensions and other similar benefits	516	450
Provident obligations	69	68
Social welfare initiatives	350	341
Compensation for work-related injuries	1,155	1,224
Liabilities relating to post-employment benefits	2,090	2,083
Compensation for work-related injuries	48	51
Long-service awards and other benefits	208	217
Gradual cessation of activity	356	364
Time savings account	274	231
Liabilities relating to other long-term benefits	886	863
Total liabilities	2,976	2,946
- of which non-current	*2,814*	*2,767*
- of which current	*163*	*179*

5.2.2 Change in net liabilities (assets)

The items explaining the change in net liabilities over the period are as follows:

In € millions	31/12/2020	31/12/2019
Total net liabilities (assets) at opening date	2,946	2,706
Current service cost	221	263
Past service cost	-11	1
Effect of plan settlements	-5	0
Net financial interest	19	42
Actuarial gains and losses generated during the period	19	152
Benefits paid to employees by the company	-185	-219
Employer's fund contribution	-9	-12
Effect of changes in Group structure	-9	6
Foreign exchange impact	-10	6
Other	1	3
Total net liabilities (assets) at closing date	2,976	2,946

A net actuarial loss of €19 million was recorded in 2020. It was essentially due to the drop in the discount rate observed for all the monetary zones, the adjustment of demographic and financial assumptions (contribution rate, employee turnover rate, membership rate for the cessation of activity plan) and experience adjustments.

The negative amount recognised in "Non-recyclable reserves with respect to post-employment benefits" totalled -€28 million, while the net gain recognised in finance costs under other long-term benefits amounted to €9 million.

In 2019, the net actuarial loss of €152 million was essentially due to the higher discount and inflation rates observed for all the monetary zones: the loss recognised in "Non-recyclable reserves with respect to post-employment benefits" totalled -€193 million, while the net gain recognised in finance costs under other long-term benefits amounted to €41 million.

The effects of changes in Group structure include the reclassification of provisions for Ermewa employee benefits as assets classified as held for sale for -€11 million, in accordance with IFRS 5 (see Note 4.3.2).

The foreign exchange impacts mainly involved the pension plans of UK subsidiaries and stemmed from the decrease in the pound sterling / Euro parity observed since Brexit.

Changes in the present value of obligations, the fair value of plan assets and the net liabilities (assets) for 2020 are as follows:

31/12/2020 In € millions	Pensions and other similar benefits	Provident plan	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long-service awards and other benefits	TOTAL
Present value of the obligation at opening date	841	68	341	1,276	595	217	3,338
Current service cost	41	2	7	37	72	63	221
Employee contribution	0						0
Past service cost arising from a plan amendment	0	0	-11	0	0	0	-11
Past service cost arising from a plan curtailment	0	0	0	0	0	0	0
Effect of settlements	-6	0	0	0	0	0	-6
Finance cost	13	0	2	7	3	1	26
Actuarial gains and losses generated during the period	86	1	21	-59	-5	-2	41
Benefits paid to employees by the company	-18	-2	-10	-58	-34	-63	-185
Benefits paid by the fund	-11						-11
Effect of changes in Group structure	-5	0	0	0	0	-6	-12
Foreign exchange impact	-30					-1	-31
Other	0	0	0	0	0	0	0
Present value of the obligation at closing date	910	69	350	1,203	630	208	3,370
Of which present value of unfunded obligations	*280*	*69*	*350*	*1,203*	*630*	*208*	*2,740*
Of which present value of fully or partially funded obligations	*630*						*630*

31/12/2020 In € millions	Pensions and other similar benefits
Fair value of plan assets at opening date	391
Implicit return on plan assets	8
Actuarial gains and losses generated during the period	22
Effect of curtailments and settlements	0
Employer's fund contribution	9
Employee fund contribution	0
Benefits paid by the fund	-11
Effect of changes in Group structure	-3
Foreign exchange impact	-21
Other	-1
Fair value of plan assets at closing date	394

Effect of the asset ceiling at opening date	0
Change in effect of the asset ceiling	0
Interest expense on effect of the asset ceiling	0
Effect of the asset ceiling at closing date	0

31/12/2020 In € millions	Pensions and other similar benefits	Provident plan	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long-service awards and other benefits	TOTAL
(+) Present value of the obligation at closing date	910	69	350	1,203	630	208	3,370
(-) Fair value of plan assets at closing date	-394	0	0	0	0	0	-394
(-) Effect of the asset ceiling at closing date	0	0	0	0	0	0	0
Total net liabilities (assets) at closing date	516	69	350	1,203	630	208	2,976
Assets available after effect of the asset ceiling	0						0
Total liabilities at closing date	516	69	350	1,203	630	208	2,976

Changes in the present value of obligations, the fair value of plan assets and the net liabilities (assets) for 2019 are as follows:

31/12/2019 In € millions	Pensions and other similar benefits	Provident plan	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long-service awards and other benefits	TOTAL
Present value of the obligation at opening date	779	58	297	1,117	600	196	3,047
Current service cost	37	1	5	38	69	113	263
Employee contribution	0						0
Past service cost arising from a plan amendment	2	0	0	0	0	0	3
Past service cost arising from a plan curtailment	-2	0	0	0	0	0	-2
Effect of settlements	-16	0	0	0	0	0	-16
Finance cost	18	1	5	17	9	1	51
Actuarial gains and losses generated during the period	17	10	42	164	-47	3	190
Benefits paid to employees by the company	-17	-2	-8	-60	-36	-96	-219
Benefits paid by the fund	-10	0	0	0	0	0	-10
Effect of changes in Group structure	6	0	0	0	0	-1	5
Foreign exchange impact	23					0	23
Other	1	0	0	0	0	0	2
Present value of the obligation at closing date	841	68	341	1,276	595	217	3,338
Of which present value of unfunded obligations	*270*	*68*	*341*	*1,276*	*595*	*217*	*2,766*
Of which present value of fully or partially funded obligations	*571*						*571*

31/12/2019 In € millions	Pensions and other similar benefits
Fair value of plan assets at opening date	341
Implicit return on plan assets	10
Actuarial gains and losses generated during the period	37
Effect of curtailments and settlements	-16
Employer's fund contribution	12
Employee fund contribution	0
Benefits paid by the fund	-10
Effect of changes in Group structure	-1
Foreign exchange impact	18
Other	-1
Fair value of plan assets at closing date	391
Effect of the asset ceiling at opening date	1
Change in effect of the asset ceiling	-1
Interest expense on effect of the asset ceiling	0
Effect of the asset ceiling at closing date	0

31/12/2019 In € millions	Pensions and other similar benefits	Provident plan	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account	Long-service awards and other benefits	TOTAL
(+) Present value of the obligation at closing date	841	68	341	1,276	595	217	3,338
(-) Fair value of plan assets at closing date	-391	0	0	0	0	0	-391
(-) Effect of the asset ceiling at closing date	0	0	0	0	0	0	0
Total net liabilities (assets) at closing date	450	68	341	1,276	595	217	2,946
Assets available after effect of the asset ceiling	0						0
Total liabilities at closing date	450	68	341	1,276	595	217	2,947

5.2.3 Breakdown of plan assets

In € millions	31/12/2020	31/12/2019
Bonds	79	81
Shares	293	289
Real estate	1	1
Cash and cash equivalents	2	2
Other	18	18
Total fair value of plan assets	394	391
Of which active market	*397*	*391*
Of which Euro zone	*11*	*14*

Assets mainly concern the pension plans for the Group's UK subsidiaries.

5.2.4 Reimbursement rights

The plans for certain SNCF Logistics subsidiaries, mainly in Germany, have reimbursement rights (€13 million as at 31 December 2020, and €13 million as at 31 December 2019). They are recognised at fair value as a separate asset in the statement of financial position. Actuarial gains and losses generated over the period with respect to these reimbursement rights are recognised immediately in non-recyclable reserves, under the same terms and conditions as the actuarial gains and losses arising from the plan assets.

5.2.5 Analysis of contributions payable to the pension fund in Y+1

Under plans totally or partially funded by plan assets (mainly in Anglo-Saxon countries), the contributions payable in Y+1 by companies and/or beneficiaries break down as follows:

31/12/2020 In € millions	Pensions and other similar benefits
Employer's fund contribution	8
Employee fund contribution	5
Total contributions payable	13

31/12/2019 In € millions	Pensions and other similar benefits
Employer's fund contribution	8
Employee fund contribution	5
Total contributions payable	14

5.3 EMPLOYEE BENEFIT PLAN EXPENSES

For the basic plans and other defined-contribution plans, the Group expenses contributions payable when they are due. No provisions are recognised as the Group does not have any obligation beyond the contributions paid.
This has primarily involved the special retirement plan for Group company employees with qualifying status since the creation of the SNCF Employee Pension and Provident Fund in 2007.

In the case of defined-benefit plans, when benefits are covered by third parties (insurance contracts, provident organisations unrelated to the Group), and the Group has no legal or implicit obligation to cover any losses relating to past services over the period or prior periods, no obligation is recognised and the insurance/provident premiums paid are recognised as payments to a defined contribution plan, the obligation to provide benefits to employees being the sole responsibility of the third party organisation.

In the other cases, the obligations are subject to actuarial valuations and provisions are recorded on the balance sheet upon vesting of benefit rights by employees. The actuarial liability (or present value of the obligation with respect to defined benefits) is determined according to the projected unit credit actuarial method, which stipulates that each period of service gives rise to an additional unit of benefit and measures each unit separately to determine the final obligation.

These calculations include assumptions concerning the discount rate, mortality, employee turnover and expected future salary levels.

In the case of plans partially or fully funded by plan assets, the net liability (asset) is recognised in the amount of the negative or positive difference between the present value of the obligation and the fair value of the plan assets.

5.3.1 Defined benefit plan net expense

The income statement expense for 2020 and 2019 breaks down as follows.

31/12/2020 In € millions	Pensions and other similar benefits	Provident plan	Social welfare initiatives	Compen-sation for work-related injuries	Gradual cessation of activity and time savings account	Long-service awards and other benefits	TOTAL
Current service cost	41	2	7	37	72	63	221
Past service cost	0	0	-11	0	0	0	-11
Of which effect of plan amendments	*0*	*0*	*-11*	*0*	*0*	*0*	*-11*
Of which effect of plan curtailments	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Effect of settlements on the obligation	-6	0	0	0	0	0	-6
Effect of settlements on plan assets	0						0
Other	0	0	0	0	0	0	0
Current operating profit/loss	35	2	-4	37	72	63	204
Net financial interest	5	0	2	7	3	1	19
Of which finance cost	*13*	*0*	*2*	*7*	*3*	*1*	*26*
Of which implicit return on plan assets	*-8*						*-8*
Of which interest on asset ceiling	*0*						*0*
Actuarial gains and losses generated during the year with respect to long-term benefits	0			-3	-5	-2	-10
Other	1	0	0	0	0	0	*1*
Finance cost	6	0	2	5	-2	-2	9
Total expense recognised	41	2	-2	41	70	61	213

31/12/2019 In € millions	Pensions and other similar benefits	Provident plan	Social welfare initiatives	Compen-sation for work-related injuries	Gradual cessation of activity and time savings account	Long-service awards and other benefits	TOTAL
Current service cost	37	1	5	38	69	113	263
Past service cost	0	0	0	0	0	0	1
Of which effect of plan amendments	*2*	*0*	*0*	*0*	*0*	*0*	*3*
Of which effect of plan curtailments	*-2*	*0*	*0*	*0*	*0*	*0*	*-2*
Effect of settlements on the obligation	-16	0	0	0	0	0	-16
Effect of settlements on plan assets	16						16
Other	0	0	0	0	0	0	0
Current operating profit/loss	38	1	5	38	69	114	264
Net financial interest	8	1	5	17	9	1	41
Of which finance cost	*18*	*1*	*5*	*17*	*9*	*1*	*51*
Of which implicit return on plan assets	*-10*						*-10*
Of which interest on asset ceiling	*0*						*0*
Actuarial gains and losses generated during the year with respect to long-term benefits	0			3	-47	3	-41
Other	1	0	0	0	0	0	*1*
Finance cost	10	1	5	21	-38	4	2
Total expense recognised	48	2	10	58	31	118	266

5.3.2 Defined contribution plan net expense

The expense recorded for defined contribution plans included in “Employee benefits expense” amounted to €1.5 billion in 2020 (€1.7 billion in 2019). It has primarily involved the special retirement plan for SNCF, SNCF Voyageurs, SNCF Réseau, Gares et Connexions and FRET SNCF employees with qualifying status since the creation of the SNCF Employee Pension and Provident Fund in 2007.

5.3.3 Remeasurement of the net defined liability (asset) benefit in non-recyclable reserves

Actuarial gains and losses generated over the period for post-employment benefits are immediately offset in non-recyclable reserves (equity).

In the event of the partial or total derecognition of the liability, the gains and losses will never be transferred to profit or loss in subsequent periods. Where necessary, they may be transferred to another equity component (mainly Other reserves).

Actuarial gains and losses generated for other long-term benefits (compensation for work-related injuries of active employees over the period of service, long service awards, time-savings account and gradual cessation of activity) continue to be immediately recognised in finance costs over the period.

31/12/2020 In € millions	Pensions and other similar benefits	Provident plan	Social welfare initiatives	Post-employment compensation for work-related injuries	TOTAL
(losses) and gains					
Remeasurement at opening date	-158	-22	8	-508	-680
Actuarial gains and losses generated during the year with respect to obligations	-86	-1	-21	56	-51
Actuarial gains and losses generated during the year with respect to plan assets	22				22
Actuarial gains and losses generated during the year with respect to reimbursement rights	0				0
Net changes in the effect of the asset ceiling	0				0
Foreign exchange impact	7				7
Other	-5	0	5	0	0
Remeasurement at the closing date	-221	-23	-8	-451	-703

31/12/2019 In € millions	Pensions and other similar benefits	Provident plan	Social welfare initiatives	Post-employment compensation for work-related injuries	TOTAL
(losses) and gains					
Remeasurement at opening date	-168	-12	50	-347	-477
Actuarial gains and losses generated during the year with respect to obligations	-17	-10	-42	-160	-231
Actuarial gains and losses generated during the year with respect to plan assets	37				37
Actuarial gains and losses generated during the year with respect to reimbursement rights	0				0
Net changes in the effect of the asset ceiling	1				1
Foreign exchange impact	-5				-5
Other	-5	0	0	0	-5
Remeasurement at the closing date	-158	-22	8	-508	-680

5.4 ACTUARIAL ASSUMPTIONS AND GAINS AND LOSSES

5.4.1 Main actuarial assumptions used

Provisions for employee obligations are calculated on an actuarial basis, using the projected unit credit method. The parameters used in the modelling of the main employee benefits are as follows:

Discount rate

Obligations relating to the main post-employment benefits were discounted at the closing date market rate based on leading corporate bonds of comparable maturity. The benchmark used to determine the discount rate is Bloomberg AA for the Eurozone. The last two rates indicated correspond to the plans of the subsidiaries that apply the non-rail (Geodis) and freight transport collective agreements. The rate for Sweden concerns the plans covering the subsidiaries of the SNCF Logistics business unit, while that for the UK concerns Eurostar, the subsidiary of the Voyages SNCF business unit.

Mortality table

Since the second half of 2013, social welfare initiative and provident obligations of SNCF, SNCF Voyageurs, SNCF Réseau, SNCF Gares et Connexion and FRET SNCF have been measured using a prospective mortality table by gender specific to railway employees (special pension plan base) prepared by the Caisse de Prévoyance Retraite (provident pension fund) and validated by a certifying actuary.

A table including a degradation coefficient was extrapolated for compensation for work-related injuries/illnesses. Based on the CPRP certified table, the mortality tables of the other plans were also modified.

These mortality table changes satisfy the requirement of the revised standard according to which mortality assumptions must reflect that of the plan members both during and after employment.

Gradual cessation of activity plan membership

The amount of the obligation under the gradual cessation of activity agreement was calculated using a membership assumption. In connection with the rail reform and the transfers on 1 July 2015, the breakdown of the commitment between the 5 SAs was determined using different rates. The membership rate is 22.14% for SNCF Voyageurs, 20.98% for FRET SNCF, 8.96% for SNCF SA, 14.55% for SNCF Gares & Connexions and 25.46% for SNCF Réseau in 2020.

5.4.1.1 Assumptions used for the main Group plans

As the obligations under the 5 SA plans represent more than 82% of the Group total, the actuarial assumptions used for their measurement are described below.

The comparative figures are those of the former EPICs, SNCF, SNCF Mobilités and SNCF Réseau.

	31/12/2020	31/12/2019
Discount rate	0.43%	0.60%
Inflation rate	1.60%	1.90%
Benefit remeasurement rate		
Provident plan	*2.40%*	*2.40%*
Social welfare initiatives	*1.60%*	*1.90%*
Compensation for work-related injuries	*1.60%*	*1.90%*
Gradual cessation of activity	*2.37%*	*2.37%*
Retirement benefits and long-service awards	*2.37%*	*2.37%*
Mortality table		
Provident obligation and social welfare initiatives	*CPRM / CPRW*	*CPRM / CPRW*
Active and retired employees with work-related injuries	*CPR AT*	*CPR AT*
Widows of employees with work-related injuries	*CPRW*	*CPRW*
Gradual cessation of activity	*CPR80%M /20%W*	*CPR80%M /20%W*
Retirement benefits and long-service awards	*CPR80%M /20%W*	*CPR80%M /20%W*
Gradual cessation of activity plan membership - SNCF Voyageurs	22.14%	21.67%
Gradual cessation of activity plan membership - FRET SNCF	20.98%	21.67%
Gradual cessation of activity plan membership - SNCF SA	8.96%	8.96%
Gradual cessation of activity plan membership - SNCF Gares et connexions	14.55%	21.67%
Gradual cessation of activity plan membership - SNCF Réseau	25.46%	25.46%

5.4.1.2 Assumptions used for other plans by geographical area

With respect to the plans granted by Group subsidiaries, the assumptions used for the principal monetary zones according to the plan terms are as follows:

	31/12/2020					31/12/2019				
	Eurozone			UK	Sweden	Eurozone			UK	Sweden
	Geodis Logistics Deutschland GmbH	SNCF Logistics	Keolis	Eurostar	Geodis Wilson Holding AB	Geodis Logistics Deutschland GmbH	SNCF Logistics	Keolis	Eurostar	Geodis Wilson Holding AB
Discount rate	0.46%	0.31%	0.21%	1.60%	1.20%	0.67%	0.50%	0.38%	2.10%	1.40%
Salary increase rate	2.00%	2.75%	4.13%	2.70%	2.50%	2.00%	2.74%	4.31%	2.70%	2.70%
Inflation rate	1.60%	1.60%	1.60%	2.90%	1.50%	1.90%	1.90%	1.90%	2.90%	1.70%

5.4.2 Analysis by nature of actuarial gains and losses

Actuarial gains and losses are recognised according to the plan's qualification:
- for defined benefit plans covering post-employment benefits, actuarial gains and losses are recognised in other comprehensive income under non-recyclable reserves. They are never recycled in profit or loss but can be reclassified in undistributed reserves if the entity concerned is removed from the consolidation scope;
- for other long-term defined benefit plans (long-service awards, unemployment, salary maintenance, gradual cessation of activity, etc.), actuarial gains and losses and any past service costs are immediately recognised in finance cost.

