2015 REGISTRATION DOCUMENT

BUSINESS ACTIVITIES AND CSR
FULL-YEAR FINANCIAL REPORT

BOUYGUES CONSTRUCTION
BOUYGUES IMMOBILIER
COLAS
TF1
BOUYGUES TELECOM

BOUYGUES

Building the future is our greatest adventure

CONTENTS

Elements included in the Full-year Financial Report are clearly identified in the contents by the FY FR *pictogram.*

2015 REGISTRATION DOCUMENT

BUSINESS ACTIVITIES AND CSR – FULL-YEAR FINANCIAL REPORT

The Registration Document can be consulted and downloaded from the **www.bouygues.com** website

AUTORITE DES MARCHÉS FINANCIERS
AMF

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Martin Bouygues

Chairman and CEO

HOW DO YOU SEE THE GROUP'S COMMERCIAL PERFORMANCE IN 2015?

I am very happy that the Group achieved good commercial performances in all its business segments in 2015.

The construction businesses adjusted to the decline of the French market and continued their positive momentum in international markets. At end-December 2015, international markets accounted for 59% of the order book at Bouygues Construction and Colas, compared with 53% a year earlier. We won some very fine contracts, such as the NorthConnex tunnel project in Australia and motorway maintenance contracts in the UK. A highlight of the year was our celebration of 60 years in Hong Kong, a tribute to our strong local roots that have helped improve day-to-day life for local residents. Three major projects are currently under construction: the bridge that will link Hong Kong with the cities of Zhuhai and Macao, the Shatin to Central Link tunnel, and the Tuen Mun-Chek Lap Kok sub-sea road tunnel.

TF1 consolidated its leadership position, gaining high audience shares in a competitive market. Once again, the channel distinguished itself by claiming 98 of the top 100 audience ratings in the year.

Bouygues Telecom's aggressive strategy delivered the first positive results in both mobile and fixed broadband. With a net gain of 769,000 mobile customers and 360,000 fixed broadband customers over the year and stable average sales per customer, Bouygues Telecom returned to sales growth in 2015.

MORE GENERALLY, WHAT CONCLUSIONS CAN YOU DRAW FROM 2015?

In a tough economic and competitive environment in France, the Group's transformation strategy has produced results.

Bouygues has shown its capacity to innovate by extending its portfolio to include new products and services in both existing markets and new market segments. In France, the construction businesses won several major tenders for the development of eco-neighbourhoods in Marseille, Lyon and Marne-la-Vallée. Bouygues Immobilier launched its Nextdoor concept of flexible and user-friendly work spaces for businesses. TF1 strengthened its position in the content market with the acquisition of French production company Newen and was granted approval by the CSA (French broadcasting authority) to migrate its rolling news channel LCI to freeview TV. With its in-depth transformation, Bouygues Telecom returned to growth in sales and EBITDA and confirmed its leading position in 4G, now used by 51% of its mobile customers.

"Bouygues returned to growth in profitability"

In this context, Bouygues returned to growth in profitability. The current operating margin rose to 2.9%, 0.2 points better than in 2014, thanks to stable profitability at the construction businesses and improved profitability at TF1 and Bouygues Telecom.

Finally, the Group also strengthened its financial structure. Net debt at the end of the year was €2.6 billion, €655 million lower than at end-December 2014.

2015 WAS THE YEAR OF THE COP21 CLIMATE CONFERENCE. HOW IS THE BOUYGUES GROUP RESPONDING TO THE GREAT CHALLENGES OF CLIMATE CHANGE FACING THE PLANET?

Committed to a proactive sustainable development policy since 2005, Bouygues aims to be a provider of solutions to the problems of climate change and diminishing resources.

We offer low-carbon solutions for a sustainable and desirable urban environment, with a number of attractive projects such as eco-neighbourhoods in Bordeaux, Lyon and Zurich, and Colas' Wattway solar road, the world's first photovoltaic road surface, suited to all types of road and vehicle. These solutions were showcased by the Bouygues group at various events organised around the COP21 conference, such as the World Efficiency show & congress in Paris and La Galerie des Solutions at Le Bourget.

"Our transformation strategy has produced results"

Bouygues was added to two prestigious new SRI indexes in 2015, the Climate Disclosure Leadership Index (CDLI) France-Benelux and Low Carbon 100 Europe, proof that the most demanding experts recognise our commitment to corporate social and environmental responsibility. The Group is now included in five SRI indexes, a source of great satisfaction to us.

WHY HAVE YOU BEGUN DISCUSSIONS WITH ORANGE GIVEN THAT YOU REFUSED TO SELL BOUYGUES TELECOM TO ALTICE IN JUNE 2015?

The situation is entirely different. Bouygues' board of directors received a takeover bid for Bouygues Telecom from Altice, on which we commented extensively at the time, and which would have meant us leaving the telecoms market. That is not the case today. We are looking at a number of scenarios with Orange that would secure our long-term presence in this high-potential sector.

In addition, as I have said several times, in all these discussions Bouygues attributes great importance to the interests of Bouygues Telecom's employees and to the sector's investment momentum, which must remain strong for the benefit of customers.

ALSTOM'S SALE OF ITS ENERGY BUSINESS TO GENERAL ELECTRIC WAS CONCLUDED IN NOVEMBER 2015. WHERE DO YOU STAND WITH YOUR STAKE IN ALSTOM NOW?

Firstly, I'd like to emphasise that, having sold its Energy business to General Electric, Alstom has now refocused on rail transport, where it is a leader on its markets.

After Alstom's public share buy-back offer in January 2016, the Bouygues group owned 28.3% of Alstom's capital on 28 January 2016, compared with 29.2% on 31 December 2015. In accordance with the agreements concluded in June 2014 in order to allow the sale of Alstom's Energy business to General Electric, at end-January 2016 Bouygues loaned the French government 20% of Alstom's shares for a period of approximately 20 months.

WHAT IS YOUR OUTLOOK FOR 2016?

Thanks to the strategy of transforming its business segments, the Group should continue to improve profitability in 2016.

The construction businesses will continue targeted growth in international markets and broaden their portfolio of offers with innovative products and services in both their existing markets and new market segments. Their profitability is expected to improve starting in 2016.

TF1 will capitalise on the Newen acquisition to expand into content production. It will also step up its digital transformation and adapt the business model of its channels.

Bouygues Telecom, within the context of its standalone strategy, confirms its target of a return to long-term growth in sales and profits. It has an EBITDA margin target of 25% for 2017 with a plan to save at least €400 million in 2016 versus end-2013. Capital expenditure is expected to reach €750-800 million in 2016.

In conclusion, as I have just said and as we are finalising this registration document, we are at the same time continuing the discussions announced on 5 January 2016 with a view to considering a merger between Bouygues Telecom and Orange.

1 THE GROUP

1.1 Profile

1.1.1 A diversified industrial group

With operations in over one hundred countries and endowed with a strong entrepreneurial culture, Bouygues has firm foundations on which to pursue its development on markets with long-term growth potential.

With 120,000 employees, the Bouygues group operates in three sectors of activity: construction (Bouygues Construction, Bouygues Immobilier and Colas), media (TF1) and telecoms (Bouygues Telecom). It is also the leading shareholder in Alstom (transport).

1.1.1.1 Strategy

Bouygues is a diversified industrial group whose activities aim to bring innovative solutions to as many people as possible, through infrastructure via its construction businesses and through digital technologies elsewhere.

Bouygues draws on the skills and expertise of its people to add value to the products and services it offers in each of its business segments. The Group aims to strengthen its position as a global player in construction, energy and transport infrastructure, maintain its leading position in the French media industry and support the spread of digital technologies in the telecoms sector for the benefit of customers and end-users alike.

1.1.1.2 Strengths

A stable ownership structure

Bouygues' largest shareholders are its employees and SCDM, a holding company controlled by Martin and Olivier Bouygues.

- Nearly 60,000 employees own shares in the Group, confirming Bouygues as the CAC 40 company with the highest level of employee share ownership. Employees owned 21.4% of the capital and held 28.6% of the voting rights at 31 December 2015;
- SCDM owned 20.4% of the capital and held 27.9% of the voting rights at 31 December 2015.

The presence of stable and strongly committed shareholders enables Bouygues to take a long-term approach to strategy.

A strong culture

Project management expertise is a distinguishing feature of Bouygues' culture, and its management approach based on empowerment is founded on the values of respect, trust and fairness shared by its five subsidiaries.

A focus on stable long-term markets

Very substantial infrastructure and housing needs exist worldwide, and there is increasing demand from customers for sustainable construction (passive or positive-energy buildings, etc.) and sparing use of resources. Bouygues has developed acknowledged expertise in these areas, which distinguish the Group from its rivals, affording it a competitive edge and enabling it to grow strongly on international markets (Bouygues Construction and Colas generated 52% of their sales outside France in 2015).

French telecoms and media markets will continue to expand, with future growth being driven by rapid technological advances and changing uses.

A robust financial structure

Bouygues knows how to keep its capital expenditure under control while generating free cash flow on a regular basis. It carries little debt and has a very substantial cash surplus.

Drawing on these strengths, Bouygues has paid out a regular dividend to shareholders. The average dividend yield was 4.6% in 2015.

Key dates in the Group's history

In 1952, Francis Bouygues establishes Entreprise Francis Bouygues (EFB), a building firm. The company diversifies into property development in 1956 by creating Stim, which later becomes Bouygues Immobilier. In 1986, Bouygues becomes the world's largest construction firm following the acquisition of Screg, the leading roadworks contractor. In 1987, Bouygues diversifies again by becoming the largest shareholder of TF1, France's leading mainstream TV channel. In 1994, Bouygues is awarded a licence to operate France's third mobile phone network, resulting in the creation of Bouygues Telecom in 1996. In 2006, the Group acquires the French government's stake in Alstom and becomes its leading shareholder.

In figures

at 31 December 2015

120,254
EMPLOYEES

3
SECTORS OF ACTIVITY
In over **100 countries**

Construction
Bouygues Construction
Bouygues Immobilier
Colas

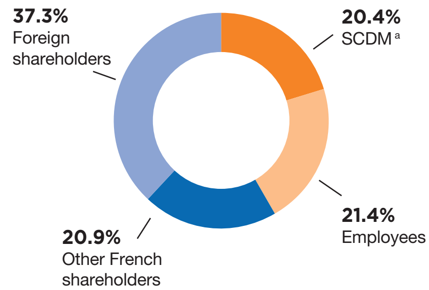
Media
TF1

Telecoms
Bouygues Telecom

Group share ownership

MAIN SHAREHOLDERS

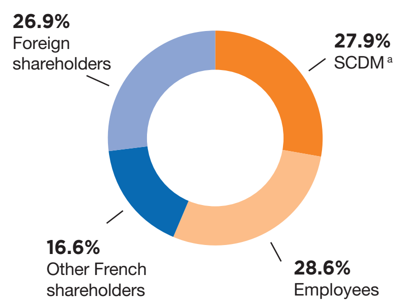
at 31 December 2015



345,135,316 **shares**

VOTING RIGHTS

at 31 December 2015

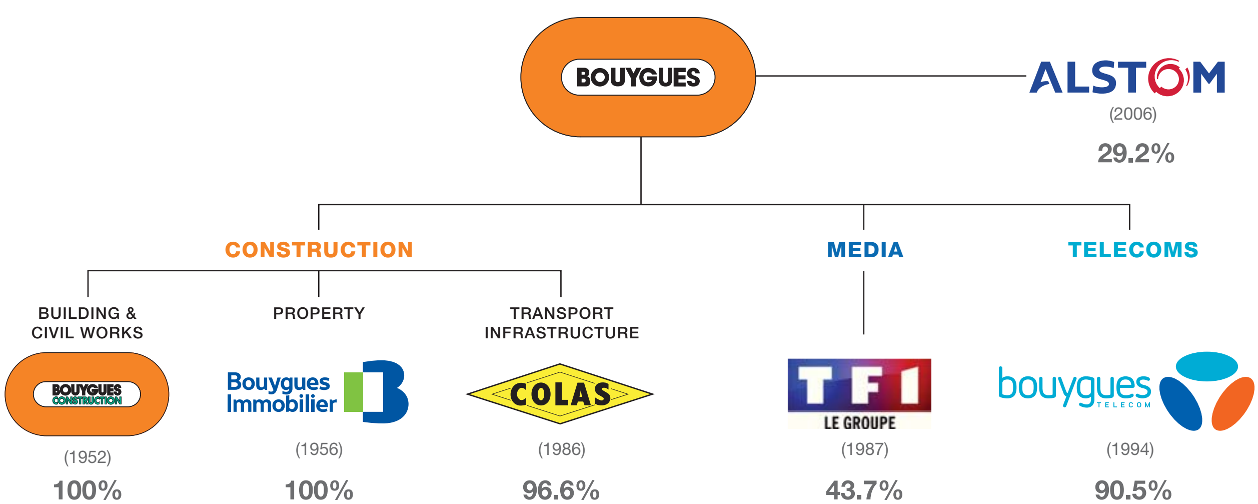


489,224,737 **voting rights**

(a) SCDM is a company controlled by Martin and Olivier Bouygues.

SIMPLIFIED GROUP ORGANISATION CHART

at 31 December 2015



1.1.2 Organisation and governance

1.1.2.1 The Board of Directors at 31 December 2015

Chairman and CEO

Martin Bouygues

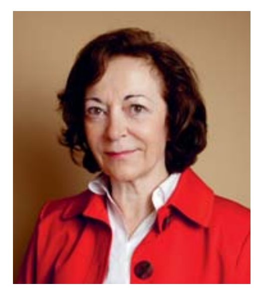
Deputy CEO

Olivier Bouygues
Standing representative of SCDM on the Board of Bouygues

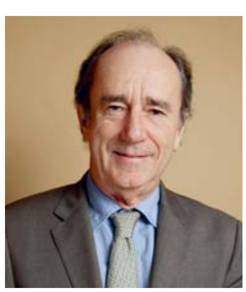
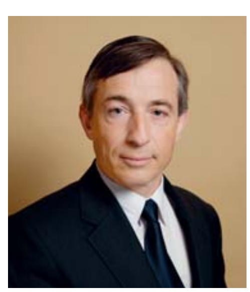
Directors

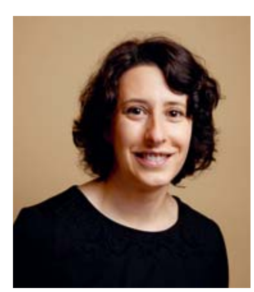






LEFT TO RIGHT: **Michel Bardou,** director representing employees - **François Bertière,** Chairman and CEO of Bouygues Immobilier - **Jean-Paul Chifflet,** Chairman of the Board of Directors of Amundi Group - **Raphaëlle Deflesselle,** director representing employees - **Anne-Marie Idrac[a],** Chair of the supervisory board of Toulouse-Blagnac Airport



LEFT TO RIGHT: **Patrick Kron,** Chairman and CEO of Alstom - **Hervé Le Bouc,** Chairman and CEO of Colas - **Helman le Pas de Sécheval[a],** General Counsel of the Veolia group - **Colette Lewiner[a],** Advisor to the Chairman of Capgemini - Sandra Nombret, director representing employee shareholders

(a) Director qualified as independent by the Board of Directors.

1

The Board of Directors refers to the recommendations of the Afep-Medef Corporate Governance Code. It draws on the work of four committees. The proportion of women with seats on the Board, excluding directors representing employees, is 33%. The proportion of women with seats on Board committees is 50%. The proportion of directors qualified as independent by the Board, excluding directors representing employees or employee shareholders, is 46%.


Nonce Paolini[d], Chairman and CEO of TF1 - **Jean Peyrelevade**[a], Chairman of the Board of Directors of Degroof Petercam France



François-Henri Pinault[a], Chairman and CEO of Kering - **Rose-Marie Van Lerberghe**[a], Chairwoman of the Board of Directors of Institut Pasteur - **Michèle Vilain**, director representing employee shareholders

Board committees

ACCOUNTS COMMITTEE

Helman le Pas de Sécheval[a] (Chairman)
Anne-Marie Idrac[a]
Michèle Vilain[b]

SELECTION COMMITTEE

Jean Peyrelevade[a] (Chairman)
Jean-Paul Chifflet
François-Henri Pinault[a]

REMUNERATION COMMITTEE

Colette Lewiner[a] (Chairwoman)
Michel Bardou[c]
Helman le Pas de Sécheval[a]
François-Henri Pinault[a]

ETHICS, CSR AND PATRONAGE COMMITTEE

Anne-Marie Idrac[a] (Chairwoman)
Raphaëlle Deflesselle[c]
Sandra Nombret[b]
Rose-Marie Van Lerberghe[a]

(a) Director qualified as independent by the Board of Directors.
(b) Director representing employee shareholders.
(c) Director representing employees.
(d) Leaving all his functions in the Group in order to take retirement, Nonce Paolini resigned from his position on the Board of Directors on 23 February 2016.

1.1.2.2 Senior management team at 31 December 2015

Parent company

Martin Bouygues
Chairman and CEO

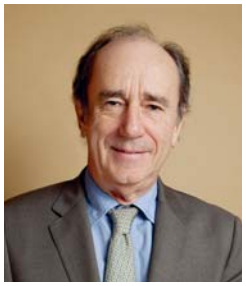
Olivier Bouygues
Deputy CEO

Jean-François Guillemin
Corporate Secretary

Philippe Marien
Chief Financial Officer

Jean-Claude Tostivin
Senior Vice-President,
Human Resources and
Administration

Heads of the five business segments



LEFT TO RIGHT: **Philippe Bonnave,** Chairman and CEO of Bouygues Construction - **François Bertière,** Chairman and CEO of Bouygues Immobilier - **Hervé Le Bouc,** Chairman and CEO of Colas - **Nonce Paolini** [a]**,** Chairman and CEO of TF1 - **Olivier Roussat,** Chairman and CEO of Bouygues Telecom

(a) Gilles Pélisson succeeded Nonce Paolini in this position on 19 February 2016.

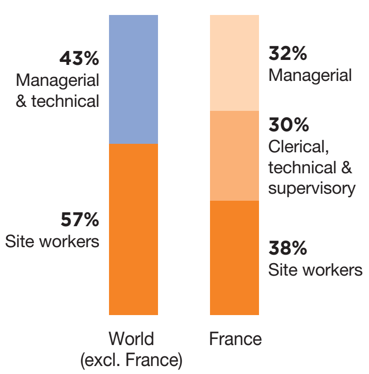
1.1.3 The Group's workforce

With 120,000 employees, Bouygues is a diversified industrial group. It relies on men and women who share the values enshrined in the Group's Human Resources Charter: respect, trust and fairness. Its management is based on a vision nourished by the spirit of enterprise and human relations.

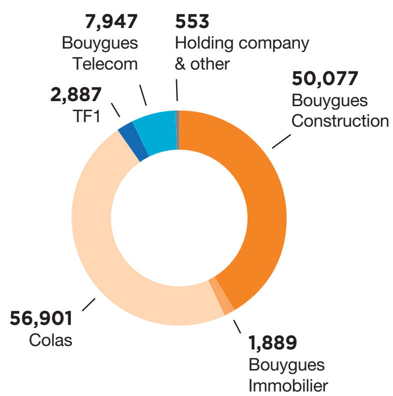
Bouygues' values are presented and elaborated on in the Group's Code of Ethics, and in its Human Resources Charter. The Bouygues group's corporate social responsibility policy and initiatives are described in chapter 3 "Human resources, environmental and social information" of this document.

Headcount at 31 December 2015

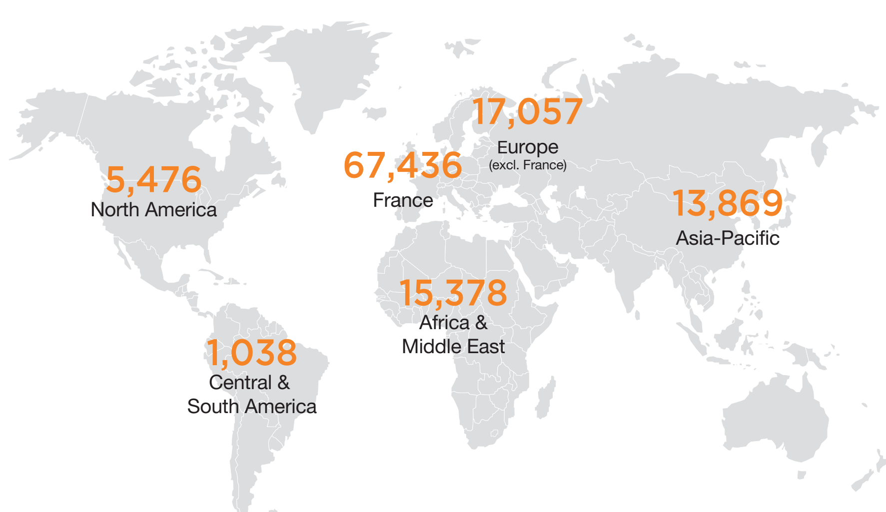
JOB CATEGORIES



HEADCOUNT BY BUSINESS SEGMENT



HEADCOUNT BY REGION



Headcount

EMPLOYEES WORLDWIDE
120,254

EMPLOYEES IN FRANCE
67,436
(56% of the headcount)

AVERAGE AGE (FRANCE)
41

AVERAGE SENIORITY (FRANCE)
12 years

PERMANENT CONTRACTS (FRANCE)
96%
of employees

Recruitment in 2015

WORLDWIDE
30,534

FRANCE
3,952

1.1.4 Open Innovation

1.1.4.1 The Bouygues group's Open Innovation policy towards start-ups

Complementing its R&D effort, Bouygues has decided to promote Open Innovation focusing on partners outside the group. Building relationships between the Group's business segments and start-ups is a key aspect of this policy.

Open Innovation hand-in-hand with start-ups enables the Group's businesses to draw on nimble and visionary enterprises in exchange for commercial contacts so that they can:

- use cutting-edge products and services to differentiate themselves from competitors;
- prepare for the future and test new and potentially disruptive business models.

The policy also leverages innovation by providing substantial external financial resources and spreading risk. Preference is given to start-ups in the seed phase because that is where innovation is strongest and the most influence can be brought to bear in order to guide products or strategies and meet the start-up's need for completed projects to show prospects.

Two conditions must be fulfilled for Group businesses to establish a robust partnership with start-ups:

- the product or service in question must create value within the business backing the start-up;
- the business must be confident that the start-up has a long-term future.

In order to meet the second condition, the Group has set up an investment arm with the aim of safeguarding start-ups by providing equity and expertise on how to run a business.

The following organisation was gradually put in place in 2015:

- business segments are entirely responsible for choosing the start-ups in which they decide to invest and for creating their own investment funds;
- Bouygues Développement, attached to Bouygues SA, is the Group's advisory and management arm. It draws on the venture capital experience gained with Bouygues Telecom Initiatives, created in 2008, in order to coordinate, prepare and manage investments in the start-ups chosen by the business segments.

Bouygues Construction

Bouygues Construction's Open Innovation policy has three strands:

- the Matching Up platform to identify new start-ups and quickly start trials;
- Minute Start-Up events in order to showcase successful prototypes;
- Construction Venture, Bouygues Construction's investment fund, which takes equity interests in start-ups to support and sustain their development. A first investment was concluded with Bouygues Immobilier in November, with the acquisition of a stake in Intent Technologies, a company specialising in connected buildings.

Bouygues Immobilier

Bird (Bouygues Immobilier R&D) is Bouygues Immobilier's venture capital subsidiary. Awarded the Frenchtech label, it has a dual strategy: to strengthen existing lines of business with innovative products and services (MyCloud3D, Intent Technologies), and to keep pace with emerging trends such as coworking (YAD Initiatives), smart parking (BePark) and crowdfunding (Lymo). As well as establishing closer relations with Open Innovation ecosystems in France, such as The Family in Paris and Tuba in Lyon, and in other countries, Bird also finances the projects of in-house entrepreneurs hosted in the internal coworking centre called "La Ruche".

Colas

Colas has created CIB Développement, an investment fund for start-ups. Its first investment was in Anyces, a start-up developing a mobility management solution. Colas is also a founding member of the Paris&Co incubator dedicated to logistics and sustainable urban mobility.

TF1

In 2015, TF1's innovation unit set up a mechanism to support start-ups at any stage of development, from the concept phase to both incubation and fundraising.

TF1 has launched its own corporate incubator with Paris&Co and has selected eight start-ups that operational staff will help to develop new services and markets. TF1 has also entered into technology partnerships, especially in "360-degree" and 4K coverage (4K is the new HD standard).

Bouygues Telecom

The key themes in 2015 were the internet of things, building customer loyalty, the Android TV ecosystem, services that generate value added from the very-high speed mobile network, and technical enablers.

BTI (Bouygues Telecom Initiatives) has been involved in three co-developments:

- Talentroc: a collaborative knowledge-sharing platform that encourages cooperation between the company's employees. It will now be rolled out company-wide;
- Abeeway: object geolocation services suited to the low-speed network rolled out by Bouygues Telecom using the LoRa technology (see opposite);
- Matriss: property asset optimisation services, via the reduction of energy bills.

1.1.4.2 Innovations, new markets and cooperation

Wattway

The Wattway solar road unveiled by Colas in Paris in October 2015 is the outcome of a five-year cooperative R&D project at a joint laboratory with CEA Tech at Ines (the French National Solar Technology Institute) based at Chambéry in south-east France.

Operating in project mode and pooling their expertise, the highly motivated team was able to draw on complementary contributions from partners from two apparently very different worlds to design and test a solar panel incorporated into the road surface.

Now that their respective senior managements have renewed the joint laboratory agreement for another three years, the teams from CEA Tech and Colas will be able to continue their work with the aim of giving road surfaces new functions, combining smart road technology with responsible development.

Nextdoor

Nextdoor is the new collaborative work space concept launched by Bouygues Immobilier in Issy-les-Moulineaux, just south of Paris, in June 2015. It was an immediate success, so the initiative will be repeated in the coming months. The ingredients for success are founded on a good sociological match with user expectations:

- a flexible and user-friendly working environment;
- an entrepreneurial mix in a community of tenants comprising start-ups, SMEs and large firms, stimulating creativity;
- an ecosystem of start-ups which both provide and use services for the community.

Objenious, Bouygues Telecom's subsidiary for the Internet of Things

In the promising field of the internet of things, Bouygues Telecom has chosen LoRa, a technology expected to become a global standard that is currently being rolled out on a dedicated nationwide network. Objenious, a Bouygues Telecom subsidiary created in 2015, will start offering services in early 2016. It has already carried out several trials of uses ranging from energy management and the allocation of heating costs to vehicle fleet management.

Colas is very much involved in these matters at present and is working with Objenious on smart solutions to make life easier for city dwellers. Issues related to the sustainable city, such as smart homes, street lighting and energy consumption management, are expected to very quickly arouse interest in LoRa technology across all the Group's business segments.

B'in Motion

In order to play a driving role in the use of BIM (Building Information Management), a tool that fosters collaborative working between all those involved in the construction process, Bouygues Construction has given its BIM team the go-ahead to begin the second phase of their project.

The team's missions are to:

- step up the rollout of BIM in all phases of construction (design, studies, works, operation), especially by training employees and partners;
- monitor developments in BIM software worldwide by maintaining close relationships with major vendors and testing products from a variety of SMEs and start-ups;
- taking part in the work of standardisation bodies in France and Europe.

Le Spot, a successful partnership between Bouygues and Epitech[a]. Le Spot Bouygues is an open innovation space that Bouygues created on the Epitech campus in 2014. The aim is to get students to think about issues facing the Group in its various lines of business and to develop operational prototypes using innovative technologies. Since its inception, around 40 students have used Le Spot Bouygues to carry out over a dozen projects, including the use of smart glasses for authentication on worksites, different usage scenarios in a smart stadium, a drone piloting assistance system and the use of smart watches to interact with TF1.

1.1.4.3 Organisation of innovation in the Group

Respecting the independence of each business segment, the Group's innovation organisation has the following characteristics:

- a large number of grassroots initiatives, sometimes on the same subjects;
- a quick transition to the trial phase in order to get feedback from users and dispel risks;
- business-specific strategic priorities underpinned by organisational structures suited to the specific nature of each business segment.

The parent company has two support structures:

- **e-lab,** its in-house research and innovation unit;
- **Bouygues Développement,** to conduct financial assessments and monitor equity interests in start-ups (see section 1.1.4.1).

e-lab

Through its knowledge and understanding of new technologies and its network of partners, e-lab helps subsidiaries design innovative products and services. These include, for Colas and Bouygues Construction, improving site workers' productivity by incorporating digital technology into equipment such as hard-hats and clothing; for Bouygues TP, a contactless payment system for the new bridge in Abidjan (Ivory Coast); and for Bouygues Telecom, the rollout of a pilot network for the internet of things in a French town.

(a) Epitech is a French IT university created in 1999 offering a five-year computer science course. TF1 became a partner in September 2015.

Its second mission is to facilitate exchanges with elite universities and other industrial firms. The Ideas Lab in Grenoble is a prime example, bringing together the CEA, Grenoble-Alpes University and major French industrial firms such as Air Liquide, Engie, Leroy Merlin and Suez. Projects in 2015 concerned work on driverless vehicles (trials of uses, impact on cities), connected operators and fuel poverty.

e-lab also coordinates innovation in the Group and fosters synergies between subsidiaries. It organises many exchanges between business segments within the Bouygues Innovation Network through seminars, committees, conventions and field trips.

1.1.5 Bouygues group: main sites

Bouygues group: main sites	Location	Surface area	Environmental certification	Group-owned
BOUYGUES SA	32 avenue Hoche 75008 Paris France	7,600 m²	HQE™	Yes
BOUYGUES CONSTRUCTION	Challenger 1 avenue Eugène Freyssinet 78280 Guyancourt France	67,000 m²	■ HQE™ Exceptional ■ LEED® *Platinum* ■ BREEAM® *Outstanding* ■ "BBC-effinergie®" low-energy label ■ BiodiverCity label	Yes
BOUYGUES IMMOBILIER	3 boulevard Gallieni 92130 Issy-les-Moulineaux France	6,250 m²	HQE™	No
COLAS	Échangeur (South Wing) 7 place René Clair 92100 Boulogne-Billancourt France	4,735 m²		No
	(North Wing) 40 rue Fanfan la Tulipe 92100 Boulogne-Billancourt France	3,400 m²		No
TF1	Tour 1 quai du Point du jour 92100 Boulogne-Billancourt France	35,167 m²		Yes
	Atrium 6 place Abel Gance 92100 Boulogne-Billancourt France	20,220 m²		No
BOUYGUES TELECOM	Head office 37-39 rue Boissière 75116 Paris France	325 m²		No
	Technopôle 13-15 avenue du Maréchal Juin 92360 Meudon France	54,243 m²	■ HQE™ ■ ISO 50001	No

BBC-effinergie®: A French low-energy certification label.
BiodiverCity: The first international label that indicates biodiversity has been factored into property development construction and renovation projects.
BREEAM®: *Building Research Establishment Environmental Assessment Method* (UK certification)
HQE™: High Environmental Quality (French certification)
LEED®: *Leadership in Energy and Environmental Design* (US certification)

1.2 Bouygues and its shareholders

Listed on the Paris stock exchange since 1970, Bouygues is one of the market's flagship stocks, as demonstrated by its almost uninterrupted inclusion in the CAC 40 index. Throughout this period, the Group has been committed to involving its shareholders in its development, combining corporate responsibility with an entrepreneurial spirit.

1.2.1 Shareholder contacts

Shareholders and investors

Karine Adam Gruson
Investor Relations Director

- Tel.: + 33 1 44 20 10 79
- E-mail: investors@bouygues.com

Registered share service

Gaëlle Pinçon – Romain Lartigue

- Tel.: + 33 1 44 20 10 61 / 10 36
- Toll free: 0 805 120 007 (from fixed lines in France)
- E-mail: servicetitres.actionnaires@bouygues.com
- Fax: + 33 1 44 20 12 42

1.2.2 Registered share service

Fully registered shares

Bouygues offers a free, unintermediated account-keeping service to holders of fully registered shares.

Fully registered shareholders are also guaranteed to receive regular information from Bouygues, and are automatically sent notices of shareholders' meetings.

All holders of registered shares enjoy double voting rights once their shares have been held in this form for more than two years.

Shareholders wishing to hold their shares as registered shares should contact their financial intermediary.

1.2.3 Investor relations

2015 Key figures

- Four results releases: Bouygues senior management presented the Group's full-year and half-year results at face-to-face meetings, and first-quarter and third-quarter results via conference calls.
- Nearly 600 investors met with management or the Investor Relations team.
- Sixteen roadshows were held in eight countries.
- The Group attended seven conferences on sector-specific and more broad-based themes.
- A presentation for bond investors in Paris.
- A bond investor conference in London.
- A meeting dedicated exclusively to individual shareholders was held in Paris.
- 20 brokers in France and around the world cover the Bouygues share.

