Making a positive impact

Annual Report 2017

We are ContourGlobal

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Guided by our values, we develop, acquire, own and operate wholesale power generation assets around the world.

We focus on investing in and making the most of long-term contracted power generation in underserved markets.

We currently have a mix of 84 thermal and renewable power generation assets in 19 countries across Europe, Latin America and Africa. Our assets have a total installed capacity of 4.16 GW.

In line with our opportunistic, disciplined growth strategy, we concentrate on increasing the performance and value of our existing assets while also looking to capitalize on new opportunities.

The energy we generate has a positive impact for people, businesses and communities around the world – powering cities, providing heat and light for people, keeping businesses running round the clock. And through our social investing program we invest in making the places where we live and work better.

We're proud of this positive impact and want to build on it as ContourGlobal continues to grow well.

Front cover image:
Chapadas, Brazil

Financial and operational highlights

We aim to excel financially and operationally, exceeding our targets and outperforming our peers. Below we share our financial and operational highlights for 2017.

	2017	2016	% CHANGE
Income from Operations	$269.0m	$221.8m	21.2%
Adjusted EBITDA[1]	$513.2m	$440.4m	16.5%
Revenue	$1,022.7m	$905.2m	13.0%
Funds from Operations[1]	$255.9m	$207.9m	23.1%
Installed capacity	4,159 MW	3,933 MW	5.7%
Total energy produced	13,047 GWh	12,351 GWh	5.6%

1 Refer to page 20 for definition.

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Shamb Reservoir,
Vorotan, Armenia

Strategic report

We have a highly disciplined and focused growth strategy. This section tells the story of our strategy – what it is, why it's a winner, and how we have performed against it in 2017.

At a glance

ContourGlobal was founded 12 years ago and since then has successfully grown into a global platform of contracted power generation with expertize across wind, solar photovoltaic, hydro and thermal technologies.

We develop, acquire, own and operate wholesale power generation businesses.

We have 84 thermal and renewable power generation assets in Europe, Latin America and Africa with a total installed capacity of 4.2 GW. We have a differentiated business model, with a proven growth track record focused on long-term and wholesale contracted power generation across different technologies, geographies and stages of development.

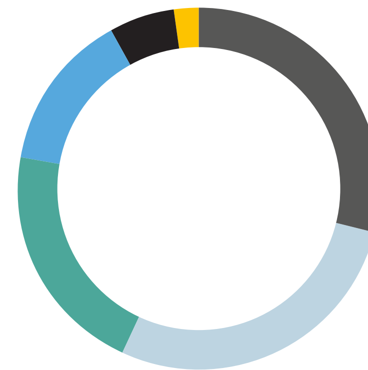
ContourGlobal is organized into two divisions: Thermal and Renewable.

The Thermal Group consists of plants using conventional fuels, specifically natural gas, coal, liquid fuels and diesel.

The Renewable Group consists of plants using renewable resources of wind, solar photovoltaic and hydropower.

We manage risk by underpinning the vast majority of our revenues with long-term contracts with creditworthy counterparties delivering predictable cash flows (over 91% over the next five years).

CAPACITY SPLIT BY SOURCE

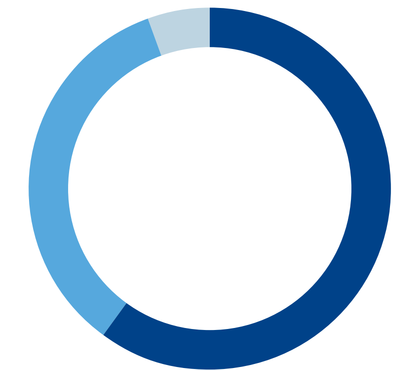


Breakdown	Capacity
Coal	29%
Gas	28%
Wind	21%
Hydro	14%
Liquid fuels	6%
Solar photovoltaic	2%

CAPACITY SPLIT BY ENERGY TYPE

Breakdown	Capacity
Thermal	63%
Renewable	37%

CAPACITY SPLIT BY GEOGRAPHIC REGION



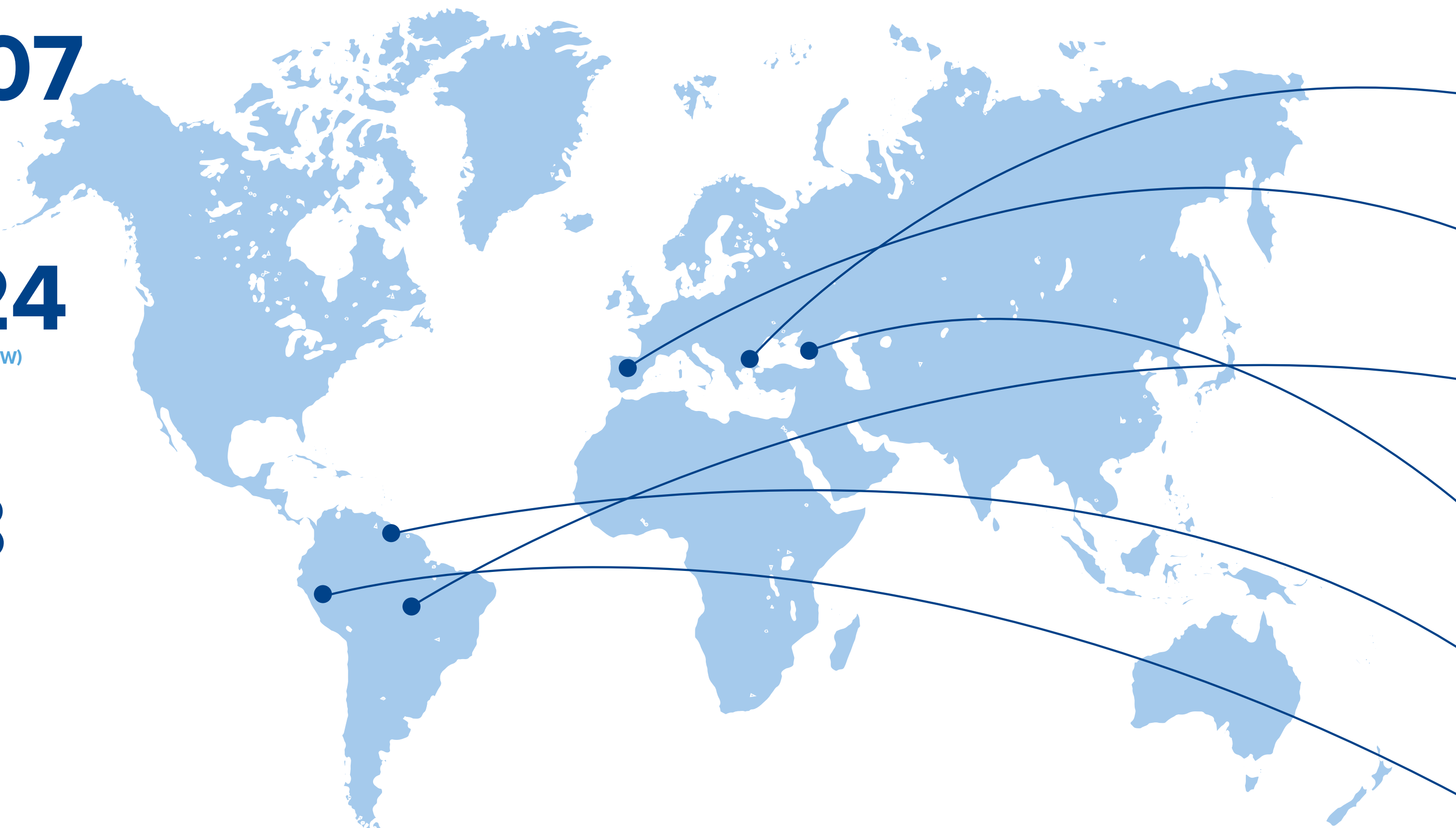
Breakdown	Capacity
Europe	2,507 MW
LatAm	1,424 MW
Africa	228 MW

TOTAL CAPACITY

2,507 EUROPE (MW)

1,424 LATIN AMERICA (MW)

228 AFRICA (MW)



LARGEST ASSETS (MW)

908 MARITSA — BULGARIA – COAL

800 ARRUBAL — SPAIN – NATURAL GAS

438 CHAPADA COMPLEX (I, II & III) — BRAZIL – WIND

404 VOROTAN — ARMENIA – HYDRO

160 ASA BRANCA — BRAZIL – WIND

114 INKA — PERU – WIND

$269.0m INCOME FROM OPERATIONS

$513.2m ADJUSTED EBITDA

$1,022.7m REVENUE

4.2GW TOTAL INSTALLED CAPACITY

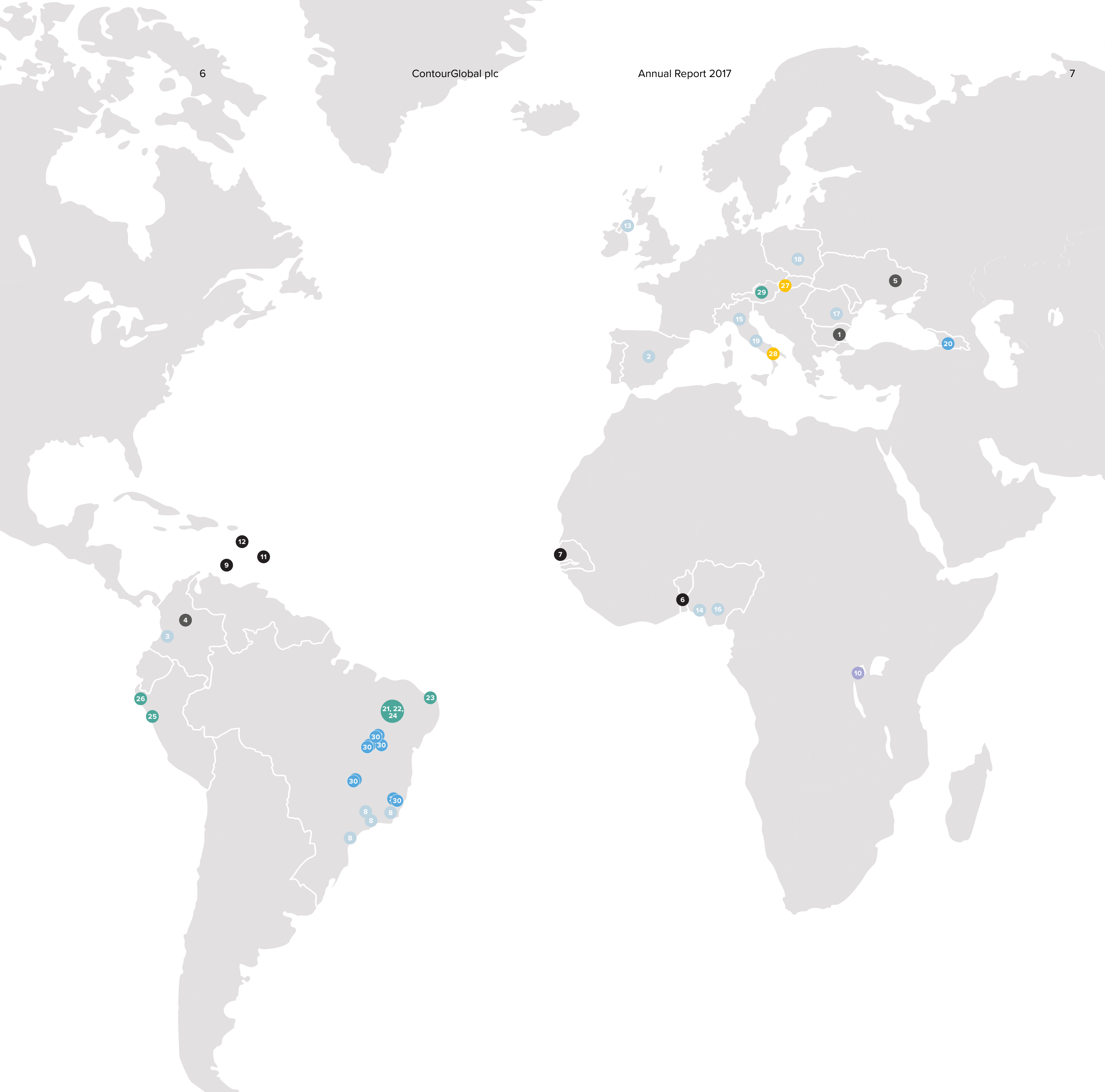
1,904 EMPLOYEES

84 ASSETS

19 COUNTRIES

Assets

	Operational plants	Geographic location	Energy type	Gross capacity (MW)
	Thermal			
1	Maritsa	Bulgaria	Coal	908
2	Arrubal	Spain	Natural Gas	800
3	Termoemcali	Colombia	Natural Gas	240
4	Sochagota	Colombia	Coal	165
5	Kramatorsk	Ukraine	Coal	120
6	Togo	Togo	Liquid Fuels	100
7	Cap des Biches I & II	Senegal	Liquid Fuels	86
8	Solutions Brazil	Brazil (4)	Natural Gas	76
9	Bonaire	Dutch Antilles	Liquid Fuels	28
10	Kivuwatt	Rwanda	Biogas	26
11	Energies Antilles	French Territory	Liquid Fuels	21
12	Energies Saint Martin	French Territory	Liquid Fuels	14
13	Solutions Knockmore Hill	Northern Ireland	Natural Gas	15
14	Solutions Ikeja	Nigeria	Natural Gas	10
15	Solutions Nogara	Italy	Natural Gas	9
16	Solutions Benin	Nigeria	Natural Gas	7
17	Solutions Ploiesti	Romania	Natural Gas	6
18	Solutions Radzymin	Poland	Natural Gas	6
19	Solutions Oricola	Italy	Natural Gas	3
				2,640
	Renewable			
20	Vorotan	Armenia	Hydro	404
21	Chapada I	Brazil	Wind	205
22	Chapada II	Brazil	Wind	173
23	Asa Branca	Brazil	Wind	160
24	Chapada III	Brazil	Wind	60
25	Inka	Peru – Cupisnique	Wind	83
26	Inka	Peru – Talara	Wind	31
27	Energie Europe Solar Photovoltaic	Slovakia (3)	Solar	35
28	Solar Photovoltaic Italy	Italy (33)	Solar	50
29	Austria Wind	Austria (10)	Wind	150
30	Hydro Brazil	Brazil (9)	Hydro	167
				1,518



Portfolio Liquid Fuels Coal Natural Gas Solar Wind Hydro Biogas

(#) Number of power plants

Chairman's letter

Our pipeline of attractive, opportunistic projects is robust, and we are excited about our accretive growth prospects over the next several years.

Overview
I am excited to introduce ContourGlobal's 2017 Annual Report, our first as a public company. The IPO on the Main Market of the London Stock Exchange in November 2017 was a significant milestone for our business, and we were pleased to attract a strong, high-quality investor base.

As this is my first Chairman's letter, I would like to highlight two important aspects of our business approach. These have been important contributors to ContourGlobal's success as a private company and, I believe, will play an integral role in delivering robust returns for ContourGlobal's public shareholders.

1. Disciplined, opportunistic approach to allocating capital
ContourGlobal has demonstrated operational and development expertize across seven fuel types and four continents. This capability allows us to focus exclusively on the most attractive risk-adjusted growth projects, without narrowing our scope by technology or geography.

We primarily look at transactions with long-term contracted cash flows to creditworthy counterparties.

These transactions often have complexities that make it difficult for other potential buyers to compete and create opportunities for our operating team to realize material value post-transaction.

In our short time as a public company, we have signed two significant agreements. In December, we signed commercial agreements with the Government of Kosovo for a 500 MW development project. This milestone occurred because ContourGlobal's technological expertize, credibility, and experience led us to be the only company designated as the preferred developer to negotiate with the government on this transformative project for the country. In February, we signed an agreement to purchase a 250 MW concentrated solar power (CSP) operating portfolio in Spain from Acciona Energia, which was negotiated on a bilateral basis without an auction process. I expect these projects to produce attractive returns on equity and generate strong, contracted cash flows for 20 and 18 years, respectively.

Our pipeline of attractive, opportunistic projects is robust, and we are excited about our accretive growth prospects over the next several years. If we ever find ourselves in a position where growth becomes unattractive, we will accelerate the return of capital to shareholders.

2. Proven ability to create value post-acquisition
ContourGlobal's exceptional operating team has consistently reduced costs at projects, while improving operating efficiency and maintaining an excellent health and safety record. ContourGlobal has benchmarked in the top decile of operating performance in the global power industry over the past several years.

Our team has also demonstrated the ability to increase contracted revenue through: (i) expansion opportunities, where marginal economics are even more accretive due to the utilization of existing infrastructure; (ii) repowering opportunities where technology has improved dramatically; and (iii) contract extensions that extract additional profitability from assets when their useful lives extend beyond the original contracted period.

We have significant demand from financial investment partners seeking to make passive, minority investments in some of our assets on attractive terms for ContourGlobal. These "farm-downs" significantly bolster our project returns.

Board Appointments
In preparation for the IPO, we welcomed Dr. Alan Gillespie and Alejandro Santo Domingo to the Board as Non-Executive Directors, both of whom bring significant UK plc and relevant industry experience. We were also delighted to appoint Ruth Cairnie as an additional Non-Executive Director in January 2018. Ruth has significant experience in the global energy sector and as a Non-Executive Director of UK-listed companies. Following Ruth's appointment, our Board (excluding me as Chairman) comprises a majority of independent Directors, and we are confident that it has the right balance of skills and experience to support the executive team. More details on the Board and appointments can be found in the Governance section on pages 50 to 53.

Corporate Governance
At IPO, the Company became subject to the corporate governance requirements of the UK Listing Authority's Listing Rules, and the UK Corporate Governance Code (the "Code"). In the months leading up to the listing, much work was carried out to ensure that the Board had constituted appropriate Committees and adopted relevant policies and procedures to support the development of a robust governance structure and compliance with the Code. This work is described more fully in our Corporate Governance report on pages 54 to 59. The Board is satisfied that we have in place a robust governance structure, which is fit for purpose and in line with our listed status, and we will ensure that our governance arrangements will adapt if appropriate in connection with the new UK Corporate Governance Code anticipated to come into force in 2019.

Dividends
Our dividend policy is unchanged since the IPO (as described in detail on page 80). The Board is pleased to propose a final dividend of 2.6 cents (US dollar) per Ordinary share. The dividend will be paid, subject to shareholder approval at our 2018 Annual General Meeting, on 31st May 2018 to shareholders on the register as of 4th May 2018.

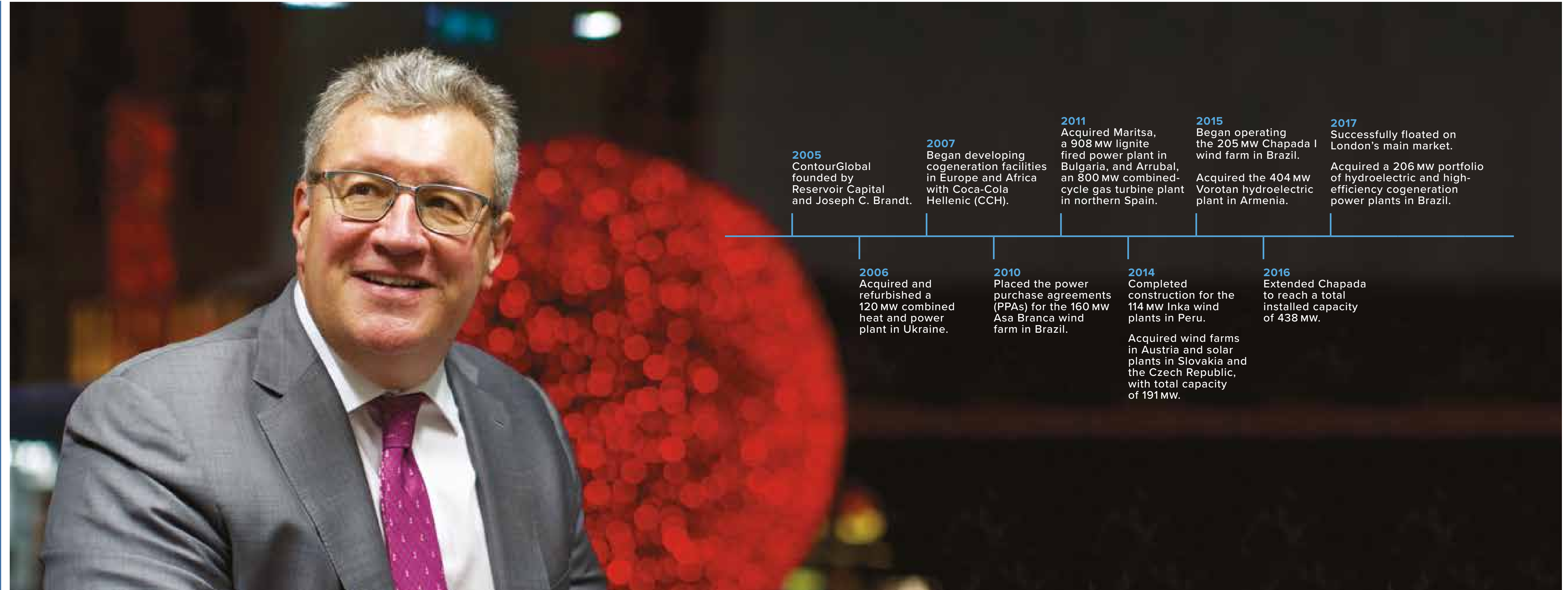
2017 Highlights
2017 was a year of strong financial performance for the Company. We delivered year-on-year Adjusted EBITDA growth of 16.5% and achieved 2017 Adjusted EBITDA of $513.2m and Net Debt/Adjusted EBITDA of 4.1x, both consistent with our guidance. We significantly progressed a number of major projects, successfully integrated prior acquisitions, and ended the year on a strong financial footing, with significant liquidity for growth. ContourGlobal also achieved the lowest health and safety incident rate in our history, demonstrating our commitment to providing a safe working environment for employees, contractors and subcontractors.

2018 Outlook
The global power industry continues to grow rapidly and is experiencing significant change as nations pursue policies of energy security, economic development and decarbonization. As integrated power companies continue to rethink their global asset mix, I believe ContourGlobal, as a leader in the contracted power generation space, is well positioned to capitalize on our disciplined, opportunistic growth strategy. Our focus on wholesale, contracted power generation will continue to produce low-risk, long-term cash flows, while our extraordinary operating team continues to optimize and expand our portfolio.

2017 has been a significant year in the Company's history and I feel privileged to be Chairman at this exciting time in ContourGlobal's development. On behalf of the Board, I would like to thank our management team and all of our nearly 2,000 employees across 19 countries for their continued dedication and hard work.

Craig A. Huff
Chairman

CEO's review



Companies only IPO once and that's probably a good thing. The effort required to prepare a company to enter successfully the public markets requires an intensity and focus that is singularly disruptive of normal corporate life, yet requires that core business objectives be met as promised. This comes despite the distraction and knowledge that the outcome of the IPO will overwhelm normal measures of annual successes and failures.

Performance Review

As such, it is very pleasing, and somewhat relieving, for me to report that 2017 saw both a successful listing on the premium segment of the London Stock Exchange as well as a strong year of performance, both operationally and financially, for ContourGlobal. Moreover, 2017 was an extraordinary year for our most important operating objective, our health and safety performance. We posted a record year with our key lagging indicator, our Lost Time Incident Rate[1], ending the year at 0.03 despite over nearly six million hours worked in 19 countries. These results were even more remarkable given that we acquired eight new businesses last year in Brazil and Italy, each with dramatically different expectations about safe operations and, as such, requiring intensive restructuring to embrace the ContourGlobal way of health and safety.

Despite this record setting achievement, we failed to achieve "Target Zero," our health and safety goal adopted at the end of December 2016[2]. We missed our target but came ever so close.

The cause of this miss was a tough blow – a car accident on an Armenian mountain pass near our Vorotan hydroelectric facility – an accident in which the other driver was conclusively "at fault." The cruel realization even led some in the company to question whether this was "really" a lost time incident which should count as an LTI[3] – particularly as the incident didn't occur in one of our power plants.

We embraced the failure, learning that failure teaches us the most when it is used to explain and not to blame. We launched a Five Whys into the traffic accident to understand the root cause and whether there was something that we could have done to either avoid or minimize the risk to our people. This was a serious incident, one which injured two of our people and caused one of them to undergo a painful surgery and hospitalization.

The findings revealed that there was more that we could do. The airbags did not deploy on our vehicle as they should have. It turns out that the vehicle had been involved in a previous accident in the years before we acquired the plant and the airbags had not been replaced. Would airbags have made a difference in this accident? Maybe, at least in terms of the severity of the injury.

Despite this incident in Armenia, our health and safety achievements globally were extraordinary and record setting. We achieved a 0.03 LTIR and a 0.10 Total Recordable Incident Rate (TRIR[4]). Missing Target Zero in its inaugural year taught us much – to inspect all vehicles and vehicle histories when acquiring a business. To obtain training records and introduce drivers' training programs to encourage defensive driving and appropriate risk assessment particularly in remote areas. Embracing failure will make us better and safer. And with just a bit of luck, enable us to achieve Target Zero in 2018.

We also had a very strong operating year with better than target availabilities in our thermal fleet and most of our renewable fleet. In our thermal business, we are paid mainly to be available with virtually no volume risk. As a result, Equivalent Availability Factor ("EAF") is the KPI that tells us how well we are operating and maintaining our thermal plants. 2017 was a very good year in all thermal technology clusters, namely reciprocating engines, Combined Cycle Gas Turbines, Coal-fired plants and our Solutions' quad-gen facilities. Thermal Fleet Equivalent Availability Factor for 2017 was 92.6% for the year, which is better than target and in line with recent performance.

In our renewable business, we need to maintain high availabilities, but strong financial results also require the cooperation of the weather to produce acceptable irradiation, wind speeds and hydrology. As such we focus on two KPIs in our renewable business: EAF as in the thermal business but also Capacity Factor ("CF"), which measures the percentage of the time that the asset is generating electricity.

EAF in the renewable business was excellent in our solar fields, hydroelectric facilities, and wind farms in Peru, Austria and the Caribbean. The exception came in our Brazil wind farms, where early post-construction teething challenges crystallized into something that became more systemic later in the year. We react strongly to failure and our approach to our Brazil wind farms has been no exception. We've made significant organizational and people changes in the country

1 "LTIR" measures recordable lost time incident ("LTI") rates on the basis of 200,000 working hours

2 Meridith Armstrong Whitney, Charles J. Bennett, "Driving Toward "0": Best Practices in Corporate Safety and Health, The Conference Board Research Report R-1334-03-RR (2003)

3 "LTI" is an employment related incident that results in serious injury or illness which results in one or more days away from work

4 "TRIR" measures amount of the total number of all work-related cases (restricted work days, medical treatment, and lost time incidents)

and inside the renewable division, and are starting to see positive results from these measures in early 2018.

Capacity Factors were high in our solar fleet, which enjoyed much higher irradiation levels than normal and overproduced by 11%, while capacity factors in our hydroelectric facilities were below plan and wind performance was close to plan in Peru, slightly above plan in Austria and below plan in Brazil.

In 2017, our financial results were better than target and displayed the resilience of an operations centric business model that diversifies risk across multiple geographies and technologies. By design, ContourGlobal's financial results do not depend upon any one geography, technology or weather resource. We believe that this resilience creates a higher quality risk adjusted cash flow for shareholders. These diversification benefits were on display in 2017 as we were able to outperform our adjusted EBITDA target. Financial results were strong in all areas: revenue topped $1bn for the first time ever, an increase of 13% year-on-year. Adjusted EBITDA and Funds from Operations ("FFO") were $513m and $256m, an increase of 17% and 23% respectively. As targeted, liquidity and year-end net leverage ratio (4.1x) were within targeted levels.

Market Outlook and Growth
Our business is international with a concentration in three primary regions: Europe, Latin America and, to a lesser extent, Sub-Saharan Africa. We operate in the market for electricity generation infrastructure and participate in that market through our own development ("greenfield" development which involves creating an asset by taking it through the permitting, financing and construction processes) as well as the acquisition of existing power plants. We operate, develop and acquire power plants using conventional fuel-based technologies as well as those using renewable technologies (currently wind, solar and hydro). Within both categories, we focus on two broad categories of customers: national grids and the utilities that supply these grids, and commercial and industrial customers with substantial energy needs who prefer to procure their electricity supply directly from on-site facilities.

Today's electricity space is dynamic, with new technological and commercial approaches creating opportunities and challenges in both developed and developing markets. Within established markets such as Western Europe, incumbents have embarked upon broad reviews of strategy leading to a redefinition of their core businesses and accompanying divestitures of power assets, many of which are in markets that we know and like. Within developing markets, energy demand growth continues to outstrip supply and in certain world regions such as Sub-Saharan Africa energy supply remains woefully inadequate, leaving most of the population without electricity and its indirect benefits (such as clean water and stable infrastructure).

Intriguingly, one of our early development initiatives has become trendy. "Corporate PPAs" have been a recent focus of a renewable industry in search of new creditworthy counterparties to enter into long-term offtake contracts to facilitate the development of new projects. These agreements are generally financially settled long-term arrangements in which a corporate buyer pays a renewable generator for electricity delivered to the grid. Many corporations are increasingly procuring electricity with such structures and have grown significantly in the past three years. A decade ago, our ContourGlobal Solutions business was an early pioneer of the corporate PPA market. Working with Coca-Cola HBC ("CCHBC"), we first used thermal fuels and then renewable generation

Cap des Biches, Senegal

technologies. We developed highly efficient and innovative energy production facilities within Coca-Cola HBC's bottling facilities in Europe and Africa that supply all of CCHBC's energy needs for electricity, hot water, chilled water and, through innovative CO_2 capture technology incorporated into these power stations, carbonation. Later we worked with CCHBC to install substantial solar "fields" in Italy on the large rooftops housing their production and storage facilities, installing approximately 4.5 MW in five locations, using what today would be known as a "Corporate PPA".

Last year we extended our Solutions business into Latin America where we acquired four cogeneration facilities in Brazil which directly supply commercial customers. Through this acquisition, we are extending this "what is old is new again" business from Europe and Africa to Latin America.

As we explore new growth, we remain impressed with the number of opportunities we see to make accretive acquisitions in Europe and Latin America, while at the same time remaining cautious about the prospects to build new generation in these same markets. Historically low and extended interest rates has led to capital deployment decisions in our industry that have driven returns on new build below that of acquired assets, resulting in an historic anomaly in the power sector. One should get paid more to take the development, permitting and construction risk to build a new asset than to acquire an already functioning business. Such anomalous pricing between new build and acquisition, renewables and thermal, is not justified by technology or cost improvements but rather reflects other more strategic imperatives. We continue to believe that this dynamic creates its own set of opportunities.

In Sub-Saharan Africa, where we have long been active and successful, we are cautious outside of the industrial space. Despite much of the continent making impressive strides in governance and reform, the post financial crisis collapse in commodity prices has pressured the continent despite helpful interventions by the international development community. Although headline investment in new electricity capacity seems promising, projects across the continent struggle to make their way from signing to closing to full operations and, once operational, pressure on public finances challenges fragile states to meet their contractual commitments. With such a market backdrop we are very selective about new investment in this region.

Four important projects managed to reach critical milestones in the past several months. In Austria, the repowering of our wind farms began with two projects receiving feed-in-tariff approval enabling them to begin repowering – a process that involves replacing older wind towers and turbines with newer technology. These two projects offer a startling illustration of the dramatic improvements that have been achieved in wind turbine technology in the thirteen years that have passed since these wind farms first entered operations. Using the same physical footprint as before, new tower and turbine technology will enable us to capture more wind and thereby produce 80% more energy annually than what was achievable just over a decade ago. We increasingly see the opportunities of repowering as a way to add value to our own and others' existing assets.

Elsewhere, across Austria's southern border in Italy, we made good progress continuing to consolidate operating solar fields in the market, adding 43 MW through two acquisitions. We've been active in Italy for over eight years, seven of them in the solar sector and have a strong operating team which has improved availability, performance factor and fixed costs in every single acquisition to date.

Finally, after many years of effort and close cooperation with the Government of Kosovo and international stakeholders, we achieved the critical milestone of "commercial close" for the Kosovo E Re power plant, a critically needed infrastructure project for a country that suffers with Europe's worst pollution from two old lignite fueled power generation facilities. We will replace these facilities with efficient facilities, which will provide the necessary capacity to enable the Kosovarian energy market to develop and thereby catalyze economic growth in this poor, landlocked country. We do not take lightly our decision to sponsor a coal fired power plant. It is not our preferred fuel. But the needs and resources of Kosovo argue overwhelmingly in favor of developing this plant with this fuel now. Kosovo is Europe's poorest country and its current installed electricity generation base is Europe's largest single source of pollution including dust, other particulate matter, NO_X, SO_X and CO_2.

ContourGlobal has always viewed itself as an investor first – allocating capital to attractive opportunities in the contracted wholesale power generation space. As such, our strategy has been highly opportunistic, preferring to maximize risk-adjusted returns rather than invest in assets or development projects that meet some pre-defined, qualitative or strategic criteria. This has served us well over the years and we continue to see significant opportunities that will enable us to benefit from this approach. As an established, and now public, operator that has managed investor capital in the power business for over a decade, we have also received interest from institutional investors to acquire stakes in our existing assets. As we continue to grow our business, we see increasing opportunities to be the asset manager of choice in the global power sector.

Chapadas, Brazil

Outlook
It is early days. Our year-end came just six weeks after our IPO and as such we cannot say much other than that we are where we expected to be at IPO and that 2017 continued a string of successful years. I am encouraged by our ability to post such strong results despite the major undertaking for the IPO. We are on track with the commitments made to the market as part of the IPO process – in health and safety, power plant operations and growth through proprietary greenfield development and acquisitions. In the new year, our announcement of the acquisition of a large portfolio of Concentrating Solar Power assets in Spain reinforces our expectation that we are ahead of our target to double EBITDA in five years with no new share issuances and our pipeline of greenfield and acquisition opportunities supports this expectation. We move into our first full year of operating as a public company with confidence about our ability to deliver promised results.

The Strategic report on pages 04 to 47 have been approved by the Board of Directors and signed on its behalf by Joseph C. Brandt.

Joseph C. Brandt

Joseph C. Brandt
Chief Executive Officer

4th April 2018

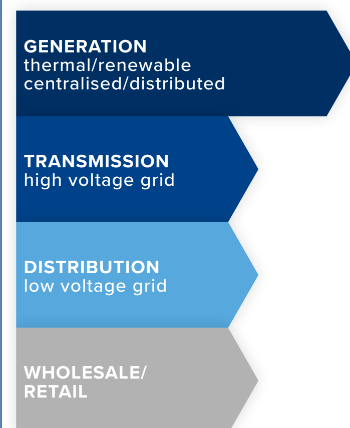
Market overview

The demand for energy continues to grow and the underlying trends characterizing this growth fit well with our strategy of focusing on long-term contracted power generation in key markets around the world.

Our position in the electricity value chain

Power generation
The electricity value chain has four main segments: generation, transmission, distribution and retail.

We focus on the wholesale power generation segment, both centralized and distributed.



We generate power using both thermal and renewable technologies.

Thermal and Renewable
On thermal technologies our portfolio includes natural gas, liquid fuel and coal. On renewable technologies it includes wind, hydro, solar photovoltaic and methane.

Contracted
Power generation can be defined as either merchant or contracted. Contracted plants have minimal exposure to market prices for the duration of the underlying contract because the price is negotiated and fixed upfront. This is done either through long-term power purchase agreements (PPAs), which typically have higher margins than market platforms, or prices are set under a regulatory regime. PPAs also typically de-risk the generator from demand volume volatility and other changes in market conditions such as inflation and changes in laws and regulations. Merchant plants sell electricity into market platforms at the prevailing energy price and are therefore subject to price volatility.

We concentrate on contracted power generation.

Key power market trends

We see certain trends running through the power market that favor ContourGlobal's disciplined and opportunistic growth strategy:

The increase in demand and supply around the world

According to the International Energy Agency (IEA) World Energy Outlook 2017, global electricity demand will increase by approximately 45% between 2015 and 2040, from 23.4 TWh to 34.0 TWh, at an annual growth rate of 1.5%.[1]

The majority of this rise in demand will occur in developing markets, especially in Asia, Latin America and parts of Africa that are experiencing urbanization, increasing electrification rates and economic and population growth.

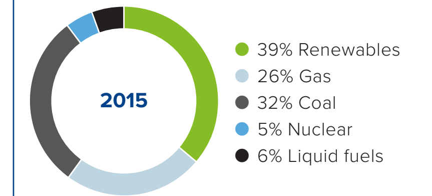
Lower growth in electricity demand is expected for developed markets such as Europe and the United States, due to lower economic growth, energy efficiency policies and stabilized energy consumption patterns.

We expect to benefit from changes in global demand, particularly the accelerated growth in developing markets, as our footprint includes developing markets in Latin America and Africa.

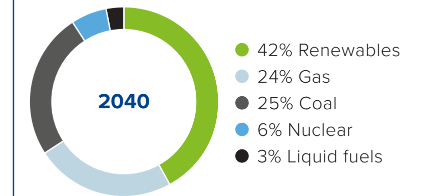
We also have the necessary in-house operational experience and the know-how to capitalize on the wide range of opportunities in different technologies.

By 2040, global installed capacity is expected to increase from 6,383 GW to approximately 8,819 GW, with coal dropping to approximately 25% of the capacity mix as a result of decarbonization policies and the further increase in renewable installations. Renewables are expected to account for 42% of the global capacity. Natural gas is expected to account for 24%, nuclear for 6% and liquid fuels for 3%.[2]

GLOBAL INSTALLED CAPACITY MIX



EXPECTED INSTALLED CAPACITY MIX



1 & 2 ©OECD/IEA 2016 World Energy Outlook, IEA Publishing, License: www.iea.org/t&c

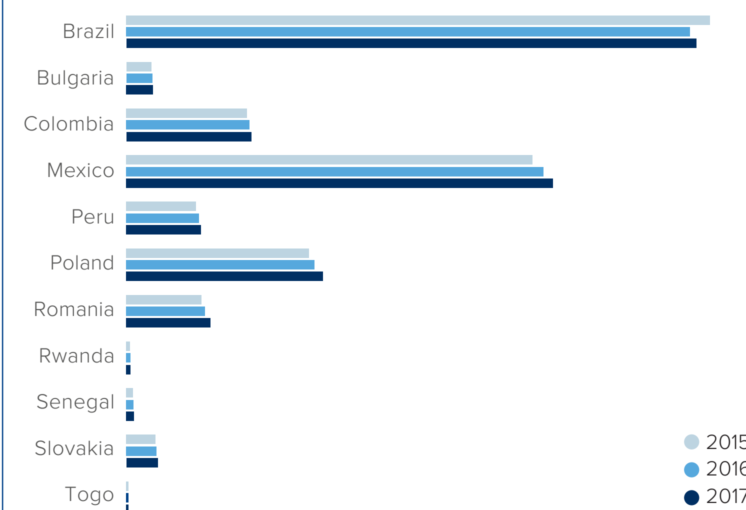
The demand for new power and the transformation of governance in developing markets

In emerging markets, rapid electrification and expanding demand result in significant need for investment across all types of generation, providing interesting opportunities for power generation players.

Especially in Africa and Eastern Europe, there are few international operators actively pursuing opportunities and we expect to grow in these regions given our strong operational presence, track record and ability to creatively structure our projects both financially and contractually.

In these markets we will continue using Political Risk Insurance (PRI) to protect our investment.

GDP GROWTH (BILLION $2010 PPP)



Source: EIA

Markets periodically suffer micro-cyclicality

The generation sector in some jurisdictions can be micro-cyclical driven by economic fluctuations, availability of domestic capital and financing/capital markets volatility. The fluctuations can create a downward or upward pressure on returns.

Remaining flexible around geographies, associated presence in and knowledge of high growth markets, and creativity on structuring projects create above market returns when cyclicality pressures returns upwards.

The changing relative value of different generation assets creates new opportunities for flexible investors

The value of generation assets varies over time depending on numerous factors including size, geography, technology and the differing strategies of potential investors. The opportunity set constantly evolves and the areas where the best risk-adjusted returns appear in the future are likely to be different from where they are today.

This gives advantage to investors, such as ContourGlobal, with the flexibility to invest opportunistically across markets and technologies. Our disciplined investment framework allows for internal competition for capital and the ability to deliver high value growth by remaining selective, in a very active M&A environment.

Business model

Our mission is to develop, acquire and operate electricity generation businesses worldwide to improve lives and to do this by offering reliable and accessible electricity, promoting economic growth and social well-being, and making the communities where we work better.

A strategy for growth

We adopt five core investment approaches all focused on contracted wholesale power generation across different technologies and geographies:

1 Greenfield development

Opportunistic development taking advantage of cyclical under supply of capital combined with development expertize to create opportunities for higher return.

2 Greenfield acquisitions

Purchasing assets without existing contracts, subject to the ability to put contracts in place. Involves similar, customized contractual risk profiles to our development assets but have the benefit of an operating history.

3 Strategic acquisitions

Purchasing assets with existing contracts where we have both:
(i) a clear competitive advantage due to asset size, technology, asset diversity or complexity of process or market; and
(ii) an ability to improve operations.

4 Development in partnership projects

Developing projects with customized contracts in partnership with governments, utilities and corporations. These are in regions where there is need for reliable power infrastructure but insufficient capital and expertize.

5 Platform expansions

Developing expansions of existing projects leverages existing relationships with governments, offtakers, lenders and suppliers, replicating the same technology and structure. Platform expansions are typically low risk and high return, given the expertize already acquired and the synergies and cost reductions achieved by expanding the platform.

In 2017

Hydro and cogeneration acquisition in Brazil

ADJ. EBITDA: $42M[1]

In March 2017 we closed the acquisition of 206 MW operational portfolio – composed of 130 MW of hydro assets and 76 MW of cogeneration assets.

The cogeneration contracts are capacity-based, mostly denominated in US dollars and have a largely US dollar-denominated return. They are the type of contracts with commercial and industrial customers that our Solutions business pursue. The hydro PPAs are inside a regulated Brazilian hydrology protection scheme, which reduces individual hydro plant performance risk.

We will benefit from our experience in operating hydro and cogeneration plants and from our Brazilian platform to improve the operational performance of the assets and realize various synergies.

Chapadas, Brazil

Brazil windfarm consolidation

ADJ EBITDA: ALREADY FULLY CONSOLIDATED IN PREVIOUS YEARS[4]

In December 2017 we reached an agreement with the project's minority shareholder to acquire its shares in Chapada I and Chapada II projects. The activity in the first half of 2018 will consist of closing the remaining conditions precedent to the transfer of shares.

Italy solar photovoltaic roll up

ADJ. EBITDA: €15M[3]

We have been following a roll-up strategy to acquire mid-sized solar photovoltaic portfolios in Italy, a market that remains fragmented with many opportunities. Our operational strategy is to insource operation and maintenance during integration, reducing costs and improving the assets' operational performance.

In 2017 we closed a total of 19 MW and signed an additional 23 MW. The assets are mainly composed of solar photovoltaic plants located in Italy with geographical proximity to our existing solar photovoltaic assets. They also include one solar photovoltaic plant in Romania (7 MW) and two biogas plants in Italy (2 MW).

Kosovo

ADJ EBITDA: €250M (ON THE FIRST FULL YEAR OF OPERATIONS)

In December 2017, we have signed the commercial contracts with the Kosovo Government to build a new single unit lignite-fired power plant with a gross capacity of 500 MW, located in Obiliq, Kosovo. Total costs for the Kosovo Project are estimated to reach approximately €1.3bn. The power plant is expected to start operations in 2023 and will have a life expectancy of four decades. The activities in 2018 will be focused on the financing arrangements of the project with the aim to start construction activities in 2019.

Read more in the Business Review page 29.

In 2018

Spanish CSP portfolio

ADJ. EBITDA: $130M[5]

On 27th February 2018 we reached an agreement to acquire Acciona Energia's 250 MW portfolio of five operating 50 MW Concentrated Solar Power (CSP) plants in south-west Spain. This will further increase our revenues from investment grade rated countries.[2]

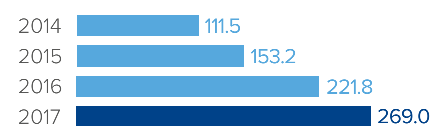
1 Annualized 2017 adjusted EBITDA
2 The closing of the transaction is subject to certain conditions including the approval by the competent authorities
3 Estimated EBITDA normalized for a full year for both portfolios
4 Minority share of the adjusted EBITDA already consolidated in Company accounts
5 At 2017 Euro/US dollar FX rate of 1.13 corresponding to €115m

KPIs

We measure our progress against seven financial and non-financial key performance indicators (KPIs).

Financial KPIs

Income from Operations ($m)

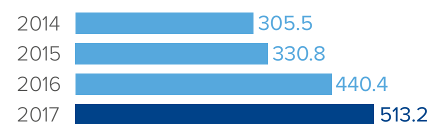


→ Read more on page 36

Income From Operations (IFO) is derived from the IFRS consolidated statement of income and corresponds to the sum of the following line items: Revenue, Cost of sales, Selling, general and administrative expenses, Other operating income – net and acquisition related items. This is a measure of profitability that includes depreciation and amortization expenses as well as development costs.

In 2017, IFO grew significantly from $221.8m in 2016 to $269.0m (+21%), reflecting the successful integration of new assets (acquired or which entered into operations) and close fixed costs monitoring during the period.

Adjusted EBITDA ($m)



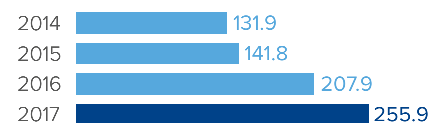
→ Read more on page 37

Adjusted EBITDA is the combined profit from continuing operations for all controlled assets before income taxes, net finance costs, depreciation and amortization, acquisition-related expenses and specific items adjusted for their size, nature or incidence, less ContourGlobal's share of the profit from unconsolidated entities accounted for the equity method, plus the Company's pro-rata portion of Adjusted EBITDA for such entities.

This is the key measure of the Company's profitability.

In 2017, we achieved a significant improvement in Adjusted EBITDA. It rose by 17% from $440m in 2016 to $513m in 2017 thanks to operational and growth performances.

Funds from Operations ($m)



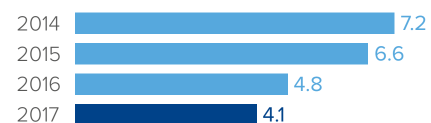
→ Read more on page 38

Funds From Operations is the cash flow from operating activities, excluding changes in working capital, less interest paid, maintenance capital expenditure and distribution to minorities.

This is the key measure of the Company's strength of cash flow.

Strong operational performance and highly contracted cash flows allowed us to maintain and even improve the Group's cash conversion.

Net Leverage ratio[1] (×)



→ Read more on page 38

The Company leverage ratio is measured as total net indebtedness (reported as the difference between Borrowings and Cash and Cash Equivalent under the IFRS statement of financial position) to Adjusted EBITDA.

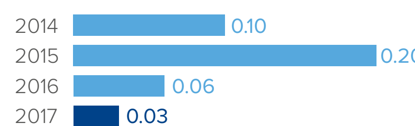
This is the key credit measure of the Company.

The Company aims to maintain its leverage ratio on the long-term in a range from 4.0x to 4.5x. The 2017 leverage ratio reached 4.1x compared to 4.8x in 2016.

1 IFRS net debt derived from consolidated statement of financial position adjusted for CG share of net debt at Termoemcali and Sochagota

Non-Financial KPIs

Lost Time Incident Rate (%)



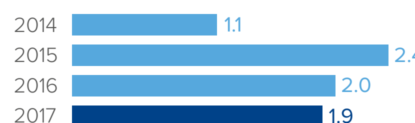
→ Read more on page 24

The Lost Time Incident (LTI) Rate shows the recordable lost time injuries per labor hours so they can be compared across any industry. The chart presents our performance over the past years.

This is the key measure for our Health and Safety performance.

Our LTI rate of 0.03 for 2017 was the lowest value achieved since we started recording data. It is a 50% reduction on 2016.

Equivalent Forced Outage Rate (%)



→ Read more on page 29

The Equivalent Forced Outage Rate (EFOR) is the ratio between hours of unit failure given as a percentage of the total hours in a set period.

Like the AF, the EFOR is widely used in the industry to measure technical performance.

Consistent strong downwards trend of forced outages rate in the last three years, reflecting improving operational performance results.

Availability Factor (%)

→ Read more on page 31

The Availability Factor (AF) is the percentage of time a power plant was available to generate electricity over a set time period.

It is widely used in the industry to track the technical performance of power plants and for benchmarking. We use it as a primary KPI for our assets.

Good and consistent performance results, in line with benchmarked top decile peers.

Business review

We continue to focus on Health and Safety, operation excellence and delivering a strong financial performance.

Asa Branca, Brazil

CG and UNGC Principles
ContourGlobal's core business principles guide our day-to-day operations and our sustainable business strategy, driving positive, long-term and measurable business impacts. Our principles are:

- **Grow well**
- **Operate safely and efficiently and minimize impacts**
- **Manage our business responsibly**
- **Enhance our operating environment**

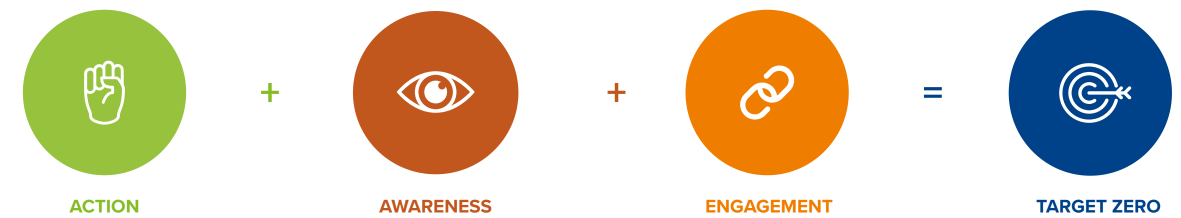
Our strategies are centered on the United Nations Global Compact (UNGC) Principles, to which we are a signatory and committed members since 2010. We have followed UNGC's ten principles from the inception of our Company because they embody what we believe a Company needs to do to be a "reference" Company, participating actively and continuously in initiatives related to human rights, labor, environment and anti-corruption and contributing to UN goals in order to achieve the common objectives of building a sustainable and inclusive global economy.

Ensuring Health and Safety

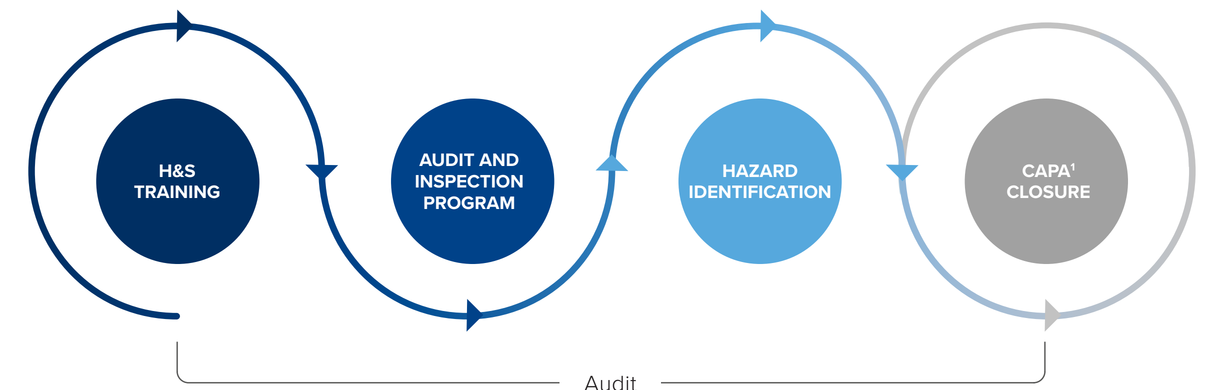
Health and Safety is at the core of our Company. We are committed to setting and meeting the same industry-leading standards across all our operations wherever they may be. To this end we have a global Target Zero program – zero harm; zero injuries.