5.4.2.1 Change and breakdown of actuarial gains and losses

31/12/2020 In € millions	Pensions and other similar benefits	Provident plan	Social welfare initiatives	Post-employment compensation for work-related injuries	TOTAL post-employment benefits	Long-term compensation for work-related injuries	Gradual cessation of activity and time savings account	Long-service awards and other benefits	TOTAL Long-term benefits (*)
Opening actuarial gains (losses)	-159	-22	8	-508	-680				
Experience adjustments relating to liabilities	9	1	-6	33	37	2	19	4	26
Effects of changes in demographic assumptions relating to liabilities	0	0	0	0	0	0	0	0	-1
Effects of changes in financial assumptions relating to liabilities	-95	-2	-15	24	-88	1	-14	-2	-15
Actuarial gains and losses on the obligation generated over the year	-86	-1	-21	56	-51	3	5	2	10
Experience adjustments relating to assets	22				22				
Effects of changes in financial assumptions relating to assets	0				0				
Actuarial gains and losses generated during the year with respect to plan assets	22				22				
Foreign exchange impact	7				7				
Other	-5	0	5	0	0				
Closing actuarial gains (losses)	-221	-23	-8	-451	-703				
Total experience adjustments	*31*	*1*	*-6*	*33*	*59*	*2*	*19*	*4*	*26*
Total impacts relating to changes in actuarial assumptions	*-95*	*-2*	*-15*	*24*	*-88*	*1*	*-14*	*-2*	*-16*

(*) For other long-term benefits, actuarial gains and losses were not monitored as they have always been recognised immediately in net finance cost for the period.

31/12/2019 In € millions	Pensions and other similar benefits	Provident plan	Social welfare initiatives	Post-employment compensation for work-related injuries	TOTAL post-employment benefits	Long-term compensation for work-related injuries	Gradual cessation of activity and time savings account	Long-service awards and other benefits	TOTAL Long-term benefits (*)
Opening actuarial gains (losses)	-168	-12	50	-347	-477				
Experience adjustments relating to liabilities	88	-1	8	21	117	-8	26	7	25
Effects of changes in demographic assumptions relating to liabilities	6	0	0	0	6	0	85	0	85
Effects of changes in financial assumptions relating to liabilities	-112	-9	-51	-181	-353	5	-65	-8	-68
Actuarial gains and losses on the obligation generated over the year	-17	-10	-42	-160	-231	-3	47	-3	41
Experience adjustments relating to assets	37				37				0
Effects of changes in financial assumptions relating to assets	0				0				0
Actuarial gains and losses generated during the year with respect to plan assets	37				37				0
Foreign exchange impact	-5				-5				0
Other	-5	0	0	0	-5				0
Closing actuarial gains (losses)	-159	-22	8	-508	-680				0
Total experience adjustments	*125*	*-1*	*8*	*21*	*154*	*-8*	*26*	*7*	*25*
Total impacts relating to changes in actuarial assumptions	*-106*	*-9*	*-51*	*-181*	*-347*	*5*	*20*	*-8*	*17*

(*) For other long-term benefits, actuarial gains and losses were not monitored as they have always been recognised immediately in net finance cost for the period.

5.4.2.2 Analysis of the obligation's sensitivity to the main actuarial assumptions

The amounts below correspond to the decrease (actuarial gain) or increase (actuarial loss) in obligations as recognised as at 31 December 2020.

31/12/2020 In € millions Gains (-) / Losses (+)	Pensions and other similar benefits	Provident plan	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account
Sensitivity to the discount rate					
Change of + 0.25pt	-49	-3	-16	-46	-20
Change of - 0.25pt	49	3	17	49	21
Sensitivity to the inflation rate					
Change of + 0.25pt		3	17	48	
Change of - 0.25pt		-3	-16	-45	
Sensitivity to gradual cessation of activity membership rate					
Change of + 1pt					16
Change of - 1pt					-16

31/12/2019 In € millions Gains (-) / Losses (+)	Pensions and other similar benefits	Provident plan	Social welfare initiatives	Compensation for work-related injuries	Gradual cessation of activity and time savings account
Sensitivity to the discount rate					
Change of + 0.25pt	-42	-3	-14	-50	-18
Change of - 0.25pt	39	3	15	53	19
Sensitivity to the inflation rate					
Change of + 0.25pt		3	15	53	
Change of - 0.25pt		-3	-14	-49	
Sensitivity to gradual cessation of activity membership rate					
Change of + 1pt					16
Change of - 1pt					-16

5.5 MANAGEMENT COMPENSATION

The main Group managers are members of the Group management committee.

Their cumulative taxable compensation indicated below corresponds to short-term benefits.

In € millions	31/12/2020	31/12/2019
Short-term employee benefits	4.0	8.1
Long-term benefits	0.0	0.0
Post-employment benefits	0.1	0.0
Termination benefits	0.4	0.0
Total	4.5	8.1

6. CAPITAL AND FINANCING

6.1 LIQUIDITY MANAGEMENT DURING THE HEALTH CRISIS

The SNCF Group, like all businesses in the transport and tourism sectors, has been very severely affected by the consequences of the COVID-19 health crisis and by the lockdown measures imposed by the authorities in the various countries where the Group operates, especially France.

By initially shutting down economic activity, and then allowing only a gradual resumption, the measures taken to contain the coronavirus have had a very significant impact on both corporate cash flows and the financial markets. Companies have seen their cash needs rise substantially just when there has been intense pressure in financial markets, including several days when the markets were closed.

6.1.1 Financing and liquidity management

Faced with this liquidity crisis, and potentially a credit risk at some of its subsidiaries and partners, SNCF has implemented a range of measures.

Changes to forecasting and liquidity management tools

To obtain a best estimate of the impact of the COVID-19 crisis, SNCF's Financing and Treasury Department prepared several scenarios and built them into its liquidity forecasting tools. The assumptions used took account of the potential losses arising from flat economic activity, and the impact of strong volatility in the financial markets on weekly margin calls (posting of collateral).

The Financing and Treasury Department also introduced a new detailed daily review of changes in its liquidity position.

This daily cash monitoring (cash + investments) and proactive management ensures that a minimum cash amount of €1 billion is immediately available at all times (overnight).

A Liquidity dashboard was also set up to monitor liquidity risk. It is communicated to executive management on a daily basis.

Reorganisation of liquidity flows

The Financing and Treasury Department has taken steps to reorganise and monitor liquidity flows by:

– accelerating the transfer of cash from subsidiaries through various measures including automated cash remittances within some subsidiaries and the inclusion of cash-positive subsidiaries in the cash pool;

– optimising working capital requirements within the subsidiaries, at both operating and financing levels, through the monetisation or securitisation of receivables, e.g. securitisation of a CICE receivable held by the tax consolidation parent SNCF improved cash flow by €306 million. All the risks and rewards associated with this receivable were transferred to the bank that acted as counterparty in the securitisation;

– detailed tracking of the liquidity position of subsidiaries outside the cash pool, and support for subsidiaries in managing their credit risk.

Expanding the Group's financing sources

The Group operates the following financing programmes:

– a Euro Commercial Paper (ECP) programme capped at €5 billion;

– a Negotiable European Commercial Paper (NEU CP) programme capped at €3 billion;

– a Euro Medium Term Note (EMTN) programme capped at €12 billion.

The Group also has a Revolving Credit Facility (RCF) of €3.5 billion, all of which is accessible, contracted with 20 partner banks.

The Board of Directors approved the proposal by the Financing and Treasury Department to raise to €7 billion the annual cap of the long-term financing programme that was initially set at €4.1 billion for 2020, to meet the consequences of the health crisis.

In 2020, a total financing amount of €6.8 billion was recognised, representing 96.7% of the 2020 issuance programme with an average maturity of 16.9 years. This amount comprises 14 long-term issues for €6.5 billion and the securitisation of a CICE receivable for €306 million. The available cash amount totalled €6.4 billion.

6.1.2 Review of cash flow hedges and bank loan covenants

To protect against the risk of fluctuations in the price of petroleum products and other commodities purchased for operations, the SNCF Group customarily uses derivative financial instruments, including forward contracts and options.

Because the uncertainties surrounding the COVID-19 crisis could question the highly probable nature of the hedged transactions, the Group has analysed those transactions to assess whether they remain highly probable.

This analysis did not identify any cases where the hedging relationship was compromised.

The SNCF Group regards the risk relating to future cash flows arising from borrowings covered by cash flow hedges as very low because the Group's funding is primarily arranged through the parent company SNCF SA, which obtains refinancing on the international capital markets, mostly in the form of public or private bond issues. An analysis of entities funded partially through bank loans did not identify any renegotiations of contractual cash flows that could result in the discontinuation of hedging relationships.

At the same time, the Group checked whether the impacts of the COVID-19 crisis had led to potential breaches of commitments or covenants contained in bank loan agreements. Based on that analysis, there was no risk of any breach of covenants as at 31 December 2020.

6.1.3 Credit risk management

The SNCF Group is exposed to credit risk through its dealings with banks and credit institutions, and with its customers.

Bank credit risk arises from deposits placed with banks, and derivative financial instruments contracted with banks. No increase in the level of risk has been identified. However, to limit the potential risk, the Financing and Treasury Department has decided (over and above the internal control procedures already in place) to amend the master agreements governing collateral arrangements with counterparties to switch from monthly to weekly margin calls.

Under IFRS 9, the measurement of expected losses on receivables must take account of forward-looking information, including forecasts of future economic conditions. Consequently, the Group reviewed the impact of potential late payments related to the COVID-19 crisis and no additional credit risk was identified. No major default had been recorded as at the date of approval of the 2020 financial statements.

6.2 NET INDEBTEDNESS

Net indebtedness is the sum of current and non-current financial liabilities less current and non-current financial assets, when the latter arise from transactions which, in substance, only involve exchanges of cash flow: issue or receipt of cash in consideration for a cash reimbursement or expected cash reimbursement.
Net indebtedness excludes the following items:
- Pension assets and liabilities which are covered by IAS 19 and presented in Note 5.
- Concession financial assets and liabilities, as they compensate for a transportation service or the right to use an infrastructure under a concession agreement.
- Lease financial receivables and lease liabilities which compensate the right-of-use granted to an underlying asset under a lease.
- Non-controlling interest purchase commitments as they are equity transactions and do not involve an exchange of cash flow. Keeping in line with the exclusion of equity from net indebtedness, the financial liabilities arising from these transactions are also excluded.
- Investments in equity instruments, corresponding to non-consolidated investments.
- Financial assets and liabilities resulting from public-private partnerships that reflect, in substance, a lender-borrower relationship.

6.2.1 Net borrowing costs

Net borrowing costs consist of:
- interest paid on Group borrowings; - proceeds from the Public Debt Fund receivable (see Note 6.2.2.1);
- and interest received on available cash balances.
These items are presented after hedging transactions and include fair value gains and losses on derivative instruments not qualifying for IFRS hedge accounting. Net changes in fair value and hedges records gains and losses on financial instruments at fair value through profit or loss, the ineffective portion of hedges, and the change in fair value of borrowings using the fair value option.

Net borrowing costs break down as follows:

In € millions	31/12/2020	31/12/2019	Change
Net change in fair value and hedges	-21	-142	121
Gains and losses on derivative instruments	*-532*	*40*	-572
Gains and losses on fair value hedged items	*465*	*-273*	738
Gains and losses on equity instruments at fair value through profit or loss	*13*	*-4*	17
Gains and losses on debt instrument assets at fair value through profit or loss	*0*	*1*	-1
Gains and losses on financial liabilities at fair value through profit or loss	*8*	*3*	5
Other fair value gains and losses	25	91	-65
Net borrowing costs	*-902*	*-1,538*	*636*
Of which interest income (expense) on financial assets at amortised cost	*829*	*86*	*743*
Of which interest income (expense) on financial liabilities at amortised cost	*-1,757*	*-1,705*	*-51*
Of which interest income (expense) on financial instruments at fair value through equity	-1	0	*-1*
Other interest expense and income	-196	-173	-23
Of which interest expense on lease liabilities	*-146*	*-145*	*-1*
Net borrowing and other costs	-1,119	-1,853	734

In € millions	31/12/2020	31/12/2019	Change
Financial expenses	-2,943	-2,301	-643
Financial income	1,824	448	1,376
Net borrowing and other costs	-1,119	-1,853	734

The decrease in net borrowing costs was mainly due to the financial income on the Public Debt Fund receivable that mirrors the finance cost borne by SNCF Réseau for the portion of its historical debt assumed by the State.

6.2.2 Calculation of net indebtedness

The following tables present the categories and classes of financial assets and liabilities as well as the methods used for their fair value measurement.
The items excluded from the net indebtedness calculation do not appear in the "Net indebtedness" column or the "Group net indebtedness" sub-total.
The classification and measurement of financial assets requires an analysis of the cash flows generated by such assets, and their applied management model.
Cash flow analysis consists in defining whether or not the financial asset generates solely principal repayment flows and related interest payments. These are called SPPI assets (solely payments of principal and interest on the principal amount).
Their management model is analysed to determine whether the financial asset is held by the Group in order to:
- Collect the contractual flows generated by the financial asset;
- Collect the contractual flows generated by the financial asset and following its sale;
- Any other grounds for holding, particularly for short-term trading or optimisation.
This double analysis is carried out to determine the measurement method applicable to each financial asset:
- Measurement at amortised cost;
- Measurement at fair value through other comprehensive income;
- Measurement at fair value through the income statement.

Furthermore, debt instruments in assets (loans, receivables, bonds and other securities) measured at amortised cost are subject to the impairment model for expected losses. This impairment, representing the counterparty's credit risk, is recognised against the income statement as soon as loans and receivables have been granted or securities acquired, without the identification of any objective indication of impairment. It is estimated for the credit losses that the Group expects to incur over a one-year period, based on the historical data or financial rating of the counterparty. In the event of significant credit risk deterioration, it is remeasured to represent the loss expected over the life of the financial asset.

The Group does not recognise impairment for losses expected on the following financial assets:
- Assets held with a government counterparty presenting a negligible credit risk;
- Assets held with an entity included within the Group's scope of consolidation;
- Assets whose expected losses are estimated to be immaterial.
In the event of an objective indication of impairment, which is to say a long-term and material decline in an asset's value, an impairment loss is recognised through profit or loss for the loss in value. An objective indication arises from the Group's knowledge of the debtor's financial difficulties (payment default, liquidation, etc.).

Financial assets or liabilities maturing in less than 12 months at the balance sheet date are recorded in current financial assets or current financial liabilities. The fair value of asset or liability derivative instruments is classified as current or non-current based on the final maturity of the derivative.
The loans, borrowings and fair value of derivative instrument line items include accrued interest.
"Regular way" purchases are recorded at the settlement date.
The level of hierarchy used to calculate the fair value of financial instruments, whether recognised at fair value or amortised cost, is shown by category and comprises the following three levels under IFRS 13:
- Level 1: fair value measured using quoted prices by reference to the closing stock market price for listed financial instruments.
- Level 2: fair value measured using inputs other than quoted prices that are observable directly or indirectly on the market. It is used for unlisted financial instruments, for which there exists listed instruments of a similar nature and maturity and by reference to the stock market price of such instruments.
- Level 3: fair value determined using valuation techniques not based on observable market data. It is used for other unlisted instruments. The fair value is determined using valuation techniques such as the revalued net asset method, discounted cash flows or option valuation models.

31/12/2020					Financial instruments				Total	Fair value			
Balance sheet heading and classes of financial instruments In € millions	Note	Non-current	Current	Net indebtedness	At fair value through equity	At amortised cost	At fair value through profit or loss	Derivatives qualifying as hedges	Net carrying amount of the class on the balance sheet	Fair value of class	Level 1	Level 2	Level 3
Public-private partnership (PPP) receivables	*6.2.2.1*	2,108	268	2,376	-	2,376	-	-	2,376	2,376	-	2,376	-
Public Debt Fund (PDF) receivable	*6.2.2.1*	28,411	1,665	30,076	-	30,076	-	-	30,076	34,973	-	34,973	-
Cash collateral assets		-	2,482	2,482	-	2,482	-	-	2,482	2,482	1,761	721	-
Other loans and receivables	*6.2.2.1*	1,156	65	1,221	-	1,220	0	-	1,221	1,225	0	1,222	2
Concession financial assets	*3.3*	2,016	136	-	-	2,152	-	-	2,152	2,270	-	2,270	-
Lease receivables		9	0	-	-	9	-	-	9	-	-	-	-
Debt securities	*6.2.2.3*	162	-	162	-	-	162	-	162	162	-	82	81
Sub-total debt instruments		**33,862**	**4,617**	**36,318**	**-**	**38,316**	**163**	**-**	**38,479**	**43,488**	**1,761**	**41,644**	**83**
Pension plan assets	*5*	13	-	-	-	-	-	-	-	-	-	-	-
Investments in equity instruments	*6.2.2.2*	203	0	-	174	-	29	-	203	203	15	1	187
Trading instruments	*6.2.2.3*	-	9	9	-	-	9	-	9	9	9	-	-
Positive fair value of hedging derivatives	*6.3*	1,105	242	1,347	-	-	-	1,347	1,347	1,347	-	1,347	-
Positive fair value of trading derivatives	*6.3*	547	129	676	-	-	676	-	676	676	-	676	-
Cash and cash equivalents	*6.2.2.5*	-	7,939	7,939	-	-	7,939	-	7,939	7,940	6,404	1,535	0
Total current and non-current financial assets		**35,732**	**12,935**	**46,288**	**174**	**38,316**	**8,816**	**1,347**	**48,653**	**53,663**	**8,189**	**45,203**	**271**
Bond issues		61,562	4,326	65,887	-	65,749	139	-	65,887	79,241	-	79,241	-
Bank borrowings		2,947	248	3,195	-	3,195	-	-	3,195	3,291	0	3,291	-
Asset financing liabilities		123	-0	123	-	123	-	-	123	123	-	123	-
Sub-total borrowings	*6.2.2.4*	**64,633**	**4,573**	**69,206**	**-**	**69,067**	**139**	**-**	**69,206**	**82,655**	**0**	**82,655**	**-**
of which:													
- not hedged		*49,612*	*2,518*	*52,130*	-	*52,130*	-	-	*52,130*	*65,298*	*0*	*65,298*	-
- recognised using cash flow hedge accounting		*11,973*	*848*	*12,821*	-	*12,821*	-	-	*12,821*	*13,043*	-	*13,043*	-
- recognised using fair value hedge accounting		*2,974*	*1,142*	*4,116*	-	*4,116*	-	-	*4,116*	*4,175*	-	*4,175*	-
- designated at fair value(*)		*73*	*66*	*139*	-	-	*139*	-	*139*	*139*	*-0*	*139*	0
Negative fair value of hedging derivatives	*6.3*	3,421	366	3,787	-	-	-	3,787	3,787	3,787	-	3,787	-
Negative fair value of trading derivatives	*6.3*	502	110	612	-	-	612	-	612	612	-	612	-
Loans and borrowings		**68,556**	**5,049**	**73,605**	**-**	**69,067**	**750**	**3,787**	**73,605**	**87,054**	**0**	**87,054**	**-**
Cash borrowings and overdrafts	*6.2.2.5*	-	2,913	2,913	-	2,913	-	-	2,913	2,912	420	2,492	-
Amounts payable on non-controlling interest purchase commitments	*6.2.2.4*	812	-	-	812	-	-	-	812	812	-	-	812
Lease liabilities		3,127	888	-	-	4,016	-	-	4,016	-	-	-	-
Public-Private Partnership (PPP) payables	*6.2.2.1*	2,160	279	2,439	-	2,439	-	-	2,439	2,439	-	2,439	-
Financial grant		5,480	-	5,480	-	5,480	-	-	5,480	5,480	-	5,480	-
Concession financial liabilities		141	1	-	-	143	-	-	143	143	-	143	-
Total current and non-current financial liabilities (**)		**80,277**	**9,130**	**84,437**	**812**	**84,057**	**750**	**3,787**	**89,407**	**98,840**	**420**	**97,608**	**812**
Group net indebtedness		**42,706**	**-4,558**	**38,148**	**-**	**43,744**	**-8,036**	**2,441**	**38,148**	**46,695**	**-7,754**	**54,533**	**-84**

The Group does not designate financial assets at fair value through profit or loss.