1.2.4 The bouygues.com website

All the information you need

The www.bouygues.com website is an essential tool for communicating with shareholders, analysts and investors. The information available includes:

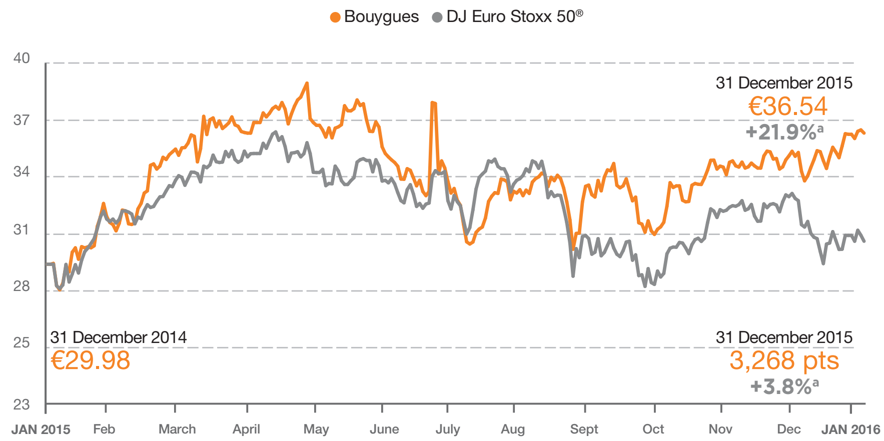
- published financial documents: press releases, full financial statements, results presentations, archive recordings of past presentations, etc.;
- regulated information, including all the registration documents since 2000;
- *At a Glance* (a brochure distributed to coincide with the presentation of the annual financial statements) since 2002;
- a historical data file, downloadable in Excel, showing key figures for the Bouygues group over the past 8 years;
- the analysts' consensus compiled by Bouygues;
- a special section for shareholders: documents relating to the Annual General Meeting, FAQ, etc.;
- detailed information about the Bouygues group's activities, key performance indicators, senior management, etc.;
- an interactive intraday Bouygues share price tracker.

1.2.5 The Bouygues share

SHARE PERFORMANCE SINCE THE END OF 2014

Share price after market close

€



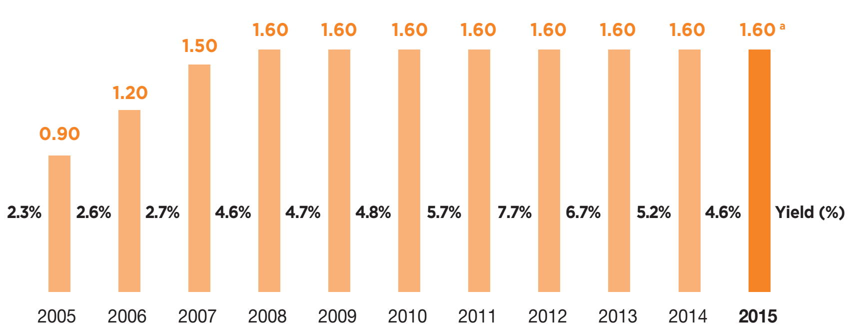
(a) *Compared with 31 December 2014.*

DIVIDEND PER SHARE

The ordinary dividend per share has been maintained or increased every year since 2005. It has risen 1.8x between 2005 and 2015.

Dividend per share

€



(a) *To be proposed to the AGM on 21 April 2016. Payment on 28 April 2016.*

Yield:

- 2005 to 2014: dividend per share relative to average share price between two successive ex-dates.
- 2015: Ratio of dividend per share to the average price over a rolling 12-month period at 5 February 2016.

The Bouygues share
Factsheet

LISTING
Euronext Paris (compartment A)

ISIN CODE
FR0000120503

IDENTIFICATION CODES
Bloomberg: EN:FP
Reuters: BOUY.PA

PAR VALUE
€1

AVERAGE SHARE PRICE IN 2015
€34.55
(average closing price – source: NYSE Euronext)

AVERAGE DAILY TRADING VOLUME ON EURONEXT
1.1 million shares
(source: NYSE Euronext)

MARKET CAPITALISATION
€12,613 million
(at 31 December 2015)

STOCK MARKET INDICES
CAC 40, FTSE Eurofirst 300, Dow Jones Stoxx 600, Euronext 100

SECTOR CLASSIFICATION
MSCI/S&P indices: Construction and Engineering

FTSE and Dow Jones indices: Construction & Materials

OTHER INFORMATION
Eligible for deferred settlement service (SRD) and French equity savings plans (PEAs)

2016 Key dates

THURSDAY 21 APRIL	THURSDAY 28 APRIL	FRIDAY 13 MAY	WEDNESDAY 31 AUGUST	WEDNESDAY 16 NOVEMBER
Bouygues Annual General Meeting at Challenger (Saint-Quentin-en-Yvelines, France)	Dividend payment	First-quarter 2016 results	First-half 2016 results	Nine-month 2016 results

1.3 2015 financial year

1.3.1 Key figures

The Group's results for 2015 mark a return to growth in profitability, accompanied by a strengthening of the balance sheet.

Financial highlights

€ million	2015	2014	2015/2014
Sales	32,428	33,138	-2%
EBITDA [a]	2,411	2,418	0%
Current operating profit	941	888	+6%
Operating profit	668 [b]	1,133 [c]	-41%
Net profit attributable to the Group	403	807 [d]	n.m.
Net profit attributable to the Group excluding exceptional items [e]	489	492	-€3m
Earnings per share *€*	1.19	2.41	n.m.
Cash flow	2,067	2,258	-8%
Net capital expenditure	1,423 [f]	1,362	+4%
Free cash flow [g]	251 [f]	397	-37%
Shareholders' equity *end of period*	9,293	9,455	-€162m
Net debt *end of period*	2,561	3,216	-€655m
Gearing ratio (net debt/shareholders' equity)	28%	34%	-6 points
Net dividend per share *€*	1.60 [h]	1.60	=
Number of employees	120,254	127,470	-7,216

(a) Current operating profit + net depreciation and amortisation expense + net provisions and impairment losses - reversals of unutilised provisions and impairment losses.
(b) Including non-current charges of €123 million at Bouygues Telecom, of €95 million at Colas, of €35 million at Bouygues Construction, of €17 million at TF1 and of €4 million at Bouygues Immobilier.
(c) Including non-current charges of €68 million at Colas and Bouygues Telecom and a capital gain of €313 million on the sale of Eurosport International (31%) and the remeasurement of the residual interest (49%).
(d) Including a net capital gain of €240 million on the sale of Colas' stake in Cofiroute.
(e) Restated for capital gains and non-current items.
(f) Excluding exceptional items relating to Bouygues Telecom (acquisition of frequencies in the 700 MHz band for €467 million).
(g) Cash flow - cost of net debt - income tax expense - net capital expenditure. It is calculated before changes in WCR.
(h) To be proposed to the AGM on 21 April 2016. Payment on 28 April 2016.
n.m.: not meaningful

Sales

Sales generated by the **Bouygues group** reached €32.4 billion in 2015, 2% lower than in 2014, and 5% lower on a like-for-like basis and at constant exchange rates.

The **construction businesses** reported 2015 full-year sales (net of internal transactions) of €26.0 billion, down 2% on 2014. Exchange rates and (to a lesser extent) external growth had a positive effect year-on-year. On a like-for-like basis and at constant exchange rates, sales were therefore down 6% year-on-year. As expected, French sales reflected weakness in the domestic market, falling by 8% to €13.7 billion. International sales reached €12.3 billion, up 6% versus 2014 but down 4% on a like-for-like basis and at constant exchange rates. These figures are not a true reflection of the buoyant state of the Group's construction businesses in international markets, given that numerous recently-signed contracts are still at the start or in their early stages.

Bouygues Construction reported sales of €11,975 million, up 2% on 2014, but down 6% on a like-for-like basis and at constant exchange rates. Sales at **Bouygues Immobilier** were €2,304 million, a year-on-year fall of 17%. As expected, this reflects the sharp fall in residential property reservations in 2012/2013, and a tough comparative in commercial property. Finally, sales at **Colas** amounted to €11,960 million, 4% lower than in the previous year. Sales slipped by 8% in France, hit by a sharp contraction in the roads market and by the discontinuation of the base oils activity at the Dunkirk refinery (SRD). However, international sales were 2% higher than in 2014.

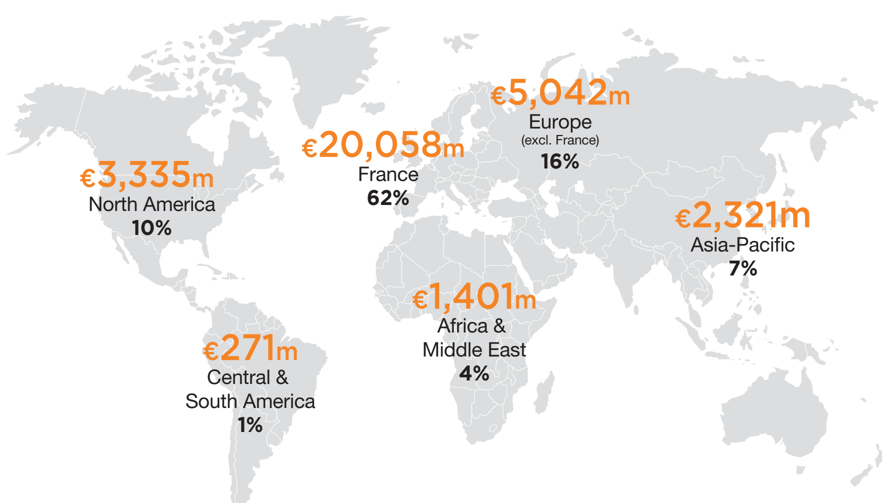
TF1 reported sales of €2,004 million, 11% lower than in 2014. The main factor was the impact of the deconsolidation of Eurosport. After stripping out this impact, sales at TF1 fell only slightly year-on-year.

Sales at **Bouygues Telecom** returned to growth in 2015, rising by 2% year-on-year to €4,505 million. Although sales from network fell slightly over the full year (down 1% at €3,825 million), they returned to growth in the second half of 2015 thanks largely to repricing of the mobile subscriber base and a stabilisation of mobile ARPU[a].

(a) Average Revenue Per User

SALES BY REGION

€32,428m



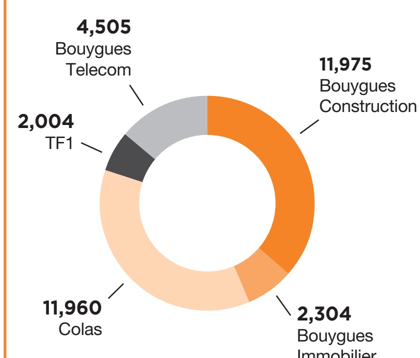
Sales

€ million

€32.4bn

(-2%)

By business segment[a]



(a) Impact of intragroup eliminations is -€455 million, and sales generated by "Holding company & other" came to €135 million.

Current operating profit/(loss)

The **Bouygues group** posted current operating profit growth of 6% in 2015, to €941 million.

Current operating profit for the **construction businesses** was €831 million, while current operating margin held steady year-on-year at 3.2% despite the fall in sales. Current operating margin at Bouygues Construction was stable at 2.9%, but at Bouygues Immobilier it hit a low point of 6.0% in 2015 (0.3 of a point lower than in 2014), reflecting the drop in sales. At Colas, a strong performance from the Roads business internationally offset the effects of contraction in the French roads market and losses at the Dunkirk refinery (SRD). Colas reported a slight increase in current operating margin to 2.9%, 0.2 of a point higher than in 2014.

TF1 posted current operating profit of €158 million, an increase of €15 million relative to 2014, largely due to a reduction in programming costs. Current operating margin reached 7.9% in 2015, up 1.5 points year-on-year.

After undergoing an in-depth transformation, **Bouygues Telecom** achieved its objective of improving EBITDA in 2015. A good commercial performance during the year in both mobile and fixed broadband, combined with cost savings derived from the transformation plan, helped push EBITDA up €58 million year-on-year to €752 million. There was also an improvement at current operating level, with the loss reduced from €65 million in 2014 to €11 million in 2015.

After €273 million of non-current charges essentially related to network sharing with Numericable-SFR, the discontinuation of the Dunkirk-based subsidiary SRD, and adaptation plans in all business segments, **Group operating profit** for 2015 came to €668 million. For information, the 2014 operating profit figure included €245 million of non-current income.

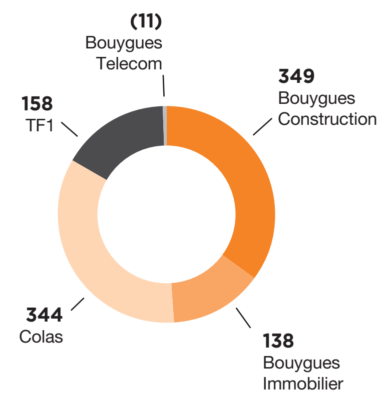
Current operating profit/(loss)

€ million

€941m

(+6%)

By business segment [a]

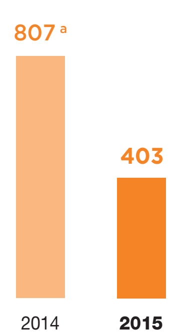


(a) *"Holding company & other" reported a current operating loss of €37 million.*

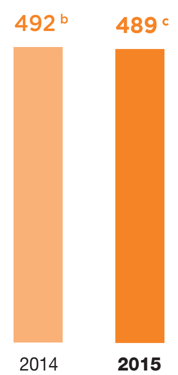
Net profit attributable to the Group *€ million*

Net profit attributable to the Group amounted to €403 million in 2015, compared with €807 million in 2014. For information, the 2014 figure included a number of exceptional items, in particular the net capital gains on the disposals of the stakes in Cofiroute and Eurosport International. After stripping out these exceptional items, net profit attributable to the Group would have been stable in 2015 at €489 million, despite a lower net contribution from Alstom (zero in 2015, versus €115 million in 2014).

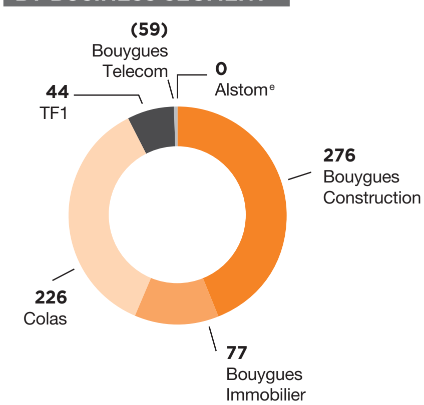
NET PROFIT ATTRIBUTABLE TO THE GROUP



NET PROFIT ATTRIBUTABLE TO THE GROUP EXCLUDING EXCEPTIONAL ITEMS



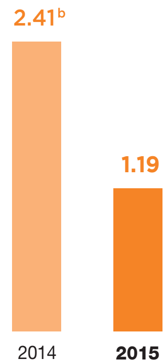
CONTRIBUTION TO NET PROFIT ATTRIBUTABLE TO THE GROUP BY BUSINESS SEGMENT [d]



(a) *Including a net capital gain of €240 million on the sale by Colas of its stake in Cofiroute.*
(b) *After stripping out the net capital gains on the disposals of the stakes in Cofiroute and in Eurosport International, and the non-current charges at Colas and Bouygues Telecom, net of taxes.*
(c) *After stripping out the non-current charges (net of taxes) recorded by each business segment, and exceptional items recorded by associates of Bouygues Construction (in particular Alis).*
(d) *"Holding company & other" reported a net loss of €161 million.*
(e) *Alstom's contribution of -€301 million to Bouygues' net profit, a negative impact of €12 million for the amortisation of fair value remeasurements of identifiable intangible assets and other items, and a partial reversal for €313 million of the write-down against Bouygues' interest in Alstom recognised in 2013.*

Earnings per share[a] €

€1.19



(a) Attributable to the Group, on continuing operations.
(b) Includes €240 million for the net capital gain on the sale by Colas of its stake in Cofiroute, and €116 million for the net capital gain on the sale of Eurosport International (disposal of a 31% interest, and remeasurement of the residual 49% interest).

Dividend per share €

€1.60[a] (=)

The Board of Directors will ask the Annual General Meeting of 21 April 2016 to approve a dividend of €1.60 per share, unchanged from 2015. The proposal to maintain the dividend at the same level reflects the Group's financial position, and confidence in the success of the initiatives implemented by all of the business segments to improve profitability in 2016.

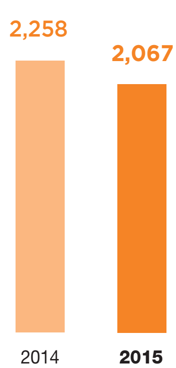
Based on the average share price on 5 February 2016, the dividend yield is 4.6%.

(a) To be proposed to the AGM on 21 April 2016. Payment on 28 April 2016.

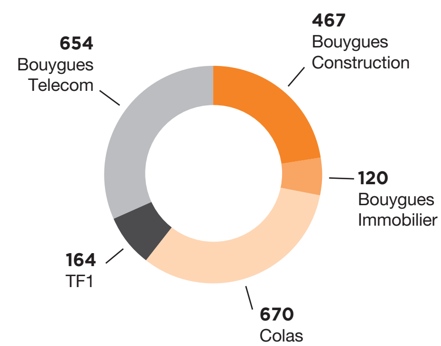
Cash flow *€ million*

€2,067m (-8%)

The year-on-year reduction in cash flow was attributable mainly to Bouygues Telecom, which in 2014 saw its cash flow boosted by exceptional items relating to settlements of disputes with other operators.



CONTRIBUTION BY BUSINESS SEGMENT[a]

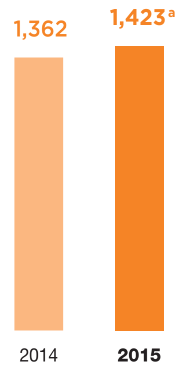


(a) Cash flow for "Holding company and other" was a net cash outflow of €8 million.

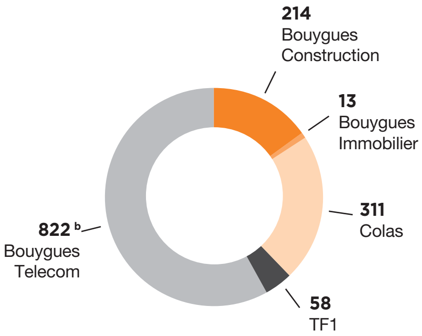
Net capital expenditure *€ million*

€1,423m[a] (+4%)

As expected, net capital expenditure increased slightly year-on-year, excluding the exceptional items relating to Bouygues Telecom (acquisition of frequencies in the 700 MHz band for €467 million).



CONTRIBUTION BY BUSINESS SEGMENT[a]

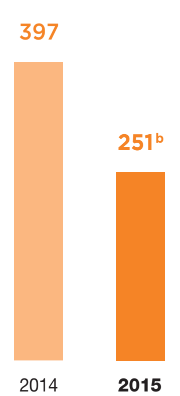


(a) *Contribution to net capital expenditure by "Holding company & other" is €5 million.*
(b) *Excluding exceptional items relating to Bouygues Telecom (acquisition of frequencies in the 700 MHz band for €467 million).*

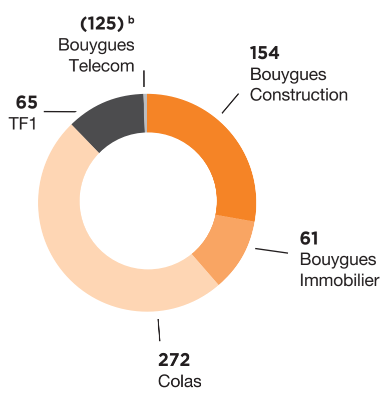
Free cash flow[a] *€ million*

€251m[b] (-37%)

The fall in free cash flow excluding exceptional items (acquisition of frequencies in the 700 MHz band) reflects a lower level of free cash flow generated by Bouygues Telecom; free cash flow for the construction businesses and TF1 improved year-on-year. The fall in free cash flow at Bouygues Telecom was expected given the tough comparative resulting from the exceptional items recorded in 2014.



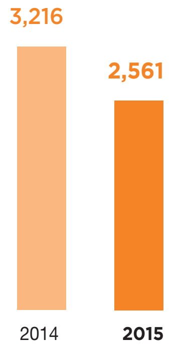
CONTRIBUTION BY BUSINESS SEGMENT[c]



(a) *Free cash flow equals = cash flow - cost of net debt - income tax expense - net capital expenditure. It is calculated before changes in WCR.*
(b) *Excluding exceptional items relating to Bouygues Telecom (acquisition of frequencies in the 700 MHz band for €467 million).*
(c) *Holding company and other reported a net cash outflow of €176 million.*

Net debt *€ million*

€2,561m (-€655m)



Net debt stood at €2,561 million as of 31 December 2015, versus €3,216 million a year earlier. The 2015 year-end figure does not include the net proceeds of €996 million from the Alstom public share buy-back offer, which were not received until January 2016.

Operating activities generated a net cash inflow of €547 million in 2015, €168 million more than in 2014, thanks to improved profitability and tight control over the working capital requirement.

The cash outflow on dividends was €539 million higher in 2015 than in 2014, reflecting the fact that the dividend was cash only (as opposed to 2014, when 79.1% of the Group's shareholders opted to take their dividend in the form of shares).

In addition, proceeds from exceptional disposals during 2015 reduced net debt by €672 million, most of which came from the finalisation of the agreements between TF1 and Discovery (net amount: €476 million).

Trends in net debt (or net surplus cash) at business segment level were as follows:

- Net surplus cash held by **Bouygues Construction** improved further, and stands at the very high level of €3,272 million (€372 million more than at the end of 2014), thanks to very careful management of working capital needs;
- Net surplus cash held by **Bouygues Immobilier** is €198 million lower year-on-year at €5 million, reflecting (as expected) the lower level of residential reservations in 2013 and 2014;
- Net surplus cash held by **Colas** is €560 million, down €122 million year-on-year following an exceptional dividend payout of €372 million;
- **TF1** holds net surplus cash of €701 million; this represents a year-on-year increase of €204 million, due mainly to the proceeds from the sale of the stake in Eurosport.
- Net debt at **Bouygues Telecom** stands at €890 million, €125 million higher than at the end of 2014, mainly as a result of cash outflows relating to the non-current charges booked in 2014.

Net debt at "Holding company & other" level stands at €6,209 million, a year-on-year reduction of €524 million, reflecting the redemption of a bond issue that matured in July 2015.

Bouygues has a credit rating of Baa1/stable outlook from Moody's, and BBB/stable outlook from Standard & Poor's.

The Group has excellent liquidity (€8.9 billion at 31 December 2015, comprising €3.6 billion of cash and cash equivalents and €5.3 billion of undrawn credit facilities), and a very well-spread out debt maturity schedule.

Outlook for 2016

Thanks to the strategy of transforming its business segments, the Group should continue to improve profitability in 2016.

The construction businesses will continue targeted growth in international markets and broaden their portfolio of offers with innovative products and services in both their existing markets and new market segments. Their profitability is expected to improve starting in 2016.

TF1 will capitalise on the Newen acquisition to expand further into content production. It will also step up its digital transformation and adapt the business model of its channels.

Bouygues Telecom, within the context of its standalone strategy, has confirmed its target of a return to long-term growth in sales and profits. It has an EBITDA margin target of 25% for 2017 with a plan to save at least €400 million in 2016 versus end-2013. Capital expenditure is expected to reach €750-€800 million in 2016.

At the same time, Bouygues is continuing the discussions announced on 5 January 2016 in view of a merger between Bouygues Telecom and Orange that would bolster its long-term presence in the telecoms sector. In all the discussions it pursues, Bouygues attaches great importance to the interests of Bouygues Telecom's employees and to the momentum of sector investment, which must remain strong in the interests of customers.

The roll-out of network sharing with the Numericable-SFR group combined with adaptation plans in the business segments are likely to result in non-current charges of around €200 million which will affect the Group's operating profit in 2016.

1.3.2 Highlights

Governance. Philippe Bonnave is appointed Chairman and CEO of Bouygues Construction at its Board of Directors meeting of 3 March 2015. Philippe Bonnave, who succeeds Yves Gabriel and becomes a member of Bouygues' Group Management Committee, had been Deputy Chief Executive Officer of Bouygues Construction since August 2010.

Offer to start negotiations. On 23 June 2015, Bouygues' Board of Directors decides unanimously not to follow up on the Altice group's unsolicited offer to acquire Bouygues Telecom.

Governance. In October 2015, TF1's Board of Directors names Gilles Pélisson as successor to Nonce Paolini. Appointed Chairman & CEO on 17 February 2016, Gilles Pélisson took up this office on 19 February 2016. In September 2001, he joined Bouygues Telecom as an Executive Vice-President, then, in 2004, he became Chairman & CEO, before leaving the Group in 2006.

CSR. Bouygues, which is already present on three SRI (Socially Responsible Investment) indices – MSCI Global Sustainability, STOXX Global ESG Leaders, and Euronext Vigeo Eurozone 120 – is added to two new indices in 2015: Climate Disclosure Leadership Index (CDLI) France-Benelux, and Low Carbon 100 Europe® (Euronext).

Employee share ownership plan. A capital increase is offered to employees in November 2015 (Bouygues Confiance 7). In this operation, they benefit from a leverage effect and a discount on the Bouygues share price.

COP21. In order to showcase its tangible contribution to the fight against climate change, Bouygues presents more than 70 commercial low-carbon solutions at two COP 21 (21st United Nations Climate Change Conference) certified events: at World Efficiency in Paris (13-15 October) and at La Galerie des Solutions in Le Bourget (2-9 December). See also chapter 3, "Human resources, environmental and social information", of this Registration Document.

1.3.2.1 Construction businesses

JANUARY

Paris Philharmonic Concert Hall. The Paris Philharmonic Concert Hall, designed by architect Jean Nouvel and built by Bouygues Construction, is inaugurated by French President François Hollande. This new 2,400-seat concert hall located at Porte de Villette (19th arrondissement of Paris) features futuristic architectural styling and extraordinary acoustics.

Gibraltar. Bouygues Energies & Services, a subsidiary of Bouygues Construction, signs a contract with the Gibraltar Electricity Authority (GEA) for the design, construction and equipment supply of a state-of-the-art thermal power plant, which will have generation capacity of 80 MW plus 3.4 MW from heat recovery.

FEBRUARY

Australia. Bouygues Construction Australia, in an integrated joint venture with Lend Lease, signs a contract with transport operator Transurban for the design and construction of a nine-kilometre-long twin-tube motorway tunnel, part of Sydney's NorthConnex project.

Tower block. Tour D² in La Défense, at the cutting edge of innovation and energy efficiency, is inaugurated in Paris's business district La Défense. Topping out at 171 metres and with a surface area of 54,000 m², this oval-shaped tower was jointly developed by Bouygues Immobilier and Sogeprom and is certified HQE™ (High Environmental Quality) and BREEAM® Very Good.

Switzerland. Spitalverband Limmattal chooses Losinger Marazzi, Bouygues Construction's Swiss subsidiary, to design and build the LimmiViva hospital in Schlieren, near Zurich. This 50,000-m² building with capacity for 200 beds will run on low-carbon energy thanks to ground-source boreholes. Work started in June 2015.

MARCH

Canada. Five Colas Canada subsidiaries are dualling and resurfacing six sections of Highway 63 in Alberta.

Energy. Bouygues Energies & Services is to be responsible for the engineering, construction and equipment supply for the largest waste-to-energy gasification power plant in the United Kingdom. The Bouygues Construction subsidiary will also ensure operation and maintenance of this 10-MW plant for a period of ten years.

Green Office®. Bouygues Immobilier inaugurates Unilever France's new head office (Green Station) in Rueil-Malmaison, in the western suburbs of Paris. It is one of the two buildings that together form Green Office® Rueil, France's largest positive-energy commercial property project (surface area of 35,000 m²).

APRIL

Myanmar. A consortium comprised of Dragages Singapore (Bouygues Construction) and SPA Project Management is chosen by property group Thanlyin Estate Development to design and build a new phase of Star City, a major residential complex in the outskirts of Yangon.

Eco-design. Bouygues Immobilier inaugurates the demonstration home of 'Les Lodges' housing programme in Chanteloup-en-Brie, east of Paris. Designed by architect AW2, the 35 eco-designed, timber-framed, single-family houses are both modular and passive energy.

Innovation. Colas Rail presents its new Aqua-Rail solution that reduces or eliminates flying ballast during work on railway lines. A 'soft-chemistry' product, Aqua-Rail is an aqueous-phase organo-mineral binder.

MAY

Hong Kong. Bouygues Construction hands the Trade and Industry Tower over to its customer, the Architectural Services department of the Hong Kong Special Administrative Region. This 20-storey tower block, which accommodates the offices of 13 government services, is the first Hong Kong government building that targeted and exceeded the BEAM Plus Platinum and LEED® Platinum environmental certifications.

London. Bouygues Construction's British subsidiary is chosen by property developer Manhattan Loft Corporation to build Manhattan Loft Gardens, a 143-m-high tower block in Stratford, east London. It is the first such building to be built in the capital by Bouygues UK.

Law courts building. The ceremonial cornerstone of the new Paris law courts building in the Batignolles neighbourhood (17th arrondissement) is laid. Designed by architect Renzo Piano, the building will top out at 160 m, making it the capital's tallest after the Montparnasse tower.

JUNE

Rehabilitation. Designed by Valode & Pistre architects, Campus Sanofi Val de Bièvre is inaugurated by Bouygues Immobilier in Gentilly, just south of Paris. In December 2015, this operation, which is symbolic of

Bouygues Immobilier's Rehagreen® service package (enhancement of property assets) obtained the 2015 "Grand Prix Simi" award for office properties, in the "New building of more than 5,000 m²" category at the Simi commercial property trade fair.

Tower block. "Home", an operation developed by Bouygues Immobilier and built by Bouygues Construction, is inaugurated in Paris. As the first residential building over 50 m tall to be built in Paris since 1970, "Home" stands out for its special focus on occupant lifestyle. It was designed by Hamonic+Masson & Associés and Comte Vollenweider Architectes.

Nextdoor. In Issy-les-Moulineaux, just south of Paris, Bouygues Immobilier inaugurates its first "Nextdoor" building, a flexible and collaborative work space aimed at freelance workers, start-ups and major companies.

JULY

Cuba. After signing two contracts in May to build two hotels, Bouygues Construction completes three new projects concerning the design and construction of three 5-star hotels in Havana, Cayo Santa Maria and on Cayo Cruz island.

Acquisition. Plan Group, a Bouygues Energies & Services subsidiary since 2014, acquires the Quebec-based company Gastier, which specialises in electrical, instrumentation, piping, plumbing and mechanical works, as well as in maintenance of industrial plants and steel construction.

Innovation Bouygues Immobilier creates BIRD (Bouygues Immobilier R&D), a subsidiary that will specialise in investing in start-ups focused on the property development sector.

Monaco. The Principality and its concession-holder, S.A.M. L'Anse du Portier, award a contract to Bouygues Construction for the design and build of a 6-hectare land-sea extension on Monaco's coastline. Bouygues Construction will also be responsible for one-third of the surface works package.

AUGUST

Rail. Colas Rail starts renewing 24 km of ballasted track and 27 points on line A of the suburban RER train network in the Parisian suburbs.

SEPTEMBER

Qatar. The Qatari Public Works Authority awards two design-and-build contracts for two sewer tunnels to Bouygues Construction, in a consortium with local contractor UrbaCon Trading & Contracting.

London. The University College London Hospitals (UCLH) NHS Foundation Trust awards Bouygues UK a contract for the design and construction of a new hospital dedicated to advanced cancer treatment and surgery services in central London.

Divestment. On 28 September, Bouygues Construction sells its stake in motorway operator Alis to Dutch pension fund PGGM.

Positive energy. Designed by Japanese architect Kengo Kuma, Hikari – France's first positive-energy mixed-use development by Bouygues Immobilier – is inaugurated in Lyon's Confluence district. In December 2015 in Le Bourget, during COP21, Hikari wins a "Climate Solutions" award.

OCTOBER

United Kingdom. Cambridge Assessment, which is responsible for the management of Cambridge University's examination boards, awards Bouygues UK a contract for the design and construction of its new headquarters building known as 'The Triangle'.

Racecourse. Bouygues Construction starts structural renovation work at Longchamp racecourse in Paris for customer France Galop.

Wattway. Colas unveils its "Wattway" solar road, a totally unique photovoltaic road surfacing, the result of five years of R&D in partnership with INES, France's national solar energy institute. This unprecedented technical feat gives roads an entirely new function as local producers of clean and renewable energy. In December 2015 in Le Bourget, during COP21, Wattway would go on to win a "Climate Solutions" award.

NOVEMBER

Ministry. French President François Hollande opens France's new Ministry of Defence complex built by Bouygues Construction in the south-west of Paris. With its many aspects ranging from construction of extremely strong buildings to the recruitment of experts in measures relating to national security, this complex project required six years of work.

Eco-neighbourhood. The consortium Marseille Makers, comprised of Bouygues Immobilier (lead firm) and Linkcity (formerly Cirmad, Bouygues Construction's property development subsidiary), is awarded the contract for the eco-neighbourhood project (14 hectares) provisionally called XXL.

Egypt. Colas Rail (lead firm) and Alstom, in a consortium with Orascom and Arab Contractors, sign a contract with Egypt's National Authority for Tunnels to build the third phase of Line 3 of Cairo's metro.

DECEMBER

Northern Ireland. Full Circle Generation, a joint venture comprised of developer Riverridge Energy and a consortium of investors, awards Bouygues Energies & Services a contract for delivery of a turnkey 15-MW biomass waste-to-energy gasification plant in Belfast. Bouygues Energies & Services will be responsible for operating and maintaining it for a period of 17 years.

1.3.2.2 Media and Telecoms

JANUARY

Triple-play. Bouygues Telecom launches Bbox Miami exclusively for its existing customers. Thanks to the partnership with Google, Bbox Miami provides the first TV box to feature a single integrated interface, designed and developed by Bouygues Telecom, which offers access to the full range of TV offerings, plus applications and the web. It went on general release in March 2015.

Bonus services. Bouygues Telecom, in keeping with its new positioning, enhances the Sensation plans of its customers with a choice of one of four bonus services (Spotify Premium, Gameloft, CanalPlay Start or unlimited B.TV[a]). By the end of March, all Bouygues Telecom customers with Sensation 3GB, 5GB, 10GB or 20GB plans were able to choose one from this selection of four bonus services at no extra cost.