CG Power Plant, Togo

PROGRAMS TO ACHIEVE TARGET ZERO



SETTING KPIs



1 Corrective and Preventative Actions.

KPIs

In 2017 we met or exceeded all our Health and Safety KPIs:

Safety inspections – target met
We achieved the target rate of Level 2 Safety Inspections[1] at all sites.

Hazard identification – target far exceeded
We achieved a Hazard Identification Rate of 64%, far exceeding the target of 30%.

Corrective and Preventive Actions – target exceeded
We achieved a CAPA (Corrective And Preventive Actions) closure rate of 94% against our target of 80%.

Training hours – target nearly doubled
We achieved a Training Hours rate of 2.9%, nearly double the target of 1.5%.

Implementing our Health and Safety Strategy

Our Occupational Health and Safety Strategy aims to provide a Zero Harm Safety Culture, where “everyone goes home safe, every day, everywhere”.

Targeting zero incidents
Our commitment is Target Zero – a workplace in which our employees are free of injuries. To this end we focus on risk reduction and awareness. In 2017, we achieved our best-ever results, although we ultimately missed our Target Zero. The single LTI (Lost Time Incident) that occurred in August, a vehicle incident in Armenia, was entirely preventable. Through our system of continuous improvement, we have implemented changes in our corporate guidance to increase control of hazardous activities. The aftermath of the incident initiated a period of deep reflection on our guidance and our training, with a renewed commitment to making the changes necessary to drive our culture toward zero injuries.

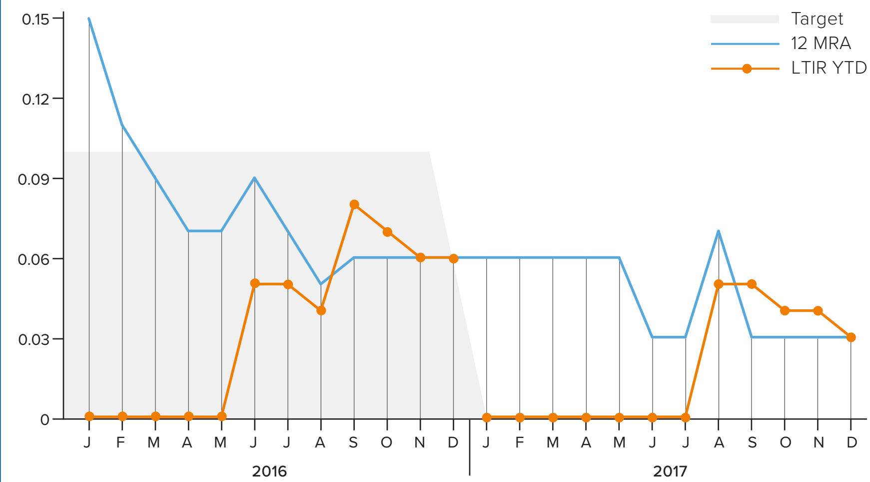
Integrating acquisitions
In 2017, we also focused on integrating our new acquisitions in Brazil and Italy into our way of ensuring Health and Safety excellence. It can be challenging to bring new operating sites into our portfolio, when their existing Health and Safety cultures and standards of performance differ from ours. We tackle this by developing a risk matrix and tailoring our transition program to address any deficiencies identified in the existing structure. We implement our Power for HSE Excellence program to ensure compliance to the most rigorous Occupational Health & Safety (OHS) standards and to integrate the new personnel into our culture and working practices.

1 Level 2 inspections are those safety inspections conducted in our operating sites by operations and maintenance personnel

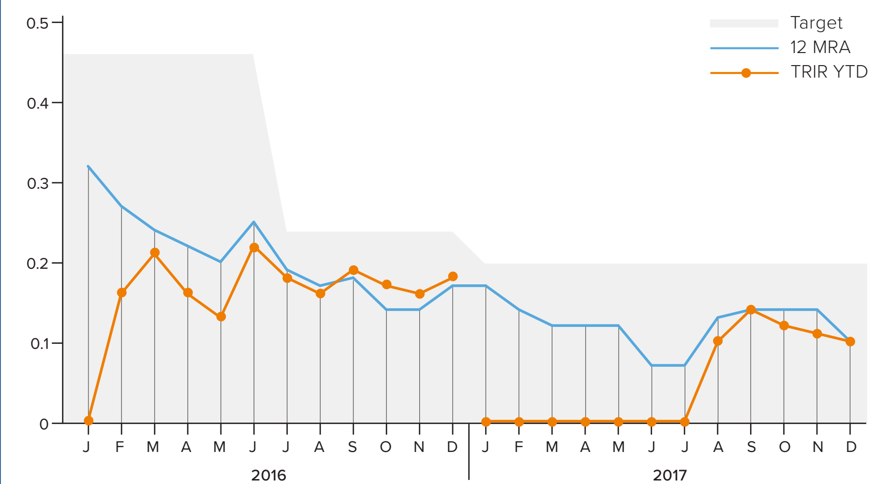
2017 Health and Safety Highlights

- All our operating sites achieved their targets for leading indicators – see KPIs below
- We achieved our lowest ever LTI (Lost Time Incident) rate, a 50% reduction from 2016
- TRIR (Total Recordable Incident Rate) well below the target representing the historical low incidence achieved for the Company
- We carried out a total of 11 Internal Health & Safety Audits in 2017
- We undertook three Safety Interventions, with positive results
- All sites implemented the Power for HSE Excellence program. As a result, more robust procedures and policies are in place consistently across the Company
- We rolled out mobile versions of our Incident and Hazard reporting process, for iOS and Android devices

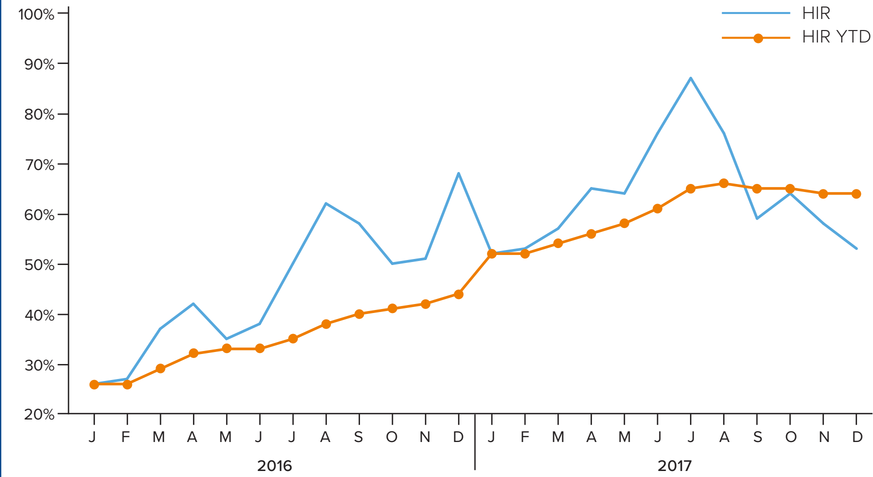
LOST TIME INCIDENT RATE



TOTAL RECORDABLE INCIDENT RATE



HAZARD IDENTIFICATION RATE (HIR)



Reducing risk and mitigating hazards
Our risk reduction process centers on providing a hazard-free workplace. To this end we combine a series of interlinked KPIs to identify and remove hazards from the work environment in a timely manner, reducing workers’ exposure to hazardous conditions. We accomplish this by assigning target values to our leading indicators.

Training
Our Training Rate is set to ensure our employees are aware of the hazards they may face. By providing a minimum standard of training hours, set to a percentage of the total hours worked, we provide a consistent knowledge base for our employees.

Safety inspections
Training enables employees to produce more effective Safety Inspections, which is the second pillar of our hazard reduction mechanism. By setting a target number of total Level 2 inspections each site must perform, we ensure sufficient volume of safety inspections is performed.

Identifying hazards
The Hazard Identification Rate tracks how many safety hazards are recorded into our Safety Management Database, Intelex.

Our goal is to achieve a 30% ratio between the number of hazards recorded and the total number of inspections for all sites. This provides each site with a high quality list of safety hazards that may exist in the work environment.

Corrective and preventive actions
Our final leading indicator, CAPA (Corrective And Preventive Actions) closure ratio, ensures that each site is committed to the process of not only recognizing hazards but also correcting them to remove the risk. In 2017, over 9,000 hazards were identified by our operating sites, and closed at a rate of 94% within one month of being recorded.

Implementing the same high standards around the world
Mitigating physical hazards is not the only way we reduce risk. We implement a comprehensive and robust system of policies and procedures at each operating site to ensure work takes place in the safest possible environment. This includes stringent compliance with work permit procedures. These detailed procedures ensure that workers thoroughly examine the work site for threats that might impact the safe accomplishment of tasks. Each site has specific procedures in place, in the local language, to ensure that tasks are carried out only after the proper risk assessment has been conducted; the correct Personal Protective Equipment (PPE) is used; employees are properly trained for the task; and hazardous energy sources and chemicals are prevented from causing harm. Our staff are permitted to perform their tasks only after carefully considering all the identified hazards and the risk mitigation measures have been implemented.

Solutions Nogara, Italy

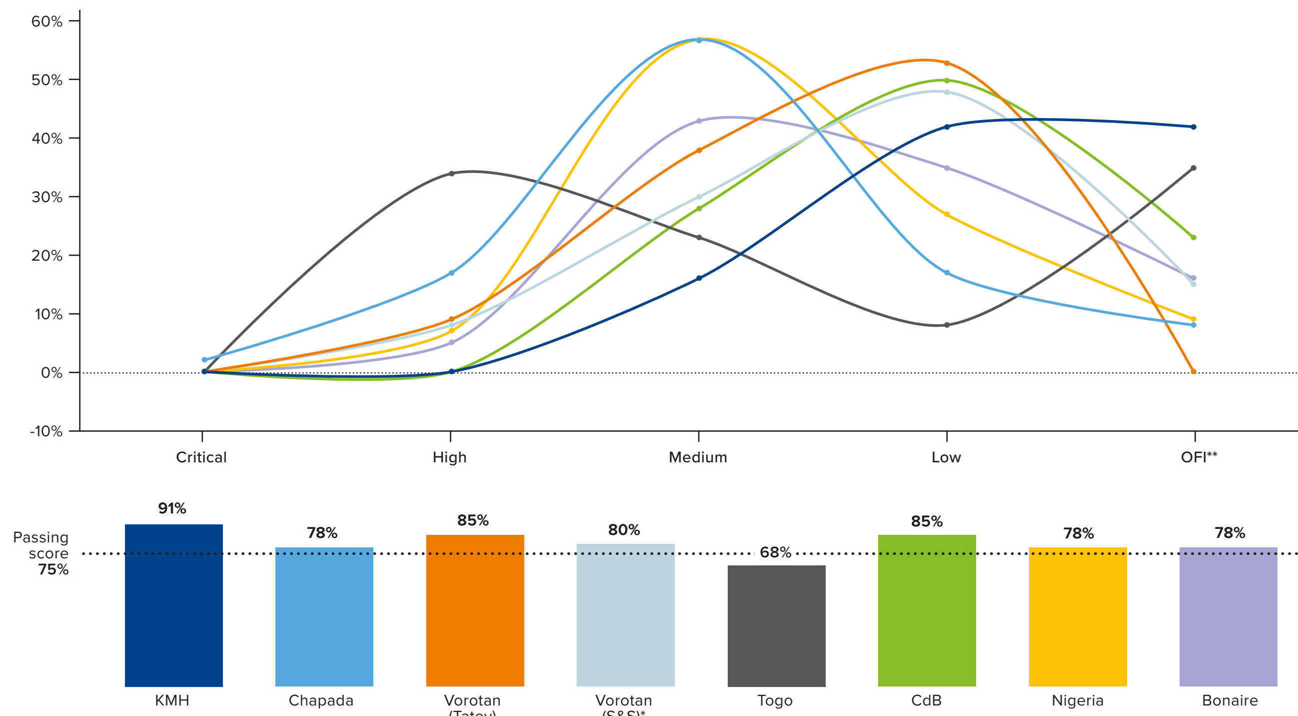
Carrying out Health and Safety audits at our sites
In 2016, an internal team of cross-functional professionals began to conduct Health and Safety audits at our operating sites. We continued this process in 2017 by conducting 11 site audits. These audits assessed how well the sites comply with our OHS standards. The comprehensive assessment consists of both a detailed procedural review and a hazard analysis. The final result is tabulated and scored, so we can compare our sites and track the results.

Our internal audit team scores each plant based on a protocol developed from our OHS standards. The minimum passing score is 75% and findings are categorized according to severity. All but one of our sites scored acceptably in 2017, with corrections defined for each plant. Our plant in Togo did not achieve a passing score and will be submitted for re-audit in 2018. As can be seen from the chart below, the finding severity is skewed slightly towards the lower end of the severity scale, with few Critical issues identified. This reflects the generally high state of preparedness at the plants and indicates a realistic picture of the safe conditions and procedural compliance.

11
SITE AUDITS

94%
OF HAZARDS CLOSED WITHIN ONE MONTH OF BEING RECORDED

AUDIT FINDINGS DISTRIBUTION



* Shamb and Spandaryan.
** Opportunity for improvement.

Safety inspections by senior leaders
In addition to the internal Health and Safety audits, we are also committed to senior leader engagement through the Level 1 Safety Inspection[1] program. This is designed to ensure that our leadership team not only visits our operating plants but also engages in site inspections to record observations. In 2017, a total of 844 Level 1 safety inspections were conducted.

Solar Italy, Sabaudia, Italy

1 Level 1 inspections are those safety inspections conducted by visiting managers to a working site.

Recognizing excellence
We are committed to recognizing the achievements of our individual operating sites. In 2011, we introduced our annual Health & Safety awards, using the Olympic theme of award, Gold, Silver and Bronze. In 2015, we updated our award achievement guidelines, and renamed them to Everest, Denali, and Mont Blanc. In 2017, a record number of our sites achieved Health & Safety awards. This impressive result underlines our promise to all our employees and to their families that we cherish their well-being. Here are the sites that performed outstandingly in 2017:

EVEREST	DENALI	MONT BLANC	BEST TURNAROUND
– Knockmore Hill (2nd year)	– Austria Wind – Nogara & Oricola – Radzymin – Solar Italy – Solar Slovakia – Cupisnique – Kramatorsk – Talara	– Arrubal – Asa Branca – Bonaire – Cap des Biches – Benin – Ikeja – Ploiesti – Saint Martin	– Vorotan

The safety awards are progressive, with each site able to earn the next higher award only if they achieve higher standards each year. The award for the first year of injury-free performance, combined with an achievement in leading indicators, is the Mont Blanc.

The second consecutive year award is the Denali, and the highest award we have is the Everest, with achievements sustained at a higher level and for three years of injury-free performance. Once a site has achieved the Everest they can earn it in successive years, but only if the highest standards are achieved.

Cap des Biches, Senegal

CASE STUDY

Transforming Health and Safety in Cap des Biches, Senegal

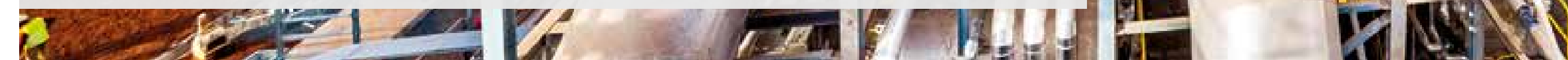
One year after starting operation, the Cap des Biches plant transformed its Health and Safety performance for the better.

In October 2016, our Cap des Biches plant was audited for Health and Safety (H&S) to benchmark its level against ContourGlobal standards at the start of its operation. The audit highlighted several critical items that needed to be corrected to bring the plant in line with the ContourGlobal guidelines and procedures and create the physical conditions to prevent hazards and risks. An action plan was developed to cover all the gaps and several checks were performed, including visits by senior management.

The management reinforced the importance of H&S being our first priority based on the Company culture, values and principles.

As a result of the leadership and campaign, the plant had a complete turnaround in its H&S performance – successfully passing a new audit in July 2017 with a score of 85%.

85%
H&S audit score



Vorotan, Armenia

CASE STUDY

Recognizing failure and turning around Health and Safety at Vorotan, Armenia

In 2017, after achieving a significant improvement on its 2016 Health and Safety performance, our Vorotan plant won our "Best Turnaround Performance" award.

In 2015, we purchased the Vorotan hydro cascade. This 404 MW run off river Hydro cascade sits on the Vorotan River in eastern Armenia and has been operating continuously for more than 40 years. From mid 2018 to the end of 2020, we will be carrying out an electromechanical refurbishment program in the three power plants with seven units for turbines, generators, auxiliary systems, transformers, protection & control systems, switchgear equipment and auxiliary electrical systems. The works will be performed in parallel with the normal operation. In 2016, we performed an internal H&S audit led by our internal team supplemented by a third-party audit firm to evaluate the plant preparedness for the refurbishment works ahead of us. The results were critical. Not only did we find a large number of hazardous conditions and behavioral issues, the compliance score was 58% – far below our internal target of 75%.

A failure of this magnitude was not simply due to missing procedures and a few poor conditions. It reflected a lack of active management and signaled a substandard Health and Safety culture, which was largely unchanged from when we acquired the plant. This required our management team to transparently engage, face the failures and develop a corrective plan that ensured future failures would never reoccur. The plan involved taking an approach centered on the ContourGlobal values and principles, the 3Cs (Communication, Collaboration and Coordination) and 2Ts (Timely and Transparently), and relating them to every aspect of running the business. Hard decisions were made to replace key management staff, with the Plant Manager replaced by promotion from within, and the H&S Manager hired from within the country. About 15 key people from the Hydro cascade team were identified to become the leadership team of an organizational and behavioral change program. Individual development plans and language skill training were set up and a chain of promotions into new roles and responsibilities was started.

The Power for HSE excellence program was implemented in parallel, as well as the Basic Health and Safety strategy for success used at ContourGlobal. This required an intensive effort locally as well as frequent site visits and support from senior leaders.

In July 2017, the entire Vorotan complex was re-audited for Health and Safety, with outstanding results. The Tatev plant achieved a score of 85%, with Shamb and Spandaryan also achieving passing scores of 80%. This was a remarkable turnaround within half a year in terms of compliance to the stringent standards we set, and a testament to the resilience of the people involved. But there were even bigger changes noted in the attitudes and development of a compliance culture within the organization. And the lack of notable hazardous conditions demonstrated the behavioral changes, hard work and dedication of every member of the team.

We are proud of the work and impressive degree of improvement this team accomplished. To recognize this, the team at Vorotan was awarded the 2017 "Best Turnaround Performance", with a special plaque developed to honor the commitment to the ContourGlobal values and principles of operation.

81.7%
mean H&S audit score

Focusing on operations

As a high growth business we're committed to financial and operational excellence and continuous improvement. In 2017, we gained extremely valuable experience from overcoming challenges at some of our thermal and renewables power plants and applied this experience to our Company globally to enhance performance.

Adding to our hydro portfolio

In 2017 we added another seven hydro power plants with 130 MW of installed capacity to our hydro portfolio in Brazil. We have successfully integrated them into our operating portfolio, obtaining targeted operational synergies and facilitating internal talent development and promotions to operate the portfolio.

Hydro portfolio II

In March 2017 we acquired our Brazil Hydro Portfolio II, consisting of 130 MW of small hydropower plants. The acquisition was part of our growth strategy in Brazil and increased our hydro presence in the country to 167 MW.

Our main focus pre-acquisition was to make sure that the teams in the plants received proper communication about ContourGlobal and to reassure them about their importance in our operating strategy for the country.

This led the way for the early implementation of ContourGlobal procedures and policies. This started with Health and Safety (H&S), compliance and internal control, but also focused on reporting practices, continuous improvement techniques and transferring the monitoring and control of the newly acquired hydro plants to our centralized control room.

In parallel to implementing our operations and maintenance (O&M) practices, we applied our improvement plan, which focused on managing water through automation. This led to a more efficient use of water, as well as minimizing hydraulic losses and forced outages, thus increasing performance.

Our availability metrics, for example, increased from 91% in 2016 to 98% in 2017, while the H&S target of Zero LTIs was successfully attained by all plants in the portfolio.

CASE STUDY

Undertaking a greenfield project for a 500MW lignite power plant in Kosovo

ContourGlobal signed commercial agreements with the Government of Kosovo to build a 500 MW lignite power plant in the country on 20th December 2017.

This important milestone had his origin in the early 2000s when early plans were developed to update the Kosovo power system. Around 2010 these plans became more concrete regarding the development of a new coal fired power, which is called Kosovo e Re Power Plant. There were many reasons that the development took such a long time. In between there was the global financial crisis and a lot of power companies, which attended the former bidding processes, changed their strategy. After multiple unsuccessful tender processes ContourGlobal was selected as the preferred bidder in December 2015 and signed a MoU with the government of Kosovo.

The new coal fired 500 MW power plant will be a light tower of Kosovo's developing economy and will replace the existing inefficient and polluting Kosovo A Plant. Kosovo A will be shut down when Kosova e Re goes online. The new plant will provide vital economic impulses and will bring enough affordable electricity to power 1.5 million Kosovar homes and businesses. The enormous investment of about €1.3bn will increase the GDP of the country, spurring growth in the region.

Although Kosovo's coal reserves are considered as one of the richest in Europe, the country still suffers from lack of sustainable and stable energy supply. This lack of affordable and reliable energy is a notable disadvantage for the overall economic development.

The new power plant will reduce over all CO_2 emissions by about 37% per generated MWh – All other emissions are also drastically reduced, according to the latest EU Directive for Pollution Prevention and Control. This also means that the net plant efficiency level of min. 41% will be achieved.

An important benefit and positive effect represents the decrease of environmental damage to the country and its people. The health of the Kosovar population and especially a healthy future for the children is one of the greatest goals of any modern civilization.

The negotiation teams on the side of the GoK and on CG side were very motivated to realize this important project. The objective was to negotiate and sign important contracts, like the power purchase agreement, the lignite supply agreement or the site transfer agreement and others by end of 2017. The GoK is also supported by the World Bank to meet their obligations under the power purchase agreement.

During our negotiation round in May 2017 we became aware that the Assembly of the Republic of Kosovo has voted on no-confidence vote to the current Government. At that time the official negotiation had been stopped until a new government was in place.

When the new government was in place we received very positive news that the new government was also in favor of the new power project.

On 13th December a high level delegation of CG including the CEO of CG were invited to meet the government in Kosovo. During the meeting it became obvious that only minor parts of the contracts were still under negotiation and could be solved fast. Also the GoK wanted to close the negotiations very fast. During a high level meeting with the President of Kosovo, the Prime Minister and CEO of CG it was decided to sign the contracts one week later on 20th December during an official signing ceremony in Pristina.

500 MW
Installed capacity of plant in Kosovo

CASE STUDY

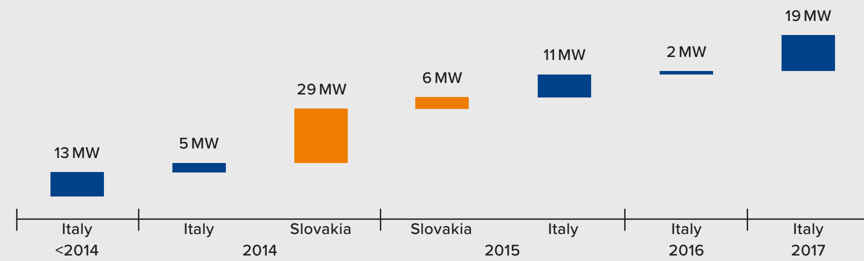
Continuing to grow our European solar photovoltaic platform

Solar Photovoltaic Italy, Italy

We have been implementing our solar photovoltaic growth strategy since 2014 – acquiring and integrating assets to decrease costs and increase availability.

We began implementing our solar photovoltaic growth strategy (Solar Rollup) in 2014 after the first boom in the solar photovoltaics (PV) plants built in Italy. At that time, we already had a 13 MW presence in the country with our own O&M team in place. Since then, we have built a highly scalable Solar photovoltaic O&M platform, with an agile M&A process, allowing us to add on new mid-sized portfolios, where operational synergies can be gained. We have grown Solar photovoltaic in Europe to 85 MW, applying a strategy anchored in operational excellence, fully insourcing the O&M while increasing availability and, in turn, power generation.

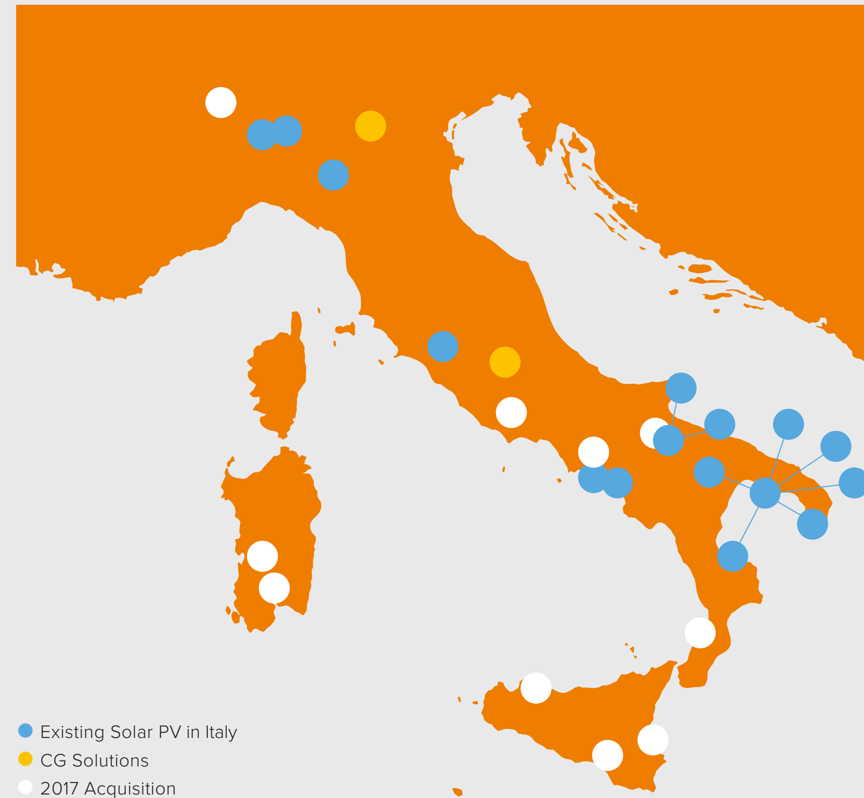
After every acquisition we perform our proven integration plan, focusing on implementing our culture and values; applying our processes, with a special focus on Health & Safety and monitoring systems, and vigorously implementing the business case created during the M&A phase. As a result, we considerably decrease fixed costs while increasing the plants' availability.



Acquiring high quality, long-term contracted solar photovoltaic assets in 2017

In late 2017, we acquired a 19 MW solar photovoltaic portfolio in Italy, increasing the capacity of our solar photovoltaic portfolio by 30%. Our total European solar photovoltaic portfolio is now 85 MW. The integration process and business plan implementation has been successfully completed, with the insourcing of all O&M activities, implementation of our performance monitoring system and refinancing of the portfolio.

The new plants are located close to our existing Italian solar photovoltaic portfolio. There is a significant opportunity to create value by enhancing operational performance, achieving fixed cost savings and optimizing the capital structure.



Continuously striving to improve

In line with our operational philosophy and long-term strategy, we continuously strive to beat our own historical technical performance results and to maintain outstanding levels of performance that matches or beats the top decile of peers on the market. Operating to our corporate values and principles, we make every possible effort to learn from our successes and failures, discussing them in a timely and transparent way at all levels within the Company and producing valuable tools for improvement, notably Lessons Learned and 5Whys documents. As a result, we ensure we can replicate our successes with significantly better effect in the future and also make sure our failures never recur.

Tackling and learning from technical challenges

The operational failures on our wind farms in Brazil had an impact on the average technical availability of our portfolio towards the second half of the year. Our operational team reacted quickly to the technical challenges – immediately intervening to troubleshoot, rectify failed areas and resolve issues. At the same time the team carried out a thorough assessment of the problem, made several root-cause analyzes and investigations at all levels and produced a number of Lessons Learned and 5Whys analyzes, which were shared and broadly discussed inside the Company.

Maintaining consistent thermal availability

The technical availability of our thermal cluster was good and in line with the budgeted targets for the year. Compared to previous periods, the thermal fleet maintained consistent availability levels, in line with the long-term Global Operations and Maintenance (O&M) Strategy. The thermal fleet availability factor in 2017 was lower than in 2014-2016 primarily due to a higher amount of anticipated planned maintenance works performed in the year, as required by the planned maintenance cycle program. During the year maintenance campaigns were carried out at the Arrubal, Maritsa, KivuWatt and Togo power plants with a notable share of works performed by internal resources.

In 2017 we faced a technical issue with a connecting rod failure at Unit 4 of the EA-Guadeloupe power plant. With the preliminary root-cause being a manufacturing defect, as a preventive measure, a replacement of connection rods was performed on other engines to prevent future possible failures. Together with MAN we developed a repair strategy, which minimized our losses to an insignificant amount.

Strong financial performance

In 2017, our consolidated revenue exceeded $1bn – for the first time in the Company's history. At $1,023m, consolidated revenue was $118m more than in 2016. Moreover, in 2017, we achieved a significant improvement in Adjusted EBITDA – one of our key financial profitability metrics. It went up from $440m in 2016 to $513m in 2017. This 17% growth was primarily driven by acquisitions in 2017 and a full year of operations of the power plants commissioned in 2016.

Read more in the Finance Review on pages 36 to 39.

CASE STUDY

Integrating a diverse portfolio of assets in Brazil

In 2017, we successfully integrated a portfolio of assets, including a total of 130 MW hydro plants and thermal cogeneration plants totaling 76 MW, following the Brazilian acquisition.

On 28th November 2016, we signed the Brazil acquisition from Neoenergia. The hand over to a new Chief Implementation Officer started on 11th January 2017 and ended on 17th March. Our central control room in Asa Branca started operating the newly acquired hydro assets as planned on 30th April. The last steering committee meeting for handover to operations was held on 3rd May.

Integrating the assets was a big challenge, not least because of the lack of readiness, collaboration and structure on takeover. We quickly rose to the challenge and made sure the integration was a success. This was due to a number of factors, including a dedicated project team with a clear understanding of roles; a high level of communication and transparency; and the prioritization of the main objectives and risks ensuring the right level and timely attention to the most important topics.

130 MW
hydro plant

76 MW
thermal cogeneration plant

Minimizing our impact on the environment

Our expectations for excellence extend beyond our people, physical equipment, and operational KPIs.

Inka, Peru

Kivuwatt, Rwanda

CG Power Plant, Togo

Generating electricity has impacts on many environmental aspects: the air we breathe, the water we share, and the flora and fauna that exist on our planet.

We strive for excellent performance when it comes to our environmental responsibilities, seeking to minimize negative environmental impacts and, where possible, repair or reverse existing degradation.

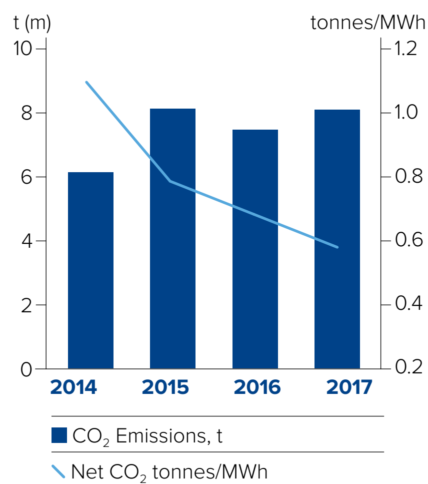
Our policy on social responsibility and environmental sustainability provides the framework under which we work responsibly, both environmentally and socially. Our policy is aligned with the International Finance Corporation ("IFC") Performance Standards and promotes environmental stewardship, including pollution prevention and abatement, biodiversity conservation and sustainable natural resource responsible management. Specifically, we focus on managing environmental impacts across all phases of business operations through proper planning and execution.

ContourGlobal's environmental strategy is to minimize environmental impacts through planning and innovation, and we do this by:

- Complying with all environmental regulations and global best practices
- Maintaining or decreasing our carbon air and waste footprint
- Training and developing our workforce to understand our environmental and social procedures
- Launching targeted social investments aligned to core business

The CO_2 emissions ratio shows a continuously improved trend on reduction of the GHGs produced by the Company (improved CO_2 tonnes per Mwh). Despite the thermal fleet production being driven by the client's dispatch patterns, we as a Company make all efforts to maintain a downward trend, in particular, through diversifying the portfolio and fuel mix composition.

2014-2017 GHGs Emissions summary[1]



1. Emissions covers combustion of fuel, purchase of electricity, heat, steam or cooling of all power plants and for its own use.

Developing our people

We place great emphasis on developing the skills and capabilities of our people around the world. We want everyone at ContourGlobal to excel and go far, so they can realize their own individual goals and also achieve more as part of a close-knit multinational team.

Clockwise from left:
Inka, Peru
Kivuwatt, Rwanda
Cap des Biches, Senegal
Solutions Oricola, Italy

Learning and improving together
We're keen to encourage personal development, close collaboration and continuous improvement throughout our Company. One of the ways we do this is by enabling our people to participate in intercultural and cross-country exchanges, so they can broaden their experience and share best practices with colleagues around the world.

Through our Worker Exchange Program (WEP) for example, our people undertake limited duration assignments at another ContourGlobal site. Launched in 2012, the WEP enables participants to transfer their knowledge and provide expert support on a particular activity or a project under development. It's a great way to boost learning and cross-fertilize ideas for improvement.

The Program participants are required to follow and complete a pre-defined agenda, which is validated by both their direct manager and their tutor on the host site, with regular status follow-ups ensured by local HR representatives. On returning to their home country, participants usually become the best ambassadors of this unique exchange experience, sharing their experiences locally with their colleagues as well as providing constructive feedback to help us further improve the Program.

In 2017, 26 participants engaged in assignments in ten different countries. With a total duration of 487 working days spent outside of their normal function and usual location, each of the 26 participants dedicated on average 19 working days to exchange activities.

Diversity

	Male	Female	Total
Board of Directors	6	1	7
Senior Management	3	2	5
Total Company[1]	1,481	423	1,904

Supporting local communities

We're committed to making a positive impact for people, businesses and communities around the world. We strive to do this through our day-to-day operations and also through the social investment and support we provide to the communities we live and work in.

2017 Community Highlights

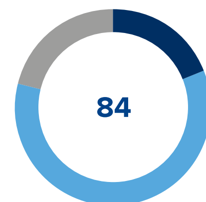
- Total of 84 social investment projects fully planned and completed (plus other multi-year social projects ongoing)
- 117 CG employees dedicated to developing and executing social investment projects
- Total of nearly 476,000 beneficiaries
- Total investment exceeding US$1m in 2017 in social investment projects
- More than 100 different stakeholders engaged in all of our businesses locations
- More than 18,000 hours invested in Community engagement projects
- More than 10,000 hours devoted to Community education activities
- 12,161 hours dedicated to social investment projects
- 2,302 hours dedicated to volunteering activities directed towards social causes

Engaging with communities
As good corporate citizens we engage both formally and informally with local communities, for example through public meetings and site visits. In 2017, we invested more than 18,000 hours in community engagement and more than 10,000 hours educating our communities in topics such as health and safety, environmental impacts and power plant operations.

Investing in social improvement
Through our Social Investment Strategy we invest in local communities for maximum impact. We focus our investment around five main themes: education, health and safety, environment, human rights and anti-corruption. This global strategy enables our businesses to select, implement and track specific projects that make a real difference locally while making the best use of our resources globally.

In 2017, we invested in 84 different social projects with approximately 476,000 beneficiaries and a total investment amount of over $1m.

SOCIAL INVESTMENT PROJECTS



- 19% Africa
- 60% Europe
- 21% LatAm

Above:
CG Power Plant, Togo

Energies Saint-Martin, French Territory

CASE STUDY

Responding to hurricanes in the Caribbean

When hurricane Irma struck Saint Martin we were quick to restore vital power to the island and to help residents and businesses recover from the devastation.

On 6th September 2017, our Energies Saint Martin power plant was shut down due to hurricane Irma. The hurricane significantly damaged the island of Saint Martin including most of the electrical transmission lines, causing a general blackout. The grid was partially restored by 11th September. After tests performed on all the plant's engines, engines 2 and 3 were available from September 11th while engine 1 needed air compressor maintenance works and was available from 15th September. Our team concentrated on ensuring that the engines could support the energy needs of the island as soon as part of the grid was back available and connected to the plant.

Just a few days after the Hurricane struck, we were able to provide some initial assistance by boat, delivering people and materials from Guadeloupe to Saint Martin. The obstacles were tremendous, as the airport and shipping port were closed to commercial freight and the social situation was not easy. Once back in Guadeloupe, we assisted the Red Cross in setting up a camp at the airport and providing food and supplies to refugees from Saint Martin.

Three months later and Saint Martin was still slowly working to get back on its feet. The daunting task of clearing debris and rebuilding what was lost will likely take a long time to complete. We stepped in to help wherever we were needed most.

This included filling a 20-feet shipping container with water, non-perishable food, diapers, tarpaulins, holiday gifts for the kids and many other essential items. Thanks to the tireless work of the Caribbean team, everything came together flawlessly, on-schedule and on-budget! Help also came from Paris and Luxembourg, where our teams collected and wrapped children's gifts.

Clearing hurricane debris in the Réserve Naturelle On 7th December, the ContourGlobal team met at Galion Beach, a part of Saint Martin's Natural Reserve. Approximately 15 volunteers, including three staff members from the reserve, helped to clear the beach, removing eight large truck loads of debris using tools purchased by ContourGlobal, and we were able to return a portion of the beach to its beautiful, natural state.

2,500
water bottles distributed

4,600
food containers distributed

Distributing much-needed supplies
On 8th December, we supported a long time partner, the local community organization, Watt de 9, in distributing supplies sent in our container. Together with the organization's leader Yeba Oyeniran and her team, we identified the residents most in need of food, water and basic supplies. We made several trips, packing cars full of goods and traveling to different neighborhoods to deliver essential items to thankful residents. We were able to distribute 2,500 bottles of water, 4,600 containers of food, 1000 toiletry items, 140 packages of baby food and diapers and 240 boxes of mosquito repellent and many other goods.

Financial review

Jean-Christophe Juillard
Chief Financial Officer

"Double digit growth in revenue, Income from Operations and Adjusted EBITDA."

Vorotan, Armenia

Revenue

In 2017, ContourGlobal's revenue exceeded $1bn for the first time, to reach $1,022.7m (+13%). This is another significant milestone for the Company as we pursue our objective of continuous growth. The rise in revenue was mainly the result of successfully integrating our recently constructed power plants (Cap des Biches I and II) and the businesses acquired in 2017, including the Brazilian renewable and thermal portfolio as well as the new Italian solar photovoltaic portfolio.

Income From Operations (IFO)

IFO is an IFRS measure derived from the audited consolidated statement of income. IFO has significantly increased during 2017, increasing by more than 21% as compared to 2016 (+$47.2m). This performance was achieved despite the expected increase of Depreciation and amortization expenses (+$16.2m) resulting in particular from assets integrated to the Group during the period. The IFO performance was primarily driven by the full-year impact of assets which came into operation during year 2016 and by new acquisitions closed in 2017, as well as our close monitoring of fixed costs, in particular of employee costs, operation and maintenance costs (excluding non-cash concession construction costs recognized in 2016 under IFRS standards), facility costs and professional fees which remain fairly stable despite the growth of the Group.

	2017	2016
Income from Operations	$269.0m	$221.8m
Adjusted EBITDA	$513.2m	$440.4m
Funds from Operations	$255.9m	$207.9m
Leverage ratio	4.1x	4.8x
Availability[1]	94.4%	93.7%

1 Combined average availability across the fleet.

Adjusted EBITDA

In 2017, we saw another year of strong growth of Adjusted EBITDA, rising by 17% to $513.2m – above the middle of the range announced during the listing process ($500 to $520m). Growth was achieved in both thermal and renewables. Corporate and other costs were reduced.

Thermal Adjusted EBITDA increased by $50.2m, or 18%, to $332.0m for the year ended 31st December 2017, from $281.8m for the year ended 31st December 2016. This growth was first the result of the growth strategy, including the full-year effect of the COD of Cap des Biches in Senegal (+$14.1m) and the acquisition of a Thermal Solutions fleet in Brazil in March 2017 (+$12.2m). The growth in thermal was also driven by organic growth (+$17.6m) including revenue related to SO_2 and NO_X environmental investments in Maritsa and the impact of a bad debt recovery following a positive second instance judgment on French Caribbean assets (+$6.4m). This trend is the result of nearly fully contracted thermal power generation across different technologies and geographies, stable or lower fixed costs and strong operational performance.

In $ millions	2017	2016	Var
Thermal	332.0	281.8	18%
Renewable	211.1	193.1	9%
Corporate and Other	(29.9)	(34.6)	(14%)
Adjusted EBITDA	513.2	440.4	17%

The thermal fleet reached an average annual availability of 92.6% in 2017, way above the minimal contractual thresholds required for eligibility to capacity payments. This structure allows Adjusted EBITDA to be improved in periods of lower production by lowering fixed costs, for instance in the Togo power plant in 2017. It also includes recovery in the tariff of some significant environmental investments such as an SO_2 and NO_X upgrade in Maritsa.

Renewable Energy Adjusted EBITDA increased by $18.0m, or 9%, to $211.1m for the year ended 31st December 2017, from $193.1m for the year ended 31st December 2016. Renewable fleet performance was also positively impacted by the growth strategy after the acquisition of seven hydro power plants in Brazil in March 2017, which contributed $21.3m to Adjusted EBITDA growth in 2017. The change in scope also included the full-year effect of the sale of Czech solar photovoltaic assets in 2016, which negatively impacted Adjusted EBITDA by $2.9m. Excluding these two acquisition and sale effects, Renewable Adjusted EBITDA slightly decreased by $0.5m, impacted by a combination of severe weather conditions in Peru in 1Q 2017 (flooding) and low wind and hydro conditions in Brazil combined with technical issues in the summer in the Brazil wind fleet. This was offset by a strong performance of the Inka wind farms from 2nd to 4th quarters and by the strong performance of Austrian wind farms and European solar photovoltaic farms (Italy and Slovakia) throughout 2017. The combination of contracted revenue, diversified energy type (solar photovoltaic, wind, hydro) and diversified geographies allowed the Group to mitigate the lower than expected wind and hydro resources in Brazil and, for the first quarter of 2017, in Peru.

Corporate and other costs decreased to $(29.9)m for the year ended 31st December 2017, from $(34.6)m for the year ended 31st December 2016. This reduction was achieved despite the continuous growth of the Company thanks to the reinforced monitoring of fixed costs, including allocating a dedicated task force to growth projects such as the Kosovo and Austria repowering projects, which both reached significant milestones in 2017.

50%
CASH CONVERSION IN 2017

+17%
GROWTH IN ADJUSTED EBITDA

In addition, we continued to focus in 2017 on mitigating our exposure to unexpected changes in Adjusted EBITDA. In particular:

- 75% of 2017 Adjusted EBITDA is denominated either in Euros or US dollars, and a portion of the Brazilian reals exposure is hedged to US dollars
- No technology cluster represents more than 26% of 2017 Adjusted EBITDA and the current expected acquisition of a 250 MW concentrated solar photovoltaic power (CSP) portfolio in Spain would further diversify our technology profile
- Almost all of 2017 Adjusted EBITDA is generated under PPA concluded with Investment Grade offtakers or non-Investment Grade offtakers under political risk insurance. The expected acquisition of the Spanish CSP portfolio would reinforce the Investment Grade profile of our investments

We believe the presentation of Adjusted EBITDA enhances investor understanding of ContourGlobal's financial performance. It enables investors to assess, from period to period, ContourGlobal's ability to generate cash from operations sufficient to pay taxes, service debt, undertake capital expenditures and pay dividends.

We use Adjusted EBITDA for business planning and to measure our performance relative to competitors.

Adjusted EBITDA is defined as combined profit from continuing operations for all controlled assets before income taxes, net finance costs, depreciation and amortization, acquisition-related expenses and specific items which have been identified and adjusted by virtue of their size, nature or incidence, less ContourGlobal's share of profit from unconsolidated entities accounted for on the equity method, plus ContourGlobal's pro rata portion of Adjusted EBITDA for such entities. In determining whether an event or transaction is specific, we consider quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Adjusted EBITDA is not a measurement of financial performance under IFRS.

The following table reconciles net profit to Adjusted EBITDA for each period presented:

In $ millions	2017	2016
	Years ended 31st December	
Total adjusted EBITDA	**513.2**	440.4
Reconciliation to profit before income tax		
Depreciation and Amortization	**(185.6)**	(169.4)
Finance costs net	**(220.7)**	(201.9)
Share of profit in joint ventures and associates	**5.0**	7.3
Share of adjusted EBITDA in joint ventures and associates	**(21.6)**	(21.4)
Acquisition related items	**(9.5)**	(12.3)
Costs related to CG plc IPO	**(12.7)**	–
Other[1]	**(27.5)**	0.2
Profit before income tax	**40.6**	42.9

The Company reports non-underlying items in the Income Statement to show one-off items and to allow better interpretation of the underlying performance of the business. In relation to the 2017 and 2016 financial years, these included one-off and non-cash items. Adjusted EBITDA is a more accurate reflection of the business performance of the Company and allows the Company's results to be compared from period to period and with peer companies.

Funds from operations

Funds from operations is a non-IFRS measure that is calculated as follows:

In $ millions	2017	2016
Cash flow from operations	**420.6**	532.6
Change in Working Capital	**39.4**	(135.6)
Interest paid	**(169.2)**	(154.3)
Maintenance capital expenditure	**(18.7)**	(14.5)
Cash distributions to minorities	**(16.2)**	(20.3)
Funds From Operations (FFO)	**255.9**	207.9
Cash conversion rate (%)	***50%***	*47%*

Fund from operations (FFO) significantly improved in 2017, growing by 23% compared to 2016. This performance is the consequence of the continuous growth of Adjusted EBITDA discussed earlier and an efficient capital structure implemented by ContourGlobal through a mix of project level and corporate level financing to lower its cost of capital. The cash conversion rate, which compares FFO to Adjusted EBITDA, improved during the period essentially as a result of the new acquisitions (new Brazilian portfolio), the low leverage of certain highly cash generating assets and the capacity to keep maintenance capital expenditures at a low level despite the growth.

Leverage ratio[2]

Leverage ratio table

Year	
2016	4.8x
2017	**4.1x**

The Company leverage ratio is measured as total net indebtedness (reported as the difference between Borrowings and Cash and Cash Equivalent under IFRS statement of financial position) to Adjusted EBITDA. Whenever significant, such a ratio is adjusted to reflect the full-year impact of acquisitions or for financial debt of projects under construction which do not generate EBITDA. No such adjustment was made in 2017. ContourGlobal aims to maintain its leverage ratio on the long-term in a range from 4.0x to 4.5x. As of 31st December 2017, the leverage ratio significantly dropped to 4.1x from 4.8x in the previous year. This change mainly resulted from the primary proceeds following the listing of ContourGlobal plc, net of costs, of approximately $368m and from the high level of cash conversion during the period. As of 31st December 2017, ContourGlobal has a total of $781.1m of cash and cash equivalents, a significant portion of which sits at corporate level and is available to finance the future growth of the Company.

1 Refer to note 4 of the Consolidated Financial Statements (combining remaining items in one line).
2 IFRS net debt derived from Consolidated statement of Financial Position adjusted for CG share of Net Debt at Termoemcali and Sochagota.

One-off items

One-off items are reported under *Acquisition related items and Other income (expenses) – net* in the IFRS Consolidated statement of income. Acquisition related items essentially include pre-acquisition costs and other incremental costs incurred as part of completed or contemplated acquisitions. It represented a total amount of $9.5m in 2017. The Company has mainly incurred such costs in 2017 in relation to a number of acquisition projects in Brazil, Mexico, Italy, Peru and Spain in particular. *Other income (expenses)* of $(12.7) million are fully related in 2017 to the non-capitalized portion of costs incurred as part of the listing of ContourGlobal plc on the UK market. In 2016, a $15.6m income was recognized and related to the impact of the sale of Solutions Kiev power plant to Coca Cola Hellenic and the sale of three solar photovoltaic energy plants in Czech Republic, representing a total of 6.0 MW, in November 2016.

Finance costs – net

Finance costs – net increased from $201.9m in 2016 to $220.7m in 2017. Interest expenses remained relatively stable (+3.6%) at $176.3m in 2017 despite the growth. This is mainly the result of access to attractive project financing (for instance Cap des Biches in 2016 and 2017) and refinancing of the corporate bond in June 2016 at a much lower cost. Other financing costs were mainly impacted by the foreign exchange variations during the period (Euro/US dollars and Brazilian Real/US dollar), which affected the derivative fair value and revaluation of loans denominated in a currency other than the functional currency at corporate level. The increase related to foreign exchange was partially offset by one-off costs in 2016, notably the called premium paid and accelerated amortization of deferred financing costs following the refinancing of ContourGlobal's $500m bond in June 2016.

Profit before tax

Profit before tax remained relatively stable at $40.6m in 2017 (-5%). Adjusted for the negative effect of listing costs and realized and unrealized foreign exchange movements recognized in the statement of income during the period, profit before tax would have reached $84.3m (+107%) movement.

Taxation

The Company recognized a tax charge of $27.1m in 2017 as compared to $22.1m in 2016 as a result of increasing taxes in Brazil (extended portfolio), the French Caribbean and Bulgaria (higher taxable profits).

Non-current assets

Non-current assets mainly comprise of Property, plant and equipment and financial assets. The increase of non-current assets by $284.1m to $3,203.5m as of 31st December 2017 was mainly due to the acquisition of the Brazilian hydro and Solutions portfolio in Brazil (+$230.7m) and solar assets in Italy (+$75.7m), as well as change in foreign exchange, partially offset by normal depreciation over the period.

Equity and non-controlling interests

Equity and non-controlling interests increased by $331.7m to $773.5m as of 31st December 2017 mainly as the result of the primary proceeds received following the listing process on the London Stock Exchange, net of related costs recognized directly in equity (+$382.4m), increased by profit of the period ($13.5m) and contribution received in Brazil from non-controlling interests ($54.4m), partially offset by dividends paid to sole shareholder prior to the listing ($75.5m), items directly recognized in Other comprehensive income ($20.3m) and acquisition of non-controlling interests ($9.8m).

Borrowings

Current and non-current borrowings increased by $360.2m to $2,890.1m, mainly as a result of new or acquired borrowings (+$367.9m, including bond tap in February 2017, financing acquired or drawn for the acquisitions closed in Brazil in March and Italy in December, and Cap des Biches final issuance), foreign exchange changes (+$169.6m), partially offset by scheduled repayment ($160.5m) and early repayment of loan at Galheiros hydro plant ($13.4m).