(*) The nominal amount of liabilities recorded under the fair value option was €122 million. Those liabilities were designated at fair value on initial recognition.

(**) Including the lease liabilities presented on a specific line of the consolidated statement of financial position.

(***) The State has assumed €25 billion (at nominal value on redemption) of SNCF Réseau debt (see Note 2.1.3).

31/12/2019					Financial instruments				Total	Fair value			
Balance sheet heading and classes of financial instruments In € millions	Note	Non-current	Current	Net indebtedness	At fair value through equity	At amortised cost	At fair value through profit or loss	Derivatives qualifying as hedges	Net carrying amount of the class on the balance sheet	Fair value of class	Level 1	Level 2	Level 3
Public-private partnership (PPP) receivables	*6.2.2.1*	2,250	268	2,518	-	2,518	-	-	2,518	2,518	-	2,518	-
Public Debt Fund (PDF) receivable	*6.2.2.1*	965	542	1,507	-	1,507	-	-	1,507	1,756	-	1,756	-
Cash collateral assets		-	1,623	1,623	-	1,623	-	-	1,623	1,623	1,142	480	-
Other loans and receivables	*6.2.2.1*	1,029	84	1,112	-	1,112	0	-	1,112	1,123	1	1,121	2
Concession financial assets	*3.3*	966	53	-	-	1,019	-	-	1,019	1,038	-	1,038	-
Lease receivables		9	1	-	-	11	-	-	11	-	-	-	-
Debt securities	*6.2.2.3*	161	-	161	-	-	161	-	161	161	-	77	84
Sub-total loans and receivables		5,380	2,571	6,921	-	7,789	161	-	7,950	8,219	1,143	6,989	87
Pension plan assets	5	13	-	-	-	-	-	-	-	-	-	-	-
Investments in equity instruments	*6.2.2.2*	194	0	-	173	-	20	-	194	194	4	22	168
Trading instruments	*6.2.2.3*	-	6	6	-	-	6	-	6	6	6	-	-
Positive fair value of hedging derivatives	*6.3*	1,349	148	1,498	-	-	-	1,498	1,498	1,498	-	1,498	-
Positive fair value of trading derivatives	*6.3*	626	152	778	-	-	778	-	778	778	-	778	-
Cash and cash equivalents	*6.2.2.5*	-	7,754	7,754	-	-	7,754	-	7,754	7,754	6,749	1,005	0
Total current and non-current financial assets		7,562	10,630	16,956	173	7,789	8,719	1,498	18,179	18,448	7,902	10,291	255
Bond issues		58,826	5,633	64,459	-	64,312	147	-	64,459	75,673	-	75,673	-
Bank borrowings		3,461	250	3,711	-	3,711	-	-	3,711	3,771	0	3,771	-
Asset financing liabilities		117	105	223	-	223	-	-	223	223	-	223	-
Sub-total borrowings	*6.2.2.4*	62,404	5,989	68,393	-	68,246	147	-	68,393	79,667	0	79,667	-
of which:													
- not hedged		*46,787*	*4,181*	*50,968*	-	*50,968*	-	-	*50,968*	*61,913*	*0*	*61,912*	-
- recognised using cash flow hedge accounting		*11,337*	*1,771*	*13,108*	-	*13,108*	-	-	*13,108*	*13,370*	-	*13,370*	-
- recognised using fair value hedge accounting		*4,136*	*34*	*4,170*	-	*4,170*	-	-	*4,170*	*4,236*	-	*4,236*	-
- designated at fair value(*)		*145*	*2*	*147*	-	-	*147*	-	*147*	*147*	*0*	*147*	-
Negative fair value of hedging derivatives	*6.3*	2,860	66	2,925	-	-	-	2,925	2,925	2,925	-	2,925	-
Negative fair value of trading derivatives	*6.3*	539	125	663	-	-	663	-	663	663	-	663	-
Loans and borrowings		65,803	6,180	71,982	-	68,246	810	2,925	71,982	83,256	0	83,256	-
Cash borrowings and overdrafts	*6.2.2.5*	-	2,673	2,673	-	2,673	-	-	2,673	2,673	481	2,192	-
Amounts payable on non-controlling interest purchase commitments	*6.2.2.4*	1,839	-	-	1,839	-	-	-	1,839	1,839	-	-	1,839
Lease liabilities		3,137	913	-	-	4,050	-	-	4,050	-	-	-	-
Public-Private Partnership (PPP) payables	*6.2.2.1*	2,353	279	2,582	-	2,631	-	-	2,631	2,631	-	2,631	-
Total current and non-current financial liabilities (**)		73,131	10,045	77,237	1,839	77,601	810	2,925	83,176	90,399	481	88,079	1,839
Group net indebtedness		61,726	-1,444	60,281	-	66,732	-7,888	1,428	60,271	71,294	-7,417	78,797	-87

The Group does not designate financial assets at fair value through profit or loss.

(*) The nominal amount of liabilities recorded under the fair value option was €124 million. Those liabilities were designated at fair value on initial recognition.

(**) Includes lease liabilities, presented as a separate line item in the consolidated statement of financial position.

6.2.2.1 Financial assets at amortised cost

Loans, receivables and debt securities are recognised at amortised cost in the balance sheet when they generate solely payments of principal and interest on the principal amount (SPPI) and are held for the sole purpose of collecting these same cash flows.

Public private partnership (PPP) receivables and payables

As part of its infrastructure activity, the group has entered into public-private partnerships (PPP) via SNCF Réseau for projects relating to:

– the Bretagne-Pays-de-Loire (BPL) high-speed line with the manufacturer Eiffage.

– the high-speed line for the Nîmes Montpellier Bypass with the manufacturer Oc'Via.

– the Global System for Mobile communication for Railways (GSM-R) with the manufacturer Synerail.

A portion of the projects is pre-financed by the manufacturers, which are subsidised by the French State and regional authorities. Therefore, according to the percentage completion of work, the Group recorded:

– The amount of grants to be claimed from the French State and regional authorities under "Public-Private Partnership receivables" in current and non-current financial assets, of which €1,072 million for BPL, €1,045 million for CNM and €260 million for GSM-R (€1,114 million, €1,083 million and €320 million as at 31 December 2019, respectively).

– The amounts payable to manufacturers under "Public-Private Partnership payables" in current and non-current financial liabilities.

Regarding BPL and CNM, SNCF Réseau has received grants and repaid the related borrowings (same amounts as the grants) since 2017, the year of project completion. As for GSM-R, the grant received is lower than the related borrowing as the project is not 100% subsidised. The payment schedules are identical for both receivables and payables and all relevant projects.

Information on investments and investment grants recorded is disclosed in Note 4.2.2.

Claims were received by SNCF Réseau for 2015 and 2018 for the BPL and CNM PPPs. These claims were mostly challenged by the company and only those accepted amounts were recognised.

Public debt fund receivable

Receivable carried by SNCF SA (originating from SNCF Mobilités)

In accordance with the corporate plan (*contrat de plan*) signed by the French State and SNCF SA (formerly SNCF Mobilités) in 1990, a Special Debt Account was set up on 1 January 1991 in order to isolate a portion of SNCF Mobilités' debt.

On the preparation of SNCF Mobilités opening IFRS balance sheet as at 1 January 2006, the debt from the Special Debt Account was transferred to the EPIC Mobilités balance sheet. At the same time, confirmation of the French State's commitment to contribute to the amortisation and servicing of the debt led to the recognition of a receivable in respect of expected payments from the French State.

In December 2007, in order to find a long-term and definitive solution to the future of these commitments and the financing of Special Debt Account debts, a series of transactions were carried out in order to replace the French State receivable with a Public Debt Fund receivable, the terms and conditions of which reflect commitments to third-parties ring-fenced in the Special Debt Account.

Following these transactions, SNCF Mobilités:

– remained indebted towards holders of securities with the banking counterparties of forward financial instruments (foreign currency and interest rate swaps) it has contracted;

– held a receivable on the Public Debt Fund exactly reflecting the amount of the Special Debt Account debt and its terms and conditions and also covering the related derivatives.

The method of accounting for the receivable is unchanged in relation to the method that had been adopted for the recognition of a receivable in respect of expected payments from the French State in the opening IFRS balance sheet as at 1 January 2006, namely:

– the receivable is initially recorded, at the transfer date, at the fair value of debts transferred and subsequently at amortised cost;

– derivative instruments relating to the receivable are recorded at fair value, with gains and losses on remeasurement recognised in profit or loss.

The net carrying amounts do not include derivative instruments.

Receivable carried by SNCF Réseau

Following the reform resulting from the New Railway Pact law which entered into effect on 01/01/2020, the 2020 Initial Finance Law introduced the principle of a transfer of SNCF Réseau debt of €25 billion to the French State effective 1 January 2020. At the same time, the French State announced that this transfer would be accompanied by an additional transfer of €10 billion effective 1 January 2022.

As at 1 January, this debt transfer was conducted in two stages:

– set-up of a liability and a mirror receivable of a nominal amount of €25 billion between SNCF Réseau and CDP, effective 01/01/2020;

– substitution of the French State in favour of SNCF Réseau as debtor vis-à-vis CDP, and then waiver by the French State of its receivable from SNCF Réseau, also effective 01/01/2020.

In accounting terms, this transaction resulted in:

– The recognition of the loan receivable and the mirror loan payable at market value, including a €6.1 billion fair value remeasurement in assets and liabilities compared to the €25 million nominal value.

– Simultaneously, the SNCF Group recognised the State's debt waiver by (i) incorporating into reserves the €25 billion nominal value of the assumed debt and (ii) recognising a financial grant on liabilities corresponding to the difference between the Réseau debt average interest rate and the current market rate.

With effect from 1 January 2020, the PDF loan receivable is accounted for as a financial asset at amortised cost. In parallel, the financial grant is being written back to profit or loss on an actuarial basis, as and when the fair value remeasurement associated with the receivable is reclassified to profit or loss via the amortised cost calculation.

Consequently, the impact of this transaction on net finance costs is an amount of net financial income that exactly mirrors the finance cost effectively borne by SNCF Réseau on the portion of its historical debt assumed by the State.

The PDF receivables repaid by the French State will offset the repayments of its debt by SNCF Réseau.

Other loans and receivables

Other loans and receivables include the employee-profit sharing receivables, "construction assistance" loans and other loans and guarantee deposits (excluding cash collateral assets) as well the EOLE porting. For the most part, these financial instruments are initially valued at fair value and then subsequently at amortised cost based on the effective interest rate (EIR). When they do not satisfy SPPI criteria, these assets are measured at fair value (see Note 6.2.2.3).

These instruments are presented in non-current assets, except for assets maturing in less than 12 months at the balance sheet date, which are recorded in current assets.

6.2.2.2 Financial assets at fair value through equity

Debt instruments in assets (other loans and receivables, debt securities) that generate solely payments of principal and interest on the principal amount (SPPI) and are held for the sole purpose of collecting these same cash flows and the proceeds from their subsequent disposal are recognised at fair value through recyclable equity.

Equity instruments (shares and non-consolidated investments) may be measured at fair value through non-recyclable equity if irrevocably chosen by the Group. A method is chosen for each security.

Investments in equity instruments include Group investments in non-consolidated companies for €174 million (€173 million as at 31 December 2019) that the Group does not hold for short-term profit (particularly the low-rental housing companies (LRHC) described in Note 10.2) and are not held for sale.

These equity investments are measured at fair value at each balance sheet date and any changes in fair value are recorded directly in equity in a specific account under other comprehensive income. Fair value is determined based on the financial criteria most appropriate to the specific situation of each company. It is measured according to Level 1 when quoted prices are available, according to Level 2 when similar transaction prices are observable on the market, and, otherwise, according to Level 3, based on profitability outlooks or the share of equity when it provides a good indication of the investment's market value. In the event of disposal, amounts recorded in equity are not transferred to profit or loss. The capital gain or loss is therefore maintained in equity.

These instruments are not subject to impairment.

6.2.2.3 Assets at fair value through profit or loss

Financial assets that do not generate solely principal repayment flows and related interest payments (non-SPPI) and those held for a short-term profit (trading assets) are recognised at fair value through profit and loss.

Non-SPPI assets include bonds redeemable in shares, Group shares in venture capital funds and any shares and equity investments that the Group has not elected to measure at fair value through equity (see Note 6.2.2.2).

Trading assets consist of assets that the Group intends to sell in the near term in order to realise a capital gain and assets recorded in this category by designation when the required criteria are satisfied.

In particular, SNCF Group cash flow is globally managed pursuant to a general market risk management framework approved by the Board of Directors and combining investments in negotiable debt instruments and French money market mutual funds (UCITS). Its performance is measured, in the same way as that of UCITS, by reference to EONIA (Euro Overnight Index Average). As UCITS are measured at net asset value taking into account portfolio fair value, and in order to achieve overall consistency, investments with an initial maturity of more than three months are recorded in this category by designation.

6.2.2.4 Current and non-current financial liabilities

Financial liabilities are measured according to one of the following methods:
- At fair value through the income statement for liabilities held for trading and those that the Group elects to measure under the fair value option when the required criteria are satisfied;
- At amortised cost using the effective interest rate (EIR) method for other financial liabilities.

As at 31 December 2020, the Group did not hold any debt instruments measured at fair value through equity.

Financial liabilities include guarantee deposits received in respect of derivative instruments. The outstanding amounts of these deposits are included in the aggregate "Cash collateral liabilities."

Borrowings and other financial liabilities are initially measured at fair value less transaction costs and subsequently at amortised cost determined using the effective interest rate.

Certain borrowings are subject to fair value or cash flow hedge accounting. In addition, certain borrowings with detachable embedded derivatives recorded using hedge accounting are recorded at fair value ("fair value" option). This option is used when the corresponding liabilities comprise an embedded derivative significantly modifying the cash flows which would otherwise result in the contract or where the Group is unable to value the embedded derivative separately. Any change in this fair value is recorded in net finance cost, apart from the specific credit risk component which is to be recognised directly in equity. This option only concerns liabilities of SNCF SA. The Group considers that exposure to own credit risk does not give rise to any change in value.

The fair value of financial liabilities is determined using measurement techniques such as option valuation models or the discounted cash flow method. The models take into account assumptions based on market data at the balance sheet date.

IFRS 10, "Consolidated financial statements", and IAS 32, "Financial instruments: presentation", as they currently stand, lead the Group to record firm and conditional non-controlling interest purchase commitments as a financial liability with an offsetting reduction in non-controlling interests. Where the commitment value exceeds the amount of non-controlling interests, the residual balance is deducted from Group equity. The fair value of non-controlling interest purchase commitments is reviewed at each balance sheet date. It is measured according to Level 1 when quoted prices are available, Level 2 when the commitment stems from a recent transaction and, otherwise, Level 3. The corresponding financial liability is offset in equity.

6.2.2.5 Cash and cash equivalents

Cash and cash equivalents consist of immediately available liquid assets (cash) and short-term investments, easily converted into a known amount of cash with an initial maturity of less than or equal to three months and which are exposed to a negligible risk of change in value. In particular, investments in French mutual funds (SICAV) and monetary funds with marginal sensitivity are classified in this category. This primarily involves French mutual funds and monetary funds classified by the French Financial Markets Authority (AMF) in the Euro monetary category or which have a sensitivity of less than 0.25 basis points

For these securities, the fair value adopted is the UCITS net asset value. The fair value falls under Level 1 of the fair value hierarchy set forth in paragraph 72 of IFRS 13. However, considering their residual life at closing, other investments, particularly, negotiable debt securities, are recognised at nominal value, as the Group considers this to be a reasonable estimate of their market value.

Current bank facilities classified as current financial liabilities are included in cash and cash equivalents in the cash flow statement.

In € millions	31/12/2020	31/12/2019	Change
Monetary mutual funds equivalent to cash and negotiable debt securities maturing in less than three months (*)	4,545	4,499	45
Cash at bank and in hand	3,394	3,254	140
Cash and cash equivalents in the statement of financial position	7,939	7,754	185
Accrued interest payable	-1	-1	0
Current bank facilities	-418	-480	61
Cash and cash equivalents in the cash flow statement	7,519	7,273	246

(*) Including deposits and commercial paper

The Group considers the nominal value of negotiable debt securities recorded in cash and cash equivalents to be a reasonable estimate of their market value. The risk of changes in value is immaterial for these instruments. Monetary mutual funds equivalent to cash are stated at fair value and amounted to €2,999 million as at 31 December 2020 (€3,173 million as at 31 December 2019).

For its internal financing and cash management, SNCF also uses both national and international short-term financing instruments such as "Treasury bills" and "Commercial Paper", granting diversified access to liquid financial resources. Foreign-currency denominated negotiable debt securities are hedged using currency swaps.

Net cash from operating activities posted a net inflow of €2,731 million in 2020 (€5,172 million in 2019), primarily generated from operations for €856 million (€3,551 million in 2019).

Net cash used in investing activities totalled €4,531 million in 2020 (net cash of €5,403 million was used in investing activities in 2019).

– The cash outflows were primarily attributable to:

- capital expenditure on intangible assets and property, plant and equipment in the amount of €7,381 million in 2020 (€8,371 million in 2019); it is described in Note 4.2;
- new concession financial assets for €1,469 million in 2020 (€1,494 million in 2019);
- a change in cash assets for €863 million in 2020 (€98 million in 2019).
- changes in cash assets for €44 million in 2020 (€281 million in 2019).

– They were offset by:

- changes in cash assets for €0 million in 2020 (€0 million in 2019);
- disposals of intangible assets and property, plant and equipment for €137 million in 2020, compared to €350 million in 2019;
- investment grants received for €3,319 million in 2020, compared to €3,120 million in 2019;
- amounts received from concession financial assets for €1,863 million in 2020, compared to €1,508 million in 2019.

Net cash from financing activities totalled €2,110 million in 2020 (net cash of €238 million was used in financing activities in 2019): The item essentially stems from:

– net financial interest payment for €1,349 million (€1,648 million in 2019);

– an increase in cash liabilities for €307 million (compared to repayments of €1,682 million in 2019);

– borrowing repayments, net of amounts received on the PDF receivable for €2,452 million (€3,039 million in 2019). Amounts received on the PDF receivable totalled €2,227 million (€0 million in 2019);

– new borrowings, net of issue costs and premiums, for €7,364 million (€7,780 million in 2019).