FEBRUARY

Aggregation of frequency bands. Bouygues Telecom becomes the first French operator to obtain download speeds of over 300 Mbit/s using LTE-Advanced thanks to the aggregation of the three frequencies that it offers on its 4G network.

MARCH

LoRa. Bouygues Telecom announces the launch in June 2015 of France's first "Internet-of-Things" network based on LoRa (Long Range) technology. Bouygues Telecom is a founding member of the LoRa alliance comprised of a number of international industrial partners.

APRIL

TV series. NBCUniversal International Television Production, Mediengruppe RTL Deutschland and TF1 enter an international co-production partnership to produce three original US procedural drama series over the next two years.

MAY

Metronews. An adaptation plan for the company, involving the shutdown of the print edition of the *Metronews* newspaper and the production of an entirely digital version, is presented to social partners.

JUNE

Companies. Bouygues Telecom and Telefonica create a joint venture called Telefonica Global Solutions to provide telecommunications services to multinationals.

AUGUST

Incubator. The TF1 group and Paris&Co sign a partnership agreement to create an incubation programme for innovative start-ups on the theme of "New products and services".

OCTOBER

Divestments-Acquisitions. The TF1 group and Discovery Communications confirm Discovery Communications' acquisition of a 49% equity interest in Eurosport group, henceforth fully-owned by Discovery Communications, and the acquisition by TF1 of Discovery's 20% interest in the pay-TV channels TV Breizh, Histoire and Ushuaïa TV, henceforth fully-owned by TF1.

Award. TF1 group wins a clean sweep in all the categories of the "Grand prix de la Transparence" awards ceremony for the second year running. These awards, organised by Labrador, recognise each year companies for the quality of the information they disclose as part of their regulatory obligations for all categories of readers.

NOVEMBER

Newen. TF1 group and FLCP, the holding company of the Newen group (audiovisual content production and distribution), sign an agreement that allows TF1 to acquire up to 70% of the capital of FLCP.

Frequencies. Bouygues Telecom gets a block of 700 MHz frequencies, giving it 25% of available spectrum, thus enabling it to cope with its mobile customers' growing mobile data consumption.

DECEMBER

LCI. The CSA (French broadcasting authority) approves the request to make LCI, the rolling news channel created by TF1, a freeview DTT channel, subject to a number of undertakings given by TF1 and accepted by the CSA.

See also chapters 2 "Business activities" and 3 "Human Resources, Environmental and Social Information" of this Registration Document.

(a) Television on mobile handsets and on tablets.

1.4 Main events since 1 January 2016

1.4.1 Construction businesses

On 11 January, **Colas** acquires six jointly-owned or jointly-operated companies in the United Arab Emirates, Oman and Qatar. Specialised in the production of construction materials (aggregates, asphalt mixes) and in road construction, they operate with a number of major, high-profile partners (Al Futtaim, Al Zawawi and Midmac) in each of the respective countries.

On 14 January, **Colas** announces the discontinuation of its sales and production of refined products activity in France and that it is putting Société de la Raffinerie de Dunkerque (SRD) up for sale.

On 20 January **Bouygues Construction** is awarded an initial contract in India to build two condominiums in Mumbai. Worth around €100 million, this contract will be Bouygues Construction's first ever property development in the country.

On 1 February, eight months after the launch of Nextdoor (a range of innovative and collaborative work spaces for businesses), **Bouygues Immobilier** announces the opening of two new sites totalling 9,000 m² to encourage "a new approach to working" in the Paris region's two biggest business districts – *Cœur Défense* (a major business district in the western suburbs of Paris) and Issy-les-Moulineaux. With 1,200 collaborative workstations and 3,000 planned by the end of 2016, Nextdoor confirms the pertinence of its model designed to encourage the growth of companies and the well-being of those who work for them.

On 2 February **Colas** signs a contract to sell (subject to a number of suspensory clauses) its 15.6% stake in Atlandes (the company holding the concession to the A63 motorway) to the investment funds HICL and DIF. The lifting of these suspensory clauses and the divestment should take place at the start of 2017.

On 3 February La Poste Immo chooses Bouygues Bâtiment Ile-de-France, a **Bouygues Construction** subsidiary, for the la Poste du Louvre contract. This symbolic building belonging to the French post office, located in the heart of the 1st arrondissement of Paris, is preparing for a major renovation project which began at the beginning of 2016.

On 9 February, Logement Francilien, Entreprise Sociale pour l'Habitat (ESH) of Groupe Logement Français, a key player in social housing, team up with **Bouygues Immobilier,** a leading private property developer in France, to prepare the radical transformation of "Les Indes" neighbourhood in Sartrouville, to the north-west of Paris. For the first time a social landlord and a property developer will be pooling their expertise to design a new look for this neighbourhood, which is one of the priorities of France's urban planning policy.

On 10 February, the "Réinventer Paris" jury awards Linkcity, the property development subsidiary of **Bouygues Construction,** and its partners the contract to develop Triangle Eole-Évangile in the 19th arrondissement of Paris. This symbolic site, which is the biggest in the "Réinventer Paris" calls for tender (around one hectare), will become the French capital's first "zero carbon" district.

On 8 March, **Bouygues Construction** announced the handover of the biggest solar farm in South-east Asia, with a total output of 132 MWp, on Negros Island in the Philippines. Work began in May 2015. More than 425,000 panels were installed over a surface area of 170 hectares. The power plant, which is connected to the national grid, will produce 190,000 MWh per year, equating to the annual average consumption of 170,000 Filipino households.

1.4.2 Media and Telecoms

On 2 February, **Bouygues Telecom** announced the creation of Objenious, a subsidiary dedicated to the Internet of Things, in order to market products and services to businesses. Objenious will exploit the LoRa network, currently being rolled out by Bouygues Telecom and that will ultimately connect millions of objects. The entire network will have been rolled out by the end of 2016.

On 12 February, Bouygues Telecom announces that it has boosted its 4G coverage, covering 75% of the population at 1 January 2016, and is targeting 4G coverage of 82% by the end of 2016 and of 99% by 2018.

Gilles Pélisson is appointed Chairman & CEO of the **TF1** group at its board meeting of 17 February 2016. He officially took up this office on 19 February 2016.

1.4.3 Bouygues SA

On January 5, Bouygues announces that preliminary discussions have started with Orange to look at the possible options that would allow it to secure its long-term presence in the telecoms sector.

In accordance with the agreements concluded with the French government on 22 June 2014 in order to allow the sale of Alstom's Energy business to General Electric, Bouygues loaned the French government, at end-January 2016, 43.8 million Alstom shares (representing 20% of Alstom's capital) for a duration of around 20 months.

1.4.4 Alstom

In January, **Alstom** announces the success of its public share buy-back offer aimed at distributing to shareholders a part of the proceeds of the sale of its Energy business to General Electric. More than 230 million shares were tendered to the offer. After application of the reduction mechanism, 91.5 million shares were repurchased by Alstom, representing 29.5% of its capital. The board of directors approved the cancellation of the repurchased shares equating to around €3.2 billion, thus reducing the number of shares to around 220 million and the company's market capitalisation to €5.4 billion at market close on 28 January 2016. Following this public share buy-back offer, Bouygues owns 62.1 million shares representing 28.3% of the capital of Alstom (see section on Bouygues SA above).

On 12 February 2016, Alstom and Bouygues Travaux Publics announced the signing of a contract with Light Rail Manila Corporation (LRMC) to upgrade and extend line LRT-1 of the Manilla metro in the Philippines. The contract amounts to nearly €450 million, with Alstom's share standing at around €160 million. The line's extension should open for operation in 2020.

BUSINESS ACTIVITIES 2

2.1 Construction businesses

Bouygues meets the great challenges of urbanisation, mobility and the environment in its construction businesses: building and civil works, property development, transport infrastructure, energy and services, and concessions.

2.1.1 Profile

2.1.1.1 Strategy

Bouygues, whose construction businesses are present in more than one hundred countries, is one of the world's leading firms in its sector, targeting markets with long-term growth potential underpinned by growing infrastructure needs.

Its strategy focuses on profitable growth driven by innovation and sustainable construction for the benefit of customers both in France and around the world.

2.1.1.2 Strengths and assets

Human capital

In the construction sector, human capital is the greatest resource. The skills, experience and motivation of its people enable Bouygues to better adapt and respond to the needs of its private- and public-sector customers.

High value-added products and services

- **A full-service offering spanning the entire value chain,** from financing and design to construction, maintenance and operation.
- **Acknowledged technical expertise.** Bouygues has a global reputation for its high-level technical skills in complex projects such as tunnels, bridges and very tall buildings.
- **A competitive edge in sustainable construction.** Bouygues offers a large number of innovative solutions which help, among other things, to reduce the carbon footprint of structures and end-users' energy bills. It has become an expert in positive-energy buildings and eco-neighbourhoods both in France and abroad.
- **Activities that are complementary to its core businesses.** The Group develops key activities that meet demand from its customers in areas such as energy networks, facilities management and railways.

Differentiation through innovation

Bouygues has implemented a proactive research and innovation policy that has enabled the Group to keep pace with the new usages of customers and end-users.

An international group

As well as a dense nationwide network in France, Bouygues has construction businesses all over the world. They combine the strength of well-established local subsidiaries with the capacity to mobilise teams for specific, one-off major projects.

The ability to adapt quickly

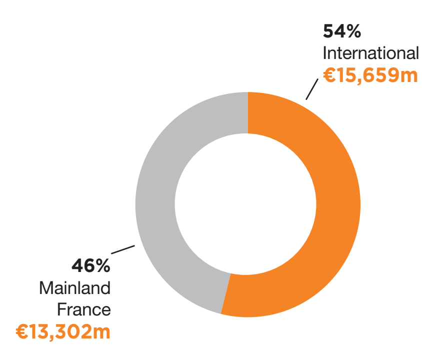
Thanks to their skills and expertise, Bouygues' construction businesses are able to adapt their offers quickly to customers' requirements and market changes. The high level of the order book gives them good medium-term visibility, enabling them to adjust their costs while focusing investment on the most vigorous markets.

A robust financial profile

Thanks to their tight management of operating and financial risk, the Bouygues group's construction businesses are able to generate cash flows on a regular basis. Bouygues gives its customers the assurance of a robust financial structure.

ORDER BOOK BY REGION

at end-December 2015



Three business segments

Global expertise and a local approach to construction and services

With operations in nearly 80 countries, Bouygues Construction and its 50,000 employees develop long-term relationships with their customers in order help them shape a better life. Listening to customers enables Bouygues Construction to build relations of trust with them and support them in their projects, within the context of its sustainable development policy *(see following page).*

A leading property developer in France

An urban developer/operator with 35 branches in France and three international subsidiaries, Bouygues Immobilier develops residential, office, retail and sustainable neighbourhood projects *(see page 38).*

A world leader in transport infrastructure construction and maintenance

Colas is a leading player in transport infrastructure construction and maintenance with operations in over 50 countries worldwide. Completing more than 80,000 projects a year that meet the challenges of mobility, urbanisation and the environment, Colas spans the full range of production and recycling activities related to most of its lines of business *(see page 44).*

2015 consolidated key figures

at 31 December

EMPLOYEES

108,867

SALES

€26.0bn

(-2%)

CURRENT OPERATING PROFIT

€831m

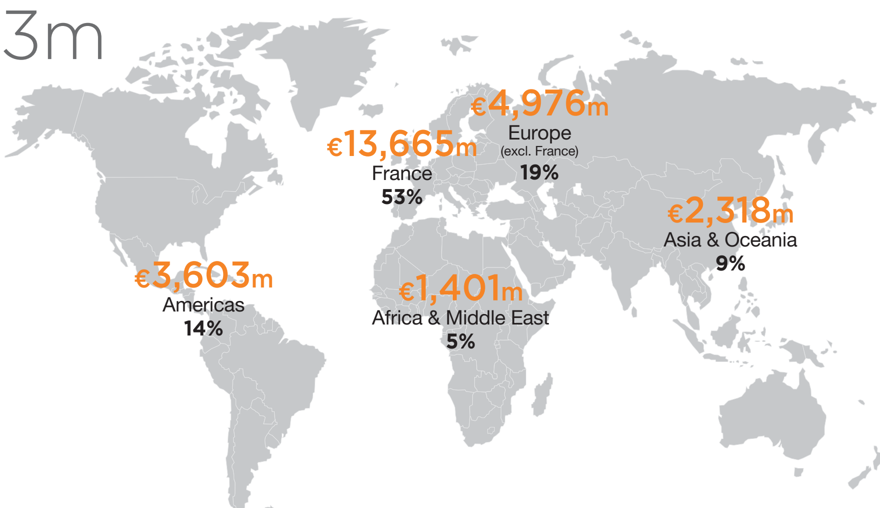
(-1%)

2

CONSTRUCTION BUSINESSES SALES BY REGION

at end-December 2015

€25,963m

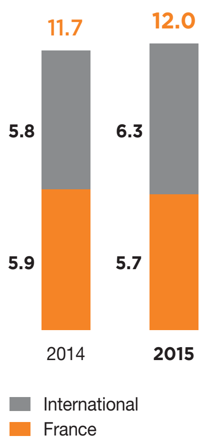


2.1.2 Bouygues Construction: a full-service offering to meet customer expectations

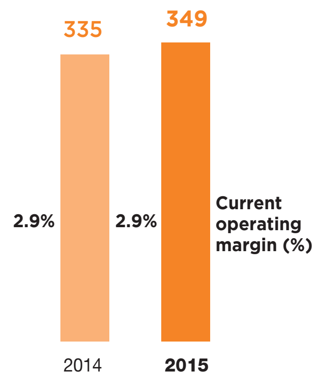
Bouygues Construction is a global player in construction and services.

Its skills and expertise make the company a leader in sustainable construction. With operations in nearly 80 countries, Bouygues Construction and its 50,000 employees develop long-term relationships with customers in order to help them shape a better life.

SALES
€ billion

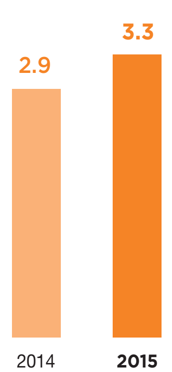


CURRENT OPERATING PROFIT
€ million

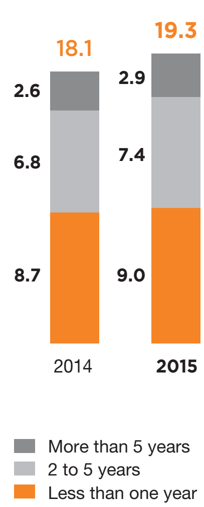


NET PROFIT ATTRIBUTABLE TO THE GROUP
€ million

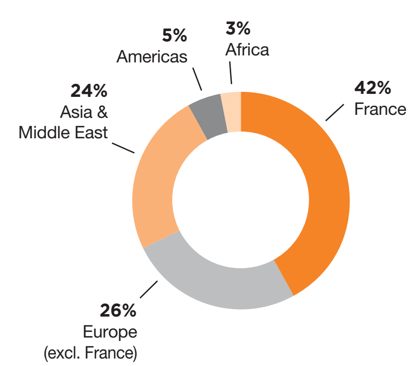
NET CASH
€ billion at end-December



ORDER BOOK
€ billion at end-December



ORDER BOOK BY REGION
at end-December



CONDENSED BALANCE SHEET

Assets

at 31 December, € million	2015	2014
Property, plant and equipment and intangible assets	789	735
Goodwill	557	528
Non-current financial assets and taxes	393	422
NON-CURRENT ASSETS	**1,739**	**1,685**
Current assets	4,236	4,213
Cash and cash equivalents	4,392	3,908
Financial instruments[a]		
CURRENT ASSETS	**8,628**	**8,121**
Held-for-sale assets and operations	35	
TOTAL ASSETS	**10,402**	**9,806**

Liabilities and shareholders' equity

at 31 December, € million	2015	2014
Shareholders' equity attributable to the Group	912	829
Non-controlling interests	24	12
SHAREHOLDERS' EQUITY	**936**	**841**
Non-current debt	573	539
Non-current provisions	828	862
Other non-current liabilities	28	29
NON-CURRENT LIABILITIES	**1,429**	**1,430**
Current debt	9	10
Current liabilities	7,490	7,066
Overdrafts and short-term bank borrowings	538	459
Financial instruments[a]		
CURRENT LIABILITIES	**8,037**	**7,535**
Liabilities related to held-for-sale operations		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,402**	**9,806**
NET SURPLUS CASH	**3,272**	**2,900**

(a) Fair value of hedges of financial liabilities

CONDENSED INCOME STATEMENT

€ million	2015	2014
SALES	**11,975**	**11,726**
Net depreciation and amortisation expense	(190)	(181)
Net charges to provisions and impairment losses	(238)	(350)
Other income and expenses	(11,198)	(10,860)
CURRENT OPERATING PROFIT	**349**	**335**
Other operating income and expenses	(35)	
OPERATING PROFIT	**314**	**335**
Income from net surplus cash	9	15
Other financial income and expenses	17	21
Income tax expense	(108)	(124)
Share of net profits/losses of joint-ventures and associates	56	6
NET PROFIT	**288**	**253**
Net profit attributable to non-controlling interests	(12)	1
NET PROFIT ATTRIBUTABLE TO THE GROUP	**276**	**254**

Key figures

at 31 December 2015

EMPLOYEES

50,077

SALES

€11,975m

(+2%)

CURRENT OPERATING MARGIN

2.9%

(stable)

NET PROFIT ATTRIBUTABLE TO THE GROUP

€276m

(+9%)

ORDER BOOK

€19.3bn

(+7%)

2

Highlights

- Acquisition of a majority interest in Gastier, a Canadian company specialising in electrical and mechanical engineering.
- Sale of the company's equity interest in Alis (Autoroute de Liaison Seine-Sarthe).

Major contract gains

- NorthConnex motorway link (Australia).
- Sewage tunnels in Qatar.
- Proton beam therapy centre, London (UK).
- LimmiViva hospital (Switzerland).

Projects under construction

- Nîmes-Montpellier railway bypass.
- Tuen Mun-Chek Lap Kok tunnel in Hong Kong.
- Brickell City Centre property development in Miami.
- Hong Kong-Zhuhai-Macao bridge.
- Paris law courts complex.

Projects handed over

- French Ministry of Defence in Paris.
- Paris Philharmonic concert hall.
- Sports facilities in Toronto (Canada).
- Eikenøtt eco-neighbourhood in Gland (Switzerland).

Sustainable construction

- 48% of the R&D budget is devoted to sustainable construction.

2.1.2.1 Profile

Growth strategy and opportunities

Being attentive to customers enables Bouygues Construction to develop relationships of trust with them and to support them in their projects, within the context of its sustainable development policy.

Bouygues Construction's strategy is based on a number of priorities:

- being an **end-to-end player** in order to span the entire construction industry value chain from financing through design-build to operation and maintenance;
- incorporating **sustainable construction** into the entire project lifecycle, taking account of all the technical, environmental and social issues;
- offering **distinctive, high value-added products and services,** giving priority to innovation in all its forms. BIM (building information modelling), for example, offers customers a 3D view of their future project, providing effective decision support;
- consolidating its **positions in France,** which remains the company's largest market, while **developing international** operations by strengthening synergies between business segments on target markets that offer attractive growth prospects;
- strengthening its **property development** activities, drawing on its specific network, Linkcity[a], to offer optimum solutions for enhancing the value of property assets;
- forging **strategic partnerships** with businesses which possess complementary expertise in order to devise comprehensive solutions in response to increasingly complex challenges;
- rolling out **specific products and services for industrial customers** in order to better meet their needs for energy efficiency and guaranteed performance;
- promoting **cross-disciplinarity** at all levels of the business, firstly by strengthening synergies between Bouygues Construction entities by pooling resources and skills.

  Cross-disciplinarity also involves **partnerships** with suppliers and subcontractors, and may involve taking equity interests in innovative start-ups through the Construction Venture investment fund launched in 2015.

  Lastly, Bouygues Construction aims to capitalise on **cooperation between Bouygues group businesses** to offer high value-added products and services. Its partnership with Bouygues Immobilier on eco-neighbourhoods is a perfect example.

To back up this strategy, Bouygues Construction can draw on:

- **a commitment to ethical behaviour by managers and sales teams** with the aim of guaranteeing customers a high level of ethical responsibility. Nearly 30,000 employees will again be made aware of ethical issues in business relationships in 2016 through an online training module called FairDeal;
- **a commitment to employee health and safety with a single global standard: the "zero accident" objective.**

This aim is expressed in **several initiatives,** such as workforce training, continuous improvement of construction methods, communication campaigns, anti-addiction campaigns, road accident prevention, more stringent on-site controls, etc.

Strengths and assets

Bouygues Construction has many strengths to draw on in all its business activities.

- **Differentiation through innovation** at all levels of the company:
  - technical innovation, especially with **BIM,** to industrialise processes and operating methods while encouraging information-sharing in order to make site work more efficient;
  - commercial innovation in order to offer distinctive products and services;
  - managerial innovation, with continuous improvement of the organisation of work and collaborative working in order to become more responsive and more effective.
- **A strong international presence:** Bouygues Construction operates worldwide on a long-term basis through well-established local subsidiaries or on one-off, technically complex major projects. The two approaches are complementary and give the company the necessary flexibility to mobilise its resources quickly on high-potential markets. Bouygues Construction generates over half its sales on international markets;
- **Long experience of managing complex projects:** motivated people with high-level technical skills enable Bouygues Construction to fully meet the needs of public and private customers;
- **The capacity to adapt to changing markets:** the level of its order book gives the company good medium-term visibility, enabling it to adjust costs while focusing investment on the most buoyant markets;
- **A policy of controlling operating and financial risks:** strict application of procedures at all levels of the company guarantees that the right projects are selected and carried out smoothly;
- **Robust financial performance:** over the last ten years, Bouygues Construction has demonstrated its capacity to generate sales growth while preserving profitability, backed up by a healthy and robust financial situation;

Market position

Given the organisational structure of its direct competitors, it is difficult to make like-for-like comparisons between them and Bouygues Construction.

- **In Europe:** based on the 2014 ranking published by trade magazine *Le Moniteur* in December 2015, the Bouygues group's construction activity is the **third largest in Europe** after the Spanish firm ACS (Hochtief, Germany's leading construction firm, has been a subsidiary of ACS since 2011) and Vinci's Contracting and Property Development division, and ahead of the Swedish contractor Skanska and the French contractor Eiffage.
- **In the world:** the Bouygues group's construction businesses, comprising its three construction subsidiaries, is placed **seventh in the 2014 ENR**

(a) Since 1 January 2016, the new brand name for Bouygues Construction's property development subsidiaries.

ranking of international contractors published in August 2015, based on the share of sales generated on international markets.

- **In France:** in a French building and civil works market worth about €200 billion according to a Euroconstruct estimate in December 2015, Bouygues Construction (excluding Bouygues Energies & Services) is **one of the top three French contractors** ahead of Eiffage Construction and behind Vinci Construction (2014 ranking published by *Le Moniteur* in December 2015). The market also includes many small and medium-sized firms. In energy and services, Bouygues Energies & Services is in sixth place after Cofely (GDF Suez), Vinci Energies, Dalkia, Spie and Eiffage Énergie (2014 ranking published by *Le Moniteur* in December 2015).

2.1.2.2 Business activity in 2015

Sustained commercial activity and a robust financial structure

A HIGH LEVEL OF ORDER INTAKE: €11,971 MILLION

Order intake in 2015 amounted to a high €11,971 million. It included 17 contracts worth more than €100 million each, of which 13 were on international markets.

Order intake in **France** amounted to €4,929 million. It included the second phase of office buildings in the western corner of the Balard site in Paris, phases 3 and 5 of the Nice tramway, the Sky 56 office building in Lyon, renovation of the Longchamp racecourse, a teaching block on the CentraleSupélec campus at Paris-Saclay, the renovation and extension of a wastewater pretreatment plant in Clichy, north of Paris, the rehabilitation of offices on the Boulevard de Grenelle in Paris and the construction of property complexes in the Batignolles district of Paris.

Orders were 9% lower than in 2014 due to tough market conditions in France. Another factor was the number of major projects in the 2014 order intake, such as the property development programme for the Stade Vélodrome in Marseille, Lyon-Saint Exupéry airport and two buildings for the Strasbourg teaching hospitals. However, the order intake for buildings in the Paris region holds out good prospects for sales of new residential buildings and projects under the ‘Grand Paris’ major infrastructure plan.

Order intake on **international markets** came to €7,042 million. Orders included NorthConnex, a major motorway link in Australia, two sewage tunnels in Qatar and projects to meet public and industrial needs for renewable energies (a solar farm in the Philippines, biomass waste-to-energy gasification plants in the United Kingdom). In Switzerland, business activity remained strong in the housing segment, demonstrated by an order for the L’Atelier complex in Geneva and several phases of Greencity, an eco-neighbourhood in Zurich with “2000 Watts”[a] certification. In the UK, there is still considerable demand for amenity buildings, such as a cutting-edge cancer treatment and surgery centre commissioned by the University College London Hospitals (UCLH) NHS Foundation Trust, and the University of Cambridge exam board headquarters.

Buildings with environmental certification accounted for 72% of the order intake, compared with 66% in 2014.

AN INCREASE IN THE ORDER BOOK GIVING LONG-TERM VISIBILITY (€19.3 BILLION)

The order book at end-2015 stood at a high €19.3 billion, up 7% on end-December 2014, with international markets accounting for 58%. Europe (excluding France) and the Asia-Pacific zone are the two most important international regions. Orders booked at end-2015 to be executed in 2016 amounted to €9.0 billion and orders to be executed beyond 2016 to €10.3 billion, giving good visibility for future activity.

SALES GROWTH: €11,975 MILLION (+2%)

Sales rose by 2% in 2015 to €11,975 million, with building and civil works accounting for 82% and energies and services for 18%.

Sales in France fell by 5% to €5,689 million, reflecting the slowdown on the French construction market, and represented 48% of total sales. Sales outside France rose sharply, up 9% at €6,286 million, driven by vigorous activity at Bouygues Construction and favourable exchange rate and scope effects (acquisition in Canada of Plan Group in August 2014 and of Gastier in July 2015).

Like-for-like and at constant exchange rates, sales fell by 6%.

ROBUST OPERATING RESULTS

Current operating profit came to €349 million, up €14 million versus 2014. The current operating margin stood at 2.9%.

Financial income amounted to €26 million, down €10 million versus 2014. Net profit attributable to the Group came to €276 million, up 9% versus 2014.

A STILL VERY SUBSTANTIAL NET CASH POSITION: €3,272 MILLION

Although conditions in France remained tough, Bouygues Construction improved its financial structure, with a net cash position of €3.3 billion at end-2015.

Developments in Bouygues Construction’s markets and activities

The world continues to have very substantial construction needs, especially for urban rehabilitation and energy renovation, housing, transport, urban infrastructure, energy infrastructure and amenities.

In industrialised countries, Bouygues Construction draws on its expertise throughout the value chain to offer customers increasingly competitive solutions for complex major projects. Emerging countries are more dynamic due to factors such as high growth rates and sovereign wealth funds, and Bouygues Construction can rapidly mobilise its resources on these high-potential markets.

LEADING THE WAY IN SUSTAINABLE CONSTRUCTION

Incorporating environmental factors into the design, construction, operation and maintenance of structures, together with the use of new renewable energies and energy renovation, are major challenges worldwide.

(a) Energy consumption in Switzerland is currently 6,500 watts per capita (56,940 kWh per capita per year). This figure is to be reduced to 2,000 watts by 2100 (17,520 kWh per capita and per year), more than three times less than the current level.

Bouygues Construction designs and constructs smart grids and self-sufficient buildings which use only renewable energy sources. It supports industrial firms in the production of renewable energies and offers customers innovative infrastructure such as connected eco-neighbourhoods, biomass power plants and solar farms. Bouygues Construction has played a pioneering role, carrying out the first renovations of modern commercial buildings with HQE™ (High Environmental Quality) certification, of high-rise office buildings such as Tour First in La Défense, of Haussmann-era buildings with BBC-effinergie® low-energy certification and of buildings with BEAM Plus[a], BREEAM®[b] and LEED®[c] certification.

With its Réavenir initiative, Bouygues Construction also offers solutions for reducing energy consumption in buildings while improving living conditions for occupants. Réavenir is based on three commitments: to respect the environment and residents, to engage in dialogue to ensure active and participatory rehabilitation, and to guarantee performance.

The rapid spread of digital tools is another major development with an impact on the construction industry. Since late 2014, Bouygues Construction has supported digital transformation by rolling out BIM (Building Information Modelling)[d] in all its entities. The technology will help the company become more competitive and better manage increasingly complex projects.

Ethics and health and safety (especially the "zero accident" objective on worksites) are inseparable from Bouygues Construction's activity, giving rise to awareness-raising and training initiatives in subsidiaries (see chapter 3 of this document).

BUILDING AND CIVIL WORKS

In 2015, sales in the building and civil works segment rose to €9,857 million, 2% lower than in 2014 (€10,049 million). Sales amounted to €4,613 million in France and €5,244 on international markets (77 countries at 30 September 2015).

France

Economic conditions in France remained generally tough. Capital spending in the public and private sector continued to be affected by pressure on government budgets and hesitation on the part of private and industrial investors. The non-residential building and civil works segments were particularly hard hit by the fall in public spending. However, political measures to revive the housing market taken in late 2014 had a beneficial effect and, according to a Euroconstruct forecast in December 2015, hold out the prospect of a recovery in new housing construction in 2016.

The construction market in the Paris region is sustained by substantial housing needs, the appeal of the capital and renovation projects to comply with the requirements of recent environmental legislation (the Grenelle Acts). Considerable potential for major infrastructure projects remains, especially within the framework of the "Grand Paris" major infrastructure programme.

In the rest of France, the building market remained under pressure, with projects tending to become smaller. Gaining large-scale projects continues to be a very long and very complex process.

2015 sales: €4,613 million (-6%)

In the Paris region, Bouygues Construction completed a number of major amenity projects such as the Paris Philharmonic concert hall, renovation of the AccorHotels Arena (formerly the Paris-Bercy sports complex) and the French Ministry of Defence, a public-private partnership project. Work is continuing on the Paris law courts complex and on the City of Music in Boulogne-Billancourt.

Several commercial property projects were handed over, including the Eole office building on the Evergreen campus in Montrouge, home to Crédit Agricole's new corporate headquarters, the Bouygues Immobilier-designed Campus Sanofi Val de Bièvre in Gentilly and the renovated Tour Athéna in the La Défense business district of Paris. Commercial activity in the segment was marked by a number of office rehabilitation projects in Paris, in Rue des Archives, Rue Malakoff and Boulevard de Grenelle.

The construction and rehabilitation of social and private-sector housing held up well overall. In Paris, Bouygues Construction completed the transformation of the former Laennec Hospital (6th arrondissement of Paris) into offices and flats and handed over Nouvelle Vague, a complex including social housing and up-market apartments. The company started construction work on several packages of the Batignolles complex in Paris, comprising offices, social and private housing and shops.

Bouygues Construction once more reaped the reward of its expertise in managing complex projects, taking an order from France Galop for the renovation of the Longchamp racecourse. The project, designed by the architect Dominique Perrault, includes deconstruction of the former stands and the construction of a new 160-metre long grandstand.

Elsewhere in France, Bouygues Construction's four regional building subsidiaries were particularly active on the public-sector education and culture markets, with projects including the renovation of the University of Bordeaux campus, extension and rehabilitation of the fine arts museum of Nantes and the handover in 2015 of five secondary schools in the Loiret department of central France within the framework of public-private partnerships.

In the healthcare sector, Bouygues Construction continued to build the Belfort-Montbéliard hospital and two buildings for the Strasbourg teaching hospitals. Work started on a new hospital at Saint-Laurent-du-Maroni in French Guiana. In 2015, the company handed over the new hospital of Orléans and a new cancer unit at Nîmes teaching hospital.

In the private sector, Bouygues Construction took orders for the Sky 56 office building and handed over Tour Incity in the Lyon Part-Dieu business district.

Work continued on major projects such as Lyon-Saint Exupéry airport and the property development programme associated with the Stade Vélodrome in Marseille.

In civil works, Bouygues Construction has regional branches all over France that specialise in smaller-scale civil engineering projects and earthworks. A specialist subsidiary carries out complex major projects such as ongoing civil engineering works for the Flamanville EPR nuclear power plant, the viaduct on the New coastal road on Reunion Island, the Nîmes-Montpellier railway bypass, the L2 Marseille bypass and the second tunnel package of the Paris metro Line 14 extension project. New public-sector orders during the year included phases 3 and 5 of the Nice tramway and the renovation and extension of a wastewater pretreatment plant in Clichy, north of Paris.

(a) BEAM Plus: Building Environmental Assessment Method (Hong Kong certification scheme)
(b) BREEAM®: Building Research Establishment Environmental Assessment Method (UK certification scheme)
(c) LEED®: Leadership in Energy and Environmental Design (US certification scheme)
(d) Dynamic digital modelling software which enables users to design, virtually construct and visualise the project and involve stakeholders collaboratively before the structure is built. It paves the way for more industrial construction methods.

Europe

The construction market in Europe has been showing signs of recovery since 2014, especially in Sweden, Ireland, the UK and some eastern European countries (Hungary, Poland and the Czech Republic).

In Western Europe, Bouygues Construction subsidiaries are particularly active in the UK, where the market is worth approximately €200 billion, and in Switzerland (approx. €55 billion). The UK construction market is benefitting from the country's return to growth. Local authorities are concentrating their spending on improving the energy efficiency of their housing stock. In Switzerland, although the construction sector slowed slightly, a stable economy, stable employment and continuing low interest rates mean that there are good opportunities to be grasped.

The new European investment plan, called the Juncker Plan, adopted on 24 June 2015, could have a beneficial effect on the construction market by providing funding for sectors such as transport networks, energy transition and energy efficiency.