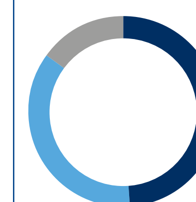
Dividend

The declaration and payment by the Company of any future dividends and the amounts of any such dividends will depend upon ContourGlobal's ability to maintain its credit rating, its investments, results, financial condition, future prospects, profits being available for distribution, consideration of certain covenants under the terms of outstanding indebtedness and any other factors deemed by the Directors to be relevant at the time, subject always to the requirements of applicable laws. The Directors expect that dividends will be distributed bi-annually, with one-third of expected dividends payable at the first bi-annual distribution, and two-thirds payable at the second bi-annual distribution.

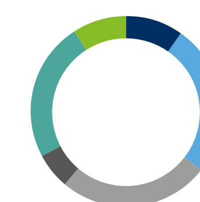
As at the date of this report, the Directors expect to pay (i) a dividend of approximately $17.5m in May 2018 for the year ended 31st December 2017, to be approved at the 2018 annual general meeting; and (ii) dividends totaling approximately $75.0m for the year ending 31st December 2018, one-third of which is expected to be paid in August 2018 and two-thirds of which is expected to be paid in May 2019, after the 2019 annual general meeting. The Directors also expect to increase the dividend by a minimum of high single-digit growth rate each year over the next five years, in line with ContourGlobal's operational scale.

LARGE GLOBAL FOOTPRINT DIVERSIFIED ACROSS GEOGRAPHIES AND TECHNOLOGIES

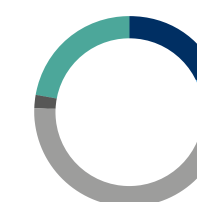
2017 ADJ. EBITDA BY GEOGRAPHY[1,2]



2017 ADJ. EBITDA BY TECHNOLOGY[1,2]



2017 ADJ. EBITDA BY CURRENCY[1]



1 Based on 2017 Adjusted EBITDA
2 Excluding Corporate Costs

2017 Corporate transactions

In 2017 we pursued our strategy of opportunistic acquisitions at very competitive returns.

Acquisition of a thermal and a renewable portfolio in Brazil
On March 2017, we closed the acquisition of 80% of a 206 MW Brazilian portfolio of hydro and thermal power plants. The portfolio consists of seven hydroelectric plants totaling 130 MW in the states of Bahia, Goiás and Rio de Janeiro and four high-efficiency cogeneration facilities totaling 76 MW in Paraná, Rio de Janeiro and São Paulo. The total consideration amounts to BRL 576.8m (or $182.4m) including certain price adjustments.

Additional solar photovoltaic portfolio acquisition
In December 2017, we closed the acquisition of 19.1 MW of operational solar photovoltaic plants in Italy from ErgyCapital S.p.A. The plants, located in the regions of Puglia, Piemonte, Lazio and Campania, are close to our existing Italian solar photovoltaic portfolio and benefit from approximately 12 years of Feed-in-Tariff. The total consideration for the shares amounted to €9.6m (or $11.4m).

Acquisition of non-controlling interests which did not result in a change of control
We completed the acquisition of 15% and 5% minority interests in Chapada I and Chapada II projects in 2017 for a total consideration for the shares of $9.8m. After this transaction, ContourGlobal owns 51% of those projects.

We also completed the acquisition of 19.7% minority interests in ContourGlobal Hydro Cascade CJSC (Vorotan project) for a consideration of $16.3m. After this transaction, the Company owns 100% of the Vorotan project.

Sale of Kramatorsk Ukrainian business
We decided to exit Ukraine by selling our Kramatorsk Ukrainian power plant. The sale of the asset was closed in February 2018.

Outlook

We remain heavily focused on developing, acquiring and operating power generation facilities under long-term contracts providing significant protection from the risks associated with volumes, commodity prices or merchant energy prices. As we continue to pursue our growth strategy, we are active on both construction and acquisition projects. Recent developments include:

- In December 2017, we signed an agreement with Kosovo's government to build a 500 MW coal-fired power plant
- In December 2017, we signed the acquisition of a 23.4 MW renewable portfolio consisting of 10 solar photovoltaic plants in Italy (15 MW), one solar photovoltaic plant in Romania (7 MW) and 2 biogas plants in Italy (2 MW)
- In February 2018, we signed the acquisition of a 250MW CSP portfolio in Spain for a purchase price of approximately €806m. The portfolio has an average remaining regulated tariff of approximately 18 years

Looking ahead, we will remain very active in developing and acquiring new projects at attractive shareholder returns as we focus on achieving the target fixed before the listing to at least double Adjusted EBITDA by the end of 2022 without requiring new equity.

Jean-Christophe Juillard
Chief Financial Officer

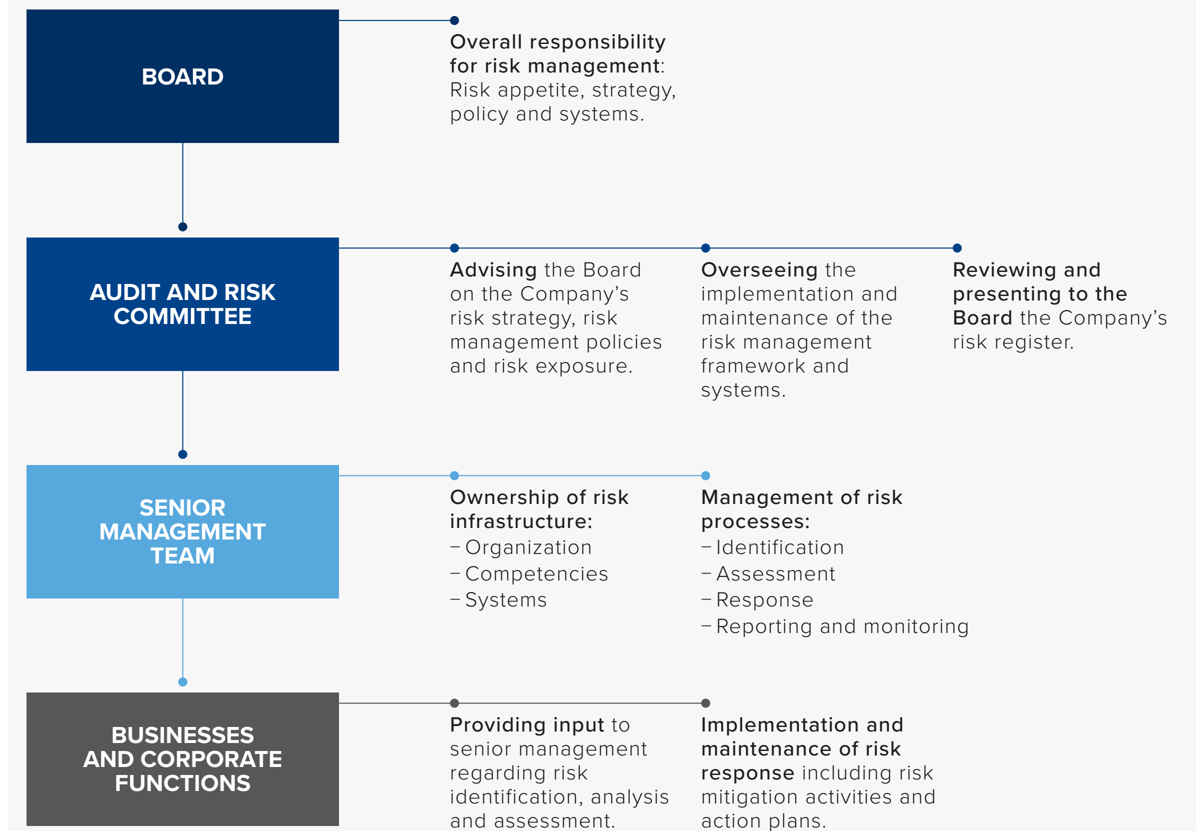
Principal Risks

From the tone set at the top through to the day-to-day actions across all businesses and corporate functions, we have a strong risk management culture at ContourGlobal.

Kivuwatt, Rwanda

The Board of Directors has overall responsibility for risk management – setting the Company's risk appetite and ensuring there is an effective risk management strategy and framework. The Audit and Risk Committee assists the Board in overseeing the effectiveness of risk governance, risk management strategy, internal control and relevant systems. This includes reviewing the risk management methodology and effectiveness of internal controls, providing expert advice and oversight. Details of the Audit and Risk Committee's composition, responsibilities and process are in the Governance Report on pages 61 to 64.

RISK MANAGEMENT FRAMEWORK DIAGRAM:



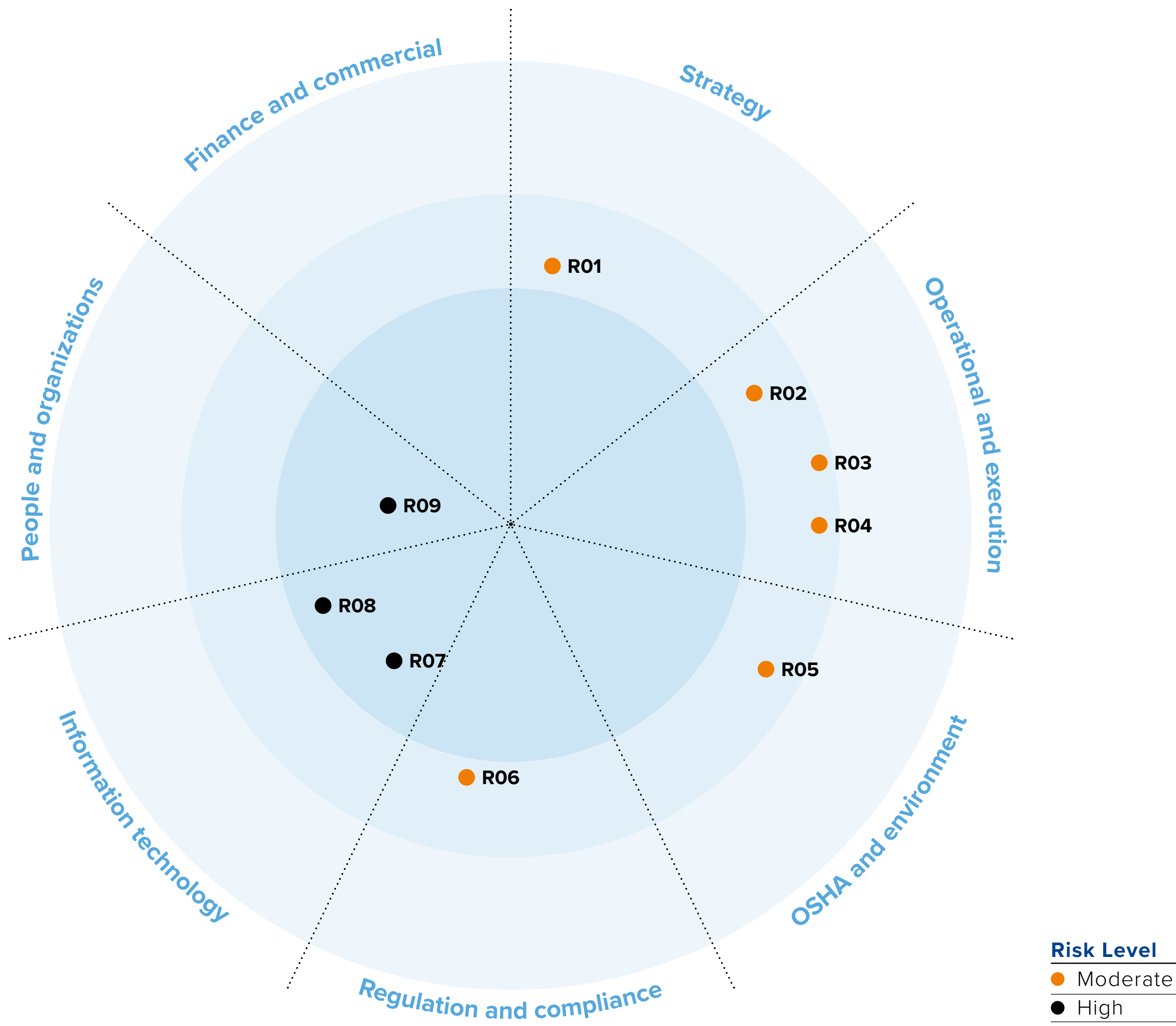
The Company's risk management framework consists of a risk register of all key risks, a risk map and risk ID cards detailing all key elements such as qualitative analysis of the main causes and impacts. The register also summarizes the risk management in place, including its strength. The risk register and ID cards are prepared based on direct input from the Group's key senior business leaders. They are approved by the senior management team and presented to the Audit and Risk Committee and the Board.

Focusing on the major risks
This section of the strategic report provides a risk overview focusing on the major risk factors related to implementing the Company's strategy and business model. It is not an exhaustive list of all possible risks. Additional uncertainties exist, some of which may not be known to the Company and may have a negative effect on the Company's financial position and performance.

Reducing uncertainties
The Company's focus on contracted power generation across different technologies reduces uncertainties relating to medium-term operational results. We closely monitor residual risks related to governmental regulations and changes in market conditions through the risk management framework.

Controlling risks
The Company faces a broad range of risks based on operating, maintaining and refurbishing power generation facilities. These include operational, health and safety and environmental risks. In line with our culture of operational excellence and safety, we make sure all the resources are available to control these risks at the right level.

RISK MAP



Risk Level
- Moderate
- High

R01 – **GOVERNMENTAL REGULATIONS**
R02 – **PROJECT EXECUTION (CAPEX)**
R03 – **ASSET INTEGRITY AND OPEX**
R04 – **RESOURCES CLIMATE CHANGE**
R05 – **HEALTH, SAFETY (H&S) AND ENVIRONMENT: PREVENTION AND REGULATIONS**
R06 – **FRAUD, BRIBERY AND CORRUPTION**
R07 – **INTEGRITY AND RELIABILITY OF CORPORATE IT SYSTEMS**
R08 – **CYBER SECURITY**
R09 – **SUCCESSION PLANNING AND STAFFING LEVEL**

The order in which the risk factors are presented does not reflect their relative significance.

Risk Radar mapping presents the top nine risks ContourGlobal is facing. They are all major risks for the Group. The risk radar has three levels of residual risk: high, moderate and low.

Each level is a combination of **inherent risk** significance (potential impact and likelihood) and risk response in place.

Inherent risk is the risk to an entity in the absence of any direct or focused actions by management to alter its severity/significance.

Residual risk is the risk remaining after management has taken action to alter its severity/significance.

High: residual risk remaining likely to have a strong impact on the achievement of strategic objectives even if risk management measures in place.

Moderate: risk that could strongly affect the achievement of the objectives for which level of control is high enough to conduct to a moderate residual risk. Additional actions are being taken to alter risk significance further.

Low: risk that may have limited impact on the business given that control mechanisms are in place together with relevant monitoring and assessment measures.

Risk Factor	Main impact	Risk Response (management and mitigation)
R01 – STRATEGY – GOVERNMENTAL REGULATIONS		
The risk that governmental actions or changes in regulations will have negative impacts due to our contracted assets' significant dependence on regulated tariffs (primarily feed-in-tariffs) or other long-term fixed rate arrangements (primarily PPAs) in partnership with governments, utilities and corporations. This includes political instability in non-OECD countries in Eastern Europe, Latin America and Sub-Saharan Africa (72% of ContourGlobal's capacity) together with changes in laws and regulations in OECD countries e.g. Italy and Slovakia.	Deterioration of financial performance including loss of revenue and an increase in expenses. Loss of business/growth opportunities: – Termination of agreements – Inability to obtain, maintain or renew required governmental permits/licenses – Inability to receive permits for extension of existing capacities	PPAs are with state-owned, regulated or other off-takers, the majority of which are rated by Standard & Poor's, with a weighted average credit rating of BBB- (weighted by capacity). PRI policies (from OPIC and commercial insurers) in place for several projects in case of events that can affect our assets in particular the loss of invested capital. In some cases, these cover a return on our capital. These include: Maritsa (private market), Vorotan (private market), KivuWatt (private market), Togo (OPIC), Nigeria (OPIC), Cap des Biches (OPIC), TermoemCali (private market), Sochagota (private market), Inka (private market), Slovakia (private market), Brazilian businesses (private market). Close relationships with energy lawyers and associations to anticipate any potential changes in regulation and lobby our interests. Partnerships with multilateral development banks for both equity and debt which makes governments reticent to renegotiate. Investment in local communities and hiring locally. Sovereign credit rating is A+ post PRI impact (based on the individual sovereign ratings determined by Standard & Poor).
R02 – OPERATION AND EXECUTION – PROJECT EXECUTION (CAPEX)		
The risk that inefficient project management and execution of greenfield construction or refurbishment investment projects will result in delays or unanticipated cost overruns.	Financial impact e.g.: – Overrun of project costs (including financing fees) vs. investment case impacting projected cash flows and IRR – Liquidated damages/penalties/litigations – Reduced revenue due to construction delays – Potential defaults on financing and debt repayment before COD Image and reputation impact resulting from a loss of credibility with counterparties, lenders and other stakeholders.	Minimizing the risk of exceeding construction budgets by entering into fixed price contracts with engineering, procurement and construction (EPC) contractors with proven track records. EPC contracts also contain back-to-back liquidated damages provisions which protect ContourGlobal against construction delays and other breaches by EPC contractors. Contract monitoring and management with legal support. External support for permitting process. Project Review Procedure: monthly review of the project organized by the Project Management Team (including the Group COO) and presented to Project's Steering Committee. Controlling methodology: provides guidance and best practices to ensure strict and real time project cost control, enabling cost overruns to be identified early and mitigation actions put in place.

Risk Factor	Main impact	Risk Response (management and mitigation)
R03 – OPERATION AND EXECUTION – ASSET INTEGRITY AND OPEX		
The risk that lack of appropriate assets maintenance in line with O&M plan will prevent the power plants from delivering electricity and ensuring availability at the levels defined in the long-term PPAs. This could be inadequate maintenance of power plants or business disruption as a result of damage caused to the infrastructure (transmission line and substation).	Deterioration of operational performance: – Business interruption and power outages – Performance below expected efficiency and output levels – Inability to deliver electricity or ensure availability defined in long-term PPAs Reduced profitability and cash flows: Increase of expenses (OPEX & CAPEX) – Unplanned O&M and capital expenditures – Loss of revenue and PPA penalties – Liquidated damages – Reduction in distribution and inability to service debt Reputational impact.	Business interruption insurance. O&M strategy focusing on HSE, O&M Organization, O&M performance management, benchmark and KPIs. Maintenance strategy (maintenance plan for mooring system) including on hydro and civil structures. O&M IT systems (including remote monitoring control room). Maintenance activities with regular KPIs for control, and timely corrective actions. Daily KPIs and improvement meeting between local plant managers and operators.
R04 – OPERATION AND EXECUTION – RESOURCES CLIMATE CHANGE		
The risk that climate change (changes in temperature, wind patterns and hydrological conditions etc.) will have an adverse effect on financial and operating performance.	Deterioration of financial performance including a loss of revenue and/or an increase in expenses (O&M costs). Impact on the operational performance with a strong deviation of actual renewable generation vs. projections in the investment case specifically for wind and hydro.	Diversified portfolio of assets: Thermal and Renewable. Extensive weather phenomena study and due dilligence before the acquisition. Sign off of investment case assumptions by a reputable advisory firm.
R05 – HEALTH AND SAFETY (H&S) AND ENVIRONMENT – PREVENTION AND REGULATIONS		
The risk of failure to prevent H&S and environment incidents and/or to comply with relevant regulations due to inherent risks related to ContourGlobal activities (fuel types, technology and equipment in more than 20 different countries), which will have a material adverse impact on our operations, financing conditions and reputation. These could include accidents during transportation and handling of electricity, natural gas/biogas, liquid fuels and hazardous materials arising from a lack of expertize/training and/or involvement, inadequate assessment, poor equipment, insufficient supervision of H&S aspects, for example. These could result from poor monitoring of compliance to local H&S and environment laws and regulations as well as their changes.	Human and environmental impact: – LTIs (Lost Time Incidents) and fatalities of ContourGlobal employees and contractors or local communities around the facilities due to incidents at the power plants – Environmental accidents on site and in local communities Reputational impact due to poor H&S management. Financial and operational impact: – Increase in liabilities and compliance costs – Business interruption – Loss of efficiency/productivity – Breach of loan covenants – Non-compliance with applicable H&S legal requirements and potential sanctions	Health and Safety Policy reviewed annually and communicated Company-wide. Health and Safety and Environmental management system is aligned with H&S 18001 and ISO 14001 standards, and also with World Bank guidelines, namely IFC Performance Standards. Monitoring of reactive indicators (such as responses to accidents) and proactive indicators (including known hazards, inspection quality and number of training hours). Intense regular training. Strong environmental policies and procedures: – each business's compliance with applicable policies, local laws and permit requirements is managed directly by each business – oversight and audit through operations, environmental, health and safety departments Third-party contractors' environmental audits. Arrubal, Togo and Knockmore Hill have achieved ISO 14001 certification. Adherence to global environmental policy, reflecting commitment to the United Nations Global Compact.

Risk Factor	Main impact	Risk Response (management and mitigation)
R06 – REGULATION AND COMPLIANCE – FRAUD, BRIBERY AND CORRUPTION		
The risk that lack of transparency, threat of fraud, public sector corruption and other forms of criminal activity involving government officials will result in a failure to comply with anti-corruption legislation, including the UK Bribery Act 2010 and other international anti-bribery laws.	Financial impact: – Financial losses as a result of fraudulent activities – Violations of anti-corruption or other laws – Criminal and/or civil sanctions against individuals and/or the Company – Loss of trust by key stakeholders – Debarment by multilateral development banks and international financial institutions Image and reputation impact: – Reputational harm – Exclusion from government funding programs	Strong anti-bribery compliance program that reflects the components of an "effective ethics and compliance program" as set forth by various international conventions and enforcement authorities, which is reviewed periodically. Policies and procedures include: – Code of Conduct and Business Ethics – Anti-Corruption Policy – Anti-Corruption Compliance Guide – Policy for Engaging Supplier and Third-Party Service Providers – Gifts & Hospitality Policy – Compliance Transactional Due Diligence Protocol – Business Development Consultant Compliance Protocol Periodic certification by employees. Risk-based due diligence, including for third parties and transactions. Online portals: – Third Party Service Provider and Supplier Portal – Gifts & Hospitality Portal – Document Review and Signature Approval Procedure (cross-functional) – Ethics Line Regular checks and audits: – Bi-annual combined Compliance and Finance Audits – Internal spot checks Periodic, tailored, risk based training according to a yearly training plan.
R07 – INFORMATION TECHNOLOGY – INTEGRITY AND RELIABILITY OF CORPORATE IT SYSTEMS		
Many of the Company's activities are highly sensitive to IT systems in their day-to-day operations (including cloud-based SharePoint applications, accounting and reporting systems). The risk is that an insufficiently robust and stable IT operating environment (including physical security, logical access management, incident management, system development and change control and monitoring of system performance) will result in business disruption and loss of data reliability.	Organizational and operational impact: – Disruptions to business operations – Compromise of data integrity in core systems Financial impact: – Potential for fraudulent activity due to segregation of duties conflicts – Penalties related to non-compliance with data-related laws and regulations – Loss of revenue due to disruptions to operations Impact on reputation due to breach of confidentiality.	Employees On-boarding/Off-boarding portal – to manage appropriate employee accesses. SAP Governance Risk and Compliance (GRC) module is in place to control any risks related to segregation of duties. User provisioning process for key financial accounting and reporting systems. Dual data centers and redundancy (implemented or contracted) on critical systems (SAP, BPC, Email, Sharepoint). Environment control processes, such as change management, ongoing monitoring, incident management. A host of security systems and capabilities in the corporate environment, including malware and virus protection, web access filtering, firewalled network perimeter, updated and patched Operating Systems, and others. Annual audits of financial systems and IT security.

Risk Factor	Main impact	Risk Response (management and mitigation)
R08 – INFORMATION TECHNOLOGY – CYBER SECURITY		
The risk is that insufficient IT security measures will expose the Company, which relies on IT systems in its day-to-day operations, to cyber intrusions. This can have a negative impact on information systems as well as electronic control systems used at the generating plants, and can disrupt business operations, result in loss of service to customers, and expense to repair security breaches or system damage.	Organizational and operational impact: – Impact on corporate or operational systems – Loss of confidence in system integrity – Ongoing threat to process integrity Deterioration of financial performance: – Loss of revenue due to disruption of operations or compromised business process – Unpredicted expenses to repair security breaches – Financial losses due to external fraudulent activities Deterioration of competitive advantage through loss of sensitive business data.	Dedicated security function established for corporate and plant IT, including third party support, cyber security policies and training. In the corporate environment: – Anti-malware and anti-virus software deployed on local computers and monitored centrally – Website filtering system which restricts access to websites with inappropriate and potentially malicious content – Firewall controlled access into the corporate network and regular vulnerability scans of the network components – Email filtering system which reduces the likelihood of delivery of malicious email – Up-to-date Operating System installed on all corporate computers with active support – Multiple layers of access control for corporate environment and systems with sensitive data – Server infrastructure hosted in the ISO-27001 compliant data-center environments A dedicated IT plant function lead has been assigned to consolidate IT management approach in the plants under a global framework of IT security policies and procedures.
R09 – PEOPLE AND ORGANIZATION – CONSTRAINED STAFFING MODEL AND SUCCESSION PLANNING		
The risk that given a constrained staffing model with high dependency on productivity and expertize of key individuals, the departure or removal of key46staff and failure to appoint adequate successors will have an adverse effect on Company's ability to deliver on its strategic objectives. This could have a negative impact on all the Company's performance indicators.	Removal or departure of key individuals could result in operational disruption, while competition for employees could lead to higher than expected increases in the cost of recruitment, training and employee costs.	Focused action to attract, retain and develop high caliber employees. Delivering initiatives which reinforce behaviors to generate the best outcomes for customers, partners and employees. Managing organizational capability and capacity to meet our customers' needs. Effective remuneration arrangements to promote effective employee behaviors. Read more in the Nomination Committee's Report on page 60.

Viability Statement:

In accordance with provision C.2.2 of the Code, the Directors have assessed the prospects of the Company over a period significantly longer than 12 months. The Directors believe that an assessment period of three years is appropriate based on management's reasonable expectations of the position and performance of the Company over this period, taking account of its short-term and longer-range plans.

Taking into account the Group's current position and its principal risks, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over three years. In particular, the Group's financial performance has been assessed as relatively predictable given more than 90% of revenue and related cash flows are fully contracted with no material contracts expiring during this period.

The Directors' assessment included a review of the financial impact of the most severe but plausible scenarios that could threaten the viability of the Company and the likely effectiveness of the potential mitigations that management reasonably believes would be available to the Company over this period.

In assessing the prospects of the Company, the Directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase looking out over time and, accordingly, that future outcomes cannot be guaranteed or predicted with certainty.

Going concern statement:

The Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. For this reason, the Directors continue to adopt the going concern basis in preparing the Group and Company financial statements.

In reaching this conclusion, the Directors have considered:

- The financial position of the Group as set out in this report and additional information provided in the financial statements including note 4.14 (Management of financial risk), note 4.21 and 4.23 (Cash and cash equivalents and Borrowings) and note 4.15 (Derivative financial instruments)
- The resources available to the Group taking account of its financial projections and existing headroom against committed debt facilities and covenants
- The principal risks and uncertainties to which the Group is exposed, as set out on pages 40 to 46, the likelihood of them arising and the mitigating actions available

Governance

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Vorotan, Armenia

We ensure strong governance throughout ContourGlobal. This section covers the key people responsible for governance, together with a summary of activities and reports for 2017.

Board of Directors

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1. Craig A. Huff, Chairman
Committee Membership:
Nomination Committee (Chair)
Craig co-founded ContourGlobal in 2005 and serves as the Chairman of the Board of Directors. He co-founded Reservoir Capital in 1998 and is a member of all fund Investment Committees. He currently serves on the boards of many of Reservoir Capital's portfolio companies in industries such as energy, power, aircraft leasing and insurance. He has also been instrumental in the formation and development of a variety of hedge funds and private investment firms. Before founding Reservoir Capital, Craig was a partner at Ziff Brothers Investments. Prior to business school, he served in the US Navy as a nuclear submarine officer and nuclear engineer. Craig is the President of the Board of Trustees of St. Bernard's School and serves as a Trustee of the Princeton Theological Seminary. He graduated magna cum laude from Abilene Christian University with a BS in Engineering Physics. He completed his MBA at Harvard Business School, where he graduated with high distinction as a Baker Scholar.

2. Joseph C. Brandt, President and Chief Executive Officer
Joseph co-founded ContourGlobal and has served as ContourGlobal's President and Chief Executive Officer since 2005 and is a member of its Board of Directors. He has led development and operations in the global electric utility industry in Europe, the Americas and Africa for nearly two decades. Before co-founding ContourGlobal in 2005, Mr. Brandt worked at The AES Corporation, an international power company, from 1999 to 2005, serving as Executive Vice President, Chief Operating Officer and Chief Restructuring Officer. At AES, his responsibilities included managing the Company's global utility operations in the Americas, Africa and Eastern Europe. He served on the board of directors of many of AES's key subsidiaries, including AES Gener in Chile where he was Chairman of the Board. Joseph received a BA from George Mason University, an MA from the University of Virginia and a JD from Georgetown University Law Center. He also attended graduate school at the University of California, Berkeley and was a Fulbright Fellow at Helsinki University in Finland.

3. Gregg M. Zeitlin, Non-Executive Director
Gregg has served on ContourGlobal LP's Board of Directors since 2008. He co-founded Reservoir Capital in 1998 and serves as a Senior Managing Director. He serves on the boards of several Reservoir Capital portfolio companies, including Intrepid Aviation Group and Prosperity Life Insurance Group. Additionally, he has been instrumental in the formation and development of several investment firms seeded by Reservoir Capital. Before founding Reservoir Capital, Gregg was a partner at Ziff Brothers Investments. Before joining Ziff Brothers Investments, he was Vice President, Financial Strategy for Ziff Communications Company, where he focused on strategic partnerships and acquisitions, and ultimately, the sale of the Ziff family's operating businesses. Previously, he worked at Sunrise Capital Partners and Wasserstein Perella & Co. Gregg graduated with Highest Honors from the University of Texas at Austin with a BBA in Finance.

4. Alejandro Santo Domingo, Non-Executive Director
Alejandro has served on ContourGlobal's Board of Directors since October 2017. He has been a Senior Managing Director at Quadrant Capital Advisors, Inc. in New York City since 2001. He was a member of the board of directors of SABMiller Plc from 2005 to 2016 and Vice-Chairman of SABMiller Plc. for Latin America from 2005 to 2016. Since October 2016 he has been a member of the board of Anheuser-Busch Inbev (ABI). He is Chairman of the board of Bavaria S.A. in Colombia. He is also Chairman of the board of Valorem, a Company which manages a diverse portfolio of industrial and media assets in Latin America. In addition, he is a Director of Millicom; JDE (Jacobs Douwe Egberts); Keurig Green Mountain; Florida Crystals, the world's largest sugar refiner; Caracol TV, Colombia's leading broadcaster; El Espectador, a leading Colombian Daily, and Cine Colombia, Colombia's leading film distribution and movie theater Company. In the non-profit sector, he is Vice Chairman of the Wildlife Conservation Society, a member of the board of trustees of the Metropolitan Museum of Art, and the Educational Broadcasting Corporation (WNET Channel Thirteen). He is also a member of the board and Treasurer of Aid for AIDS, a foundation dedicated to helping HIV and AIDS patients. He is a member of the board of DKMS Americas, a foundation dedicated to finding donors for leukaemia patients. He is also a member of the board of Fundacion Pies Descalzos. Alejandro is a graduate of Harvard College.

5. Ruth Cairnie, Independent Non-Executive Director
Committee Membership:
Remuneration Committee
Ruth has been appointed as an independent Non-Executive Director of ContourGlobal with effect from 3rd January 2018. Ruth was formerly Executive Vice President Strategy & Planning at Royal Dutch Shell plc, where she held a number of senior international roles, including Vice President of the Global Commercial Fuels business. She served on the boards of Shell Pakistan Ltd and joint venture companies in Germany and Thailand. She is currently a non-executive director of Rolls-Royce Holdings plc and Associated British Foods plc. She is also a member of the Advisory Board of the Rotterdam School of Management and sits on the Finance Committee of Cambridge University. She is a trustee of Windsor Leadership.

6. Dr. Alan Gillespie, Senior Independent Non-Executive Director
Committee Membership:
Audit and Risk Committee
Remuneration Committee
Nomination Committee
Alan has served on ContourGlobal's Board of Directors since October 2017. He has served as Senior Independent Director of Old Mutual plc since May 2011. He also serves as Chairman of the United Kingdom's Economic and Social Research Council (ESRC) and has been in that position since 2009. Alan previously served as a Non-Executive Director of Elan Corporation plc from 1996 to 2007, as Chairman of Ulster Bank Group from 2001 to 2008 and as Senior Independent Director of United Business Media plc from 2008 to 2017. In the public sector, Alan served as Chairman of The Northern Ireland Industrial Development Board from 1996 to 2002, and as Chief Executive of the United Kingdom's Commonwealth Development Corporation (CDC Capital Partners) from 2000 to 2003, where he was responsible for the creation of Globeleq, an electricity generation and transmission business across the emerging markets. He also served as Chairman of The International Finance Facility for Immunization (IFFIm) until 2012. Prior to his tenure at CDC, Alan's investment banking career spanned 10 years at Citigroup, Inc. in London and Geneva, and 15 years at Goldman Sachs & Co. in London, where he was a Partner for 10 years. Alan received an MA and PhD from the University of Cambridge and is an Honorary Fellow at Clare College, University of Cambridge.

7. Ronald Trächsel, Independent Non-Executive Director
Committee Membership:
Audit and Risk Committee (Chair)
Ronald has served on ContourGlobal LP's Board of Directors since May 2015. He has served as the Chief Financial Officer of the BKW Group since 2014. From 2007 to 2014, Ronald served as the Chief Financial Officer of Sika Group, and from 1999 to 2007, he held several positions at Vitra Group, including Chief Financial Officer and Chief Executive Officer. Before joining Vitra Group, Ronald also worked at Ringier Group, Ciba-Geigy Corporation and BDO/Visura. He also serves on various boards of directors, including the board of Swissgrid AG, KWO AG, Wyss Samen und Pflanzen AG and Creation Baumann AG. Mr. Trächsel received an MBA from the University of Bern.

8. Daniel Camus, Independent Non-Executive Director
Committee Membership:
Audit and Risk Committee
Remuneration Committee (Chair)
Nomination Committee
Daniel has served on ContourGlobal LP's Board of Directors since April 2016. He most recently served as Chief Financial Officer of the Geneva-based humanitarian finance organization, The Global Fund. He was in that position from 2012. He has also served as Senior Advisor to Roland Berger Strategy Consultants since 2011. From 2002 to 2011, he served as Group CFO and Head of Strategy and International Activities of Electricité de France SA (EDF). Based in France and with an international presence, EDF is an integrated energy operator active in the generation, distribution, transmission, supply and trading of electrical energy. Before joining EDF, Daniel held various roles in the chemical and pharmaceutical industry in Germany, France, the United States and Canada. He held several senior responsibilities with the Hoechst and Aventis Groups. He also serves on various boards of directors, including the boards of Cameco Corp (Canada), Valeo (France) and SGL Group SE (Germany). Daniel received his PhD in Economics from the Sorbonne University and is a Laureate of the Institute d'Études Politiques de Paris, specializing in finance.

Executive Management

Our management team has an average of over 20 years of experience in the industry and has managed to significantly grow and enhance the platform since inception.

Jean-Christophe Juillard, Executive Vice-President and Chief Financial Officer
Jean-Christophe joined ContourGlobal in January 2013 as Executive Vice President and Chief Financial Officer. He is based in the New York and Paris offices and is a member of the Senior Executive Committee. He spent most of his professional life in the US and Europe. In the early 1990s, he started his career in finance working for LK Comstock and RailWorks, two New York based electrical contractors. Before joining ContourGlobal, Jean-Christophe worked at Alstom for 10 years in various finance management positions, first in the Alstom Transportation division in New York and later in Paris, France where he was SVP Finance for the Renewable Power division of the Group. Jean-Christophe earned an MBA from Columbia Business School in New York.

Karl Schnadt, Executive Vice President and Chief Operating Officer
Karl was hired as the Executive Vice President and Chief Operating Officer in December of 2011. He is based in Vienna, Austria. He is responsible for all technical functions at ContourGlobal including power plant operations, engineering and construction and health, environment and safety. Karl is a member of our Senior Executive Committee, Plant Information Steering Committee, Compliance Committee, Health and Safety Committee and CO2 Committee. Before joining ContourGlobal he worked at Steag GmbH (Steag), one of Germany's large power generation companies. Karl worked with Steag for 24 years, holding a variety of positions, including serving as a project manager and plant manager. From 2000 to 2006, he served as the Chief Executive Officer for Iskenderun Enerji Üretim ve Tic. A.S. (Isken), Ankara, in Turkey, a 51% subsidiary of Steag. Isken is the project company of a $1.5bn coal-fired power plant investment where he was responsible for construction and later operations. As a Member of the Board of Executive Officers at Steag, Karl was responsible for all operational assets. He received his degree in Mechanical Engineering and Energy technology from Ruhr-Universitat Bochum in Germany.

Alessandra Marinheiro, Executive Vice President for Business Development Latin America
Alessandra joined ContourGlobal in August 2009 as the Business Development Vice-President for Brazil, where she successfully originated and structured greenfield wind and hydro projects. Prior to ContourGlobal, Alessandra worked for 12 years at The AES Corporation in Brazil as Business Development Director and Commercial Director at AES's generation business. Alessandra has led several mergers and acquisitions, greenfield project development, project finance and corporate finance transactions. Alessandra leads our Latin America team as the CEO of ContourGlobal Latin America where she is responsible for our regional business and for implementing our growth strategies for the region. Alessandra has a Bachelor in Business Administration from the Pontífica Universidade de São Paulo (PUC-SP) with an Executive MBA from COPPEAD-UFRJ.

Amanda Schreiber, Executive Vice President, General Counsel & Chief Compliance Officer
Amanda joined ContourGlobal in April 2012 and currently serves as Executive Vice President, General Counsel & Chief Compliance Officer. In this role, she is responsible for all Company legal matters and the Company's global compliance program, including advising the Company on compliance with US and international anti-corruption, international trade and competition laws. Amanda also serves as Corporate Secretary to ContourGlobal's Board of Directors. She is a member of the Senior Executive Committee. Before joining ContourGlobal, Amanda served as Chief Compliance Counsel at Colgate-Palmolive Company and practiced at the law firms of Covington & Burling LLP and Sullivan & Cromwell LLP in New York. From 2002 to 2003, Amanda was a law clerk to the Honorable Barrington D. Parker of the United States Court of Appeals for the Second Circuit. Amanda received her AB in Political Science from Brown University and her JD from Columbia Law School, where she was a Harlan Fiske Stone Scholar.

Richard König, Executive Vice President for Business Development Europe
Richard is the Executive Vice President for Business Development and the Joint Managing Director of the Renewables Business in Austria and Slovakia. Before joining ContourGlobal, Richard headed the Energy & Utilities team at the Raiffeisen Bank International where he worked for seven years on mergers and acquisitions and financing transactions in Europe and CIS. In his earlier career, he worked at the London-based Power & Utilities team of ABN AMRO with a focus on transactions in Europe, Russia, the Caucasus, and Asia. He also worked in the General M&A Advisory group of ABN AMRO in Amsterdam focusing on LBO transactions. Richard studied at the University of Graz and the Business School at the University of Nottingham. He holds a Bachelor's Degree in Business & Economics in addition to a Master's Degree in Finance & Industrial Management.

Corporate Governance Report

Chairman's Introduction

"The Directors support high standards of corporate governance and it is a policy of the Company to comply with best practice in UK Corporate Governance to the extent appropriate for a Company of its size."

Dear Shareholders,
I am pleased to introduce our first Corporate Governance report.

As we stated in our IPO Prospectus, the Directors support high standards of corporate governance and it is a policy of the Company to comply with current best practice in UK corporate Governance to the extent appropriate for a Company of its size. ContourGlobal listed its Ordinary shares on the Main Market of the London Stock Exchange on 14th November 2017. The Listing Rules of the Financial Conduct Authority, including the UK Corporate Governance Code (the "Code"), have therefore applied to the Company since that date. In the months leading up to the listing, much work was carried out to ensure that the Board had constituted appropriate Committees and adopted relevant policies and procedures to support the development of a robust governance structure and compliance with the Code and other obligations of a Company listed on the London Stock Exchange's Main Market.

Since listing ContourGlobal LP (ultimately owned and controlled by Reservoir Capital) continues to be the majority shareholder of the Company. The Board believes that the Board and the Board Committees, with the addition of the new independent Non-Executive Directors will provide the appropriate corporate governance balance in light of the interests of both the majority shareholder and the new minority shareholders. The Remuneration and also the Audit and Risk Committee consists solely of independent Non-Executive Directors and a Relationship Agreement is in place between the Company, ContourGlobal LP, the Reservoir Funds, Reservoir Capital and the Company President and Chief Executive Officer, Joseph C. Brandt (the Relationship Agreement).

Under the Relationship Agreement Reservoir Capital is able to appoint two Non-Executive Directors to the Board while it continues to control 25% or more of the Company's shares. Further details of the Relationship Agreement can be found on pages 57 and 81. The first such appointees by Reservoir Capital are myself and Gregg M. Zeitlin. As Co-Chief Executive Officer of Reservoir Capital, I therefore did not meet the independence criteria set out in the Code. The Board believes, however, that given the benefits for the Company of my longstanding experience with the Group and in the power industry that I should continue as Chairman. Following a transition period while the Company establishes itself as a premium listed Company the Board expects that it will seek to appoint an independent Non-Executive Chairman.

This Report includes a description of how the Company has applied the principles and provisions of the Code since 14th November 2017 and how it intends to apply those principles throughout 2018.

Craig A. Huff
Chairman

4th April 2018

UK Corporate Governance Code – Compliance Statement

The Company adopted the UK Corporate Governance Code on 14th November 2017 on admission of its shares to the UKLA's Official List and listing on the Main Market of the London Stock Exchange.

Since that date, the Company has applied all of the main principles of the Code that are applicable to it and has complied with all relevant provisions of the Code except as indicated adjacent:

Provision	Explanation
A.3.1 – The Chairman was not independent on appointment	Page 57
A.4.2 – The Senior Independent Director has not met with the other Non-Executive Directors to appraise the Chairman.	Page 58
B.6.1 – The Board has not carried out a performance evaluation	Page 58
B.6.3 – The Non-Executive Directors have not formally evaluated the Chairman's performance	Page 58

Board Governance

Governance Structure

The Company's governance structure is designed such that the Board focuses on providing overall leadership to the Company and setting the Company's values and standards. It also approves the strategic plan, monitors performance, and ensures that appropriate financial and human resources are in place for the Company to meet its objectives. The Board is also responsible for ensuring that appropriate systems, procedures and controls are in place to support the effective assessment and management of risk and the safeguarding of shareholder interests.

The Board operates in accordance with the Company's Articles of Association, and has established certain Committees to assist it in discharging its responsibilities. Each Committee has its own written terms of reference (which are available on the Company's website) which will be reviewed annually.

Certain matters are specifically reserved for decision by the Board and documented in a written schedule which will be reviewed annually. The Schedule of Matters Reserved for the Board includes:

Strategic Issues

- Leadership of the Company, setting values and standards
- Approving the strategic plan and objectives
- Review performance of the Group in the light of strategic aims, objectives, business plans and budget

Structure and Capital

- Changes and recommendations of changes to capital structure
- Changes to corporate structure

Financial

- Approval of annual and half-year financial statements
- Approval of dividend policy
- Approval of the annual budget
- Approval of treasury policies

Risk and Internal Controls

- Ensuring maintenance of a sound internal control and risk management systems
- Approving Group risk appetite statements
- Review the effectiveness of risk management and internal control
- Assess the principal risks facing the Group

Board Membership

- Changes to the structure, size and composition of the Board
- Ensuring adequate succession planning
- Appointments to the Board including the roles of Chairman, CEO, SID and Company Secretary

Remuneration

- Determining the remuneration policy for the Directors and Executive Directors
- Determining Non-Executive Director fees

Corporate Governance

- Review of Group's overall governance arrangements
- Review its own performance
- Determining the independence of Directors
- Considering the balance of interests between shareholders, employees, customers and the community
- Considering the views of shareholders
- Authorizing any conflicts of interest

Other

- Approval of litigation over certain limits
- Approval of material changes to the Group's pension scheme
- Approval of overall level of insurance for the Group
- Review the Schedule of Matters annually

Key Board roles and responsibilities

Chairman and Chief Executive Officer
As required by the Code there is a clear division of responsibilities between the Chairman and Chief Executive Officer. The roles of the Chairman and Chief Executive Officer are held by different people (Craig A. Huff and Joseph C. Brandt, respectively) and the purpose of each role is clear and distinct and set out in respective job descriptions. Although the Board agrees that there should be a clear division of responsibilities, it recognizes that overly prescribing the responsibilities of the Chairman and Chief Executive Officer may reduce their flexibility to act in unforeseen circumstances. The following list of responsibilities sets out the division of responsibilities but is not intended to provide a definitive list of the individual responsibilities of each of the Chairman and the Chief Executive Officer.

CG Power Plant, Togo

Responsibilities of Chairman

- Chair the Board meetings
- Promote a culture of openness and debate by facilitating the effective contribution of all Directors
- Set the Board agenda ensuring that adequate time is available for discussion of all items and ensuring a focus on strategic items
- Ensure that the Directors receive accurate, timely and clear information in advance of meetings
- Ensure training and development needs of all Directors are met
- Ensure that all new Directors receive a full, formal and tailored induction
- Ensure constructive relations between Executive and Non-Executive Directors
- Hold meetings with the Non-Executive Directors without the executive Directors present
- Lead the Board in establishing and periodically reviewing the Group's values and behavioral standards
- Ensure compliance with the Board's approved procedures
- Chair the general meetings
- Ensure effective communication with shareholders and stakeholders
- Ensure shareholders' views are communicated to the Board

Responsibilities of Chief Executive Officer

- Leadership of the business
- Work closely with the Chairman and the Board to propose, develop and implement the Company's strategy and overall commercial objectives
- Oversee and manage all business activities, operations and performance of the Group within the authority delegated by the Board
- To lead the senior management in the day-to-day running of the Group's business
- Regularly review the Group's operational performance and strategic direction
- Evaluate opportunities for growth through acquisitions
- Review and manage cost control and operating efficiencies throughout the Group
- Recommend the annual budget and financial plans
- To identify and execute strategic opportunities while optimizing the Group's resources
- To communicate to the Group's employees the expectations of the Board in relation to the Group's culture values and behavior
- To manage the Group's risk profile
- To keep the Chairman informed of important matters and maintain a dialogue on important and strategic issues facing the Group
- Make recommendations on remuneration policies, Board nominations and succession planning
- To ensure the executive team complies with the terms on which matters are delegated by the Board
- To support the Chairman in order to ensure that appropriate governance standards are applied throughout the Group
- Lead communications with shareholders and other stakeholders
- To provide, together with the Chairman coherent leadership of the Company

Senior Independent Director
Alan Gillespie was appointed as Senior Independent Director prior to admission. In this role, Alan provides a sounding board for the Chairman, and will lead the Non-Executive Directors' appraisal of the Chairman on an annual basis. Alan will attend sufficient meetings with a range of major shareholders to develop a balanced understanding of their issues and concerns. He is also available to shareholders if they have concerns which contact through the normal channels of the Chief Executive Officer or Chairman has failed to resolve or for which such contact may not be appropriate. When appropriate, the Senior Independent Director will support the Nomination Committee in ensuring orderly succession for the Chairman.

Non-Executive Directors

The Non-Executive Directors have been appointed to provide objective and constructive challenge to management and to help develop proposals on strategy. The Chairman and Non-Executive Directors will meet regularly without the Executive Director present. Their role includes upholding the highest standards of integrity and probity and support to other Directors in instilling the appropriate culture, values and behaviors in the Boardroom and beyond. They will also scrutinize the performance of the management in meeting agreed goals and objectives and monitor the reporting performance.

Pursuant to the Relationship Agreement entered into between the Company, ContourGlobal LP, the Reservoir Funds, Reservoir Capital and the Company President and Chief Executive Officer, Joseph C. Brandt, Reservoir Capital is able to appoint two Non-Executive Directors to the ▶

Board independence
The Board currently consists of eight Directors (including the Chairman) four of whom are considered to be independent as indicated in the table adjacent:

Non-Independent	Independent
Craig A. Huff (Chairman)	Alan Gillespie (SID)
Joseph C. Brandt (Chief Executive Officer)	Ruth Cairnie (Non-Executive Director)
Gregg M. Zeitlin (Non-Executive Director)	Daniel Camus (Non-Executive Director)
Alejandro Santo Domingo (Non-Executive Director)	Ronald Trächsel (Non-Executive Director)

Solutions Nogara, Italy

◀ Board while it continues to control 25% or more of the Company's Shares. The two such appointees as non-independent Non-Executive Directors are the Chairman, Craig A. Huff and Gregg M. Zeitlin.

The Company therefore complies with provision B.1.2 of the Code as at least half the Board, excluding the Chairman, comprise Non-Executive Directors determined by the Board as independent.

The Company does not comply with provision A.3.1 of the Code which requires that the Chairman should, on appointment, meet the independence criteria set out in provision B.1.1 of the Code. As Co-Chief Executive officer of Reservoir Capital the Chairman, Craig A. Huff, did not meet the independence criteria set out in the Code. The Board believes, however, that given the benefits for the Company of his longstanding experience with the Group and in the power industry that he should continue as Chairman. Following a transition period while the Company establishes itself as a premium listed Company the Board expects that it will seek to appoint an independent Non-Executive Chairman.

Relationship Agreement

On 9th November 2017 , the Company, ContourGlobal LP, the Reservoir Funds, Reservoir Capital and the Company President and Chief Executive Officer, Joseph C. Brandt entered into a Relationship Agreement. The principal purpose of the Relationship Agreement is to ensure that the Company can carry on an independent business as its main activity. The Relationship Agreement contains, among others, undertakings from the Major Shareholder, the Reservoir Funds and Reservoir Capital that: (i) transactions and agreements with it (and/or any of its controlled affiliates) will be conducted at arm's-length and on normal commercial terms; (ii) neither it nor any of its controlled affiliates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and (iii) neither it nor any of its controlled affiliates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules (the "Independence Provisions"). Furthermore, Reservoir Capital has agreed to procure the compliance of its associates with the Independence Provisions. The Company's President and Chief Executive Officer, Joseph C. Brandt, has given similar undertakings.

The Relationship Agreement will continue for so long as: (i) the shares are listed on the premium listing segment of the Official List and traded on the London Stock Exchange's Main Market for listed securities; and (ii) the Reservoir Funds and the Major Shareholder and their controlled affiliates hold an interest in 10% or more of the issued Ordinary Share capital of the Company (or which carries 10% or more of the aggregate voting rights in the Company from time to time). The Directors believe that the terms of the Relationship Agreement will enable the Group to carry on its business independently of Reservoir Capital, the Reservoir Funds and the Major Shareholder.

The Company has complied with the undertakings of the Relationship Agreement throughout the period under review and, so far as it is aware, the controlling shareholder and its associates have also complied with the provisions including any procurement obligation.

Board Process

The Board did not meet between Admission and the period ended 31st December 2017. The Board has met formally on two occasions in 2018, so far, with key matters discussed including reviewing the Group budget, reviewing the risk register, reviewing corporate transactions, convening the AGM and approving the 2017 Annual Report and Financial Statements.