6.2.2.6 Reconciliation with "cash flow from/(used in) financing activities"

The table below reconciles movements in components of net debt presented in the statement of financial position with cash flow from/used in financing activities:

	31/12/2019	Cash flow from/used in financing activities							Non-cash movements					31/12/2020
In € millions	Total	New borrowings	Repayments of borrowings	Cash inflows/(outflows) on PPP receivables and payables	Net interest paid	Repayments of lease liabilities	Interest paid on lease liabilities	Increase/decrease in cash borrowings	Changes in fair value	Exchange rate fluctuations	Change in Group structure	Non-cash lease movements	Other	Total
Liabilities (A)	**82,697**	**7,464**	**-4,677**	**-283**	**-117**	**-962**	**-2**	**307**	**-1,239**	**-126**	**-209**	**1,015**	**4,979**	**88,847**
Bond issues	64,459	6,375	-4,129	0	-107	0	0	0	-711	0	0	0	0	65,887
Bank borrowings	3,711	1,089	-438	0	3	0	0	0	-18	-59	6	0	-1,099	3,195
Asset financing liabilities	223	0	-111	0	0	0	0	0	0	0	0	0	11	123
Cash borrowings (excluding overdrafts)	2,192	0	0	0	0	0	0	307	-8	0	-1	0	3	2,493
Lease liabilities	4,050	0	0	0	0	-962	-2	0	166	-63	-213	1,015	25	4,015
Liabilities for commitments to buy out non-controlling interests	1,840	0	0	0	0	0	0	0	-1,027	0	0	0	0	812
Public-private partnership (PPP) payables	2,631	0	0	-283	0	0	0	0	140	0	0	0	-50	2,439
Negative fair value of hedging and trading derivatives	3,589	0	0	0	-13	0	0	0	870	-3	0	0	-44	4,399
Financial grant	0	0	0	0	0	0	0	0	-652	0	0	0	6,132	5,480
Assets (B)	**6,337**	**0**	**-2,225**	**-277**	**301**	**0**	**0**	**0**	**-723**	**-1**	**15**	**0**	**31,088**	**34,514**
Public Debt Fund (PDF) receivable	1,507	0	-2,227	0	331	0	0	0	-667	0	0	0	31,132	30,076
Public-private partnership (PPP) receivables	2,518	0	0	-277	0	0	0	0	135	0	0	0	0	2,376
Other loans and receivables - Accrued interest	3	0	0	0	-13	0	0	0	0	0	15	0	0	5
Deposits and caution money	34	0	2	0	0	0	0	0	0	-1	0	0	-1	34
Positive fair value of hedging and trading derivatives	2,276	0	0	0	-18	0	0	0	-192	0	0	0	-43	2,023
Financial income and expenses (C)		**0**	**0**	**0**	**-932**	**0**	**-146**	**0**	**0**	**0**	**0**	**0**	**0**	
Expenses		0	0	0	-2,005	0	-146	0	0	0	0	0	0	
Income		0	0	0	1,074	0	0	0	0	0	0	0	0	
Financing cash flows per the cash flow statement (A - B + C)	76,359	7,464	-2,452	-6	-1,349	-962	-148	307	-516	-125	-223	1,015	-26,109	54,332

	31/12/2018	Cash flow from/used in financing activities							Non-cash movements					31/12/2019
In € millions	Total	New borrowings	Repayments of borrowings	Cash inflows/(outflows) on PPP receivables and payables	Net interest paid	Repayments of lease liabilities	Interest paid on lease liabilities	Increase/decrease in cash borrowings	Changes in fair value	Exchange rate fluctuations	Change in Group structure	Non-cash lease movements	Other	Total
Liabilities (A)	**75,183**	**7,781**	**-3,047**	**-282**	**117**	**-918**	**18**	**-1,682**	**673**	**64**	**132**	**769**	**3,890**	**82,697**
Bond issues	60,239	5,953	-1,895	0	-32	0	0	0	184	0	0	0	11	64,459
Bank borrowings	2,830	1,806	-1,081	0	-1	0	0	0	-46	34	177	0	-8	3,711
Asset financing liabilities	493	22	-71	0	0	0	0	0	0	0	0	0	-222	223
Cash borrowings (excluding overdrafts)	3,912	0	0	0	0	0	0	-1,682	-40	0	0	0	2	2,192
Lease liabilities	0	0	0	0	0	-918	18	0	-3	26	-45	769	4,202	4,050
Liabilities for commitments to buy out non-controlling interests	1,558	0	0	0	0	0	0	0	283	0	0	0	0	1,840
Public-private partnership (PPP) payables	2,717	0	0	-282	0	0	0	0	147	0	0	0	50	2,631
Negative fair value of hedging and trading derivatives	3,433	0	0	0	150	0	0	0	148	3	0	0	-145	3,589
Assets (B)	**6,586**	**0**	**-8**	**-275**	**175**	**0**	**0**	**0**	**13**	**0**	**0**	**0**	**-155**	**6,337**
Public Debt Fund (PDF) receivable	1,520	0	0	0	0	0	0	0	-14	0	0	0	0	1,507
Public-private partnership (PPP) receivables	2,650	0	0	-275	0	0	0	0	143	0	0	0	0	2,518
Other loans and receivables - Accrued interest	5	0	0	0	-1	0	0	0	0	0	0	0	0	3
Deposits and caution money	43	0	-8	0	0	0	0	0	0	0	0	0	0	34
Positive fair value of hedging and trading derivatives	2,369	0	0	0	176	0	0	0	-116	0	0	0	-154	2,276
Financial income and expenses (C)		0	0	0	-1,591	0	-145	0	0	0	0	0	0	0
Expenses		0	0	0	-1,926	0	-145	0	0	0	0	0	0	0
Income		0	0	0	336	0	0	0	0	0	0	0	0	0
Financing cash flows per the cash flow statement (A - B + C)	68,596	7,781	-3,039	-8	-1,649	-918	-127	-1,682	660	64	132	769	4,044	76,359

6.2.2.7 Debt classified as French State debt

In a press release published on 6 September 2018, INSEE announced that it had decided in agreement with Eurostat to reclassify SNCF Réseau as a public administration, as defined by the Maastricht Treaty, from 2016 considering that this operator is a Centrally Administered Body

Accordingly, the SNCF Réseau operating loss was incorporated into the French State's operating loss and its debt has been included in the public debt since 2016. This reclassification did not lead to a change in the SNCF Réseau financial statements. SNCF Réseau remains responsible for the operating management of the debt, without any change in former practices.

Pursuant to Article 2111-17-1 of the rail reform, SNCF Réseau publishes every year the amount of reclassified debt in the French State debt as well as the related forecast changes.

6.3 MANAGEMENT OF MARKET RISKS AND HEDGING

The management of financial risks in the Group is strictly governed by the "Financial risk management framework", a document approved by the SNCF SA Board of Directors.

This management framework details the central role within the Group of SNCF SA, which is responsible for strategic and financial management. As the sole issuer on financial markets, SNCF SA secures financing for the entire Group. The subsidiaries may be financed in the short-term through current account advances and in the long-term through loans granted by SNCF SA. A bank account cash pooling system was also set up by 22 Group subsidiaries.

The management framework approved by the Board of Directors defines the financial risk management process and details authorised instruments and trading limits.

SNCF SA ensures compliance with the financial risk management framework on a day-to-day basis by preparing daily reports.

6.3.1 Interest rate risk management

The cost of long-term net indebtedness is optimised, with regard to interest rates, by managing the mix of fixed and floating rate borrowings. The current historically low interest rates and the desire to maintain medium- and long-term economic equilibrium led the SNCF SA Board of Directors to opt for a target long-term debt structure that is at least 90% fixed-rate. A limited margin of +/- 10 points around this target is nonetheless authorised.

In order to manage the allocation of its debt by interest-rate type, the Group uses firm and optional interest rate swap instruments within the limits defined by the above general framework.

The fixed-rate portion of gross long-term borrowings minus the CDP receivables of the Group's two main contributors (SNCF SA and SNCF Réseau) as at 31 December 2020 represented €89.20% compared to 89.20% as at 31 December 2019. Compliance with this allocation is checked on a daily basis.

For this same scope, Group net borrowing costs were 2.49% for fiscal year 2020, compared to 2.86% for fiscal year 2019.

In managing its interest rate risk, SNCF SA is also authorised to enter into advanced hedges of future issues.

Sensitivity analysis

The sensitivity of profit or loss to the risk of interest rate fluctuations is related to:

– floating-rate net debt after taking into account hedges;

– fair value option debt;

– derivative instruments not qualified as hedges within the meaning of IFRS 9.

The sensitivity of recyclable reserves (equity) to the risk of interest rate fluctuations is related to derivatives qualified as cash flow hedges.

The sensitivity analysis was determined based on a 50 basis point (bp) increase and decrease in the interest rate curve at the year-end, and breaks down as follows:

	31/12/2020				31/12/2019			
	+50 bp		- 50 bp		+50 bp		- 50 bp	
In € millions	Net profit	Recyclable reserves	Net profit	Recyclable reserves	Net profit	Recyclable reserves	Net profit	Recyclable reserves
Floating-rate financial instruments (after taking into account fair value hedges)	10	1	-11	-1	2	0	-3	0
Fair value option debt	2	0	-3	0	3	0	-3	0
Derivatives not qualified as hedges	7	0	-10	0	8	0	-9	0
Derivatives qualified as cash flow hedges	58	828	-68	-921	25	775	-29	-862
Total	78	829	-92	-922	39	775	-44	-862

The breakdown by interest rate of loans and borrowings, before and after adjustment for derivatives (hedging and trading), is as follows:

	Initial debt structure		Structure after IFRS hedging	
In € millions	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Fixed rate	60,896	60,073	60,273	60,220
Floating rate	4,541	4,566	6,785	6,056
Inflation rate	3,769	3,754	2,148	2,117
Total loans and borrowings	69,206	68,393	69,206	68,393

6.3.2 Foreign currency risk management

Foreign currency-denominated transactions are translated by the subsidiary into its functional currency at the exchange rate prevailing on the transaction date.

Monetary items in the balance sheet are retranslated at the closing exchange rate at each balance sheet date. The resulting translation differences are recorded in profit or loss or as a separate equity component if they relate to hedging transactions qualifying as net investments or cash flows under IFRS.

The commercial activities of the Group do not expose it to material foreign currency risk.

As part of its financial strategy which aims to diversify access to sources of finance and optimise finance costs, SNCF SA issues bonds in foreign currencies that are covered by currency hedges from the bond issue date. The foreign currency denominated cash flows (principal payments and interest) are hedged by currency derivatives which convert this debt into euro debt.

Given the small percentage of unhedged foreign currency denominated borrowings, net profit or loss is not, in the Group's opinion, sensitive to foreign currency risk.

The breakdown by currency of loans and borrowings, before and after adjustment for derivatives (hedging and trading), is as follows:

	Initial debt structure		Structure after currency hedging	
In € millions	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Euro	57,109	55,964	68,432	67,865
Swiss franc	1,934	1,655	0	0
US dollar	2,927	3,355	101	65
Canadian dollar	217	226	0	0
Pound sterling	5,736	5,785	581	362
Yen	605	711	0	0
Australian dollar	120	116	62	59
Hong Kong dollar	236	256	0	0
Norwegian krone	62	61	0	0
Swedish krona	231	222	0	0
Singapore dollar	0	0	0	0
Other	29	42	29	42
Total loans and borrowings	69,206	68,393	69,206	68,393

Regarding SNCF Réseau, the foreign currency risk relating to resources raised in foreign currencies is hedged by currency hedges that convert such resources into euros.

6.3.3 Commodity risk management

The Group's production requirements expose it to the risk of fluctuations in the price of petroleum products and more broadly energy. This risk is managed using firm and optional derivatives (swaps, options, caps, floors).

– In early 2020 in a context of intense economic pressure, a cash flow hedge was set up by SNCF SA for a volume of 8,700 tonnes of diesel in the name and on behalf of FRET SAS, by implementing derivatives maturing on 31 December 2020.

For 2021, no new hedging agreement had yet been concluded as at 31 December 2020.

– At Keolis, five zero premium diesel hedging collars for a volume of 8,100 tonnes of diesel as at 31 December 2020 were set up by Keolis SA and designated as cash flow hedges. These collars are accounted for as operating receivables and present a fair value of €0 million as at the end of December. These collars expire between 30 June 2021 and 30 June 2022.

To recap, Keolis had set up and designated as cash flow hedges nine diesel hedges involving zero-premium collars for a volume of 8,614 tonnes of diesel as at 31 December 2019. These collars presented a fair value of +€0.2 million as at 31 December.

– SNCF Énergie, in its capacity as electricity supplier to the Group's subsidiaries for their energy needs on the French traction network, enters into forward contracts with the market or regulatory bodies. When the volumes contracted are exclusively intended to cover the Group's physical needs, they are not qualified as derivatives, under the "own use" exemption stipulated in IFRS 9. Conversely, when the volumes can be settled on the market for financial optimisation purposes, they are qualified as trading derivatives.

From 01/01/2020, forward electricity purchases on an annual basis (excluding ARENH nuclear power quotas) performed by SNCF Énergie are classified as cash flow hedges. The objective of the strategy remains to hedge the purchase price of electricity and purchase energy at the lowest possible cost.

6.3.4 Counterparty risk management

The Group is exposed to counterparty risk in connection with its cash investments and the subscription of derivatives from its financial partners, insofar as the debtor refuses to honour all or part of its commitment or does not have the means to respect it. To manage and limit this risk, investment instruments and derivatives are only entered into with financial institutions corresponding to the credit rating and equity criteria validated by the SNCF SA Board of Directors. A limited commitment amount by institution is determined according to these criteria. Compliance with the authorised limit by counterparty is monitored daily. To hedge counterparty risk regarding its derivative financial instruments, SNCF SA performs weekly margin calls with its financial counterparties. Collateral (in cash only) is called up in the amount of the market value of the financial instrument portfolios for each counterparty with whom SNCF Réseau and SNCF SA are at risk.

Customer credit risk is limited and presented in Note 4.5.2.

6.3.4.1 Financial investments

The aforementioned general framework defines the counterparty approval procedure, which is based on a quantitative and qualitative analysis of counterparties.

Volume limits according to investment terms are defined for each counterparty, taking into account its equity, rating and nationality. The extent to which authorised limits are used, based on the nominal amount of the transactions, is measured daily and reported.

Cash and cash equivalents

Financial investments are diversified. They primarily consist of negotiable debt instruments (certificates of deposit, commercial paper), treasury note repos and subscriptions to French money market mutual funds (UCITS). Given their short residual term and breakdown, no major credit risk exposure is generated.

Portfolio of investments in equity instruments

Investments in equity instruments solely comprise non-consolidated investments. The fair value of these instruments is determined at each balance sheet date.

6.3.4.2 Derivative financial instruments

The purpose of derivative instruments is to manage interest rate, foreign currency and commodity risk.

The financial risk management framework defines the counterparty approval procedure for derivatives, which is based on a quantitative and qualitative analysis of counterparties.

Volume limits are defined for each counterparty, taking into account its equity, rating and geographic zone. The extent to which authorised limits are used, based for investments on the nominal amount of transactions, is measured daily and reported. The counterparty approval procedure for derivative instruments also involves the signature of a framework agreement. A collateral agreement defining the collateral management terms is signed with all bank counterparties working with SNCF SA and SNCF Réseau in order to limit credit risk. All the medium and long-term derivative financial instruments (interest rate swaps, currency swaps) negotiated with bank counterparties are hedged by these collateral agreements.

The table below presents the information required by IFRS 7 "Disclosures: offsetting financial assets and financial liabilities." For financial assets and liabilities subscribed as part of agreements with a legally enforceable netting clause, this involves a presentation of amounts before and after offsetting as at 31 December. It includes commodity derivatives. These derivatives are recorded in operating payables and receivables when they qualify as hedging instruments within the meaning of IFRS 9.

As at 31 December 2020, they were classified as assets for €6 million (€1 million as at 31 December 2019) and liabilities for €10 million (€2 million as at 31 December 2019). The "Cash collateral" column corresponds to the outstanding on collateralisation agreements for derivative financial instruments that do not meet the offsetting criteria established by IAS 32 "Financial instruments: Presentation."

31/12/2020 *In € millions*	Gross	Amounts offset in the balance sheet	Net amounts presented in the balance sheet	Amounts not offset in the balance sheet: Cash collateral	Amounts not offset in the balance sheet: Derivatives with netting agreement	Net amounts
Asset derivatives	2,029	0	2,029	560	1,413	57
Liability derivatives	4,410	0	4,410	2,418	1,409	583
Net derivative position	-2,381	0	-2,381	-1,859	4	-527

31/12/2019 *In € millions*	Gross	Amounts offset in the balance sheet	Net amounts presented in the balance sheet	Amounts not offset in the balance sheet: Cash collateral	Amounts not offset in the balance sheet: Derivatives with netting agreement	Net amounts
Asset derivatives	2,277	0	2,277	691	1,446	140
Liability derivatives	3,591	0	3,591	1,555	1,446	590
Net derivative position	-1,314	0	-1,314	-864	0	-450

As at 31 December 2020:

– Three counterparties represented 98 % of the credit risk for SNCF SA's active position. The remaining exposure is explained by trigger thresholds in the collateralisation agreements and weekly margin calls.

– One counterparty represented 100% of the credit risk for SNCF Réseau's active position, before taking into account the collateralisation agreements.

As at 31 December 2019:

– Three counterparties represented 96.2% of the credit risk for SNCF Mobilités' active position. The remaining exposure is explained by trigger thresholds in the collateralisation agreements and monthly margin calls.

– Six counterparties represented 100% of the credit risk for SNCF Réseau's active position, before taking into account the collateralisation agreements.

6.3.5 Liquidity risk management

Due to the proactive management of its liquidity, the quality of its signature and its frequent presence on international capital markets, SNCF SA enjoys diversified access to both short-term (treasury bills, commercial paper) and long-term (public and private bond issues and monetisation of receivables) financing sources.

SNCF SA assures its daily liquidity through a Neu-CP programme (formerly a commercial paper programme) capped at €3,000 million and used in the amount of €1,333 million as at 31 December 2020 (€407 million as at 31 December 2019) and in the amount of €852 million on average in 2020.

SNCF SA has set-up an EMTN programme capped at €12 billion on the long-term financial markets for financing purposes. Programme outstandings stood at €6.5 billion as at 31 December 2020.

SNCF SA set up a Euro Commercial Paper program in early 2020 for a maximum amount of €5,000 million, used in the amount of €535 million as at 31 December 2020 and in the amount of €814 million on average in 2020.

Furthermore, SNCF SA has an unused syndicated credit facility in the amount of €3,500 million in 2020.