2015 sales: €2,220 million (+5%)

Bouygues Construction's activity in the **UK** was underpinned by urban regeneration projects. The company continued work on the Canning Town project in London and took orders for projects to renovate Addlestone town centre in Surrey and the Gascoigne Estate in Barking, east London. The Manhattan Loft Gardens project, the order for which was booked in 2015, will likewise play a key role in renewing and reinvigorating Stratford in east London. The company also handed over Phase 2 of the University of Hertfordshire campus.

Demand in **Switzerland** remained strong, especially on the housing market. Bouygues Construction drew on its expertise in putting together complex property development projects with stringent environmental requirements: the company put the finishing touches to the Erlenmatt eco-neighbourhood in Basel and continued work on Im Lenz in Lenzburg. It took orders for L'Atelier, a property complex in Geneva, the Faubourg 1227 apartment complex at Carouge (Geneva), and several phases of the Greencity eco-neighbourhood in Zurich. Bouygues Construction has acknowledged expertise in multi-product projects that include offices, shops, housing and leisure facilities, such as the Puls and Rex complexes in Thun, handed over in 2015. The company also handed over offices for the Swiss post office in Bern.

In **Central Europe,** Bouygues Construction has well-established positions through local subsidiaries in Poland and the Czech Republic, which continued to expand their building activities.

Elsewhere in Europe, Bouygues Construction is also involved on a one-off basis in major infrastructure projects such as the new confinement shelter for the damaged nuclear reactor at Chernobyl in **Ukraine,** which is being built in partnership with Vinci, and Zagreb Airport in **Croatia.**

Asia – Pacific

Despite turbulence on Asian stock markets, construction markets in the region are particularly dynamic, with continuing high growth rates. Bouygues Construction benefits from its long-standing position in Hong Kong, where it has been a player for 60 years, though local and foreign competition is intensifying. Strong economic growth in Thailand and Singapore is a stimulus for all sectors, especially construction. The Australian economy, long buoyed by mining income, has found new sources of growth in sectors such as agrifood and tourism. Attractive possibilities also exist in some other emerging regions, though the risk factor is high.

2015 sales: €1,817 million (+7%)

Bouygues Construction has a strong local presence in the **Asia-Pacific** region, especially in Hong Kong and Singapore. Civil works activity continued unabated in **Hong Kong.** Several major projects are under construction, including a section of the giant Hong Kong-Zhuhai-Macao bridge, the dual two-lane sub-sea Tuen Mun-Chek/Lap Kok road tunnel, two twin-tube tunnels for the six-kilometre extension of the Shatin to Central Link metro line, and two 4.8-kilometre tunnels for linking the north-east of Hong Kong to the Liantang boundary control point with mainland China. The company delivered the XLR 820 and 821 rail tunnels on the new Hong Kong to Guangzhou high-speed rail link.

Bouygues Construction is a recognised player on the Asian building market, especially for high-rise structures. In **Hong Kong,** the company handed over the Trade & Industry Tower in the Kai Tak district to the government's Architectural Services Department. In **Singapore,** work continued on the Bishan and Buangkok condominium tower blocks. In **Bangkok,** the company is building three residential tower blocks in a highly desirable shopping district as well as the MahaNakhon tower and the new Australian Embassy complex. In **Macao,** work continued on a 39-storey, 6-star luxury hotel in the heart of the City of Dreams entertainment complex.

In **Myanmar,** Bouygues Construction continued to establish its presence, building the second phase of the Star City residential complex in Yangon. In **Australia,** commercial activity was marked by the order for the NorthConnex motorway link project in Sydney. The company also handed over the North Strathfield rail underpass project in the same city.

Africa – Middle East

Economic growth remains fragile in North Africa, which has been affected by social and geopolitical tensions and the resulting decline in tourist revenue, compounded by the ongoing troubles of the euro zone economies on which North African countries depend for much of their trade. Growth has been strong in sub-Saharan Africa, driven amongst other things by a massive influx of foreign capital. Oil-exporting Middle Eastern countries are investing in major infrastructure projects, though the falling oil price has started to cut their capital spending.

Overall, transport infrastructure needs and the exploitation of natural resources make this a high-potential region for construction firms.

2015 sales: €773 million (-15%)

In **Africa,** Bouygues Construction's building and civil engineering firms work together on major infrastructure projects. In **Egypt,** after taking part in the construction of Lines 1 and 2 of the Cairo metro, in 2015 the company took an order for a new phase of Line 3. In Abidjan, **Ivory Coast,** it is currently operating the Riviera Marcory bridge, one of the first concessions in West Africa. Bouygues Construction is also building the Ridge Hospital extension in Accra, **Ghana.** In **Nigeria,** it took an order to build the corporate headquarters of Nigeria LNG, a company which produces liquefied natural gas, and continued to build the Jabi Lake Mall in Abuja.

The company's expertise in earthworks for opencast mining is illustrated in its operation of gold mines at Kibali in the **Democratic Republic of Congo,** Tongon in **Ivory Coast** and Gounkoto in **Mali.**

Bouygues Construction is involved in roadbuilding projects in several African countries in response to considerable demand. In **Cameroon,** the company put the finishing touches to the Ngaoundéré-Garoua road. In **Burkina Faso,** it carried out work to strengthen part of the RN1 highway linking Ouagadougou to the western part of the country. In **Equatorial Guinea,** it continued to build and develop the Bata seafront road. In **Chad,** it continued work on the Sarh-Kyabé road in the south-east of the country. In **Gabon,** it continued to upgrade the Ndjolé-Médoumane highway.

In the **Middle East,** Bouygues Construction took an order to build two sewage tunnels in **Qatar** as part of a strategic project to collect, pump and treat wastewater in the south of Doha. It also continued work on the Qatar Petroleum District in the same city, a vast complex that includes nine high-rise office buildings.

Americas – Caribbean

The economic situation in the Americas is contrasted, differing very considerably from one country to another. In the United States, growth is mainly sustained by household consumption. Central and Latin America remain very much dependent on economic conditions elsewhere. Canada was affected by the falling oil price. Bouygues Construction subsidiaries mostly operate in the United States, Canada and Cuba, with growth being driven mainly by major amenity, infrastructure and hotel projects.

2015 sales: €434 million (-3%)

The **Americas/Caribbean** region is growing strongly. Bouygues Construction has a long-term presence in **Cuba**, where it is a recognised specialist in the construction of turnkey luxury hotel complexes. The company continued construction work on up-market hotel complexes on Laguna del Este on Cayo Santa Maria, on Cayo Coco and at Varadero. It took orders for five hotels, including three 5-star hotels, at Havana, on Cayo Santa Maria and, for the first time, on Cayo Cruz. The number of tourists visiting the island has soared, opening up great prospects for the Cuban hotel industry.

In the **United States,** Bouygues Construction continued work on the Brickell City Centre development in Miami, a complex comprising offices, shops, apartments and hotels.

In **Canada,** the company handed over a set of sporting facilities in Ontario for the 2015 Pan American Games and continued work on Iqaluit International Airport in the country's Arctic north.

The company also has a presence in **Latin America** (particularly in Mexico, Brazil and Peru) via its construction and specialised civil works subsidiaries.

ENERGIES AND SERVICES

Bouygues Energies & Services contributed €2,118 million to Bouygues Construction's consolidated sales, 26% more than in 2014 (€1,677 million). Bouygues Energies & Services has three business lines: network infrastructure, facilities management, and electrical and HVAC engineering.

Environmental issues, demographic growth, spreading urbanisation and increasingly scarce raw materials mean that building energy performance is a central concern. Fast-growing telecommunications needs have also increased demand for network infrastructure. These two key trends on the energy and services markets offer Bouygues Construction sources of growth, both in the countries where it has most of its operations (France, the UK, Switzerland and Canada) and in emerging countries, especially in Asia and Africa.

In France, many large firms operate on the market and competition is fierce. Short-term economic uncertainties remain due to pressure on central and local government budgets, affecting network infrastructure works in particular, and to the difficulty of raising private finance, especially for commercial property projects and public-private partnerships.

France

2015 sales: €1,076 million (+1%)

Bouygues Energies & Services, through its network infrastructure subsidiary, helps local authorities to implement their digital development policies. In the context of a public service mission, it rolls out and manages digital infrastructure, operating in 26 French departments, managing 1,200,000 FTTH (fibre-to-the-home) connections and providing broadband services to 6,500 municipalities serving 7 million people and 2,500 very-high-speed broadband zones. In particular, it continued to roll out and manage very-high-speed broadband networks in three departments, the Oise (north of Paris), Eure-et-Loir (western France) and Vaucluse (southern France), and started to roll out a network in the Aisne department in north-eastern France.

Bouygues Energies & Services continued the street lighting contracts begun in 2011, especially the major energy performance contract with the City of Paris that aims to achieve a 30% reduction in the city's energy consumption by 2020 in comparison with the level in 2004. It continued a 20-year street lighting contract in Valenciennes (northern France) begun in 2012 and took an order to renovate street lighting in Drancy, north-east of Paris.

In electrical and HVAC engineering, Bouygues Energies & Services continued work on a thermal power plant in the French part of the Caribbean island of Saint-Martin and provided mechanical and electrical equipment for the L2 Marseille bypass. It also took an order for electrical and HVAC engineering packages for the Saint-Laurent-du-Maroni hospital in French Guiana.

In partnership with Bouygues Construction's building subsidiaries, Bouygues Energies & Services' FM subsidiary is involved in a number of PPP contracts. It started maintenance contracts involving the new French Defence Ministry, several highway maintenance centres, five secondary schools in the Loiret department of central France and the University of Burgundy. It will also operate the Paris law courts complex and the University of Bordeaux.

International

2015 sales: €1,042 million (+71%)

Bouygues Energies & Services is continuing to expand in its three main lines of business (FM, energy and digital networks, and electrical, HVAC and mechanical engineering) in Europe (especially the UK and Switzerland), Africa (Gabon and Congo) and North America (Canada).

On international markets, Bouygues Energies & Services is an expert in major turnkey power grid infrastructure projects. It started work on a solar farm in the **Philippines** and continued to operate and maintain three photovoltaic solar power plants in **Thailand.** Construction work began on a thermal power station in **Gibraltar.** In the **UK,** the company took orders for the construction of two biomass waste-to-energy gasification plants, at Hoddesdon, north of London, and in Belfast (Northern Ireland).

It continued a number of FM contracts in Europe, including Crédit Suisse offices in **Switzerland** and King's College, London in the **UK.**

In Africa, Bouygues Energies & Services is involved in power transport and distribution, mainly in **Ivory Coast, Congo** and **Gabon.**

In **Canada,** Bouygues Energies & Services provides FM for Surrey Hospital and the RCMP headquarters. It is expanding on the electrical engineering market via its Plan Group subsidiary, which in 2015 delivered electrical engineering and building automation packages for the Humber River Regional Hospital north of Toronto. In July 2015, Bouygues Energies & Services took a majority stake in Gastier, a Canadian company specialising in electrical and mechanical engineering.

FM contracts, both in France and elsewhere, guarantee Bouygues Energies & Services recurring long-term income.

2.1.2.3 Bouygues Construction's outlook for 2016

Despite a still-challenging economic environment in France, Bouygues Construction enjoys good visibility, backed up by:

- **orders at 31 December 2015 to be executed in 2016** worth €9.0 billion;
- **sustained international activity,** especially in places less affected by the economic crisis, such as Hong Kong, Singapore, Canada, Switzerland, the UK and Australia, which are highly rated by the NGO Transparency International;
- **a long-term order book** (beyond five years) worth €2.9 billion at 31 December 2015;
- **a sound financial structure,** with a net cash position of €3.3 billion;
- **a lead in sustainable construction,** to which the company devotes much of its R&D budget.

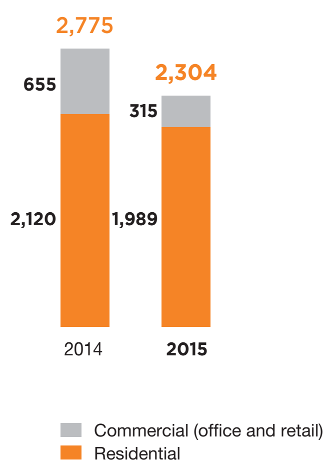
In 2016, tight control over the execution of major projects, a selective approach to orders, satisfaction of customers' expectations and synergies between entities will continue to be central priorities for Bouygues Construction, together with preserving the health and safety of employees and project partners. Bouygues Construction will also take initiatives to promote ethical behaviour in all its subsidiaries.

2.1.3 Bouygues Immobilier, a leading property developer in France

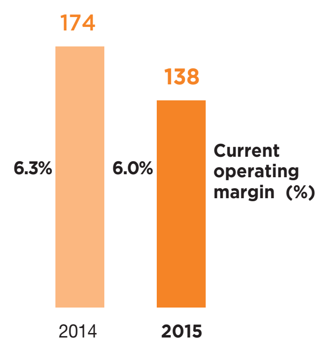
An urban developer/operator with 35 branches in France and three international subsidiaries, Bouygues Immobilier develops residential, office, retail and sustainable neighbourhood projects.

For a number of years, Bouygues Immobilier has been developing innovative low-carbon solutions for its various programmes.

SALES
€ million

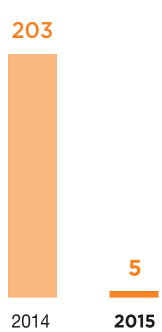


CURRENT OPERATING PROFIT
€ million

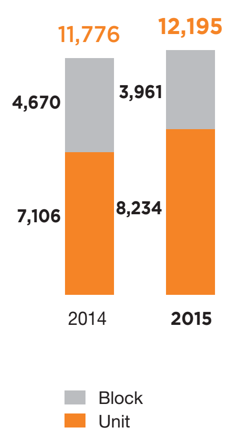


NET PROFIT ATTRIBUTABLE TO THE GROUP
€ million

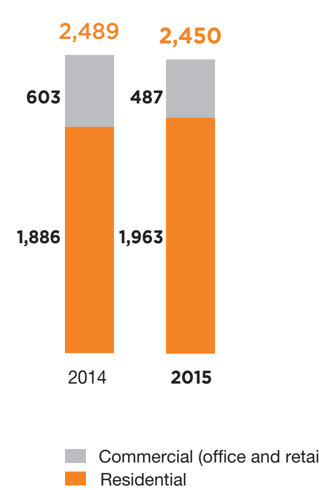
NET CASH
€ million, at end-December



RESIDENTIAL
number of reservations



RESERVATIONS
€ million



CONDENSED BALANCE SHEET

Assets

at 31 December, € million	2015	2014
Property, plant and equipment and intangible assets	50	43
Goodwill		
Non-current financial assets and taxes	42	48
NON-CURRENT ASSETS	**92**	**91**
Current assets	1,665	1,568
Cash and cash equivalents	69	229
Financial instruments [a]		
CURRENT ASSETS	**1,734**	**1,797**
TOTAL ASSETS	**1,826**	**1,888**

Liabilities and shareholders' equity

at 31 December, € million	2015	2014
Shareholders' equity attributable to the Group	476	498
Non-controlling interests	3	4
SHAREHOLDERS' EQUITY	**479**	**502**
Non-current debt	41	6
Non-current provisions	84	97
Other non-current liabilities		1
NON-CURRENT LIABILITIES	**125**	**104**
Current debt	10	17
Current liabilities	1,199	1,262
Overdrafts and short-term bank borrowings	13	3
Financial instruments [a]		
CURRENT LIABILITIES	**1,222**	**1,282**
Liabilities related to held-for-sale operations		
TOTAL LIABILITIES	**1,826**	**1,888**
NET SURPLUS CASH	**5**	**203**

(a) Fair value of hedges of financial liabilities

CONDENSED INCOME STATEMENT

€ million	2015	2014
SALES	**2,304**	**2,775**
Net depreciation and amortisation expense	(7)	(7)
Net charges to provisions and impairment losses	(9)	(18)
Other income and expenses	(2,150)	(2,576)
CURRENT OPERATING PROFIT	**138**	**174**
Other operating income and expenses	(4)	
OPERATING PROFIT	**134**	**174**
Cost of net debt	(1)	
Other financial income and expenses	(10)	(12)
Income tax expense	(45)	(60)
Share of net profits/losses of joint-ventures and associates	(1)	
NET PROFIT	**77**	**102**
Net profit attributable to non-controlling interests		
NET PROFIT ATTRIBUTABLE TO THE GROUP	**77**	**102**

Key figures

at 31 December 2015

EMPLOYEES
1,889

SALES
€2,304m
(-17%)

CURRENT OPERATING MARGIN
6.0%
(-0.3 points)

NET PROFIT ATTRIBUTABLE TO THE GROUP
€77m
(-25%)

Highlights

Residential

- Inauguration: "Home", the first high-rise residential building in Paris since 1970.
- Inauguration of "Les Lodges", a programme of innovative and modular timber-frame houses.
- Exclusive partnership agreement with home loan broker La Centrale de Financement.

Commercial

- Launch of the Nextdoor network.
- Inauguration: *Green Office® Rueil* (positive-energy building), *Campus Sanofi Val de Bièvre* in Gentilly.

Urban planning

- Inauguration of Hikari in Lyon (winner of a "Climate Solutions" award at COP21).
- Project to develop a mixed-use eco-neighbourhood in Marseille called "XXL".

CSR

- Awarded "Top Employer France 2015" certification and the Happy Trainees 2015 award (see also chapter 3).

2.1.3.1 Profile

Growth strategy

Drawing on its expertise in green property development, Bouygues Immobilier is consolidating its position as an urban developer/operator, basing its future growth on the following three strategic priorities.

INNOVATION FOR SUSTAINABLE DEVELOPMENT

Implementing a pioneering sustainable development strategy, Bouygues Immobilier confirmed its leadership in this area in 2015.

- **Energy savings:** green property development is a strategic element of Bouygues Immobilier's innovation policy. In the commercial segment, around 15 Green Office® positive-energy projects are under way, notably in Lyon and Bordeaux, home to the future headquarters of the Caisse d'Epargne Aquitaine Poitou-Charentes bank. In the residential segment, after Vert Eden in Aix-en-Provence, L'Avance in Montreuil, east of Paris, and Green Home in Nanterre, west of Paris, in 2015 Bouygues Immobilier continued work on L'Odyssée at Anglet in south-west France, a 130-unit residential complex, one of whose positive-energy buildings will be the first in France to be certified by Cerqual under its experimental Bepos-Effinergie 2013 pilot scheme.

  In 2015 Bouygues Immobilier also developed Passivhaus very low-energy homes at Carquefou, a suburb of Nantes in western France, starting works on the Tempo and Parc de Flore programmes in the Fleuriaye district, and in the Les Lodges operation at Chanteloup-en-Brie, east of Paris.
- **Rehabilitation which respects existing property assets:** Bouygues Immobilier continued the green rehabilitation of commercial buildings under the Rehagreen® [a] initiative with the Sanofi Campus Val de Bièvre project in Gentilly, inaugurated in June 2015 and awarded the COP21 "Climate Solutions" award at a ceremony at Le Bourget in December 2015, Lemnys-Peri XV (AG2R La Mondiale), Scor in Paris, and La Française REM in Montrouge, south of Paris.

At neighbourhood level, Bouygues Immobilier offers local authorities UrbanEra®, an innovative service package for the design and development of mixed-use sustainable neighbourhoods combining residential properties, offices and shops. Within the UrbanEra® framework Bouygues Immobilier inaugurated Hikari, the first positive-energy property development in France, in September 2015. The 12,500-m² complex comprises 36 apartments as well as offices and ground-floor shops and services. In November 2015, Bouygues Immobilier was appointed lead firm of the consortium (including Cirmad [b], a Bouygues Construction subsidiary) chosen to build a 200,000-m² mixed-use eco-neighbourhood comprising apartments, offices, shops and services, designated "XXL", in the heart of the Littorale mixed-use development zone in Marseille.

TECHNICAL AND ARCHITECTURAL QUALITY: A KEY PRIORITY

Using cutting-edge materials and technologies to improve the technical quality of its buildings is an ongoing concern for Bouygues Immobilier. A comprehensive quality management system incorporating ISO 9001 and NF® Habitat certification coupled with a training programme for technical staff ensure that the company can rapidly adapt to changing markets and optimise the cost of works.

Bouygues Immobilier also teams up with leading names in contemporary architecture. Wilmotte & Associés designed the future SMA headquarters in Paris and Green Office® Rueil in Rueil-Malmaison, architects Anthony Béchu and Tom Sheehan designed the Tour D² tower in La Défense and Christian de Portzamparc, winner of the Pritzker prize in 1994, is responsible for Colas' future headquarters in Issy-les-Moulineaux.

CUSTOMER SATISFACTION

Customer satisfaction is at the heart of Bouygues Immobilier's concerns. In response to that priority, a new version of the residential property sales website went online in November, offering prospective customers an immersive experience through an enhanced search engine and a 3D viewing feature.

In June 2015, Bouygues Immobilier started to market Flexom, a home customisation package designed to suit all lifestyles and evolve in line with occupants' needs. With Flexom, Bouygues Immobilier became the first property developer to offer connected homes to customers nationwide (for more information see section 2.1.3.2)

Assets and opportunities

Its position and product range give Bouygues Immobilier a definite edge in an unfavourable market environment.

- **Extensive geographical coverage:** 35 branches in France keep the company close to customers and strengthen ties with local stakeholders;
- **International expansion:** Bouygues Immobilier already has operations in Belgium, Poland and Morocco and is making international expansion one of its strategic drivers of growth;
- **A wide and diversified range of residential products and services,** including affordable and intermediate housing for owner-occupiers, buy-to-let properties, serviced residences, single-family homes, etc;
- **Customisation and adaptability integrated into residential property design:** flexible, customisable and connected homes put residents' requirements first;
- **A perfect match between commercial products and businesses' new expectations:** Bouygues Immobilier has focused its strategy on three priorities: turnkey buildings, positive-energy buildings with Green Office® and the rehabilitation of existing office buildings with Rehagreen® [a]. Bouygues Immobilier has also launched Nextdoor, a new model for commercial property offering businesses innovative, flexible and collaborative work spaces;
- **Genuine expertise in sustainable neighbourhoods:** with UrbanEra®, Bouygues Immobilier aims to give local authorities long-term support in their development projects and offers a wide range of services to improve quality of life for residents;
- **An Open Innovation policy** based on three pillars: organised identification of start-ups, co-development of operational projects and equity interests in start-ups specialising in property through Bird, an investment subsidiary;
- **Proven capacity to adapt to changing conditions,** with risk control a priority;

(a) A Bouygues Immobilier service which consists in identifying and implementing a rehabilitation scenario which combines the owner's property enhancement objectives and the requirements of the commercial property market while respecting the architectural heritage of the property assets concerned.
(b) As of 1 January 2016 renamed Linkcity, the new brand name for Bouygues Construction's property development subsidiaries.

- **A robust business model** that guarantees a healthy financial structure for the company.

Market position

With a market share of 11% [a], Bouygues Immobilier is France's leading residential property developer on a par with Nexity, and ahead of its other main rivals, such as Icade, Cogedim and Kaufman & Broad. A benchmark player in the commercial property segment, Bouygues Immobilier differentiates itself from its main competitors (Icade, Nexity, Sogeprom and BNP Immobilier) by proposing products which keep pace with new working practices (Nextdoor) and are at the cutting edge of environmental innovation (Green Office® and Rehagreen® [b]). At neighbourhood level, Bouygues Immobilier has confirmed its leading position in sustainable urban development with its UrbanEra® initiative.

2.1.3.2 Business activity in 2015

In a market that picked up significantly, Bouygues Immobilier took 12,195 residential property reservations in 2015, 4% more than in 2014, worth €1,963 million, up 4% on 2014. In the commercial property segment, in a stable market, reservations came to €487 million.

Total reservations (residential and commercial) were worth €2,450 million, down 2% on 2014.

The order book stood at €2.6 billion at end-December 2015, up 9% year-on-year.

Consolidated sales in 2015 amounted to €2,304 million, down 17% on the previous year. The decline was expected, since it reflects lower levels of residential property reservations between 2012 and 2014. Residential property sales amounted to €1,989 million, down 6% on 2014. Commercial property sales fell slightly, down 52% on 2014 to €315 million.

Current operating profit amounted to €138 million, representing 6.0% of sales compared with 6.3% in 2014, and continued to reflect pressure on the prices of residential programmes.

As a result of the figures above, net profit attributable to the Group amounted to €77 million, lower than in 2014, as expected.

The number of completed but unsold units at end-2015 remained small, representing about one week of marketing.

Shareholders' equity at end-December 2015 stood at €479 million.

Bouygues Immobilier had net cash of €5 million at 31 December 2015, showing tight control over its working capital requirement.

Developments in Bouygues Immobilier's markets and activities

RESIDENTIAL PROPERTY

A rise in reservations in a sharply recovering market

After declining in 2014, the French residential property market recovered in 2015, with 102,538 housing units sold compared with 86,952 in 2014.

There were various factors behind this recovery:

- attractive government measures to stimulate investment in buy-to-let properties. The Pinel incentive offers tax reductions of up to 21% for a 12-year rental period and offers the possibility of renting to an ascendant or descendant;
- continuing very low mortgage interest rates.

In this favourable environment, Bouygues Immobilier saw an overall increase in reservations in France that was lower than the pace of market growth, mainly due to completion of the block sales contract to build housing for EDF employees concluded with SNI in 2012. In contrast, unit sales were up 13% at 7,222 units, in line with the market.

In 2015, 11,800 residential properties were handed over, which was 3% more than the 11,492 handed over in 2014.

Creating value for customers

In a recovering market, Bouygues Immobilier consolidated its mainly entry- to mid-level positioning in order to meet most buyers' needs for affordable housing. Because of the variety of its customer profiles, Bouygues Immobilier is diversifying its property offering by marketing several types of multi-unit housing (for first-time buyers or buy-to-let investors, at below market prices, as well as intermediate housing), single-family houses and serviced residences for senior citizens and students. A dozen new projects for residences were launched following the conclusion of a strategic partnership with Les Jardins d'Arcadie in November 2014, including Les Jardins de Saint-Nicolas, a residence with 97 apartments and 700 m² of communal space, work on which began in Nancy in July 2015.

A significant effort to optimise design costs and purchasing, begun in 2013, started to bear fruit in 2015. The project enables the company to price its products competitively and protect profitability while improving the quality of residential properties.

Innovation in housing for the benefit of customers

In 2015, Bouygues Immobilier launched Flexom, a package that combines customisation, innovation and home automation to provide a pleasant living environment and optimal comfort. Adaptable to all lifestyles and to occupants' changing uses, Flexom offers a single technical platform plus packs of options which customers can access on reservation or when they choose their interior design and layout. Four thematic packs (*Facilité*, *Tranquillité*, *Famille*, *Senior*) designed to meet residents' expectations include innovative services such as programmable remote control of roller blinds, lighting and heating, a burglar alarm, a digital door lock and a water and gas leak detector. All the residential properties offered for sale by Bouygues Immobilier will be equipped with Flexom by the end of 2016.

Bouygues Immobilier continued its environmental policy in 2015, offering positive- or passive-energy programmes. At Carquefou, north of Nantes, a ceremony was held in September for the laying of the foundation stone of Tempo and Le Parc de Flore, two residences designed by Magnum, a local architecture and planning firm. By meeting requirements relating to construction methods, sustainable materials, optimum use of natural light and healthy ventilation, all the units are aiming for Passivhaus certification.

(a) Source: ECLN (new housing survey) – Data from developers (February 2016).
(b) A Bouygues Immobilier service which consists in identifying and implementing a rehabilitation scenario which combines the owner's property enhancement objectives and the requirements of the commercial property market while respecting the architectural heritage of the property assets concerned.

Solar panels on the 6,000 m² of roof will generate enough power to meet 80% of the neighbourhood's electricity needs.

Strengthened customer support

After introducing online customer profiles in 2013 and innovative digital sales tools in 2014 (Oculus and Google Cardboard glasses), in 2015 Bouygues Immobilier concluded a nationwide partnership agreement with home loan broker La Centrale de Financement. Since March 2015, customers reserving a Bouygues Immobilier property have been able to consult the company to find the best conditions for a mortgage. In a context where service and the best financial terms are key factors, the partnership makes it easier for customers to buy a property and get a foot on the housing ladder.

Bouygues Immobilier is going further in digitising its customer support at all stages of the project lifecycle. Before reservation, since end-November 2015 the bouygues-immobilier.com website has offered potential customers a new, customisable and more modern look and feel. Bouygues Immobilier also invites customers to play an active part in some programmes. In Tourcoing, for example, the company has teamed up with the crowdsourcing website Ouiville to enable customers to choose the name of their residence, the type of vegetation to be planted and the layout and landscaping of grounds.

COMMERCIAL PROPERTY

Green property: a winning strategy

Despite unfavourable economic conditions, take-up rates in the commercial property market in the Paris region stabilised in 2015 after declining for several years, with rents stabilising at a low level. In contrast, investment remained stable at a high level.

In these conditions, Bouygues Immobilier sold 101,628 m² of office and retail space in France in 2015, worth a total of €487 million.

Bouygues Immobilier's commercial property strategy in 2015 focused on the following three priorities:

Rollout of the Green Office® and Rehagreen® concepts

In March 2015, Bouygues Immobilier inaugurated Green Office® Rueil, home to the headquarters of Unilever France, Ingérop and Amex Voyages France. The complex, with total floor area of 35,000 m² on six storeys and three underground levels, will produce more energy than it consumes through a geothermal system and 4,000 m² of rooftop solar panels, enough to offset the energy consumption of 130 households[a] a year. Green Office® Rueil is also the first office building in France to obtain NF HQE™ Bâtiments Tertiaires-Neuf/Label HPE certification at the Bepos-Effinergie level for the construction phase. Other Green Office® highlights in 2015 included the laying of the foundation stone of the headquarters of the Caisse d'Epargne Aquitaine Poitou-Charentes bank in Bordeaux and the sale unlet to Macifimo of Green Office® Link in Lyon.

Under the Rehagreen® initiative to enhance the value of existing property assets, in June 2015 Bouygues Immobilier inaugurated the Campus Sanofi Val de Bièvre in Gentilly. Comprising three 3- to 6-storey terraced buildings with total floor area of 51,000 m², Campus Sanofi Val de Bièvre accommodates 3,000 employees and is connected to Gentilly's geothermal network. It incorporates a photovoltaic power plant, thermal solar panels and a rainwater recovery system used to water the garden and the plants on the terraces. Designed by architects Valode & Pistre, it has been awarded HQE™ (High Environmental Quality) Passeport Exceptionnel certification and is aiming for BREEAM® Very Good certification. It also won the 2015 Grand Prix Simi award in the "New buildings of over 5,000 m²" category at Simi – the annual French commercial property trade fair.

Successful turnkey projects

The outcome of ongoing dialogue with users, the turnkey strategy aims to design projects tailored to specific customers. Major achievements in 2015 included the sale to Predica of PSA Peugeot Citroën's future headquarters at Rueil-Malmaison and the laying of the foundation stone of SMA's future headquarters in Paris. Designed by Wilmotte & Associés, the 35,000-m² building will accommodate SMA's headquarters staff and feature a 400-seat multi-purpose auditorium, a fitness room, a 350-space car park and a number of canteens. The project, which also includes a 149-room hotel, is aiming for HQE™ (High Environmental Quality) Passeport Exceptionnel, BREEAM®[b] International New Construction (Very Good) and LEED®[c] for New Construction (Gold) certification.

Launch of Nextdoor: a low-carbon response to new ways of working

In response to the increase in working on the move and transport-related constraints, in March 2015 Bouygues Immobilier launched Nextdoor. New-generation methods have been used to design these economical, flexible and collaborative work spaces; optimised and comfortable, they encourage networking, creativity and performance. They enable small firms and start-ups to grow their business while creating a useful network, and large firms to offer their employees a different and stimulating working environment closer to home. The first Nextdoor site (2,600 m²), designed by Yad Initiative, opened at Issy-les-Moulineaux in June 2015 and boasted an occupancy rate of nearly 100% at the end of the year.

SUSTAINABLE URBAN DEVELOPMENT

Aware of the many demographic, environmental, economic and social challenges facing local authorities in relation to urban development, Bouygues Immobilier stepped up its strategy in 2015 by creating a specific UrbanEra® division that sets practical and measurable targets, adapted to local circumstances, for the development of sustainable neighbourhoods. This innovative approach is based on six priority areas of action: energy and utilities, urban services and mobility, water and waste, biodiversity and nature in the city, buildings and comfort of use, and consultation. A number of UrbanEra® projects, such as Hikari in Lyon, were successfully completed in 2015.

Fort d'Issy: off to a good start

Two years after handing over the Fort d'Issy eco-neighbourhood, the municipality of Issy-les-Moulineaux and Bouygues Immobilier carried out a survey[d] to measure the satisfaction of residents, retailers and local people. 95% of residents said they were proud to live in Fort d'Issy, 8 out of 9 retailers were happy with their level of business and 81% of local people said they often came to Fort d'Issy.

Hikari: inauguration of the first positive-energy mixed-use development in France

Comprising three mixed-use buildings including apartments, offices and shops, Hikari (which means "light" in Japanese) was designed by the

(a) A four-member family consumes 6,762 kWh of electricity a year on average (source: Planetscope).
(b) BREEAM®: Building Establishment Environmental Assessment Method (UK certification).
(c) LEED®: Leadership in Energy and Environmental Design (US certification).
(d) By OpinionWay for Issy-les-Moulineaux and Bouygues Immobilier involving 323 Fort d'Issy residents, 46 inhabitants of Issy-les-Moulineaux who do not live in the eco-neighbourhood, and nine retailers in Fort d'Issy. The computer-assisted personal interviews were conducted between 17 and 31 October 2015.

architect Kengo Kuma and is the outcome of an exemplary public-private partnership involving the Lyon metropolitan authority, Japan's Nedo (department of the New Energy and Industrial Technology Development Organisation), Bouygues Immobilier/SCL Pitance, Toshiba and many other French and Japanese partners. Each year, the 12,800-m^2 development will produce more energy than it consumes, thanks to bioclimatic architecture, an on-site plant-oil cogeneration plant and photovoltaic power plant, and pooled energy management. Hikari was singled out for a Climate Solutions award at the COP21 climate conference in Paris in December 2015 in the "Adaptation" category.