The Board intends to meet formally at least five times a year, with ad hoc meetings called as and when required at short notice. The Board has an annual calendar of agenda items to ensure that all matters are given due consideration and are reviewed at the appropriate point in the regulatory and financial cycle. At least once a year, the Board will undertake a full strategic review of the business operations as part of the budget review.

All Directors are expected to attend all meetings of the Board and any Committees of which they are members, and to devote sufficient time to the Company's affairs to fulfill their duties as Directors. In signing their letters of appointment each Non-Executive Director has confirmed that they are able to allocate sufficient time to the Company to discharge their responsibilities effectively. Non-Executive Directors will need to attend scheduled and emergency Board and Committee meetings, at least one site visit per year, the AGM and any other general meetings of the Company. In addition, the Non-Executive Directors are expected to commit appropriate preparation time ahead of each meeting.

Where Directors are unable to attend a meeting, they are encouraged to submit any comments on papers to be considered at the meeting to the Chairman in advance to ensure that their views are recorded and taken into account during the meeting. The Chairman and Non-Executive Directors will meet without the Executive Director present on a number of occasions throughout the year.

Appointment and Election

The Board considers all Directors to be effective, committed to their roles and have sufficient time to perform their duties. Accordingly, all members of the Board will be offering themselves for re-election at the Company's first Annual General Meeting ("AGM") on 25th May 2018.

All of the Directors have service agreements or letters of appointment and the details of their terms are set out in the Directors' Remuneration Report on page 73.

Training and Induction

In preparation for listing, all Directors received an induction briefing from the Company's legal advisor, Davis Polk and Wardwell London LLP, on their duties and responsibilities as directors of a publicly quoted company. A full, formal and tailored induction program will be developed for new Directors joining the Board. The Chairman, with the support of the Company Secretary, will ensure that the development and ongoing training needs of individual Directors and the Board as a whole are reviewed and agreed at least annually. After the first Board meeting the Directors all received an "Orientation Session" where the senior management met with the Board members and presented to them on their business areas. Each Board meeting also includes a section covering legal, regulatory and governance development updates.

Evaluation and Effectiveness

Given that the Company listed in November 2017 and the majority of the Directors were only appointed in October 2017, the Board did not consider it appropriate to carry out a performance evaluation process prior to publication of the 2017 Annual Report. The Board believes that a meaningful evaluation can only take place after it has been working together for a reasonable time, and therefore an agreed approach to evaluation will be developed and implemented before the end of the 2018 financial year and annually thereafter. This will include consideration as to whether it is appropriate to carry out an externally facilitated evaluation process.

Conflicts of Interest

The Company's Articles of Association set out the policy for dealing with directors' conflicts of interest and are in line with the Companies Act 2006. The Articles permit the Board to authorize conflicts and potential conflicts, as long as the conflicted or potentially conflicted Director is not counted in the quorum and does not vote on the resolution to authorize. The Board has a procedure by which Directors are briefed on their duty to avoid conflicts of interests and required to immediately notify the Company Secretary when a conflict or potential conflict does arise in order that Board authorization can be sought. If the Board determines that a conflict or potential conflict can be authorized, it may impose additional conditions to manage such conflicts of interest. In addition, Directors are reminded at the beginning of each Board meeting to notify the Board of any further conflicts of interest in accordance with sections 175, 177 and 182 of the Companies Act 2006.

Information and Support

Agendas and accompanying papers are distributed to the Board and Committee members in advance of each Board or Committee meeting. These include reports from members of senior management and external advisors. Members of senior management are invited to attend meetings to present relevant matters to the Board. Directors have direct access to senior management should they require additional information on any of the items to be discussed.

The Board and the Audit and Risk Committee also receive further regular and specific reports to allow the monitoring of the adequacy of the Company's systems of internal controls.

The information supplied to the Board and its Committees will be kept under review and formally assessed on an annual basis as part of the Board evaluation exercise to ensure it is fit for purpose and supports the Directors in effectively discharging their duties under the Companies Act, Listing and Disclosure Rules and the Code.

Relations with Shareholders

As part of its ongoing investor relations program, the Group aims to maintain an active dialogue with its stakeholders including institutional investors to discuss issues relating to the performance of the Group including strategy and new developments.

The Non-Executive Directors are available to discuss any matter stakeholders might wish to raise, and the Chairman and independent Non-Executive Directors will attend meetings with investors and analysts as required. Investor relations activity will be a standing item on the Board's agenda and ensuring a satisfactory dialogue with shareholders and receiving reports on the views of shareholders is a matter reserved for the Board.

The Company's first Annual General Meeting since Admission will take place on 25th May 2018 at 1 Silk Street, London EC2Y 8HQ. The Chairman, and the Chairs of the Audit and Risk and Remuneration Committee, will be present to answer questions put to them by shareholders. The Annual Report and Financial Statements and Notice of the Annual General Meeting will be sent to shareholders at least 20 working days prior to the date of the meeting. To encourage shareholders to participate in the Annual General Meeting process, the Company proposes to offer electronic proxy voting through the CREST service and all resolutions will be proposed and voted on at the meeting on an individual basis by shareholders or their proxies. Voting results will be announced through the Regulatory News Service and made available on the Company's website.

Cap des Biches, Senegal

Acting with integrity

We are deeply committed to acting with integrity throughout our business. This is not only the right thing to do, it is also a key part of our advantage across all of our operations – from ensuring health and safety to building a culture of compliance that protects our investments and corporate reputation. To this end, we set and follow the highest standards of ethical conduct.

Detecting and preventing corruption

Much like our Health and Safety Program, our Anti-Corruption Compliance Program is designed to ensure our workers and employees do the right thing and are protected. It is designed to detect and prevent corruption in our Company – upholding the tenth principal of the United Nations Global Compact, to which we are signatories: "Businesses should work against corruption in all its forms, including extortion and bribery." Our anti-corruption commitment begins with the tone-at-the-top. In town-hall meetings and in-person training, our senior management regularly reinforce the message to our employees and third parties that corruption or other unethical conduct will not be tolerated even where it could facilitate the Company's immediate business objectives.

The Board and Audit & Risk Committee oversee the Compliance Program through quarterly reporting on the program, key performance indicators, initiatives, and developments in the field by the Executive Vice President, General Counsel & Chief Compliance Officer, who oversees the program. We cascade the commitment throughout the Company by delivering training on our values, policies and procedures to our offices, plants and functions. In 2017, we provided 25 such in-person training sessions. These sessions were supplemented by an online anti-corruption course that employees are required to take upon joining the Company and periodically thereafter. Our Anti-Corruption Policy and its accompanying Anti-Corruption Compliance Guide are the cornerstones of our program. A 60-page booklet revised in 2015 and distributed to all employees in all 16 ContourGlobal languages, the Guide provides an overview of the program, applicable laws, our expectations and employees' responsibilities. Employees are required to sign the Guide soon after they join the Company and periodically thereafter, acknowledging that they have read, understood and agree to abide by it. Moreover, we distribute the Guide to targeted third parties and require that they too sign it as part of our risk-based due diligence process. This ensures that our business partners understand our expectations and that working with us means working according to our values.

Focusing on third parties

Managing third party risks is a key element of our program. We do so according to our Policy for Engaging Suppliers and Third Party Service Providers, which requires that all third parties, with the exception of certain low-risk suppliers, receive risk-based due diligence through the Compliance Third-Party Intake Portal. All third parties must first be approved by Compliance before being engaged by the Company. In 2017, we analyzed approximately 2,635 third parties for corruption risk.

Using the Portal, our Compliance team can conduct routine auditing, monitor third party engagements and update due diligence when required. In 2017, we re-reviewed and conducted refreshed due diligence on approximately 645 legacy third parties engaged by the Company.

Company-wide commitment

In line with our Company-wide commitment, we analyze social responsibility projects, acquisitions, joint ventures and new developments for corruption risk. We make sure appropriate due diligence is conducted before proceeding.

Report of the Nomination Committee

Chairman: Craig A. Huff

Other members: Daniel Camus and Alan Gillespie

Dear Shareholders
On behalf of the Board I am pleased to present the Nomination Committee Report for the period ended 31st December 2017.

Role and Responsibilities
The role of the Nomination Committee is set out in its terms of reference which are available on the Company's website. The Committee assists the Board in discharging its responsibilities relating to the composition of the Board and its committees. The Committee is responsible for evaluating the balance of skills, knowledge and experience on the Board, the size, structure and composition of the Board, retirements and appointments of additional or replacement Directors. The Nomination Committee is also responsible for making recommendations to the Board concerning succession planning.

Specific duties of the Nomination Committee include:

– Regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes
– Putting in place plans for orderly succession of appointments to the Board and senior management, taking into account the challenges and opportunities facing the Company and the skills and experience needed within the Board and the Company
– Leading the process for Board appointments as and when they arise, identify and nominate candidates and make recommendations for Board approval
– Review annually the time required from Non-Executive Directors

Meetings
It is intended that the Nomination Committee will meet at least twice per year and otherwise as required in order to discharge its duties. Only members of the Nomination Committee have the right to attend meetings, but other Directors, executives or advisors may be invited to attend all or part of any meeting as appropriate.

The Nomination Committee met once in the period between IPO and 31st December 2017 to consider the appointment of a further Independent Non-Executive Director following the IPO. The process of searching for Non-Executive directors had commenced prior to the IPO and Egon Zehnder, a Company unconnected with the Group, were responsible for seeking Non-Executive Director candidates leading up to the IPO process and all members of the Committee were in attendance at the meeting.

Diversity
The Company recognizes that no individual should be discriminated against on the grounds of race, color, ethnicity, religious belief, political affiliation, gender orientation, sexual orientation, national origin, ancestry, age, medical condition, physical or mental disability, marital status, worker's compensation status, veteran status, citizenship status, or any other legally protected status and this extends to Board appointments. The Board further recognizes the benefits of diversity, including gender diversity, on the Board, although it believes that all appointments should be made on merit, while ensuring that there is an appropriate balance of skills and experience within the Board. Since the year end a female Director has been appointed to the Board (January 2018). The Board currently consists of 12.5% (1) female and 87.5% (6) male Board members. Across the Group employees are geographically diverse and many of the Group offices are populated with many nationalities.

Annual Evaluation
As the Nomination Committee has only been established for a short time, a formal performance evaluation has not been conducted. It is intended that a performance evaluation will be conducted in 2018 and reported on in the Company's 2018 Annual Report.

Craig A. Huff
Chairman of the Nomination Committee

4th April 2018

Report of the Audit and Risk Committee

Chairman: Ronald Trächsel

Other members: Daniel Camus and Alan Gillespie

Dear Shareholders
On behalf of the Board, I am pleased to present the Company's first Audit and Risk Committee report.

The Audit and Risk Committee is responsible for establishing, monitoring and regularly reviewing the Company's internal controls and risk management framework, as well as overseeing the work of the external auditor and the internal audit function.

The membership of the committee comprises three independent Non-Executive Directors with at least one member having recent and relevant financial experience and the Committee as a whole has competence relevant to the sector.

We met once prior to the year end just after listing and have met twice since the year end. These meetings have focused primarily on setting our schedule of activity for 2018, establishing key policies and procedures in support of the control environment, reviewing the risk management framework, the external audit and the approval of the 2017 Annual Report and Financial Statements.

Further details on the activities of the Committee during the year and how it has discharged its responsibilities are provided in the report below.

Ronald Trächsel
Chairman of the Audit and Risk Committee

4th April 2018

Role and Responsibilities
The Audit and Risk Committee's role is to assist the Board in discharging its responsibilities in relation to internal and external audits and controls, including reviewing the Group's annual financial statements, considering the scope of the annual audit and the extent of the non audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal control systems in place within the Group. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit and Risk Committee will give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules.

The Audit and Risk Committee is also responsible for advising the Board on the Company's risk strategy, risk policies and current risk exposures, overseeing the implementation and maintenance of the overall risk management framework and systems, and reviewing the Company's risk assessment processes and capability to identify and manage new risks.

The Audit and Risk Committee's duties and responsibilities are set out in its terms of reference which are available on the Company's website.

Composition and Meetings
The Audit and Risk Committee is chaired by Ronald Trächsel, and its other members are Daniel Camus and Alan Gillespie. All members of the Committee are independent Non-Executive Directors, and the Board is satisfied that Ronald Trächsel has recent and relevant financial experience. The Audit and Risk committee as a whole has competence relevant to the sector in which the Company operates. Consequently, the Board has determined that the composition of the Committee complies with provision C.3.1 of the Code.

The Audit and Risk Committee will normally meet no fewer than three times a year. Further meetings may be called as required. The internal and external auditors will be invited to attend some of the meetings. Outside of the formal meeting program, the Audit and Risk Committee chairman will maintain a dialogue with key individuals involved in the Company's governance, including the Chairman, the Chief Executive Officer, the Chief Financial Officer, the external audit lead partner and the head of internal audit.

Audit and Risk Committee – Key responsibilities

External Audit
- Recommend the appointment, re-appointment or removal of the Auditors
- Ensure the audit contract is tendered at least every ten years
- Oversee the relationship, make recommendations on their fees, approve terms of engagement and review independence and objectivity
- Develop policy on the supply of non-audit services
- Review and approve the audit plan
- Review the findings of the audit

Internal Audit
- To review the need for an internal audit function
- If an internal audit function is appointed:
  - Review and approve the role and mandate of the internal audit function
  - Review and annually approve the internal audit charter
  - Ensure the head of internal audit has access to the Board and Committee Chairmen
  - Monitor and review the effectiveness of the internal audit function
  - Review, assess and approve the internal audit plan and reports

Financial and narrative reporting
- Monitor the integrity of the financial statements
- Review and challenge accounting policies, methods used to account for significant or unusual transactions, clarity and completeness of disclosure
- Review and advise to the Board about whether taken as a whole the annual report is fair, balanced and understandable

Whistleblowing, fraud, bribery and other compliance
- Keep under review the adequacy and effectiveness of the Company's compliance function
- Review the Company's procedures for its employees and contractors to raise concerns in confidence
- Review procedures for preventing and detecting fraud
- Review the Company's systems and controls for the prevention of bribery
- Review regular reports from the Company's Chief Compliance Officer

Internal controls and risk management systems
- Assist the Board with developing and monitoring the Company's risk management framework
- Assist the Board and Senior Management with Identifying and monitoring areas of risk and reducing control weaknesses
- Provide an independent assessment and opinion on the effectiveness and efficiency of the Company's internal controls
- Maintain a risk register and ensure the Board receives regular updates on action taken to mitigate risk faced by the Group
- Advise the Board on the Company's overall risk appetite, tolerance and strategy

Activity Since IPO
The Audit and Risk Committee met once in the period between IPO and 31st December 2017, and has met twice since the year end. All members of the Committee attended all of the meetings. The Audit and Risk Committee's activity in these meetings included:

- Considering the Committee's Terms of Reference
- Considering the Group's policy on the provision of non-audit services by the external auditors
- Review of the Company's risk register and considering the process to support the long-term viability statement
- Reviewing the Group's whistleblowing arrangements
- Reviewing the effectiveness of the Group's internal control and risk management systems
- Reviewing the Annual Report and Financial statements and recommending their approval by the Board

Internal Controls and Risk Management
The Board acknowledges ultimate responsibilities for the effective management of risk across the Group and for reviewing their effectiveness. The Board has undertaken a robust assessment of the principal risks. The Board has delegated responsibility for this review to the Audit and Risk Committee. The Audit and Risk Committee will provide oversight and advice to the Board on current risk exposures and future risk strategy. Further details of the Group's risk management approach, structure and principal risks are set out in the Strategic report on pages 2 to 47.

The main features of the Internal Control and Risk management systems in relation to the financial reporting process, which were in place for the year under review and up to the date of approval of the annual report and accounts, include:

- **Internal control:** Internal Control department has designed and formalized the Book Of Internal Control Rules (BOICR) to enforce a Company way of working together by using common working practices in line with the essential internal control standards. This proposes a set of operations, reporting and compliance control activities (including IT systems) that each entity should apply and comply with in the full extent of their capabilities.

  The Company has maintained a high level of Internal Control environment and documentation from Corporate to business level, central to which is the internally developed Internal Control Online Tool ("ICOT"), used to document and monitor the operation of key internal control procedures. The tool serves as a record of every instance of controls being performed and reviewed.

  The Internal Control function performs bi-monthly spot checks and one mid-year review on the operation of the key controls across the Group, achieving coverage across controls and divisions.

  In addition, an Internal Control Monthly Status Report to CEO and CFO was implemented early 2017 with the objective of reinforcing monitoring and reporting. The report provides the main KPIs and results of spot checks reviews as well as qualitative analysis for the main processes.

- **Financial reporting:** Monthly Business Review, including the consolidated management accounts, provide timely and accurate financial and non-financial information to ▸

Significant issues relating to the financial statements
Significant issues and accounting judgments are identified by the finance team and the external audit process and are reviewed by the Audit and Risk Committee. The detailed work was performed by management and reviewed by external auditors and the Audit and Risk Committee based their review on the joint work performed. The significant issues considered by the Committee in respect of the year ended 31st December 2017 are set out in the table below.

Significant issues and judgments	How the issues were addressed
Impairment of property, plant and equipment, and financial assets – as of 31st December 2017, the Group has $2,350.3m of property, plant and equipment, the majority of which relates to power plant assets, and $617.7m of financial assets, the majority of which relate to concession arrangements. Impairment assessments of these assets requires significant judgment including assumptions of future cash flows, discount rates and inflation which are by essence judgmental.	The Audit and Risk Committee has reviewed the indicators of impairment and main assumptions retained and described in the financial statements. The Audit and Risk Committee concurred with the testing performed with regards to wind farms and hydro power plants in Brazil, and agreed that an impairment charge was necessary for the Kramatorsk power plant considering the purchase price agreed to sell the asset.
Accounting for business combinations and valuation of assets acquired and liabilities assumed – The Group completed two acquisitions in 2017 related to hydro and thermal portfolio in Brazil and Solar Photovoltaic portfolio in Italy.	The Audit and Risk Committee considered the appropriateness of the items to which the purchase price has been allocated as well as main assumptions used in relation with discount rates and future cash flows.
Accounting for power purchase agreements (PPA) – As part of the acquisitions completed during the period, the Group assessed the accounting treatment of the long-term contracts under IFRS rules and determined whether a lease was embedded, and if that was the case, whether such lease is an operating or a finance lease.	The Audit and Risk Committee reviewed the conclusions of the technical analyzes that resulted in considering no lease, operating leases and financial lease depending on assets acquired, together with the main items that led to such conclusions. The Audit and Risk Committee concurred with the accounting treatment retained.
IFRS 15 – Revenue recognition – The Group discloses in its 2017 consolidated financial statements a range of potential impact of the new IFRS 15 standard that will be applicable starting 1st January 2018.	The Audit and Risk Committee reviewed the conclusions of the technical analyzes conducted for the vast majority of the Group's existing assets. The Audit and Risk Committee considered and concurred with the changes that this new standard would result in relation with its concession agreements, as well for specific topics in relation with Arrubal and Maritsa power plants.

◂ senior management and the Board. The results of Operations (financial and non-financial) are reviewed against budget and prior year on a monthly basis. Management monitors financial and business activities through budget, forecasts and annual objectives. The annual budget is approved by the Board. The Group prepares its financial statements under IFRS and will issue financials annually and half-yearly.

The Group has a comprehensive Reporting and Accounting Manual ("RAM"), covering a wide range of policies and procedures, including accounting policies, reporting and KPIs and key cycles in order to provide reliable and timely consolidated financials.

- **Compliance:** ContourGlobal Management is committed to acting with integrity and transparency, and enforces this through a strong tone-at-the-top. The Company has a dedicated Compliance function that is headed by the Executive Vice President, General Counsel and Chief Compliance Officer who reports directly to the CEO and who also has direct access to the Board and the Audit and Risk Committee. All employees are required to acknowledge and adhere to a number of Compliance policies and take Compliance training as part of their commitments to the Company.

  Further details on Compliance are provided in the Business Review section on pages 22 to 35.

- **Information systems:** A risk management process exists within IT to monitor and manage IT specific risks at a granular level. A suite of IT policies and procedures has been established by management. A framework is in place to ensure these policies are appropriately reviewed, updated and approved on a periodic basis.

  In February 2017, the Company engaged a third party to undertake a cyber security assessment. Management has subsequently initiated several cyber security projects with a focus on existing scanning capabilities, updating security policies, implementing a security information and event management system ("SIEM"), hardening of the network devices and encryption of corporate systems and equipment. A Senior IT Security Analyst was hired in January 2018.

- **Debt Compliance:** The Debt Compliance monitoring process is designed to ensure that there are no unexpected covenant compliance issues. This process is managed by the VP Debt Compliance, under the responsibility of the two Divisional CFOs for asset level debt and the Group CFO for corporate level debt. The role of the VP Debt Compliance is to coordinate the monitoring of CG's financial agreements and corporate bond and ensure timely compliance with both financial and non-financial covenant reporting deadlines, general requirements and debt payments. CG has developed a debt monitoring tool within SharePoint called CG Debts. The tool tracks all requirements of external debts across the Group, including financial and non-financial covenants as well as positive and negative undertaking in the agreements.

- **Hedging:** The Treasury department has put a hedging policy in place, which is overseen by the Hedging Committee. The hedging policy clarifies the rules and responsibilities for any hedging activity. The hedging policy is reviewed bi-annually by the Hedging Committee, whose members have the necessary knowledge and experience to assess the financial impact of each hedge transaction. Any new significant hedging transaction requires approval from the Hedging Committee before being executed. All hedging contracts are managed centrally and are executed by the Treasury department. Hedging transactions are tracked by the Treasury department on a monthly basis to monitor the realized gains/losses and the Mark To Market positions. Treasury collaborates closely with Accounting teams to ensure proper accounting treatment of the hedging contracts.

The Audit and Risk Committee, on behalf of the Board, has reviewed the effectiveness of the internal control systems and risk management processes in place, taking account of any material developments since the year end. The Committee has not identified, nor been advised of, any failings or weaknesses that it has determined to be significant. As part of its review, the Committee noted that no matters had been raised by PwC in the context of the annual audit. As part of their review the Audit and Risk Committee has considered the FRC's 2014 "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting".

Internal Audit
There was no Internal Audit function in the Group during the year. During the review of financial position, prospects and procedures performed in the course of IPO pre-requisites, the Group contemplated the opportunity to implement an Internal audit function. It was decided to co-source this function led by an Internal Audit Director. This organization was selected in order to optimize costs, provide access to deep expertize and skilled resources on an as-needed basis. In 2018, the Audit and Risk Committee intends to hire an Internal Audit Director and appoint a co-sourced firm. The objective of the Committee is to initiate a first cycle of review in order to define a rolling internal audit plan which will be approved during the year and will ensure an appropriate coverage of all audit units.

External Auditor
The Audit and Risk Committee is responsible for overseeing the Group's relationship with its external independent auditor, PricewaterhouseCoopers LLP. This includes the ongoing assessment of the auditors' independence and the effectiveness of the external audit process, the results of which inform the Committee's recommendation to the Board as to the auditors appointment (subject to shareholder approval) or otherwise.

Appointment and Tenure
The French firm of PricewaterhouseCoopers was first appointed as the external auditor of the Group in 2013. The UK firm was first appointed at the time of the IPO, so has just commenced its tenure and hence the UK firm was the first appointee to the audit of ContourGlobal plc. Matthew Hall is the current lead audit partner.

PricewaterhouseCoopers is required to rotate the lead audit partner every five years for a listed client. Therefore, a new lead audit partner is expected to be selected for the 2022 audit. The Committee intends to put the external audit out to tender at least every 10 years.

Non-Audit Services
The engagement of the external audit firm to provide non-audit services to the Group can impact on the independence assessment, and the Group has therefore adopted a policy for the approval by the Audit and Risk Committee of any such non-audit services. The policy specifies prohibited services which cannot be carried out by the external auditor (generally activities that would involve the external auditor taking on management responsibility), and sets the framework within which non-audit services may be provided. All requests to utilize the external auditors for non-audit services must be reviewed by the Chief Financial Officer up to a trivial level and above a certain limit must be approved by the Audit and Risk Committee Chairman and above a further limit by Audit and Risk Committee. Details of all non-audit services approved by the Chief Financial Officer or Audit and Risk Committee Chairman are reported and ratified at the next meeting of the Audit and Risk Committee.

During the year ended 31st December 2017, PricewaterhouseCoopers LLP were engaged mainly to provide certain non-audit services in respect of the IPO. These included the preparation of reports on the Company's Financial Position and Prospects, Working Capital and a report to the Company's sponsors regarding the Company's business and operations. In approving the use of PricewaterhouseCoopers LLP to provide these services, the Board took the view that PricewaterhouseCoopers LLP's knowledge of the Company and its operations meant that it was best placed to provide the services, and was comfortable that PricewaterhouseCoopers LLP's independence would not be compromised. The fees paid to PricewaterhouseCoopers LLP in respect of non-audit services during the year totaled $6.7m, representing 74% of the total auditors' fees. $5.7m of the non-audit fees was for services in respect of the IPO.

Having reviewed the auditor's independence and performance the Audit and Risk Committee has recommended that PricewaterhouseCoopers LLP be re-appointed as the Company's auditors at the next annual general meeting.

Whistleblowing
The Company maintains a web and telephone-based reporting hotline for employees and third parties to report potential violations of Company policy or the law, including related to matters of financial reporting or controls. The whistleblowing policy applies to all employees of the Group, and allows for anonymous reporting, where permitted by local law.

The Audit and Risk Committee is responsible for monitoring the Group's whistleblower policy, and the policy is reviewed periodically by the Board. The Audit and Risk Committee believes that the policy and its oversight are effective, facilitate the proportionate and independent investigation of reported matters, and allow appropriate remedial measures to be taken.

Annual Evaluation
As the Audit and Risk Committee has only been established for a short time with its current membership and responsibilities, a formal performance evaluation has not been conducted. It is intended that a performance evaluation will be conducted in 2018 and reported on in the Company's 2018 Annual Report.

Fair, balanced and understandable
At the request of the Board, the Audit and Risk Committee has conducted a review of the Annual Report to assess whether it presents a fair, balanced and understandable view of the Company's position and prospects. The Audit and Risk Committee's review took account of the process by which the Annual Report is prepared which includes analysis of changes to applicable reporting requirements and standards, and a robust schedule of review and verification by senior management and external advisors to ensure disclosures are accurate.

The Audit and Risk Committee is satisfied that the Annual Report is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy and has advised the Board accordingly.

Ronald Trächsel
Chairman of the Audit and Risk Committee

4th April 2018

Annual Statement from the Chair of the Remuneration Committee

Dear shareholder,
As the Chair of the Remuneration Committee, I am pleased to present our first Directors' Remuneration Report as a listed company following the IPO on 14th November 2017. This report sets out ContourGlobal plc's remuneration policy for Directors from the date of incorporation of 26th September 2017. No remuneration was payable for the period from incorporation to 17th October 2017, the date the Company became part of the Group. This report therefore sets out the remuneration of the Executive Director from 17th October 2017 and remuneration for Non-Executive Directors from 23rd October 2017, the date of appointment, and how we intend to apply the policy in 2018.

The report is split into three sections:

- **This annual statement** – this summarizes the key decisions made in respect of the remuneration of Directors in the period from incorporation to the date of this Directors' Remuneration Report
- **Directors' Remuneration Policy** – this set outs the remuneration policy for the Executive Director, Chairman and Non-Executive Directors. The Directors' Remuneration Policy will be put to a binding shareholder vote at the forthcoming AGM and is consistent in its principles with that set out in the Admission Prospectus
- **Annual Report on Remuneration** – this sets out the remuneration received by Directors for the period from incorporation to 31st December 2017 and how the policy will be applied in 2018. The Annual Report on Remuneration and this Chairman's Statement will be subject to an advisory shareholder vote at the AGM

Key activities of the Committee
2017 was a year of significant transition for the Company in preparation for listing on the London Stock Exchange. In the lead up to the IPO, the Company carried out a detailed review of remuneration policy and of the executive and non-executive pay arrangements to ensure they were appropriate for a listed company.

The Remuneration Policy has been designed to provide a competitive package of fixed and variable pay to ensure the Company can attract, retain and motivate executives with the right skills and experience to deliver the Company's strategic goals and business objectives. In line with this objective, a significant proportion of executive remuneration is tied to Company performance through an annual bonus and Long-Term Incentive Plan ("LTIP"). The Policy has also been developed taking into account the expectations of UK institutional shareholders, and includes several best practice features that ensure strong long-term alignment with shareholders. These include bonus deferral, a post-vesting LTIP holding period, and share ownership guidelines. The incentive plans also include recovery and withholding provisions to ensure no rewards for failure.

The Committee's key activities to the date of this Directors' Remuneration Report included:

- Agreement of the Committee's terms of reference
- Adoption of formulation of the Company's first Remuneration Policy as a listed company
- Determining the level of bonus payments in respect of the 2017 financial year
- Determining the performance metrics and targets to apply to the 2018 annual bonus
- Consideration of the performance metrics and targets to apply to the awards to be made in 2018 under the Company's new LTIP
- Approving the Company's first Directors' Remuneration Report as a listed company

Performance and reward for the 2017 financial year
The remuneration arrangements in place prior to the IPO were based on a very different structure to the one we have today. Our company was listed on the London Stock Exchange on 14th November 2017, so there has only been less than two months of "life as a public company" during 2017. Taking into account that the Company was operating as a privately owned business for most of 2017, we honored the commitments of the Company to its employees during this year by applying the remuneration policies (including annual bonus) which existed before the Company was listed, with the exception of the CEO who agreed to accept a cap of 100% on his annual bonus in 2017. In this context, the President & CEO received an annual bonus of 75% of his base salary for 2017, recognizing the strong financial and operational performance of the Company and his personal performance over the year and he elected to have 20% of this deferred into shares (at the current market price on the date the bonus was agreed) to be held for two years.

Legacy equity arrangements
Certain members of management (including the President & CEO) held interests in a "Private Incentive Plan" ("PIP") established by the majority shareholder in the Company prior to the IPO (ContourGlobal LP) in connection with its initial investment in the business. The number of shares ultimately receivable could be substantial and will depend on the performance of the Company's share price. In addition, the Company understands that ContourGlobal LP may make further awards in 2018 under the PIP.

The Company is not a party to the PIP. Nonetheless, any payment to a Director of the Company under the PIP will be disclosed as part of their remuneration and therefore our Remuneration Policy covers both the existing interests and any future awards to be made.

Amendment to the LTIP
The Committee has decided that for any new Executive Director it is imperative that the Company has the ability to make normal annual awards at up to a market competitive level of 200% and therefore a change to the rules of the LTIP to increase the normal annual limit from 100% to 200% is being put to shareholders at the AGM on 25th May 2018 to enable the policy to be implemented. There is no current intention to increase the limit that will apply to the current President & CEO of 100% (as outlined in the Prospectus).

How the policy will be implemented for the 2018 financial year
The President & CEO's salary will remain unchanged in 2018.

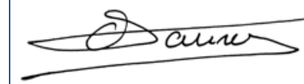
His annual bonus opportunity will be 100% of salary, and measures and weightings will be based on a mix of Corporate and Personal objectives. Any bonus pay-out above the target bonus level will be deferred into shares to be held for two years.

An LTIP award of 100% of salary will be granted to the President & CEO in 2018, and will be subject to performance conditions (still to be finalized) to be satisfied over a three-year period to 31st December 2020. A two-year holding period will apply to any vested share awards in line with the Policy.

Conclusion
The Remuneration Committee has spent considerable time in developing the executive remuneration policy to ensure a smooth transition following listing, and is keen to maintain an open and transparent dialogue with shareholders to understand their views on all matters, including on remuneration. I welcome any comments or feedback you may have either in the lead up to, or at, the AGM and throughout the year.

I hope that you find the information in this report helpful and I look forward to your support at the Company's AGM.

Yours sincerely



Daniel Camus
Chairman of the Remuneration Committee

4th April 2018

Remuneration Policy

Directors' Remuneration Policy
This part of the Remuneration Report sets out the Remuneration Policy for Executive and Non-Executive Directors. The Policy will be put to a binding shareholder vote at the AGM on 25th May 2018 and, subject to shareholder approval, will take formal effect from that date. It is intended that the Remuneration Policy will apply for three years following approval.

Key considerations when setting the Remuneration Policy
When setting the Directors' Remuneration Policy, the Committee took into account the overall business strategy and long-term interests of the Company, with a view to attracting, retaining and motivating high quality individuals and delivering rewards to shareholders.

Consistent with these principles, the Committee has designed a Remuneration Policy which will:

- Attract, retain and motivate high quality executives in order to deliver the Company's strategic goals and business objectives
- Align the interests of executives with those of shareholders and other external stakeholders
- Be simple and understandable, both internally and externally
- Have a significant proportion tied to the achievement of stretching performance conditions to ensure individuals are rewarded fairly for success, while ensuring prevention of rewards for failure
- Provide an appropriate balance between short- and long-term performance targets linked to the delivery of the Company's strategic plan and aligned with the Company's risk appetite
- Take account of good governance and promote the long-term success of the Group
- Consider the wider pay environment, both internally and externally

In seeking to achieve the above objectives, the Committee is mindful of the views of a broad range of stakeholders and accordingly takes account of a number of factors when setting remuneration, including market conditions, pay and employment conditions across the Group, the expectations of institutional shareholders and feedback from shareholders and other stakeholders.

Remuneration Policy table
The table below sets out, for each element of pay, a summary of how remuneration is structured and how it supports the Company's strategy.

Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Base salary			
To help recruit and retain executives of suitable caliber to deliver the Company's strategic goals and business outputs. Reflects the individual's experience, performance and responsibilities within the Company.	Salaries are normally reviewed annually with any changes taking effect from 1st January each year. Salaries are set taking into consideration number of factors, including: – Individual and Company performance – Skills and experience of each individual – Responsibilities and accountabilities of each role – Mix of package of the individual – Salary increases for the overall employee population – Changes in size or complexity of the Company – Market competitiveness – External indicators, such as inflation The Committee aims to set levels that are broadly aligned with equivalent roles at relevant peers and other companies of broadly comparable size and complexity, taking into account the country in which the Director is based where appropriate.	In considering any increase in base salary, if any increase is to be made the Committee is guided by the general increase for the broader employee population. However, more significant increases may be awarded from time to time in certain circumstances. For example, an increase in the individual's role or responsibility, an increase in the scale or complexity of the Company, or when an individual has been appointed to a new role at a below market salary while gaining experience.	Executive Director performance is a factor considered when determining salaries.

Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Benefits			
To provide a market competitive benefits package to assist with recruitment and retention of Executive Directors of suitable caliber.	Benefits may include, but are not limited to, private medical insurance, dental insurance, Company car or allowance, life assurance and income protection. Under certain circumstances, additional benefits in relation to relocation or expatriation may be provided. Executive Directors are eligible for other benefits which are introduced for the wider workforce on broadly similar terms. Any reasonable business related expenses (including tax thereon) incurred in connection with the role may be reimbursed.	There is no formal maximum limit as benefit costs can fluctuate depending on changes in provider cost and individual circumstances	Not performance related.
Pensions			
To provide a market competitive pension package to assist with recruitment and retention of Executive Directors of suitable caliber.	The Company may make contributions, or payment in lieu of contributions, to a pension scheme. The current President & CEO does not receive any pension contributions.	Up to 20% of base salary per annum.	Not performance related.
Annual performance bonus			
To incentivize and reward the achievement of annual strategic business priorities. Delivery of a proportion of remuneration in shares reinforces retention and provides alignment with the interests of shareholders over the longer-term.	Annual bonuses are subject to achievement of stretching performance conditions, which are set by the Committee at the start of each financial year. At the end of the year, the Committee determines the extent to which these were achieved. Annual bonuses are payable in cash, with any bonus earned in excess of the target bonus deferred into shares which vest after at least two years subject to continued employment. Participants may also be entitled to receive dividend equivalents on share awards that vest. Bonus payments, including deferred bonus awards, are subject to recovery and withholding provisions in certain circumstances, including in the event of a material misstatement of accounts, an error in assessing the performance condition, serious misconduct, or any other exceptional circumstances which the Committee considers justify the operation of the recovery and withholding provisions.	The maximum bonus opportunity is 100% of base salary with 50% of maximum payable for on-target performance and 25% of maximum payable for threshold performance.	Performance is measured over the financial year. Performance measures and weightings are determined by the Committee each year and may vary to take into account changes in the business strategy. At least 70% of the bonus will be subject to corporate objectives (such as EBITDA, cash flow, growth targets, Health & Safety and other corporate measures) with the balance being subject to measurable individual objectives. The Committee may adjust the bonus outcome if it considers that the pay-out is inconsistent with the Company's overall performance, taking into account any relevant factors. The Committee will consult with major shareholders if appropriate before any exercise of its discretion to increase the bonus outcome. In addition, the Committee has absolute discretion as to the amount of any bonus outcome, notwithstanding achievement of the measures applicable to the bonus, which may take into account the Company's underlying performance.

Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Long-Term Incentive Plan (LTIP)			
To reward delivery of sustained long-term performance and incentivize successful execution of business strategy over the longer term. Facilitates share ownership to provide further alignment with shareholders.	Awards will normally be granted annually to Executive Directors in the form of conditional free shares or nil (or nominal) cost options that normally vest after three years subject to performance conditions and continued service. Following vesting, awards will normally be subject to a holding period whereby vested awards, net of tax, must be retained for at least a further two years. Participants may also be entitled to receive dividend equivalents on awards that vest. Awards are subject to recovery and withholding provisions in certain circumstances, including in the event of a material misstatement of accounts, an error in assessing the performance condition, serious misconduct, or any other exceptional circumstances which the Committee considers justify the operation of the recovery and withholding provisions.	The maximum award level is 100% of base salary per annum. No more than 25% of each performance element may vest for threshold performance.	Performance is normally measured over three years. The performance metrics for the initial awards have not yet been finalized. The Committee has the flexibility to vary measures and weightings, including introduction of new measures, for each award taking into account business priorities at the time of grant. The Committee may reduce the vesting outcome if it considers that the level of vesting is inconsistent with the Company's overall performance, taking into account any relevant factors.
Share ownership guidelines			
To encourage Executive Directors to build a meaningful shareholding in the Company so as to further align interests with shareholders.	Executive Directors are required to retain at least half of any share awards vesting (net of tax) under the Company's discretionary share based employee incentive schemes until the guideline is met. Shares owned outright on or following Admission will count towards the guideline.	Executive Directors are required to build and retain a shareholding in the Company equivalent to at least 200% of their base salary.	Not performance related.

Chairman and Non-Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Fees			
To attract and retain a high-caliber Chairman and Non-Executive Directors by offering market-competitive fee levels.	The Company Chairman is paid a single annual fee. Non-Executive Directors are paid an annual basic fee, plus additional fees for additional responsibilities such as a Committee Chairmanship and the role of Senior Independent Director, to reflect their extra responsibilities and time commitments. Non-Executive Directors are encouraged to purchase shares in the Company annually to the value of 25% of their gross fees. The Chairman's fee is reviewed annually by the Committee and Chief Executive. Fee levels for Non-Executive Directors are determined by the Company Chairman and Executive Directors. Fee levels are set taking into consideration market levels in comparably sized companies, the time commitment and responsibilities of the role, and the experience and expertise required. The Chairman and Non-Executives are not eligible to participate in incentive arrangements or to receive any pension. Reasonable travel, accommodation and other business-related expenses incurred in carrying out the role will be reimbursed by the Company, including any tax thereon.	There is no maximum level of fees. When reviewing fee levels, account is taken of market movements in Non-Executive Director fees, Board Committee responsibilities, ongoing time commitments and the general economic environment.	Not performance related.

Notes to the policy table

Prior commitments and PIP
For the duration of this Policy, the Company will honor any commitments made in respect of current or former Directors before the date on which either: (i) the Directors' remuneration policy becomes effective; or (ii) an individual becomes a Director, even where such commitments are not consistent with the policy set out in this report or prevailing at the time any such commitment is fulfilled. For the avoidance of doubt, all outstanding historical awards that were granted in connection with, or prior to, listing including those made by ContourGlobal LP under the PIP remain eligible to vest based on their original or modified terms. In addition, the Policy will cover any additional awards to be made by ContourGlobal LP under the PIP.

Performance measures and target setting
The Committee determines performance conditions for incentives that are appropriately challenging and tied to the delivery of key business objectives and the Company's overall strategy. The Committee retains flexibility in the Policy on the specific measures used for each award to ensure alignment with the strategic priorities prevailing at the time they are set.

Annual bonus measures are determined at the start of each financial year, based on the key business priorities for the year ahead. LTIP measures are determined at the time of grant of each award, and are selected to support the Company's long-term strategy and align with the long-term goal to create value for shareholders.

Targets for the annual bonus and LTIP are reviewed annually to ensure they remain sufficiently challenging but achievable, taking into account a range of internal and external reference points, including internal budgets and analyst consensus forecasts.

Recovery and withholding provisions
Awards under the annual bonus, including deferred bonus awards, and the LTIP are subject to recovery and withholding provisions which permit the Committee, in its discretion, to reduce the size of any future bonus or share award granted to the employee, to reduce the size of any granted but unvested share award held by the employee, or to require the employee to make a cash payment to the Company. The circumstances in which the Company may apply the provisions include a material misstatement of accounts, an error in assessing the performance condition, serious misconduct on the part of a participant, or any other exceptional circumstances which the Committee considers justify the operation of the recovery and withholding provisions.

In respect of cash bonus payments, the recovery and withholding provisions apply for one year from the date of payment of the bonus (or, if later, the date of publication of the Company's financial results for the year following the relevant year over which the bonus was earned).

In respect of deferred bonus awards, the provisions apply up until the third anniversary of the date on which the relevant award was granted, and in respect of any other awards under the LTIP, the provisions apply up until the third anniversary of the date on which the relevant award vests.

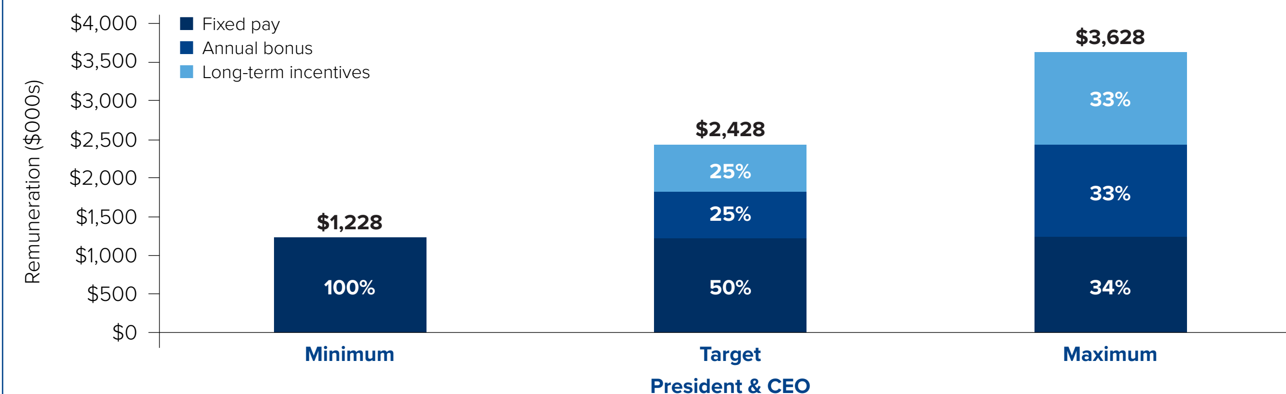
Committee discretion
The Committee operates under the powers it has been delegated by the Board. In addition, it complies with rules that are either subject to shareholder approval (Long-Term Incentive Plan) or by approval from the Board (annual performance bonus scheme). These rules provide the Committee with certain discretions which serve to ensure that the implementation of the remuneration policy is fair, both to the individual Director and to the shareholders. The Committee also has discretions to vary the level of the various components of remuneration. The extent of such discretions is set out in the relevant rules, and the maximum opportunity or performance metrics section of the policy table above. To ensure the efficient administration of the variable incentive plans outlined above, the Committee will apply certain operational discretions.

These include the following:

- Selecting the participants in the plans on an annual basis
- Determining the timing of grants of awards and/or payments
- Determining the quantum of awards and/or payments (within the limits set out in the policy table above)
- Determining the extent of vesting based on the assessment of performance
- Determining whether malus or clawback shall be applied to any award in the relevant circumstances and, if so, the extent to which it shall be applied
- Making the appropriate adjustments required in certain circumstances, for instance for changes in capital structure
- Determining "good leaver" status for incentive plan purposes and applying the appropriate treatment
- Undertaking the annual review of weighting of performance measures and setting targets for the annual bonus plan and other incentive schemes, where applicable, from year to year

If an event occurs which results in the annual bonus plan or LTIP performance conditions and/or targets being deemed no longer appropriate (e.g. material acquisition or divestment), the Committee will have the ability to amend the performance conditions and/or targets, provided that the revised conditions are not materially less challenging that the original conditions. Any use of the above discretion would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

Remuneration scenarios for Executive Directors
The charts below show an estimate of the 2018 remuneration package for the President & CEO, Joseph C. Brandt, who is the only Executive Director, under three assumed performance scenarios, ("minimum", "target" and "maximum"), based on the Remuneration Policy set out above.



The scenarios above are based on the following assumptions, and exclude any share price growth or dividends:

Remuneration component		Minimum	Target	Maximum
Fixed pay	Base salary	Base salary as at 1st January 2018 ($1.2m for the President & CEO)		
	Pension	The President & CEO receives no pension contribution		
	Benefits	Estimated value for 2018 under the Remuneration Policy		
Annual bonus		No bonus payable	Target bonus (50% of maximum)	Maximum bonus (100% of salary)
LTIP		No LTIP vesting	Target vesting (50% of maximum)	Maximum vesting (100% of salary)

Approach to recruitment or promotion
The Committee's approach when considering the remuneration arrangements in the recruitment of a new Executive Director is to take account of the caliber, expertise and responsibilities of the individual, his or her remuneration package in their prior role, and market rates, without paying more than is necessary to facilitate their recruitment. The remuneration package for a new Executive Director will be set in accordance with the terms of the Company's approved remuneration policy in force at the time of appointment and the maximum limits set out therein subject to any variation in or additional elements as set out below:

Salary	The Committee has the flexibility to set the salary of a new Executive Director at a discount to the market level initially, with a view to increasing it in phases over the following few years to bring the salary to the desired positioning, subject to individual performance. In exceptional circumstances, the Committee has the ability to set the salary of a new Executive Director at a rate higher than the market level to reflect the criticality of the role and the experience and performance of the individual.
Benefits	The Company may award certain additional benefits and other allowances including, but not limited to, those to assist with relocation support, temporary living and transportation expenses, educational costs for children and tax equalization, to allow flexibility to secure the best candidate, including an overseas national.
Pension	Any new Executive Director may be eligible to receive a pension or pension allowance, insurance and other benefit programs in line with local practice.
Variable pay	Maximum bonus and LTIP award opportunities for any new Executive Director shall, notwithstanding the maximum opportunities specified in the policy table above, be 150% of salary for bonus and 200% of salary for LTIP awards. Depending on the timing and responsibilities of the appointment, it may be necessary to set different performance measures and targets, and different vesting and/or holding periods, as applicable to other Executive Directors in the year of appointment.
Replacement awards	In addition to the above, the Committee may offer additional cash and/or share-based awards in order to "buy-out" remuneration forfeited on leaving a former employer, where necessary to facilitate the recruitment of a new Executive Director. Any such payments would be limited to what is felt to be a fair estimate of the value of the remuneration foregone when leaving the former employer, and would be structured so as to be, to the extent practicable, no more generous in terms of fair value and other key terms than the awards it is replacing, including time to vesting and any performance conditions.
Internal appointments	Remuneration will be set in line with the policy detailed above as amended by the additional provisions for external recruits. Where an individual has contractual commitments made prior to their appointment in respect of their prior role, the Company will continue to honor these arrangements.

The terms of appointment for a Non-Executive Director will be in accordance with the remuneration policy for Non-Executive Directors as set out in the policy table.

Service contracts and termination policy
In accordance with long-established policy, Executive Directors have rolling service agreements which may be terminated in accordance with the terms of these agreements. The period of notice for Executive Directors will not normally exceed 12 months. Executive Directors' service agreements are available for inspection at the Company's registered office during normal business hours.

Generally, in the event of termination, the Directors' service contracts provide for payments of base salary, pension and benefits over the notice period. The Company may elect to make a payment in lieu of notice (PILON) equivalent in value to basic salary, benefits and pension for any unexpired portion of the notice period. PILON payments may be made in monthly instalments or as a lump sum. The individual is expected to take reasonable steps to seek alternative income to mitigate the payments.

Any outstanding incentive awards will be treated in accordance with the plan rules as follows:

Plan	Treatment on cessation
Cash annual bonus	There is no contractual right to any bonus payment in the event of termination; however, the Committee may exercise its discretion to pay a bonus for the period of employment, based on performance assessed after the end of the financial year. Any bonus paid will normally be pro-rated for time.
Deferred bonus	Any outstanding deferred bonus award will ordinarily vest in full on the normal vest date (or, in the case of death or in any other circumstances at the discretion of the Committee, at the date of cessation). However, if a participant ceases to be employed due to their dismissal for serious misconduct, the awards shall lapse.
LTIP	The default treatment is for any outstanding LTIP award to lapse on cessation of employment. However, if a participant is deemed to be a "good leaver" in certain prescribed circumstances such as injury, disability, retirement, their employing Company or the business for which they work being sold out of the Group or other circumstances at the Committee's discretion, their awards will ordinarily vest on the original vesting date to the extent that the performance conditions have been satisfied, and will normally be subject to time pro-rating for the proportion of the vesting period served. Alternatively, the Committee may determine that awards for good leavers will vest early on cessation, subject to performance conditions measured at that time and ordinarily pro-rating for the proportion of the vesting period served. Such treatment shall apply in the case of death. In the event of a Change of Control, awards will vest early subject to the achievement of performance conditions, and will normally be time pro-rated for the proportion of the vesting period served.
PIP	Unvested shares will ordinarily be forfeited in the event of resignation prior to the relevant vesting date.

Current Executive Director

Name	Date of service contract	Unexpired term of contract at 31st December 2017	Notice period
Joseph C. Brandt	14th November 2017	**n/a**	6 months either party

The President & CEO's service contract states that, in certain circumstances, he is entitled to any cash annual bonus earned but unpaid in respect of the prior financial year, and he is also entitled to certain benefits for a period of up to six months following termination. His service contract also states that any PILON would be payable in a lump sum.

The Company is unequivocally against rewards for failure; the circumstances of any departure, including the individual's performance, would be taken into account in every case. Statutory redundancy payments may be made, as appropriate. Service agreements may be terminated summarily without notice (or on shorter notice periods) and without payment in lieu of notice in certain circumstances, such as gross misconduct or any other material breach of the obligations under their employment contract. The Company may require the individual to work during their notice period or may place them on garden leave during which they would be entitled to salary, benefits and pension only.

Any statutory entitlements or sums to settle or compromise claims in connection with a termination (including, at the discretion of the Committee, reimbursement for legal advice and provision of outplacement services) would be paid as necessary.

Policy on external appointments
The Board believes that it may be beneficial to the Group for executives to hold Non-Executive Directorships outside the Group. Any such appointments are subject to approval by the Board, and will be determined based on the impact on their role within the Company. The Board will determine on a case-by-case basis whether the Directors will be permitted to retain any fees arising from such appointments. The President & CEO currently does not hold any external directorships.