Total confirmed credit lines of the Group break down as follows:

In € millions	Total	Maturity schedule: < 1 year	Maturity schedule: 1 to 5 years	Maturity schedule: > 5 years
Confirmed credit lines as at 31/12/2020	4,906	354	4,499	54
Confirmed credit lines as at 31/12/2019	3,489	705	2,188	597

The maturity schedule for the carrying amounts of loans and borrowings is as follows:

In € millions	31/12/2020	31/12/2019
Less than 1 year	4,712	5,919
1 to 5 years	20,711	19,087
5 to 10 years	16,661	16,076
10 to 20 years	14,218	15,794
20 years and thereafter	13,485	11,429
Changes in fair value (designated at "fair value")	12	21
Changes in fair value (hedge accounting)	-592	68
Total	69,207	68,394
Fair value of non-current derivatives	3,923	3,398
Fair value of current derivatives	476	190
Total loans and borrowings	73,606	71,983

The maturity schedule of financial assets and liabilities included into the definition of indebtedness based on year-end exchange and interest rates (outflows in negative and inflows in positive) is as follows:

Maturity schedule 31/12/2020

In € millions	Total	Less than 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and thereafter
Bonds	-85,660	-6,651	-24,674	-19,614	-17,631	-17,090
Principal	*-63,477*	*-3,374*	*-18,663*	*-15,314*	*-12,998*	*-13,127*
Interest cash flow	*-22,183*	*-3,277*	*-6,010*	*-4,300*	*-4,633*	*-3,962*
Bank borrowings	-3,303	-288	-1,970	-563	-481	-1
Principal	*-3,091*	*-244*	*-1,866*	*-535*	*-444*	*-1*
Interest cash flow	*-212*	*-45*	*-104*	*-28*	*-36*	*0*
Asset financing liabilities	-120	1	-4	1	-118	0
Principal	*-123*	*0*	*-6*	*0*	*-118*	*0*
Interest cash flow	*3*	*1*	*2*	*1*	*0*	*0*
Borrowings sub-total	-89,083	-6,939	-26,647	-20,176	-18,230	-17,091
Principal	*-66,691*	*-3,617*	*-20,535*	*-15,850*	*-13,560*	*-13,129*
Interest cash flow	*-22,392*	*-3,321*	*-6,112*	*-4,326*	*-4,670*	*-3,962*
Cash borrowings and overdrafts	-2,913	-2,913	0	0	0	0
Public-Private Partnership (PPP) payables	-3,642	-388	-1,067	-993	-1,195	0
Principal	*-2,439*	*-279*	*-903*	*-663*	*-593*	*0*
Interest cash flow	*-1,204*	*-109*	*-163*	*-330*	*-602*	*0*
I - Total borrowings	-95,638	-10,239	-27,714	-21,169	-19,425	-17,091
Public-private partnership (PPP) receivables	3,565	376	1,004	990	1,195	0
Principal	*2,376*	*268*	*855*	*660*	*593*	*0*
Interest cash flow	*1,189*	*108*	*149*	*330*	*602*	*0*
Public Debt Fund receivable	32,764	2,038	9,647	7,219	7,475	6,385
Principal	*24,180*	*1,279*	*7,170*	*5,403*	*5,523*	*4,805*
Interest cash flow	*8,584*	*758*	*2,477*	*1,816*	*1,952*	*1,581*
Other loans and receivables and cash collateral	4,033	2,563	972	449	48	1
Principal	*3,940*	*2,542*	*924*	*425*	*48*	*1*
Interest cash flow	*93*	*21*	*48*	*24*	*0*	*0*
Cash and cash equivalents	7,939	7,939	0	0	0	0
II - Financial assets	48,301	12,915	11,623	8,658	8,718	6,386
Interest cash flow on hedging derivatives with a negative fair value	*-1,183*	*-22*	*-302*	*-368*	*-377*	*-114*
Interest cash flow on trading derivatives with a negative fair value	*-586*	*-120*	*-392*	*-59*	*-9*	*-6*
Interest cash flow on hedging derivatives with a positive fair value	*899*	*73*	*230*	*258*	*233*	*105*
Interest cash flow on trading derivatives with a positive fair value	*651*	*146*	*448*	*54*	*3*	*0*
III - Derivative financial instruments	-219	77	-17	-116	-149	-15
Net indebtedness (I + II + III)	-47,556	2,754	-16,107	-12,627	-10,855	-10,720

Maturity schedule						31/12/2019
In € millions	Total	Less than 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and thereafter
Bonds	-84,634	-8,135	-24,320	-18,684	-18,661	-14,835
Principal	*-61,852*	*-4,639*	*-17,813*	*-14,172*	*-14,100*	*-11,127*
Interest cash flow	*-22,783*	*-3,496*	*-6,506*	*-4,512*	*-4,561*	*-3,708*
Bank borrowings	-4,193	-285	-1,604	-1,227	-1,076	-1
Principal	*-3,751*	*-245*	*-1,408*	*-1,114*	*-983*	*-1*
Interest cash flow	*-442*	*-40*	*-196*	*-113*	*-93*	*0*
Finance lease liabilities	-217	-105	2	2	-116	0
Principal	*-223*	*-105*	*0*	*0*	*-118*	*0*
Interest cash flow	*6*	*0*	*2*	*2*	*1*	*0*
Borrowings sub-total	-89,045	-8,525	-25,921	-19,908	-19,854	-14,837
Principal	*-65,826*	*-4,989*	*-19,221*	*-15,286*	*-15,201*	*-11,129*
Interest cash flow	*-23,219*	*-3,536*	*-6,700*	*-4,622*	*-4,653*	*-3,708*
Cash borrowings and overdrafts	-2,673	-2,673	0	0	0	0
Public-Private Partnership (PPP) payables	-3,883	-289	-1,203	-998	-1,393	0
Principal	*-2,631*	*-279*	*-1,014*	*-664*	*-674*	*0*
Interest cash flow	*-1,251*	*-10*	*-189*	*-334*	*-719*	*0*
I - Total borrowings	-95,601	-11,487	-27,125	-20,906	-21,247	-14,837
Public-private partnership (PPP) receivables	3,743	277	1,083	990	1,393	0
Principal	*2,518*	*268*	*915*	*660*	*674*	*0*
Interest cash flow	*1,225*	*9*	*167*	*330*	*719*	*0*
Public Debt Fund receivable	1,747	599	1,149	0	0	0
Principal	*1,407*	*500*	*907*	*0*	*0*	*0*
Interest cash flow	*340*	*99*	*242*	*0*	*0*	*0*
Other loans and receivables and cash collateral	2,864	1,708	433	655	68	1
Principal	*2,857*	*1,702*	*433*	*654*	*67*	*1*
Interest cash flow	*7*	*6*	*0*	*1*	*0*	*0*
Cash and cash equivalents	7,754	7,754	0	0	0	0
II - Financial assets	16,108	10,337	2,664	1,645	1,461	1
Interest cash flow on hedging derivatives with a negative fair value	*-1,222*	*-66*	*-296*	*-338*	*-360*	*-161*
Interest cash flow on trading derivatives with a negative fair value	*-690*	*-116*	*-431*	*-123*	*-13*	*-8*
Interest cash flow on hedging derivatives with a positive fair value	*1,388*	*157*	*385*	*346*	*308*	*192*
Interest cash flow on trading derivatives with a positive fair value	*736*	*157*	*496*	*81*	*3*	*1*
III - Derivative financial instruments	213	133	153	-34	-62	24
Net indebtedness (I + II + III)	-79,279	-1,017	-24,307	-19,295	-19,848	-14,812

The maturity schedule of financial assets and liabilities not included in the definition of indebtedness based on year-end exchange and interest rates is as follows:

Maturity schedule						31/12/2020
In € millions	Total	Less than 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and thereafter
Lease liabilities	-4,461	-990	-2,408	-872	-173	-18
Principal	*-4,002*	*-873*	*-2,164*	*-793*	*-159*	*-13*
Interest cash flow	*-459*	*-117*	*-243*	*-79*	*-14*	*-6*
Concession financial liabilities	-140	1	-141	0	0	0
Principal	*-140*	*1*	*-141*	*0*	*0*	*0*
Interest cash flow	*0*	*0*	*0*	*0*	*0*	*0*
Public-Private Partnership (PPP) payables	0	0	0	0	0	0
Principal	*0*	*0*	*0*	*0*	*0*	*0*
Interest cash flow	*0*	*0*	*0*	*0*	*0*	*0*
I - Financial liabilities not included in the definition of indebtedness	-4,601	-989	-2,549	-872	-173	-18
Public-private partnership (PPP) receivables	0	0	0	0	0	0
Principal	*0*	*0*	*0*	*0*	*0*	*0*
Interest cash flow	*0*	*0*	*0*	*0*	*0*	*0*
Concession financial assets	2,163	141	2,022	0	0	0
Principal	*2,158*	*136*	*2,022*	*0*	*0*	*0*
Interest cash flow	*5*	*5*	*1*	*0*	*0*	*0*
Lease financial receivables	13	1	3	3	6	0
Principal	*9*	*0*	*2*	*2*	*5*	*0*
Interest cash flow	*4*	*1*	*1*	*1*	*1*	*0*
II - Financial assets not included in the definition of indebtedness	2,176	142	2,025	3	6	0

Maturity schedule			31/12/2019			
In € millions	Total	Less than 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and thereafter
Lease liabilities	-4,535	-1,023	-2,437	-832	-235	-9
Principal	*-4,032*	*-895*	*-2,171*	*-741*	*-217*	*-8*
Interest cash flow	*-502*	*-127*	*-266*	*-90*	*-18*	*0*
Concession financial liabilities	0	0	0	0	0	0
Principal	*0*	*0*	*0*	*0*	*0*	*0*
Interest cash flow	*0*	*0*	*0*	*0*	*0*	*0*
Public-Private Partnership (PPP) payables	50	0	50	0	0	0
Principal	*50*	*0*	*50*	*0*	*0*	*0*
Interest cash flow	*0*	*0*	*0*	*0*	*0*	*0*
I - Financial liabilities not included in the definition of indebtedness	-4,485	-1,023	-2,387	-832	-235	-9
Public-private partnership (PPP) receivables	0	0	0	0	0	0
Principal	*0*	*0*	*0*	*0*	*0*	*0*
Interest cash flow	*0*	*0*	*0*	*0*	*0*	*0*
Concession financial assets	1,036	56	973	7	0	0
Principal	*1,031*	*53*	*971*	*7*	*0*	*0*
Interest cash flow	*5*	*3*	*2*	*0*	*0*	*0*
Lease financial receivables	15	1	3	3	7	1
Principal	*11*	*1*	*1*	*2*	*5*	*1*
Interest cash flow	*5*	*0*	*1*	*1*	*1*	*0*
II - Financial assets not included in the definition of indebtedness	1,051	58	976	10	7	1

6.4 HEDGING AND DERIVATIVE INSTRUMENTS

Under IFRS 9, derivative instruments are financial instruments that require no or little initial investment, whose value fluctuates in response to changes in an underlying item (interest rate, exchange rate, commodity prices, etc.) and are settled at future date.
The derivative instruments used by the Group to manage currency, interest rate and commodity risks are initially recognised at fair value and remeasured in the balance sheet to their fair value at closing.
Fair value is determined using measurement techniques such as option valuation models or the discounted cash flows method. The models fall under Level 2 of the fair value hierarchy set forth in paragraph 81 of IFRS 13.
Derivative instruments are by default recognised as trading derivatives, unless a hedging relationship has been documented at their inception.

Cash flow hedges
The Group trades on the derivatives market to hedge floating-rate receivables and payables and receipts and payments related to its commercial activities.
When IFRS 9 criteria are met, the derivative instruments are designated as cash flow hedges and fair value gains and losses are recorded directly in a specific account in other comprehensive income, except for the ineffective portion of the hedge, which is recorded in profit or loss. When the hedged item impacts profit or loss, the amounts deferred in other comprehensive income are released to profit or loss to match the flows of the hedged item.

Fair value hedges
The Group also uses derivative instruments to hedge the fair value of fixed-rate receivables and payables denominated in euro and foreign currencies.
When IFRS 9 criteria are met, the derivative instruments are designated as fair value hedges and:
- fair value gains and losses arising on the derivative are recorded in profit or loss for the period,
- the hedged item is initially recognised at amortised cost and remeasured to its fair value at the balance sheet date, for the hedged portion of the risk, through profit or loss.
As such, fair value gains and losses on the derivative and the hedged item cancel out in profit or loss, except for the ineffective portion of the hedge.

Hedging costs
Pursuant to IFRS 9, hedging costs, including foreign currency basis spread impacts and the time value of options, are excluded from hedging relationships. Changes in their fair value are recognised in recyclable equity and their actual cost is recognised in profit or loss consistently over the term of the hedging relationship (time period related approach).

Trading
When the conditions for hedge accounting are not satisfied within the meaning of IFRS 9, the instrument is classified as a trading derivative. Any changes in its fair value are recorded in profit or loss for the period within net finance cost, even when the derivative is associated to commodities.

The fair value of current and non-current asset and liability derivative instruments (excluding commodity derivatives qualified for hedging) breaks down as follows:

	31/12/2020			31/12/2019		
In € millions	Non-current	Current	Total	Non-current	Current	Total
Asset derivative instruments						
Cash flow hedging derivatives	569	117	686	746	99	845
Fair value hedging derivatives	536	124	661	603	49	652
Trading derivatives	547	129	676	626	152	778
Total asset derivative instruments	1,653	370	2,023	1,975	300	2,276
Liability derivative instruments						
Cash flow hedging derivatives	3,375	163	3,538	2,684	80	2,763
Fair value hedging derivatives	46	203	249	176	-14	162
Trading derivatives	502	110	612	539	125	663
Total liability derivative instruments	3,923	476	4,399	3,398	190	3,589

6.4.1 Economic relationship between derivative instruments and hedged items

Hedging relationships are defined by the Group to offset any changes in fair value or cash flow of a hedging instrument with those of a hedged item.

The SNCF Group operates regularly on the foreign currency derivatives market, primarily in order to hedge borrowings issued. The purpose is therefore to hedge against foreign currency risk that corresponds to changes in the value or cash flows of borrowings due to exchange rate fluctuations.

The Group operates in the interest rate swap and swaption market in order to manage its exposure to interest rate risk on borrowings. The hedged risk therefore corresponds to the risk that the value or cash flow of the borrowings changes due to market interest rate fluctuations.

Furthermore, due to the price fluctuations of certain commodities that are essential to production, the Group enters into forward swaps or contracts in order to hedge the price risk.

Derivative instruments which are not classified as hedging instruments within the meaning of IFRS 9 are recognised as trading assets.

The following table presents, by type of risk, the economic relationship between derivative instruments and hedged items:

31/12/2020 *In € millions*	Nominal amount of derivative instruments		Carrying amount of derivative instruments (1)		Change in fair value of the derivative instrument over the period	Carrying amount of the hedged item (2)		Total change in fair value recognised on the hedged item	Change in fair value of the hedged item over the period (3)	Hedging ineffectiveness (4)
	Given	Received	Assets	Liabilities		Asset	Liabilities			
Interest rate risk	1,874	1,874	206	12	25	783	1,478	-165	-27	-2
Interest rate swaps	1,874	1,874	206	12	25					
Foreign currency risk	2,528	2,594	454	237	-99	0	2,638	-158	76	-24
Cross-currency swaps (*)	2,528	2,594	454	237	-97					
Foreign currency sales or purchases	0	0	0	0	-3					
Fair value hedge	4,401	4,468	661	249	-74	783	4,116	-324	49	-26
Interest rate risk	4,966	5,331	155	1,278	-123				125	0
Interest rate swaps	4,966	4,966	155	1,278	-123					
Swaptions	0	365	0	0	0					
Pre-hedging instruments	0	0	0	0	0					
Foreign currency risk	9,661	8,370	531	2,260	-751				769	0
Cross-currency swaps (**)	9,661	8,370	531	2,260	-751					
Foreign currency sales or purchases	0	0	0	0	0					
Pre-hedging instruments	0	0	0	0	0					
Price risk	(***)	(***)	6	3	4				7	0
Firm instruments			6	3	4					
Conditional instruments			0	0	0					
Cash flow hedge	14,627	13,700	692	3,541	-870				900	-1
Interest rate instruments	7,434	7,434	642	595	-28					
Interest rate swaps	7,434	7,434	642	595	-28					
Swaptions	0	0	0	0	0					
Foreign currency instruments	372	296	22	15	-10					
Currency swaps	161	87	6	13	1					
Cross-currency swaps	122	119	16	0	-9					
Foreign currency sales or purchases	89	90	0	2	-2					
Pricing instruments	0	0	11	7	-11					
Firm instruments			11	7	-11					
Conditional instruments			0	0	0					
Trading	7,806	7,730	674	617	-49					

(*) Of which interest rate risk hedging portion amounting to -€98 million.

(**) Of which interest rate risk hedging portion amounting to -€710 million.

(***) The nominal amounts of price hedging instruments are measured in volumes, and presented in Note 6.4.2

(1) The carrying amount of foreign currency and interest rate risk hedging instruments is recorded in the statement of financial position within current or non-current financial assets or financial liabilities depending on their type and maturity. The carrying amount of price risk hedging instruments is recorded in the statement of financial position within operating receivables or payables depending on their type.

(2) The carrying amount of net indebtedness items is recorded in the statement of financial position within current and non-current financial liabilities depending on their maturity. The carrying amount of WCR items is recorded within operating receivables and payables. Future transactions are not recorded in summary reports.

(3) The change in fair value shown corresponds to that used to calculate ineffectiveness.

(4) Foreign currency and interest rate risk hedging ineffectiveness is recorded in the consolidated income statement within net borrowing and other costs. The ineffectiveness generated by price risk hedging is recorded within EBITDA.
A positive amount corresponds to a gain, a negative amount corresponds to a loss.

The immaterial ineffectiveness shown may result from:

– Different benchmark rates between the hedging instrument and the hedging item;

– Different cash flow settlement dates (maturity date, payment date, etc.) between the hedging instrument and the hedged item;

– Difference in accrued interest between the hedged item and the hedging instrument.

31/12/2019 *In € millions*	Nominal amount of derivative instruments Given	Received	Carrying amount of derivative instruments Asset	Liabilities	Change in fair value of the derivative instrument over the period	Carrying amount of the hedged item Asset	Liabilities	Total change in fair value recognised on the hedged item	Change in fair value of the hedged item over the period	Hedging ineffectiveness
Interest rate risk	1,874	1,875	179	10	90	692	1,456	-138	-89	1
Interest rate swaps	1,874	1,875	179	10	90					
Foreign currency risk	2,832	2,707	473	152	-31	0	3,025	-234	-3	-33
Cross-currency swaps (*)	2,528	2,395	466	152	-4					
Foreign currency sales or purchases	304	312	7	0	-27					
Fair value hedge	4,706	4,581	652	162	60	692	4,481	-372	-92	-32
Interest rate risk	5,955	6,412	118	1,114	-181				197	-1
Interest rate swaps	5,955	5,955	118	1,114	-180					
Swaptions	0	457	0	0	-1					
Pre-hedging instruments	0	0	0	0	0					
Foreign currency risk	9,251	8,557	728	1,649	-40				44	2
Cross-currency swaps (**)	9,251	8,557	728	1,649	-39					
Foreign currency sales or purchases	0	0	0	0	1					
Pre-hedging instruments	0	0	0	0	-2					
Price risk	(***)	(***)	1	2	8				-8	0
Firm instruments			1	2	8					
Conditional instruments			0	0	0					
Cash flow hedge	15,206	14,969	847	2,765	-212				232	1
Interest rate instruments	8,489	8,489	734	652	-69					
Interest rate swaps	8,489	8,489	734	652	-78					
Index swaps	0	0	0	0	0					
Swaptions	0	0	0	0	10					
Foreign currency instruments	1,391	1,419	29	11	-14					
Currency swaps	1,122	1,151	4	11	-10					
Cross-currency swaps	122	122	25	0	-3					
Foreign currency sales or purchases	147	147	0	0	0					
Pricing instruments			15	0	-92					
Firm instruments			15	0	-92					
Conditional instruments			0	0	0					
Trading	9,880	9,908	778	663	-175					

(*) Of which interest rate risk hedging portion amounting to €204 million.
(**) Of which interest rate risk hedging portion amounting to -€291 million.
(***) The nominal amounts of price hedging instruments are measured in volumes, and presented in Note 6.4.2

6.4.2 Maturities of nominal commitments

As at 31 December 2020 and 2019, the nominal commitments and maturities, by type of hedged risk, of the different hedging instruments subscribed were as follows:

Nominal commitments received 31/12/2020 *In € millions*	Total	Less than 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and thereafter
Interest rate risk	1,874	0	758	705	410	0
Foreign currency risk	2,594	1,099	340	362	792	0
Fair value hedge	4,468	1,099	1,099	1,068	1,202	0
Interest rate risk	5,331	445	2,022	910	1,304	650
Foreign currency risk	8,370	718	2,636	2,051	1,122	1,842
Price risk	0	0	0	0	0	0
Cash flow hedge	13,700	1,163	4,658	2,961	2,426	2,492

Nominal commitments received 31/12/2019 *In € millions*	Total	Less than 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and thereafter
Interest rate risk	1,875	1	758	705	410	0
Foreign currency risk	2,707	312	1,200	375	820	0
Fair value hedge	4,581	312	1,958	1,080	1,230	0
Interest rate risk	6,412	826	2,141	1,626	1,170	650
Foreign currency risk	8,557	1,417	2,067	1,966	1,217	1,889
Price risk	0	0	0	0	0	0
Cash flow hedge	14,969	2,243	4,208	3,591	2,388	2,539

Nominal commitments given 31/12/2020 *In € millions*	Total	Less than 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and thereafter
Interest rate risk	1,874	0	758	705	410	0
Foreign currency risk	2,528	983	330	425	789	0
Fair value hedge	4,401	983	1,088	1,131	1,199	0
Interest rate risk	4,966	303	1,799	910	1,304	650
Foreign currency risk	9,661	681	2,927	2,655	1,306	2,092
Price risk	0	0	0	0	0	0
Cash flow hedge	14,627	984	4,726	3,565	2,610	2,742

Nominal commitments given 31/12/2019 *In € millions*	Total	Less than 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and thereafter
Interest rate risk	1,874	0	758	705	410	0
Foreign currency risk	2,832	304	1,313	425	789	0
Fair value hedge	4,706	304	2,072	1,131	1,199	0
Interest rate risk	5,955	701	1,811	1,623	1,170	650
Foreign currency risk	9,251	1,347	2,016	2,466	1,372	2,051
Price risk	0	0	0	0	0	0
Cash flow hedge	15,206	2,048	3,826	4,089	2,542	2,701

For diesel volume hedges, the nominal amounts are expressed in volumes, and presented as follows:

Nominal commitments received as at 31/12/2020 *in tonnes*	Total	Less than 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and thereafter
Price risk	104,331	63,877	40,454	0	0	0
Cash flow hedge	104,331	63,877	40,454	0	0	0

Nominal commitments received as at 31/12/2019 *in tonnes*	Total	Less than 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and thereafter
Price risk	132,865	69,506	63,359	0	0	0
Cash flow hedge	132,865	69,506	63,359	0	0	0

Nominal commitments given as at 31/12/2020 *in tonnes*	Total	Less than 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and thereafter
Price risk	104,331	63,877	40,454	0	0	0
Cash flow hedge	104,331	63,877	40,454	0	0	0

Nominal commitments given as at 31/12/2019 *in tonnes*	Total	Less than 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and thereafter
Price risk	132,865	69,506	63,359	0	0	0
Cash flow hedge	132,865	69,506	63,359	0	0	0

6.4.3 Discontinuation of hedging relationships

A hedging relationship is discontinued once the conditions for effectiveness are no longer satisfied within the meaning of IFRS 9, or when the derivative instrument matures or is cancelled, exercised or sold, or when the hedged item is cancelled or sold. Furthermore, the Group may at any time decide to discontinue a hedging relationship. In this case, hedge accounting is no longer applicable. The accounting impacts of a discontinued hedging relationship differ depending on whether it involves fair value hedging or cash flow hedging.