XXL: the eco-neighbourhood of the future

In November 2015, the consortium comprising Bouygues Immobilier and Cirmad[a], a Bouygues Construction subsidiary, won the call for expressions of interest to build an eco-neighbourhood in the Littorale mixed development zone north of Marseille. Comprising 2,800 apartments, 60,000 m^2 of office space and 10,000 m^2 of retail space, the 200,000-m^2 eco-neighbourhood, provisionally called "XXL", will be a real incubator of social and economic innovation.

Industrial demonstrators for the sustainable city: two innovative mixed-use projects

Within the framework of the *Institut de la Ville Durable* (Institute for Sustainable Cities), the French Ministries of Ecology, Sustainable Development and Energy, and Housing, Territorial Equality and Rural Affairs have launched a call for projects under the title "Industrial Demonstrators for the Sustainable City". The initiative represents an opportunity for Bouygues Immobilier to showcase its cross-cutting and collaborative approach to urban planning.

Teaming up with Bouygues Construction in the UrbanEra® initiative, Bouygues Immobilier was chosen for two demonstrators. One, in Lyon, is for an innovative mixed-use project of over 100,000 m^2 with the Lyon Confluence development authority and the Lyon metropolitan authority in a consortium with over 70 public- and private-sector partners. In the second, located in Champs-sur-Marne, to the east of Paris, Bouygues Immobilier and Bouygues Construction will together develop a 100,000-m^2 complex around the Noisy-Champs RER railway station, with a consortium of industrial firms including Embix, Idex, RATP, Capgemini and GE Grid Solutions. Amongst other things, the partners aim to develop a new model for energy management within a housing complex in order to reduce the carbon footprint.

INTERNATIONAL

In 2015, for the first time, Bouygues Immobilier took more than 1,000 reservations outside France. Business was particularly strong in two countries.

Poland

Bouygues Immobilier consolidated its activity in Warsaw and opened a new branch in Wroclaw.

Morocco

In 2015, Bouygues Immobilier started work on the first two phases (out of three) of Les Faubourgs d'Anfa in Casablanca, comprising 13,498 m^2 of office space and 450 apartments. The site, developed by Auda, a Moroccan subsidiary of Caisse des Dépôts et Consignations, will host Casablanca's future financial centre.

OPEN INNOVATION: MAKING THE COMPANY MORE AGILE

In 2015, Bouygues Immobilier created a specific subsidiary to invest in start-ups specialising in property development. Wholly-owned by Bouygues Immobilier, Bird (Bouygues Immobilier R&D) takes minority stakes (10-15%) in innovative companies involved in strategic activities for Bouygues Immobilier in the residential, commercial and retail property, planning and urban services segments.

Through a non-exclusive partnership, Bird will help such firms to grow while retaining their operational and commercial independence. Several investments had been made in various start-ups at 31 December 2015, including REALIZ3D (3D modelling), Lymo (the leader in property crowdfunding in France) and BePark (operator of car parks using innovative smart technology).

2.1.3.3 Bouygues Immobilier's outlook for 2016

In a residential property market which has improved significantly, Bouygues Immobilier intends to consolidate its position as an urban developer/operator in 2016 and to pursue growth in France and elsewhere. The company will draw on the drivers that have underpinned its success to date: innovation and sustainable development, technical and architectural quality, and listening to and supporting customers.

- **Residential:** innovation will be used to benefit customers by offering them a more personalised, connected, modular and sustainable living environment. The company will continue to strive to provide affordable, high-quality homes by diversifying the range of properties and products (intermediate housing, managed residences, etc.) and optimising design.
- **Commercial:** 2016 will be the year of Nextdoor, with the scheduled opening of four or five new sites in France. Bouygues Immobilier aims to test a new model for large firms, incorporating the Nextdoor approach into the design of corporate headquarters.
- **Urban planning:** the innovative UrbanEra® concept, which has already proved a success in Bordeaux (Ginko), Lyon Confluence (Hikari) and Nanterre (Cœur de Quartier), is Bouygues Immobilier's driver of growth in the development of sustainable neighbourhoods in France and abroad, offering residents an urban model and services that are innovative and eco-friendly.
- **International:** the company will continue its strategic expansion on international markets from its existing subsidiaries in Poland, Belgium and Morocco. A move into a new country should take place in 2016.

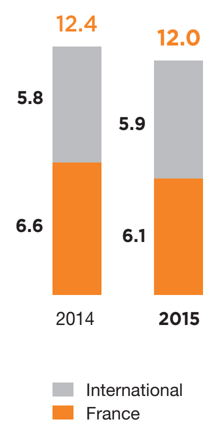
Bouygues Immobilier will implement these strategies while maintaining its current robust financial structure.

(a) As of 1 January 2016 renamed Linkcity, the new brand name for Bouygues Construction's property development subsidiaries.

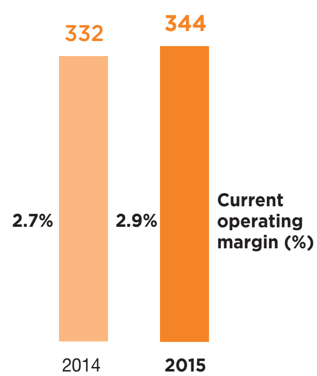
2.1.4 Colas, a world leader in transport infrastructure construction and maintenance

Colas operates in transport infrastructure construction and maintenance in over 50 countries worldwide. Completing more than 80,000 projects a year that meet the challenges of mobility, urbanisation and the environment, the group spans the full range of production and recycling activities related to most of its lines of business.

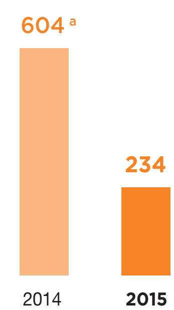
SALES
€ billion



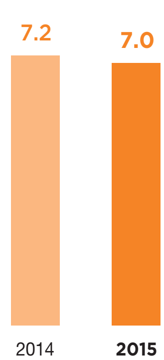
CURRENT OPERATING PROFIT
€ million



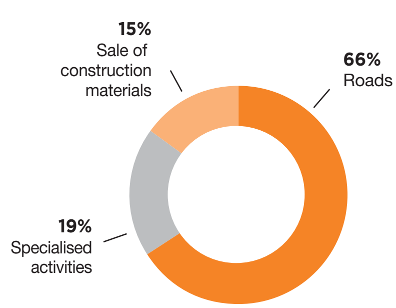
NET PROFIT ATTRIBUTABLE TO THE GROUP
€ million



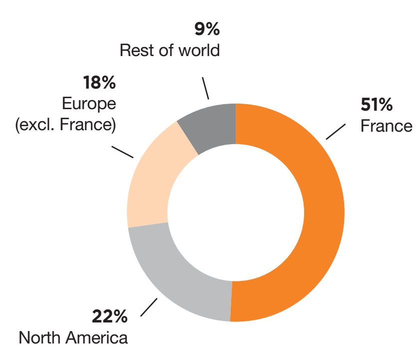
ORDER BOOK
€ billion, at end-December



SALES BY BUSINESS LINE



SALES BY REGION



(a) Including a net capital gain of €385 million on the sale of Colas' stake in Cofiroute.

CONDENSED BALANCE SHEET

Assets

at 31 December, € million	2015	2014
Property, plant and equipment and intangible assets	2,478	2,540
Goodwill	507	518
Non-current financial assets and taxes	684	630
NON-CURRENT ASSETS	**3,669**	**3,688**
Current assets	3,538	3,910
Cash and cash equivalents	848	1,044
Financial instruments[a]	18	19
CURRENT ASSETS	**4,404**	**4,973**
Held-for-sale assets and operations		
TOTAL ASSETS	**8,073**	**8,661**

Liabilities and shareholders' equity

at 31 December, € million	2015	2014
Shareholders' equity attributable to the Group	2,693	2,915
Non-controlling interests	31	30
SHAREHOLDERS' EQUITY	**2,724**	**2,945**
Non-current debt	176	208
Non-current provisions	837	837
Other non-current liabilities	73	88
NON-CURRENT LIABILITIES	**1,086**	**1,133**
Current debt	44	56
Current liabilities	4,133	4,410
Overdrafts and short-term bank borrowings	62	88
Financial instruments[a]	24	29
CURRENT LIABILITIES	**4,263**	**4,583**
Liabilities related to held-for-sale operations		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**8,073**	**8,661**
NET SURPLUS CASH	**560**	**682**

(a) Fair value of hedges of financial liabilities.

CONDENSED INCOME STATEMENT

€ million	2015	2014
SALES	**11,960**	**12,396**
Net depreciation and amortisation expense	(420)	(401)
Net charges to provisions and impairment losses	(186)	(128)
Other income and expenses	(11,010)	(11,535)
CURRENT OPERATING PROFIT	**344**	**332**
Other operating income and expenses	(95)	(67)
OPERATING PROFIT	**249**	**265**
Cost of net debt	(19)	(18)
Other financial income and expense	(2)	10
Income tax expense	(68)	(65)
Share of net profits/losses of joint-ventures and associates	78	413[a]
NET PROFIT	**238**	**605**
Net profit attributable to non-controlling interests	4	1
NET PROFIT ATTRIBUTABLE TO THE GROUP	**234**	**604**

(a) Including a net capital gain of €385 million on the sale of Colas' stake in Cofiroute.

Key figures

at 31 December 2015

EMPLOYEES
56,901

SALES
€11,960m
(-4%)

CURRENT OPERATING PROFIT
€344m
(+0.2 points)

NET PROFIT ATTRIBUTABLE TO THE GROUP
€234m
(n.m.)

ORDER BOOK
at end-December
€7.0bn
(-2%)

n.m.: not meaningful

Highlights

Major contract gains

- Contracts to resurface roads and highways in Virginia, Georgia and South Carolina (United States).
- Extension of multi-annual MAC[b] road management and maintenance contracts for Areas 12 and 14 (UK).
- Upgrade of the Wessex railway network (UK).
- Extension of the Cairo metro in Egypt.

Major projects under construction

- Elevated section and interchange for the New coastal road on Reunion Island.
- PPP road bypasses at Vichy (central France) and Troissereux, north of Paris.
- Construction and renovation of sections of Highway 63 in Alberta, Canada.
- Nîmes-Montpellier high-speed railway bypass.
- Construction of the Kelana Jaya light railway in Malaysia and Lines 3 and 6 of the Santiago metro system in Chile.

Innovation

- Launch of Wattway, a photovoltaic road surface that captures solar energy to generate power.

(b) MAC: Managing Agent Contractor

2

2.1.4.1 Profile

With 800 profit centres and 2,000 materials production units in over 50 countries around the world, Colas is a leader in transport infrastructure construction and maintenance and spans the full range of production and recycling activities associated with most of its lines of business. The group completes more than 80,000 projects each year and much of its core business is of a recurrent nature.

With nearly 57,000 employees, Colas reported sales of €12 billion in 2015, of which France accounted for 51%, Europe (excl. France) for 18%, North America for 22% and other countries for 9%.

Colas operates in all areas of transport infrastructure construction and maintenance through two main operating divisions: roads, its core business, and complementary specialised activities.

Activities

ROADS (81% OF SALES)

The roads business comprises two activities: road infrastructure construction and maintenance, and the production and sale of construction materials.

Road infrastructure construction and maintenance (66% of sales)

Each year, Colas completes around 60,000 projects worldwide involving the construction and/or maintenance of roads and motorways, airport runways, ports, industrial, logistics and commercial hubs, urban roads and amenities, reserved-lane public transport (bus lanes and tramways), recreational facilities and environmental projects. Alongside the highly seasonal roads activity (though the seasonal influence is more marked in some countries than others), Colas has a civil engineering activity spanning both small and large projects, and a marginal building activity in some regions.

Colas' business covers many small-scale contracts as well as major projects that may involve complex contractual structures such as concessions, PPP (public-private partnership), PFI (private finance initiative) or MAC/ASC (Managing Agent Contractor/Asset Support Contract). In that context, Colas sometimes takes interests, generally minority shareholdings, in companies that hold motorway, urban road or urban public transport concessions.

Production and sale of construction materials (15% of sales)

Upstream of roadbuilding, Colas produces and recycles construction materials through an extensive international network of 714 quarries and gravel pits, 129 emulsion and binder plants, 553 asphalt plants, 197 ready-mix concrete plants and two bitumen production plants (of which the Dunkirk site that will be discontinued or sold at the start of 2016). In 2015, Colas produced 95 million tonnes of aggregates, 1.8 million tonnes of emulsions and binders, 39 million tonnes of asphalt mix, 2.4 million m^3 of ready-mix concrete and one million tonnes of bitumen[a]. The world's leading producer of emulsions and asphalt mixes, Colas can also count on authorised reserves[b] of 2.6 billion tonnes of aggregates (31 years' output), plus additional potential reserves[c] of 2.1 billion tonnes.

SPECIALISED ACTIVITIES (19% OF SALES)

Colas has five specialised activities:

Railways (8% of sales)

The railways activity (Colas Rail) comprises the design and engineering of complex, large-scale projects and the construction, renewal and maintenance of rail networks (conventional and high-speed lines, trams and metro systems), covering both installations and infrastructure, including track laying and maintenance, electrification, safety and signalling systems, specific works, the manufacture of sleepers and a rail freight business. Colas Rail operates in France and abroad, mostly in the UK, but also in other countries in Europe, Asia, North Africa and South America.

Waterproofing (5% of sales)

Waterproofing (Smac) comprises the production and sale of waterproofing membranes, both in France and on international markets, and, mainly in France, the waterproofing of buildings, engineering structures and car parks, the cladding and roofing of buildings, where Smac has acknowledged expertise in projects requiring high-level technical skills, and asphalt-based road- and groundworks.

Road safety and signalling (3% of sales)

The road safety and signalling business is operated through Aximum, mainly in France, and consists in the manufacture, installation and maintenance of road safety equipment (safety barriers and traffic control equipment), road marking (production of road paint and road marking work), road signs, signals, traffic management and access control equipment (traffic lights and equipment for toll, parking lot and access control barriers).

Networks (2% of sales)

The networks business (Spac), which mainly operates in France, encompasses the installation and maintenance of large- and small-diameter pipes and pipelines for conveying fluids (oil, gas and water), including the turnkey construction of gas compression stations, and for dry networks (electricity, heating and telecommunications).

Production and sales of refined products in France (1% of sales)

The production of base oils by the Société de la Raffinerie de Dunkerque (SRD) production unit was definitively discontinued in April 2015, and the bitumen production and sales activity will either be discontinued or sold at the beginning of 2016.

(a) This figure corresponds to the bitumen output of the Kemaman plant in Malaysia.

(b) Authorised reserves correspond to the annual tonnages authorised by the government multiplied by the number of years remaining before the operating licence expires, for all the sites under the group's control. An upper limit is set on this figure according to the economically viable quantities (in number of tonnes) within the scope of the licence.

(c) Potential reserves correspond to existing tonnages not already counted as authorised reserves on sites under the group's control for which there is a reasonable likelihood of obtaining a licence. The figure is limited to 50 years' output on the assumption that a licence will be granted or an existing licence renewed.

Growth strategies and opportunities

Colas' strategy of profitable growth and responsible development is based on the following priorities:

- **strengthening and extending a durable network of profit centres around the world,** mainly by external growth, in order to establish and consolidate leading positions on local markets and take advantage of a degree of geographical diversification that helps to spread risk;
- **controlling supplies of the materials and resources it needs for its activities,** through optimised industrial integration designed to increase security and quality of supply, generate more value-added and improve competitiveness;
- **continuing to develop existing specialised activities,** which often enhance the range of products and services offered to customers, help to develop synergies and gain a foothold in new regions and markets, and enable the company to position itself on growing markets, such as railways;
- **offering extended and innovative services** by continuing to develop complex projects (PPPs, concessions, network management) that integrate all the company's technical, financial and legal skills, as well as building major projects that are complementary to its traditional core business;
- **innovating, especially by designing new products and developing new technologies,** through a research and development policy which seeks to keep pace with customers' expectations in areas such as quality, comfort, safety, protection of the environment and cost, and to design the road of the future;
- **favouring profitability over volume,** with the objective of constantly improving margins across all businesses.

Strengths and assets

Colas' main strengths are:

- **positions on long-term growth markets, given the substantial needs for transport infrastructure worldwide,** underpinned by structural factors such as population growth, urbanisation, increased global trade, lack of infrastructure in emerging countries, renewal of existing infrastructure in developed countries, mobility and environmental challenges. Colas' core business mix includes a substantial proportion of upkeep and maintenance activities that meet recurring needs and generate a large number of projects, helping to spread risk;
- **vertical integration** upstream of the production chain and a policy of controlling the supplies of materials required by its activities (aggregates, binders, asphalt mixes, ready-mix concrete and bitumen) that contribute to the group's operating performance;
- **a network of 800 profit centres and 2,000 materials production units** in over 50 countries around the world, some of them dating back over a hundred years. The density of this network is an advantage in businesses where maintaining a local presence and keeping close to customers are key success factors;
- **a decentralised organisation** with strong local roots that is flexible, responsive and adapted to market needs. Having a limited number of levels of management means that decisions can be taken at the most appropriate and effective level. Its organisational structure enables the group to react flexibly in operational terms and to adapt to changing market conditions;
- **human capital** that creates collective intelligence, with values and a passion shaped by a long common history shared by nearly 57,000 employees;
- **an innovation policy, especially in technical areas,** supported by a 2,000-strong international network comprising a Campus for Science and Techniques (CST), which is the road industry's leading private R&D centre, some 50 laboratories and 100 engineering consultancies. 2015 was marked by the launch of Wattway, the world's first photovoltaic road surface, in partnership with Ines (France's National Solar Technology Institute);
- **acknowledged technical, legal and financial skills in the execution of complex projects.** Capable of offering end-to-end services wherever it operates, including the design, construction, engineering and maintenance of major transport infrastructure projects, Colas has achieved a number of major commercial successes and is able to grasp the opportunities associated with complex types of project (concessions, PPP, PFI, MAC/ASC, etc.) that offer an optimised response to customers' needs;
- **a capacity to expand through both external and organic growth;**
- **a robust financial structure** and a capacity to generate cash flow which, as well as being advantages in tendering for certain projects, enable the Colas group to pursue further growth by continuing to invest in targeted assets.

Market position

Colas is the leader on the roads market in mainland France ahead of Eurovia (Vinci) and Eiffage Infrastructures. It is also in competition with large regional firms (Ramery, Charrier, Pigeon, NGE) and an extensive network of small and medium-sized regional and local firms. Cement makers are competitors on the markets for aggregates and ready-mix concrete. In North America, Colas competes with local, regional and national firms as well as subsidiaries of multinationals. Colas has prime positions in the roadbuilding sector in most of the other countries where it operates, its main competitors being national firms or subsidiaries of large international firms.

In its specialised activities, Colas' main competitors in France are Soprema in the waterproofing sector, and ETF (Eurovia), TSO (NGE), TGS (Alstom), and Eiffage Rail in the railways sector.

2.1.4.2 Business activity in 2015

Colas group's sales in 2015 amounted to €11,960 million, down 4% on the previous year, in a still-morose French market and a wider context of weak economic growth, or even recession in some regions where Colas has operations. Sales fell 8% in France but rose 2% on international markets. Like-for-like and at constant exchange rates, sales were down 4% on 2014.

Sales in the roads activity fell 2% as growth on international and French overseas markets was not sufficient to entirely offset the decline in mainland France. Sales in specialised activities (excluding the production and sale of refined products) increased 4%, driven by a further rise in the railways activity.

Current operating profit amounted to €344 million, compared with €332 million in 2014, and the current operating margin stood at 2.9%, compared with 2.7% in 2014. Good performances by the railways activity and nearly all roads subsidiaries on international and French overseas markets, especially in North America, Europe, Asia and French overseas departments, offset a substantial loss on the production and sale of refined products (€77 million) and a controlled decline in the contribution to operating profit of the roads activity in mainland France.

Stripping out the impact of the production and sale of refined products, the current operating margin would be 3.6%.

Non-current charges of €95 million before tax were booked during the period, mainly to take account of the consequences of the decision to discontinue the production and sale of refined oil products.

The contribution of joint ventures and associates was no longer boosted by the €385-million capital gain on the sale of the stake in Cofiroute in early 2014. The contribution amounted to €78 million in 2015, substantially more than in 2014 (excluding the capital gain on the sale of the stake in Cofiroute), thanks to an excellent performance by Tasco, the Thai subsidiary in which Colas has a 32% stake, which had an exceptionally good year.

Net profit attributable to the Group amounted to €234 million, compared with €604 million in 2014, a figure which included a €385-million capital gain on the sale of the stake in Cofiroute.

Net capital expenditure amounted to €311 million in 2015, compared with €456 million in 2014, a year in which substantial investments were made.

Colas continued to examine opportunities for acquisitions in 2015, but external growth during the year was modest. Only a small number of acquisitions were made, with a view to strengthening existing operations. The net cost of acquisitions amounted to €10 million, compared with €42 million in 2014 (excluding the sale of the stake in Cofiroute).

The financial structure remained robust, with a high level of shareholders' equity (€2.7 billion) and a net cash position of €560 million at the end of the year, compared with €682 million at end-December 2014, a figure boosted by the proceeds of the sale of the stake in Cofiroute.

Roads (2015 sales: €9,717 million)

Sales were 2% lower than in 2014 (6% lower like-for-like and at constant exchange rates).

ROADS MAINLAND FRANCE (2015 SALES: €3,982 MILLION)

Sales in 2015 fell by 11% in comparison with 2014, when they were already 13% down on the previous year. Although the decline needs to be weighted for the impact of the falling price of oil products, especially bitumen, which can be estimated at 4%, the roads market contracted again in 2015 as central government grants to local authorities continued to diminish. This was compounded by the usual slowdown at election time (elections were held for departmental councils in March and regional councils in December), and by the uncertainties generated by local government reform. The decline in activity hit all regions and turned out to be greater than expected. After falling for several years, the roads activity has returned to the same level as ten years ago. However, roads subsidiaries were able to cushion some of the impact of the fall on their operating profit by taking extensive measures to adjust to the changed situation.

Colas was involved in two ongoing large-scale projects: construction of the Nîmes-Montpellier high-speed railway bypass and the L2 Marseille bypass. The PPP Vichy bypass project was handed over at the end of December 2015. It benefits from a 15-year maintenance contract. Work on the Troissereux bypass in the Oise department north-west of Paris, which is also PPP, continued under good conditions.

ROADS EUROPE (2015 SALES: €1,674 MILLION)

Sales were close to the level in 2014 (up 1% but down 3.5% like-for-like and at constant exchange rates).

Sales in **Northern Europe** were very similar to the level in 2014 (up 1%). They were stable in the **UK,** sustained by multi-annual road and motorway maintenance contracts and the Transport for London contract, and in **Ireland.** Sales picked up in **Denmark** but fell back in **Switzerland** and **Belgium.**

Sales in **Central Europe** remained at the same level as in 2014, after strong growth driven by work on major motorway projects awarded in late 2013, helped by a mild winter, which meant that activity could continue until mid-December. In **Hungary,** work on sections of the M85 and M86 motorways neared completion and the Budapest tramway extension was handed over, but work on the M4 motorway was halted at the customer's request because European funding had been withheld. In **Slovakia,** the major R2 expressway project neared completion. In the **Czech Republic,** two sections of the D1 motorway were handed over. Sales were stable in **Poland** but **Croatia** and **Slovenia** were still in recession.

ROADS NORTH AMERICA (2015 SALES: €2,666 MILLION)

Sales rose 8% on 2014 but fell 3% like-for-like and at constant exchange rates.

In the **United States,** sales rose 13%. The roads market was boosted by the many infrastructure funding initiatives taken by certain states. Initiatives to refocus on core businesses were concluded and almost all the large-scale civil engineering projects that had run into difficulties had been completed by the end of December 2015. Although the order book was smaller, some major road and highway resurfacing contracts were gained in the latter part of the year.

In **Canada,** sales remained stable (up 1%), sustained by activity in Ontario, British Columbia, Alberta and Saskatchewan and by favourable weather throughout the country. The subsidiary in Quebec benefited from a two-year effort to transform and reorganise the company and from the Iqaluit International Airport PPP project in Nunavut.

ROADS "REST OF THE WORLD" (2015 SALES: €1,395 MILLION)

A 3% rise in sales versus 2014 (1% like-for-like and at constant exchange rates) reflected contrasting situations:

- Sales rose in **French overseas departments.** Activity fell back overall in the Caribbean-French Guiana zone because of cuts in local government funding. On **Reunion Island,** work on the New coastal road partly offset a decline in traditional building and civil works activity. Activity on **Mayotte** fell due to the lack of any large-scale projects;
- Sales in **Morocco** rose even though there were no major projects. An overall increase in sales in **West and Central Africa** masked differences from one country to another. Sales rose in **Ivory Coast,** work started on the Tchetti-Savalou and Logozouhé-Glazoué roads in **Benin,** work continued on the second northern exit road from Brazzaville in **Congo,** but sales in **Gabon** declined as a result of the falling oil price. Sales in **Southern Africa,** driven by the manufacture and sale of emulsions, fell back in a shrinking market. Sales also fell in **Madagascar,** where there has been a lack of new work to take up the slack from completed projects, and in **Mauritius** in the absence of major contracts;
- Sales rose in **Asia/Australia/New Caledonia.** In Asia, activity focuses on the production, distribution and sale of bitumen products via a network comprising a bitumen production plant in Malaysia, 25 emulsion plants and 21 bitumen depots. Sales increased in this region, driven by sustained demand: they rose sharply in **Thailand,** increased in **Vietnam** and remained stable in **India.** The Indonesian roadworks subsidiary Wasco was sold. In **Australia,** Colas consolidated its businesses (roadworks and the sale of bitumen and emulsions) in 2015. The subsidiary in **New Caledonia** had a good year.

Specialised activities (2015 sales: €2,227 million)

Sales by specialised activities, excluding the production and sale of refined products in France, amounted to €2,107 million, up 4%, with trends differing from one activity to another:

- Sales in the **Railways** business rose 12% to €1,007 million, evenly balanced between activities in mainland France and on international markets (up 8% like-for-like and at constant exchange rates). In France, the track renewal and maintenance activity held up well and rail works started on the Nîmes-Montpellier high-speed railway bypass, but there were no new tramway projects in 2015. In the UK, where sales rose again, a major contract was gained to upgrade the Wessex railway network. Work on the Kelana Jaya light railway extension in Kuala Lumpur (Malaysia) and construction of Line 2 of the Los Teques metro in Venezuela and Lines 3 and 6 of the Santiago metro in Chile continued in good conditions. Two contracts were gained for the extension of Line 3 of the Cairo metro in Egypt.
- Sales were stable in:
  - **Networks,** with sales of €196 million, virtually the same as in 2014, and a good level of activity in gas and oil transport (laying of pipelines) and energy distribution (thermal energy and power lines);
  - **Waterproofing,** with sales of €594 million, down 2% on 2014, in a still-tough building market in mainland France;
  - **Road safety and signalling,** with sales of €310 million, comparable to 2014, in a tough market.
- The **Production and sales of refined products** activity generated sales of €120 million versus €428 million in 2014. SRD halted the production of base oils in April 2015. The bitumen production activity will be halted or sold in early 2016.

Projects

Over 80,000 projects were completed or begun in 50 or so countries in 2015. The following examples illustrate the range and diversity of Colas' operations and projects.

MAINLAND FRANCE

- Construction of the Nîmes-Montpellier high-speed railway bypass, a PPP [a] project.
- Construction of the L2 Marseille bypass, a PPP [a] project.
- Construction of the Troissereux bypass, a PPP [a] project in the Oise department north-west of Paris.
- Handover of the Vichy south-west bypass, a PPP [a] project in central France.
- Construction of bypasses at Lons-le-Saunier (eastern France) and Saint-Nom-la-Bretèche (west of Paris) and the Poitiers north-west link in west central France.

(a) Public-private partnership

2

- Resurfacing of sections of the A4, A26, A28, A35 and A40 motorways.
- Extension of the Eurotunnel freight terminal at Coquelles in northern France.
- Construction of bus rapid transit (BRT) lanes at Lorient (western France), Le Mans (western France) and Gonesse (north of Paris).
- Installation of signalling and safety equipment for the L2 Marseille bypass, the Troissereux bypass and the Nîmes-Montpellier railway bypass.
- Roofing and waterproofing of la Cité du Vin in Bordeaux.
- Laying of 80 kilometres of gas pipeline for GRTgaz as part of the Arc de Dierrey and Artère des Flandres projects.

INTERNATIONAL AND FRENCH OVERSEAS DEPARTMENTS

- **Northern Europe:** upgrading and maintenance of the road network in central London under an eight-year contract and upgrading of the Wessex railway network in the UK; maintenance of a 250-kilometre road network under a five-year contract in Ireland; refurbishment of an 8.5-kilometre section of the E34 motorway in Belgium; road maintenance with the laying of low-noise surfacing materials in the canton of Freiburg (Switzerland); resurfacing of a section of the M10 motorway in Denmark.
- **Central Europe:** handover of sections of the M85 and M86 motorways and extension of Line 1 of the Budapest tramway in Hungary; resurfacing of two sections of the D1 motorway in the Czech Republic; construction of the Banovce bypass (R2 expressway) as part of a design-build contract in Slovakia.
- **United States:** refurbishment of sections of Interstates 75 in Ohio and 55 in Arkansas; construction of an interchange on Highway 220 in Clinton County, Pennsylvania; development of container hubs for port authorities in Virginia and Georgia; refurbishment of the runway at Juneau Airport in Alaska.
- **Canada:** resurfacing of runways, taxiways and access roads at Iqaluit International Airport in Nunavut (a PPP project); resurfacing of a section of Highway 73 in Quebec; construction and renovation of pavement of several sections of Highway 63 in Alberta; resurfacing of a 27-km section of Highway 93S in British Columbia.
- **South America:** construction of Line 2 of the Los Teques metro in Venezuela and Lines 3 and 6 of the Santiago metro in Chile.
- **French overseas departments:** construction of bus lanes at Fort-de-France in Martinique; construction of an interchange and an elevated section of the New coastal road on Reunion Island.
- **Africa and the Indian Ocean region:** construction of the Tangier-Kenitra high-speed rail link in Morocco; handover of the Algiers metro Line 1 extension; construction of two bridges and resurfacing of a 32-km section of road at Béoumi in Ivory Coast; construction of the Tchetti-Savalou and Logozohoué-Glazoué roads in Benin; resurfacing of the second northern exit road from Brazzaville in Congo.
- **Asia and Australia:** resurfacing of airport roads at Bangkok in Thailand; construction of the Kelana Jaya light railway extension in Kuala Lumpur in Malaysia; construction of the Nouville clinic at Nouméa in New Caledonia.

2.1.4.3 Colas' outlook for 2016

The order book at end-December 2015 stood at €7 billion, a high level albeit 2% lower than a year previously. The composition of the order book reflects the trends seen over the last two years, since orders on international and French overseas markets were 4% higher at €4.3 billion while orders in mainland France were 11% lower at €2.7 billion.

In 2016, after falling sharply for two years, sales in the roads activity in mainland France could again fall slightly and bottom out. A plan has been launched to transform the organisation and operating methods with the aim of improving operating profitability over a two-year period in a context of long-term lower volumes of business. The international roads activity and the railway activity should experience a good level of activity. Several infrastructure spending plans should produce their initial positive effects (UK, Canada and the US). The other Specialised activities (Networks, Waterproofing, Signalling) could post stable activity.

Other than that, two major events will have an impact on the group's consolidation scope:

- at the beginning of 2016, Colas will sell its bitumen storage, transport and sales subsidiaries in Vietnam, Singapore and Indonesia to its Thai subsidiary Tasco, in which it has a 32% stake, in order to boost overall synergies. The effect will be to reduce Colas' consolidated sales by around €150 million, since only Tasco's profits are consolidated as "Share of profits of joint ventures and associates".
- the production and sale of refined products activity has been discontinued. No sales are projected in 2016 (sales were €120 million in 2015). This discontinuation will help to reduce the losses from this activity significantly. Only the fixed costs of the Dunkirk unit (SRD) will continue to be booked until the redundancy plan has been adopted. Provisions or write-offs were booked at end-December 2015 to take account of the other consequences of discontinuing the activity.

On the basis of these projections and available information, and excluding external growth, sales in 2016 will probably be lower than in 2015, with a target of a continued improvement in operating profitability. Colas also intends to continue focusing on its strategic priorities, especially the expansion of its international operations and growth in the railways business, and has the necessary financial resources to fund such growth, whether organic or through acquisitions.

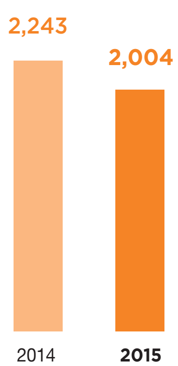
2.2 TF1, the leading* private television group in France

TF1 is an integrated media group whose mission is to inform and entertain. The TF1 group produces the leading freeview television channel in France and has adapted its offering and content to all media.

With the advertising market failing to pick up in 2015, the group pursued its strategy and the transformation of its business model.