Non-Executive Directors' terms of engagement
All Non-Executive Directors have letters of appointment with the Company for a three-year term. In any event, each appointment is terminable by either party on one month's written notice. All Non-Executive Directors are subject to annual re-election at each AGM. The Chairman and Non-Executive Directors are only entitled to fees accrued to the date of termination.

The dates of appointment of each of the Non-Executive Directors serving at 31st December 2017 are summarized in the table below.

Non-Executive Directors	Term of appointment	Date of appointment
Craig A. Huff (Chairman)	**3 years**	**23rd October 2017**
Daniel Camus	**3 years**	**23rd October 2017**
Ruth Cairnie	**3 years**	**3rd January 2018[1]**
Dr. Alan Gillespie	**3 years**	**23rd October 2017**
Ronald Trächsel	**3 years**	**23rd October 2017**
Alejandro Santo Domingo	**3 years**	**23rd October 2017**
Gregg M. Zeitlin	**3 years**	**23rd October 2017**

1 Ruth Cairnie was not serving at 31st December 2017.

Directors' letters of appointment are available for inspection at the Company's registered office during normal business hours and will be available for inspection at the AGM.

Consideration of employment conditions elsewhere in the Group
The Committee receives regular updates throughout the year on pay and conditions applying to employees across the Company, and takes these into account when setting remuneration for Executive Directors. The Committee seeks to ensure that the underlying principles which form the basis for decisions on Executive Directors' pay are consistent with those on which pay decisions for the rest of the workforce are taken. In particular, the Committee takes into account the general base salary increase for the broader employee population when determining any annual salary increases and the remuneration packages for the Executive Directors.

While the Committee does not currently consult directly with employees regarding its policy for Directors, the Committee will consider the proposals being introduced as part of the FRC's updated UK Corporate Governance Code in 2018 and will determine accordingly the best method of bringing the employee voice to the Boardroom.

The remuneration of senior managers below Board is reviewed by the Committee on an annual basis. The remuneration packages of these executives are broadly consistent with the policy outlined above, with selected senior managers eligible to participate in the LTIP, save that different bonus and LTIP opportunities may be applicable and performance measures may vary to ensure relevance to individuals. Bonus deferral will apply to the significant majority of senior managers but the two year holding period under the LTIP will not apply. Unlike Executive Directors, senior managers may receive awards of restricted shares without performance conditions. The remuneration of employees that are not senior managers generally include market based salary, benefits, and discretionary bonuses.

Consideration of shareholders' views
The Committee is committed to open dialogue with shareholders and will seek to engage directly with them and their representative bodies when considering any material changes to remuneration arrangements. In addition, shareholder feedback received in relation to the AGM, as well as any additional feedback and guidance received during the year, will be considered by the Committee as it develops the Company's remuneration framework and practices going forward. Assisted by its independent advisor, the Committee actively monitors developments in the expectations of institutional investors and their representative bodies.

Annual Report on Remuneration

Membership of the Remuneration Committee during the year is shown below. The Company listed on the London Stock Exchange on 14th November 2017. There were no Committee meetings between listing and the end of the 2017 financial year.

Chairman: Daniel Camus

Other members: Ronald Trächsel* and Dr Alan Gillespie

*Ruth Cairnie joined the Committee on 21st February 2018, and Ronald Trächsel stepped down from the Committee on the same date.

The Board considers each of the members of the Committee to be independent in accordance with the Code. The Chairman of the Board and members of management, including the Chief Executive Officer or other senior executives, may also attend meetings of the Committee by invitation, but will not be present when matters relating to their own remuneration are discussed. The Company Secretary, or his or her nominee, will act as Secretary to the Committee, to ensure that the Remuneration Committee fulfills its duties under its terms of reference and will provide regular updates to the Remuneration Committee on relevant regulatory developments in the UK.

The report has been prepared in accordance with the provisions of the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It also meets the requirements of the UK Listing Authority's Rules and the Disclosure and Transparency Rules, and has been prepared in line with the recommendations of the UK Corporate Governance Code and the voting guidelines of major UK institutional investor bodies.

Introduction

This section sets out details of the remuneration of the Executive Director and Non-Executive Directors (including the Chairman) earned between 26th September 2017 and 31st December 2017 and also describes the operation of the Remuneration Committee. The Annual Report on Remuneration will, together with the Annual Statement of the Remuneration Committee Chairman on page 65, be proposed for an advisory vote by shareholders at the forthcoming Annual General Meeting (AGM) to be held on 25th May 2018. Where required, data has been audited by PricewaterhouseCoopers LLP and this is indicated where appropriate. In preparing this report, consideration has been given to any legal requirements, the UK Corporate Governance Code, the UK Listing Rules, and the GC100 and Investor Group Directors' Remuneration Reporting Guidance.

Role of the Remuneration Committee

The Remuneration Committee's responsibilities are set out in its Terms of Reference which are available to shareholders on request from the Company Secretary and on the Company's website (www.ContourGlobal.com). Its role includes:

- Setting the remuneration policy for all Executive Directors and Senior Management of the Company, and the Chairman of the Board, including pension rights and any compensation payments and their cost, and recommending and monitoring the level and structure of remuneration of the Senior Management
- Within the terms of the agreed remuneration policy and in consultation with the Chairman of the Board and/or Chief Executive, as appropriate, determine the total individual remuneration package of each Executive Director and the Chairman of the Board and other senior management including bonuses, incentive payments and share option or other share awards
- Approve the design of, and determine targets for, any performance related pay schemes operated by the Company, review performance against such targets and approve total annual payments made under such schemes
- Ensure that contractual terms on termination, and any payments made, are fair for the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognized

In carrying out its duties the Remuneration Committee takes into account any legal requirements, the UK Corporate Governance Code and UK Listing Rules. Determining the fees of the Non-Executive Directors is a matter for the Board as a whole on the recommendation of the Chairman and President & CEO.

External advisors to the Committee

Material advice or services were provided to the Committee during the year by the following advisor who was appointed by the Committee. The advisor was selected based on the firm's extensive knowledge of the Company and policies based on their work during the IPO process. The Remuneration Committee solicited a proposal from the advisor that was reviewed at the Committee and the Committee will review the objectiveness and independence of the advisor on an annual basis.

Advisor	Area of advice/services provided
Remuneration Consultants – Aon	Independent remuneration consultants to the Committee. Provisions of advice on all aspects of executive remuneration including development of remuneration policy, design and implementation of incentive plans, guidance on performance metrics and targets, benchmarking exercises, and updates on developments in best practice and market practice. Aon advised the Company on remuneration-related matters in advance of the Listing and received fees of £141,000 in respect of this advice. Aon does not have any other connection with the Group and therefore the Committee is satisfied that they provide objective and independent advice. Aon is a member of the Remuneration Consultants Group and is a signatory to its voluntary Code of Conduct, which requires its advice to be objective and independent.

Single total figures of remuneration (audited information)

The table below sets out a single figure for the total remuneration received by the Executive Director and Non-Executive Directors between the date of incorporation of the Company (26th September 2017) and 31st December 2017. As the Company listed on 14th November 2017, part of the 2017 remuneration relates to the period when the Company was privately owned:

2017[1]	Base salary and fees $000	Taxable Benefits[2] $000	Annual Bonus[3] $000	Long-term incentives[4] $000	Pension $000	Total
Joseph C Brandt	250	6	187	–	–	443
Total	***250***	***6***	***187***	**–**	**–**	***443***
Craig A. Huff	63	–	–	–	–	63
Daniel Camus	17	–	–	–	–	17
Ruth Cairnie[5]	–	–	–	–	–	–
Dr Alan Gillespie	19	–	–	–	–	19
Ronald Trächsel	17	–	–	–	–	17
Alejandro Santo Domingo	14	–	–	–	–	14
Gregg M. Zeitlin	14	–	–	–	–	14
Total	***144***	**–**	**–**	**–**	**–**	***144***

1 Non-Executive Director fees are paid in £ sterling. The numbers in the table have been converted to $ using the average exchange rate from 26th September 2017 to 31st December 2017 of $1.33:£1.
2 Benefits include medical insurance, dental insurance, life assurance and disability cover
3 Annual bonus for 2017 corresponds to the proportion of the annual bonus from 17th October 2017 to 31st December 2017. 80% of this will be paid in cash in 2018 and the balance will be deferred into shares for two years
4 There were no long-term incentive awards vesting based on performance ending in 2017
5 Appointed on 3rd January 2018

2017 Annual Bonus

In 2017 there was no approved Remuneration Policy for a public company in place. Bonus targets were set in the manner that had applied historically in the Company. The targets applying to the annual bonus for the year ended 31st December 2017 related to the Company's growth and key operational and financial metrics including Adjusted EBITDA performance. As these were set in the context of the Company being a privately owned company and being unlisted for the vast majority of the financial year the full details of the actual targets are not disclosed.

For the President & CEO, the bonus opportunity depended on achievement of corporate objectives (70%) and individual objectives (30%) as set out in the following table together with the result achieved.

Measure	Result
Adjusted EBITDA	**$513.2m**
Funds from Operations	**$255.9m**
Growth	**Exceeded/Achieved**
Operational excellence[1]	**Exceeded/Achieved**
Individual objectives[2]	**Exceeded/Achieved**

1 Operational excellence is measured against Operations and Corporate Services KPIs and objectives and includes Health & Safety
2 Individual objectives are measured against individual KPIs

The Committee determined that the corporate targets were all met or exceeded, with outstanding performance on safety. On individual performance, successful delivery of the IPO was a key outcome. Overall, the Committee determined that the President & CEO's bonus for 2017 was 75% of his salary.

At the request of the President & CEO and taking into account the introduction of bonus deferral in the new policy being adopted, a bonus of $720,000 was payable in cash and the balance of $180,000 was deferred into shares for two years.

In the future, bonuses will be set in line with the approved Remuneration Policy in place at that time, and details of measures, weightings, targets and performance achieved against the targets will be disclosed retrospectively in the following year's Annual Report on Remuneration to the extent that they are no longer commercially sensitive.

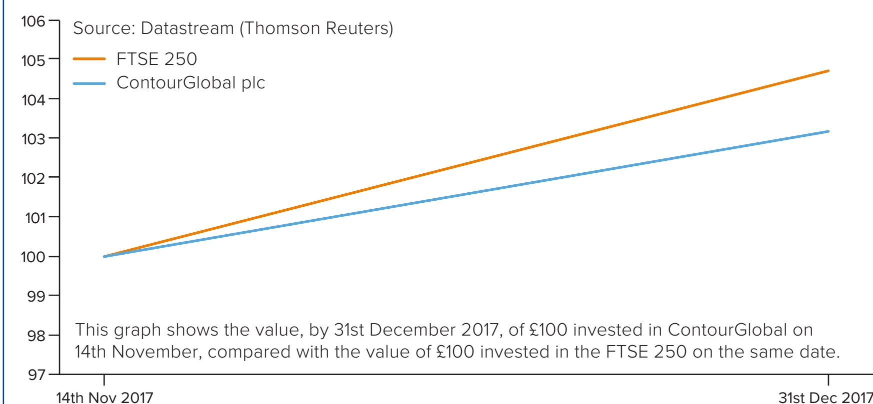
Long-term incentive awards with performance periods ending in the year (audited information)
There were no long-term incentive awards capable of vesting in relation to performance in the year.

Long-term incentive awards granted in 2017 (audited information)
There were no awards granted under the LTIP during FY2017. The first awards under the new LTIP will be made during FY2018.

Percentage change in the remuneration of the Chief Executive Officer
As the Company listed and was incorporated during 2017, there is no disclosure of remuneration relating to prior years. Accordingly, this Report does not set out the percentage change in remuneration between 2016 and 2017. Full disclosure of the year on year change will be provided in future remuneration reports.

Comparison of overall performance and pay
The chart below shows the Company's Total Shareholder Return performance compared with that of the FTSE 250 over the period from the date of the Company's admission onto the London Stock Exchange to 31st December 2017. The FTSE 250 Index has been chosen as an appropriate comparator as it is the index of which the Company is a constituent and as the Company currently falls within this index by market capitalization. TSR is defined as the return on investment obtained from holding a company's shares over a period. It includes dividends paid, the change in capital value of the shares and any other payments made to or by shareholders within the period.

Total shareholder return



The total remuneration for the President & CEO in 2017, since the Company became the holding company of the Group on 17th October 2017, is shown in the table below, along with the value of bonuses paid and LTIP vesting, as a percentage of the maximum opportunity.

Joseph C. Brandt, President & CEO	2017
Total remuneration (000)	**$443**
Actual bonus (% of maximum)	**75%[1]**
LTIP vesting (% of maximum)	**N/A[2]**

1 The President & CEO voluntarily agreed to a cap of 100% on his annual bonus for 2017
2 There were no LTIP awards vesting based on a performance period ending in 2017

Relative importance of the spend on pay
The following table shows the Company's actual spend on pay for all employees compared to Group performance in 2017. As the Company was incorporated and listed during 2017, there were no distributions to shareholders in respect of the period and therefore there is no disclosure relating to the percentage change in dividend distributions between 2016 and 2017. Full disclosure of the year on year change will be provided in future remuneration reports.

	2016 $000	2017 $000	% change
Employee costs	N/A	**67.5**	N/A
Average number of employees	N/A	**1,873**	N/A
Adjusted EBITDA	N/A	**513.2**	N/A

Implementation of Remuneration Policy for Executive Directors in 2018

Base salary
Salary reviews are normally carried out in January every year, with any increases taking effect from 1st January in that year. The Committee approved the following base salary for the President & CEO with effect from the date of Admission (14th November 2017), and this will remain unchanged for 2018.

Executive Director	Base salary for 2017	Base salary effective from 1st January 2018
Joseph C Brandt	**$1,200,000**	**$1,200,000**

Benefits and Pension
The President & CEO will continue to benefit from medical insurance, dental insurance, life assurance, disability cover which cumulatively amount to $28k a year but does not participate in a Company pension scheme nor receive any Company contribution in respect of pension.

Annual Bonus
The operation of the annual bonus for 2018 will be consistent with the framework detailed in the policy section of this report. The maximum opportunity for the year ending 31st December 2018 will be 100% of salary for the President & CEO. Awards will be based 70% on a number of corporate objectives (adjusted EBITDA, Funds from Operations, Growth, Operational excellence and Health & Safety), and 30% on personal objectives.

Target levels have been set to be challenging relative to the 2018 business plan. Specific targets are deemed to be commercially sensitive at this time. However, the Committee intends to disclose these retrospectively in next year's Remuneration Report to the extent that they do not remain commercially sensitive.

In line with the Policy, any bonus earned above the target bonus level (50% of salary) will be deferred in shares vesting after two years. Recovery and withholding provisions will apply to cash and deferred bonus awards in certain circumstances, including in the event of a material misstatement of accounts, an error in assessing the performance condition, or serious misconduct.

LTIP
The operation of the LTIP for 2018 will be consistent with the framework detailed in the policy section of this report. The award to the President & CEO in 2018 will be 100% of salary. Vesting of the award will be subject to performance achieved over a three-year period from 1st January 2018 to 31st December 2020, based on terms and performance conditions to be determined. These will be disclosed when awards are made.

The award vests after three years, with any vested awards subject to a further two-year holding period during which the post-tax number of shares cannot be sold. In line with the Policy, recovery and withholding provisions will apply to awards in certain circumstances, including in the event of a material misstatement of accounts, an error in assessing the performance condition, or serious misconduct.

Implementation of Non-Executive Director Remuneration Policy in 2018
The annual fees for serving as the Chairman or a Non-Executive Director were reviewed and agreed by the Board on 23rd October 2017, and remain unchanged in 2018. The fee levels that apply as at 1st January 2018 are therefore as set out below.

Base Fees	Fees effective from 23rd October 2017	Fees effective from 1st January 2018
Chairman	£250,000	**£250,000**
Non-Executive Director	£55,000	**£55,000**
Additional Fees		
Senior Independent Director	£20,000	**£20,000**
Audit Committee Chair	£12,000	**£12,000**
Remuneration Committee Chair	£12,000	**£12,000**

Each Non-Executive Director will also be entitled to reimbursement of reasonable business-related expenses, including any tax thereon.

Scheme Interests Awarded (audited information)
During the year, no scheme interests have been awarded to any Director.

Payments to past Directors and payments for loss of office (audited information)
During the year, the Company has not made any payments to past Directors; neither has it made any payments to Directors for loss of office.

Statement of Directors' shareholdings and share interests (audited information)
The Remuneration Committee has approved share ownership guidelines which require the President & CEO to accumulate and maintain a holding in ordinary shares in the Company equivalent to no less than 200% of salary. At least 50% of any vested share awards (net of tax) must be retained until the guideline is achieved. The President & CEO has met his shareholding requirement, as shown in the table below.

	Total number of beneficially owned shares at 31st December 2017	Unvested interests in share schemes awarded without performance conditions at 31st December 2017	Unvested interests in share incentive schemes awarded subject to performance conditions as at 31st December 2017[1]	Shareholding requirement (% of basic salary)	Current shareholding (% of basic salary)
Joseph C Brandt	**1,654,452**	**–**	**–**	**200%**	**484%**

1 The President & CEO is part of the PIP, under which he will receive unvested interests in shares. The allocation of shares to individuals under the PIP and final terms attached to those awards is still subject to finalization, however, the number of shares awarded could be substantial.

The President & CEO is subject to lock up arrangements in respect of his Ordinary Shares held in the Company for a period of 365 days from the date of the Underwriting Agreement (8th November 2017). There were no changes to the Executive Directors' interests in the Company's shares during the period between 31st December 2017 and 4th April 2018.

Non-Executive Directors' shareholdings (audited information)

Non-Executive Director	Shareholding as at 31 December 2017
Craig A. Huff[1]	–
Daniel Camus	–
Ruth Cairnie[3]	–
Dr Alan Gillespie	**200,000[4]**
Ronald Trächsel	**24,000[4]**
Alejandro Santo Domingo[2]	–
Gregg M. Zeitlin[1]	–

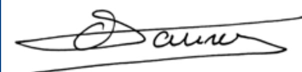
1 Craig A. Huff and Gregg M. Zeitlin each has an indirect interest in Ordinary Shares as a result of their interests in entities controlled by Reservoir Capital that in turn have indirect interests in the Company
2 Alejandro Santo Domingo has an indirect interest in Ordinary Shares as a result of having a discretionary shared interest in certain entities which have indirect interests in the Company. Alejandro Santo Domingo disclaims all beneficial interests and control in respect to such ordinary Shares
3 Appointed on 3rd January 2018
4 As disclosed in the Prospectus, at Admission Dr. Alan Gillespie and Ronald Trächsel were issued ordinary shares in the Company at the offer price, by way of private subscription.

All Non-Executive Directors are subject to lock up arrangements in respect of their Ordinary Shares held in the Company for a period of 365 days from the date of the Underwriting Agreement (8th November 2017). There are no other share ownership guidelines for Non-Executives Directors. There were no changes to the Non-Executive directors' interests in the Company's shares during the period between 31st December 2017 and 4th April 2018.

Statement of Voting on the Remuneration Report at the AGM
This is the Company's first year as a public company and therefore the 2018 AGM will be our first AGM. This means that there is no historical voting to disclose on the Company's Executive remuneration. Details of the 2018 AGM voting results on the Policy and on the Annual Report on Remuneration will be disclosed in next year's Directors' Remuneration Report.

The Chairman of the Remuneration Committee will engage with the Company's major investors concerning the Company's approach to remuneration, and will report back to the other members of the Remuneration Committee on such dialogue as necessary.

Approval
This report was approved by the Board of Directors, on the recommendation of the Remuneration Committee, on 4th April 2018 and signed on its behalf by:



Daniel Camus
Chairman of the Remuneration Committee

4th April 2018

Directors' report

In accordance with section 415 of the Companies Act 2006, the Directors of ContourGlobal plc present their report to shareholders on the audited consolidated Financial statements for the year ending 31st December 2017. Additional information incorporated into this Directors' report, including information required in accordance with the Companies Act 2006, can be found as follows:

Disclosure	Location
Financial risk management objectives and policies (including hedging policy and use of financial instruments)	Notes 4.14, 4.15 and 4.17 to the financial statements – pages 116 to 120
Future business developments	Strategic Report – pages 2 to 47
Going concern	Strategic Report – page 47
Greenhouse gas emissions	Strategic Report – page 32
Directors' responsibilities statement	Page 83
Events since the reporting date	Note 4.33 to the Consolidated Financial Statements
Diversity policy	Corporate Governance Report

For the purposes of LR 9.8.4CR, the information required to be disclosed by LR 9.8.4R can be found in the following locations:

Disclosure	Location
Interest capitalized	Note 4.7 to the Consolidated Financial Statements
Publication of unaudited financial information	*Not applicable*
Detail of long-term incentive schemes	Remuneration Report
Waiver of emoluments by a director	*Not applicable*
Waiver of future emoluments by a director	*Not applicable*
Non pre-emptive issues of equity for cash	*Not applicable*
Non pre-emptive issues of equity for cash in relation to major subsidiary undertakings	*Not applicable*
Parent participation in a placing by a listed subsidiary	*Not applicable*
Contract of significance in which a director is interested	*Not applicable*
Contracts of significance with a controlling shareholder	Relationship Agreement on page 81
Provision of services by a controlling shareholder	*Not applicable*
Shareholder waiver of dividends	*Not applicable*
Shareholder waiver of future dividends	*Not applicable*
Agreements with controlling shareholder	Relationship Agreement on page 81

The Company was incorporated on 26th September 2017 as a private company limited by shares under the name ContourGlobal Limited, registered number 10982736. On 24th October 2017, ContourGlobal Limited was re-registered as a public limited company and changed its name to ContourGlobal plc. ContourGlobal plc's issued ordinary share capital was admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange on 14th November 2017.

Directors
The Directors of the Company who held office during the year are:

	Appointed
Craig A. Huff	23rd October 2017
Joseph C. Brandt	26th September 2017
Ruth Cairnie*	
Daniel Camus	23rd October 2017
Alan Gillespie	23rd October 2017
Alejandro Santo Domingo	23rd October 2017
Ronald Trächsel	23rd October 2017
Gregg M. Zeitlin	23rd October 2017

*Ruth Cairnie was appointed after the period end on 3rd January 2018.

Biographies of the Directors who served on the Board during the year are provided in the Governance section on pages 50 and 51.

Results and dividends
The results for the year are set out in the consolidated income statement on page 92. As set out in the IPO prospectus, the declaration and payment by the Company of any future dividends and the amounts of any such dividends will depend on ContourGlobal's ability to maintain its credit rating, its investments, results, financial condition, future prospects, profits being available for distribution, consideration of certain covenants under the terms of outstanding indebtedness, and any other factors deemed by the Directors to be relevant at the time, subject always to the requirements of applicable laws. During the year 2017, ContourGlobal LP paid dividends of $54.2m on 19th April 2017 and ContourGlobal plc paid dividends of $21.3m on 8th November 2017. The Directors expect that dividends will be distributed bi-annually, with one third of expected dividends payable at the first bi-annual distribution, and two thirds payable at the second bi-annual distribution. The Directors recommend the payment of a final dividend of 2.6 cents (US dollar) per Ordinary share on 31st May 2018 subject to approval at the Annual General Meeting on 25th May 2018, with a record date of 4th May 2018.

Share capital
Details of the Company's share capital are set out in Note 4.22 to the Consolidated Financial Statements, including details on the movements in the Company's issued share capital during the year.

As of 31st December 2017, the Company's issued share capital consisted of 670,712,920 Ordinary shares. No shares are held in treasury. Therefore, the total number of voting rights in the Company is 670,712,920.

The Company's issued ordinary share capital ranks pari passu in all respects and carries the right to receive all dividends and distributions declared, made or paid on or in respect of the Ordinary shares.

Ordinary shareholders are entitled to receive notice of, and to attend and speak at, any general meeting of the Company. On a show of hands every shareholder present in person or by proxy (or being a corporation represented by a duly authorized representative) shall have one vote, and on a poll every shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder. The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies.

Other than the general provisions of the Articles of Association (and prevailing legislation), there are no specific restrictions on the size of a holding or on the transfer of the Ordinary shares except that pursuant to the terms of the Underwriting Agreement and certain other agreements entered into at IPO when the Company, the Major Shareholder (ContourGlobal LP) and the Directors agreed to enter into lock-up arrangements accordingly:

– The Major Shareholder agreed not to directly or indirectly effect an offer, sale, contract to sell, grant or sale of options over, purchase of any option or contract for to sell, transfer, charge, pledge, grant any right or warrant to purchase or otherwise transfer, lend, or dispose of directly or indirectly any Ordinary shares held by them for a period of 180 days from the date of Admission
– The Directors agreed not to directly or indirectly effect an offer, sale, contract to sell, grant or sale of options over, purchase of any option or contract for to sell, transfer, charge, pledge, grant any right or warrant to purchase or otherwise transfer, lend, or dispose of directly or indirectly any Ordinary shares held by them for a period of 365 days from the date of Admission

Other than stated above, the Directors are not aware of any agreements between holders of the Company's shares that may result in the restriction of the transfer of securities or on voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital.

Authority to purchase own shares
Subject to authorization by shareholder resolution, the Company may purchase its own shares in accordance with the Companies Act 2006. Any shares which have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase.

Prior to listing, the Company was generally and unconditionally authorized by its shareholders to make market purchases (within the meaning of section 693 of the Companies Act 2006) of up to a maximum of 67,071,292 of its Ordinary shares. The Company has not repurchased any of its Ordinary shares under this authority, which is due to expire at the AGM to be held on 25th May 2018, and accordingly has an unexpired authority to purchase up to 67,071,292 Ordinary shares with a nominal value of £670,712.92.

Articles of Association
The Company's Articles of Association were adopted pursuant to a resolution passed at a general meeting of the Company held on 8th November 2017. The Articles of Association may only be amended by special resolution at a general meeting of the shareholders.

Directors' appointment and re-election
The Board has the power at any time to elect any person to be a Director.

Under the Relationship Agreement, ContourGlobal LP is entitled to appoint two Non-Executive Directors to the Board while it continues to control 25% or more of the Company's shares. Further details of the Relationship Agreement can be found on page 81. The first such appointees by Reservoir Capital are Craig A. Huff and Gregg M. Zeitlin.

In accordance with the Company's Articles of Association, the Directors are subject to annual re-election by shareholders. All of the continuing Directors will stand for re-election at the Annual General Meeting to be held on 25th May 2018.

Powers of Directors
Subject to the Company's Articles of Association, the Companies Act 2006 and to any authorities provided by special resolution, the business of the Company is managed by the Board, which may exercise all the powers of the Company.

Directors' interests
Information on share ownership by Directors can be found in this Report and in the Remuneration Report on pages 74 to 78.

Directors' indemnities and director and officer liability insurance
As at the date of this report, the Company has granted qualifying third-party indemnities to each of its Directors against any liability that attaches to them in defending proceedings brought against them, to the extent permitted by the Companies Act. In addition, Directors and Officers of the Company and its subsidiaries have been and continue to be covered by director and officer liability insurance.

Research and development
ContourGlobal plc is constantly engaged in process and product innovation. For examples of the Company's R&D activities, please refer to the Business Review on pages 22 to 35.

Sustainable development
The Business review section of this report, on pages 22 to 35, focuses on the Company's health and safety, environmental compliance and employment performance and outlines the Company's core values and commitment to the principles of sustainable development and the development of community relations programs.

Political donations
It is the Company's policy not to make political donations. No political contributions were made in 2017.

Charitable donations
Please refer to page 34.

Overseas branches
ContourGlobal plc does not have any branches. A full list of the Group's controlled subsidiaries is disclosed in Note 4.28 of the Consolidated Financial Statements.

Corporate governance statement
The Disclosure and Transparency Rules (DTR 7.2) require certain information by a plc to be included in a Corporate Governance statement set out in a Company's Directors' report.

In common with many companies, ContourGlobal plc has, within its annual report, a Corporate Governance report that is separate from its Directors' Report. The information that fulfills the requirement of DTR 7.2 is located in the ContourGlobal Corporate Governance report (and is incorporated into this Directors' report by reference), with the exception of the information referred to in DTR 7.2.6, which is located in this Directors' report.

Major shareholdings
The table below shows the interests in Ordinary shares notified to the Company in accordance with the Disclosure Guidance and Transparency Rules as at 31st December 2017 and 4th April 2018 (being the latest practicable date not more than one month prior to the date of the Annual General Meeting notice).

	31st December 2017		4th April 2018	
	Number of ordinary shares	% of issued ordinary shares	Number of ordinary shares	% of issued ordinary shares
RCGM LLC	478,932,408	71	**492,224,445**	**73**
GIC Private Limited	59,914,000	9	**60,944,000**	**9**

Significant contractual arrangements
Relationship agreement
A Relationship Agreement is in place between the Company, ContourGlobal LP, the Reservoir Funds, Reservoir Capital and the Company President and Chief Executive officer, Joseph C. Brandt (the "Relationship Agreement"). The principal purpose of the Relationship Agreement is to ensure that the Company can carry on an independent business as its main activity. The Board is satisfied that the Company is capable of carrying on its business independently of the Controlling Shareholder and that the Board makes its decisions in a manner consistent with its duties to the Company and stakeholders of ContourGlobal plc. Further details on the Relationship Agreement can be found in the Corporate Governance Report on page 57.

Revolving Credit Facility
On 6th September 2017, CG Power Holdings, ContourGlobal LP (together with its permitted successors and assignees, the "Parent Guarantor"), ContourGlobal Worldwide Holdings Limited and certain other subsidiaries of the Company entered into a €50.0m senior secured revolving credit facility (RCF) with BNP Paribas, the effective date of which is 12th September 2017. Prior to Admission, ContourGlobal LP was replaced by the Company as parent guarantor under the Revolving Credit Agreement. The guarantees and all of the obligations under the RCF are secured by a first-priority lien on the shares of CG Power Holdings and on the capital stock of each RCF guarantor (other than the Parent Guarantor) and ContourGlobal LatAm S.A., subject to certain exceptions and release under certain circumstances. The RCF is scheduled to mature on 14th September 2020. Borrowings under the RCF bear interest at floating rates equal to either LIBOR plus 2.75% margin or Alternate Base Rate plus 1.75% margin.

Euro Bonds
On 17th June 2016, CG Power Holdings issued the Initial Euro Bonds in a private offering exempt from the registration requirements of the Securities Act 1933, as amended. In July 2016, CG Power Holdings issued an additional €50.0m aggregate principal amount of its 5.125% Senior Secured Notes due 2021. In February 2017, CG Power Holdings issued an additional €100.0m aggregate principal amount, which formed a single series with the Initial Euro Bonds. The Euro Bonds were issued pursuant to the Euro Bond Indenture.

The Euro Bond Indenture provides that ContourGlobal may:

(a) prior to 15th June 2018, redeem all or part of the Euro Bonds by paying 100% of the principal amount of the Euro Bonds redeemed plus a make-whole premium and accrued and unpaid interest, if any, to, but not including, the redemption date;

(b) prior to 15th June 2018, on one or more occasions, redeem through the use of net proceeds of specified equity offerings up to 35% of the principal amount of the Euro Bonds, upon giving prior notice, at a redemption price equal to 105.125% of the aggregate principal amount of the Euro Bonds being redeemed, plus accrued and unpaid interest and additional amounts, if any, to, the redemption date, provided that at least 65% of the original aggregate principal amount of the Euro Bonds remains outstanding after the redemption and the redemption occurs within 120 days of the date of the closing of such equity offering; and

(c) redeem all or part of the Euro Bonds on or after 15th June 2018 at the redemption price set forth in the Offering Memorandum.

If ContourGlobal sells certain of its assets or experiences specific kinds of changes in control (as defined in the Euro Bond Indenture), ContourGlobal must offer to purchase the Euro Bonds at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon to, but excluding, the date of purchase.

Annual General Meeting (AGM)
The 2018 AGM will be held on 25th May 2018 in London. At the AGM, shareholders will have the opportunity to ask questions of the Board, including the Chairmen of the Board Committees.

Full details of the AGM, including explanatory notes, are contained in the Notice of the AGM, which will be distributed at least 20 working days before the meeting. The Notice sets out the resolutions to be proposed at the AGM and an explanation of each resolution.

All documents relating to the AGM are available on the Company's website at www.ContourGlobal.com.

Audit information
Each of the Directors who were members of the Board at the date of the approval of this report confirms that:

– So far as he or she is aware, there is no relevant audit information of which the Company's auditors are unaware
– He or she has taken all the reasonable steps that he or she ought to have taken as a Director to make him or herself aware of any relevant audit information and to establish that the Company's auditors are aware of the information

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The ContourGlobal plc Directors' Report has been prepared in accordance with applicable UK Company law and was approved by the Board on 4th April 2018.

On behalf of the Board

Joseph C. Brandt
President, Chief Executive Officer and Executive Director
ContourGlobal plc

4th April 2018

Directors' Responsibilities Statements

Responsibility Statement under the Disclosure Guidance and Transparency Rules
Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

– The Parent Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company
– The consolidated Group financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group
– The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces

Statement under the UK Corporate Governance Code
The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Parent Company's performance, business model and strategy.

Statement of Directors' Responsibilities in relation to the Annual Report and financial statements
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with IFRSs as adopted by the European Union and Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company for that period. In preparing the financial statements, the Directors are required to:

– Select suitable accounting policies and then apply them consistently
– State whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 102, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements
– Make judgments and accounting estimates that are reasonable and prudent
– Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Joseph C. Brandt
President, Chief Executive Officer and Executive Director
ContourGlobal plc

4th April 2018

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Inka, Peru

Financial statements

We manage our finances with care and precision to support our growth strategy. This section gives the detail on our financial performance and position for 2017.

Independent auditors' report to the members of ContourGlobal plc

Report on the audit of the Group financial statements

Opinion
In our opinion, ContourGlobal plc's Group financial statements (the "financial statements"):

- Give a true and fair view of the state of the Group's affairs as at 31st December 2017 and of its profit and cash flows for the year then ended;
- Have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- Have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: the consolidated statement of financial position as at 31st December 2017; the consolidated statement of income and other comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and non-controlling interests for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

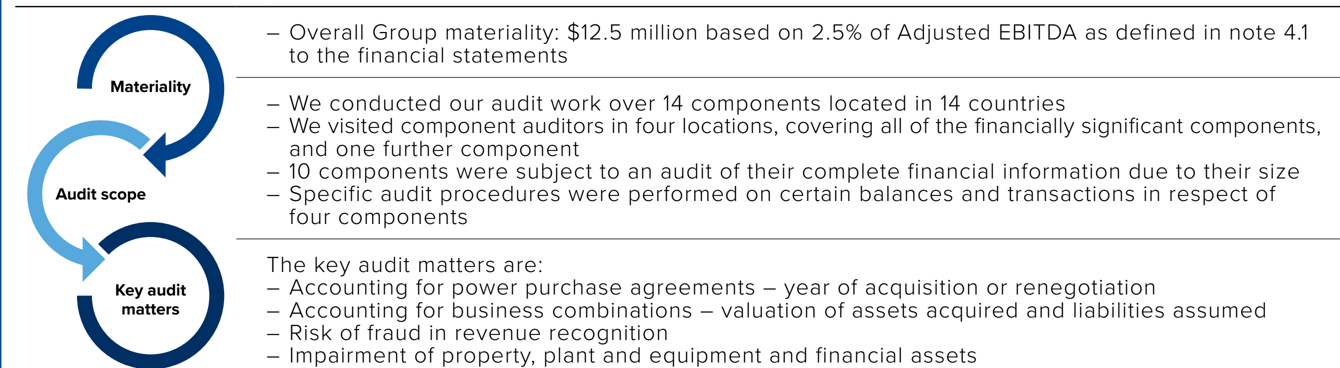
Independence
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group.

Other than those disclosed in note 4.32 to the financial statements, we have provided no non-audit services to the Group in the period from 1st January 2017 to 31th December 2017.

Our audit approach
Context
These are the first financial statements of the Group since the completion of the initial public offering of shares on the Main Market of the London Stock Exchange on 14th November 2017. While the Company was newly incorporated during the year on 26th September 2017, the Group consolidated financial statements are prepared on a predecessor basis for the full year from 1st January 2017 to 31st December 2017. This is explained in more detail in note 1 to the financial statements.

Overview



- Overall Group materiality: $12.5 million based on 2.5% of Adjusted EBITDA as defined in note 4.1 to the financial statements

- We conducted our audit work over 14 components located in 14 countries
- We visited component auditors in four locations, covering all of the financially significant components, and one further component
- 10 components were subject to an audit of their complete financial information due to their size
- Specific audit procedures were performed on certain balances and transactions in respect of four components

The key audit matters are:
- Accounting for power purchase agreements – year of acquisition or renegotiation
- Accounting for business combinations – valuation of assets acquired and liabilities assumed
- Risk of fraud in revenue recognition
- Impairment of property, plant and equipment and financial assets

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognizing that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We designed audit procedures that focused on the risk of non-compliance related to UK Company law as applicable to the financial statements. Our tests included discussions with legal counsel, reviewing disclosures in the financial statements against the specific legal requirements and involving technical experts to help us assess the compliance of disclosures against relevant legislation, for example within the Directors' Remuneration Report and the Corporate Governance Report. We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgment, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Accounting for power purchase agreements ("PPAs") – year of acquisition or renegotiation (notes 2.3, 2.4 and 3.2)	
The Group's power plants sell their output under PPAs and other long-term arrangements. Accounting for acquisitions and/or the renegotiation of PPAs is complex with a number of judgments required to assess the accounting standards applicable to each agreement. These include whether the arrangement contains a lease under IFRIC 4 "Determining whether an arrangement contains a lease" or constitutes a service concession to be accounted for under IFRIC 12 "Service concession arrangements". Once the basis of accounting has been initially determined, this does not change over time. For those arrangements determined to be or to contain a lease, further judgment is required to determine whether the arrangement is a finance or operating lease. Lease classification is assessed at the inception of the lease and is primarily determined on the substance of the PPA and on the nature of the assets being leased, including an evaluation of where the substantial risks and rewards of ownership reside. These judgments impact the measurement and classification of assets, the basis for revenue recognition under the PPA, and the related disclosures in the financial statements.	During the year, the Group acquired the shares of new asset portfolios in Brazil and Italy for consideration of $182.4 million and $11.4 million respectively. No PPAs were renegotiated during the year. We have evaluated management's assessment of the PPAs for the acquired plants in Brazil and Italy. In one case, such features as the arrangement containing a public service obligation, the offtaker regulating the prices, and the residual interest to be transferred to the offtaker at an agreed value at the end of the PPA period led management to reach the conclusion that the arrangement should be accounted for under IFRIC 12. We concurred with this conclusion. In another case, management reached the conclusion the arrangement should be accounted for as a finance lease under IFRIC 4 because of features such as the offtaker having the ability to access and control the asset and there is no possibility to sell the electricity generated outside of the contract. We concurred with this conclusion. Based on assessment of the PPAs, we evaluated the accounting for revenue recognition and determined this to be reasonable. We also evaluated the classification of assets acquired on the balance sheet and found the classification to be appropriate. From our review of the new PPAs in the year and other audit evidence obtained, we found that the judgments made in determining the appropriate accounting framework for the PPAs were reasonable, and the associated measurement and classification of related balances and disclosures in the financial statements were consistent with the requirements of the relevant accounting standards.
Accounting for business combinations – valuation of assets acquired/liabilities assumed (notes 2.3, 2.4, 4.5, 4.10, 4.11, 4.25)	
As discussed above, the Group acquired new power plant portfolios in Brazil and Italy during the year. Accounting for acquisitions can be complex, with judgment required in both the identification of assets acquired, including any intangible assets, and the valuation of assets acquired and liabilities assumed in accordance with IFRS 3 "Business Combinations". The calculation of fair value is subjective due to the inherent uncertainty involved in the valuation of assets and liabilities, and this requires the application of judgment by management and technical expertize. In particular the method of valuation, future forecasts and underlying assumptions all have a material impact on the valuation of assets and liabilities, including the value of property, plant and equipment which typically represents the most significant asset acquired. Under IFRS 3, an intangible asset must be recognized on an acquisition where it arises from contractual or legal rights acquired and is separable from the business. Due to the complex nature of the acquisition agreements and related power purchase agreements there is often judgment in determining the legal and contractual rights associated with the PPA and therefore there is a risk that intangible assets acquired may not be recognized.	In addition to reading the PPAs, we read the sale and purchase agreements ("SPAs") associated with the acquisitions in Brazil and Italy, and performed audit procedures over both the identification of assets acquired (including any potential intangible assets) and the valuation of assets acquired and liabilities assumed. We involved our specialists in our audit of the valuation of assets acquired and liabilities assumed. Our work included assessment of the appropriateness of the valuation models used, assessment of the discount rate used in the models, and the evaluation of future cash flow forecasts for each of the power plants acquired. The discount rate was assessed by reference to comparable assets. We considered the completeness of the intangible assets identified by management with reference to the specific legal and contractual rights associated with the SPAs. From our review and assessment of the SPAs, and audit procedures performed over the valuation of assets acquired and liabilities assumed, we found that the judgments made surrounding the identification of assets and liabilities acquired were appropriate, and that estimates used in the valuation of assets acquired and liabilities assumed were reasonable.

Independent auditors' report to the members of ContourGlobal plc continued

Key audit matter	How our audit addressed the key audit matter
Risk of fraud in revenue recognition (notes 2.3, 2.4 and 4.2)	
In addition to the judgments set out above regarding the basis of accounting for revenues under the different PPA arrangements, there is a risk that revenues recognized in the financial period may be misstated due to fraud or error. The majority of revenues earned are from power sales comprising both capacity payments and energy payments. These are calculated based on predetermined criteria set out in the PPAs, which typically include fixed contracted capacities as well as contracted prices. Amounts are billed on a regular basis and typically collected during the following month. These revenues are not considered to give rise to heightened risk as there is little judgment involved in the calculation of these revenues. However, in some PPAs a portion of revenue is inherently more judgmental, for example capacity payments in relation to certain renewable plants, and may include specific performance obligations set out in the PPA such as minimum supply agreements. The failure to meet these obligations could give rise to a reduction in revenues earned under the PPA.	We examined the appropriateness of the Group's accounting policies surrounding revenue recognition and we assessed the consistency of the application of the revenue recognition policy across all operating locations in scope for the Group audit. In order to test the accuracy and occurrence of revenue from power sales, we obtained the periodic invoices for capacity and energy payments for each component and traced these to subsequent cash collected. For the largest component (which represents approximately 30% of Group revenue), we also reperformed the calculation of revenue based on the formulae set out in the contract. We also tested accounts receivable by agreeing balances through to post-year end cash receipts. In respect of renewables plants where PPAs include revenues linked to uncertain future performance obligations (for example capacity payments which are dependent on future weather), we have tested revenue to ensure that revenues are not recognized where these remain contingent on future performance obligations which are outside management's control. We also tested journal entries posted to revenue accounts to identify any unusual or irregular items. Based on the work performed we found that the application of revenue policies was consistent, the basis for recognition was appropriate, and judgments made in respect of PPAs containing uncertain future performance obligations were reasonable.
Impairment of property, plant and equipment and financial assets (notes 2.3, 2.4, 4.11 and 4.12)	
The Group has $2.35 billion of property, plant and equipment, the majority of which relates to power plant assets, and $0.62 billion of financial assets, the majority of which relate to concession arrangements. Impairment assessments of these assets requires significant judgment and there is the risk that potential impairment triggers may not be identified by management and, in the event that there is an impairment trigger there is a risk that the calculation of the recoverable amount of the asset is incorrect and therefore the valuation of the assets may be misstated. In the event that an impairment trigger is identified, the recoverable value of assets is assessed by either a value in use calculation (which is based on future cash flow forecasts and related valuation assumptions), or by reference to expected sale proceeds less costs to sell (where a decision has been taken to sell the related asset). Forecasts and assumptions used in value in use calculations are inherently judgmental and therefore typically give rise to increased risk of misstatement. Impairment indicators were identified in the current year for the Brazilian wind and hydro power plants following operational performance issues. These were tested for impairment using value in use calculations and no impairments in the underlying assets' carrying value were identified. Separately, the Kramatorsk (Ukraine) power plant was subject to sale and, when compared to the share purchase agreement, an impairment in the asset carrying value of $3.3 million was required and has been recognized in the financial statements. There was no significant judgment involved in calculation of this impairment as the sale proceeds and costs to sell have been agreed with the acquirer prior to year end.	With regard to the overall impairment assessment performed, we evaluated the completeness of the impairment triggers identified by management by reviewing performance data by power plant, considering significant variances in performance against forecasts, and from meetings with operational management to discuss individual plant performance. No impairment triggers other than those already noted by management were identified from our assessment. We assessed the value in use calculations prepared by management for the Brazilian wind and hydro power plants. We used PwC valuation specialists to assess the discount rate used in the valuation. We benchmarked this to comparable assets and considered the underlying assumptions based on our knowledge of the Group and its industry. We assessed the accuracy of management's forecasting by reference to the accuracy of historical forecasts compared to actual cash flows. We also validated key assumptions related to future capacity by reference to resource forecasts specific to wind and hydro assets. We tested management's sensitivity analysis to ensure appropriate judgment had been applied. Based on our audit procedures performed we found the methodology and assumptions used in the calculation of value in use for the Brazilian wind and hydro power plants were reasonable, and that the impairment recorded in respect of the Kramatorsk power plant was appropriate and consistent with the subsequent proceeds received for this asset less costs to sell. We also reviewed the disclosures around the impairment assessments performed, and were satisfied with the nature and extent of commentary provided.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which it operates.

The Group financial statements are a consolidation of multiple reporting components, comprising the Group's operating locations (including operating and related financing entities) and other centralized functions.

The Group's reporting components vary significantly in size and we identified ten components that, in our view, required an audit of their complete financial information due to specific risk criteria and/or their size and contribution to the Group. Specific risk based audit procedures were performed at four further reporting components, based on the contribution of each to specific financial statement line items.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those entities to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. The Group engagement team visited the three largest components and one further full scope component in the year. These visits involved discussing the audit approach and any issues arising from our work, as well as meeting local management. We also reviewed the component team's audit working papers. For all components we received detailed reporting on the findings of their audit work and held a number of calls with the component teams before, during and after the completion of their work.

The Group consolidation, including the consolidated financial statement disclosures, and certain centrally managed entities were audited at the head office by the Group audit engagement team.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	$12.5 million
How we determined it	2.5% of Adjusted EBITDA as defined in note 4.1 to the financial statements
Rationale for benchmark applied	We applied Adjusted EBITDA (as defined in note 4.1 to the financial statements) as the benchmark for materiality and we consider that this is the key profit based measure used by management in both assessing the performance of the business and reporting performance of the business to stakeholders. Management use this measure as it allows the underlying profitability of the Group's core business activities to be assessed year on year as it eliminates balances related to the initial acquisition of assets (which are not directly related to ongoing performance of the assets) and certain other items which give rise to fluctuations in results which are not directly linked to the performance of the asset (for example IPO costs)

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between $2.5 million and $9.0 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $500,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.
We are required to report if the Directors' statement relating to going concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Independent auditors' report to the members of ContourGlobal plc continued

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31st December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. *(CA06)*

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

– The Directors' confirmation on page 47 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity
– The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated
– The Directors' explanation on page 47 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group its environment obtained in the course of the audit. *(Listing Rules)*

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

– The statement given by the Directors, on page 83, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group obtained in the course of performing our audit
– The section of the Annual Report on page 62 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee
– The Directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements
As explained more fully in the Directors' Responsibilities Statement set out on page 83, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group'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 the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

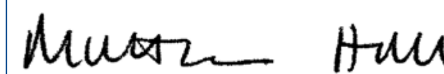
– We have not received all the information and explanations we require for our audit; or
– Certain disclosures of Directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Appointment
We were appointed by the Directors on 13th December 2017 to audit the financial statements for the year ended 31st December 2017 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Other matter

We have reported separately on the parent company financial statements of ContourGlobal plc for the year ended 31st December 2017 and on the information in the Directors' Remuneration Report that is described as having been audited.