Fair value hedge

The hedged borrowing is no longer adjusted for changes in fair value relating to the hedged risk. Prior recognised remeasurements are amortised at the same rate as the hedged item:

	Total change in fair value of the item that is no longer hedged	
In € millions	31/12/2020	31/12/2019
Interest rate risk	-149	-186
Foreign currency risk	57	64
Fair value hedge	-92	-122

Cash flow hedge

The total gains and losses on the hedging instrument recorded under other comprehensive income within equity are fixed and only reclassified to profit or loss when symmetrically impacted by the hedged item:

31/12/2020 *In € millions*	Hedging reserves for continued hedging relationships	Hedging reserves for discontinued hedging relationships	Hedging reserves recycled as the hedged item has impacted P&L (*)	Hedging reserves recycled as the hedged item no longer exists (*)
Interest rate risk	-1,199	-288	-1	-12
Foreign currency risk	-595	0	199	2
Price risk	-1	0	7	3
Cash flow hedge	-1,794	-288	205	-7

(*) The P&L reclassification of the other comprehensive income relating to foreign currency and interest rate risk hedging instruments is recorded in net borrowing and other costs within the consolidated income statement.
The recycling of other comprehensive income relating to price risk hedging instruments is recorded in EBITDA within the consolidated income statement.

31/12/2019 *In € millions*	Hedging reserves for continued hedging relationships	Hedging reserves for discontinued hedging relationships	Hedging reserves recycled as the hedged item has impacted P&L	Hedging reserves recycled as the hedged item no longer exists
Interest rate risk	-1,116	-300	2	-16
Foreign currency risk	-508	-7	79	0
Price risk	-1	0	-2	0
Cash flow hedge	-1,625	-306	79	-16

6.4.4 Type of financial instruments subject to cash flow hedging

The fair value of derivatives designated as cash flow hedges (excluding commodity hedges) breaks down by hedged item as follows:

		Maturity schedule				
In € millions	31/12/2020	Less than 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and thereafter
Bond issues	-2,740	2	-148	-897	-580	-1,116
Non-bond borrowings	-112	-15	-48	-2	-47	0
Asset financing liabilities	0	0	0	0	0	0
Loans and receivables	0	0	0	0	0	0
Fair value of derivatives designated as cash flow hedges	-2,852	-13	-196	-899	-628	-1,116

		Maturity schedule				
In € millions	31/12/2019	Less than 1 year	1 to 5 years	5 to 10 years	10 to 20 years	20 years and thereafter
Bond issues	-1,798	58	147	-855	-494	-655
Non-bond borrowings	-116	-16	-48	-8	-44	0
Finance lease borrowings	-4	-4	0	0	0	0
Loans and receivables	0	0	0	0	0	0
Fair value of derivatives designated as cash flow hedges	-1,918	39	99	-863	-539	-655

6.4.5 Impacts of hedging transactions on recyclable equity

The impacts on recyclable equity (other comprehensive income), excluding deferred tax impacts, break down as follows (- debit, + credit):

In € millions	Recyclable equity
Opening balance as at 1/1/2019	-1,476
Recycled in profit or loss	81
Change in the effectiveness of cash flow hedging instruments	-619
Interest rate risk hedge	*-545*
Foreign currency risk hedge	*-81*
Of which hedged future transactions	*0*
Price risk hedge	*7*
Change in value of hedging costs	85
Interest rate risk hedge	*80*
Foreign currency risk hedge	*4*
Price risk hedge	*0*
Closing balance as at 31/12/2019	-1,929
Opening balance as at 1/1/2020	-1,929
Recycled in profit or loss	220
Change in the effectiveness of cash flow hedging instruments	-378
Interest rate risk hedge	*-187*
Foreign currency risk hedge	*-179*
Of which hedged future transactions	*0*
Price risk hedge	*-12*
Change in value of hedging costs	-49
Interest rate risk hedge	*-49*
Foreign currency risk hedge	*0*
Price risk hedge	*0*
Closing balance 31/12/2020	-2,137

6.5 EQUITY

6.5.1 Share capital

As at 1 January 2020 the share capital of the parent company SNCF SA - wholly owned by the State in accordance with Article L. 2101-1 of the French Transport Code - was €1 billion, divided into 10 million shares each with a par value of €100.

An amount of €12,736 million was reclassified from "Share capital" to "Consolidated reserves" on 1 January 2020. This reclassification breaks down into the reclassification to Group consolidated reserves of the capital grant of the former EPIC SNCF Réseau, for €9.8 billion, previously presented under Share capital in the group accounts pursuant to the pooling of interests method, and the share capital decrease of the former EPIC Mobilités, which became SNCF SA, for €1 billion, resulting in a reclassification of €2.9 billion in share capital to Consolidated reserves.

In addition, the consolidated reserves of the SNCF Group increased by €25 billion following the assumption by the State of the SNCF Réseau debt (see Note 2.1).

In the SNCF SA accounts, a dividend of €762 million was approved by the Board of Directors on 24 June 2020, and paid in July.

In December 2020, a share capital increase was subscribed by the French State for €4,050 million. i.e. an increase in the par value of the shares by €405 followed by a share capital decrease not justified by losses in the same amount, via an allocation to a issue premium account.

A payment in the same amount, recognised as a distribution of reserves, was then made to the support fund.

In July 2019, a dividend of €537 million was approved and paid to the shareholder.

6.5.2 Non-controlling interests

Non-controlling interests break down according to the following sub-groups:

In € millions	31/12/2020	31/12/2019	Change
Geodis	7	10	-3
STVA	0	0	0
Ermewa	11	9	2
CapTrain	19	20	-1
Keolis	-33	89	-122
Other	1	-10	10
Total	4	118	-114

The Keolis sub-group, whose main indicators are monitored by Group management (Note 3.1), is 30% owned by minority shareholders.

The condensed financial information for this sub-group, before cancellation of transactions with the rest of the Group, is as follows:

In € millions	31/12/2020	31/12/2019
Revenue	6,093	6,592
Net profit/loss for the year	-371	-52
Total comprehensive income/loss	-367	-13
Cash flow generated during the period	197	25
Of which dividends paid to minority shareholders	*0*	*-15*
Current assets	1,758	1,826
Non-current assets	4,172	4,147
Current liabilities	2,751	2,784
Non-current liabilities	3,159	2,807
Net assets	19	383

The approval of Keolis' minority shareholders is required for divestments, disposals or restructurings exceeding a predefined threshold.

The net loss of the Keolis sub-group attributable to minority shareholders totalled €130 million for the year ended 31 December 2020 (net loss of €8 million for the year ended 31 December 2019)

7. INCOME TAXES

Income tax expense encompasses all taxes calculated on an accounting profit or loss net of income and expenses. The following items are recognised under this line item at the bottom of the income statement:

- Corporate income tax and the various additional contributions associated with it;
- Sponsorship and foreign tax credits;
- Fixed-rate taxes calculated on an item of net profit or loss;
- The tax on rail company profits (*Taxe sur le Résultat des Entreprises Ferroviaires* - TREF): established by Article 65 of the 2011 Finance Law, it is based on corporate taxable income, before the allocation of tax loss carry-forwards, with respect to the last year closed before the tax due date. The tax was capped at €226 million as from 1 January 2016 (€200 million as from 1 January 2013). Taking into account its base, this tax is recorded under "Income tax expense." Only SNCF Voyageurs SA was impacted by this tax within the Group;
- The impact of tax reassessments and uncertainties surrounding tax positions in respect of income tax and deferred tax;
- Deferred tax.

Deferred tax

The Group recognises, for each tax entity, deferred tax on all timing differences between the tax and book values of assets and liabilities in the consolidated balance sheet. Deferred tax is calculated using the liability method, applying the most recently voted tax rate at the year-end applicable to the period in which the timing differences are expected to reverse.

Deferred tax assets in respect of timing differences and tax losses or credits carried forward are recognised when recovery is deemed probable. The Group's ability to recover these tax assets is assessed through an analysis of its business plan and the uncertainties presented by the economy and Group markets. The bases used are the same as those used to calculate values in use in impairment tests.

A deferred tax liability is recognised in respect of investments in subsidiaries, joint ventures and associates on all temporary differences between the carrying amount and tax base of shares, unless:

- the Group controls the date at which the temporary difference will reverse (e.g. through a dividend distribution or the sale of an investment); and

- it is probable that this difference will not reverse in the foreseeable future.

Therefore, a deferred tax liability is only recognised in respect of wholly or proportionately consolidated companies in the amount of any withholding tax due on dividend distributions planned by the Group.

A deferred tax asset is only recognised to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and

- taxable profits will exist against which this temporary difference can be offset.

Deferred tax assets and liabilities are not discounted and are offset in a separate line item under non-current assets and liabilities.

Income tax expense

The income tax expense other than deferred tax is offset against operating payables and receivables in the balance sheet.

7.1 INCOME TAX EXPENSE ANALYSIS

7.1.1 Tax in the income statement

In € millions	31/12/2020	31/12/2019	Change
Current tax (expense)/income	-48	-322	274
Deferred tax (expense)/income	44	-423	468
Total	-4	-745	741

The current income tax expense takes into account a TREF expense of €226 million in 2019 and a nil amount in 2020. No TREF amount was payable by SNCF Voyageurs for 2020, as the base for this tax is the restated taxable profit of its last financial year ended before the tax is payable, in accordance with Article 235 ter ZF of the French Tax Code.

This tax recognition difference has a positive impact on the tax proof in the "Rate vs Group rate difference" line item. This line corresponds to the difference between the Group rate and the UK rate in particular, for -€73 million in 2020 (-€148 million in 2019), including a negative impact relating to the TREF).

The tax group within the meaning of Article 223 A bis of the French Tax Code created on 1 January 2015, whose parent was EPIC SNCF and members included EPIC SNCF Mobilités, EPIC SNCF Réseau and their subsidiaries, continues under Law no. 2018-515 of 27 June 2018 for a new railway pact and Order no. 2019-552 of 3 June 2019 including various clauses relating to the SNCF Group. The former EPIC SNCF MOBILITES, which became SNCF SA, is the new tax grouping head as of 1 January. The absorption of the former parent by its subsidiary did not call into question the former tax consolidation regime which remains in place (Art. 32If of the French Tax Code).

A tax approval was previously granted to EPIC SNCF Mobilités on 19 July 2019 to retain its tax losses that could be offset against a wider tax base in the event of a change in actual activity due to the merger between EPIC SNCF and EPIC SNCF Mobilités, pursuant to Article 32 of the 2019 Finance Law.

7.2 TAX PROOF

For its tax proof, the Group adopted the corporate income tax rate (31.0%) applicable in France, plus the 3.3% social security contribution for the tax share exceeding €763,000.

The new tax group scope, of which SA Société Nationale SNCF is the parent, comprises 230 companies as at 31 December 2020 (226 as at 31 December 2019) and has the following specificities:

– The loss carryforwards generated by SNCF Réseau until 31 December 2014 date back prior to its entry into the tax consolidation and can only be allocated to its results. Considering its lifecycle, SNCF Réseau can make longer-term loss recovery forecasts than the rest of the Group. A 20-year timeframe is therefore considered as a reasonable period for the utilisation of the tax asset to recognise its deferred tax asset receivable.

– The 31 December 2014 losses of the former integrated group SNCF Mobilités may be allocated to the results generated by a selection of entities from the former scope and members of the new tax consolidation group, the group having opted for the wider tax base according to the tax measures applicable in France.

– The wider tax base losses and any losses arising from 2015 may be offset against the future profits of the SNCF Group in place as of 1 January 2020.

SNCF deferred tax asset recovery forecasts are determined by taking into account these specificities. They were updated using the contextual items shown in Note 4.3.2.1.

As at 31 December 2020, balance sheet deferred tax assets were subject to little change. In 2019, the Group's deferred taxes had a total impact of -€423 million on 2019 net profit, primarily due to the decrease in the projected group taxable income over the period attributable to the 2020 Finance Law which made SNCF's payment to the support fund tax deductible.

These impacts are recorded in "Impairment of deferred taxes previously capitalised" under the tax proof.

7.1.2 Tax in comprehensive income

In 2020, the deferred tax income recognised in other comprehensive income amounted to €10 million.

In 2019, the deferred tax expense recognised in other comprehensive income amounted to €16 million.

In € millions	31/12/2020	31/12/2019
Net profit/loss for the year	-3,448	-773
Share of net profit/loss of companies consolidated under the equity method	19	35
Income tax expense	-4	-745
Net profit/loss before tax from ordinary activities and before the share of net profit of companies consolidated under the equity method	-3,464	-63
Income tax rate applicable in France	32.02%	34.43%
THEORETICAL INCOME TAX (EXPENSE)/INCOME	1,109	22
Permanent differences	19	13
Capitalisation of prior year losses	-1	0
Tax losses and temporary differences of the period not capitalised	-1,072	-168
Impairment of deferred taxes previously capitalised	-11	-434
Utilisation of tax losses and temporary differences not previously capitalised	-16	-4
Rate vs Group rate differences	-73	-174
Tax credits	5	1
Prior year adjustments	0	0
Impacts of rate changes - deferred liability method	38	3
INCOME TAX (EXPENSE)/INCOME RECORDED	-4	-745
EFFECTIVE TAX RATE	0.10%	1177.66%

– Tax losses and temporary differences not previously capitalised mainly correspond to tax losses generated in 2020 for around €8 billion for the SNCF Group as a whole that could not be offset against future taxable profits. This loss comprises the tax deductible support fund of €4 billion that is recognised in equity under IFRS and partly explains the difference between the tax loss and net profit for the year.

– The "Impairment of deferred taxes previously capitalised" in 2018 primarily involves the SNCF tax consolidation group, whose loss reduction forecasts were reviewed, particularly following the application on the group's profit trajectory of Article 34 of Law 2018-1317 of 28 December 2018 on 2019 finances transposing the ATAD directive and defining new financial expenses deductibility rules. Until the end of 2018, only 75% of the net financial expenses obtained according to a calculation defined by the Amending Finance Law were deductible from taxable income. The non-deductible portion of the financial expenses represented a permanent difference in the tax proof. As from 2019, the adoption of these new rules resulted in a lower add-back than previously at group tax consolidation level (€377 million in 2018, €112 million in 2019, €181 million in 2020). Furthermore, the non-deductible portion of net financial expenses can now be carried forward indefinitely for its future deduction and therefore represents a timing difference.

– The "Tax credits" heading mainly comprises the Research Tax Credit (RTC).

– The income tax rate was 34.43% in 2019, and gradually decreases to 32.02% in 2020, 28.41% in 2021 and 25.83% as from 1 January 2022. The rate reductions already voted under the 2018 French Finance Law were delayed as of 2020. The €38 million impact in "Impacts of rate changes - Deferred liability method" was mainly due to the increase in the UK tax rate from 17% in 2019 to 19% in 2020, whereas in 2019 the €3 million impact was due to the decline in the tax rate in France.

7.3 DEFERRED TAX SOURCES

Group tax losses carried forward as at 31 December 2020 amounted to €30.8 billion, compared to €22.1 billion as at 31 December 2019. Out of this amount, €28.0 billion involve French entities for which the losses can be carried forward indefinitely (€19.8 billion as at 31 December 2019).

Tax assets not recognised at this date totalled €7.6 billion (€5.8 billion as at 31 December 2019).

In € millions	31/12/2019	Net profit	Equity	Reclassification	Change in Group structure and foreign exchange	31/12/2020
Tax losses carried forward	5,853	2,129	64	-27	-42	7,978
Employee benefits	*38*	*28*	*-6*	*-11*	*0*	*49*
Differences in asset values	*-530*	*14*	*-1*	*0*	*-80*	*-597*
Finance leases	*17*	*13*	*1*	*0*	*-8*	*23*
Tax-driven provisions	*-140*	*-3*	*0*	*0*	*0*	*-144*
Financial instruments	*560*	*4*	*95*	*-39*	*2*	*623*
Remeasurement of identifiable assets and liabilities acquired in business combinations	*-217*	*14*	*0*	*0*	*-30*	*-232*
Internal profits and losses	*147*	*-7*	*0*	*0*	*0*	*140*
Total consolidation restatements	-125	63	89	-50	-117	-138
Non-deductible provisions and other tax differences	4,338	-141	-5	177	-96	4,274
Deferred taxes not recognised	-5,751	-2,007	-142	78	211	-7,610
Net deferred taxes recognised	4,316	45	6	179	-43	4,503
Deferred tax assets	4,473	0	0	0	0	4,615
Deferred tax liabilities	157	0	0	0	0	112
Net deferred taxes on balance sheet	4,316	0	0	0	0	4,503

8. RELATED PARTY TRANSACTIONS

SNCF, a company wholly owned by the French State (via the French Government Shareholding Agency), is related, in the meaning of IAS 24, "Related Party Disclosures", to all companies and entities controlled by the French State. Disclosures on individually or collectively material transactions with these entities concern the following related parties:

- The French State, as shareholder, and the transport organising authorities (Régions and Île de France Mobilités); conversely, taxes paid pursuant to ordinary law are excluded from the scope of related party transactions.
- ICF Group low-rental housing companies.