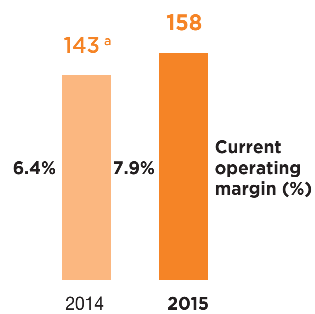
SALES

€ million



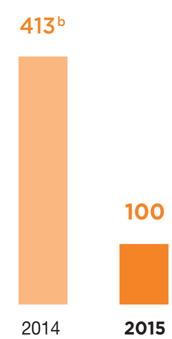
CURRENT OPERATING PROFIT

€ million



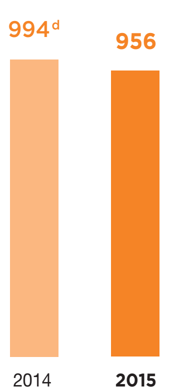
NET PROFIT ATTRIBUTABLE TO THE GROUP

€ million



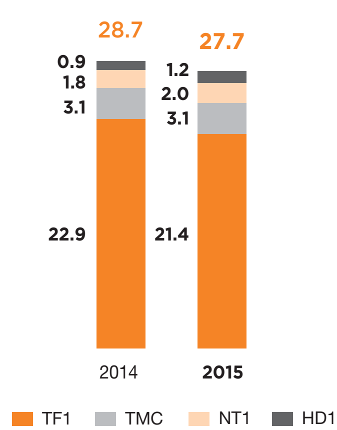
PROGRAMMING COSTS FOR THE FOUR[c] FREEVIEW CHANNELS

€ million



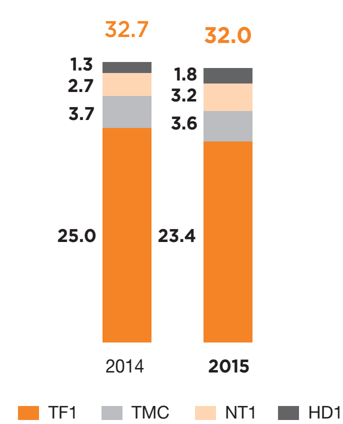
TF1 GROUP AUDIENCE SHARE[e]

%
Individuals aged 4 and over



TF1 GROUP AUDIENCE SHARE[e]

%
Women under 50 who are purchasing decision-makers



(*) Source: Médiamat by Médiamétrie, consolidated ratings at 31 December 2015. Audience: individuals aged 4 and over.
(a) Following the sale of a controlling interest in Eurosport International on 30 May 2014, TF1's remaining 49% interest has been consolidated by the equity method since 1 June 2014. The contribution from Eurosport International between 1 January and 30 May 2014 was €150m in sales and €26m in current operating profit.
(b) Including a capital gain of €300m on the sale of Eurosport International (31%) and the remeasurement of the residual interest (49%).
(c) TF1, TMC, NT1, HD1.
(d) Including €74 million related to the airing of the 2014 FIFA World Cup™ in Brazil.
(e) Source: Médiamétrie, annual average.

CONDENSED BALANCE SHEET

Assets

at 31 December, € million	2015	2014
Property, plant and equipment and intangible assets	295	284
Goodwill	433	475
Non-current financial assets and taxes	114	611
NON-CURRENT ASSETS	**842**	**1,370**
Current assets	1,669	1,853
Cash and cash equivalents	703	501
Financial instruments [a]		
CURRENT ASSETS	**2,372**	**2,354**
Held-for-sale assets and operations		
TOTAL ASSETS	**3,214**	**3,724**

Liabilities and shareholders' equity

at 31 December, € million	2015	2014
Shareholders' equity attributable to the Group	1,742	2,004
Non-controlling interests	19	36
SHAREHOLDERS' EQUITY	**1,761**	**2,040**
Non-current debt		
Non-current provisions	51	48
Other non-current liabilities	12	32
NON-CURRENT LIABILITIES	**63**	**80**
Current debt		1
Current liabilities	1,388	1,600
Overdrafts and short-term bank borrowings	2	3
Financial instruments [a]		
CURRENT LIABILITIES	**1,390**	**1,604**
Liabilities related to held-for-sale operations		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,214**	**3,724**
NET SURPLUS CASH	**701**	**497**

(a) Fair value of hedges of financial liabilities.

CONDENSED INCOME STATEMENT

€ million	2015	2014 [a]
SALES	**2,004**	**2,243**
Net depreciation and amortisation expense	(57)	(57)
Net charges to provisions and impairment losses	12	11
Other income and expenses	(1,801)	(2,054)
CURRENT OPERATING PROFIT	**158**	**143**
Other operating income and expenses	(17)	328 [b]
OPERATING PROFIT	**141**	**471**
Income from net surplus cash	1	1
Other financial income and expenses	(3)	
Income tax expense	(42)	(68)
Share of net profits/losses of joint-ventures and associates	6	15
NET PROFIT	**103**	**419**
Net profit attributable to non-controlling interests	(3)	(6)
NET PROFIT ATTRIBUTABLE TO THE GROUP	**100**	**413**

(a) Following the sale of a controlling interest in Eurosport International on 30 May 2014, TF1's remaining 49% interest has been consolidated by the equity method since 1 June 2014. The contribution from Eurosport International between 1 January and 30 May 2014 was €150m in sales and €26m in current operating profit.
(b) Including a capital gain of €328 million on the sale of Eurosport International (31%) and remeasurement of the residual interest (49%).

Key figures

at 31 December 2015

EMPLOYEES

2,887

SALES

€2,004m

(-11%)

CURRENT OPERATING PROFIT

€158m

(+10%)

Highlights

Eurosport

- Divestment of remaining 49% stake in Eurosport to Discovery Communications.

Audiovisual production

- Acquisition of a 70% stake in Newen.
- Signature of a ground-breaking partnership on international co-production with NBCUniversal International Television Production and Mediengruppe RTL Deutschland to produce original US series.

Ratings

- TF1 scored 98 out of the top 100 biggest TV audiences in 2015 (Médiamétrie).

Digital

- New version of the MYTF1 platform, bringing together TF1 group's four freeview channels.
  Launch of XTRA (exclusive digital content).

News

- In December 2015 the CSA (French broadcasting authority) approved the migration of LCI to freeview television.
- Discontinuation of the print version of *Metronews*.

2.2.1 Profile

TF1 is the leading private media group in freeview television in France. It produces four complementary freeview TV channels – TF1, TMC, NT1 and HD1 – that together claimed an average 27.7%[a] audience share in 2015.

The group as a whole is strengthening this leadership position by continuously adapting to new content consumption behaviour. TF1 has developed a powerful digital version of its television offering. It proposes exclusive digital content and VOD offers to reach all viewer segments across all platforms.

The group also produces pay-TV theme channels responding to the specific expectations of TV viewers: LCI[b], TV Breizh, Histoire, Ushuaïa TV and Serieclub.

Through this unique offering, TF1's advertising sales teams bring advertisers the possibility of combining the strong ratings of its television channels with the advantages of personal digital media. They also sell advertising space for *metronews.fr*, Les Indés Radios, a diverse range of TV channels outside the TF1 group, and a number of websites.

The TF1 group produces and distributes content related to its own broadcasting. The group has acquired a 70% stake in Newen, a major audiovisual production and distribution company in France (see 2.2.1.3), with a view to stepping up the roll-out of production and distribution internationally.

The TF1 group has also created a broad range of complementary activities in home shopping, licences, board games, music production and live shows.

As a media group, TF1 is mindful of its responsibilities and committed to high-quality dialogue with all its stakeholders, the aim being to ensure transparency and continue improving the group's practices.

2.2.1.1 Development strategy and opportunities

With the advertising market failing to pick up in 2015, the group pursued its strategy and the transformation of its business model:

Maintaining its leadership in freeview broadcasting

The group's number-one strategic objective is to maintain its leadership position in freeview television by continuing to enhance the competitive positions of all its channels on all platforms. With the commitments concerning TMC and NT1 taken with the French competition authority having come to an end in 2015, the group is now able to take better advantage of the complementary editorial and commercial fit of its four freeview channels.

Seizing growth opportunities in order to develop

The TF1 group has identified two growth drivers that will serve to strengthen its core business:

- **Content production and distribution,** by boosting the group's presence in the audiovisual rights market. In January 2016 the group completed the acquisition[c] of a 70% stake in Newen, a leading player in the sector in France, to step up the roll-out of production and distribution internationally;
- **Digital media,** with a view to rolling out its expertise across a broader scope of activities by keeping pace with changes in the sector, both in consumption habits (second screens, non-linear content) and in advertising sales and audience monetisation approaches.

In parallel to the implementation of this strategy, the TF1 group is continuously monitoring trends in its cost base.

2.2.1.2 Strengths and assets

The global offering of the TF1 group gives it robust assets:

- **a unique position in the French audiovisual sector** through its four complementary freeview channels, including TF1, a leading brand in France;
- **synergies between television and digital media** extend the reach of the brands broadcast on group channels;
- **unique exposure opportunities for advertisers** in their relationship with TV viewers and web users over all platforms;
- **recognised expertise in the production, distribution and editorial treatment** of audiovisual content;
- **expertise in content, production and distribution in France and abroad;**
- **a strong capacity to adapt and innovate;**
- **high-potential partnerships,** notably with the main private European broadcasters in the European Media Alliance[d];
- **a robust financial structure** that gives the group the means to finance its growth and profitability ambitions.

2.2.1.3 Market position

Freeview TV

In a French DTT market comprising 25 channels, the TF1 group proposes in addition to the leading channel, TF1, a multi-channel offering with TMC, NT1 and HD1. It competes with state-owned channels and private groups,

(a) Source: Médiamat by Médiamétrie, consolidated ratings at 31 December 2015. Audience: individuals aged 4 and over.
(b) Following the decision of the CSA (French broadcasting authority) in December 2015, LCI will join TF1's freeview line-up in 2016.
(c) Following the obtaining of the regulatory approvals.
(d) An initiative of ProSiebenSat, this is a media network comprised of several leading European broadcasters whose aim is to boost geographic reach and investment opportunities in the digital sphere.

including Métropole Télévision (M6, W9, 6Ter) and Canal+ group (Canal+, D8, D17).

The group remains the most powerful private player, with an audience share of 27.7% [a] at 31 December 2015 compared with 13.6% for its main private-sector rival.

In the advertising market, the TF1 group also competes against the press, radio, web, billboard and cinema media. Advertising spend is highest in television. TF1 Publicité, the TF1 group's advertising sales agency, has extended its business activities to include the press, radio and web.

Furthermore, the TF1 group is confronted with the arrival of global web players in the broadcasting sector. It is appealing to the authorities to introduce fair competition rules.

Digital

The TF1 group has rolled out its MYTF1 digital brand across all media: catch-up TV (IPTV) is used by an average 9 million unique visitors [b] a month. On average, in 2015, the TF1 group ranked fifth in terms of the time spent watching the on-line videos that it makes available to the public.

Furthermore, MYTF1VOD is the VOD platform with the widest distribution in France.

The TF1 group boasts strong presence on social media, the aim being to develop a unique relationship with its TV viewers.

Production and distribution

In 2015 the group also strengthened its position in the audiovisual content production and distribution market by acquiring a 70% stake in Newen. This acquisition was completed in January 2016. Newen delivered over 1,300 hours of programming in 2015, making it the number-one producer of drama and the number-three producer of light entertainment shows in France.

Pay-TV

In pay-TV, the TF1 group markets the theme channels Ushuaïa TV, Histoire, TV Breizh and Serieclub to operators.

To diversify its revenues, the TF1 group has established strong positions in other markets, including broadcasting rights, home shopping, video and music.

2

2.2.2 Business activity in 2015

In 2015, TF1 strengthened its position in freeview television, and obtained LCI's migration to free-to-air, despite a difficult economic and competitive environment. It continued its digital transformation and positioned itself in the production and distribution of audiovisual content with the acquisition of Newen.

2.2.2.1 Changing behaviour in a still fragmented sector

Television continues to appeal to advertisers, remaining by far the number-one media in France in terms of advertising spend in 2015 [c]. But the lack of momentum in the French economy prevented a substantial increase in value in the television advertising market, with net advertising spend rising slightly in 2015 [c].

Competition remained fierce in the television market. Boosted by their increased geographical coverage, the growing power of the six new HD DTT channels launched in December 2012 weighed on the audience share of some incumbent channels. The TF1 group confirmed its position as the leading private television group in France in 2015. Its audience share remains unrivalled, totalling 27.7% with individuals aged 4 and over [a]. The TF1 TV channel continues to rank as the undisputed leader through its powerful and event-driven programming, while the TF1 group's DTT channels made significant progress. LCI, the TF1 group's rolling news channel, will further extend the freeview offering in the first few months of 2016.

In other developments, technological advances and the resulting new uses are accelerating the growth of non-linear TV content consumption, which is increasingly multi-screen. That being so, the TF1 group continued to develop its digital presence in 2015. The new version of its MYTF1 site now groups the offering of the four freeview channels, rounded out by XTRA, a 100% digital content channel. TF1 also shored up its position in content by acquiring a 70% stake in the French production company Newen in January 2016 following approval from the regulatory authorities.

By rolling out its strategy, TF1 strengthened its positions in its markets in 2015 and opened up new avenues of development for the coming years.

2.2.2.2 Key figures in 2015

Consolidated sales hold up well in 2015 (excluding non-recurring impacts)

The TF1 group posted consolidated sales of €2,004 million in 2015, down €239 million on 2014. The decrease stemmed largely from scope effects (with the deconsolidation of Eurosport France on 31 March 2015 and the contribution of Eurosport International on 1 June 2014 following the sale of the controlling interest to Discovery Communications on 30 May 2014, together with the sale of OneCast and the discontinuation of the Stylía channel in late 2014) and from a difference in the amount of sports rights sales, with no impact on profitability.

(a) Médiamat by Médiamétrie/NNR (2015 average consolidated).
(b) Médiamétrie/NetRatings (2015 average over IPTV).
(c) Kantar Media.

Excluding these effects, TF1 sales decreased slightly, by 0.5%.

Advertising sales for the TF1 group's four channels were down slightly by 0.5% to €1,470 million. In an increasingly fragmented sector and in the absence of a substantial recovery in the television advertising market, the TF1 group harnessed its multi-channel strategy to offset the fall in sales from its long-standing TF1 TV channel through an increase in sales from the DTT channels.

It was a mixed year for TF1's other advertising businesses. The discontinuation of the print version of the *Metronews* freesheet weighed on sales, while TF1's positions in the digital sector considerably increased advertising sales from new media, and advertising sales to third parties were robust, with a rise in sales.

Sales of TF1's content business rose slightly in 2015, by 0.5%, excluding the impact of the sales of sports rights, which totalled €30 million in 2014 (2014 FIFA World Cup Brazil™) compared with €13 million in 2015 (Rugby World Cup).

The consumer services activity grew once again in 2015, with a 2.1% increase in sales. TF1 Entreprises posted a record year with a 7.8% rise in sales thanks to the success of its Board Games department, which is responsible for *Chrono Bomb* – the best seller in France in 2015 – and the *Harry Potter* exhibition, which drew 470,000 visitors. The downturn in TF1 Vidéo's physical video market (DVD, Blu-ray) has still to be offset by the digital video market, but the subsidiary succeeded in increasing sales through a new activity of "all-rights" licensing and distribution for some titles. Téléshopping recorded a decrease in the number of orders and a 4.2%-fall in sales.

The sharp contraction in sales from the group's pay-TV offer can be attributed to the deconsolidation of Eurosport International on 30 May 2014 and of Eurosport France on 31 March 2015, and to the discontinuation of the Stylía channel in late 2014.

The €8-million fall in sales of "Holding company and other" resulted from the divestment of OneCast in fourth-quarter 2014.

In 2015, 97.0% of TF1 group sales were generated in France, 2.6% in Europe (excluding France) and 0.4% in the rest of the world.

Improvement in current operating profit

After leading a major savings drive between 2008 and 2014, the TF1 group continued to play close attention to trends in its cost base.

Programming costs for the four freeview channels fell €38 million year-on-year, from €994 million in 2014 to €956 million in 2015 as a result of tight cost control and no Football World Cup.

Excluding the cost of sports events, and excluding the effects of replaced programmes, the cost of programmes rose slightly, by €3 million, amid an intense competitive environment in terms of programming. The DTT channels increased their investments in programmes through the enhanced circulation of rights between the channels, thereby strengthening their position in a fragmented sector.

Other current operating expenses (including depreciation and impairments) fell €91 million to €890 million. The decrease resulted from the aforementioned scope effects (Eurosport France, OneCast and Stylía), from the difference in the costs of rights sold (after write-backs on provisions) for the 2014 FIFA World Cup Brazil™ and the 2015 Rugby World Cup, and from the adaptation of the *Metronews* cost base.

TF1's current operating profit totalled €158 million, €15 million higher than the figure of €143 million in 2014 (of which €26 million from Eurosport International). All the sub-sectors made a positive contribution to current operating profit. Operating margin increased by 1.5 points to 7.9%, compared with 6.4% in 2014.

The TF1 group initiated a project to transform its news operations in 2015, leading notably to the discontinuation of the print version of the *Metronews* freesheet in July 2015. The resulting adaptation costs amounted to €17 million in 2015, with operating profit coming out at €141 million.

The group was in a net surplus cash position for the period. The share of companies accounted for by the equity method decreased by €9 million owing to the fall in the share of the net profit of the Eurosport group, 49%-owned by TF1 until 1 October 2015. Income tax expense declined by €26 million.

In 2014, the TF1 group booked a capital gain from the sale of Eurosport to Discovery Communications on 30 May 2014 for €300 million and from the net profit of Eurosport International for the months of January to May. Consequently, net profit fell €316 million year on year to €103 million.

Positive net cash position

At 31 December 2015, shareholders' equity attributable to the TF1 group came to €1,742 million, for total assets of €3,214 million. The group's net cash position stood at €701 million at 31 December 2015.

2.2.2.3 Business review in 2015

The benchmark television offering in France

TF1 remained the leading private-sector television group in France in 2015. It did so despite fierce competition in the freeview television market, marked in particular by increasing viewer fragmentation and competition from new, broader digital offers.

The combined audience share of the TF1 group's four freeview channels came out at 27.7% of individuals aged 4 and over, down 1 point year on year. The group held up more strongly with the target of women aged under 50 who are purchasing decision-makers, scoring a market share of 32.0%, down 0.7 points.

The TF1 TV channel confirmed its leadership in 2015 through events-driven programming that continued to appeal to a very wide range of viewers. The channel claimed 98 of the top 100 audience ratings in 2015. French drama, a genre that TF1 has successfully renewed, took 32 of the top 100 spots. The channel also set the ratings record of the year with the broadcast of the 2015 Rugby World Cup quarterfinal match between New Zealand and France, which drew 12.2 million people according to Médiamétrie. The channel achieved a 21.4% audience share with individuals aged 4 and over.

The TF1 group's DTT channels posted an excellent year. They led the DTT sector in terms of women viewers and they grew their audience share by 12% to 8.6%. TMC's audience share held steady at 3.6% and those of NT1 and HD1 increased by 0.5 points each to 3.2% and 1.8% respectively.

The TF1 group's freeview television offer will be strengthened in 2016 by the arrival of the LCI rolling news channel, with the French broadcasting authority (CSA) having approved the channel's migration to freeview DTT on 17 December 2015.

Resolutely digital television

In 2015, the TF1 group strengthened its leading multi-screen offer spanning the web, mobiles, tablets and connected TVs. Grouping the four channels as part of a unique offer, MYTF1, has broadened the content line-up, which is now rounded out by a 100% digital offer, XTRA.

Some 1.3 billion free videos were watched on TF1 group sites in 2015, up 20% on 2014. TF1 is the undisputed leader in catch-up TV (IPTV), reaching the mark of 9.8 million unique viewers in October 2015.

TF1 also took a range of initiatives in 2015, in particular launching TFOU MAX, the group's first SVOD offer for 3-12 year-olds, and e-cinema films on MYTF1VOD.

Strong success for other activities

Commercial activity for the consumer services business enjoyed positive momentum in 2015. TF1 Entreprises scored commercial successes across all of its sectors. The *Harry Potter* exhibition set a world record on visitor numbers and *Chrono Bomb* was the top-selling board game in France in 2015. While Téléshopping had a difficult year owing to a decrease in orders, TF1 Vidéo continued to develop despite the still-difficult market. The TF1 group's pay-TV offer increased its profitability by renegotiating its distribution contracts.

A committed and responsible media group

The TF1 group's social responsibility policy and the quality, exhaustiveness and transparency of its reporting in that area are aimed at strengthening dialogue with stakeholders. These efforts are also aimed at promoting trust and buy-in so as to reinforce group actions over the long term, drive competitiveness and lend impetus to the global performance of the group as a whole.

In 2015, the TF1 group rallied around COP21, bringing viewers broad coverage of the event in TF1 and LCI news bulletins and special programming on Ushuaia TV and organising conferences for its stakeholders.

In early 2016, the TF1 group won an award from RobecoSAM as the world's second most efficient media-sector company on CSR.

2.2.3 Outlook for 2016

Given the poor visibility for 2016 and the absence of any lasting improvement in the French economy, the net television advertising market is likely to remain flat.

The TF1 group will continue to keep tight control over the cost of programmes for its five freeview channels (including LCI), with the overall cost for 2016 expected to be in the region of €980 million excluding major sporting events.

In 2016, the group estimates that the amount of non-current expenses could be in the region of €50 million in its news operations (launch of LCI as a freeview channel) and in production (integration of Newen Studios).

During 2016, the TF1 group will continue to evolve the business model of its channels, accelerate digital transformation across all its business areas, and implement the migration of the LCI news channel to freeview. The acquisition of Newen Studios will boost the group's efforts to explore new opportunities for development in production and content.

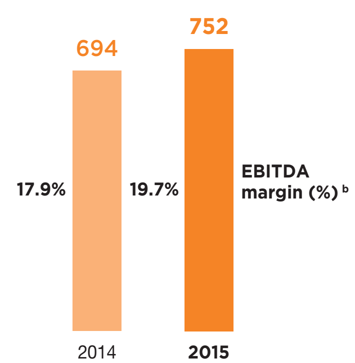
2.3 Bouygues Telecom, an operator at the hub of its customers' digital lives

A major player in the French electronic communications market, Bouygues Telecom is committed to delivering the best possible digital experience for everyone by developing uses.

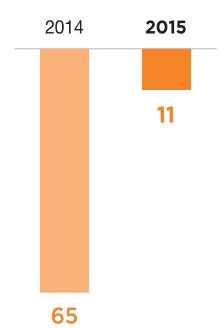
Bouygues Telecom has successfully undergone an in-depth transformation. Building on strong sales momentum and a new business model, the company is back on the path to sustained growth.

SALES
€ million

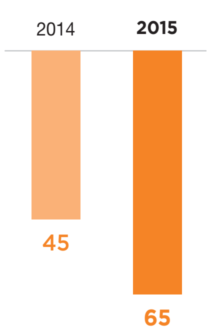
EBITDA [a]
€ million



CURRENT OPERATING LOSS
€ million

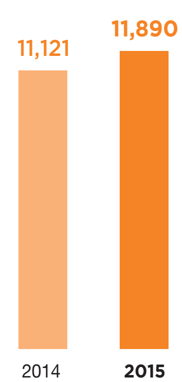


NET LOSS ATTRIBUTABLE TO THE GROUP
€ million



FIXED BROADBAND CUSTOMERS
'000 at end-December

MOBILE CUSTOMERS
'000 at end-December



(a) EBITDA = current operating profit + net depreciation and amortisation expense + net provisions and impairment losses – reversals of unutilised provisions and impairment losses.
(b) The EBITDA margin is calculated using sales from network

CONDENSED BALANCE SHEET

Assets

at 31 December, € million	2015	2014
Property, plant and equipment and intangible assets	4,903	4,518
Goodwill	5	5
Non-current financial assets and taxes	38	28
NON-CURRENT ASSETS	**4,946**	**4,551**
Current assets	1,251	1,234
Cash and cash equivalents	19	59
Financial instruments [a]		
CURRENT ASSETS	**1,270**	**1,293**
Held-for-sale assets and operations		
TOTAL ASSETS	**6,216**	**5,844**

Liabilities and shareholders' equity

at 31 December, € million	2015	2014
Shareholders' equity attributable to the Group	2,760	2,815
Non-controlling interests		
SHAREHOLDERS' EQUITY	**2,760**	**2,815**
Non-current debt	876	752
Non-current provisions	258	364
Other non-current liabilities		22
NON-CURRENT LIABILITIES	**1,134**	**1,138**
Current debt	33	25
Current liabilities	2,289	1,819
Overdrafts and short-term bank borrowings		47
Financial instruments [a]		
CURRENT LIABILITIES	**2,322**	**1,891**
Liabilities related to held-for-sale operations		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,216**	**5,844**
NET DEBT	**(890)**	**(765)**

(a) Fair value of hedges of financial liabilities

CONDENSED INCOME STATEMENT

€ million	2015	2014
SALES	**4,505**	**4,432**
Net depreciation and amortisation expense	(773)	(773)
Net charges to provisions and impairment losses	(2)	(7)
Other income and expenses	(3,741)	(3,717)
CURRENT OPERATING PROFIT/(LOSS)	**(11)**	**(65)**
Other operating income and expenses	(123)	3
OPERATING PROFIT/(LOSS)	**(134)**	**(62)**
Cost of net debt	(8)	(8)
Other financial income and expenses	(8)	(6)
Income tax charge	51	33
Share of net profits/losses of joint-ventures and associates	34	(2)
NET PROFIT/(LOSS)	**(65)**	**(45)**
Net profit attributable to non-controlling interests		
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**(65)**	**(45)**

Key figures

at 31 December 2015

EMPLOYEES
7,947

SALES
€4,505m
(+2%)

EBITDA
€752m
(+8%)

CUSTOMERS
14.7m

2

Highlights

January
- Enhancement of Sensation plans with a choice of one of four bonus services (Spotify Premium, CanalPlay Start, unlimited B.TV [a] or Gameloft).

March
- Commercial launch of Bbox Miami.

June
- Creation of Telefonica Global Solutions France, a joint venture between Bouygues Telecom Entreprises and Telefonica to provide telecommunications services to multinationals.

November
- Acquisition of a 5 MHz block in the 700 MHz frequency band.

(a) Television on mobile handsets and on tablets

2.3.1 Profile

Since it was founded, Bouygues Telecom has kept pace with the needs of its customers and innovated to enhance their digital experience by offering solutions adapted to the many new ways people use mobile and fixed services.

After inventing the mobile call plan in 1996, Bouygues Telecom launched the first unlimited call plans with Neo in 2006. In 2011, Bouygues Telecom introduced B&YOU, the market's first SIM-only/Web-only service with no minimum term. Bouygues Telecom upgraded its infrastructure in 2011 and launched the first nationwide 4G network in France in 2013 to prepare for the explosion in mobile data demand and ensure a high-quality customer experience – a decisive factor in consumer choice. In November 2014 Bouygues Telecom radically streamlined its range of mobile plans and now offers its customers automatic upgrades as soon as a new service becomes available.

In order to become a convergent operator, Bouygues Telecom acquired its own fixed network in 2008. In 2009, Bouygues Telecom invented the market's first quadruple-play offer (fixed and mobile telephony, internet and television), branded "Tout-en-un ideo", and in 2010 launched Bbox Fibre, its first very-high-speed offering on the Numericable-SFR cable network. In 2014, Bouygues Telecom introduced ground-breaking pricing, launching a triple-play broadband offer for €19.99 per month to accelerate its growth in the fixed market. In 2015, Bouygues Telecom launched the Bbox Miami, the first TV box in partnership with Google, which combines the wealth of traditional TV content with the world of the web thanks to its Android operating system. 2015 also saw the release of a very-high-speed offering on Bouygues Telecom's own Fibre-to-the-Home (FTTH) network.

Bouygues Telecom is also a founding member of the LoRa (Long Range) Alliance, which was formed to promote this technology and standardise it around the world for the Internet of Things. Bouygues Telecom is rolling out a LoRa network that will cover most of France by the first half of 2016. The network is being trialled by a host of companies in areas such as logistics and energy monitoring.

2.3.1.1 Market position

In a French mobile market[a] that totalled 80 million customers at end-2015, Bouygues Telecom was in third position with 11.9 million customers, behind Orange and Numericable-SFR, but ahead of Free Mobile and the MVNOs[b]. Bouygues Telecom had a 14.9% share of the mobile market at end-2015, 0.5 points higher than at end-2014.

In a French fixed broadband market[a] with 26.9 million customers at end-2015, Bouygues Telecom ranked fourth with 2.8 million customers, behind Orange, Iliad and Numericable-SFR. Bouygues Telecom had 10.4% of the French fixed broadband market at end-2015, 1 point more than at end-2014, and a 9.5% share of the very-high-speed market at end-2015.

Bouygues Telecom only operates in mainland France.

2.3.1.2 Development strategy and opportunities

Bouygues Telecom has positioned itself as the dependable operator that helps people to take full advantage of digital technologies, with a three-pronged strategy:

Creating value by developing mobile data uses

Bouygues Telecom's excellent nationwide 4G network provides the company with a lasting competitive edge that sets it apart in a fiercely competitive market. On the back of a 4G network that covers 75% of the French population, Bouygues Telecom continues to roll out new base stations and is targeting 4G coverage of 82% at end-2016 and 99% in 2018, essentially via the network-sharing agreement with Numericable-SFR. Together with the rollout of new base stations, Bouygues Telecom has increased the density of its mobile network by aggregating two and three frequency bands to offer its customers speeds of up to nearly 300 Mbit/s. Bouygues Telecom can accommodate customers' growing mobile data usage due to its wide range of frequency bands, which account for 25% of the spectrum available in France.

Bouygues Telecom's high-quality network and enhanced products and services enable the company to attract customers who are potentially high mobile data consumers and support them as they develop their uses. Growing numbers of customers are purchasing mobile data top-ups, meaning that value is now beginning to be unlocked from this increased data usage.

Pursuing growth in the fixed business by widening access to broadband and very-high-speed services to as many people as possible

In a bid to accelerate growth in the fixed market, Bouygues Telecom has been marketing high-quality broadband offers at very competitive prices since 2014. In 2015, Bouygues Telecom launched an attractively priced FTTH offer to establish a presence in this market. In order to increase the number of households eligible for these ground-breaking low rates, Bouygues Telecom has stepped up the development of its directly-owned fixed infrastructure.

Developing Business and Corporate as well as Internet of Things[c] services

The business segment is a key avenue of growth for Bouygues Telecom. The Bouygues Telecom Entreprises customer base has risen considerably since the launch of the 4G network and the expansion of innovative fixed broadband products and services.

Bouygues Telecom also aims to support the development of the Internet of Things (IoT) by deploying a Long Range (LoRa) network, which will cover 50% of France by the first half of 2016 and be completed by the end of the year, and by creating a subsidiary called Objenious to market services to businesses.

(a) Most recent data published by Arcep (French telecommunications regulator). Scope: "Mainland France" for the mobile market. "Mainland France and French overseas departments" for fixed broadband (including very-high-speed). Very-high-speed subscriptions are those with a peak download speed of 30 Mbit/s or more (Arcep definition).
(b) Mobile Virtual Network Operators.
(c) The Internet of Things is a network that transmits data between connected devices via the internet.

2.3.1.3 Strengths and assets

Bouygues Telecom boasts an array of strengths and assets:

A customer base of 14.7 million

Bouygues Telecom had 11.9 million mobile customers at end-2015 and 2.8 million on the fixed broadband and very-high-speed market.

High-performance mobile and fixed networks acclaimed for their quality

With over 15,000 sites, Bouygues Telecom offers its customers coverage with its directly-owned network that reaches:

- 99% of the French population in 2G;
- 97% of the French population in 3G+;
- 75% of the French population in 4G.

Consumer perception surveys of mobile networks such as nPerf and 4Gmark regularly rank Bouygues Telecom in first place in France for download speeds and the overall user experience[a].

In broadband, Bouygues Telecom is able to market its offers to all telephone lines eligible for broadband, which include 16.1 million households via its own directly-owned network. In the very-high-speed segment, Bouygues Telecom stepped up the rollout of its FTTH network, covering 1.5 million connections marketed at end-2015. Under an agreement with Numericable-SFR, Bouygues Telecom can potentially reach 7 to 8 million households eligible for FTTLA (Fibre To The Last Amplifier).

Access to a wide frequency spectrum

At end-2015, Bouygues Telecom had access to frequencies in a number of different bands (700, 800, 900, 1800, 2100 and 2600 MHz).

Bouygues Telecom has invested around €2 billion in accessing regulated frequencies, thereby gaining a long-term competitive advantage to keep pace with the explosion in its customers' mobile data consumption. Thanks to this wide range of frequency bands and the technology underpinning its network infrastructure, Bouygues Telecom has been able to aggregate its various frequency bands to offer even faster speeds and improved quality of service.

Unique positioning

Building on its "#NosClientsDabord" ("Customer First") strategy, Bouygues Telecom is the only operator in the market to boast a positioning which favours existing customers by rewarding their loyalty through a range of initiatives, including automatic upgrades to mobile plans for all subscribers, promotional offers for customers and the creation of a "Customer Committee".

Attractive mobile and fixed services

Bouygues Telecom simplified its range of mobile plans in 2014, offering seven plans either with or without a phone. All customers enjoy automatic upgrades to their plans as soon as a new service becomes available, with no obligation to sign up to a new contract and at no extra cost.

Bouygues Telecom offers a competitive line of fixed services while continuing to deliver superior quality. Released in 2015, Bouygues Telecom's fixed broadband package is the lowest-priced service in the market.