Matthew Hall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

4th April 2018

Consolidated statement of income and other comprehensive income

Year ended 31st December 2017

In $ millions	Note	Years ended 31st December 2017	2016
Revenue	4.2	**1,022.7**	905.2
Cost of sales	4.3	**(716.3)**	(636.0)
Gross profit		**306.4**	269.2
Selling, general and administrative expenses	4.3	**(31.9)**	(36.6)
Other operating income – net		**4.0**	1.5
Acquisition related items	4.5	**(9.5)**	(12.3)
Income from Operations		**269.0**	221.8
Other income (expenses) – net	4.6	**(12.7)**	15.6
Share of profit in associates	4.13	**5.0**	7.3
Finance income	4.7	**9.8**	6.9
Finance costs	4.7	**(186.0)**	(261.6)
Realized and unrealized foreign exchange gains and (losses) and change in fair value of derivatives	4.7	**(44.5)**	52.9
Profit before income tax		**40.6**	42.9
Income tax expenses	4.8	**(27.1)**	(22.1)
Net profit		**13.5**	20.8
Profit/(Loss) attributable to			
– Group		**19.4**	37.5
– Non-controlling interests		**(5.9)**	(16.7)
Earnings per share (in $)			
– Basic	4.9	**0.03**	0.06
– Diluted	4.9	**0.03**	0.06

In $ millions	Years ended 31st December 2017	2016
Net profit for the period	**13.5**	20.8
Items that will not be reclassified subsequently to income statement	**(0.6)**	(0.1)
Changes in actuarial gains and losses on retirement benefit, before tax	**(0.7)**	(0.1)
Deferred taxes on changes in actuarial gains and losses on retirement benefit	**0.1**	–
Items that may be reclassified subsequently to income statement	**(19.7)**	2.1
Gain on hedging transactions	**5.9**	2.5
Deferred taxes on gain on hedging transactions	**0.6**	0.7
Share of other comprehensive income of investments accounted for using the equity method	**0.5**	1.1
Currency translation differences	**(26.7)**	(2.2)
Other comprehensive income/(loss) for the period, net of tax	**(20.3)**	2.0
Total comprehensive income/(loss) for the period	**(6.8)**	22.8
Attributable to		
– Group	**2.8**	24.4
– Non-controlling interests	**(9.6)**	(1.6)

The accompanying notes are an integral part of this consolidated financial statements

Consolidated statement of financial position

Year ended 31st December 2017

In $ millions	Note	Years ended 31st December 2017	2016
Non-current assets		**3,203.5**	2,919.4
Intangible assets and goodwill	4.10	**137.1**	118.7
Property, plant and equipment	4.11	**2,350.3**	2,114.0
Financial assets	4.12	**617.7**	604.8
Investments in associates	4.13	**27.1**	25.7
Other non-current assets	4.18	**29.5**	20.6
Deferred tax assets	4.8	**41.8**	35.6
Current assets		**1,134.1**	676.5
Inventories	4.19	**54.1**	31.7
Trade and other receivables	4.20	**271.8**	166.9
Derivative financial instruments	4.15	**–**	6.3
Other current assets		**27.1**	37.9
Cash and cash equivalents	4.21	**781.1**	433.7
Assets held for sale	4.11	**13.7**	–
Total assets		**4,351.3**	3,595.9

In $ millions	Note	Years ended 31st December 2017	2016
Issued capital	4.22	**8.9**	–
Share premium		**380.8**	–
Retained earnings and other reserves		**187.3**	(691.6)
Invested capital		**–**	980.5
Non-controlling interests		**196.5**	152.9
Total equity and non-controlling interests		**773.5**	441.8
Non-current liabilities		**3,016.5**	2,673.4
Borrowings	4.23	**2,672.6**	2,372.6
Derivative financial instruments	4.15	**49.7**	37.8
Deferred tax liabilities	4.8	**65.5**	56.8
Provisions	4.25	**62.2**	38.3
Other non-current liabilities	4.24	**166.5**	167.9
Current liabilities		**548.4**	480.7
Trade and other payables	4.26	**169.1**	179.8
Borrowings	4.23	**217.5**	157.3
Derivative financial instruments	4.15	**14.7**	13.4
Current income tax liabilities		**23.7**	20.1
Provisions	4.25	**10.8**	33.5
Other current liabilities	4.27	**112.6**	76.6
Liabilities held for sale	4.11	**12.9**	–
Total liabilities		**3,577.8**	3,154.1
Total equity and non-controlling interests and liabilities		**4,351.3**	3,595.9

The financial statements were approved by the Board of Directors and authorized for issue on 4th April 2018 and signed on its behalf by

Joseph C. Brandt
Chief Executive Officer

The accompanying notes are an integral part of this consolidated financial statements

Consolidated statement of changes in equity and non-controlling interests

Year ended 31st December 2017

In $ millions	Invested capital	Share capital	Share premium	Currency Translation Reserve	Hedging reserve	Actuarial reserve	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
Balance as of 1st January 2016	**981.7**	**–**	**–**	**(16.4)**	**(40.3)**	**(0.9)**	**(653.0)**	**271.1**	**146.2**	**417.3**
Profit/(loss) for the period	–	–	–	–	–	–	37.5	37.5	(16.7)	20.8
Other comprehensive (loss)/income	–	–	–	(16.5)	4.3	(0.1)	(0.8)	(13.1)	15.1	2.0
Total comprehensive (loss)/income for the period	**–**	**–**	**–**	**(16.5)**	**4.3**	**(0.1)**	**36.7**	**24.4**	**(1.6)**	**22.8**
Change in invested capital	(1.2)	–	–	–	–	–	–	(1.2)	–	(1.2)
Acquisition of and contribution to non-controlling interest not resulting in a change of control	–	–	–	–	–	–	(4.6)	(4.6)	4.1	(0.5)
Contribution received from non-controlling interest	–	–	–	–	–	–	–	–	4.3	4.3
Other	–	–	–		–	–	(0.8)	(0.8)	(0.1)	(0.9)
Balance as of 31st December 2016	**980.5**	**–**	**–**	**(32.9)**	**(36.0)**	**(1.0)**	**(621.7)**	**288.9**	**152.9**	**441.8**
Balance as of 1st January 2017	**980.5**	**–**	**–**	**(32.9)**	**(36.0)**	**(1.0)**	**(621.7)**	**288.9**	**152.9**	**441.8**
Profit/(loss) for the period	–	–	–	–	–	–	19.4	19.4	(5.9)	13.5
Other comprehensive (loss)/income	–	–	–	(23.0)	7.0	(0.6)	–	(16.6)	(3.7)	(20.3)
Total comprehensive (loss)/income for the period	**–**	**–**	**–**	**(23.0)**	**7.0**	**(0.6)**	**19.4**	**2.8**	**(9.6)**	**(6.8)**
Change in invested capital	(12.8)	–	–	–	–	–	–	(12.8)	–	(12.8)
Group restructure as a result of share for share exchange (note 4.22)	(967.7)	1,320.7	–	–	–	–	(353.0)	–	–	–
Capital reduction (note 4.22)		(1,307.5)	–	–	–	–	1,307.5	–	–	–
Cancellation of deferred shares (note 4.22)		(5.9)	–	–	–	–	5.9	–	–	–
Issue of shares – Listing on the London Stock Exchange (note 4.22)	–	1.6	380.8	–	–	–	–	382.4	–	382.4
Acquisition and contribution of non-controlling interest not resulting in a change of control	–	–	–	–	(1.0)	–	(8.0)	(9.0)	(0.8)	(9.8)
Acquisition of and contribution received from non-controlling interest	–	–	–	–	–	–	–	–	54.4	54.4
Dividends	–	–	–	–	–	–	(75.5)	(75.5)	–	(75.5)
Other	–	–	–		–	–	0.2	0.2	(0.4)	(0.2)
Balance as of 31st December 2017	–	**8.9**	**380.8**	**(55.9)**	**(30.0)**	**(1.6)**	**274.8**	**577.0**	**196.5**	**773.5**

The accompanying notes are an integral part of this consolidated financial statements

Consolidated statement of cash flows

Year ended 31st December 2017

In $ millions	Note	Years ended 31st December 2017	2016
Cash flow from operating activities			
Net profit		**13.5**	20.8
Adjustment for:			
Amortization, depreciation and impairment expense	4.3	**185.6**	169.4
Change in provisions		**3.8**	(1.6)
Share of profit in associates	4.13	**(5.0)**	(7.3)
Realized and unrealized foreign exchange gains and losses and change in fair value of derivatives	4.7	**44.5**	(52.8)
Interest expenses – net	4.7	**166.5**	163.2
Other financial items	4.7	**9.6**	91.5
Income tax expense	4.8	**27.1**	22.1
Change in financial lease and concession assets		**15.7**	2.4
Acquisition related items		**9.5**	12.3
Other items		**6.0**	(12.0)
Change in working capital		**(39.4)**	135.6
Income tax paid		**(23.9)**	(14.8)
Contribution received from associates		**7.1**	3.8
Net cash generated from operating activities		**420.6**	532.6
Cash flow from investing activities			
Purchase of property, plant and equipment		**(58.4)**	(58.0)
Purchase of intangibles		**(1.4)**	(1.5)
Proceeds from the sale of property, plant and equipment		**–**	16.2
Governments grants		**0.7**	6.5
Acquisition of financial assets under concession agreements	4.12	**(35.4)**	(49.0)
Acquisition of subsidiaries, net of cash received		**(170.6)**	(92.2)
Sale of subsidiaries, net of divested cash		**–**	9.4
Other investing activities		**(15.5)**	3.5
Net cash used in investing activities		**(280.6)**	(165.0)
Cash flow from financing activities			
Proceeds from issuance of ContourGlobal plc. Shares	4.22	**402.3**	–
Dividends paid		**(75.5)**	–
Net repayment of amounts due from relating undertakings		**21.3**	–
Proceeds from borrowings		**310.9**	889.0
Repayment of borrowings		**(233.0)**	(845.9)
Debt issuance costs – net		**(1.1)**	(18.3)
Interest paid		**(169.2)**	(154.3)
Cash distribution to non-controlling interests		**(16.2)**	(20.3)
Transactions with non-controlling interest holders		**(9.6)**	9.7
Other financing activities	4.7	**(69.0)**	(48.6)
Net cash generated from (used in) financing activities		**160.9**	(188.7)
Exchange gains (losses) on cash and cash equivalents		**46.4**	(6.7)
Net change in cash and cash equivalents		**347.4**	172.2
Cash & cash equivalents at beginning of the period		**433.7**	261.5
Cash & cash equivalents at end of the period		**781.1**	433.7

The accompanying notes are an integral part of this consolidated financial statements

Notes to the consolidated financial statements

1. General information

ContourGlobal plc (the "Company") is a public listed company, limited by shares, domiciled in the United Kingdom and incorporated in England and Wales. It is the holding company for the Group whose principal activities during the period were the operation of wholesale power generation businesses with thermal and renewables assets in Europe, Latin America and Africa, and its registered office is:

6th Floor
15 Berkeley Street
London
W1J 8DY
United Kingdom

Registered number: 10982736

ContourGlobal plc is listed on the London Stock Exchange.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by and adopted for use by the European Union (EU), IFRS Interpretation Committee (IFRS IC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on the going concern basis under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of the IFRS financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates, as noted in the critical accounting estimates and judgments in note 2.4.

The principal accounting policies applied in the preparation of the consolidated financial statements are set out in note 2.3. These policies have been consistently applied to the periods presented, unless otherwise stated. The financial information presented is at and for the financial years ended 31st December 2017 and 31st December 2016. Financial year ends have been referred to as 31st December throughout the consolidated financial statements as per the accounting reference date of ContourGlobal plc. Financial years are referred to as 2017 and 2016 in these consolidated financial statements.

On 17th October 2017, the Company obtained control of the entire share capital of ContourGlobal Worldwide Holdings S.à.r.l. from ContourGlobal L.P. via a share-for-share exchange. The principal operating subsidiary undertakings of the Group are owned directly or indirectly by ContourGlobal Worldwide Holdings S.à.r.l. There were no changes in rights or proportion of control exercised as a result of this transaction. Although the share-for-share exchange resulted in a change of legal ownership, this was a common control transaction and therefore outside the scope of IFRS 3. In substance, these financial statements reflect the continuation of the pre-existing Group and the financial statements have been prepared by applying the principles of predecessor accounting. As a result, and because the Company was incorporated in 2017, the comparatives presented in these financial statements are the consolidated results of ContourGlobal Worldwide Holdings S.à.r.l. In each period, the financial statements have been prepared by applying the principles underlying the consolidation procedures of IFRS 10 "Consolidated Financial Statements" ("IFRS 10").

The prior year balance sheet reflects the constituent parts of equity required to be separately disclosed under IAS 1, based upon the consolidated position prior to the capital reorganization, and Non-Controlling Interests. As it is not meaningful to show the share capital for the predecessor Group, the remaining equity of the predecessor Group is represented by the cumulative investment of ContourGlobal L.P. in the Group (shown as "Invested Capital"). The current period balance sheet presents the legal change in ownership of the Group, including the share capital of the Company and the capital reorganization described in note 4.22. The revised capital structure is also presented in the current period statement of changes in equity, which reflects the share for share exchange, capital reduction and cancellation of deferred shares that occurred during the year.

As the capital reorganization occurred in 2017, it is not meaningful to measure earnings per share based on the invested capital of the predecessor Group. In order to comply with the requirements of IAS 33 "Earnings per Share" however, a proforma calculation of earnings per share as at 31st December 2016 has been disclosed, using the weighted average number of shares in issue at 31st December 2017 (note 4.9).

The financial information is prepared in accordance with IFRS under the historical cost convention, as modified for the revaluation of certain financial instruments. The financial information is presented in millions of US dollars, with one decimal. Thus numbers may not sum precisely due to rounding.

2. Summary of significant accounting policies

2.1 Application of new and revised International Financial Reporting Standards (IFRS)

No new standards were applied for the first time from 1st January 2017. There were only a few amendments of standards applying mandatorily to periods beginning in 2017:

– Amendments to IAS 7 "Statement of Cash Flows"

The adoption of IAS7 amendment has resulted in additional disclosures as included on note 4.23.

– Amendments to IAS 12 "Income Tax"– Recognition of Deferred Tax Assets for Unrealized Losses

These amendments clarify how an entity should evaluate whether there will be sufficient taxable profits against which it can utilize a deductible temporary difference. The Group already assesses the sufficiency of future taxable profits in a manner consistent with these amendments and hence the adoption of this amendment has had no impact.

2.2 New standards and interpretations not yet mandatorily applicable

The Group has not applied early the following standards and interpretations that could impact the Group and of which application was not mandatory at 1st January 2017:

– IFRS 9 "Financial Instruments"
– IFRS 15 "Revenue from Contracts with Customers"
– IFRS 16 "Leases"
– IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

– IFRIC 23 "Uncertainty over income tax treatments".

Among the above mentioned standards, the following might affect the ContourGlobal's future consolidated financial information:

Standard/Interpretation (application date for the Group)	Description
IFRS 9 Financial instruments (1st January 2018)	IFRS 9, Financial Instruments IFRS 9 is effective from 1st January 2018. In summary, it has an impact on three areas: – Classification and measurement – the rules based approach of IAS 39 is replaced by a principles based approach with refers to the asset's cash flow characteristics and the business model in which it is held. – Impairment of financial assets – this moves to a more forward looking expected loss model. – Hedge accounting – the changes align the accounting treatment with the Company's risk management activities. As a result of the adoption of this standard, the measurement basis for most of the Group's financial assets is unchanged, although the classification and corresponding disclosures of financial assets in the 2018 Annual Report and Accounts will be impacted. The changes to impairment and hedge accounting are not expected to have a material impact on the results of the Group.
IFRS 15 Revenue from Contracts with Customers (1st January 2018)	IFRS 15, Revenue from Contracts with Customers and clarifications. The Group will adopt IFRS 15, Revenue from Contracts with Customers, from 1st January 2018. IFRS 15 introduces a five-step model to be applied to all contracts with customers. In addition a number of new disclosures will be required. When IFRS 15 is adopted in 2018, the Group will use the modified retrospective approach. To determine the impact of IFRS 15 on the Group, management grouped power purchase agreements with similar contractual terms, and performed a detailed revenue accounting assessment for each Group. This exercise identified the following main impacts for the Group as being: i) An increase in revenue from grossing up certain costs that are currently being netted down, which will result in higher revenue and a corresponding increase in cost of sales. ii) An additional performance obligation being identified for service concession contracts. iii) A minor modification to a contract in Maritsa that will be recognized prospectively. The impact of IFRS 15 on revenue in 2018 is expected to be an increase of between $14m and $20m, the vast majority of which is driven by the grossing up of certain costs on the Arrubal contract in Spain, for which costs will be grossed up for the same amount. IFRS 15 is not expected to have a material impact on the profitability (adjusted EBITDA, income from operations or profit before tax) of the Group.
IFRS 16 Leases (1st January 2019)	This standard relates to the accounting for leases and will be compulsory applicable from 1st January 2019. This standard will mainly change the lease accounting for lessees with the recognition of an asset and a liability which represents the right of use granted by the lessor. ContourGlobal is still assessing the impacts where it acts as lessee or lessor.
IFRIC 22 Foreign currency transactions and advance consideration (1st January 2018)	This standard relates to purchase or sale transactions that must be translated at the exchange rate prevailing on the date the asset or liability is initially recognized. In practice, this is usually the date on which the advance payment is paid or received. In the case of multiple advances, the exchange rate must be determined for each payment and collection transaction. The interpretation is mandatory for financial years beginning on or after 1st January 2018, subject to its adoption by the European Union. Its implementation is not expected to have a significant impact on the Group's consolidated financial statements.
IFRIC 23 Uncertainty over income tax treatments (1st January 2019)	This standard clarifies the recognition and valuation principles applicable to income tax risks. These risks arise when there is uncertainty related to a tax position adopted by the Group that could be challenged by the tax administration. This interpretation is applicable for financial years beginning on 1st January 2019, subject to its adoption by the European Union and subject to retrospective application, with or without comparative information restatement for the first year of application. ContourGlobal is still assessing the impacts.

2.3 Summary of significant accounting policies

Principles of consolidation

The consolidated financial statements include both the assets and liabilities, and the results and cash flows, of the Group and its subsidiaries and the Group's share of the results and the Group's investments in associates.

Inter-company transactions and balances between Group companies are eliminated.

(a) Subsidiaries
Entities over which the Group has the power to direct the relevant activities so as to affect the returns to the Group, generally through control over the financial and operating policies, are accounted for as subsidiaries. Interests acquired in entities are consolidated from the date the Group acquires control.

(b) Associates
Where the Group has the ability to exercise significant influence over entities, generally accompanying a shareholding of between 20% and 50% of the voting rights, they are accounted for as associates. The results and assets and liabilities of associates are incorporated into the consolidated financial statements using the equity method of accounting. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is objective evidence that the investment in the associate is impaired. If there is evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value and recognizes this amount in "share of profit of associates" in the consolidated statement of income.

Notes to the consolidated financial statements continued

2. Summary of significant accounting policies continued

Business combinations
The acquisition consideration is measured at fair value which is the aggregate of the fair values of the assets transferred, the liabilities incurred or assumed and the equity interests in exchange for control. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in the statement of income. Where the consideration transferred, together with the non-controlling interest, exceeds the fair value of the net assets, liabilities and contingent liabilities acquired, the excess is recorded as goodwill. Acquisition related costs are expensed as incurred and classified as "Acquisition related items" in the consolidated statement of income.

Goodwill is capitalized as a separate item in the case of subsidiaries and as part of the cost of investment in the case of associates. Goodwill is denominated in the currency of the operation acquired.

Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in a gain or loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

Functional and presentation currency and currency translation
The assets and liabilities of foreign undertakings are translated into US dollars, the Group's presentation currency, at the year-end exchange rates. The results of foreign undertakings are translated into US dollars at the relevant average rates of exchange for the year. Foreign exchange differences arising on retranslation are recognized directly in the currency translation reserve.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized at period end exchange rates in the statement of income line which most appropriately reflects the nature of the item or transaction.

The following table summarizes the main exchange rates used for the preparation of the consolidated financial statements of ContourGlobal:

	Closing rates		Average rates	
	Year ended 31st December		Year ended 31st December	
Currency	2017	2016	2017	2016
EUR/USD	**1.2005**	1.0517	**1.1299**	1.1070
BRL/USD	**0.3024**	0.3069	**0.3134**	0.2884
BGN/USD	**0.6138**	0.5377	**0.5774**	0.5658

Operating and Reportable Segments
Operating segments are reported based on the organizational structure and financial information provided to the Chief Executive Officer, who represents the chief operating decision-maker ("CODM"). The Group's organizational structure reflects the different electricity generation methods, being Thermal and Renewables. A third category, Corporate & Other, primarily reflects costs for certain centralized functions including executive oversight, corporate treasury and accounting, legal, compliance, human resources, IT, political risk insurance and facilities management and certain technical support costs that are not allocated to the segments for internal management reporting purposes.

Revenue recognition
Revenue represents amounts receivable for goods or services provided in the normal course of business excluding amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes.

Revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

The Group revenue is mainly generated from the following:

(i) revenue from power sales;
(ii) revenue from operating leases;
(iii) revenue from financial assets (concession and finance lease assets); and
(iv) construction revenue from concession arrangements.

Certain Group power plants sell their output under Power Purchase Agreements ("PPAs") and other long-term arrangements. Under such arrangements it is usual for the Group to receive payment for the provision of electrical capacity or availability whether or not the offtaker requests the electrical output (capacity payments) and for the variable costs of production (energy payments). In such situations, revenue is recognized in respect of capacity payments as:

(a) Service income in accordance with the contractual terms, to the extent that the capacity has been made available to the contracted offtaker during the period. This income is recognized as part of revenue from power sales;
(b) Financial return on the operating financial asset where the PPA is considered to be or to contain a finance lease or where the contract is considered to be a financial asset under interpretation IFRIC 12: "Service Concession Arrangements".

Under finance lease arrangements, those payments which are not included within minimum lease payments are accounted for as service income (outlined in (a) above).

Energy payments under PPAs are recognized in revenue in all cases as the contracted output is delivered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Acquisition related items
Acquisition related items include notably pre-acquisition costs such as various professional fees and due diligence costs, earn-outs and other related incremental costs incurred as part of completed or contemplated acquisitions.

Finance income and finance costs
Finance income primarily consists of interest income on funds invested. Finance costs primarily comprise interest expense on borrowings, unwinding of the discount/step up on financial assets and provisions, interests and penalties that arise from late payments of suppliers or taxes, swap margin calls, bank charges, changes in fair value of the debt payable to non-controlling interests in our Bulgarian power plant, changes in the fair value of derivatives not qualifying for hedge accounting and unrealized and realized foreign exchange gains and losses.

Property, plant and equipment
Initial recognition and subsequent measurement
Property, plant and equipment are stated at historical cost, less depreciation, or at fair value if acquired in the context of a business combination. Historical cost includes an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has a present legal or constructive obligation to do so.

Property, plant and equipment acquired under finance leases is carried at the lower of market value and the present value of the related minimum lease payments.

Costs relating to major inspections and overhauls are capitalized. Minor replacements, repairs and maintenance, including planned outages to our power plants that do not improve the efficiency or extend the life of the respective asset, are expensed as incurred.

The Group capitalizes certain direct preconstruction costs associated with its power plant project development activities when it has been determined that it is more likely than not that the opportunity will result in an operating asset. Factors considered in this determination include: (i) the availability of adequate funding; (ii) the Group is likely to be awarded with the project or the barriers are not likely to prohibit closing the project: and (iii) there is an available market and the regulatory, environmental and infrastructure requirements are likely to be met. Capitalized costs include initial engineering, environmental and technical feasibility studies, legal costs, permitting and licensing and direct internal staff salary and travel costs, among others. Capitalized costs are charged to expense if a project is abandoned or if the conditions stated above are not met. Construction work in progress ("CWIP") assets are transferred out of CWIP when construction is substantially completed and the power plant achieves its commercial operations date ("COD"), at which point depreciation commences.

Depreciation
Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

	Useful lives as of 31st December 2016 and 2017
Generating plants and equipment	
Lignite, coal, gas, oil, biomass power plants	12 to 40 years
Hydro plants and equipment	25 to 75 years
Wind farms	16 to 25 years
Tri and quad-generation combined heat power plants	15 years
Solar plants	14 to 22 years
Other property, plant and equipment	3 to 10 years

The range of useful lives is due to the diversity of the assets in each category.

The asset residual values and useful lives are reviewed at least annually and if expectations differ from previous estimates.

Intangible assets and goodwill
Goodwill
For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or Group represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The reporting units (which generally correspond to power plants) or group of reporting units have been identified as its cash-generating units.

Goodwill impairment reviews are undertaken at least annually.

Intangible assets
Intangible assets include licenses and permits when specific rights and contracts are acquired. Intangible assets acquired in a business combination are recognized at fair value at the acquisition date. When the power plant achieves its commercial operations date, the related intangible assets are amortized using the straight-line method over the life of the PPA, generally over 20 years (excluding software). Software is amortized over three years. A different amortization method may be used if it better reflects the pattern of economic benefits derived from the asset over time.

Notes to the consolidated financial statements continued

2. Summary of significant accounting policies continued

Impairment of non-financial assets
Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that carrying values may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal (market value) and value in use determined using estimates of discounted future net cash flows of the asset or group of assets to which it belongs. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

Financial assets
Classification of financial assets
The Group classifies its financial assets in the following categories: at fair value through statement of income and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through statement of income
Financial assets have been acquired principally for the purpose of selling, or being settled, in the short term. Financial assets at fair value through statement of income are "Restricted cash", "Cash and cash equivalents" and derivatives held for trading unless they are designated as hedges.

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those that mature greater than 12 months after the end of the reporting period, which are classified in non-current assets. The Group's loans and receivables comprise "Trade and other receivables" and "Financial assets" in the consolidated statement of financial position.

Recognition and measurement of financial assets
Regular purchases and sales of financial assets are recognized on the trade-date, which is the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through statement of income are initially recognized at fair value, and transaction costs are expensed in the statement of income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Impairment of financial assets
The Group assesses loans and receivables at the end of each reporting period to determine whether there is objective evidence that a financial asset is impaired.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Unless otherwise stated carrying value approximates to fair value for all financial assets.

Derivative financial instruments and hedging activities
As part of its overall foreign exchange and interest rate risk management policy, the Group enters into various hedging transactions involving derivative instruments.

In connection with the Group's hedging policy, the Group uses forward exchange contracts for currency risk management as well as foreign exchange options, interest rate swap contracts for interest rate risk management in order to hedge certain forecasted transactions and to manage its anticipated cash payments under its variable rate financing by converting a portion of its variable rate financing to a fixed rate basis through the use of interest rate swap agreements, and a cross currency swap contract for both currency and interest rate risk management.

Items qualifying as hedges
The Group formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedge transactions and the method used to assess hedge effectiveness. Hedging transactions are expected to be highly effective in achieving offsetting changes in cash flows and are regularly assessed to determine that they actually have been highly effective throughout the financial reporting periods for which they are implemented.

When derivative instruments qualify as hedges for accounting purposes, as defined in IAS 39 "Financial instruments: recognition and measurement", they are accounted for as follows:

- The effective portion of the gain or loss on an outstanding hedge is recognized directly in the consolidated statement of other comprehensive income ("OCI"), while any ineffective portion is recognized immediately in the consolidated statement of income
- Amounts recognized directly in OCI are reclassified to the consolidated statement of income when the hedged transaction affects the consolidated statement of income
- If a forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in OCI are reclassified to the consolidated statement of income as Finance income or Finance costs

If a hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in OCI remain in accumulated OCI until the forecast transaction or firm commitment occurs, at which point they are reclassified to the consolidated statement of income.

Concession arrangements
The interpretation IFRIC 12 governs accounting for concession arrangements. An arrangement within the scope of IFRIC 12 is one which involves a private sector entity (known as "an operator") constructing infrastructure used to provide a public service, or upgrading it (for example, by increasing its capacity) and operating and maintaining that infrastructure for a specified period of time.

IFRIC 12 applies to public-to-private service concession arrangements if:

(a) The "grantor" (i.e. the public sector entity – the offtaker) controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
(b) The grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement. Infrastructure used in a public-to-private service concession arrangement for its entire useful life (a whole of life asset) is within the scope of IFRIC 12 if the conditions in a) are met.

The Group entered into three concession arrangements under the scope of IFRIC 12 in Rwanda, Senegal and Togo, which comply with the "financial asset" model requirements. Under this model, the operator recognizes a financial asset, attracting interest in consideration for the services it provides (design, construction, etc.). This model is based on input assumptions such as budgets and cash flow forecasts. Any change in these assumptions may have a material impact on the measurement of the recoverable amount and could result in reducing the value of the asset. Such financial assets are recognized in the Statement of Financial Position in an amount corresponding to the fair value of the infrastructure on first recognition and subsequently at amortized cost. The receivable is settled by means of the grantor's payments received. The financial income calculated on the basis of the effective interest rate, equivalent to the project's internal rate of return, is reflected within the "Revenue from concession and finance lease assets" line in the note 4.2 "Revenue" to the consolidated financial statement. Cash outflows relating to the acquisition of financial assets under concession agreements are presented as part of cash flow from investing activities. Net cash inflows generated by the financial assets' operations are presented as part of cash flow from operating activities.

The Group acquired a concession arrangement under the scope of IFRIC 12 in Brazil which complies with the "intangible asset" model requirements. Under this model, the operator recognizes an intangible asset in accordance with IAS 38 to the extent that it has a right to charge users of the public service. Such intangible asset is recognized in the Statement of Financial Position at cost on first recognition and subsequently measured over its useful economic life at cost less accumulated amortization and impairment losses. Net cash inflows generated by the intangible asset's operations are presented as part of cash flow from operating activities.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys the right to use the asset, or assets.

Accounting for arrangements that contain a lease as lessee
(i) Accounting for finance leases as lessee
Leases of property, plant and equipment where the Group holds substantially all the risks and rewards of ownership are classified as finance lease and such assets are capitalized at the commencement of the lease term at the lower of the present value of the minimum lease payments or the fair value of the leased asset. The asset is depreciated over the shorter of the useful life of the asset and the lease term. The obligations relating to finance leases, net of finance charges in respect of future periods, are recognized as liabilities. Leases are subsequently measured at amortized cost using the effective interest method.

(ii) Accounting for operating leases as lessee
Leases where a significant portion of the risks and rewards are held by the lessor are classified as operating leases. Rentals are charged to the statement of income on a straight-line basis over the period of the lease.

Accounting for arrangements that contain a lease as lessor – Power purchase arrangements ("PPA") and other long-term contracts may contain, or may be considered, leases where the fulfillment of the arrangement is dependent on the use of a specific asset such as a power plant and the arrangement conveys to the customer the right to use that asset. Such contracts may be identified as either operating leases or finance leases.

(i) Accounting for finance leases as lessor
Where the Group determines that the contractual provisions of a long-term PPA contain, or are a lease and result in the offtaker assuming the principal risks and rewards of ownership of the power plant, the arrangement is a finance lease. Accordingly the assets are not reflected as PP&E and the net investment in the lease, represented by the present value of the amounts due from the lessee is recorded as a Financial asset as a finance lease receivable.

The capacity payments as part of the leasing arrangement are apportioned between minimum lease payments (comprising capital repayments relating to the provision of the plant and finance income) and service income. The finance income element is recognized as revenue, using a rate of return specific to the plant to give a constant rate of return on the net investment in each period. Finance income and service income are recognized in each accounting period at the fair value of the Group's performance under the contract.

(ii) Accounting for operating leases as lessor
Where the Group determines that the contractual provisions of the long-term PPA contain, or are, a lease, and result in the Group retaining the principal risks and rewards of ownership of the power plant, the arrangement is an operating lease. For operating leases, the power plant is, or continues to be, capitalized as property, plant and equipment and depreciated over its useful economic life. Rental income from operating leases is recognized on a straight-line basis over the term of the arrangement.

Inventories
Inventories consist primarily of power generating plant fuel and spare parts that are held by the Group for its own use. Inventories are stated at the lower of cost, using a first-in, first-out method, and net realizable value, which is the estimated selling price in the ordinary course of business, less applicable selling expenses.

Emission quotas
Some companies of the Group emit CO_2 and have as a result obligations to buy emission quotas on the basis of local legislation. The emissions made by the Company emitting CO_2 which are in excess of any allocated quotas are purchased at free market and shown as inventories before their effective use. If emissions are higher than allocated quotas, the Company recognizes an expense and respective liability for those emissions. At the end of each reporting period, CO_2 quotas that remain available to the Company are revalued based on available market prices.

Trade receivables
Trade receivables are recognized initially at fair value, which is usually the invoiced amount, and subsequently carried at amortized cost using the effective interest method, less provision for impairment.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions and short-term investments, all of which are readily convertible to cash and are subject to insignificant risk of changes in value and have an original maturity of three months or less. Bank overdrafts are included within current Borrowings.

Notes to the consolidated financial statements continued

2. Summary of significant accounting policies continued

Share capital and share premium
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

The premium received on the issue of shares in excess of the nominal value of shares is credited to the share premium account and included within shareholders' equity.

Restricted cash
Restricted cash includes cash balances which have restrictions as to withdrawal or usage of funds. In particular, maintenance reserves held for the purpose of covering long-term major maintenance and long-term deposits kept as collateral to cover decommissioning obligations are excluded from cash and cash equivalents and included in non-current assets.

Provisions
Provisions principally relate to decommissioning, maintenance, environmental, tax and legal obligations and which are recognized when there is a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are re-measured at each statement of financial position date and adjusted to reflect the current best estimate. Any change in present value of the estimated expenditure attributable to changes in the estimates of the cash flow or the current estimate of the discount rate used are reflected as an adjustment to the provision. The increase in the provisions due to passage of time are recognized as finance costs in the Consolidated statement of income.

Financial liabilities
(a) Borrowings
Borrowings are recognized initially at fair value of amounts received, net of transaction costs. Borrowings are subsequently measured at amortized cost using the effective interest method; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method.

(b) Trade and other payables
Financial liabilities within trade and other payables are initially recognized at fair value, which is usually the invoiced amount, and subsequently carried at amortized cost using the effective interest method.

Unless otherwise stated carrying value approximates to fair value for all financial liabilities.

Government grants
Grants from the government are recognized where there is a reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received.

Current and deferred income tax
The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of income, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.4 Critical accounting estimates and judgments
The preparation of the consolidated financial statements in line with the Group's accounting policies set out in note 2.3 involves the use of judgment and/or estimation. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, giving consideration to previous experience, and are regularly reviewed and revised as necessary. Actual results may differ from the amounts included in the consolidated financial statements. The estimates and judgments that have the most significant effect on the carrying amounts of assets and liabilities are presented below.

Critical accounting estimates
Recoverable amount of property, plant and equipment
Where an impairment trigger has been identified (see critical accounting judgments section), the Group makes significant judgments in its impairment evaluations of long-lived assets. The determination of the recoverable amount is typically the most judgmental part of an impairment evaluation. The recoverable amount is the higher of: (i) an asset's fair value less costs of disposal (market value); and (ii) value in use determined using estimates of discounted future net cash flows ("DCF") of the asset or group of assets to which it belongs.

The Group generally uses value in use to derive the recoverable amount of property, plant and equipment. Management applies considerable judgment in selecting several input assumptions in its DCF models, including discount rates and capacity/availability factors. These assumptions are consistent with the Group's internal budgets and forecasts for such valuations. Examples of the input assumptions that budgets and cash flow forecasts are sensitive to include macroeconomic factors such as growth rates, inflation, exchange rates, and, in the case of renewables plants, environmental factors such as wind, solar and water resource forecast. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairing the tested assets. See note 4.11 for further information on the impairment tests performed.

Provisions
The Group makes provisions when an obligation exists, resulting from a past event and it is probable that cash will be paid to settle it, but the exact amount of cash required can only be estimated on a reliable basis. Major provisions are detailed in note 4.25. The main estimates relate to site decommissioning and maintenance costs, and environmental remediation for various sites owned.

Site decommissioning, maintenance and environmental provisions are recognized based on management's assessment of future costs which would need to be incurred in accordance with existing legislation or contractual obligations to restore the sites or make good any environmental damage. These costs are measured at the present value of the future expenditures expected to be required to settle the obligation using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the obligation. Management apply judgment in the estimation of future cash flows to settle these obligations and in the estimation of an appropriate pre-tax discount factor. The pre-tax discount rate used varies from 5.0% to 11.0%. If this was to decrease by 1% it would increase decommissioning, environmental and maintenance provisions by $3.2 million.

Fair value of assets acquired and liabilities assumed in a business combination
Business combinations are recorded in accordance with IFRS 3 using the acquisition method. Under this method, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date.

Therefore, through a number of different approaches and with the assistance of external independent valuation experts for acquisitions as considered appropriate by management, the Group identifies what it believes is the fair value of the assets acquired and liabilities assumed at the acquisition date. These valuations involve the use of judgment and include a number of estimates. Judgment is exercised in identifying the most appropriate valuation approach which is then used to determine the allocation of fair value. The Group typically uses one of the cost approach, the income approach and the market approach.

Each of these valuation approaches involve the use of estimates in a number of areas, including the determination of cash flow projections and related discount rates, industry indices, market prices regarding replacement cost and comparable market transactions. While the Group believes that the estimates and assumptions underlying the valuation methodologies are reasonable, different assumptions could result in different fair values.

Taxes
Significant judgment is sometimes required in determining the accrual for income taxes as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities based on estimates of whether additional taxes will be due. These areas include, but are not limited to, the deductibility of interest on certain borrowings used to finance acquisitions made by the Group and the price at which goods and services are transferred between Group companies. Where the final tax outcome of these matters is different from the amounts that were recorded, such differences will impact the current and deferred income tax provisions, results of operations and possibly cash flows in the year in which such determination is made.

Deferred tax assets are recognized on tax loss carry-forwards when it is probable that taxable profit will be available against which the tax loss carry-forwards can be utilized. Estimates of taxable profits and utilizations of tax loss carry-forwards are prepared on the basis of profit and loss forecasts as included in the medium-term business plan and, if necessary, on the basis of additional forecasts.

Critical accounting judgments
Assessing property, plant and equipment for impairment triggers
The Group's property, plant and equipment are reviewed for indications of impairment (an impairment "trigger"). Judgment is applied in determining whether an impairment trigger has occurred, based on both internal and external sources. External sources may include: market value declines, negative changes in technology, markets, economy, or laws. Internal sources may include: obsolescence or physical damage, or worse economic performance than expected, including from adverse weather conditions for renewable plants. In the current year, impairment triggers were noted for Brazilian wind power plants and Brazilian hydro power plants (see note 4.11).

Accounting for long-term power purchase agreements and related revenue recognition
When power plants sell their output under long-term power purchase agreements ("PPA"), it is usual for the operator of the power plant to receive payment (known as a capacity payment) for the provision of electrical capacity whether or not the offtaker requests electrical output. There is a degree of judgment as to whether a long-term contract to sell electrical capacity constitutes a service concession arrangement, a form of lease, or a service contract. This determination is made at the inception of the PPA, and is not required to be revisited in subsequent periods under IFRS, unless the agreement is renegotiated.

Given that the fulfillment of the PPAs is dependent on the use of a specified asset, the key judgment in determining if the PPA contains a lease is the assessment of whether the PPA conveys a right for the offtaker to use the assets. In practice, the key criteria in assessing if that right exists is the judgment whether there is only a remote possibility that parties other than the offtaker will take more than an insignificant amount of the power output and the price the offtaker will pay is neither fixed nor at market price rates.

In assessing whether the PPA contains a service concession, the Group considers whether the arrangement: (i) bears a public service obligation; (ii) has prices that are regulated by the offtaker; and (iii) the residual interest is transferred to the offtaker at an agreed value.

All other PPAs are determined to be service contracts.

Concession arrangements – For those agreements which are determined to be a concession arrangement, there are judgments as to whether the infrastructure should be accounted for as an intangible asset or a financial asset depending on the nature of the payment entitlements established in the agreement.

Concession arrangements determined to be a financial asset – The Group recognizes a financial asset when demand risk is assumed by the grantor, to the extent that the contracted concession holder has an unconditional right to receive payments for the asset. The asset is recognized at the fair value of the construction services provided. The fair value is based on input assumptions such as budgets and cash flow forecasts. The inputs include in particular the budget for fixed and variable costs. Any change in these assumptions may have a material impact on the measurement of the recoverable amount and could result in reducing the value of the asset. The financial asset is subsequently recorded at amortized cost calculated according to the effective interest rate method. Revenue for operating and managing the asset is recorded as revenue in each period.

Notes to the consolidated financial statements continued

2. Summary of significant accounting policies continued

Leases – For those arrangements determined to be or to contain leases, further judgment is required to determine whether the arrangement is finance or operating lease. This assessment requires an evaluation of where the substantial risks and rewards of ownership reside, for example due to the existence of a bargain purchase option that would allow the offtaker to buy the asset at the end of the arrangement for a minimal price.

3. Major events and changes in the scope of consolidation

3.1 2016 transactions

Sale of Czech assets

On 14th November 2016, the Group sold 100% of its stake in Czech solar assets representing a total of 6.0 MW. The sale resulted in a gain in the statement of income of $3.0 million.

The cession contributed to consolidated revenue and net result for respectively $3.4 million and $1.2 million.

Termination of CG Solutions Kiev

In August 2016, Coca Cola Beverages Ukraine, the offtaker of the Ukrainian Solutions power plant under the master agreement signed with Coca-Cola Hellenic, terminated the local agreement between ContourGlobal Solutions Ukraine LLC and Coca Cola Beverages Ukraine resulting in the transfer of the ownership of the power plant and spare parts to Coca Cola Beverages Ukraine. Consequently, and as contractually agreed in such situation, ContourGlobal Solutions Ukraine LLC sold the related assets to the offtaker and received the remaining discounted cash flows due under the Power Purchase Agreement, resulting in a gain in the statement of income of $12.1 million.

The cession contributed to consolidated revenue and net result for respectively $2.7 million and $(2.7) million.

3.2 2017 transactions

Acquisition of a thermal and a renewable portfolio in Brazil

On 17th March 2017, the Group closed the acquisition of 80% of a 206 MW Brazilian portfolio. The portfolio consists of seven hydroelectric plants totaling 130 MW in the states of Bahia, Goiás and Rio de Janeiro and four high-efficiency cogeneration facilities ("Solutions") totaling 76 MW in Paraná, Rio de Janeiro and São Paulo. The total consideration amounts to BRL 576.8 million (or $182.4 million) including certain price adjustments. A total of BRL 547.3 million (or $173.1 million) was paid in cash at the closing date.

On a consolidated and annualized basis, had this acquisition taken place as of 1st January 2017, the Group would have recognized 2017 consolidated revenue of $1,037.9 million and consolidated net profit of $18.5 million.

Determination of fair value of assets acquired and liabilities assumed at acquisition date:

In $ millions	Hydro Brazil	Solutions Brazil	Total Brazilian portfolio acquired
Intangible assets	28.4	–	28.4
Property, plant and equipment	160.0	38.1	198.1
Other assets	17.9	10.8	28.7
Cash and cash equivalents	17.9	15.3	33.2
Total assets	**224.2**	**64.2**	**288.4**
Borrowings	61.1	–	61.1
Other liabilities	19.6	11.5	31.1
Total liabilities	**80.7**	**11.5**	**92.2**
Total net identifiable assets	**143.5**	**52.7**	**196.2**
Total net identifiable assets % acquired	**129.7**	**52.7**	**182.4**
Net purchase consideration	**129.7**	**52.7**	**182.4**
Goodwill	–	–	–

The acquisition contributed to consolidated revenue and net result for respectively $57.8 million and $18.9 million.

Additional solar portfolio acquisition

In December 2017, the Group closed the acquisition of 100% of a 19.1 MW operational solar photovoltaic plants in Italy from ErgyCapital S.p.A. The plants, located in the regions of Puglia, Piemonte, Lazio and Campania, are in close proximity to ContourGlobal's existing Italian solar portfolio and benefit from approximately 12 years of Feed-in-Tariff. The total consideration amounts to €9.6 million (or $11.4 million) corresponding to acquisition of shares.

Subsequent to the closing the Group refinanced the portfolio and issued new facilities for a total of €55.8 million (or $66.4 million), of which €38.8 million (or $46.2 million) has been drawn in 2017, at an interest rate of Euribor 6M+2.35% per annum, 70% of which is swapped at 0.653%+2.35% per annum, maturing on 30th June 2028.

On a consolidated and annualized basis, had this acquisition taken place as of 1st January 2017, the Group would have recognized 2017 consolidated revenue of $1,032.9 million and consolidated net profit of $14.3 million.

Preliminary determination of fair value of assets acquired and liabilities assumed at acquisition date:

In $ millions	Solar portfolio
Intangible assets	0.1
Property, plant and equipment	75.7
Other assets	11.4
Cash and cash equivalents	3.6
Total assets	**90.7**
Borrowings	70.6
Other liabilities	8.8
Total liabilities	**79.4**
Total net identifiable assets	**11.4**
Net purchase consideration	**11.4**
Goodwill	–

The acquisition contributed to consolidated revenue and net result for respectively $0.5 million and $0.6 million.

Acquisition of non-controlling interests which did not result in a change of control

The Group also completed in 2017 the acquisition of 19.7% minority interests in ContourGlobal Hydro Cascade CJSC (Vorotan project) for a consideration of $9.8 million. After this transaction, the Group owns 100% of the Vorotan project.

This transaction did not result in a change of control and have therefore been accounted for within shareholder's equity as transactions with owners without change of control acting in their capacity of owners.

4. Notes to the consolidated financial statements

4.1 Segment reporting

The Group's reportable segments are the operating segments overseen by distinct segment managers responsible for their performance with no aggregation of operating segments.

Thermal Energy for power generating plants operating from coal, lignite, natural gas, fuel oil and diesel. Thermal plants include Maritsa, Arrubal, Togo, Kramatorsk, Cap des Biches, KivuWatt, Energies Antilles, Energies Saint-Martin, Bonaire and our equity investees (primarily Termoemcali and Sochagota). Our thermal segment also includes plants which provide electricity and certain other services to beverage bottling companies.

Renewable Energy for power generating plants operating from renewable resources such as wind, solar and hydro in Europe and South America. Renewables plants include Asa Branca, Chapada I, II, III, Inka, Vorotan, Austria Portfolio 1 & 2 and our other European and Brazilian plants.

The **Corporate & Other** category primarily reflects costs for certain centralized functions including executive oversight, corporate treasury and accounting, legal, compliance, human resources, IT, political risk insurance and facilities management and certain technical support costs that are not allocated to the segments for internal management reporting purposes.

The CODM assesses the performance of the operating segments based on Adjusted EBITDA which is defined as profit for the period from continuing operations before income taxes, net finance costs, depreciation and amortization, acquisition related expenses and specific items which have been identified and adjusted by virtue of their size, nature or incidence. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

The CODM does not review nor is presented a segment measure of total assets and total liabilities.

All revenue is derived from external customers.

Notes to the consolidated financial statements continued

4. Notes to the consolidated financial statements continued

Geographical information

The Group also presents revenue in each of the geographical areas in which it operates as follows:

- Europe (including our operations in Austria, Armenia, Northern Ireland, Italy, Romania, Poland, Bulgaria, Slovakia, Czech Republic, Spain and Ukraine)
- Latin America (including Brazil, Peru and Colombia)
- Africa (including Nigeria, Togo, Senegal and Rwanda)
- Caribbean islands (including Dutch Antilles and French Territory)

In $ millions	Years ended 31st December 2017	2016
Revenue		
Thermal Energy	**730.2**	659.5
Renewable Energy	**292.5**	245.7
Total revenue	**1,022.7**	905.2
Adjusted EBITDA		
Thermal Energy	**332.1**	281.8
Renewable Energy	**211.1**	193.1
Corporate & Other[1]	**(29.9)**	(34.6)
Total adjusted EBITDA	**513.2**	440.4

Reconciliation to profit/(loss) before income tax	2017	2016
Depreciation and Amortization (note 4.3)	**(185.6)**	(169.4)
Finance costs net (note 4.7)	**(220.7)**	(201.9)
Share of profit in associates	**5.0**	7.3
Share of adjusted EBITDA in associates[2]	**(21.6)**	(21.4)
Acquisition related items	**(9.5)**	(12.3)
Gain on termination of Solutions – Kiev plant (note 4.6)[3]	**–**	12.1
Gain on sale of Czech assets (note 4.6)[4]	**–**	3.0
Costs related to CG plc IPO (note 4.6)[5]	**(12.7)**	–
Non cash major overhaul provision[6]	**(9.8)**	(3.1)
Government grants[7]	**–**	(6.5)
Other[8]	**(17.7)**	(5.3)
Profit/(loss) before income tax	**40.6**	42.9

1 Includes Corporate costs for $29.7 million (31st December 2016: $33.4 million) and other costs for $0.2 million (31st December 2016: $1.2 million). Corporate costs corresponds to SG&A before depreciation and amortization (31st December 2017: $2.2 million, 31st December 2016: $2.9 million).
2 Corresponds to our share of Adjusted EBITDA of plants accounted for under the equity method (Sochagota, Termoemcali and Productora de Energia de Boyaca) which are reviewed by our CODM as part of our Thermal Energy segment.
3 Corresponds to the gain resulting from the sale of Solutions Kiev power plant to Coca Cola Hellenic occurred in August 2016.
4 Corresponds to the gain resulting from the sale of three solar energy plants in Czech Republic representing a total of 6.0 MW in November 2016.
5 The Group successfully completed the Initial Public Offering in the United Kingdom of ContourGlobal plc. Costs associated with this project were separately analyzed by our CODM.
6 Represents the accretion for the year in respect of our long-term overhaul provision in relation to our Togo and Senegal power plants under a concession arrangement. The overhaul program is expected to start in 2021 in Togo and 2019 in Senegal.
7 Represents the Spanish long-term capacity incentives payable in relation to our Arrubal power plant. These incentives, which ended in February 2017, were granted for the construction of the plant with payment from authorities.
8 Mainly reflects the non-cash impact of finance lease and financial concession payments. "Other" increased mainly as a result of the full commercial operations in 2017 of our Cap des Biches I and II power plants in Senegal.

Capital expenditures

In $ millions	Years ended 31st December 2017	2016
Thermal Energy	**28.6**	19.3
Renewable Energy	**29.8**	38.7
Total capital expenditures	**58.4**	58.0

Geographical information

The geographic analysis of revenue, based on the country of origin in which the Group's operations are located, and Adjusted EBITDA is as follows:

In $ millions	Years ended 31st December 2017	2016
Europe[1]	**627.9**	523.2
South America[2]	**214.0**	152.1
Africa	**140.3**	184.2
Caribbean islands	**40.4**	45.7
Total revenue	**1,022.7**	905.2

1 Revenue generated in 2017 in Bulgaria and Spain amounted to $298.2 million and $178.7 million respectively (31st December 2016: $244.5 million and $131.2 million respectively).
2 Revenue generated in 2017 in Brazil amounted to $180.5 million (31st December 2016: $113.1 million).

In $ millions	2017	2016
Europe	**268.1**	254.8
South America	**170.1**	140.8
Africa	**78.2**	58.4
Caribbean islands	**26.8**	21.0
Corporate & Other	**(29.9)**	(34.6)
Total adjusted EBITDA	**513.2**	440.4

The geographic analysis of non-current assets, excluding derivative financial instruments and deferred tax assets, based on the location of the assets, is as follows:

In $ millions	Years ended 31st December 2017	2016
Europe	**1,174.2**	1,072.2
South America	**1,347.1**	1,179.4
Africa	**572.1**	558.6
Caribbean islands	**64.3**	70.0
Other	**3.9**	3.7
Total non-current assets	**3,161.6**	2,883.9

Notes to the consolidated financial statements continued

4. Notes to the consolidated financial statements continued

4.2 Revenue

In $ millions	Years ended 31st December 2017	2016
Revenue from power sales	**757.3**	623.8
Revenue from operating leases	**96.8**	86.0
Revenue from concession and finance lease assets	**89.9**	74.3
Construction revenue from concession arrangements[1]	**–**	74.3
Other revenue[2]	**78.8**	46.7
Total revenue	**1,022.7**	905.2

1 Construction revenue from concession arrangements corresponds to revenue generated in accordance with IFRIC 12 for the construction of our plants in Cap des Biches, Senegal in 2016.
2 Other revenue primarily relates to environmental, operational and maintenance services rendered to offtakers in our Maritsa, Togo, Kivuwatt and Cap des Biches power plants. Other revenue increased mainly as a result of the full commercial operations of Cap des Biches I and II in 2017.

The Group has one customer contributing more than 10% of Group's revenue.

	Years ended 31st December 2017	2016
Customer A	**29.2%**	26.7%

4.3 Expenses by nature

In $ millions	Years ended 31st December 2017	2016
Fuel costs	**234.0**	163.5
Depreciation, amortization and impairment	**185.6**	169.4
Operation and maintenance costs[1]	**67.0**	138.3
Employee costs	**67.5**	63.9
Emission allowance utilized[2]	**47.1**	15.5
Professional fees	**9.0**	16.2
Purchased power	**48.2**	28.4
Insurance costs	**18.5**	18.3
Other expenses[3]	**71.3**	59.0
Total cost of sales and selling, general and administrative expenses	**748.2**	672.5

1 Operation and maintenance costs include costs associated with the construction phase of a plant under service concession arrangements as well as on going costs associated with the operation and maintenance of all plants.
2 Emission allowance utilized corresponds mainly to the costs of CO_2 quotas in Maritsa which are passed through to its offtaker as well as changes in fair value of CO_2 quotas in the period.
3 Other expenses include operating consumables and supply costs of $14.0 million in 2017 (2016: $14.8 million) and facility costs of $14.6 million in 2017 (2016: $14.2 million). Facility costs include operating leases expenses of $3.5 million in 2017 (2016: $3.8 million).

4.4 Employee costs and numbers

In $ millions	Years ended 31st December 2017	2016
Wages and salaries	**(52.4)**	(50.1)
Social security costs	**(10.7)**	(10.4)
Share-based payments	**–**	–
Pension and other post-retirement benefit costs	**(0.8)**	(0.8)
Other	**(3.5)**	(2.8)
Total employee costs	**(67.5)**	(64.0)

In $ millions	Years ended 31st December 2017	2016
Annual average number of full-time equivalent employees	**1,873**	1,855
– Thermal	**1,441**	1,415
– Renewable	**265**	280
– Corporate	**167**	160

4.5 Acquisition related items

In $ millions	Years ended 31st December 2017	2016
Acquisition costs[1]	**(9.5)**	(12.3)
Acquisition related items	**(9.5)**	(12.3)

1 Acquisition costs include notably pre-acquisition costs such as due diligence costs and professional fees, earn-outs and other related incremental costs incurred as part of completed or contemplated acquisitions. In 2017, costs incurred primarily related to contemplated acquisition projects in Brazil, Spain, Peru, Mexico, Austria and Italy. In 2016, cost incurred primarily related to contemplated acquisition projects in Brazil, Mexico, Spain, Peru, Austria and Italy, and to abandoned projects in Africa.