The transactions carried out by the SNCF Group as part of its everyday operations with other public service providers (EDF, Orange, La Poste, etc.) are excluded from this note.

8.1 TRANSACTIONS WITH THE FRENCH STATE AND LOCAL COMMUNITIES

The information presented below concerns transactions entered into with the French State via its ministries, central authorities and transport Organising Authorities (OA), not governed by ordinary law.

The operating grants transferred to SNCF Group by the State and local communities are presented in the following table:

In € millions	31/12/2020	31/12/2019
Operating grants received	159	149

Furthermore, the Group invoices the French State via SNCF Réseau SA for the access fees related to regional passenger trains (TER) and Trains d'Équilibre de Territoire (TET, Intercités). These fees also include rate compensation paid by the French State to cover the marginal cost of freight traffic, in addition to fees paid by freight companies. The following amounts are recognised in revenue.

In € millions	31/12/2020	31/12/2019
Access fees (*)	1,910	1,860
Freight compensation	124	81

(*) Of which TER fees of €1,687 million (€1,450 million in 2019) and TET fees of €223 million (€410 million in 2019)

The amounts received from the French State and the OA in connection with transport services are described in Note 3.3.

8.2 TRANSACTIONS WITH ICF GROUP LOW-RENTAL HOUSING COMPANIES (LRHC)

8.2.1 Balance sheet headings

In € millions	31/12/2020	31/12/2019
Current financial assets	8	10
Non-current financial assets	268	254
Current financial liabilities	0	0
Non-current financial liabilities	0	0

Non-current financial assets primarily comprise building loans granted by SNCF and ICF to LRHC subsidiaries and equity investments of the LRHC subsidiaries. The latter amounted to €145 million (€145 million as at 31 December 2019) and were included in financial assets at fair value through equity (see Note 6.2.2.2). Given the low rental housing regulations and the SNCF structure, these assets cannot be transferred to other Group entities.

8.2.2 Income and expenses

Transactions with low-rental housing companies recorded in the income statement are not material.

8.3 TRANSACTIONS WITH MANAGERS

A few employment contracts contain a clause allocating capped severance payments over and above contractual amounts in the event of dismissal. There were no transactions between a Group entity and its managers other than the compensation presented in Note 5.5.

9. OFF BALANCE SHEET COMMITMENTS

9.1 COMMITMENTS RECEIVED AND GIVEN

Commitments received and given are detailed in the following tables and the percentage of commitments with joint ventures included in the total amounted to:

– €1 million for commitments received as at 31 December 2020 (€0 million for 2019).

– €133 million for commitments given as at 31 December 2020 (€0 million for 2019).

		31/12/2020				31/12/2019
			Amount of commitments per period			
Commitments received (In € millions)	Notes	Total commitment	Less than 1 year	From one to five years	More than to five years	Total commitment
Commitments relating to financing		5,074	453	4,544	77	3,630
Personal collateral		168	99	45	23	136
Security interests		-	-	-	-	4
Unused confirmed credit lines	6.3.5	4,906	354	4,499	54	3,489
Commitments relating to operations		24,902	10,205	12,126	2,571	12,451
Investment commitments for operation of rail equipment	9.1.2.1	6,452	1,900	4,433	119	6,219
Purchase commitments for non-current assets other than rail equipment	9.1.2.2	12,422	6,299	5,693	431	1,182
Property sale undertakings	9.1.2.3	205	190	16	-	38
Operational and financial guarantees	9.1.2.4	2,392	1,364	980	47	1,910
Operating leases: equipment	9.1.2.5	569	242	296	31	517
Operating leases: property	9.1.2.5	2,853	206	709	1,938	2,536
Commitments relating to operating and fixed asset purchase agreements		9	3	-	6	10
Firm commodity purchase commitments (electricity, diesel, etc.)		0	-	0	-0	39
Commitments relating to the Group consolidation scope		534	42	210	282	17
Warranties	9.1.3.1	517	42	193	282	0
Security commitments (option contracts)		17	-	17	-	17
Other commitments received		4	-	4	0	5
Total commitments received		30,514	10,700	16,883	2,931	16,102

		31/12/2020				31/12/2019
			Amount of commitments per period			
Commitments given (In € millions)	Notes	Total commitment	Less than 1 year	From one to five years	More than to five years	Total commitment
Commitments relating to financing		2,174	731	161	1,281	2,286
Personal collateral		218	128	53	36	218
Personal collateral: guarantees given for employee loans	9.1.1.1	443	27	102	315	530
Security interests	9.1.1.2	1,513	576	6	930	1,538
Commitments relating to operations		25,812	6,376	13,636	5,800	16,463
Investment commitments for operation of rail equipment	9.1.2.1	9,530	2,027	4,989	2,513	9,596
Purchase commitments for non-current assets other than rail equipment	9.1.2.2	10,934	2,865	7,446	623	3,149
Property sale undertakings	9.1.2.3	204	189	15	-	36
Operational and financial guarantees	9.1.2.4	2,094	587	470	1,037	1,969
Customs guarantees (Geodis)		268	228	10	30	247
Commitments relating to operating and fixed asset purchase agreements	9.1.2.6	2,217	231	606	1,380	872
Firm commodity purchase commitments (electricity, diesel, etc.)	9.1.2.7	566	249	100	218	593
Commitments relating to the Group consolidation scope		239	-	234	5	108
Security commitments		3	-	-	3	-
Other commitments relating to the Group consolidation scope	9.1.3.2	235	-	234	2	108
Other commitments given		97	50	40	8	41
Total commitments given		28,322	7,157	14,071	7,094	18,898

9.1.1 Commitments relating to financing

9.1.1.1 Personal collateral

The guarantees given for loans taken out by employees correspond to the total loans outstanding granted by SNCF with regard to employee housing loans. Statistically, the amount of guarantee claims was very low.

9.1.1.2 Security interests

Security interests given mainly comprise:

– the trust set up for Ermewa Ferroviaire France, Ermewa Intermodal France, Ermewa Opérations Holding and Ermewa Interservices securities to guarantee a bank loan;

– a bank guarantee secured by Eurostar for the purchase of Siemens trains.

9.1.2 Commitments relating to operations

9.1.2.1 Investment commitments for operation of rail equipment

Commitments given concern investments concluded with rolling stock manufacturers, some of whom work in cooperation with the transport Organising Authorities (OA) for the future commissioning of rail equipment. The net decrease was due to the fact that investments carried out during the period were higher than the new commitments undertaken.

Commitments received correspond to investment funding receivable from the OA for ordered rolling stock. They decrease by the amount of the investments ordered by the Organising Authorities that have been carried out. Conversely, they increase in the amount of new investment orders.

The €67 million decrease in commitments given is explained by:

– the contractualisation of new investment programmes, the main programmes totalling €1,125 million:

- the order by TER on behalf of the Normandy, Auvergne Rhone-Alpes and Hauts-de-France regions of 79 Regio2N trains from Bombardier for €1,046 million;
- the transformation by Voyages SNCF of 10 TGV trains for Ouigo España for €79 million.

– a decline in residual rolling stock investments due to down-payments and deliveries made, primarily involving for €1,213 million:

- Regio2N trains for €198 million, NAT trains for €275 million and RER NG trains for €169 million at Transilien;
- TGV trains for €165 million at Voyages SNCF;
- Omneo Normandie trains for €199 million at Intercités;
- Régiolis trains for €207 million at TER;

The €233 million rise in commitments received in 2020 was attributable to:

– the €43 million increase in investment grants receivable from the OA; the increase at Transilien (+€202 million) and TER (+€185 million) was partly offset by the decline at Intercités mainly due to the cash inflows from grants for the Omneo Normandie contract (-€313 million).

– a €190 million increase in compensation guarantees received against planned investments, which breaks down as follows:

- a €896 million increase at TER combining a €1,077 million rise for Regio2N trains and a €181 million decrease for Régiolis trains.
- a €706 million decline at Transilien mainly involving NAT (€314 million), RER NG (€194 million) and Regio2N (€224 million) rolling stock;

9.1.2.2 Purchase and financing commitments for non-current assets other than rail equipment

Financing commitments received for the purchase of non-current assets other than rail equipment increased €11,240 million.

During 2020, the SNCF Réseau group reviewed its policies for reporting off balance sheet commitments to align them with the policies used by the Group. This resulted in an increase of €5,102 million in this item (€3,539million at SNCF Réseau, and €1,563 million at SNCF Gares & Connexions in respect of projects transferred from SNCF Réseau as at 1 January 2020). Commitments received by the SNCF Réseau group in respect of future grants comprise funding receivable via signed funding agreements. These projects include CDG Express for €963 million and the Saint-Jean (Rhône-Alpes) station upgrade for €686 million.

Furthermore, SNCF Réseau recorded under commitments received the renewal grant receivable from the French State for €4,050 million.

This grant corresponds to the French State's rail recovery plan which resulted in December 2020 in the payment by the French State to SNCF SA of €4,050 million in the form of a share capital increase.

SNCF SA then paid the same amount of €4,050 million in December 2020 to the French State support fund set up to finance the infrastructure manager SNCF Réseau, according to the procedure set up in 2016 under Article 2111-24 of the French Transport Code.

This amount of €4,050 million will be paid by the French State to SNCF Réseau in instalments as from 2021. The annual payments will be made according to the funding requirements for renewal operations expressed by SNCF Réseau. These payments will be recognised at SNCF Réseau as an investment grant on its balance sheet upon their receipt as from 2021.

Finally:

– investment grants receivable by Transilien from Île-de-France Mobilités increased €1,563 million, including:

- €1,346 million for investments in fixed installations and information systems now fully subsidised under the new 2020-2023 agreement;
- €117 million in respect of the French State - Region plan contract, primarily for the Nexteo project;
- €101 million outside the French State - Region plan contract, primarily for passenger information.

– the financing of new investment programmes in SNCF Gares & Connexions contributed to the €570 million increase in commitments, including €236 million under the four-year investment plan programmes relating to the SNCF / Île-de-France Mobilités contract.

Non-current asset purchase commitments given increased €7,784 million.

During 2020, the SNCF Réseau group reviewed its policies for reporting off balance sheet commitments to align them with the policies used by the Group. This resulted in an increase of €6,509 million in this item (€4,238 million at SNCF Réseau, and €2,271 million at SNCF Gares & Connexions in respect of projects transferred from SNCF Réseau as at 1 January 2020). The commitments given by SNCF Réseau Group correspond to the purchase commitment amount. These projects include CDG Express for €963 million and the Saint-Jean (Rhône-Alpes) station upgrade for €686 million.

Furthermore:

– new investment programmes in SNCF Gares & Connexions contributed to the €938 million increase in commitments, including €298 million under the four-year investment plan programmes relating to the SNCF / Île-de-France Mobilités contract and €639 million outside Île-de-France (including €221 million in respect of the Lyon Part-Dieu multimodal transport hub).

– commitments carried by Transilien increased €340 million, including €156 million under the French State - Region plan contract (primarily the Nexteo project) and €184 million outside the French State - Region plan contract.

9.1.2.3 Property sale undertakings

The €168 million increase in commitments relating to property sale undertakings is mainly due to new sale undertakings for properties at Paris Les Gobelins (€84 million) and Paris Hebert (€31 million).

9.1.2.4 Operational and financial guarantees

Operational and financial guarantees given increased by €125 million mainly due to the set-up of new operating guarantees in Keolis (Student Card project in the Netherlands and CDG Express project in France) and Geodis (business guarantees relating to the signature of a framework agreement with Total).

Operational and financial guarantees received increased by €482 million, mainly due to €194 million in new financial guarantees received by SNCF Gares & Connexions for the Gare du Nord 2024 project and financial guarantees received from suppliers of rail equipment by Transilien (€135 million for RER NG trains), Intercités (€41 million for Regio2N trains and €74 million for AMLD railcars) and TER (€75 million for Régiolis trains).

9.1.2.5 Commitments relating to equipment and property operating leases

Equipment and property operating leases rose by €369 million, due to the new rental agreement between ALTEA Montparnasse and SNCF Gares & Connexions relating to retail space at Paris-Montparnasse station for €523 million.

As at 31 December 2020, the payment schedule of lease commitments received breaks down as follows:

In € millions	31/12/2020	31/12/2019
Equipment operating leases		
Less than 1 year	242	214
1 to 2 years	130	123
2 to 3 years	85	71
3 to 4 years	51	48
4 to 5 years	29	26
5 years and thereafter	31	35
Total	569	517
Property operating leases		
Less than 1 year	206	216
1 to 2 years	205	159
2 to 3 years	178	155
3 to 4 years	174	144
4 to 5 years	152	139
5 years and thereafter	1,938	1,723
Total	2,853	2,536

The amount of commitments given under signed leases with a post year-end delivery date was €157 million at the end of 2020. This mainly involves a lease of rolling stock for SNCF Réseau and off-plan leases for the Property Department.

9.1.2.6 Commitments relating to operating and fixed asset purchase agreements

Other operating purchase commitments given increased by €1,345 million. These commitments include purchase commitments for rail and station access and track reservations.

The increase during the period is mainly due to the Channel Tunnel user agreement entered into by Eurotunnel and SNCF SA.

9.1.2.7 Firm commodity purchase commitments (electricity, diesel, etc.)

Commodity purchase commitments essentially concern electricity supply contracts.

9.1.3 Commitments relating to the Group consolidation scope

9.1.3.1 Warranties

Commitments received as at 31 December 2020 (€517 million) concern the exit from the Wales & Borders contract signed between Keolis and the Welsh Organising Authority.

9.1.3.2 Other commitments relating to the Group consolidation scope

The €128 million increase in other commitments given for the consolidated scope was attributable for €133 million to the shareholder contribution that SNCF Réseau will make to its CDG Express subsidiary for the scheduled commissioning of the Paris-Est – Paris-Charles-de-Gaulle airport line in 2023.

9.2 TRANSFERS OF FINANCIAL ASSETS

9.2.1 Geodis factoring

SNCF uses a revolving trade receivables factoring facility in the Geodis segment. Factoring transactions cover the entire amount of the receivables assigned, and can be carried out on a monthly basis. Counterparty and late payment risks are transferred to the factor, as are the benefits associated with the receivables. As the receivables are denominated and assigned in euros, there is no foreign exchange risk. Consequently, the Group is deemed to have transferred substantially all the risks and rewards relating to the receivables. As this involves operating receivables, assignments give rise to net receipts for the Group presented in "Net cash from operating activities" on the cash flow statement. Assignments at the year-end resulted in a net receipt of €177 million in 2020 (€184 million in 2019) being obtained in advance from the factor compared to the usual debt collection period.

9.2.2 Assignment of the CICE receivable

SNCF, the head company of the tax group, performed a Dailly Law assignment of its 2017 CICE receivable in two stages:

– initial €306.2 million assignment in the first-half of the year,

– followed by an additional securitisation of €0.7 million in the second half.

The assignment generated a net cash inflow of €305.6 million for the Group. The counterparty and late payment risk and the related benefits were transferred to the counterparty bank institution and the Group can no longer receive repayment of the future tax credit or offset it against a future expense. As the receivable is denominated and assigned in euros, there is no foreign exchange risk. Consequently, the Group is deemed to have transferred substantially all the risks and rewards relating to the receivable.

9.3 CONTINGENT LIABILITIES

9.3.1 Alleged aid from the French State and the Île de France Regional Council

The Optile consortium of transport operators, including Keolis, was affected by the ruling of the *Conseil d'État* on the recovery of grants allocated by the Ile-de-France Regional Council on the grounds that it had illegally profited from the State aid programme. As the programme was deemed compatible with the internal market, but not notified to the Commission, the *Conseil d'État*, in a ruling handed down on 18 March 2020, requested the Ile-de-France region to "take the necessary measures to ensure that each company that had operated in a market open to competition and illegally benefited from the aid programme pays amounts corresponding to the interest…that the company would have paid had it been required to borrow funds".

In the absence of methods for implementing this decision and determining the relevant net amounts, the Keolis Group did not record a provision for this litigation.

10. SCOPE OF CONSOLIDATION

10.1 NUMBER OF CONSOLIDATED COMPANIES

The number of companies consolidated by SNCF Group breaks down as follows:

	31/12/2020	31/12/2019	Change
Parent company and fully consolidated companies	894	905	-11
Companies consolidated by percentage shares (joint operations)	0	0	0
Equity-accounted companies (joint ventures)	49	49	0
Equity-accounted companies (significant influence)	70	72	-2
Total scope of consolidation	1,013	1,026	-13

10.2 ANALYSIS OF THE CONTROL OF CERTAIN ENTITIES

10.2.1 LRHC (Low-rental housing companies)

The assessment of control exercised over low-rental housing companies (LRHC) is a complex issue that the Group has approached, taking into account the constraints resulting from the extremely strict regulatory framework governing low-rental housing and the focus set for its housing policy. It would appear that consolidation is not appropriate as:

– If SNCF exercises influence over certain aspects of management of the LRHC, it cannot be qualified as a controlling influence; SNCF neither directs the relevant activities of the LRHC pursuant to IFRS 10, nor influences policy-making pursuant to IAS 28 revised, due to the restrictions and strict supervision imposed by the Law;

– the SNCF Group's decision to own the four LRHC concerned is primarily based on institutional and general interest arguments and not on financial and asset ownership considerations, whether direct or indirect, the potential returns being very limited.

Shares in LRHC are therefore retained in balance sheet assets and classified in available-for-sale financial assets (see Notes 6.1.2.4 and 8.2.2).

The main consolidated balance sheet headings of these companies were as follows:

– Non-current assets: €4,567 million (€4,523 million in 2019);

– Non-current liabilities: €2,331 million (€2,362 million in 2019).

The net indebtedness of unconsolidated low-rental housing companies amounted to €2.26 billion (€2.29 billion as at 31 December 2019).

10.2.2 SOFIAP

SNCF holds shares in a group of real-estate financing companies. Under the SOCRIF brand, the group comprises SNCF Habitat (a wholly-owned public interest cooperative), Sofiap (a credit institution 34% held and controlled by La Banque Postale since 20 May 2014 after having been 49% held by Crédit Immobilier de France Développement) and Soprim (a wholly-owned simplified joint stock company). Given the legal restrictions governing the returns obtained by investors from public interest cooperatives for home ownership (specific statutory regulations enacted by the French Construction and Housing Code), the Group is neither exposed to the variable returns of SNCF Habitat, nor can it exercise any power on these returns. Consequently, SNCF Habitat is not consolidated according to IFRS 10. The same is true for Sofiap and Soprim, which are indirectly held through SNCF Habitat, due to the absence of effective control. Soprim has a very limited activity. The shares are therefore retained in balance sheet assets and classified under investments in equity instruments. The year-end financial aggregates of Sofiap were as follows:

– non-current assets: €2,186 million (€2,138 million as at 31 December 2019)

– non-current liabilities: €2,175 million (€2,259 million as at 31 December 2019)

10.2.3 SNCF Réseau, Fret SNCF, SNCF Gares & Connexions and SNCF Voyageurs

Pursuant to Article L. 2102-10 of the French Transport Code, the financial statements of SNCF Réseau, Fret SNCF, SNCF Gares & Connexions and SNCF Voyageurs were fully consolidated by the SNCF Group.

10.3 MAIN ENTITIES WITHIN THE SCOPE OF CONSOLIDATION

The following table lists only the main significant entities. A significant entity is any entity with revenue of over €30 million or total assets of over €50 million.