All-new distribution and support network for an enhanced customer experience

Bouygues Telecom provides all its customers with daily support through an excellent customer relations service that includes 4,500 customer and sales advisers, 544 Club Bouygues Telecom stores, a website, social media and on-line assistants.

In 2015 Bouygues Telecom rolled out an omni-channel digital platform called Salesforce, the global leader in customer relationship management products, and introduced a new store concept to streamline the purchasing process and improve the customer experience

Strong capability to adapt

To meet the challenges of market upheaval and improve its competitiveness in a market with four operators, Bouygues Telecom has adapted swiftly to the new landscape and transformed its business model for increased agility.

(a) Best mobile network in mobile internet connection rankings in mainland France (nPerf survey for Q1 2015, Q2 2015 and Q3 2015) and best download speed for 4G users in the 15 largest cities (4Gmark survey Q2 2015 and Q3 2015).

2.3.2 Business activity in 2015

Bouygues Telecom successfully continued its aggressive strategy in the mobile and fixed segments in 2015 while pursuing its in-depth transformation. These efforts flowed through to solid commercial performance and improved financial results.

2.3.2.1 Business review

The French mobile[a] and fixed broadband[b] market

The French telecommunications market has experienced sweeping change for a number of years, impacted by several underlying trends. These trends were confirmed by events in 2015, especially:

- Increased competitive pressure in both the mobile and fixed segments, coupled with a surge in promotional offers;
- Growing appeal of very-high-speed fixed and mobile services as customers increasingly access video and content on demand at home and on the move. This usage has been boosted by new types of content such as Netflix and the growth of 4G and FTTH, together with the inclusion of new services in mobile plans (larger data allowances, cloud computing, roaming[c], etc.);
- Customer handset purchase behaviour changed as SIM-only sales rose sharply and new ways of financing handset purchases emerged (pre-owned phone market, consumer loans, etc.);
- Sales at third-party distribution channels declined as web-only sales gathered pace.

The French mobile phone market totalled 69.5 million SIM cards, excluding machine-to-machine[d] SIM cards, and continued to expand in 2015, increasing by 0.7% compared with 2014. Growth was driven by the 4.2% rise in the number of plan customers. The prepaid market contracted by a further 14.2% in 2015 compared with 2014.

Machine-to-machine SIM cards numbered 10.5 million, a sharp increase of 27.8% compared with 2014.

Mobile Virtual Network Operators (MVNOs) accounted for 9.2% of the total mainland France subscriber base (including MtoM) versus 9.4% in 2014.

The number of fixed broadband and very-high-speed subscriptions reached 26.9 million at end-2015, representing net growth of 894,000 subscriptions year-on-year (up 3.4%), driven by the marked increase in very-high-speed subscriptions[e], which rose by 43.8%.

Bouygues Telecom's commercial results in the mobile market

Bouygues Telecom's mobile business regained momentum in 2015 and its customer base continued to rapidly transition to 4G. Bouygues Telecom's high-quality 4G network, enhanced products and services and new positioning have enabled the company to attract customers who are potentially heavy mobile data users and at the same time reduce churn rates among existing customers.

MOBILE SERVICES

Bouygues Telecom enhanced its mobile products and services in 2015 in a bid to help customers to develop their usage and boost loyalty. In early 2015, all customers on Sensation 3GB plans and above were offered a choice of four bonus services – Spotify Premium, Gameloft, CanalPlay Start and unlimited B.TV (television on mobile handsets and on tablets). Bouygues Telecom's entire mobile customer base also enjoyed several weekends of unlimited free mobile internet so they could enjoy the full range of the company's 4G services.

In October 2013, Bouygues Telecom was the first operator to roll out a nationwide 4G network. The company boosted 4G coverage in 2015 to offer 4G+ services at faster speeds. This was achieved by aggregating three frequency bands to deliver unparalleled mobile internet speeds of up to nearly 300 Mbit/s. Boosted 4G services are available in Chartres and Lyon and will be extended to Paris and surrounding areas in 2016 as well as cities with populations of more than 400,000.

FREQUENCIES

Bouygues Telecom is also consolidating its lead in mobile internet services for the years ahead by accessing a wider frequency spectrum. Following the French government's auction of frequencies in the 700 MHz band in late 2015, Bouygues Telecom was awarded a block of 5 MHz.

COMMERCIAL PERFORMANCE

Mobile customers

Bouygues Telecom's mobile customer base grew by 769,000 customers in 2015 to 11.9 million customers, compared with a loss of 23,000 customers in 2014. Bouygues Telecom gained 504,000 more mobile plan customers excluding MtoM in the full-year 2015, compared with an increase of 177,000 customers in fourth quarter.

4G proves a success

At end-2015, Bouygues Telecom had 5.1 million active 4G customers[f], representing 51% of its mobile customer base excluding MtoM.

Since the launch of 4G, Bouygues Telecom's customers have developed new mobile internet use patterns. Mobile customers (excluding MtoM) consumed an average of 1.4GB of data per month in the fourth quarter of 2015, compared with 0.9GB in the year-earlier period, and active 4G customers consumed an average of 2.5GB of data per month. Bouygues Telecom's customers are the biggest consumers of mobile data in France. Bouygues Telecom carries 26%[a] of all mobile internet traffic (3G and 4G) in France, equivalent to nearly double its share of the mobile market.

In addition, nearly 30% of 4G customers on 3GB plans use their entire monthly data allowance and growing numbers of them buy top-ups

(a) Most recent data published by Arcep for mainland France.
(b) Includes fixed broadband and very-high-speed subscriptions. Most recent data published by Arcep.
(c) The possibility for mobile phone or internet customers (roaming subscribers) to automatically use another operator's network when they travel to another country.
(d) Machine-to-Machine: a technology that allows the exchange of data between devices fitted with a SIM card and an IT server.
(e) Very-high-speed subscriptions are those with a peak download speed of 30 Mbit/s or more.
(f) Customers having used the 4G network during the last three months (Arcep definition).

(1GB for €5). Monthly sales of top-ups rose from 160,000 at end-2014 to around 500,000 at end-2015.

MVNOs

There were 2.6 million active MVNO customers[b] on the Bouygues Telecom network at end-2015, 400,000 more than at end-2014. The increase was mainly due to the agreements concluded between Bouygues Telecom and Lebara Mobile and Lycamobile, MVNOs that target individuals looking for attractively-priced international calling.

Bouygues Telecom's commercial results in the fixed broadband market

Bouygues Telecom continued to grow in the fixed broadband market in 2015 by offering high-quality services at attractive prices.

FIXED BROADBAND SERVICES

Launched in 2014, the Bbox triple-play broadband offer priced at €19.99 per month continued to prove hugely popular. It includes all the basic services – phone, internet and television – at a very attractive price.

In another technological breakthrough, Bouygues Telecom rolled out Bbox Miami in early 2015 to meet customers' growing appetite for video and content on demand. Combining the very best of TV and the web with a single Android interface (Google's mobile operating system), Bbox Miami was designed with an ecosystem of partners (IfeelSmart, iWedia, Marvell, Spidéo and Google) to offer the best customer TV viewing experience. This TV box is competitively priced at €25.99 per month and is compatible with FTTH technology. It provides speeds of up to 1 Gb/s and enables subscribers to surf the net, download at ultra-fast speeds, watch TV in high definition and enjoy a multitude of services at optimal quality, all at the same time.

FASTER ROLLOUT OF THE DIRECTLY-OWNED NETWORK

Bouygues Telecom stepped up the rollout of its directly-owned fixed infrastructure – ADSL and FTTH – in order to provide services to as many households as possible at highly competitive prices and increase its share of the broadband and very-high-speed market.

- Bouygues Telecom's directly-owned ADSL network covered 16.1 million households at end-December 2015 via more than 1,500 central offices, compared to 700 at end-2014.
- In the very-high-speed market, the company concluded co-investment agreements with Orange and Numericable-SFR concerning the rollout of optical fibre in Very Dense and Less Dense areas, reaching a total of 6.5 million connections. At end-2015, Bouygues Telecom's directly-owned unbundled FTTH network covered 1.5 million connections, allowing customers to access speeds of up to 1Gb/s. In 2013, Bouygues Telecom started to include VDSL2 in its fixed broadband offers at no extra cost, delivering theoretical download speeds of up to 100 Mbit/s. VDSL2 enables Bouygues Telecom to further expand its very-high-speed coverage in France.

To offer very-high-speed services to as many customers as possible, Bouygues Telecom also has access to the Numericable-SFR network, covering a potential 7-8 million households and offering speeds of up to 200 Mbit/s.

COMMERCIAL PERFORMANCE

For the past two years, Bouygues Telecom has consistently performed well in the fixed broadband market, posting average net quarterly growth of 97,000 customers. Bouygues Telecom accounted for 40.3% of total net growth of the French fixed broadband market in 2015, attracting 360,000 new customers.

Bouygues Telecom had 2.8 million fixed broadband customers at end-December 2015, including 406,000 very-high-speed customers, representing 14.6% of its base. Bouygues Telecom's FTTH customers numbered 39,000, reflecting the market launch of the FTTH offer in mid-2015.

2

Development of new growth opportunities

INTERNET OF THINGS

Bouygues Telecom is a founding member of the LoRa Alliance, which includes more than 140 members from around the world. Already being deployed by market leaders in many countries, Long Range (LoRa) technology is globally recognised as the most advanced technology for Internet of Things applications. Bouygues Telecom currently deploys a LoRa network that will cover most of France by the end of 2016. Objenious, a Bouygues Telecom subsidiary, will soon market a catalogue of products and services aimed at businesses for a variety of uses such as the geolocation of things, predictive maintenance and energy monitoring.

BUSINESS AND CORPORATE SERVICES

Bouygues Telecom's business and corporate activity has developed into a particularly dynamic growth driver since the launch of 4G. Combining a high-quality network with innovative products and services, Bouygues Telecom Entreprises has been growing strongly for more than two years. In 2015, Bouygues Telecom Entreprises saw its mobile business customer base increase by 19% and its fixed business customer base grow by 23%.

In June 2015, Bouygues Telecom Entreprises was the first operator to offer its fixed services via 4G. The 4G Access Router solution lets businesses quickly access a very-high-speed internet connection with quality comparable to a Fibre-to-the-Office (FTTO) solution. The 4G Access Router also provides very-high-speed access to a company's Virtual Private Network (VPN) and serves as a back-up for fixed fibre or DSL connections. As part of its digital transformation, the Société Générale bank has equipped more than 3,000 of its branches with Bouygues Telecom Entreprises 4G Access Routers, giving it the benefits of secure very-high-speed access and fast installation.

As part of Bouygues Telecom's strategic partnership with Telefonica since 2012, Telefonica Global Solutions France was created in 2015 to serve the market for multinational companies. The new joint venture integrates the sales and marketing teams of the two operators in order to provide best-in-breed telecommunications services to multinationals. It will leverage

(a) Data consumed on mobile networks published by Arcep in Q3 2015 and Bouygues Telecom data for Q3 2015.
(b) Estimate of the MVNO active customer base: customers who made at least one outgoing call in the previous month.

Bouygues Telecom's high-performance 4G network and quality of service in France and Telefonica's innovation prowess and global presence. French companies operating in other countries and multinationals in France can access comprehensive, personalised phone solutions (mobile, fixed, mobile internet, collaboration tools and enhanced digital services).

Bouygues Telecom had two million business and corporate customers for its fixed and mobile services at end-2015.

2.3.2.2 Financial review

Bouygues Telecom improved its financial results in 2015 by delivering robust commercial performance and transforming its business model. For the first year since 2010, Bouygues Telecom's total sales and EBITDA[a] were both up on the previous year's figures.

Bouygues Telecom's ongoing transformation

Bouygues Telecom embarked on an in-depth transformation plan in 2012 to adjust the company's cost structure to declining value in the market and return the company to a more agile business model in order to meet customer needs even more effectively. Actions to speed up Bouygues Telecom's transformation in 2015 included:

- reducing the workforce by 1,362 employees in the company's support functions. This was finalised in early 2015 through a voluntary redundancy scheme;
- migrating the entire mobile customer base to new plans (seven plans remain in the range), simplifying business operations and improving customer service;
- setting up an omni-channel digital platform with Salesforce, the global leader in customer relationship management products, to streamline the purchasing process and unify information, regardless of the chosen point of contact;
- launch of a programme to modernise the network of stores for a more welcoming customer experience and a streamlined purchasing process, which should be completed in 2017;
- opening the first shared network zones. Numericable-SFR and Bouygues Telecom are sharing a portion of their mobile access network infrastructure across an area covering 57% of the population (excluding Very Dense areas).

This will enable both operators to provide their respective customers with better coverage outside and inside buildings, as well as better quality of service while generating significant savings;

- rolling out a new logo and a new tagline – "We Love Technology" – to underscore Bouygues Telecom's renewal.

As a result of Bouygues Telecom's major efforts to streamline, improve and simplify the company, the cost reduction plan unveiled in early 2014, which was expected to generate €300 million in cost savings in 2016 compared with end-2013 (operating and marketing costs excluding taxes and fees), should now deliver at least €400 million in cost savings in 2016.

Financial results

Bouygues Telecom reported sales of €4,505 million in 2015, 2% higher than in 2014.

Sales from network amounted to €3,825 million in 2015, down 1% versus 2014, due to the impact of the end of repricing the customer base in the first half of 2015. Sales from network returned to growth in the second half of 2015, buoyed by an increase in the number of customers and stabilisation of mobile Average Revenue Per User[b] (ARPU), which stands at €22.8.

Fixed broadband ARPU[c] amounted to €28.10 per customer per month in the fourth quarter of 2015, down 5% on the year-earlier period. This decline was linked to the growing popularity among the customer base of the new Bbox broadband range priced at €19.99 per month.

As expected, EBITDA stood at €752 million in 2015, €58 million higher than in 2014. This increase was due to efforts to radically streamline the company, savings partly achieved out of the €400 million in cost savings expected in 2016 compared with 2013 and the emergence of a more agile, efficient business model.

The current operating loss amounted to €11 million, an improvement of €54 million compared with 2014.

The operating loss stood at €134 million, compared with a loss of €62 million in 2014, after factoring in non-current charges of €123 million, essentially related to the rollout of network sharing with Numericable-SFR.

The year ended with a consolidated net loss attributable to the group of €65 million, compared with a consolidated net loss of €45 million in 2014.

Consolidated capital expenditure amounted to €1,289 million in 2015. This was up €605 million on 2014 due to the acquisition of a block of 700 MHz frequencies in 2015 for €467 million. Stripping out these frequencies, capital expenditure was €822 million, up €138 million versus 2014. The main items were the rollout of the 4G network, continued expansion of the 3G network, the rollout of the fixed ADSL and FTTH network, and home gateways for new customers.

Free cash flow excluding frequencies was (€125) million down €263 million versus 2014. This expected decline was due to a tough comparison base resulting from the exceptional items of 2014. Total net debt stood at €890 million at end-2015, compared with €765 million at end-2014.

(a) EBITDA = current operating profit + net depreciation and amortisation expense + net provisions and impairment losses - reversals of unutilised provisions and impairment losses.
(b) Quarterly ARPU, adjusted on a monthly basis, excluding Machine-to-Machine SIM cards and free SIM cards.
(c) Quarterly ARPU, adjusted on a monthly basis, excluding business customers.

2.3.3 Outlook for 2016

Bouygues Telecom's aggressive strategy and the in-depth transformation of its business model delivered, as expected, the first positive results in 2015. The company achieved a good commercial performance in the mobile and fixed broadband segments, and it started to see the first signs of monetisation of mobile data. Furthermore, both sales and EBITDA increased in 2015.

In these conditions, Bouygues Telecom confirms its target of a return to long-term growth in sales and profits.

It aims to gain an additional 1 million mobile customers and 1 million fixed broadband customers by end-2017 compared to 2014 and is targeting an EBITDA margin [a] of 25% for end-2017 and of 35% in the longer term.

In 2016, the plan to save at least €400 million (versus end-2013) should have a full effect and capital expenditure should be between €750 and €800 million.

2

(a) The EBITDA margin is calculated on sales from network.

2.4 Bouygues SA

As the parent company of an industrial group, Bouygues SA focuses mainly on the development of the Group's various business segments. It is the place where decisions are taken that determine the Group's activities and the allocation of its financial resources.

Key figures
at 31 December 2015

EMPLOYEES
173

SALES
€73m

OPERATING LOSS
€27m

NET PROFIT
€845m

2.4.1 Internal control – Risk management – Compliance

From its inception, the Bouygues group has made risk management one of the cornerstones of its corporate culture because its founder had a highly innovative vision of the construction business, the Group's first activity.

Today Bouygues SA, the Group's parent company, regards internal control, risk management and compliance as being among its core missions. Many actions have been taken in each of the five business segments over a number of years, on the parent company's initiative and under its supervision. They are organised around three strands: an Internal Control Reference Manual, self-assessment of the implementation of the core principles of this reference manual, and identification and monitoring of major risks.

In accordance with the Group's Code of Ethics, compliance is one of the key objectives of these three policies. In close cooperation with its business segments, Bouygues SA has drawn up compliance programmes relating to: competition, anti-corruption, financial information and securities trading, and conflicts of interest. The programmes were approved by the Board of Directors in January 2014 and have been widely distributed around the Group.

A description of the Group's internal control and risk management system is given in the Report by the Chairman of the Board of Directors in chapter 5, section 5.2.2, of this document.

2.4.2 Management

Bouygues SA pays particular attention to management of the Group, taking steps to encourage exchanges and share experience between support structures and business segments, motivate staff and develop team spirit within the Group. The main actions in this sphere in 2015 are described in chapter 3 "Human resources, environmental and social information" of this document.

2.4.3 Employee share ownership

Bouygues is convinced that it is important to give employees a stake in the Group because they play a key role in its success. For that reason, the company has implemented a dynamic employee share ownership policy. For example, in August 2015 Bouygues' Board of Directors approved a new capital increase reserved for employees. The leveraged scheme, called Bouygues Confiance 7, ended successfully on 29 December 2015; 26.04% of those eligible subscribed, representing 17,849 employees. Details of the operation are given in the Board of Directors' and Auditors' supplementary reports in chapter 6, section 6.2.2, of this document.

At 31 December 2015, Group employees owned 21.44% of the share capital of Bouygues and held 28.64% of its voting rights, through a number of employee share ownership funds, thus making Bouygues the CAC 40 company with the highest level of employee share ownership.

Since 1995, two representatives of employee shareholders have had seats on Bouygues' Board of Directors.

2.4.4 The shareholding in Alstom

Alstom completed the sale of its Energy activities to General Electric on 2 November 2015.

At their meeting on 18 December 2015, Alstom's shareholders approved the distribution of about €3.2 billion to shareholders through a public share buy-back offer on a maximum of 91.5 million shares at a unit price of €35, the repurchased shares then being cancelled.

On 28 January 2016, Alstom announced the results of its public share buy-back offer. Within the scope of this operation, Alstom repurchased 28.46 million Alstom shares held by Bouygues at a price of €35 per share, for a total amount of €996 million. After the repurchase, the Bouygues group therefore held 62.1 million shares representing 28.3% of Alstom's capital, compared with 29.2% at 31 December 2015.

On a proposal from Bouygues, Alstom's shareholders' meeting on 18 December 2015 also approved the appointment of Mr. Olivier Bourges, Group General Counsel, PSA, as a director recommended by the French government.

On 22 June 2014, Bouygues concluded an agreement with the French government giving the latter an option to acquire up to 20% of Alstom's capital from Bouygues under certain conditions. On 4 February 2016, under the terms of this agreement, Bouygues loaned the French government 20% of Alstom's capital and voting rights.

Further information is given in sections 2.5 and 6.1.3.2 of this document.

2.4.5 Services rendered to business segments

As well as being responsible for the overall management of the Group, Bouygues SA provides a range of general and expert services to the Group's business segments in areas such as finance, communication, sustainable development, patronage, new technologies, insurance, legal affairs and human resources. For that purpose, Bouygues SA and the main Group companies conclude annual agreements under which each business segment can call on general and expert services as necessary.

The amounts invoiced for such services in 2015 are shown in Financial flows below and in the Auditors' report on regulated agreements in chapter 8, section 8.3.1, of this document.

2.4.6 Financial flows

In 2015, Bouygues SA received dividends totalling €981 million from its subsidiaries as follows:

- Bouygues Construction €253m
- Bouygues Immobilier €102m
- Colas €486m
- TF1 €138m
- Other €2m

In 2015, Bouygues SA invoiced its business segments the following amounts under service agreements:

- Bouygues Construction €15.2m
- Bouygues Immobilier €2.6m
- Colas €15.6m
- TF1 €2.8m
- Bouygues Telecom €6.1m

In 2015, Bouygues SA also received royalties under trademark licence agreements with the business segments that use the "Bouygues" trademark:

- Bouygues Telecom €0.7m
- Bouygues Construction €0.5m
- Bouygues Immobilier €0.25m

There are no significant flows of funds between the Group's business segments. Cash management is centralised within financial subsidiaries wholly owned by the Bouygues SA parent company. This arrangement ensures optimum management of financial expenses, since the surplus cash generated by certain subsidiaries can be used in addition to or in place of confirmed lines of credit granted by credit institutions to others. When investing surplus cash, Bouygues has always avoided speculative instruments such as securitisation vehicles and high-yield mutual funds.

2.4.7 R&D – Human resources

See chapters 1 and 3 of this document.

2.4.8 Other activities

2.4.8.1 Bouygues Europe

Since April 2012 Bouygues Europe, a wholly-owned Belgian subsidiary of Bouygues SA, has represented the Bouygues group's interests within European institutions. Bouygues Europe works for both Bouygues SA and its subsidiaries, advising them and representing them in the European institutions as well as monitoring legislation and regulation on issues of key importance to Group companies. In order to guide its action, Bouygues Europe has set up an advisory committee comprising a representative from Bouygues SA and from each of the Group's five main business segments.

2.4.8.2 Bouygues Asia

Bouygues Asia KK, a wholly-owned subsidiary of Bouygues SA set up in Tokyo in December 2014, is tasked with keeping abreast of technological advances, organising field trips and identifying partners that could collaborate with either Bouygues SA or its business segments.

Bouygues Asia's activity is consistent with the Bouygues group's determination to identify new trends, promote innovation within the Group and support Group companies by creating and growing partnerships in Asia. The activities of Bouygues Asia cover a very wide geographical area that includes Japan, South Korea, China and Taiwan. Bouygues Asia also offers its assistance and services to customers outside the Group, in particular French SME's wishing to set up or develop further in Asia.

2.4.8.4 Bouygues Développement

In January 2015, Bouygues acquired the entire share capital of BTI Développement, an Open Innovation company owned by Bouygues Telecom, and renamed it Bouygues Développement. Serving all the Group's business segments, the company benchmarks innovative start-ups working in fields identified by the business segments, sets up investor pools, provides recommendations and advice on investment opportunities, coordinates networks of financial partners and supports the management of equity interests (governance, entrepreneur coaching, etc.).

2.4.9 Sale of equity interest in Eranove

On 31 July 2015, Bouygues SA sold its entire shareholding in Eranove, representing approx. 18.6% of the company's share capital, to subsidiaries of the AXA group. Eranove (formerly Finagestion) is the holding company that took over Saur's water and power interests in the Ivory Coast and Senegal after Bouygues sold Saur in 2004.

2.4.10 Recent events

On 5 January 2016, Bouygues announced that preliminary discussions had started with Orange to look at the possible options that would enable it to bolster its long-term presence in the telecoms sector.

Bouygues' stake in Alstom: see section 2.4.4

2.5 Alstom, a global leader in transport solutions

As a promoter of sustainable mobility, Alstom aims to become its customers' preferred partner for transport solutions.

Developing and marketing systems, infrastructure and services for the railway sector, Alstom offers the widest range of solutions on the market, from high-speed trains to metros and tramways, together with associated maintenance, modernisation, infrastructure and signalling solutions. Alstom is a world leader in integrated railway systems.

Figures for H12015/16
(1 April/30 September 2015)

EMPLOYEES [a]
32,000

SALES
€3,303m
(+4% organic growth)

OPERATING MARGIN
5.1%

NET PROFIT FROM CONTINUING OPERATIONS
€18m

ORDER INTAKE
€3,897m
(-41% organic decrease)

(a) At 30 November 2015

Bouygues held 29.2% of the share capital and voting rights at 31 December 2015 (see also sections 1.4 and 2.4.4 of this document).

2.5.1 Profile

2.5.1.1 Context

Alstom closed the sale of its Energy activities (Power Generation and Grid) to General Electric (GE) on 2 November 2015 for around €12.4 billion [a]. Alstom is now entirely focused on rail transport.

The sale also enabled Alstom to acquire General Electric's signalling activities for around €700 million and invest around €2.4 billion in three joint ventures with General Electric in grids, renewables, and French steam and global nuclear turbines.

Alstom and the market

The accessible annual global railway market for the period 2011-2013 was worth an estimated €102 billion. This figure is expected to rise to an annual average of €121 billion over the period 2017-2019, representing annual average growth of 2.8% [b].

Operating around the world (sixty countries), offering a comprehensive range of solutions and constantly innovating, Alstom enjoys a leading position in trains, systems, services and signalling. The latter has been boosted by the acquisition of GE Signalling which, with 1,200 employees, gives Alstom access to the freight signalling market while strengthening its presence in North America at the same time.

2.5.1.2 A global leader in transport solutions

Alstom's business is based on four activities: trains, systems (including infrastructure), services and signalling.

(a) Including €1.9 billion of cash in the Energy activities sold to GE, and after €0.4 billion in connection with the commercial agreement concluded in December 2014 and €0.3 billion of negative price adjustment announced in July 2015
(b) Source: Union des Industries Ferroviaires Européennes/*European Rail Industry Association* (UNIFE) *– 2014*

Trains

Alstom's range of trains spans the entire market from very high-speed trains to urban transport.

When it comes to improving the capacity, operating frequency and safety of their fleets while protecting the environment, operators can rely on Alstom's innovative and economically efficient urban solutions. From Citadis tramways, Citadis Dualis tram-trains and Metropolis metros to X'Trapolis suburban trains, Alstom works daily to meet the mobility challenge.

One of Alstom's priorities is to help make rail competitive in comparison with air or road transport. Alstom supports regional mobility with its Coradia range and its passenger locomotives. It is redrawing the high-speed and very high-speed map with Coradia Liner V200 and its Avelia range, based on three flagship products: Pendolino, Euroduplex and AGV. Alstom also supports the freight market with its Prima locomotives and those developed with its partners TMH in Russia and KTZ in Kazakhstan.

Systems

Alstom brings together all its cross-cutting know-how as a rail manufacturer to manage urban rail systems in their entirety, including trains, signalling, infrastructure and services.

INFRASTRUCTURE

Alstom offers a comprehensive range of sustainable solutions for tracklaying, electrification and the supply of electromechanical equipment for installation in stations and depots.

Alstom designs and installs innovative solutions for automated tracklaying with Appitrack, energy efficiency with Hesop, a reversible power-supply substation, and non-catenary power supply with solutions such as APS (ground-level power supply) and SRS, its latest ground-based static charging system.

INTEGRATED SYSTEMS

Operators often seek comprehensive solutions to their needs in order to tackle complex projects or better focus on their core business. That is what Alstom offers its customers, whether on the urban transport or mainline market, ensuring optimised costs, faster delivery times and an optimal level of performance for all equipment.

For example Attractis, Alstom's latest integrated tramway system for fast-growing cities, has recently confirmed its number one position in this segment.

Signalling

Alstom supports infrastructure operators and managers with the means to carry passengers and goods safely and seamlessly, thus optimising the efficiency of urban or mainline networks. It provides them with control and information systems and with onboard and trackside equipment. As well as traveller information and comfort, they guarantee operating efficiency and safety. Alstom also develops passenger safety solutions and network management control centres.

Following the recent acquisition of General Electric's signalling solutions, Alstom has strengthened its position on the mining and freight markets, especially in the United States.

Services

Alstom accompanies its customers, whether public or private rail operators, fleet administrators or maintenance specialists, by offering a range of customised services (maintenance, modernisation, parts and repairs, support services) for their trains, infrastructure and rail control systems.

The goal is to ensure safe, global management optimised throughout service life.

2

2.5.1.3 An ambitious strategy for 2020

The railway market, driven by increasing urbanisation, is growing steadily. In a context of globalisation and consolidation, Alstom is pursuing a strategy in line with its ambition to become its customers' preferred partner for transport solutions by 2020. This strategy is based on five priorities:

- **Customer-focused organisation:** present in sixty countries, Alstom has adapted its organisation to strengthen its international coverage and better respond to the needs of customers at local level. This approach is based on seven regions[a] responsible for overall project execution, and a dedicated signalling organisation. They draw on a network of local industrial sites, joint ventures and strategic partnerships around the globe. They are supported by a head office that manages overall strategy, product policy, innovation and implementation of joint processes. Alstom's signalling business reinforces its position with a large network of skill centres;
- **Complete range of solutions:** Alstom draws on an array of expertise spanning all rail transport segments to offer customers comprehensive solutions. These range from bundling options to integrated solutions, ensuring optimised costs, faster delivery times and an optimal level of performance for all equipment;
- **Value creation through innovation:** because it ensures customers more effective solutions and reduced cost of ownership, innovation is a source of competitiveness and differentiation for Alstom as well as a catalyst for new contracts and markets. It spans technical innovation, via the introduction of a number of R&D programmes, as well as new financing solutions and services to continually enhance added value for customers.

  Alstom is fully focused on a forward-looking approach to understand and anticipate the expectations of operators and passengers, who are central to its innovation strategy.
- **Operational and environmental excellence:** to improve customer satisfaction, Alstom executes its projects with a focus on ensuring the highest standards in quality, costs and lead times. This operational excellence goes hand in hand with a commitment to environmental performance in response to high market demand with regard to products (energy savings), manufacturing processes (eco-design and green materials) and lifecycle management (recycling);

(a) North America, Latin America, Europe, France, Middle East and Africa, Asia-Pacific, CIS.

- **Diverse and entrepreneurial people:** Alstom believes in differentiation as a source of performance and encourages all types of diversity within its teams in areas such as gender and multiculturalism. This internal cohesion is rooted in the company's values – teamwork, trust and action – and stringent ethical rules. Alstom's development is also underpinned by an entrepreneurial spirit that promotes customer satisfaction, responsibility and responsiveness.

2.5.2 Business activity

2.5.2.1 Methodology

In the context of the project between Alstom and General Electric and in compliance with IFRS 5, the Thermal Power, Renewable Power and Grid activities and some corporate costs have been classified as discontinued operations. Those activities are therefore not included in order intake, sales, income from operations and EBIT.

2.5.2.2 Commercial activity

FY 2014/15 results

Between 1 April 2014 and 31 March 2015, Alstom booked a record €10 billion of orders, up by more than 60% on the previous year. The book-to-bill ratio, at 1.6, was above 1 for the fifth year in a row and was notably boosted by a €4 billion contract in South Africa. Sales, at €6.2 billion, were up 8% (7% on a like-for-like basis) over the previous year and income from operations amounted to €318 million, up 19%. Alstom group reported a net loss from continued and discontinued operations of €719 million, affected by a number of exceptional items, in particular the agreement with the US Department of Justice and some asset write-offs in Russia. As expected, free cash flow from continued operations (before tax and financial cash-out) was positive for the full year and Alstom group free cash flow was substantially positive over the second half of the year, offsetting a large part of the first-half cash outflow, yielding a full-year figure of negative €429 million.

H1 2015/16 results

Between 1 April and 30 September 2015, Alstom booked a strong €3.9 billion of orders corresponding to a book-to-bill of 1.2. Over the same period, sales were up 8% (4% like-for-like and at constant exchange rates), amounting to €3.3 billion. Operating income (after corporate costs) increased to €167 million, 10% above the €152 million recorded in the first half of the previous year.

Net income from continued operations (group share) reached €18 million and free cash flow from continued operations (before tax and financial cash-out) was around zero.

9-month 2015/16 results

For the first nine months of 2015/16 (from 1 April to 31 December 2015), Alstom's order intake reached €6.3 billion compared to €8.0 billion over the same period last year, which included a €4-billion contract in South Africa. Alstom group's sales amounted to €4.9 billion, up 8% (3% like-for-like and at constant exchange rates) compared to the first nine months of 2014/15. The book-to-bill remained strong at 1.3.

At €28.7 billion on 31 December 2015, the order book represented over four years of sales.

Acquisitions, partnerships and investments

- **May 2015:** Alstom acquired 100% of Signalling Solutions Ltd (SSL), a leading player in signalling in the UK.
- **October 2015:** Alstom reinforced its services capabilities in Sweden with the acquisition of Motala Train AB[a], which specialises in refurbishment, heavy maintenance and repair of passenger trains.
- **November 2015:**
  - Alstom closed the sale of its Energy (Power and Grid) activities to General Electric for approx. €12.4 billion. The group is now entirely refocused on rail transport. The sale also enabled Alstom to acquire General Electric's signalling activities for around €700 million.
  - Alstom concluded an agreement to acquire a 51% stake in CTLE (Commuter Transport & Locomotive Engineering), a South African company specialising in the modernisation of trains.
- **December 2015:** Alstom concluded an agreement to acquire a further 8% of the shares in Transmashholding (TMH) from Russian Railways (RZD) for €54 million. Following the transaction, Alstom now has a 33% stake in TMH and will keep two seats on its board of directors.

The Alstom share price

Alstom's share price was €28.165 at 31 December 2015.

(a) A member of Motala Verkstad Group AB.