4.6 Other income (expenses) – net

In $ millions	Years ended 31st December 2017	2016
Gain on termination of Solutions Kiev plant[1]	**–**	12.1
Gain on sale of Czech assets[2]	**–**	3.0
Costs related to CG plc IPO[3]	**(12.7)**	–
Other	**–**	0.5
Other income (expenses) – net	**(12.7)**	15.6

1 Corresponds to the gain resulting from the sale of Solutions Kiev power plant which occurred in August 2016 (note 3.1).
2 Corresponds to the gain resulting from the sale of three solar energy plants in Czech Republic representing a total of 6.0 MW in November 2016 (note 3.1).
3 Represents costs recognized in the statement of income resulting from the Initial Public Offering ("IPO") in the United Kingdom of ContourGlobal plc in November 2017. An additional $19.9 million of IPO costs was recognized as a deduction of share premium. Cash outflows of $19.2 million related to these costs are disclosed in the "other financing activities" line of the statement of cash flows.

4.7 Finance costs – net

In $ millions	Years ended 31st December 2017	2016
Finance income	**9.8**	6.9
Interest expenses on borrowings	**(176.3)**	(170.1)
Net change in fair value of derivatives[1]	**(13.5)**	4.3
Net realized foreign exchange differences	**(38.0)**	(0.3)
Net unrealized foreign exchange differences[2]	**7.0**	48.7
Finance charges related to corporate bond refinancing[3]	**–**	(29.2)
Other[4]	**(9.6)**	(62.3)
Finance costs – net	**(220.7)**	(201.9)

1 Change in fair value of derivatives relates primarily to interest rate swaps, interest rate options and a Euro/US dollar forward contract which has also generated realized foreign exchange differences.
2 Unrealized foreign exchange differences primarily relate to loans in subsidiaries that have a functional currency different to the currency in which the loans are denominated.
3 In conjuction with the refinancing of our initial $500 million bond in June 2016, a call premium of $18.3 million was paid to prior bondholders (classified as "other financing activities" in the Consolidated statement of cash flows) and recognized the accelerated amortization of the related deferred financing costs for $10.9 million
4 Other mainly includes costs associated with other financing, the unwinding effect of certain liabilities as well as income and expenses related to interests and penalties for late payments.

Notes to the consolidated financial statements continued

4. Notes to the consolidated financial statements continued

4.8 Income tax expense and deferred income tax

Income tax expense

In $ millions	2017	2016
	Years ended 31st December	
Current tax expense	**(27.7)**	(23.1)
Deferred tax (expense) benefit	**0.6**	1.1
Income tax expense	**(27.1)**	(22.0)

The main jurisdictions contributing to the income tax expense for the year ending 31st December 2017 are: i) Brazil; ii) Bulgaria; iii) Spain and; iv) French Caribbean. The tax on the Group's income/(loss) before tax differs from the theoretical amount that would arise using the statutory tax rate of the parent company applicable to profits of the consolidated entities as follows:

Effective tax rate reconciliation

In $ millions	2017	2016
	Years ended 31st December	
Profit before income tax	**40.6**	42.8
Share of profit in associates	**5.0**	7.3
Profit before income tax and share of profit in associates	**35.6**	35.6
Profit before income tax and share of profit in associates at statutory tax rate	**(6.9)**	(7.1)
Statutory tax rate (UK)[1]	**19.25%**	20.0%
Tax effects of:		
Differences between statutory tax rate and foreign statutory tax rates	**5.7**	8.9
Changes in unrecognized deferred tax assets[2]	**(40.1)**	(22.3)
Reduced rate and specific taxation regime	**6.6**	2.2
Change in tax laws & rates	**(0.7)**	0.3
Non deductible expenses	**(4.3)**	(5.8)
Impact of foreign currencies on deferred tax basis[3]	**1.6**	6.8
Other permanent differences and other items	**11.0**	(5.0)
Income tax expense	**(27.1)**	(22.0)
Effective rate of income tax	**66.7%**	51.4%

1 On 26th October 2015, Finance (No.2) Act 2015 was substantively enacted, reducing the main rate of corporation tax in the UK from 20% to 19% from 1st April 2017. On 6th September 2016, Finance Act 2016 was substantively enacted, further reducing the rate to 17% from 1st April 2020. Deferred taxes have been measured using tax rates substantively enacted at the balance sheet date.
2 Mainly relates to tax losses in Luxembourg and Brazil where deferred tax assets are not recognized.
3 Relates to entities which have a functional currency different from their local currency.

Net deferred tax movement

The gross movements of net deferred income tax assets (liabilities) were as follows:

In $ millions	2017	2016
	Years ended 31st December	
Net deferred tax assets (liabilities) as of 1st January	**(21.2)**	(24.6)
Statement of income	**0.6**	1.1
Deferred tax recognized directly in other comprehensive income	**0.7**	1.0
Acquisitions	**(1.4)**	2.3
Currency translation differences and other	**(2.4)**	(1.0)
Net deferred tax assets (liabilities) as of 31st December	**(23.7)**	(21.2)

Analysis of the net deferred tax position recognized in the consolidated statement of financial position

The net deferred tax positions and their movement can be broken down as follows:

In $ millions	As of 1st January 2017	Statement of income	Other comprehensive income	Acquisitions	Currency translations and other	As of 31st December 2017
Tax losses	**16.4**	**0.3**	**–**	**1.5**	**1.4**	**19.7**
Long-term assets	**(43.4)**	**(6.4)**	**–**	**(5.2)**	**(4.0)**	**(58.9)**
Derivative financial instrument	**8.2**	**(0.3)**	**0.7**	**0.4**	**(0.7)**	**8.3**
Other[1]	**(2.4)**	**7.0**	**–**	**1.8**	**0.9**	**7.2**
Total net deferred tax assets (liabilities)	**(21.2)**	**0.6**	**0.7**	**(1.4)**	**(2.4)**	**(23.7)**

In $ millions	As of 1st January 2016	Statement of income	Other comprehensive income	Acquisitions	Currency translations and other	As of 31st December 2016
Tax losses	20.1	(4.3)	–	–	0.6	16.4
Long-term assets	(45.1)	(0.1)	–	2.3	(0.5)	(43.4)
Derivative financial instrument	7.6	(0.2)	1.0	–	(0.2)	8.2
Other[1]	(7.2)	5.7	–	–	(0.9)	(2.4)
Total net deferred tax assets (liabilities)	(24.6)	1.1	1.0	2.3	(1.0)	(21.2)

1 Other mainly relate to deferred interest and to foreign currency differences.

Analysis of the deferred tax position unrecognized in the consolidated statement of financial position

Unrecognized deferred tax assets amount to $187.7 million as of 31st December 2017 (31st December 2016: $139.4 million) and can be broken down as follows:

In $ millions	2017	2016
	Years ended 31st December	
Unrecognized deferred tax assets on tax losses	**167.7**	122.7
Unrecognized deferred tax assets on deductible temporary differences	**20.0**	16.7
Total unrecognized deferred tax assets	**187.7**	139.4

Main tax losses and deductible temporary differences not recognized reside in: i) Luxembourg; ii) Brazil; iii) Colombia; iv) UK and v) Poland. The related deferred tax assets were not recognized as sufficient taxable profit is not expected to be generated in the foreseeable future.

Notes to the consolidated financial statements continued

4. Notes to the consolidated financial statements continued

4.9 Earnings per share

	Years ended 31st December			
	2017[1]		2016[1]	
	Basic	Diluted	Basic	Diluted
Profit attributable to CG plc shareholders (in $ millions)	**19.4**	**19.4**	37.5	37.5
Number of shares (in millions)				
Weighted average number of shares outstanding	**614.2**	**614.2**	614.2	614.2
Potential dilutive effects related to share-based compensation		**–**		–
Adjusted weighted average number of shares	**–**	**614.2**	–	614.2
Profit/(Loss) attributable to CG plc shareholders per share (in $)	**0.03**	**0.03**	0.06	0.06

1 For both years, the Adjusted weighted average number of shares has been calculated starting from the date of incorporation through to 31st December 2017.

4.10 Intangible assets and goodwill

In $ millions	Goodwill	Project development rights	Software and Other	Total
Cost	0.5	105.6	12.7	**118.8**
Accumulated amortization and impairment	–	(2.8)	(7.2)	**(10.0)**
Carrying amount as of 31st December 2015	**0.5**	**102.8**	**5.5**	**108.8**
Additions	–	0.5	1.4	**1.9**
Currency translation differences	–	15.3	–	**15.3**
Reclassification	–	0.7	0.8	**1.5**
Amortization charge	–	(6.5)	(2.3)	**(8.8)**
Closing net book amount	**0.5**	**112.8**	**5.4**	**118.7**
Cost	0.5	121.7	14.6	**136.8**
Accumulated amortization and impairment	–	(8.9)	(9.2)	**(18.1)**
Carrying amount as of 31st December 2016	**0.5**	**112.8**	**5.4**	**118.7**
Additions	–	0.5	0.9	**1.4**
Acquired through business combination	–	29.2	–	**29.2**
Currency translation differences	0.1	(2.9)	0.3	**(2.5)**
Reclassification	–	–	0.1	**0.1**
Amortization charge	–	(8.0)	(1.8)	**(9.8)**
Closing net book amount	**0.6**	**131.6**	**4.9**	**137.1**
Cost	0.6	166.2	16.7	**183.5**
Accumulated amortization and impairment	–	(34.6)	(11.7)	**(46.3)**
Carrying amount as of 31st December 2017	**0.6**	**131.6**	**4.9**	**137.1**

The project development rights mainly relate to the fair value of licenses acquired from the initial developers for our wind parks in Peru and Brazil. Acquisitions in 2017 relate to the acquisition of an intangible asset related to a concession arrangement in the thermal and renewable portfolio in Brazil.

For the years ended 31st December 2016 and 2017, certain triggering events were identified, and the related intangible assets were tested for impairment. These impairment tests did not result in any impairment (refer to note 4.11).

4.11 Property, plant and equipment

Assets acquired through business combinations are explained in Note 3 Major events and changes in the scope of consolidation.

The power plant assets predominantly relate to wind farms, natural gas plants, fuel oil or diesel plants, coal plants, hydro plants, solar plants and other buildings.

Other assets mainly include IT equipment, furniture and fixtures, facility equipment, asset retirement obligations and vehicles, and project development costs.

In $ millions	Land	Power plant assets	Construction work in progress	Other	Total
Cost	**17.8**	**2,706.1**	**20.9**	**123.4**	**2,868.1**
Accumulated depreciation and impairment	**(0.3)**	**(699.9)**	**–**	**(53.9)**	**(754.1)**
Carrying amount as of 1st January 2017	**17.5**	**2,006.2**	**20.9**	**69.5**	**2,114.0**
Additions	**–**	**8.4**	**16.6**	**22.7**	**47.7**
Disposals	**(0.1)**	**(4.0)**	**(0.6)**	**(0.6)**	**(5.3)**
Reclassification	**–**	**11.8**	**(12.2)**	**(0.9)**	**(1.3)**
Acquired through business combination	**8.1**	**216.0**	**1.0**	**52.0**	**277.1**
Currency translation differences	**1.7**	**95.9**	**0.9**	**(0.3)**	**98.2**
Depreciation charge	**–**	**(161.4)**	**–**	**(11.0)**	**(172.4)**
Impairment charge	**–**	**(2.7)**	**–**	**(0.6)**	**(3.3)**
Transferred to disposal Group classified as held for sale[1]	**–**	**(3.5)**	**(0.1)**	**(0.7)**	**(4.3)**
Closing net book amount	**27.2**	**2,166.7**	**26.5**	**130.1**	**2,350.3**
Cost	**27.7**	**3,194.9**	**26.5**	**216.6**	**3,465.6**
Accumulated depreciation and impairment	**(0.5)**	**(1,028.2)**	**–**	**(86.6)**	**(1,115.3)**
Carrying amount as of 31st December 2017	**27.2**	**2,166.7**	**26.5**	**130.1**	**2,350.3**

1 The Group decided to sell its Kramatorsk Ukrainian power plant and signed a share purchased agreement on 22nd December 2017. The Group classified the asset as Assets held for sale in conformity with IFRS 5 and tested the asset for impairment on the basis of the share purchase price less costs to sell. As a result, the Group recorded an impairment charge of $3.3 million in 2017.

In relation to this, as at 31st December 2017, $13.7 (million) of assets were classified as Assets held for sale and $12.9 million of liabilities were classified as Liabilities held for sale. Of the $13.7 million, $4.3 million related to Property, plant and equipment, $8.0 million related to working capital and $1.4 million related to cash and cash equivalents. Of the $12.9 million, $0.9 million related to provisions, $9.2 million related to working capital and $2.8 million related to borrowings.

Construction work in progress in 2017 predominantly relates to our Maritsa plant and Austria Wind project repowerment.

Depreciation included in “cost of sales” in the consolidated statement of income amount to $171.8 million in the year ended 31st December 2017 whereas depreciation included in “selling, general and administrative expenses” amount to $0.7 million in the year ended 31st December 2017.

Assets acquired through business combination relate to the acquisition of a thermal and renewable portfolio in Brazil and Italy are detailed in Note 3.2.

In 2017, the Group did not capitalize any borrowing costs in relation to project financing.

In $ millions	Land	Power plant assets	Construction work in progress	Other	Total
Cost	19.4	2,474.2	191.8	102.7	2,788.1
Accumulated depreciation and impairment	(0.3)	(580.6)	–	(44.1)	(625.0)
Carrying amount as of 1st January 2016	19.1	1,893.6	191.8	58.6	2,163.1
Additions	–	11.6	12.9	10.3	34.8
Disposals	(1.4)	(14.7)	–	(2.3)	(18.4)
Reclassification	0.1	188.9	(203.8)	8.6	(6.1)
Currency translation differences	(0.3)	78.5	20.0	4.0	102.1
Depreciation charge	(0.1)	(151.7)	–	(9.7)	(161.5)
Closing net book amount	17.5	2,006.2	20.9	69.5	2,114.0
Cost	17.8	2,706.1	20.9	123.4	2,868.1
Accumulated depreciation and impairment	(0.3)	(699.9)	–	(53.9)	(754.1)
Carrying amount as of 31st December 2016	17.5	2,006.2	20.9	69.5	2,114.0

Construction work in progress in 2016 predominantly relates to our Maritsa project.

Additions in 2016 mainly relate to the construction of Chapada II and III projects in Brazil and Maritsa.

Notes to the consolidated financial statements continued

4. Notes to the consolidated financial statements continued

Depreciation included in "cost of sales" in the consolidated statement of income amount to $160.6 million in the period ended 31st December 2016 whereas depreciation included in "selling, general and administrative expenses" amount to $0.9 million in the year ended 31st December 2016.

In 2016, the Group did not capitalize any borrowing costs in relation to project financing.

Impairment tests on tangible and intangible assets

For the years ended 31st December 2016 and 2017 certain triggering events were identified primarily driven by lower performance of the assets, change of regulation and local environment, requiring an impairment test of the relevant assets.

The recoverable amount is determined as the higher of the value in use determined by the discounted value of future cash flows (discounted cash flow method or "DCF", determined by using cash flows projections consistent with the following year budget and the most recent forecasts prepared by management) and the fair value (less costs to sell), determined on the basis of market data (comparison with the value attributed to similar assets or companies in recent transactions).

For the year ended 31st December 2016 impairment tests were performed in relation with Brazilian wind power plants, Bonaire (financial asset) and Ukrainian power plant and confirmed the carrying value of the assets.

Impairment tests were performed for the year ended 31st December 2016 using the following assumptions and related sensitivity analysis.

In $ millions	Net book value	Valuation approach	Discount rates	Capacity factor	Sensitivity analysis
Brazilian wind power plants	843.6	DCF	13%	Wind scenario at P50	Discount rate increased by 1% Wind scenario at P75
Kramatorsk	8.4	DCF	21.9%	na	Discount rate increased by 1% 5% cut in operating cash flows
Bonaire (financial assets)	45.2	DCF	6.5%	na	Discount rate increased by 1% 5% cut in operating cash flows

The sensitivity calculations show that an increase by 1% of the discount rate and a wind scenario at P75 for Brazilian wind power plants assets or a 5% cut in operating cash flows for Bonaire and Kramatorsk assets would not have a material impact on the results of impairment tests or, therefore, on the Group's consolidated financial statements as of 31st December 2016.

For the year ended 31st December 2017, in relation to the sale of its Ukrainian power plant, the Group conducted an impairment test which resulted in an impairment charge of $3.3 million based on the sales proceeds.

For the year ended 31st December 2017 impairment tests were performed in relation with Brazilian wind and hydro power plants and confirmed the carrying value of the assets.

Impairment tests were also performed for the year ended 31st December 2017 using the following assumptions and related sensitivity analysis.

In $ millions	Net book value	Valuation approach	Discount rates	Capacity factor	Sensitivity analysis
Brazilian wind power plants	801.6	DCF	11%	Wind scenario at P50	Discount rate increased by 1% Wind scenario at P75
Brazilian hydro power plants	255.8	DCF	11%	Hydro scenario at P75	Discount rate increased by 1% 5% cut in EBITDA margin

The sensitivity calculations show that an increase by 1% of the discount rate and a wind scenario at P75 for Brazilian wind power plants assets or a 5% cut in EBITDA margin for Brazilian hydro power plants would not have a material impact on the results of impairment tests or, therefore, on the Group's consolidated financial statements as of 31st December 2017.

The P-factor quantifies the uncertainty of annual energy yield predictions. P75 is the energy level that wind turbines are 75% likely to produce over an average year, given the uncertainties in the measurement, analysis and wind turbines operation. P50 is the average annual energy yield predicted for wind farms, which corresponds to the annual energy output that wind farms are most likely to achieve.

Changes to be made to the key impairment test assumptions to reduce the value in use to net book value would not correspond to the definition of a reasonable change as defined by IAS 36.

4.12 Financial assets

In $ millions	Years ended 31st December 2017	2016
Financial assets – Concession arrangements[1]	**550.0**	536.2
Financial lease receivables[2]	**62.0**	63.0
Other	**5.7**	5.6
Total assets	**617.7**	604.8

1 The Group operates plants in Togo, Rwanda and Senegal which are in the scope of the financial model of IFRIC 12 "Service Concession Arrangements".
Our Togo power plant was commissioned in 2010 and is operated under a power purchase agreement with a unique offtaker, Compagnie Energie Electrique du Togo ("CEET") which has an average remaining contract life of approximately 17.8 years as of 31st December 2017 (31st December 2016: 18.8 years). At expiration, the Togo plant, along with all equipment necessary for the operation of the plant, will be transferred to the Republic of Togo. This arrangement is accounted for as a concession arrangement and the value of the asset is recorded as a financial asset. The all-in base capacity tariff under the Togo power purchase agreement is adjusted annually for a combination of US, Euro and local consumer price index related to the cost structure.
Our Rwanda power plant consists of the development, construction and operation of Gas Extraction Facilities ("GEF") and an associated power plant. The GEF is used to extract methane and bio gas from the depths of Lake Kivu in Rwanda and deliver the gas via submerged gas transport pipelines to shore-based power production facilities totaling 26 MW of gross capacity. The PPA runs for 25 years starting on the commercial operation date and ending in 2040.
Our Cap des Biches power plant in Senegal consists of the development, construction and operation of five engines with a flexi-cycle system technology based on waste heat recovery totaling about 86MW. A PPA integrating all the Cap des Biches requirements and agreements on price was signed for 20 years starting on the commercial operation date of the project and ending in 2036.

2 Relates to financial leases where the Group acts as a lessor, and includes our Bonaire plant in the Dutch Caribbean and our Saint Martin plant in the French Territory. Bonaire has an average remaining contract life of approximately 7.6 years as of 31st December 2017 (31st December 2016: 8.6 years); Saint Martin has an average remaining contract life of approximately 5.3 years as of 31st December 2017 (31st December 2016: 6.3 years).
No losses from impairment of contracted concessional assets and financial lease receivables in the above projects were recorded during the years ended 31st December 2017 and 2016 (refer to note 4.11).
Cash outflows relating to the acquisition of financial assets under concession agreements amounted to $35.4 million as of 31st December 2017 (31st December 2016: $49.0 million). Net cash inflows generated by the financial assets' operations amounted to $52.7 million as of 31st December 2017 (31st December 2016: $47.2 million).

4.13 Investments in associates

Set out below are the associates of the Group as of 31st December 2017:

Operational plant		Country of incorporation	Ownership interests	Date of acquisition
Sochagota	Associate	Colombia	49.0%	2006 and 2010
Termoemcali	Associate	Colombia	37.4%	2010
Productora de Energia de Boyaca	Associate	Colombia	50.0%	2016

The Group is currently analysing the feasibility of an extension of the Sochagota power plant through a newly formed entity, Productora de Energia de Boyaca. The entity did not have significant activity in 2016 and 2017.

Set out below is the summarized financial information for the investments which are accounted for using the equity method (presented at 100%):

In $ millions	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Net income
Years ended 31st December 2017						
Sochagota	**70.0**	**4.4**	**22.1**	**8.2**	**35.1**	**5.8**
Termoemcali	**24.6**	**49.5**	**15.6**	**32.1**	**32.9**	**6.2**
Productora de Energia de Boyaca	**0.0**	**–**	**0.0**	**0.0**	**–**	**(0.3)**
Years ended 31st December 2016						
Sochagota	56.8	26.2	20.9	19.7	42.0	5.4
Termoemcali	29.7	51.0	19.1	36.7	87.5	13.7
Productora de Energia de Boyaca	0.2	–	0.0	–	–	(0.9)

Notes to the consolidated financial statements continued

4. Notes to the consolidated financial statements continued

The reconciliation of the investments in associates for each year is as follows:

In $ millions	Years ended 31st December 2017	2016
Balance as of 1st January	**25.7**	19.0
Share of profit	**5.0**	7.3
Capital increase (decrease)	**–**	0.5
Dividends	**(4.3)**	(3.8)
Other comprehensive income	**0.6**	0.9
Other	**–**	1.8
Balance as of 31st December	**27.1**	25.7

4.14 Management of financial risk

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Interest Rate Risk

Interest rate risk arises primarily from our long-term borrowings. Interest cash flow risk arises from borrowings issued at variable rates, partially offset by cash held at variable rates. Interest rate risk is managed through entering into interest rate swap agreements, entered into with commercial banks and other institutions. The interest rate swaps qualify as cash flow hedges. Their duration matches the duration of the debt instruments. Approximately 30.7% the Group's existing debt obligations carry variable interest rates in 2017 (2016: 28.9%) (taking into account the effect of interest rate swaps).

These agreements involve the receipt of variable payments in exchange for fixed payments over the term of the agreements without the exchange of the underlying principal amounts. The main interest rates exposure for the Group relates to the floating rates with the TJLP, EURIBOR and LIBOR (refer to note 4.23). A change of 0.5% of those floating rates would result in an increase in interest expenses by $4.5 million in the year ended 31st December 2017 (2016: $3.7 million).

Foreign Currency Risk

Foreign exchange risk arises from various currency exposures, primarily with respect to the Euro, Brazilian Real and Bulgarian Lev. Currency risk comprises (i) transaction risk arising in the ordinary course of business, including certain financial debt denominated in a currency other than the currency of the operations; (ii) transaction risk linked to investments or mergers and acquisitions; and (iii) translation risk arising on the consolidation in US dollars of the consolidated financial statements of subsidiaries with a functional currency other than the US dollar.

To mitigate foreign exchange risk: (i) most revenues and operating costs incurred in the countries where the Group operates are denominated in the functional currency of the project Company; (ii) the external financial debt is mostly denominated in the currency that matches the currency of the revenue expected to be generated from the benefiting project, thereby reducing currency risk; and (iii) the Group enters into various foreign currency sale/forward and/or option transactions at a corporate level. The analysis of financial debt by currency is presented in note 4.23.

Potential sensitivity on the post-tax net result for the year linked to financial instruments is as follows:

- If the US dollar had weakened/strengthened by 10% against the Euro, post-tax loss for the year ended 31st December 2017 would have been $0.5 million higher/lower (2016: $1.0 million higher/lower)
- If the US dollar had weakened/strengthened by 10% against the Brazilian Real, post-tax loss for the year ended 31st December 2017 would have been $2.2 million higher/lower (2016: $4.6 million higher/lower)

Commodity pricing risk

The Group's current and future cash flows are generally not impacted by changes in the prices of electricity, gas, oil and other fuel prices as most of the Group's non-renewable plants operate under long-term power purchase agreements and fuel purchase agreements. These agreements generally mitigate against significant fluctuations in cash flows as a result in changes in commodity prices by passing through changes in fuel prices to the offtaker.

Credit risk

Credit risk relates to risk arising from customers, suppliers, partners, intermediaries and banks on its operating and financing activities, when such parties are unable to honor their contractual obligations. Credit risk results from a combination of payment risk, delivery risk (failure to deliver services or products paid for) and the risk of replacing contracts in default (known as mark to market exposure – i.e. the cost of replacing the contract in conditions other than those initially agreed). The Group analyzes the credit risk for each new client prior to entering into an agreement. In addition, in order to minimize risk, we contract Political Risk Insurance policies from multilateral organizations or commercial insurers which usually provide us with insurance against government defaults. Such policies cover our project companies in Armenia, Bulgaria, Colombia, Nigeria, Peru, Rwanda, Togo, Senegal and Slovakia.

We restrict exposure to any one counterparty by setting credit limits based on the credit quality as defined by Moody's and S&P and by defining the types of financial instruments which may be entered into. The minimum credit ratings the Group generally accepts from banks or financial institutions are BBB- (S&P) and Baa3 (Moody's). For offtakers, where credit rating are CCC+ or below, the Group generally hedges its counterparty risk by contracting Political Risk Insurance.

If there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Trade receivables can be due from a single customer or a few customers who will purchase all or a significant portion of a power plant's output under long-term power purchase agreements. This customer concentration may impact the Group's overall exposure to credit risk, either positively or negatively, in that the customers may be affected by changes in economic, industry or other conditions.

Ageing of trade receivables – net are analyzed below:

In $ millions	Years ended 31st December 2017	2016
Trade receivables not overdue	**105.7**	59.6
Past due up to 90 days	**31.1**	7.2
Past due between 90 – 180 days	**1.9**	3.1
Past due over 180 days	**3.0**	1.1
Total trade receivables	**141.7**	71.0

As of 31st December 2017, $65.4 million (31st December 2016: $12.2 million) of trade receivables and $27.2 million (31st December 2016: $17.4 million) of CO_2 quotas receivables were outstanding in connection with our Bulgarian power plant, Maritsa East 3 of which $16.8 million was overdue as of 31st December 2017 and fully paid in January 2018.

Past due up to 90 days also included $8.4 million from Cap de Biches project which were fully paid in January 2018.

The Group deems the associated credit risk of the trade receivables not overdue to be suitably low.

Liquidity risk

Liquidity risk arises from the Group not being able to meet its obligations. The Group mainly relies on long-term debt obligations to fund its acquisitions and construction activities. All significant long-term financing arrangements are supported locally and covered by the cash flows expected from the power plants when operational. The Group has, to the extent available at acceptable terms, utilized non-recourse debt to fund a significant portion of the capital expenditures and investments required to construct and acquire its electric power plants and related assets.

On 6th September 2017, the Group also entered into a €50 million revolving credit facility available for general corporate purposes, maturing in September 2020, and which remains undrawn as of 31st December 2017.

A rolling cash flow forecast of the Group's liquidity requirements is prepared to confirm sufficient cash is available to meet operational needs and to comply with borrowing limits or covenants. Such forecasting takes into consideration the future debt financing strategy, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements – for example, cash restrictions.

The subsidiaries are separate and distinct legal entities and, unless they have expressly guaranteed any of the holding company indebtedness, have no obligation, contingent or otherwise, to pay any amounts due pursuant to such debt or to make any funds available whether by dividends, fees, loans or other payments. Some of the Group's subsidiaries guarantee indebtedness under one or more credit facilities and certain of the holding company outstanding debt securities.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date:

In $ millions	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Year ended 31st December 2017	**398.4**	**1,766.6**	**1,079.6**	**3,244.6**
Borrowings[1]	**200.1**	**1,690.1**	**1,035.9**	**2,926.1**
Trade and other payables	**169.1**	**–**	**–**	**169.1**
Derivative financial instruments	**14.7**	**27.9**	**21.8**	**64.4**
Other non current liabilities[2]	**14.5**	**48.6**	**21.9**	**85.0**
Year ended 31st December 2016	347.3	1,396.3	1,147.8	2,891.4
Borrowings[1]	141.8	1,321.1	1,104.4	2,567.3
Trade and other payables	179.8	–	–	179.8
Derivative financial instruments	13.4	27.3	10.5	51.2
Other non current liabilities[2]	12.3	47.9	32.9	93.1

1 Borrowings represent the outstanding nominal amount (note 4.23). Short-term debt of $200.1 million as of 31st December 2017 relate to the short-term portion of long-term financings that mature within the next twelve months, that we expect to repay using cash on hand and cash received from operations.

2 This corresponds to the debt to non-controlling interest that is described in note 4.24.

Notes to the consolidated financial statements continued

4. Notes to the consolidated financial statements continued

The table below analyzes the Group's forecasted interests to be paid into relevant maturity groupings based on the interests maturity date:

In $ millions	Year ended 31st December 2017 Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Forecast interest expense to be paid	170.2	492.7	342.0	1,004.9

The Group's forecasts and projections, taking into account reasonably possible changes in operating performance, indicate that the Group has sufficient financial resources, together with assets that are expected to generate free cash flow to the Group. As a consequence, the Group has reasonable expectation to be well placed to manage its business risks and to continue in operational existence for the foreseeable future (at least for the twelve month period from the approval date of these financial statements). Accordingly, the Group continues to adopt the going concern basis in preparing the consolidated financial statements.

Capital risk management
The Company considers its capital and reserves attributable to equity shareholders to be the Company's capital.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while providing adequate returns for shareholders and benefits for other stakeholders and to maintain a capital structure to optimize the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. It may also increase debt provided that the funded venture provides adequate returns so that the overall capital structure remains supportable.

4.15 Derivative financial instruments
The Group uses interest rate swaps to manage its exposure to interest rate movements on our borrowings, a foreign exchange forward contract to mitigate its currency risk and cross currency swap contracts in Cap des Biches project in Senegal to manage both currency and interest rate risks. The fair value of derivative financial instruments are as follows:

	Year ended 31st December			
	2017		2016	
In $ millions	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – cash flow hedge[1]	–	35.4	–	41.2
Interest rate swaps – trading	–	–	–	0.3
Cross currency swaps – cash flow hedge[3]	–	20.9	–	4.3
Foreign exchange forward contracts – trading[3]	–	3.0	0.5	2.6
Foreign exchange option contracts – trading[3]	–	5.1	–	2.8
Acquisition hedge – trading[2]	–	–	5.8	–
Total	–	64.4	6.3	51.2
Less non-current portion:				
Interest rate swaps – cash flow hedge	–	23.8	–	29.4
Cross currency swaps – cash flow hedge	–	20.8	–	4.3
Foreign exchange forward contracts – trading	–	–	–	1.2
Foreign exchange option contracts – trading	–	5.1	–	2.9
Total non-current portion	–	49.7	–	37.8
Current portion	–	14.7	6.3	13.4

1 Interest rate swap – cash flow hedge relates to the hedging of the variable elements for certain project financing.
2 Upon execution of the share purchase agreement in November 2016 for the expected acquisition of the new Brazilian portfolio described in note 3.2, the Group entered into a forward exchange contract to hedge against increases (caused by any future appreciation of the BRL against the US dollar) in the total expected cash investment to be paid at closing of the acquisition. The nominal value of this acquisition hedge was $164.0 million as of 31st December 2016; hedge accounting has not been applied. On 17th March 2017, at acquisition date, the Group settled the acquisition hedge which resulted in a net gain of $11.7 million recognized in the income statement, of which $5.7 million in 2017.
3 The Group has also executed a series of offsets to protect the value, in US dollar terms, of the BRL-denominated expected distributions from the new Brazilian portfolio. The first two years of BRL-denominated distributions have been hedged using a series of forward exchange contracts and the distributions expected in years three to five have been protected against material depreciation of the BRL using option contracts. Hedge accounting does not apply, change in fair value is recognized in the consolidated statement of income.

The notional principal amount of:

- The outstanding interest rate swap contracts and cross currency swap qualified as cash flow hedge amounted to $572.0 million as of 31st December 2017 (31st December 2016: $475.1 million)
- The outstanding foreign exchange forward and option contracts amount to $92.8 million as of 31st December 2017 (31st December 2016: $225.7 million)

The Group also entered in 2015 into a cross currency swap in our Cap des Biches project in Senegal. The fair value of the instrument as of 31st December 2017 amounts to $20.9 million (31st December 2016: $4.3 million). The accounting and risk management policies, and further information about the derivative financial instruments that we use, are set out in note 4.14.

The cross currency swap subscribed for 2016 to protect the Group from a change of interest rates and foreign exchange rates on the Cap des Biches project before project financing disbursement which occurred in January 2017 was settled in January 2017 and had a notional value of $21.8 million as of 31st December 2016.

The Group recognized a loss of $12.1 million in 31st December 2017 in relation with its interest rate and cross currency swaps within Finance costs net (31st December 2016: income of $5.5 million).

4.16 Fair value measurements
The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety as defined below:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset or liability

There were no transfers between fair value measurement levels between 31st December 2016 and 2017.

When measuring our interest rate, cross currency swaps and foreign exchange forward and option contracts at fair value on a recurring basis at both 31st December 2017 and 2016, we have measured these at level 2 in the fair value hierarchy with the exception of the debt to non-controlling interests which is level 3. The fair value of those financial instruments is determined by using valuation techniques. These valuations techniques maximize the use of observable data where it is available and rely as little as possible on entity specific estimates.

The Group uses a market approach as part of their available valuation techniques to determine the fair value of derivatives. The market approach uses prices and other relevant information generated from market transactions.

The Group's finance department performs valuation of financial assets and liabilities required for financial reporting purposes as categorized at level 2. The Group's only derivatives are interest rate swaps, foreign exchange forward contracts, foreign exchange option contracts and cross currency swap contracts in our Cap des Biches project in Senegal.

4.17 Financial instruments by category

In $ millions Year ended 31st December 2017	Financial asset category Loans and receivables	Assets at fair value through profit and loss	Derivative used for hedging	Total net book value per balance sheet
Derivative financial instruments	–	–	–	–
Financial assets – Concession arrangements, financial lease receivables and other	617.7	–	–	617.7
Trade and other receivables	215.4	–	–	215.4
Other non-current assets[1]	18.4	0.7	–	19.1
Cash and cash equivalents	–	781.1	–	781.1
Total	851.5	781.8	–	1,633.3

Notes to the consolidated financial statements continued

4. Notes to the consolidated financial statements continued

In $ millions Year ended 31st December 2016	Financial asset category Loans and receivables	Assets at fair value through profit and loss	Derivative used for hedging	Total net book value per balance sheet
Derivative financial instruments	–	6.3	–	6.3
Financial assets – Concession arrangements, financial lease receivables and other	604.8	–	–	604.8
Trade and other receivables	128.4	–	–	128.4
Other non-current assets[1]	6.5	0.6	–	7.1
Cash and cash equivalents	–	433.7	–	433.7
Total	739.7	440.6	–	1,180.3

In $ millions Year ended 31st December 2017	Financial liability category Liabilities at fair value through profit and loss	Other financial liabilities at amortized cost	Derivative used for hedging	Total net book value per balance sheet
Borrowings	**–**	**2,890.1**	**–**	**2,890.1**
Derivative financial instruments	**8.1**	**–**	**56.3**	**64.4**
Trade and other payables	**–**	**169.1**	**–**	**169.1**
Other current liabilities[1]	**–**	**67.5**	**–**	**67.5**
Other non current liabilities	**85.0**	**81.5**	**–**	**166.5**
Total	**93.1**	**3,208.2**	**56.3**	**3,357.6**

In $ millions Year ended 31st December 2016	Financial liability category Liabilities at fair value through profit and loss	Other financial liabilities at amortized cost	Derivative used for hedging	Total net book value per balance sheet
Borrowings	–	2,529.9	–	2,529.9
Derivative financial instruments	5.7	–	45.5	51.2
Trade and other payables	–	179.8	–	179.8
Other current liabilities[1]	–	50.1	–	50.1
Other non current liabilities	93.1	74.8	–	167.9
Total	98.8	2,834.6	45.5	2,978.9

1 These balances exclude receivables and payables balances in relation to taxes disclosed in notes 4.18, 4.20 and 4.27 respectively.

4.18 Other non-current assets

In $ millions	Years ended 31st December 2017	2016
CO_2 quotas receivable[1]	**3.6**	6.3
VAT receivables[2]	**10.3**	13.4
Advance to supplier[3]	**9.5**	–
Restricted cash	**0.7**	0.6
Other	**5.4**	0.3
Total other non-current assets	**29.5**	20.6

1 Long-term receivables relating to the Maritsa power plant and to be received through a pass-through mechanism agreed with its offtaker. A similar liability is presented in note 4.24.

2 VAT receivables mainly relate to the Vorotan project. The amount is expected to be recovered over a five-year period from the acquisition date in 2015 and was discounted using a rate of 10.0%. A current portion of $4.7 million is presented in "trade and other receivables" in the consolidated statement of financial position as of 31st December 2017 ($4.9 million as of 31st December 2016).

3 Advance payment to supplier relate to Vorotan EPC contract as part of the refurbishment program.

4.19 Inventories

In $ millions	Years ended 31st December 2017	2016
Fuel	**12.8**	10.8
Spare parts	**25.3**	18.3
Other	**21.0**	7.1
Total	**59.1**	36.2
Provision	**(5.0)**	(4.5)
Total inventories	**54.1**	31.7

4.20 Trade and other receivables

In $ millions	Years ended 31st December 2017	2016
Trade receivables – Gross	**144.1**	78.6
Accrued revenue (unbilled)	**57.4**	41.6
Provision for impairment of trade receivables	**(2.4)**	(7.6)
Trade receivables – Net	**199.1**	112.6
Other receivables	**72.7**	54.3
Trade and other receivables	**271.8**	166.9

All trade and other receivables are short term and the net carrying value of trade receivables is considered a reasonable approximation of the fair value. The ageing of trade receivables – net is presented in note 4.14.

All trade and other receivables are pledged as security in relation with the Group's project financings.

Other receivables primarily correspond to indirect tax receivables, mainly in our power plants in Rwanda, Senegal and Armenia.

4.21 Cash and cash equivalents

Certain restrictions on our cash and cash equivalents have been primarily imposed by financing agreements or long-term obligations. They mainly include short-term security deposits kept as collateral and debt service reserves that cover short-term repayments and which meet the definition of cash and cash equivalents. 41.0% of our cash and cash equivalents as of 31st December 2017 is pledged as security in relation with the Group's project financings (31st December 2016: 50.0%); cash and cash equivalents also includes $107.2 million as of 31st December 2017 (31st December 2016: $95.6 million) of cash balances relating to debt service reserves required by project finance agreements.

4. Notes to the consolidated financial statements continued

4.22 Issued capital and reserves

Issued capital of the Company amounted to $8.9 million as at 31st December 2017, with changes as follows:

Alloted, authorized, called up and fully paid	Number	Nominal value	£ million	$ million
As at 26th September 2017	100	1.00	–	–
Issue of shares – 17th October 2017	1,002,000,000	1.00	1,002.0	1,320.7
As at 17th October 2017	**1,002,000,100**	**1.00**	**1,002.0**	**1,320.7**
Share capital reduction – 19th October 2017	1,002,000,100	(0.99)	(992.0)	(1,307.5)
As at 19th October 2017	**1,002,000,100**	**0.01**	**10.0**	**13.2**
Issue of ordinary shares – Listing on the London Stock Exchange	122,399,020	0.01	1.2	1.6
Issue of ordinary shares – Management	712,920	0.01	–	–
Share reorganization – cancellation of deferred shares	(454,399,120)	0.01	(4.5)	(5.9)
As at 31st December 2017	**670,712,920**	**0.01**	**6.7**	**8.9**

On incorporation, 26th September 2017, the Company issued 100 ordinary shares with a nominal value of £1.00 to its Parent Company, ContourGlobal LP. The amount due was settled through an intercompany receivable.

On 17th October 2017, the Company issued to its Parent Company, ContourGlobal L.P. 1,002,000,000 ordinary shares with a nominal value of £1.00 each as payment for its acquisition of ContourGlobal Worldwide Holdings S.à.r.l.

On 19th October 2017, the Company passed a special resolution supported by a solvency statement to reduce its share capital under s641(a) of the Companies Act 2006 by reducing the share capital of the Company of $1,320,736,335 divided into 1,002,000,100 ordinary shares of £1.00, each fully paid, to $13,207,366 divided into 1,002,000,100 ordinary shares of £0.01, each fully paid, by the cancellation of the paid up share capital to the extent of £0.99 per share upon each of the 1,002,000,100 ordinary shares reducing the nominal amount of all such shares from £1.00 to £0.01.

On 8th November 2017, the Company passed a resolution to consolidate the 1,002,000,100 ordinary shares of £0.01 each in the share capital of the Company into 1 ordinary share of £10,020,001 and the sub-division of that share into 547,600,980 ordinary shares and 454,399,120 deferred shares each of £0.01.

On 14th November, the Company completed the pricing of its initial public offering of ordinary shares at £2.50 per share, comprising 122,399,020 new shares and 54,026,083 existing shares. The Company also issued additional 712,920 new shares subscribed by its management. The issuance of these new shares resulted in the recognition of a share premium of £306.5 million ($400.7 million), net of listing costs deducted of $19.9 million, resulting in total share premium of $380.8 million.

The Group restructure resulted in a $353.0 million debit to retained earnings and other reserves, which represents a capital reorganization reserve.

Finally, the Company canceled all existing 454,399,120 deferred shares, resulting in a total net ordinary shares of 670,712,920 shares as of 31st December 2017.

Retained earnings and other reserves comprise retained earnings of ($7.9 million) (2016: ($621.7 million)) and capital reorganization reserve of $353.0 million (2016: nil).

During the year the Group paid dividends of $54.2 million on 19th April 2017 and $21.3 million on 8th November 2017 to ContourGlobal L.P. Due to the fact that both of these were paid out prior to the IPO and full restructuring of the shares, dividends per share in relation to each payment has not been disclosed as it would not be relevant to the user of the accounts.

4.23 Borrowings

Certain power plants have financed their electric power generating projects by entering into external financing arrangements which require the pledging of collateral and may include financial covenants as described below. The financing arrangements are generally non-recourse (subject to certain guarantees) and the legal obligation for repayment is limited to the borrowing entity.

The Group's principal borrowings amount to $2,926.1 million in total as of 31st December 2017 (31st December 2016: $2,567.4 million) and primarily relate to the following:

Type of borrowing	Currency	Project Financing	Issue	Maturity	Outstanding nominal amount 12.31.17 ($ million)	Outstanding nominal amount 12.31.16 ($ million)	Rate
Corporate bond[1]	EUR	Corporate Indenture	2016	2021	**840.4**	631.0	5.125%
Loan Agreement	EUR	Arrubal	2011	2021	**207.9**	206.0	4.9%
Loan Agreement	EUR	Maritsa	2006	2023	**200.8**	200.9	EURIBOR + 0.125%
Loan Agreement/ Debentures[2]	BRL	Chapada I	2015	2032 2029	**198.7**	205.5	TJLP + 2.18%/ IPCA + 8%
Project bond	USD	Inka	2014	2034	**189.0**	193.0	6.0%
Loan Agreement[2]	BRL	Chapada II	2016	2032	**165.1**	177.2	TJLP + 2.18%
Loan Agreement	USD	Vorotan	2016	2034	**137.3**	140.0	LIBOR + 4.625%
Loan Agreement[2]	BRL	Asa Branca	2011	2030	**120.1**	130.5	TJLP+ 1.92%
Loan Agreement	USD	Cap des Biches	2015	2033	**110.1**	76.3	USD-LIBOR BBA (ICE)+3.20%
Loan Agreement/ Corp. Financing[3]	EUR	Solar Italy	2017	2024–2028	**125.4**	62.7	Mix of fix and variable rates
Loan Agreement	USD	Togo	2008	2028	**102.9**	109.3	7.16% (Weighted average)
Loan Agreement	EUR	Austria Wind	2013	2027	**98.7**	98.1	EURIBOR 6M + 2.45% and 4.305%/ EURIBOR 3M+1.95% and 4.0%
Bridge loan	BRL	Hydro Brazil Portfolio II and Solutions Brazil	2017	2020	**83.1**	–	CDI + 5%
Loan Agreement	USD	KivuWatt	2011	2026	**82.0**	89.0	LIBOR plus 5.50% and mix of fixed rates
Debentures	BRL	Hydro Brazil portfolio I	2013	2027	**53.0**	56.2	8.8%
Loan Agreement[2,4]	BRL	Hydro Brazil Portfolio II	2007–2009	2024	**52.5**	–	TJLP + 1.92%, 2.28 and 2.27%
Loan Agreement	EUR	Solar Slovak	2009–2015	2023–2026	**50.4**	50.5	Mix of fix and variable rates
Loan Agreement[2]	BRL	Chapada III	2015	2032	**49.1**	52.7	TJLP + 2.18%
Other Credit facilities (individually < $40 million)	Various	Various	2012–2013	2016–2034	**59.6**	88.5	

1 Corporate bond issued by ContourGlobal Power Holdings in May 2014 ($400 million) and November 2015 ($100 million) was fully refinanced in June 2016. A new €550 million corporate bond was issued in June 2016, with two additional €50 million and €100 million taps in July 2016 and February 2017. This bond bears a fixed interest of 5.125% and matures in June 2021.

2 Taxa de Juros de Longo Prazo ("TJLP") represents the Brazil Long Term Interest Rate, which was approximately 7.0% at 31st December 2017 (31st December 2016: 7.5%).

3 On 4th December 2017, the Group acquired a renewable portfolio in Italy representing a total of 19.1 MW and subsequently to the closing the Group refinanced the portfolio. Refer to Note 3 Major events and changes in the scope of consolidation.

4 On 17th March 2017, the Group acquired a thermal and renewable portfolio in Brazil representing a total of 205.6 MW. Refer to Note 3 Major events and changes in the scope of consolidation.

Notes to the consolidated financial statements continued

4. Notes to the consolidated financial statements continued

With the exception of our corporate bond and revolving credit facility, all external borrowings relate to project financings. Such project financings are generally non-recourse (subject to certain guarantees).

The carrying amounts of the Group's borrowings are denominated in the following currencies:

In $ millions	Years ended 31st December 2017	2016
US Dollars	**645.4**	631.2
Euros	**1,525.1**	1,250.7
Brazilian Reals	**719.6**	645.1
Other	**–**	2.9
Total	**2,890.1**	2,529.9

The carrying amounts and fair value of the current and non-current borrowings are as follows:

In $ millions	Carrying amount Years ended 31st December 2017	2016	Fair Value Years ended 31st December 2017	2016
Credit facilities	**1,787.0**	1,634.5	**1,861.5**	1,704.4
Bonds	**1,103.1**	895.4	**1,175.9**	953.9
Total	**2,890.1**	2,529.9	**3,037.4**	2,658.3

Net debt as of 31st December 2016 and 2017 is as follows:

In $ millions	Years ended 31st December 2017	2016
Cash and cash equivalents	**781.1**	433.7
Borrowings – repayable within one year	**(200.1)**	(141.8)
Borrowings – repayable after one year	**(2,726.0)**	(2,425.5)
Interests payable, deferred financing costs and other	**36.0**	37.4
Net debt	**(2,109.0)**	(2,096.2)
Cash and cash equivalents	**781.1**	433.7
Borrowings – fixed interest rates	**(2,028.1)**	(1,825.4)
Borrowings – variable interest rates	**(898.0)**	(741.9)
Interests payable, deferred financing costs and other	**36.0**	37.4
Net debt	**(2,109.0)**	(2,096.2)

In $ millions	Cash and cash equivalents	Borrowings	Total net debt
As of 1st January 2016	**261.5**	**(2,413.1)**	**(2,151.6)**
Cash flows	178.9	–	178.9
Acquisitions/disposals	–	13.6	13.6
Proceeds of borrowings	–	(889.0)	(889.0)
Repayments of borrowings	–	845.9	845.9
Currency translations differences and other	(6.7)	(87.3)	(94.0)
As of 31st December 2016	**433.7**	**(2,529.9)**	**(2,096.2)**
Cash flows	263.5	–	263.5
Acquisitions/disposals	37.4	(116.0)	(78.6)
Proceeds of borrowings	–	(310.9)	(310.9)
Repayments of borrowings	–	233.0	233.0
Currency translations differences and other	46.4	(166.2)	(119.8)
As of 31st December2017	**781.1**	**(2,890.1)**	**(2,109.0)**

Debt Covenants and restrictions

The main long-term financial debts include certain financial covenants, of which the principal ones are as follows:

- Debt Service Coverage Ratio greater than 1.05, 1.10, 1.15, 1.20, 1.30 depending on borrowings,
- Net debt/EBITDA lower than 7.5 (Santa Cruz),
- Decreasing Senior Debt and Total Debt (Arrubal),
- Debt/Equity ratio : 85/15, 80/20, 75/25, 64.16/35.84 depending on borrowings,
- Equity/Asset ratio above 12%, 15%, 25% or 30% depending on borrowings,
- Loan Life Coverage Ratio greater than 1.10 (Solar Italy and Trinity) or 1.35 (Projected – Kivuwatt).

Non-financial covenants includes the requirement to maintain proper insurance coverage, enter into hedging agreements, maintain certain cash reserves, restrictions on dispositions, scope of the business, and mergers and acquisitions.

These covenants are monitored appropriately to ensure that the contractual conditions are met.

As of 31st December 2017, the Group and its subsidiaries had no outstanding breaches of financial covenants which would trigger early mandatory repayment.