Consolidation methods:

FC: Full Consolidation

JO: Joint Operation – Recognition of shares of assets, liabilities, revenues and expenses

JV: JV Joint Venture - Equity-accounted

SI: Significant Influence - Equity-accounted

NC: Non consolidated

F: Company absorbed by another Group company

Percentage interest: share in the share capital of the consolidated company held by the consolidating company, either directly or indirectly.

Percentage control: percentage of voting rights held by the consolidating company in the consolidated company, either directly or indirectly.

Geographical area	Country	Company	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
		Parent Company					
France	France	Société Nationale SNCF (formerly EPIC SNCF Mobilités)	FC	100%	100%	100%	100%
	Business unit	Infrastructure Management					
	Segment	SNCF Réseau					
France	France	SNCF Réseau (formerly EPIC SNCF Réseau)	FC	100%	100%	100%	100%
	France	SFERIS	FC	100%	100%	100%	100%
	France	GI CDG Express	JV	33%	33%	33%	33%
	Segment	SNCF Gares & Connexions					
France	France	SNCF Gares & Connexions (formerly EPIC Gares & Connexions)	FC	100%	100%	100%	100%
	France	Retail & Connexions	FC	100%	100%	100%	100%
	France	Lagardère & Connexions	JV	50%	50%	50%	50%
	France	GARE DU NORD 2024	SI	34%	34%	34%	34%
	France	AREP Groupe	FC	100%	100%	100%	100%
	Business unit	Passenger activity					
	Segment	SNCF Voyageurs					
EUROPE EXCLUDING FRANCE	AUSTRIA	Rail Holding AG	SI	17%	17%	17%	17%
	BELGIUM	THI Factory	FC	60%	60%	60%	60%
	SPAIN	Ouigo Espana SA	FC	100%	100%	100%	100%
	UK	Groupe Eurostar	FC	55%	55%	55%	55%
France	France	SNCF Voyageurs	FC	100%	100%	0%	0%
	France	SNCF Energie	FC	100%	100%	100%	100%
	France	MASTERIS	FC	100%	100%	100%	100%
	Segment	Keolis					
AFRICA, MIDDLE EAST	QATAR	RKH Qitarat LLC	SI	33%	23%	33%	23%
AMERICAS	CANADA	Keolis Canada Inc	FC	100%	70%	100%	70%
	UNITED STATES	Keolis Transit America	FC	100%	70%	100%	70%
		Keolis Commuter Services LLC	FC	100%	82%	100%	82%
ASIA, PACIFIC	AUSTRALIA	KDR Victoria Pty Ltd	FC	100%	36%	100%	36%
		KD Hunter Pty Ltd	FC	100%	36%	100%	36%
		Path Transit Pty Ltd	FC	100%	36%	100%	36%
EUROPE (EXCLUDING FRANCE)	GERMANY	Keolis Deutschland COKG	FC	100%	70%	100%	70%
	BELGIUM	Parking Ladeuze NV	FC	100%	70%	100%	70%
		Parking Cathedrale SA	FC	100%	70%	100%	70%
	DENMARK	Keolis Danmark	FC	100%	70%	100%	70%
	UK	Nottingham Trams Ltd	FC	80%	56%	80%	56%
		London&South Eastern Railway - LSER	JV	35%	24%	35%	24%
		KeolisAmey Metrolink	FC	60%	42%	60%	42%
		Keolis-Amey Docklands Ltd	FC	70%	49%	70%	49%
		Keolis Amey Operations/Gweithrediadau Keolis Amey Limited – the Operating Entity	FC	64%	45%	64%	45%
		Govia Thameslink Railway Limited	JV	35%	24%	35%	24%
	NORWAY	Keolis Norge AS	FC	100%	70%	100%	70%
	NETHERLANDS	Keolis Nederland BV (formerly Syntus)	FC	100%	70%	100%	70%
	SWEDEN	Keolis Sverige	FC	100%	70%	100%	70%

Geographical area	Country	Company	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
France	France	Transport Daniel MEYER	FC	100%	70%	100%	70%
		SAEMES	JV	33%	23%	33%	23%
		KeoMotion	FC	100%	70%	100%	70%
		Keolis Tours	FC	100%	70%	100%	70%
		Keolis Rennes	FC	100%	70%	100%	70%
		Keolis Pays d'Aix	FC	100%	70%	100%	70%
		Keolis Métropole Orléans	FC	100%	70%	100%	70%
		Keolis Lyon	FC	100%	70%	100%	70%
		Keolis Lille Métropole	FC	100%	70%	100%	70%
		Keolis Grand Nancy	FC	100%	70%	100%	70%
		Keolis Dijon Mobilités	FC	100%	70%	100%	70%
		Keolis CIF	FC	100%	70%	100%	70%
		Keolis Caen Mobilités	FC	100%	70%	100%	70%
		Keolis Bordeaux Métropole	FC	100%	70%	100%	70%
		Keolis Besançon Mobilités	FC	100%	70%	100%	70%
		Keolis Atlantique	FC	100%	70%	100%	70%
		Keolis Amiens	FC	100%	70%	100%	70%
		Keolis	FC	100%	70%	100%	70%
		Hello Paris Services	JV	100%	35%	100%	35%
		Hello Paris	JV	100%	35%	100%	35%
		Effia Stationnement et Mobilité	FC	100%	70%	100%	70%
		EFFIA Park	FC	100%	70%	100%	70%
		Effia Concessions	FC	100%	70%	100%	70%
	Business unit	Freight & Logistics activity					
	Segment	Ermewa Group					
France	France	INVEHO UFO	FC	100%	100%	100%	100%
		Eurotainer SAS	FC	100%	100%	100%	100%
		Ermewa Intermodal	FC	100%	100%	100%	100%
		Ermewa Holding	FC	100%	100%	100%	100%
		Ermewa Ferroviaire	FC	100%	100%	100%	100%
		Ermewa (Paris)	FC	100%	100%	100%	100%
		Groupe AKIEM	JV	50%	50%	50%	50%
	Segment	Geodis					
AMERICAS	BRAZIL	Geodis Gerenciamento de Fretes do Brasil Ltda (formerly GW Freight Management Brazil)	FC	100%	100%	100%	100%
	CHILE	Geodis Chile Soluciones Integrales De Logistica Limitada (formerly Geodis Wilson Chile Limitada)	FC	100%	100%	100%	100%
	UNITED STATES	Geodis USA, Inc.	FC	100%	100%	100%	100%
		Geodis Transportation, LLC	FC	100%	100%	100%	100%
		Geodis SCO USA Inc (formerly Geodis Global Solutions USA Inc)	FC	100%	100%	100%	100%
		Geodis America	FC	100%	100%	100%	100%
	MEXICO	Geodis Mexico S.A. de C.V. (formerly Geodis Wilson Mexico S.A. de C.V.)	FC	100%	100%	100%	100%
		Geodis Mexico Solutions SA de CV (formerly Geodis Global Solutions Mexico)	FC	100%	100%	100%	100%
ASIA, PACIFIC	AUSTRALIA	Geodis Australia Pty Ltd (formerly Geodis Wilson Pty Ltd Australia)	FC	100%	100%	100%	100%
	CHINA	Geodis Wilson Hong Kong Ltd.	FC	100%	100%	100%	100%
		Geodis Wilson China Limited	FC	100%	100%	100%	100%
		Combined Logistics (Hong Kong) Limited	FC	100%	100%	100%	100%
	INDIA	Geodis India Pvt Ltd (formerly Geodis Overseas India)	FC	100%	100%	100%	100%
	NEW ZEALAND	Geodis New Zealand Limited (formerly Geodis Wilson. New Zealand Ltd)	FC	100%	100%	100%	100%
	SINGAPORE	Geodis Wilson Singapore Pte Ltd	FC	100%	100%	100%	100%
EUROPE (EXCLUDING FRANCE)	GERMANY	Geodis CL Germany GmbH (formerly Geodis Logistics Deutschland GmbH)	FC	100%	100%	100%	100%
		Geodis FF Germany GmbH & Co. KG (formerly Geodis Wilson Germany GmbH & Co KG)	FC	100%	100%	100%	100%
	BELGIUM	Geodis FF Belgium (formerly Geodis FF Belgium N.V)	FC	100%	100%	100%	100%

Geographical area	Country	Company	M	PC Year Y	PI Year Y	PC Year Y-1	PI Year Y-1
	DENMARK	Geodis Denmark A/S (formerly Geodis Wilson Denmark A/S)	FC	100%	100%	100%	100%
	SPAIN	Geodis RT Spain SA	FC	100%	100%	100%	100%
		Geodis FF Spain SL (formerly Geodis Wilson Spain, S.L.U.)	FC	100%	100%	100%	100%
	UK	Geodis FF United Kingdom Ltd (formerly Geodis Wilson UK Ltd)	FC	100%	100%	100%	100%
	IRELAND	Geodis Ireland Ltd	FC	100%	100%	100%	100%
	ITALY	Geodis CL Italia Spa (formerly Geodis Logistics S.P.A.)	FC	100%	100%	100%	100%
		Geodis RT Italia Srl	FC	100%	100%	100%	100%
		Geodis FF Italia Spa (formerly Geodis Wilson Italia Spa)	FC	100%	100%	100%	100%
	LUXEMBOURG	Lexsis	FC	100%	100%	100%	100%
	NETHERLANDS	Geodis Benelux Holding BV (formerly Geodis Holding BV)	FC	100%	100%	100%	100%
		Geodis CL Netherlands B.V. (formerly Geodis Logistics Netherlands BV)	FC	100%	100%	100%	100%
		Geodis RT Netherlands BV	FC	100%	100%	100%	100%
		Geodis FF Netherlands B.V. (formerly Geodis Wilson Netherlands B.V.)	FC	100%	100%	100%	100%
France	France	BM Virolle	SI	35%	35%	35%	35%
		Bourgey Montreuil Alsace	FC	100%	100%	100%	100%
		Calberson Alsace	FC	100%	100%	100%	100%
		Calberson Armorique	FC	100%	100%	100%	100%
		Calberson Bretagne	FC	100%	100%	100%	100%
		Calberson Ile de France	FC	100%	100%	100%	100%
		Calberson Loiret	FC	100%	100%	100%	100%
		Calberson Méditerranée	FC	100%	100%	100%	100%
		Calberson Normandie	FC	100%	100%	100%	100%
		Calberson Paris Europe	FC	100%	100%	100%	100%
		Calberson Picardie	FC	100%	100%	100%	100%
		Calberson Rhône Alpes	FC	100%	100%	100%	100%
		Calberson SAS	FC	100%	100%	100%	100%
		Calberson Sud-Ouest	FC	100%	100%	100%	100%
		Challenge International	NC	0%	0%	100%	100%
		Chaveneau Bernis Transport	FC	100%	100%	100%	72%
		Dusolier Calberson	FC	100%	100%	100%	100%
		Flandre Express	FC	100%	100%	100%	100%
		Geodis Automotive Est	FC	100%	100%	100%	100%
		Geodis Calberson Aquitaine	FC	100%	100%	100%	100%
		Geodis Calberson Lille Europe	FC	100%	100%	100%	100%
		Geodis Calberson Valenciennes	FC	100%	100%	100%	100%
		Geodis Freight Forwarding France	FC	100%	100%	100%	100%
		Geodis Logistics Ile-de-France	FC	100%	100%	100%	100%
		Geodis Logistics Nord	FC	100%	100%	100%	100%
		Geodis Logistics Rhône-Alpes	FC	100%	100%	100%	100%
		Geodis Projets	FC	100%	100%	100%	100%
		Geodis SA	FC	100%	100%	100%	100%
		Giraud Rhône-Alpes	FC	100%	100%	100%	100%
		Rhône Dauphiné Express	FC	100%	100%	100%	100%
		SCI Ney - Geodis	FC	100%	100%	100%	100%
		SCO Aerospace and Defence	FC	100%	100%	100%	100%
		Sealogis	FC	100%	100%	100%	100%

Geographical area	Country	Company	M	PC	PI	PC	PI
				Year Y	Year Y	Year Y-1	Year Y-1
		SEALOGIS FREIGHT FORWARDING	FC	99%	99%	99%	99%
		Seine Express	FC	100%	100%	100%	100%
		Transports Bernis	FC	68%	68%	68%	68%
		Walbaum	FC	100%	100%	100%	100%
	Segment	Holding company - Logistics activity					
	Segment	Rail freight and multimodal transport					
EUROPE (EXCLUDING FRANCE)	GERMANY	Captrain Deutschland CargoWest GmbH	FC	100%	100%	100%	100%
		Forwardis Gmbh	FC	100%	100%	100%	100%
		ITL Eisenbahngesellschaft mbH	FC	100%	100%	100%	100%
		NEB	JV	67%	34%	67%	34%
	SPAIN	Captrain España	FC	100%	100%	100%	100%
	ITALY	Captrain Italia	FC	100%	100%	100%	100%
	LUXEMBOURG	LORRY Rail	FC	63%	63%	58%	58%
	SWITZERLAND	BLS CARGO	SI	45%	45%	45%	45%
France	France	VIIA	FC	100%	100%	100%	100%
		VFLI	FC	100%	100%	100%	100%
		Fret SNCF	FC	100%	100%	0%	0%
		Naviland Cargo	FC	100%	100%	100%	100%
		Forwardis SAS	FC	100%	100%	100%	100%
	Business unit	SNCF Corporate activity					
	Segment	Property					
France	France	S2FIT1	FC	100%	100%	100%	100%
	France	NOVEDIS-ICF	FC	100%	100%	100%	100%
	France	ICF	FC	100%	100%	100%	100%
	France	FONCIERE VESTA (EQ)	SI	20%	20%	20%	20%
	Segment	SUGE & Corporate					
EUROPE (EXCLUDING FRANCE)	SWITZERLAND	EUROFIMA	SI	23%	23%	23%	23%
France	France	GARE	NC	0%	0%	100%	100%
	France	SNCF - Pilotage et CC EPIC	NC	0%	0%	100%	100%

04 – STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Société Nationale SNCF

Statutory Auditors' report
on the financial statements

(For the year ended 31 December 2020)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex, France

Statutory Auditor
Member of the *Compagnie régionale de Versailles et du Centre*

Ernst & Young Audit
Tour First TSA 14444
92037 Paris-La Défense Cedex, France
Simplified joint-stock company (*société par actions simplifiee*) with variable capital
344 366 315 R.C.S. Nanterre

Statutory Auditor
Member of the *Compagnie régionale de Versailles et du Centre*

Statutory Auditors' report on the financial statements

(For the year ended 31 December 2020)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Société Nationale SNCF
2 Place aux Etoiles
93210 Saint Denis, France

To the Shareholders,

Qualified opinion

In compliance with the engagement entrusted to us by the French Minister for the Economy, Industry and Digital Affairs, we have audited the accompanying financial statements of Société Nationale SNCF for the year ended 31 December 2020.

Subject to the qualification described in the "Basis of the qualified audit opinion" section of our report, in our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit, Accounts and Risk Committee.

Basis of the qualified audit opinion

Reason for issuing a qualified opinion

As stated in Notes 9.3 and 31 to the financial statements, following the implementation of the rail reform on 1 January 2020, the financial assets presented in the Company's balance sheet now include the securities of SNCF Réseau. The carrying amount of the securities was €7.1 billion at 31 December 2020. Note 9.4 to the financial statements states that the measurement of the securities depends on the amount of consolidated equity of the SNCF Réseau sub-group at 31 December 2020. On this basis, the SNCF Réseau securities were written down by €1.1 billion in 2020, as indicated in Notes 9.4 and 26 to the financial statements.

The consolidated financial statements of the SNCF Réseau sub-group for the year ended 31 December 2020 include property, plant and equipment and intangible assets relating to the Infrastructure CGU and deferred tax assets for carrying amounts of €32.9 billion and €2.8 billion, respectively. Major risks and uncertainties, exacerbated by the current health situation, weigh on the earnings forecasts and future cash flow projections used to measure the property, plant and equipment, intangible assets of the Infrastructure CGU and deferred tax assets included in the balance sheet of the SNCF Réseau sub-group at 31 December 2020. Consequently, the amount of the related impairment loss could be underestimated, which would reduce the net assets of the SNCF Réseau sub-group at 31 December 2020 (on the basis of which the securities are measured) by the same amount.

As a result, we are unable to assess the pertinence of the inputs used by the Company to assess the fair value of the SNCF Réseau securities.

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from 1 January 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments– Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, apart from the matter described in the "Basis of the qualified audit opinion" section of our report, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement of equity investments (excluding equity investment in SNCF Reseau)
(Notes 7.3, 9.3, 9.4, 26 and 31 to the financial statements)

Risk identified

Following the implementation of the rail reform in 2020, Société Nationale SNCF, as the parent company of the SNCF Group, holds equity investments, particularly those relating to SNCF Voyageurs, Fret SNCF and SNCF Participations.

At 31 December 2020, equity investments (excluding equity investment in SNCF Reseau) represented a net amount of €10.1 billion in the Company's balance sheet.

They are recognised at historical acquisition cost. An impairment loss is recognised if their fair value falls below their carrying amount.

As indicated in Note 7.3 to the financial statements, fair value is estimated by management according to the share of net assets held by the Company or to a set of data including current inputs such as the actual value of the underlying assets or future inputs reflecting the profitability outlook.

Estimating the fair value of equity investments requires management to exercise judgement when selecting the inputs to be taken into account for each investment.

Given the materiality of the assets, the degree of uncertainty surrounding the economic and financial assumptions used, and the high sensitivity of the fair value to those assumptions, we deemed management's measurement of the fair value of equity investments to be a key audit matter.

How our audit addressed this risk

We examined the assumptions used by management to measure equity investments, notably by:

- examining the methodology and process for estimating the fair value and assessing, where applicable, the measurement inputs used (discount rates and long-term growth rates) with the support of our valuation experts;
- comparing the accounting data relating to the net assets of the equity investments held by the Company with the value of said investments, where relevant;
- assessing future cash flow projections, including revenue growth rates and operating margin rates, based on our knowledge of the relevant business segments and the strategic, economic and financial environment in which the subsidiaries operate, and comparing them with past performance and market data when available;
- performing sensitivity analyses on the key assumptions.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

With the exception of the potential impact of the matter described in the "Basis of the qualified audit opinion" section of our report, we have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in article D.441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by articles L.225-37-4 and L.22-10-10 of the French Commercial Code.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests has been properly disclosed in the management report.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the financial statements to be included in the annual financial report

Pursuant to paragraph III of article 222-3 of the AMF's General Regulations, the Company's management informed us of its decision to postpone the application of the single electronic reporting format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018, to reporting periods beginning on or after 1 January 2021. Accordingly, this report does not contain a conclusion on the compliance of the presentation of the financial statements to be included in the annual financial report referred to in paragraph I of article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) with this format.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Société Nationale SNCF by the French Minister for the Economy, Industry and Employment on 21 April 2008 for PricewaterhouseCoopers Audit and by the French Minister for the Economy, Industrial Renewal and Digital Affairs on 18 April 2014 for Ernst & Young Audit.

At 31 December 2020, PricewaterhouseCoopers Audit and Ernst & Young Audit were in the thirteenth and seventh consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit, Accounts and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;

- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit, Accounts and Risk Committee

We submit a report to the Audit, Accounts and Risk Committee, which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit, Accounts and Risk Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit, Accounts and Risk Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit, Accounts and Risk Committee.

Neuilly-sur-Seine and Paris-La Défense, 26 February 2021

The Statutory Auditors

PricewaterhouseCoopers Audit		Ernst & Young Audit	
François Guillon	Philippe Vogt	Valérie Desclève	Nicolas Pfeuty

SNCF SA
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