Notes to the consolidated financial statements continued

4. Notes to the consolidated financial statements continued

Securities given

The Group typically grants securities in relation to the issuance of project financing. The table below provides an overview of the main guarantees provided under existing project financing as of 31st December 2017:

Project financing	Facility	Maturity	Security/Guarantee given
Arrubal	Arrubal Term Loan	2021	Pledge of (i) the shares of CG La Rioja, (ii) project accounts, (iii) insurance policies, (iv) receivables on project documents (PPA, Operations & Maintenance, Gas Supply Agreement), (v) mortgage over the power station and industrial items.
Asa Branca	Credit facility	2030	Pledge of shares of Asa Branca Holding SA, pledge of the receivables under the Asa Branca PPA, pledge on certain project accounts, mortgage of assets of the Asa Branca Windfarm Complex, assignment of credit rights under project contracts (EPC, land leases, O&M).
Sunburn	Letter of Credit Agreement	2021	On 22nd December 2010, a €2.4 million letter of credit facility was entered into to fund obligations under the debt service reserve account (in accordance with the Saint Martin loan agreement). This letter of credit expires in June 2021. No amounts have been recognized in relation to letter of credit in either period.
Togo	Loan agreement	2028	ContourGlobal plc guarantee on cash shortfall for Debt service, and (i) a pledge of CG Togo LLC and CG Togo SA capital stock, (ii) a charge on equipement, material and assets of CG Togo SA, (iii) the assignment of receivables of CG Togo SA, (iv) the assignment of insurance policies, and (v) a pledge on the project accounts.
Inka	Senior secured notes	2034	Pledge of shares of Energia Eolica SA, EESA assets, accounts, assignment of receivables of the project contracts and insurances.
Inka	Letter of Credit Agreement	2019	$8.5 million ContourGlobal plc guarantee to Credit Suisse.
Energie Europe Wind & Solar	Credit Facilities	2023–28	Pledge of the shares, assets, cash accounts and receivables. €10.3 million CG Solar Holdings guarantee for the benefit of UBI and Natixis covering a Solar Italy plant potential adverse impact on FiT further to a GSE inspection.
Maritsa	Credit Facility	2023	Pledge of the shares, any dividends on the pledged shares and the entire commercial enterprise of ME-3, including the receivables from the ME-3 PPA.
Kivuwatt	Financing Arrangement	2026	– Secured by, among others, (i) KivuWatt Holdings' pledge of all of the shares of KivuWatt held by KivuWatt Holdings, (ii) certain of KivuWatt's bank accounts and (iii) KivuWatt's movable and immovable assets. – ContourGlobal plc $1.2 million guarantee for the benefit of KivuWatt under the PPA and Gas Concession to the Government of Rwanda and to Electrogaz (outside of the loan guarantee). – ContourGlobal plc guarantee of $55 million to fund any cost overruns up to $25 million and $30 million debt buydown. – $8.5 million UK plc guarantee to cover DSRA as of 31st December 2017.
Cap des Biches	Credit Facility	2033	Pledge over CG Senegal and CG Cap des Biches Sénégal shares, pledge over the project accounts, charge over the assets of CG Cap des Biches Sénégal, assignment of receivables of CG Cap des Biches Sénégal and the insurance policies, direct agreement on the project contracts.
Vorotan	Long-term Facility	2034	Pledge of shares of ContourGlobal HydroCascade CSJC assets and project accounts, assignment of receivables arising from the project contracts and insurances.
Chapada I	Long-term Facility	2032	Pledge of shares of Chapada I SPVs and Holding, SPVs assets, accounts, assignment of receivables of the project contracts and insurances.
Chapada II	Long-term Facility	2032	Pledge of shares of Chapada II SPVs and Holding, SPVs assets, accounts, assignment of receivables of the project contracts and insurances.
Chapada III	Long-term Facility	2032	Pledge of shares of Chapada III SPVs and Holding, SPVs assets, accounts, assignment of receivables of the project contracts and insurances. Corporate guarantee from ContourGlobal do Brazil Holding Ltda until Financial Completion.
Hydro Brazil Portfolio II and Solutions Brazil	Bridge Facility	2020	First ranking security interest in the shares of all the entities in the borrower group (ex-minorities) plus pledge of receivables.

4.24 Other non-current liabilities

In $ millions	Years ended 31st December 2017	2016
Debt to non-controlling interest[1]	**85.0**	93.1
Deferred payments on acquisitions[2]	**52.4**	61.1
CO_2 quotas payables[3]	**3.7**	6.3
Other[4]	**25.4**	7.4
Total other non-current liabilities	**166.5**	167.9

1 Debt to non-controlling interests: in 2011, the Group purchased a 73% interest in Maritsa power plant. NEK owns the remaining 27% of Maritsa power plant. The shareholders' agreement states that all distributable results available should be distributed to their shareholders, with no unconditional right to avoid dividends. Consequently and in accordance with IAS 32 "Financial Instruments: presentation", shares held by NEK do not qualify as equity instruments and are recorded as a liability to non-controlling interests in the Group's Statement of Financial Position. The fair value of the debt to non-controlling interest is determined using a discounted cash flow method based on management's current best estimate of the future distributable profits to the minority shareholder NEK over the PPA period. This debt is discounted using a European risk free rate and adding the credit default swap ("CDS") spread for Bulgaria.

The change in the debt to Maritsa non-controlling interest is presented below:

In $ millions	Years ended 31st December 2017	2016
Beginning of the period	**93.1**	117.2
Dividends	**(16.2)**	(20.3)
Change in fair value recognized in profit and loss	**(3.8)**	(1.2)
Currency translation adjustments	**11.9**	(2.6)
End of the period	**85.0**	93.1

2 As of 31st December 2017, deferred payments and earn-outs on acquired entities mainly relate to deferred payments to be made to initial developers and earn-out payment related to Inka due four years after the Commercial Operational Date.
3 CO_2 quotas are described in note 4.18.
4 The increase is primarily related to contractual obligations in Brazil.

4.25 Provisions

In $ millions	Decommissioning/ Environmental/ Maintenance provision	Legal and other	Total
As of 1st January 2016	**28.9**	**44.9**	**73.8**
Additions	5.3	3.0	**8.3**
Unused amounts reversed	–	(5.4)	**(5.4)**
Amounts used during the period	–	(2.6)	**(2.6)**
Currency translation differences and other	(0.4)	(1.9)	**(2.3)**
As of 31st December 2016	**33.8**	**38.0**	**71.8**
Acquired through business combination	2.8	5.3	**8.1**
Additions	15.5	6.0	**21.5**
Unused amounts reversed	(0.5)	(24.4)	**(24.9)**
Amounts used during the period	–	(3.3)	**(3.3)**
Currency translation differences and other	1.8	(2.0)	**(0.2)**
As of 31st December 2017	**53.4**	**19.6**	**73.0**

Site decommissioning provisions are recognized based on assessment of future decommissioning costs which would need to be incurred in accordance with existing legislation to restore the sites. Environmental provisions primarily relate to obligations of our Spanish power plant. Maintenance provisions mainly relate to our maintenance obligations under our concession agreement contract in Togo and Senegal.

Legal and other provisions include amounts arising from claims, litigation and regulatory risks which will be utilized as the obligations are settled and includes sales tax and interest or penalties associated with taxes.

Other than the provision in Togo and Senegal for the overhaul which are expected to start respectively in 2021 and 2019, the other provisions have some uncertainty over the timing of cash outflows.

Notes to the consolidated financial statements continued

4. Notes to the consolidated financial statements continued

4.26 Trade and other payables

In $ millions	Years ended 31st December 2017	2016
Trade payables	**53.9**	87.6
Accrued expenses	**115.2**	92.2
Trade and other payables	**169.1**	179.8

4.27 Other current liabilities

In $ millions	Years ended 31st December 2017	2016
Deferred revenue	**6.0**	11.9
Deferred payment on acquisition[1]	**1.8**	–
Other taxes payable	**45.1**	26.5
Other[2]	**59.7**	38.2
Other current liabilities	**112.6**	76.6

1 Relates to the deferred payment of the thermal and renewable portfolio in Brazil as of 31st December 2017.
2 The increase is primarily related to contractual obligations in Brazil partialy offset by the completion of the acquisition of 15% and 5% minority interests in Chapada I and Chapada II projects in 2017 for a total consideration of $21.3 million. After this transaction, the Group owns directly 51% of those projects.

4.28 Group undertakings

ContourGlobal plc		United Kingdom	15 Berkeley Street 6th Floor, London, United Kingdom, W1J 8DY
Consolidated subsidiaries	**Ownership**	**Country of incorporation**	**Registered address**
ContourGlobal Hydro Cascade CJSC	100%	Armenia	AGBU building; 2/2 Meliq-Adamyan str.,0010 Yerevan, Armenia
ContourGlobal erneuerbare Energie Europa GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
Windpark HAGN GmbH & Co KG	95%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
Windpark Deutsch Haslau GmbH	62%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Windpark Zistersdorf Ost GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Windpark Berg GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Windpark Scharndorf GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Windpark Trautmannsdorf GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Windpark Velm GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Management Europa GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Wind Holding GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Development GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Maritsa East 3 AD	73%	Bulgaria	48 Sitnyakovo Blvd; 9-th fl., Sofia 1505, Bulgaria
ContourGlobal Operations Bulgaria AD	73%	Bulgaria	TPP ContourGlobal Maritsa East 3, Mednikarovo village 6294, Galabovo District, Stara Zagora Region, Bulgaria
ContourGlobal Management Sofia EOOD	100%	Bulgaria	48 Sitnyakovo Blvd; 9-th fl., Sofia 1505, Bulgaria
Galheiros Geração de Energia Elétrica S.A.	77%	Brazil	Rua Leopoldo Couto Magalhães Junior, 758, 3º andar, São Paulo 04542-000, Brazil
Santa Cruz Power Corporation Usinas Hidroelétricas S.A.	72%	Brazil	Rua Leopoldo Couto Magalhães Junior, 758, 3º andar, Itaim Bibi, São Paulo 04542-000, Brazil
Contour Global Do Brasil Holding Ltda	100%	Brazil	Rua Leopoldo Couto Magalhães Júnior, 758, 3º andar, Sao Paulo 04542-000, Brazil
Contour Global Do Brasil Participações Ltda	80%	Brazil	Rua Leopoldo Couto Magalhães Júnior, 758, 3º andar, Sao Paulo 04542-000, Brazil
Abas Geração de Energia Ltda.	100%	Brazil	Rua Leopoldo Couto Magalhães Junior, 758, 3º andar, São Paulo 04542-000, Brazil
Ventos de Santa Joana IX Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N – Km, 08 Sala 182 – Distrito Industrial – Maracanaú – CE
Calcedônia Geração de Energia Ltda.	100%	Brazil	Rua Leopoldo Couto Magalhães Junior, 758, 3º andar, São Paulo 04542-000, Brazil
Ventos de Santa Joana X Energias Renováveis S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Ventos de Santa Joana XI Energias Renováveis S.A	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000
Ventos de Santa Joana XII Energias Renováveis S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Ventos de Santa Joana XIII Energias Renováveis S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Ventos de Santa Joana XV Energias Renováveis S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Ventos de Santa Joana XVI Energias Renováveis S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil

Notes to the consolidated financial statements continued

4. Notes to the consolidated financial statements continued

Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
Asa Branca Holding S.A.	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Tespias Geração de Energia Ltda.	80%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Asa Branca IV Energias Renováveis SA	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Asa Branca V Energias Renováveis SA	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Asa Branca VI Energias Renováveis SA	100%	Brazil	Rua Leopoldo Couto Magalhães Júnior, 758, 3º andar, Sao Paulo 04542-000, Brazil
Asa Branca VII Energias Renováveis SA	100%	Brazil	Rua Leopoldo Couto Magalhães Júnior, 758, 3º andar, Sao Paulo 04542-000, Brazil
Asa Branca VIII Energias Renováveis SA	100%	Brazil	Rua Leopoldo Couto Magalhães Júnior, 758, 3º andar, Sao Paulo 04542-000, Brazil
Ventos de Santa Joana I Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N – Km, 08 Sala 182 – Distrito Industrial – Maracanaú – CE
Ventos de Santa Joana III Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N – Km, 08 Sala 182 – Distrito Industrial – Maracanaú – CE
Ventos de Santa Joana IV Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N – Km 08 ,Sala 182 , Distrito Industrial – Maracanaú – CE
Ventos de Santa Joana V Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N – Km, 08 Sala 182 – Distrito Industrial – Maracanaú – CE
Ventos de Santa Joana VII Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N – Km, 08 Sala 182 – Distrito Industrial – Maracanaú – CE
Ventos de Santo Augusto IV Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N – Km, 08 Sala 182 – Distrito Industrial – Maracanaú – CE
Chapada do Piauí I Holdings S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000
Ventos de Santo Augusto III Energias Renováveis S.A.	100%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N – Km, 08 Sala 182 – Distrito Industrial – Maracanaú – CE
Ventos de Santo Augusto V Energias Renováveis S.A.	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
ContourGlobal Desenvolvimento S.A.	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31 São Paulo 04542-000, Brazil
Chapada do Piauí II Holding S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000
Chapada do Piauí III Holding S.A.	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000
Energyworks Do Brasil Ltda	80%	Brazil	Praia do Flamengo, 70 – 10º andar, parte. Rio de Janeiro – RJ
Capuava Energy Ltda	80%	Brazil	Av. Presidente Costa e Silva, 1178, parte, Santo André/
Afluente Geração de Energia Eletrica S.A.	79%	Brazil	Praia do Flamengo, 70 – 1º andar Rio de Janeiro – RJ
Goias Sul Geração De Energia S.A.	80%	Brazil	Praia do Flamengo, 70 – 2º andar, parte. Rio de Janeiro – RJ
RIO PCH I S.A.	56%	Brazil	Praia do Flamengo, 70 – 4º andar Rio de Janeiro – RJ
Bahia PCH I S.A.	80%	Brazil	Praia do Flamengo, 70 – 6º andar, parte. Rio de Janeiro – RJ
ContourGlobal Swiss Holdings GmBH	100%	Swiss	Kholrainstrasse 8 – 8700 Küsnacht, Switzerland
ContourGlobal LATAM S.A.	100%	Colombia	Carrera 7 No. 74-09, Bogota, Colombia
ContourGlobal Solutions Holdings Ltd	100%	Cyprus	Capital Center, 2-4 Arch, Makarios III Avenue, 9th Floor, Nicosia 1065, Cyprus
ContourGlobal Solutions Ltd	100%	Cyprus	Capital Center, 2-4 Arch, Makarios III Avenue, 9th Floor, Nicosia 1065, Cyprus

Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
ContourGlobal Aguila Holdings Ltd	80.0	Cyprus	Capital Center, 2-4 Arch, Makarios III Avenue, 9th Floor, Nicosia 1065, Cyprus
Hamachi Limited	100%	Cyprus	Capital Center, 2-4 Arch, Makarios III Avenue, 9th Floor, Nicosia 1065, Cyprus
Selenium Holdings Ltd	100%	Cyprus	Capital Center, 2-4 Arch, Makarios III Avenue, 9th Floor, Nicosia 1065, Cyprus
ContourGlobal La Rioja, S.L	100%	Spain	Arrúbal Power Plant, Polígono Industrial El Sequero, 26150 Arrúbal, La Rioja, Spain.
Energies Antilles	100%	France	8, Avenue Hoche 75008 Paris
Energies Saint-Martin	100%	France	8, Avenue Hoche 75008 Paris
ContourGlobal Saint-Martin SAS	100%	France	5 Rue du Gal de Gaulle, 8 Immeuble le Colibri Marigot, 97150 Saint-Martin
ContourGlobal Management France SAS	100%	France	Immeuble Imagine 20-26 boulevard du Parc 92200 Neuilly-sur-Seine
ContourGlobal Worldwide Holdings Limited	100%	Gibraltar	Hassans, Line Holdings Limited, 57/63 Line Wall Road, Gibraltar
ContourGlobal Helios S.r.l.	100%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Solar Holdings (Italy) S.r.l.	100%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Oricola S.r.l.	100%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Solutions (Italy) S.R.L.	100%	Italy	Via Cusani 5, Milan 20121, Italy
Portoenergy S.r.l.	100%	Italy	Via Cusani 5, Milan 20121, Italy
Officine Solari Barone S.r.l.	100%	Italy	Via Cusani 5, Milan 20121, Italy
Officine Solari Camporeale S.r.l.	100%	Italy	Via Cusani 5, Milan 20121, Italy
Contourglobal Mediterraneo S.r.l	100%	Italy	Via Cusani 5, Milan 20121, Italy
PVP 2 S.R.L.	100%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Sarda S.r.l	100%	Italy	Via Cusani 5, Milan 20121, Italy
Officine Solari Kaggio S.r.l.	100%	Italy	Via Cusani 5, Milan 20121, Italy
Officine Solari Aquila S.r.l.	100%	Italy	Contrada Piana del Signore s.n.c. 93012 Gela (CL)
CONTOURGLOBAL ENERGETICA S.R.L.	100%	Italy	Via Cusani 5, Milan 20121, Italy
Ergyca Eight Srl	100%	Italy	Via Cusani 5, Milan 20121, Italy
Ergyca Green Srl	100%	Italy	Via Cusani 5, Milan 20121, Italy
Ergyca Industrial Srl	100%	Italy	Via Cusani 5, Milan 20121, Italy
Ergyca Light Srl	100%	Italy	Via Cusani 5, Milan 20121, Italy
Ergyca One Srl	100%	Italy	Via Cusani 5, Milan 20121, Italy
Ergyca Sole Srl	100%	Italy	Via Cusani 5, Milan 20121, Italy
Ergyca Tracker Srl	100%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Solutions Kenya Ltd	100%	Kenya	LR NO 209 311 5 9th floor williamson House 4th Ngong avenue, PO box 40111-00100, Nairobi, Kenya
ContourGlobal Luxembourg S.à.r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
Kani Lux Holdings S.à.r.l.	80%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Africa Holdings S.à.r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Bulgaria Holding S.à.r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Spain Holding S.à.r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg

Notes to the consolidated financial statements continued

4. Notes to the consolidated financial statements continued

Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
ContourGlobal Latam Holding S.à.r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
Vorotan Holding S.à.r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Terra 2 S.à.r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Terra 3 S.à.r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Terra 4 S.à.r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Terra 5 S.à.r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Terra 6 S.à.r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Solutions Holdings S.à.r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Senegal Holdings S.à.r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Terra Holdings S.à.r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Power Holdings S.A.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Worldwide Holdings S.à.r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
Aero Flash Wind, S.A.P.I. DE C.V.	75%	Mexico	Mexico City, Mexico/Tax Address : Ciudad de Tecate, Baja California
KivuWatt Holdings	100%	Mauritius	4th Floor, Tower A, 1CyberCity, c/o Citco (Mauritius) Limited, Ebene, Mauritius
ContourGlobal Solutions (Nigeria) Ltd	100%	Nigeria	St. Nicholas House, 10th Floor, Catholic Mission Street, Lagos, Nigeria
ContourGlobal Solutions Nigeria Holdings B.V.	100%	Netherlands	Keplerstraat 34, Badhoevedorp 1171CD, Netherlands
Contourglobal Bonaire B.V.	100%	Netherlands	Kaya Carlos A. Nicolaas 3, Bonaire, Netherlands
Energía Eólica S.A.	100%	Peru	Av. Ricardo Palma 341, Office 306, Miraflores, Lima 18, Peru
ContourGlobal Peru SAC	100%	Peru	Av. Ricardo Palma 341, Office 306, Miraflores, Lima 18, Peru
Energía Renovable Peruana S.A.	100%	Peru	Av. Ricardo Palma 341, Office 306, Miraflores, Lima 18, Peru
Energía Renovable del Norte S.A.	100%	Peru	Av. Ricardo Palma 341, Office 306, Miraflores, Lima 18, Peru
ContourGlobal Solutions (Poland) Sp. Z o.o.	100%	Poland	ul. Przemyslowa 2A, Radzymin 05-250 – Poland
ContourGlobal Paraguay Holdings SA	100%	Paraguay	Simon Bolivar, # 914 casi Parapiti, Asuncion, Paraguay
ContourGlobal Solutions (Ploiesti) S.R.L.	100%	Romania	Ploeisti, 285 Gheorge Grigore, Cantacuzino street, Prahova County, Ploiesti, Romania
Kivu Watt Ltd	100%	Rwanda	Plot 9714, Nyarutarama, P. O. Box 6679, Kigali, Rwanda
RENERGIE Solarny Park Holding SK I a.s.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
PV Lucenec S.R.O.	100%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Rimavské Jánovce s.r.o.	100%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Dulovo s.r.o.	100%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Gemer s.r.o.	100%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Hodejov s.r.o.	100%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia

Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
RENERGIE Solárny park Jesenské s.r.o.	100%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Nižná Pokoradz s.r.o.	100%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Riečka s.r.o.	100%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Rohov s.r.o.	100%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Starňa s.r.o.	100%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Včelince 2 s.r.o.	100%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Hurbanovo s.r.o.	100%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
AlfaPark s.r.o.	100%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Druhá slnečná s.r.o.	100%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
SL03 s.r.o.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
RENERGIE Solárny park Bánovce nad Ondavou s.r.o.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
RENERGIE Solárny park Bory s.r.o.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
RENERGIE Solárny park Budulov s.r.o.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
RENERGIE Solárny park Kalinovo s.r.o.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
ZetaPark Lefantovce s.r.o.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
RENERGIE Solárny Lefantovce s.r.o.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
RENERGIE Solárny park Michalovce s.r.o.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
RENERGIE Solárny park Nižný Skálnik s.r.o.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
RENERGIE Solárny park Otročok s.r.o.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
RENERGIE Solárny park Paňovce s.r.o.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
RENERGIE Solárny park Gomboš s.r.o.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
RENERGIE Solárny park Rimavská Sobota s.r.o.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
RENERGIE Solárny park Horné Turovce s.r.o.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
RENERGIE Solárny park Uzovská Panica s.r.o.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
RENERGIE Solárny park Zemplínsky Branč s.r.o.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
ZetaPark s.r.o.	100%	Slovak Republic	25 Pribinova Str., Bratislava 811 09, Slovakia
ContourGlobal Cap des Biches Senegal S.à.r.l.	100%	Senegal	2, Place de L'Indépendance, Dakar, BP 23607, Senegal
ContourGlobal Togo S.A.	80%	Togo	Route D'Aného, Baguida, BP 3662, Lomé – Togo
ContourGlobal Services Africa S. à r.l.	100%	Togo	Immeuble SCI – Direction de l'administration pénitentiaire & de la réinsertion – Angle Rue Agbata, Boulevard du 13 Janvier – 01 BP 3662, Lomé – Togo
Mega-resurs CJSC	51%	Ukraine	84301, Donetsk oblast, Kramatorsk city, 26 19th Partsiezda str, Ukraine
Kramatorskteploenergo LLC	60%	Ukraine	5 Ordjonikidze Street, Kramatorsk city, Donetsk region, Ukraine 84305
Co-Generation Technologies B1 LLC	38%	Ukraine	77701 51 Schevchenko Street, Bogorychany city, Ivano-Frankivsk region, Ukraine
ContourGlobal Ukraine LLC	99%	Ukraine	5/2c Yaroslavska Street, 4th Floor, Kyiv 04071, Ukraine
AMC Energy LLC	75%	Ukraine	02125, 1 Prospect Vyzvolyteliv, Kiev, Ukraine
ContourGlobal Solutions (Northern Ireland) Limited	100%	United Kingdom	6th Floor Lesley Tower, 42-26 Fountain Street, Belfast BT1 5EF, Ireland
ContourGlobal Europe Limited	100%	United Kingdom	Oceana House, 39-49 Commercial Road, Southampton SO15 1 GA, United Kingdom
ContourGlobal Yield Limited	100%	United Kingdom	Jordans Limited, 20-22 Bedford Row, London WC1R 4JS, United Kingdom

Notes to the consolidated financial statements continued

4. Notes to the consolidated financial statements continued

Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
Contour Global LLC	100%	US	1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801
Contour Global Management Inc	100%	US	1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801
ContourGlobal Services Brazil LLC	100%	US	650 Fifth Ave – 17th Fl., New York, New York 10019
ContourGlobal Togo LLC	100%	US	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808
ContourGlobal A Funding LLC	100%	US	1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801
ContourGlobal Senegal Holdings LLC	100%	US	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808
ContourGlobal Senegal LLC	100%	US	1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801
CG Solutions Global Holding Company LLC	100%	US	Corporation Trust Center, 1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801

Investments in associates accounted under the equity method:	Ownership	Country of incorporation	Registered address
TermoemCali I S.A. E.S.P.	37%	Colombia	Carrera 5A Nº 71-45, Bogotá, Colombia
Compañía Eléctrica de Sochagota S.A. E.S.P.	49%	Colombia	Carrera 14 No. 20-21 Local 205A, Plaza Real, Tunja, Colombia
Productora de Energía de Boyacá S.A.S. E.S.P	50%	Colombia	Cr. 9 No. 74-08 Of. 105, Bogotá, Colombia

4.29 Related party disclosure

ContourGlobal L.P. and Reservoir Capital Group

As of 31st December 2017 we have no significant financial relationship with the Group's main shareholder, ContourGlobal L.P., and Reservoir Capital Group which ultimately controls ContourGlobal L.P.

ContourGlobal L.P.

ContourGlobal L.P. had intercompany relations with the Group which are reflected in the consolidated statement of financial position as related parties within "Other current assets". The net position was an asset receivable by the Group which amounted to $19.2 million as of 31st December 2016 and to $21.3 million as of 8th November 2017. At this date, prior to the listing, ContourGlobal plc distributed a dividend in cash of $21.3 million to ContourGlobal L.P. which was used to repay in full the assets receivable to ContourGlobal L.P. As a result, there are no related party positions remaining as of 31st December 2017 with ContourGlobal L.P.

Key management personnel

Compensation paid to key management (executive committee members) amounted to $8.7 million in 31st December 2017 (31st December 2016: $9.7 million).

In $ millions	Years ended 31st December 2017	2016
Salaries and short-term employee benefits	**4.8**	5.9
Termination benefits	**0.8**	–
Post employment benefits	**0.2**	0.2
Profit-sharing and Bonus schemes	**2.9**	3.6
Total	**8.7**	9.7

Directors emoluments are disclosed within the Annual Report on Remuneration in relation to the period post incorporation of the Company.

4.30 Financial commitments and contingent liabilities

(a) Commitments

The Group has contractual commitments with, among others, equipment suppliers, professional service organizations and EPC contractors in connection with its power projects under construction that require payment upon reaching certain milestones. As of 31st December 2017, the Group has completed all its construction projects and had $3.5 million of firm purchase commitments of property plant and equipment outstanding in connection with its Maritsa facilities. The Group has also contractual arrangements with Operating and Maintenance (O&M) providers and transmission operators as it relates to certain of its operating assets.

Maritsa has a long-term Lignite Supply Agreement (LSA) with Maritsa Iztok Mines (MMI) for the purchase of lignite. According to the agreement, Maritsa has to purchase minimum monthly quantities, amounting to 6,187 thousand standard tons per calendar year. The total commitment through the remaining term of the LSA (February 2024) is 37,638 thousand standard tons, equal to $381.2 million at December 2017 prices ($10.13 per standard ton), as compared to 43,825 thousands standard tons equal to $388.8 million at the end of 2016 ($8.87 per standard ton). In the event of a failure on the part of CG Maritsa East 3 AD (ME-3) to take a minimum monthly quantity in any month, ME-3 shall, except in cases caused by Force Majeure and certain actions of Bulgarian authorities as described in the contract, pay to MMI an amount equal to the difference between (i) the aggregate amount paid or payable in respect of lignite delivered during such month and (ii) the aggregate amount that would have been payable had the minimum monthly quantity been taken during such month.

Pursuant to Vorotan acquisition, the Group has agreed to refurbish the hydro power plants and intends to invest approximately $70 million over six years in a refurbishment program started in 2017 to modernize Vorotan and improve its operational performance, safety, reliability and efficiency. As of 31st December 2017 Vorotan disbursed $9.8 million of which $9.5 million was an advance payment to the EPC contractor.

(b) Contingent liabilities

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. The Group reviews these matters in consultation with internal and external legal counsel to make a determination on a case-by-case basis whether a loss from each of these matters is probable, possible or remote. These claims involve different parties and are subject to substantial uncertainties.

Operation & Maintenance contractor litigation (Energies Antilles)

In 2011, Energies Antilles ("EA") was forced to pay to EDF, the offtaker under the PPA, a €5 million penalty in relation to damages following labor strikes by the operator's employees and related disruptions. EA subsequently raised a claim against the power plant's operation and maintenance ("O&M") contractor for the same amount and collected certain amounts under related performance bonds. On 5th June 2015, EA received a favorable judgment in its proceeding against the O&M contractor, as the court awarded EA substantially all of the amounts claimed, including both the unpaid portion of the performance bond and all other penalty amounts not covered by the performance bonds. The O&M contractor appealed the decision. In April 2017, the Court of Appeal confirmed the first instance favorable judgment. The O&M contractor brought the claim to the Supreme Court in May 2017. No decision from the Supreme Court is expected before 2018.

In 2010, a €5 million legal claim was brought against EA by the O&M contractor in relation to cost overruns following changes in French labor laws ("IEG status" – Industries Electriques et Gazières). Last briefs have been filed in January 2017. On 22th February 2018 the Paris Commercial Tribunal fixed the pleading hearings on 24th May 2018.

Minority shareholder litigation (ContourGlobal Latam S.A.)

In July 2015, CG Latam S.A. received a notice of arbitration under International Chamber of Commerce rules from a minority shareholder in the Inka project alleging fraud in the negotiation and performance of that project's investment agreement and shareholder agreement, seeking nullification of those agreements and return of the majority shareholding in Energía Eólica S.A. ("EESA"), the entity that owns the project, or, in the alternative, restitution of an amount equivalent to the value of EESA. CG Latam S.A. received the claimant's statement of claim in January 2017 and filed its statement of defense on 14th August 2017. An evidentiary hearing of fact witnesses was held in early February 2018, and the tribunal will schedule a second hearing for expert witnesses. The Group expect the second hearing to be scheduled for the second quarter of 2018.

No provision has been recorded as of 31st December 2017 in relation to the above claims as the Group considers that it is less than probable that liabilities will arise from these claims.

The Group from time to time is involved in disputes in relation to ongoing tax matters in a number of jurisdictions around the world. Where appropriate, provisions are recorded, based on the assessment of each case.

(c) Lease commitments

Operating lease as a lessee

The Group is lessee under non-cancelable operating leases, primarily for office space and land to conduct its business. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

In $ millions	Years ended 31st December 2017	2016
No later than 1 year	**5.9**	5.5
Later than 1 year and no later than 5 years	**21.0**	21.0
Later than 5 years	**243.3**	283.3
Total	**270.2**	310.0

Notes to the consolidated financial statements continued

4. Notes to the consolidated financial statements continued

Financing lease as a lessee

The future aggregate minimum lease payments under non-cancelable financing leases (Inka project) are as follows:

In $ millions	Years ended 31st December 2017	2016
Minimum lease payments		
No later than 1 year	**0.3**	0.3
Later than 1 year and no later than 5 years	**1.3**	1.3
Later than 5 years	**3.4**	3.7
Gross investment in the lease	**5.0**	5.4
Future finance interest	**(1.9)**	(2.1)
Present value of financial lease obligation	**3.1**	3.3

Operating lease as a lessor

The Group is lessor under non-cancelable operating leases. The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

In $ millions	Years ended 31st December 2017	2016
Minimum lease payments		
No later than 1 year	**62.0**	43.8
Later than 1 year and no later than 5 years	**249.4**	188.5
Later than 5 years	**577.5**	622.5
Total	**888.9**	854.8

Finance lease as a lessor

The future aggregate minimum lease payments under non-cancelable finance leases (relating to our operation of Energies Saint Martin and Bonaire) are as follows:

In $ millions	Years ended 31st December 2017	2016
Minimum lease payments		
No later than 1 year	**12.0**	11.3
Later than 1 year and no later than 5 years	**47.2**	44.5
Later than 5 years	**38.1**	48.4
Gross investment in the lease	**97.3**	104.2
Less: unearned finance income	**(26.1)**	(30.6)
Total	**71.2**	73.6

In $ millions	Years ended 31st December 2017	2016
Analyzed as:		
Present value of minimum lease payments:		
No later than 1 year	**11.4**	10.7
Later than 1 year and no later than 5 years	**36.4**	34.5
Later than 5 years	**23.4**	28.4
Total	**71.2**	73.6

4.31 Guarantees and letters of credit

The Group and its subsidiaries enter into various contracts that include indemnification and guarantee provisions as a routine part of the Group's business activities. Such contracts generally indemnify the counterparty for tax, environmental liability, litigation, and other matters, as well as breaches of representations, warranties, and covenants set forth in the agreements. In many cases, the Group's maximum potential liability cannot be estimated, since some of the underlying agreements contain no limits on potential liability.

The Group also acts as guarantor to certain of its subsidiaries and obligor with respect to some long-term arrangements contracted at project level.

For the financial guarantees and letters of credit, refer to note 4.23 Borrowings.

4.32 Statutory Auditor's fees

In $ millions	Years ended 31st December 2017	2016
Fees payable to the Group's auditor for the audit of the Group's annual accounts and consolidated financial statements	**1.3**	0.9
Fees payable to the Group's auditor and its associates for other services:		
– The audit of the Group's subsidiaries	**1.1**	0.9
– Other assurance services	**6.6**	0.7
– Tax compliance services	**–**	–
– Tax advisory services	**–**	–
– Other non-audit services	**0.1**	0.2
Total	**9.1**	2.7

The increase in other assurance services relate to exceptional events of the period which includes the Initial Public Offering in the United Kingdom of ContourGlobal plc ($5.7 million) in November 2017 and February 2017 bond issuance ($0.3 million).

4.33 Subsequent events

Acquisition of a renewable portfolio in Italy

On 23rd December 2017, the Group signed the acquisition of a 23 MW renewable portfolio consisting of 10 photovoltaic plants in Italy (15 MW), one photovoltaic plant in Romania (7 MW) and 2 biogas plants in Italy (2 MW).

The transaction closed in March 2018.

Acquisition of a renewable portfolio in Spain

On 27th February 2018, the Group signed the acquisition of Acciona Energia's 250 MW portfolio of five 50 MW Concentrating Solar Power plants in South-West Spain. The total enterprise value amounts to €962 million, including an amount payable to Acciona Energía of approximately €806 million and existing net debt (including adjustment for working capital) of €156 million. The Group has also agreed to make earn-out payments to Acciona Energía of up to €27 million.

The acquisition combines the Group's solar and Spanish thermal operating expertize into a sizable portfolio of assets enabling synergies with existing European operations.

The acquisition is expected to close in the second quarter of 2018 and is subject to various conditions.

Sale of Ukrainian assets

On 26th February 2018, the Group sold 100% of its stake in Ukrainian power plant Kramatorsk representing a total of 120 MW.

Independent auditors' report to the members of ContourGlobal plc

Report on the audit of the parent company financial statements

Opinion
In our opinion, ContourGlobal plc's parent company financial statements (the "financial statements"):

– Give a true and fair view of the state of the parent company's affairs as at 31st December 2017;
– Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
– Have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: the Company balance sheet as at 31st December 2017; and the Company statement of changes in equity for the period then ended; and the notes to the parent company financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

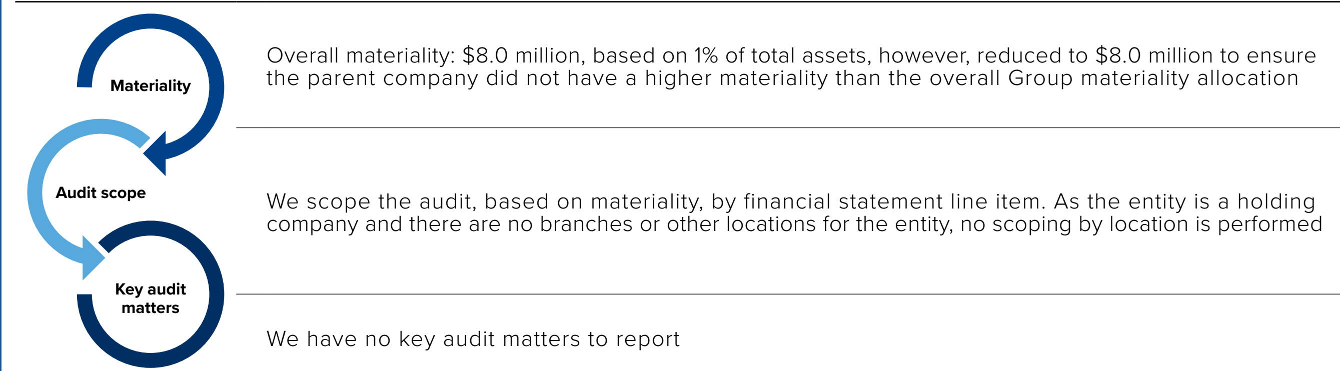
Independence
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company.

Other than those disclosed in note 4.32 to the consolidated financial statements, we have provided no non-audit services to the Group and its subsidiaries in the period from 1st January 2017 to 31st December 2017.

Our audit approach
Context
The parent company was newly incorporated during the period on 26th September 2017 and hence these are the first financial statements of the parent company. The parent company was incorporated for the purposes of the initial public offering on the Main Market of the London Stock Exchange on 14th November 2017.

Overview



The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the parent company and the industry in which it operates, and considered the risk of acts by the parent company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognizing that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We designed audit procedures that focused on the risk of non-compliance related to UK Company law as applicable to the financial statements. Our tests included discussions with legal counsel and reviewing disclosures in the financial statements against the specific legal requirements. We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgment, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We determined that there were no key audit matters applicable to the parent company to communicate in our report.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the parent company, the accounting processes and controls, and the industry in which it operates.

The entity is a holding company and there are no branches or other locations to be considered when scoping the audit. As a single entity, there are no Group scoping considerations and the entity is audited on a full scope basis and hence testing has been performed on all material financial statement line items.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

Overall materiality	$8.0 million
How we determined it	1% of total assets
Rationale for benchmark applied	We believe that total assets is an appropriate benchmark for the parent company as this entity is principally a holding company. For the purpose of the audit of the Group financial statements however, we determined a component materiality for the parent company of $8.0 million on the basis the parent company should not have a higher materiality than the overall Group materiality allocation

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $500,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern
In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the parent company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the parent company's ability to continue as a going concern.
We are required to report if the Directors' statement relating to going concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Independent auditors' report to the members of ContourGlobal plc continued

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31st December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. *(CA06)*

The Directors' assessment of the prospects of the parent company and of the principal risks that would threaten the solvency or liquidity of the parent company

We have nothing material to add or draw attention to regarding:

– The Directors' confirmation on page 47 of the Annual Report that they have carried out a robust assessment of the principal risks facing the parent company, including those that would threaten its business model, future performance, solvency or liquidity
– The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated
– The Directors' explanation on page 47 of the Annual Report as to how they have assessed the prospects of the parent company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the parent company and statement in relation to the longer-term viability of the parent company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the parent company and its environment obtained in the course of the audit. *(Listing Rules)*

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

– The statement given by the Directors, on page 83, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the parent company's position and performance, business model and strategy is materially inconsistent with our knowledge of the parent company obtained in the course of performing our audit
– The section of the Annual Report on page 62 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee
– The Directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Responsibilities for the financial statements and the audit
Responsibilities of the Directors for the financial statements
As explained more fully in the Directors' Responsibilities Statement set out on page 83, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the parent 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 the Directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

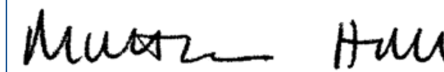
– We have not received all the information and explanations we require for our audit; or
– Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
– Certain disclosures of Directors' remuneration specified by law are not made; or
– The financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment
We were appointed by the Directors on 13th December 2017 to audit the financial statements for the period ended 31st December 2017 and subsequent financial periods. This is therefore our first period of uninterrupted engagement.

Other matter

We have reported separately on the Group financial statements of ContourGlobal plc for the year ended 31st December 2017.



Matthew Hall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

4th April 2018

Company balance sheet

At 31st December 2017

In $ millions	Note	2017
Fixed assets		
Investments	6	**1,620.7**
Current assets		
Debtors	7	**1.7**
Cash at bank and in hand		**91.6**
		93.3
Creditors: amounts falling due within one year	8	**(18.0)**
Net current assets		**75.3**
Net assets		**1,696.0**
Capital and reserves		
Called-up share capital	9	**8.9**
Share premium account		**380.8**
Reserves and retained earnings		**1,306.3**
Total shareholders' funds		**1,696.0**

The Company's profit for the period ended 31st December 2017 was $14.2 million.

The financial statements on pages 142 to 145 were approved and authorized for issue by the Board and were signed on its behalf by:

Joseph C. Brandt
Director
4th April 2018

Registered Number: **10982736**

Company statement of changes in equity

At 31st December 2017

In $ millions	Note	Called-up share capital	Share premium account	Reserves and retained earnings	Total
Issue of shares – 17th October 2017	9	1,320.7	–	–	1,320.7
Share capital reduction – 19th October 2017	9	(1,307.5)	–	1,307.5	–
Issue of shares at listing	9	1.6	400.7	–	402.3
Cancellation of deferred shares	9	(5.9)	–	5.9	–
Listing costs deducted from share premium		–	(19.9)	–	(19.9)
Dividends		–	–	(21.3)	(21.3)
Profit for the year		–	–	14.2	14.2
At end of the period		**8.9**	**380.8**	**1,306.3**	**1,696.0**

Notes to the Company financial statements

1. General information

ContourGlobal plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The Company was incorporated on 26th September 2017 and adopted FRS 102 from that date.

2. Statement of compliance

The financial statements of ContourGlobal plc have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied throughout the period presented.

3.1. Basis of preparation
The Company financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain financial assets and liabilities through profit or loss. The current year financial information presented is for the period ended 31st December 2017. As the Company was incorporated on 26th September 2017, no comparative period is presented.

The preparation of the financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are set out below.

As permitted by Section 408 of the Companies Act 2006, an entity profit and loss account is not included as part of the published consolidated financial statements of ContourGlobal plc.

3.2. Exemptions for qualifying entities under FRS 102
The Company has taken advantage of the following FRS 102 disclosure exemptions available to qualifying entities:

- The requirements of Section 4 Statement of Financial Position 4.12 (a) (iv);
- The requirements of Section 7 Statements of Cash Flows;
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17 (d); and
- The requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41 (f), 11.42, 11.44, 11.47, 11.48(a)(iii), 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c).

3.3. Foreign currency
(i) Functional and presentation currency
The Company's functional and presentation currency is the US Dollar.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rate at the dates of the transactions.

At each period end foreign currency non-monetary items measured at historical cost are translated using the exchange rate on the date of the transaction.

3.4. Critical accounting judgments and estimation uncertainty
The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise their judgment in the process of applying the Company's accounting policies. The area involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements is:

- Carrying value of investments

The Company considers annually whether there is any indication of impairment in the carrying value of investments in accordance with the accounting policy stated. Assessments of this nature involve judgment over the economic performance of individual investments, changes in the market in which they operate or where there are indications that the value of the underlying assets have declined during the period which are significantly more than expected as a result of the passage of time or normal use.

In the event that there is an indicator of impairment, the Company performs an impairment assessment to determine if the carrying value of the investment is supported by its recoverable amount. The determination of the recoverable amount is typically the most judgmental part of an impairment evaluation. The recoverable amount is the higher of: (i) an investment's fair value less costs of disposal (market value); and; (ii) value in use determined using estimates of discounted future net cash flows ("DCF") of the investment.

3.5. Investments in subsidiaries
Investments in subsidiaries are held at cost, less any provision for impairment. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realizable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment.

3.6. Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

3.7. Taxation
UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3.8. Financial instruments
The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

a) Financial assets
Financial assets include trade and other receivables and cash and bank balances are initially recognized at transaction price and are subsequently carried at amortized cost using the effective interest method.

Notes to the Company financial statements continued

3. Summary of Significant Accounting Policies continued

At the end of each reporting period financial assets measured at amortized cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognized in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognized, the impairment is reversed.

The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognized. The impairment reversal is recognized in profit or loss.

Financial assets are derecognized when: (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party: or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

b) Financial liabilities
Financial liabilities include trade and other payables (including from intercompany Group companies).

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at transaction price and subsequently measured at amortized cost using the effective interest method.

3.9. Dividend distribution
Dividends to the Company's shareholders are recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders in the case of final dividends. In respect of interim dividends, these are recognized once paid.

4. Directors' Emoluments and employees

The Company has no employees other than the Directors. Full details of the Directors' remuneration and interests are set out in the Directors' remuneration report on pages 74 to 78.

5. Auditors' fees

The amounts payable to the Company's auditors in respect of the statutory audit were $24,000.

6. Investments in Subsidiaries

In $ millions	2017
Acquisition of ContourGlobal Worldwide Holdings SARL – 17th October 2017	1,320.7
Capital increase of ContourGlobal Worldwide Holdings SARL – 16th November 2017	300.0
At 31st December	**1,620.7**

On 17th October 2017, the Company acquired a 100% holding in the shares of ContourGlobal Worldwide Holdings S.à.r.l. for a total cost of $1,320.7 million from ContourGlobal L.P. via a share for share exchange agreement.

On 16th November 2017, the Company contributed an additional $300 million in ContourGlobal Worldwide Holdings S.à.r.l. equity via a cash injection.

The Company's directly wholly owned subsidiaries is ContourGlobal Worlwide Holdings S.à.r.l. A full list of indirect subsidiaries and other undertakings as required by Section 409 of the Companies' Act 2006 is shown on pages 129 to 134 of the Group's financial statements.

7. Debtors

In $ millions	2017
Amounts owed by Group undertakings	0.3
VAT recoverable	0.7
Prepayments and accrued income	0.7
	1.7

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

8. Creditors: amounts falling due within one year

In $ millions	2017
Trade payables	7.5
Accrued expenses	3.3
Amounts owed to Group undertakings	7.2
	18.0

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

9. Called-up share capital

Issued capital of the Company amounted to $8.9 million as at 31st December 2017.

Alloted, called up and fully paid	Number	Nominal value	£m	$m
Issue of shares[1]	100	1.00	–	–
Issue of shares[2]	1,002,000,000	–	1,002.0	1,320.7
Share capital reduction[3]	–	(0.99)	(992.0)	(1,307.5)
Issue of shares – Listing on the London Stock Exchange[4]	122,399,020	–	1.2	1.6
Issue of shares	712,920	–	–	–
Share reorganization – cancellation of deferred shares[5]	(454,399,120)	–	(4.5)	(5.9)
As at 31st December 2017	**670,712,920**	**0.01**	**6.7**	**8.9**

1 On incorporation, 26th September 2017, the Company issued 100 ordinary shares with a nominal value of £1.00 to its immediate parent, ContourGlobal LP. The amount due was settled through an intercompany receivable.

2 On 17th October 2017, the Company issued to its immediate parent, ContourGlobal L.P. 1,002,000,000 ordinary shares with a nominal value of £1.00 each in exchange for 100% of the issued share capital of ContourGlobal Worldwide Holdings S.à.r.l. (see Note 6).

3 On 19th October 2017, the Company passed a special resolution supported by a solvency statement to reduce its share capital under s641(a) of the Companies Act 2006 by reducing the share capital of the Company of $1,320,736,335 divided into 1,002,000,100 ordinary shares of £1.00, each fully paid, to $13,207,366 divided into 1,002,000,100 ordinary shares of £0.01, each fully paid, by the cancellation of the paid up share capital to the extent of £0.99 per share upon each of the 1,002,000,100 ordinary shares reducing the nominal amount of all such shares from £1.00 to £0.01.
On 8th November 2017, the Company passed a resolution to consolidate the 1,002,000,100 ordinary shares of £0.01 each in the share capital of the Company into one ordinary share of £10,020,001 and the sub-division of that share into 547,600,980 ordinary shares and 454,399,120 deferred shares each of £0.01.

4 On 14th November 2017, the Company completed the pricing of its initial public offering of ordinary shares at £2.50 per share, comprising 122,399,020 new shares and 54,026,083 existing shares. The Company also issued additional 712,920 new shares subscribed by its management. The issuance of these new shares resulted in the recognition of a share premium of £306.5 million ($400.7 million).

5 On 14th November 2017, The Company canceled all existing 454,399,120 deferred shares, resulting in a total net ordinary shares of 670,712,920 shares as of 31st December 2017.

10. Contingent Liabilities

The Company acts as a guarantor to certain of its subsidiaries with respect to various financial obligations and project financing agreements entered into by its subsidiaries. The main financial obligations are listed below:

- $8.5 million guarantee to external bank for Inka letter of credit;
- $1.2 million guarantee for the benefit of KivuWatt under the PPA and Gas Concession agreement to the Government of Rwanda and to Electrogaz (outside of the loan guarantee);
- $55 million guarantee to fund any cost overruns (up to $25 million) and debt buydown ($30 million);
- $8.5 million guarantee to cover Kivuwatt debt service reserve account;
- Guarantee on cash shortfall for debt service in ContourGlobal Togo;
- Guarantee to Goldman Sachs in relation with the hedging instruments existing at ContourGlobal Power Holdings S.A.;
- Parent guarantor (as defined in the indenture) under the €700 million bond indenture dated 17th June 2016;
- Guarantor under the corporate level revolving credit facility of €50 million dated 6th September 2017.

11. Related Parties

On 8th November 2017, prior to listing, the Company paid a $21.3 million dividend to its immediate parent, ContourGlobal L.P. This dividend was used by ContourGlobal L.P. to repay liabilities due to Company's indirect subsidiaries. Since the listing, none of the Company or subsidiaries has contracted with related parties. As of 31st December 2017, the Company has no balance due or to be received from related party other than amounts due to and from subsidiary undertakings.

12. Controlling party

The Company is majority owned by ContourGlobal L.P. The ultimate controlling party of ContourGlobal L.P. is Reservoir Capital funds.

Shareholder information

Warning about unsolicited approaches to shareholders and "Boiler Room" scams
In recent years, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based "brokers" who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in UK investments. These operations are commonly known as "boiler rooms".

These "brokers" can be very persistent and persuasive. ContourGlobal plc shareholders are advised to be extremely wary of such approaches and advised to only deal with firms authorized by the FCA. You can check whether an enquirer is properly authorized and report scam approaches by contacting the FCA on www.fca.org.uk/scams (where you may also review the latest scams) or by calling the FCA Consumer Helpline: 0800 111 6768.

If you have already paid money to share fraudsters then contact Action Fraud on 0300 123 2040

Registrar
The Company's register of shareholders is maintained by our Registrar, Equiniti Limited. All enquiries regarding shareholder administration including lost share certificates or changes of address should be communicated to the Registrar in writing or by calling 0871 384 2030 for callers from the UK[1] or +44 (0)121 415 7047 for callers from outside the UK.

Shareholders can also view and manage their shareholdings online by registering at www.shareview.co.uk/myportfolio.

1 Calls to this number are charged at 10 pence per minute plus network extras. Lines are open 8.30am to 5.30pm Mondays to Fridays, excluding Bank Holidays in England and Wales

Forward Looking Statements
This Annual Report has been prepared for, and only for, the members of ContourGlobal plc ("the Company") as a body, and for no other persons. The Company, its Directors, employees, agents or advisors do not accept or assume responsibility to any other person who receives or sees this document and any such responsibility or liability is expressly disclaimed. By their nature, the statements concerning the risks and uncertainties facing the Group in this Annual Report involve uncertainty because future events and circumstances can cause results and developments to differ materially from those anticipated. Forward-looking statements in this annual report reflect knowledge and information available at the date of preparation of this Annual Report and the Company undertakes no obligation to update these forward-looking statements after publication. Nothing in this Annual Report should be construed as a profit forecast.

Directors, Secretary, Registered Office

Directors
Craig A. Huff
Joseph C. Brandt
Ruth Cairnie
Daniel Camus
Alan Gillespie
Alejandro Santo Domingo
Ronald Trächsel
Gregg M. Zeitlin

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ContourGlobal photographic competition
For our inaugural Annual Report, we wanted to engage our employees and let them be part of this exciting moment for us. We decided to run a photography competition to showcase our global operations. We were overwhelmed with the response and the quality of the imagery. Some of the amazing images we received have been included throughout the report:

Front cover: Photographer: Larissa Witzke Testoni – Chapadas Wind Farm, Brazil
Pages 2 and 3: Photographer: Aram Arekhtsyan – Shamb Reservoir, Armenia
Page 12: Photographer: Ndiogou Malick Lo – Cap des Biches Plant, Senegal
Page 13: Photographer: Larissa Witzke Testoni – Chapadas Wind Farm, Brazil
Page 28: Photographer: Aram Arekhtsyan – Shamb Reservoir, Armenia
Page 33: Photographer: Ndiogou Malick Lo – Cap des Biches Plant, Senegal
Page 34: Photographer: Larissa Witzke Testoni – Talara Wind Farm, Peru
Pages 36 and 37: Photographer: Aram Arekhtsyan – Spandaryan Reservoir, Armenia.

Designed and produced by MerchantCantos
www.merchantcantos.com

Kivuwatt, Rwanda

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