2.5.2.3 Highlights

First-half 2015/16

- 50 **freight locomotives** in Azerbaijan.
- 25-year contract to maintain **electric freight and passenger locomotives** in Kazakhstan.
- Upgrade of **signalling systems** for several metro lines in Hong Kong, with Thales.
- 17 **Coradia Polyvalent** regional trains for the Rhône-Alpes region in France.
- 17 Coradia Polyvalent **inter-city trains** in Algeria.
- New **control centre** in Canada.
- Second **integrated metro system** in Panama.
- 20 **Metropolis metro trainsets** and an associated signalling system in India.

Third quarter 2015/16

- Eight more Pendolino **high-speed trains** with a 20-year maintenance contract in Italy.
- 47 **dual-mode locomotives** in Switzerland.
- 30 Coradia Continental **regional trains** in Germany.
- 1,362 M7 **double-deck cars** in Belgium, in a consortium with Bombardier Transport.
- Extension of Line 1 of the Panama City **metro.**

2.5.3 Outlook

For the medium term, sales are expected to grow at over 5% per year like-for-like and at constant exchange rates, and the operating margin should gradually improve within the 5-7% range. Free cash flow is expected to be in line with net income before the contribution of Energy activities, with possible short-term volatility.

HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION

3

3.1 The Bouygues group's Corporate Social Responsibility policy

Chapter 3 of this Registration Document contains the Bouygues group's key CSR indicators and related information. Further information is available by visiting the Group's corporate website at www.bouygues.com. In addition, CSR reports by the Group's business segments can be downloaded from their respective websites[a].

3.1.1 Group CSR policy

Delivering high-performance, innovative solutions in order to meet sustainable development challenges is a major avenue of growth for the Group's five business segments. Corporate social responsibility, or CSR, at Bouygues also means limiting and, wherever possible, reducing the impacts from its activities on the environment and society by cushioning effects on ecosystems, better explaining its operations and taking the expectations of stakeholders into account. Correspondingly, CSR is central to the Group's strategy. Its influence can be seen in the way in which business models are changing so that customers can be offered sustainably designed and produced solutions that create value in alternative ways.

The best practices applied by each of the Bouygues group's business segments in the human resources, environmental and social spheres are more tangible proof of this strategy. All initiatives are implemented with the help of reliable indicators that are audited on a regular basis for purposes of compliance and continuous improvement.

In 2015, the Group for the first time defined its CSR policy, which expands on the major challenges pinpointed by the materiality assessment[b] conducted in late 2013. By officially laying down performance targets, the Group's CSR policy has advanced to a new level.

This document sets forth the principles upon which the business segments will draw to pursue actions or improve those already undertaken, and to define related performance targets out to 2020. The Group's three main areas of commitment are:

- **promoting the fulfilment of its employees,** whilst maintaining their physical well-being, ensuring equal opportunities and fighting against all forms of discrimination;
- **strengthening Bouygues' position as a benchmark player in innovative solutions for infrastructures and urban environments,** by responding to societal expectations as well as to the interrelated crises affecting natural resources, climate and biodiversity;
- **acting as a socially responsible company** in terms of ethics, purchasing practices, risk management and respect for stakeholders.

3.1.1.1 Responsibility to our employees

The three main priority areas regarding our employees revealed by the Group materiality assessment are:

- reducing the number and severity of workplace accidents, and improving employee health;
- developing employees' skills;
- compliance with and promotion of International Labour Organisation (ILO) conventions.

In 2015, as business conditions outside France were comparatively better, the proportion of non-France employees rose during the year. This shift was accompanied by the creation of new training programmes.

Other initiatives in 2015 included the digitisation of recruitment, training and workplace elections. Working from home and coworking centres were also trialled as ways of enhancing quality of life for employees.

3.1.1.2 Responsibility to the environment

The three main priority areas regarding the environment revealed by the Group materiality assessment are:

- managing and recycling waste;
- cutting greenhouse gas emissions;
- reducing energy consumption.

The major event of 2015 was the preparation for COP21, the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change, which took place in Paris last December. Keen to support this game-changing event, the Bouygues group's five business segments showcased their most innovative solutions for controlling energy consumption, reducing greenhouse gases and safeguarding natural resources. The Group was active in several ways, from theme-based seminars available online to the hosting of a stand at COP 21-certified

(a) www.bouygues-construction.com, www.bouygues-immobilier-corporate.com, www.colas.com, www.groupe-tf1.fr, www.corporate.bouyguestelecom.fr
(b) Materiality assessment: research designed to pinpoint priority CSR areas for a company, taking into account expectations of stakeholders and the requirements of its business activities.

events (Word Efficiency and La Galerie des Solutions). Additionally, Bouygues Construction, Bouygues Immobilier, Colas and TF1 took part in the "Trophées des Solutions Climat" climate solutions awards ceremony. Two projects were singled out by the jury for its special prize for major groups (*Coups de cœur Grand Groupe*) in the "Reduction" and "Adaptation" categories: Wattway, a solar road surface developed by Colas, and Hikari, France's first positive-energy mixed-use development by Bouygues Immobilier.

3.1.1.3 Responsibility to society

The three main priority areas regarding society revealed by the Group materiality assessment are:

- maintaining strong business ethics and fighting corruption;
- making sure suppliers and subcontractors take CSR issues into account;
- contributing to local job availability.

In 2015, the Group circulated to each business segment the four compliance programmes published in 2014 (entitled "Competition", "Anti-corruption", "Financial information and securities trading", "Conflicts of interest") and updated its CSR Charter for suppliers and subcontractors in order to boost its vigilance in terms of societal risks and improve its response to current ethical issues.

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3.1.2 CSR oversight

Within the Bouygues group, human resources, environmental and social matters are handled separately by each business segment because they are closest to their own operations.

Monitoring and overall coordination of initiatives is provided at parent-company level (Bouygues SA) by the Ethics, CSR and Patronage Committee and the Group Sustainable Development-Quality Safety Environment (QSE) department.

Set up in 2001, the Ethics, CSR and Patronage Committee (CSR became part of its remit in 2014) meets several times annually to review these three themes. In 2015, it gave a favourable opinion on the launch or continuation of some 40 patronage initiatives of a humanitarian, medical, social or cultural nature. It also oversaw the enactment of the four compliance programmes adopted in 2014 to define and develop the prevention of non-compliant practices in the spheres of competition, anti-corruption, financial information and securities trading, and conflicts of interest.

The Group Sustainable Development-Quality Safety Environment (QSE) department oversees overall policy, in conjunction with support departments, and circulates information about best practices. The Group-wide committees, seminars and conferences organised by this department are useful opportunities for developing practices able to meet sustainable development issues. Olivier Bouygues, Deputy CEO of the Bouygues group, is responsible for Group-wide sustainable development initiatives.

At business segment level, coordination of CSR themes is handled in conjunction with the Human Resources and Sustainable development/Environment departments. At Bouygues Construction, these departments report to the Innovation and Sustainable Development department, and to the Communication, Marketing and Sustainable Development department at Bouygues Immobilier. At Colas they report to senior management, at TF1 to the finance department and at Bouygues Telecom to the Innovation department.

Each business segment furthermore coordinates a network of liaison officers that, for example, sit on company-wide committees, such as Bouygues Construction's Sustainable Development committee, comprising representatives from operating units and support services.

On the ground, HR and QSE teams as well as the whole network of operational liaison officers from the Sustainable development teams of each business segment, spearhead the Group's CSR policies, with a focus on keeping risks under control. Sales teams are also encouraged to factor in sustainable development solutions. At Bouygues Construction, for example, a module on sustainable construction is included in the Campus Commerce training course, and a network of sustainable construction sales advisory staff has existed since 2013.

3.1.3 CSR reporting methodology

CSR reporting is one of the preferred ways in which the Group monitors and coordinates its CSR policies.

Just as roll-out of these policies is itself delegated to the individual business segments so that they can deal with the distinctive issues they face, the Group's reporting policy is also built on decentralisation and accountability when being implemented by each business segment.

So that key Group-wide indicators can be published annually, Bouygues SA each year carries out three reporting campaigns amongst the five business segments (the human resources, environmental, and social campaigns).

The first is managed by the Group Human Resources department while the other two are the responsibility of the Group Sustainable Development-Quality Safety Environment (QSE) department.

3.1.3.1 Selecting and defining indicators

Bouygues is a diversified industrial group. Extra-financial indicators are chosen and defined by consensus between the various players involved in reporting through the work of several monitoring committees.

A Group-wide committee dedicated to the Group's extra-financial reporting

Under the coordination of the Group Sustainable Development-QSE department, the Extra-Financial Reporting committee manages the annual review of CSR reporting, along with any changes affecting environmental and social indicators. Sustainable development officers from each business segment and a representative of the HRIS (Human Resources Information System) committee, with more specific responsibility for the human resources part, sit on this committee.

Specific Group committees for the human resources reporting

- **The Human Resources Reporting Improvement committee,** made up of the experienced human resources managers from the parent company and the Group's business segments, determines reporting priorities (e.g. constructive labour relations and health & safety) and draws up a map of indicators likely to illustrate them, in keeping with the specific features of each business segment. It reviews each data collection exercise with a view to continuous improvement in terms of processes, reliability and relevance of the indicators.
- **The HRIS and Indicator Tracking committee** is made up of employee management oversight staff. It precisely defines each indicator in terms of scope, computation formula, frequency, deadlines and so forth.

As these committees are decentralised, members communicate with each other using ByLink Network, the Bouygues group's collaborative platform.

3.1.3.2 Consolidation

Human resources reporting

Human resource indicators are consolidated at Group level. There are two main data sources:

- **Group HRIS data,** supplied monthly or quarterly by business segment payroll systems in France;
- **data transmitted by each business segment** regarding their French and international operations.

Environmental and social reporting

Two types of indicator make up the Group's environmental and social reporting:

- **indicators for which information is collated at Group level,** namely indicators that can apply to all the Group's business segments, for which all, or the majority of, business segments provide their own quantitative data;
- **indicators specific to each business segment,** which are indicators that apply solely to a business segment or to a line of business therein.

3.1.3.3 Data collection procedure for indicators

To ensure the CSR reporting procedure and the qualitative and quantitative information published by the Group is both uniform and reliable, a reporting protocol covering the human resources, environmental and social components was compiled in 2013. It is updated annually in consultation with each business segment.

The protocol specifies the methodology to be used when collecting data for the indicators of the three components, namely definition, scope, units, computation formula and contributors. It is the handbook used by all participants in the Group reporting procedure. The specific procedures to be applied for each business segment are provided in the annexes of this handbook.

The Bouygues group reporting protocol is circulated in French and English to liaison officers in each business segment. It is also available from the Group's collaborative platform (ByLink Network).

In compliance with the guidelines contained in the Group's reporting protocol, the collection, verification and consolidation of extra-financial indicators between Bouygues SA and each business segment are carried out using a reporting software package that includes a workflow process.

3.1.3.4 Consolidation rules

Human resources reporting

SCOPE

The policy for consolidating Bouygues group human resources data is as follows:

- fully consolidated companies are consolidated 100%;
- proportionately consolidated companies are consolidated 100% where the equity interest strictly exceeds 50%, otherwise they are excluded;
- companies accounted for by the equity method are not consolidated.

All employees of a company within the scope of consolidation are counted in the computation of HR indicators, including if they exercise their activity in a company not within the scope of HR reporting.

For the following indicators, the scope is global: headcount by region, breakdown by gender, external recruitment by job category, headcount by job category, workplace accident frequency and severity rates, and number of fatal accidents.

Added to the above are the following international (i.e. global excluding France) indicators: Women managers (international), and departures (international), Existence of an employee representative body (international), social protection (international) and existence of a formal training plan (international).

In 2015, for the first time, four new indicators were published for the global activities: Existence of remuneration monitoring (international), Existence of absenteeism monitoring (international), Existence of worktime monitoring (international) and Existence of a formal diversity policy (international).

These indicators are compiled using data from 53 non-France companies that have more than 300 employees[a], accounting for 87% of the headcount of all internationally-based companies. The coverage rate has increased 15 points versus 2014.

For all other indicators, Bouygues can only use the France headcount at the moment because information systems are decentralised and different reporting systems are used outside France. The geographical scope of France – besides France itself – comprises French overseas territories (French Polynesia, Saint Barthélemy, Saint-Martin, Saint-Pierre-et-Miquelon, and Wallis and Futuna) and French overseas departments (Guadeloupe, French Guiana, Martinique, Mayotte and Reunion Island). Clipperton Island, the French Southern and Antarctic Lands and New Caledonia are therefore excluded.

The following indicators are therefore reported for France alone, representing 57% of Group headcount as at 31 December 2015: headcount by age range, women managers in the workforce, number of dismissals, average annual salary by job category, worktime schedule, absenteeism, turnout in elections for employee representatives, collective agreements negotiated, recognised occupational illnesses, percentage of payroll spent on training, average number of days' training per employee per year, number of apprenticeship contracts, number of professional training contracts, number of disabled employees, number of disabled employees hired during the year and sales with sheltered workshops and disability-friendly companies.

The extension of human resources reporting worldwide, as decided by the Bouygues group in 2013, requires a different approach for Bouygues Construction and Colas (the only two business segments with a sizeable share of their operations outside France).

In most of Bouygues Construction's international operations, a distinction must be drawn between "staff" (supervisory, managerial and technical personnel) and "workers". As workers are recruited directly or through intermediaries in a way similar to temporary employment agencies (for the duration of projects), they are managed and paid locally. There is no interfacing with the French HR information system. For the time being, only "staff" employees can be covered by HR reporting. However, workers will continue to be monitored under headcount and trend indicators.

Colas has grown internationally through successive acquisitions. This strategy relies on a high degree of decentralisation, whereby local structures have a relatively free hand in terms of HR data resource management systems. In all countries where Colas is active, reporting is carried out using the management tools of that country, in accordance with local legislation.

As part of its multi-annual programme, the Bouygues group has continued broadening the scope of and improving global HR reporting.

In 2015, Bouygues Construction and Colas began deploying two HR information systems (HRIS), covering both France and international activities.

Bouygues Construction launched the Global HR programme, comprising two phases.

- Project Chorus (2015-2017): roll-out of a system for consolidating key headcount and HR indicators. This will increase the accuracy of headcount/headcount trend indicators through a HR reference framework shared by all long-standing entities with more than 300 employees (80% of Bouygues Construction's non-France headcount). A key milestone will be reached in Q1 2016 when UK and Asia will be integrated into Chorus.
- roll-out (2016-2019) of comprehensive HR solution for managing, coordinating and consolidating the three key HR processes (remuneration, appraisals and talent management).

This ambitious project will align HR processes, systems and campaigns at Bouygues Construction. In due course, the company will have a complete overview of pay reviews, performance appraisals and talent management. The main scopes (UK, Switzerland and Asia) will all be covered by 2018.

Colas is rolling out a harmonised, secure information system encompassing HR and employment data. It will ultimately be accessible to managers and non-management employees alike. This HRIS will be rolled out in stages, starting in 2016 with Europe and Africa.

Roll-out of these new information systems at Bouygues group level will yield the following advances:

- it will improve the accuracy of consolidated indicators concerning recruitment and departures;
- business segment-related indicators on remuneration and training/talent management will be gradually deployed by region.

An inter-business segment group, formed from members of the Human Resources Reporting Improvement committee, will be set up in 2016 to determine the method for rolling out these new indicators outside France. This work will be based on the results of these new international indicators and on dialogue with subsidiaries in various countries. The aim will be to identify those areas most in need of attention and designate appropriate remedial action.

Workforce

The registered workforce comprises all persons bound by an employment contract to a company within the scope of consolidation or, if not, paid directly by such a company, unless there is a commercial contract (such as a services contract) between them.

This definition applies to the France and international scope. Interns under a three-way agreement (intern, company and educational establishment) are not counted in the workforce, including where local law outside France provides for such contracts or similar contracts.

Environmental and social reporting

All environmental and social indicators are collected worldwide by business segments that have operations outside France.

Some indicators do not cover or are not applicable to all the operations of a business segment. Where this occurs, the coverage scope of an indicator is shown as a percentage of total business-segment sales, or by specifying the organisational scope to which the indicator applies on a 100% basis.

Colas expresses coverage of several of its indicators as a percentage of sales before intercompany eliminations (which corresponds to sales plus intragroup transfers or disposals). This figure factors in Colas' upstream activity (chiefly building materials), whereas vertical integration would result in more than 50% of materials production being eliminated.

(a) At 30 September 2015

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The environmental impact of the Bouygues group's head office at 32 Avenue Hoche in Paris (0.15% of the Group headcount) is not included in the scope of consolidation.

CONSOLIDATION RULES SPECIFIC TO BOUYGUES CONSTRUCTION

All subsidiaries of Bouygues Construction have to report environmental and social information. Companies that are fully consolidated and those in which the equity interest is 50% or more are consolidated on a 100% basis in the extra-financial reporting.

The coverage rate of Bouygues Construction's reporting is 87%. The remaining 13% is due to the following exemptions:

- companies in which the equity interest is below 50%;
- companies accounted for by the equity method;
- companies that were acquired less than three years ago;
- companies subject to specific rules defined for certain entities, e.g.:
  - **Bouygues Bâtiment International:** structures where the headcount is less than 10 and/or without a production activity are not included in the extra-financial reporting;
  - **Bouygues Energies & Services:** structures whose sales are less than €10 million are not included in the extra-financial reporting, unless the sum of the sales figures of the structures excluded does not exceed 5% of the total sales figure for Bouygues Energies & Services.

Furthermore, in the interests of consistency, the Concessions division is not included in the Sustainable Development reporting because it is not consolidated in the financial reporting either. Nonetheless, the liaison officers in this entity carry out reporting for the purpose of coordinating sustainable development initiatives internally.

CONSOLIDATION RULES SPECIFIC TO COLAS

Environmental and social indicators are calculated and consolidated by Colas on the basis of a larger scope relative to the financial scope of consolidation to reflect the extent of its risks and responsibilities.

It therefore includes:

- concerning materials production, companies owned alongside outside partners for which Colas does not always have control over environmental aspects (as, for example, is the case with sites in which Colas has a minority interest);
- materials production companies, even when their consolidated sales are lower than the threshold for financial consolidation (€2 million). The total volume of materials produced by these companies can be significant, even though their sales are often subject to a high rate of elimination (intragroup transfers or disposals) due to Colas' vertical integration.

Consolidation rules for environmental and social data are as follows:

- companies that are fully consolidated for financial purposes (level of control between 50% and 100%) are integrated and consolidated at a rate of 100%;
- companies that are proportionately consolidated for financial purposes are integrated in proportion to the level of control;
- companies accounted for by the equity method are integrated in proportion to the level of ownership;

CONSOLIDATION RULES SPECIFIC TO BOUYGUES IMMOBILIER

Environment and social indicators cover the full scope of Bouygues Immobilier France and international activities.

At Bouygues Immobilier, the reporting coverage rate as a proportion of sales is 95.9% when subsidiaries and other branches in Europe (Poland, Morocco and Belgium) are excluded. This rate drops to 90.3% after the French subsidiaries (SLC, Urbis, Ossabois and Urbiparc) have also been excluded.

3.1.3.5 Reporting period

Human resources reporting

To ensure consistency and uniformity with other legal reporting obligations for human resource indicators (social audit report, comparative status report and training plan, etc.), data are collected and consolidated with reference to the period from 1 January 2015 to 31 December 2015.

Environmental and social reporting

Since 2013, the annual closing date for environment and social indicators has been set at 30 September to allow for precise consolidation and analysis, given the time required for gathering and processing this type of data. The Group's 2015 reporting period for environmental and social indicators therefore ran from 1 October 2014 to 30 September 2015.

3.2 Human resources information

3.2.1 The workforce

3.2.1.1 General trend in the Group's workforce

Headcount by region at 31 December 2015[a]

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
France	**325**	**20,425**	**1,799**	**34,098**	**2,844**	**7,945**	**67,436**	**71,791**
Europe (excluding France)	25	7,597	82	9,314	39		17,057	17,540
Africa and Middle East	111	8,368	8	6,889	2		15,378	17,434
North America	2	708		4,762	2	2	5,476	5,903
Central/South America	45	605		388			1,038	829
Asia-Pacific	45	12,374		1,450			13,869	13,973
International	**228**	**29,652**	**90**	**22,803**	**43**	**2**	**52,818**	**55,679**
France + International	**553**[b]	**50,077**	**1,889**	**56,901**	**2,887**	**7,947**	**120,254**	**127,470**

(a) Registered workforce, i.e. permanent and fixed-term.
(b) O/w holding company: 173
Indicators available at www.bouygues.com: Number of temporary and occasional workers as full-time equivalents (France), Headcount by type of contract (permanent and temporary – France), Headcount by job category (France).

Headcount declined at **Bouygues Construction's** French operations, owing partly to lower order intake and project completions. Unsupportive business conditions resulted in a 5% drop in hiring over the year.

There continued to be strong momentum in the international activities, although there was a slight decline in the headcount resulting from a fall in business activity within the Africa and Middle East area, as workers were discharged upon completion of work projects, for instance after the handover of the Qatar Petroleum District, or at the end of earthworks projects in Burkina Faso, Gabon and Cameroon.

The global workforce at **Colas,** at 31 December 2015, was down 4.7% relative to 31 December 2014, consistent with the drop in business activity. In France, where the economic environment was challenging, the workforce was down 5.4%. It fell by 5.8% at road construction subsidiaries in mainland France (66% of the workforce), resulting from a further decline in business activity. It was down 9.7% in French overseas departments, tied to a drop-off in business activity (with the exception of the New coastal road project on Reunion Island) and postponements of worksites. Lastly, it dropped by 3% at Smac, Aximum and Spac, due in particular to a sluggish construction market.

Outside France, the workforce decreased by 3.5%, with variations that reflect the trend in business activity in each region. It fell by 4.7% in Europe, following completion of major projects in Central Europe. The workforce was up by 3.8% in the Indian Ocean/Africa/Middle East region as a consequence of stronger business activity in West Africa (Benin and Ivory Coast). It dropped by 8.3% in North America, as a result of changes in the scope of consolidation (disposals, acquisitions and business restructuring) in the US, and by 21% in Asia/Pacific, after disposal of the Wasco subsidiary in Indonesia. The workforce surged by 97% in South America, related in particular to the rail construction projects in Venezuela and Chile.

Headcount relating to property development was stable in France, and in keeping with its international growth strategy, **Bouygues Immobilier** increased its presence in Poland and Morocco.

In June 2014 **Bouygues Telecom** initiated a plan to transform its organisation and reposition the company, with a view to restoring competitiveness through a simplification of the organisational structure, processes and customer offers. A total of 1,362 job losses are included in the terms of this plan.

This downsizing was achieved through internal mobility within the Group and voluntary redundancy arrangements that treated people with respect and were carried out in full compliance with Bouygues group values and in proper consultation with employee representatives.

Bouygues Telecom decided to end the downsizing plan on 27 January 2015, at the end of the voluntary acceptance period, without the need for compulsory redundancies. Employees at Bouygues Telecom concerned by redundancy subsequent to the transformation plan remained in the company's headcount until the end of their contractual notice period, or their redeployment leave, for those choosing this option. Consequently, most were counted as leaving the company in 2015 from a contractual standpoint.

Breakdown by gender[a]

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
Percentage of women, France	**36.0%**	**18.3%**	**47.4%**	**8.7%**	**51.1%**	**43.8%**	**18.7%**	**18.9%**
Managerial (women)	37.1%	23.8%	39.5%	14.4%	49.1%	33.5%	26.4%	26.2%
Clerical, technical & supervisory (women)	33.0%	29.9%	69.0%	23.1%	57.9%	50.8%	33.7%	34.7%
Site workers (women)		0.7%	15.1%	0.6%			0.7%	0.7%
Percentage of women managers, France[b]	**24.7%**	**10.8%**	**26.1%**	**7.6%**	**37.3%**	**23.9%**	**15.9%**	**13.7%**
Percentage of women, international		**19.2%**	**55.6%**	**11.5%**	**30.8%**		**15.8%**	**15.1%**
Women staff		23.9%	55.6%	25.0%	30.8%		24.5%	24.9%
Women workers		15.4%		2.7%			9.5%	8.44%
Percentage of women managers, global[c]		**11.6%**		**12.8%**			**12.41%**	**11.8%**

(a) Registered workforce, i.e. permanent and fixed-term.
(b) As a proportion of employees in department head and more senior grades in France.
(c) Indicator applying to international companies with more than 300 employees and management structures of local companies. Coverage: 87% of the international headcount.

The proportion of women amongst managers of the **Bouygues group** rose in France and internationally, reflecting the impact of its diversity policy and the recruitment of women managers, especially in France.

Gender equality advanced at every level of **Bouygues Immobilier**, continuing a trend that has been under way for several years. The company even bettered the targets established in conjunction with employee representatives, with women representing nearly 40% of employees in executive roles, while the proportion of female managers continued rising.

Workforce by age range[a]

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
Under 25	2.8%	5.3%	6.9%	4.4%	6.7%	9.6%	5.4%	6.0%
25-34	30.4%	30.7%	29.3%	22.0%	24.0%	39.1%	27.0%	28.0%
35-44	27.7%	27.2%	32.3%	27.1%	31.2%	36.7%	28.6%	28.6%
45-54	23.4%	26.1%	22.4%	31.7%	28.5%	12.5%	27.3%	26.2%
55 and over	15.7%	10.7%	9.1%	14.8%	9.6%	2.1%	11.7%	11.2%

(a) Permanent and fixed-term staff. Coverage: 57% of the Group's headcount. Indicators available at www.bouygues.com: Average age and seniority (France).

The decrease in recruitment at **Bouygues Construction** affected the under-35 bracket, which dropped from 38.2% of total headcount in 2014 to 36% in 2015.

With strong generational diversity and over 10% of employees aged over 55, Bouygues Construction pays close attention to age management and the different cycles of employees' working lives. Transferral of knowledge is a valued principle and one seen as vital given that 6% of employees have been with the company for 30 years or longer. This is carried out in several ways, from internal training courses led by experienced employees to mentoring to help orientate young newcomers and provide guidance on assignments.

Information meetings on the subject of retirement, open to employees aged 55 and over, have been up and running since 2010. So far, 1,400 such employees have been informed about the legal and administrative aspects of retirement, end-of-career choices and the persons to contact for personalised support, where necessary.

Bouygues Telecom has a low proportion of employees aged above 55 because it is a relatively new company.

3.2.1.2 Recruitment and dismissals

External recruitment by job category

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
France[a]	**44**	**831**	**165**	**1,718**	**500**	**694**	**3,952**	**4,665**
Managerial	32	449	121	185	260	206	1,253	1,176
Clerical, technical & supervisory	12	265	43	185	240	488	1,233	1,553
Site workers		117	1	1,348			1,466	1,936
International[b]		**12,184**	**29**	**14,369**			**26,582**	**30,249**
Staff		3,225	29	2,447			5,701	5,270
Workers		8,959		11,922			20,881	24,979
France + International	**44**	**13,015**	**194**	**16,087**	**500**	**694**	**30,534**	**34,914**

(a) Permanent contracts.
(b) All contract types.
Indicator available at www.bouygues.com: Internships during the year (France).

In France, tough business conditions, especially in the construction industry, led to a 15% drop in hiring.

As over half of **Bouygues Construction's** sales are generated outside France, international recruitment remained at a high level for the purpose of staffing key projects, e.g. in Hong Kong or the UK. In France, recruitment was steady though weaker than two or three years ago in view of the difficult economic backdrop.

Recruitment levels at **Colas** remained high, with an increase of 6%. In France, due to the decline in business activity, hires were down 22%, falling by 42% at road construction subsidiaries in mainland France, by 6% in French overseas departments and by 31% at the specialised activities.

Outside France, permanent and seasonal hires remained at a high level, rising 11% over the year. Traditionally, in certain countries where Colas operates in North America, Africa and Asia, hiring levels (especially for workers) are affected by the seasonal nature of business activities. In the United States, for example, there were 3,602 new hires, including 3,119 site workers.

Hiring levels were high in Africa, driven by strong business activity in West Africa (Benin and Ivory Coast). In Morocco, recent hires have mainly been aimed at renewing skills in production, purchasing, sales and works supervision.

In Europe, hiring efforts reflected the development of business activities, including an acquisition by Colas UK. In the railways business, the number of new hires rose to meet the needs of specific projects, especially outside France.

Bouygues Immobilier opted to safeguard jobs, diversify activities and expand internationally.

In 2015, **TF1** continued to hire selectively, focusing on the acquisition of expertise – especially in the digital arena, for the benefit of e-TF1.

Conditions did not improve for **Bouygues Telecom** in 2015, culminating in the loss of some 1,400 employees. Recruitment was therefore kept to a minimum, limited to the expansion of the 4G and fixed networks, B2B operations, customer relations and stores. None of these operations were concerned by the 2014 voluntary redundancy plan.

Number of departures (permanent employees)

	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
Number of dismissals, France (permanent employees)	10	1,093	36	1,913	77	322	3,451	3,365[a]
Number of departures, global (all types of contract)		14,046	12	14,937			28,995	29,532

(a) At Colas, the figure for 2014, which did not include the special case of redundancies at the time of project completion when an employee was rehired to a worksite on a long-term contract in the same year, has been adjusted for comparability with the 2015 number.
Indicator available at www.bouygues.com: Reasons for departure (France).

The number of dismissals was stable at **Bouygues Construction** in France. In its international activities, this new indicator should be viewed in light of the high number of recruitments. The project structure of business activities accounts for the intensive use of locally sourced, temporary labour, with contracts running for short times and expiring upon completion of construction cycles or projects. The completion of several projects in Africa (particularly in Mozambique and Rwanda) accounts for the high level of departures.

At **Colas,** the number of dismissals in France increased in 2014, and included 1,103 terminations due to the completion of worksites. As part of the reconfiguration of the plant operated by Société de la Raffinerie de Dunkerque (a refocusing on bitumen production alone), a plan carried out in 2015 included 15 compulsory redundancies and 37 voluntary departures. In some countries outside France, the number of departures remained high due to the seasonal nature of business activities.

3.2.1.3 Recruitment policy

Digitisation of the recruitment process

Within all **Bouygues group** companies, communication of the employer brand has focused on digitisation through the operation of e-career sites together with pages on various social networks such as LinkedIn, Viadeo, Facebook, Jobteaser and Twitter. In 2016, a recruitment website containing all the job offers from the Group will be made available.

The **Bouygues Construction** careers website gives visitors a comprehensive view of its business lines and locations. In 2015, 1,275 vacancies were posted. In the same year, 312,839 visits were recorded. Nearly 45% of external job applications came directly from the careers website.

The Campus Bouygues Construction Facebook page was kept up to date with graduate recruitment news. The number of people liking and thus following the page exceeded 2,000. Content on the LinkedIn careers page was expanded, with four pages created for students and recent graduates, international candidates, seasoned professionals and marketing/property development specialists. Since the pages came online in January 2015, the audience has almost doubled to upwards of 43,000 followers.

Colas launched a new website at colas.com, including a social wall pulling in content from Facebook, LinkedIn and Twitter, making it easier for candidates to submit job applications. This tool complements the Colas Hub and the Colas careers site, which was expanded in 2015 to include a live chat feature, plus "Happy at Work" and "Happy Trainees" videos and widgets to share reviews and comments by new hires and interns about their experiences.

Bouygues Immobilier's e-careers site again garnered attention in 2015, obtaining 17th place in the Potential Park ranking in the careers-website category by gaining 14 places in the space of a year.

Bouygues Telecom has redefined its employer credentials in keeping with the new brand identity, to be manifested in 2016 by a new, responsively designed careers website and a digital roadmap. All HR operational staff dealing have been trained in how to use social media to improve sourcing expertise.

Graduate recruitment

All Group companies maintain active ties with the world of education as they seek to enhance their attractiveness to students and graduates. Three of the Bouygues group's business segments were recognised in the French "Happy Trainees" ranking, which rates those companies most preferred by interns: Colas came 7th, Bouygues Immobilier 11th, and Bouygues Construction 14th.

Premium higher education partnerships were forged at **Bouygues group** level with Centrale/Supélec and HEC Paris to capitalise on the image of Bouygues amongst students and offer them professional opportunities in its various activities(see section 3.4.2.3).

In 2015, a mobile exhibition stand, representing the Group, was created to allow for joint representation at higher-education events

Bouygues Construction again invested heavily in graduate recruitment during 2015. Bouygues Construction's "Le Défi" competition was one such highlight, with 70 students presenting their "Neighbourhood of the Future" projects to a panel of senior Bouygues Construction executives.

It also developed various schemes outside France for students and recent graduates as a way of harnessing their talents and building their loyalty.

At head-office level, the International Programme, in its second year, was extremely popular. This select scheme promotes opportunities for standard internships and the international business internship programme (VIE), for those wanting to experience other cultures. This year, 431 applications were received in the space of a week, and 13 candidates were selected for assignments in ten different countries.

Dragages Hong Kong runs three Graduate Programmes. One is dedicated to apprentices while the other two help recent graduates from the region, training them in specific skills, namely by mentoring and rotating them through various projects with a view to obtaining certification in construction and civil engineering (four years) or the skills needed to become a quantity surveyor (two years).

In the UK, Bouygues Energies & Services and Bouygues UK offer two-year Graduate Programmes. Annually, approximately 40 recent graduates join these schemes to gain a theoretical and practical knowledge of several professions while benefiting from personal coaching.

To meet the brisk demand for new hires, VSL put in place a Recruitment Day for engineers. The French edition abided by a job dating format. Approximately 100 candidates prospected for jobs and around 10 were hired. A similar event took place in India and another is scheduled in Canada for 2016.

As part of its approach to graduate recruitment, **Colas** is sponsoring ESTP's 2018 graduating class and signed a new partnership agreement with Insa Toulouse.

In 2015, Colas continued to expand its internship opportunities and hire its most promising interns on a permanent basis. Colas was rated the best company in France to start a career, according to the "Happy at Work" survey, run by meilleuresentreprises.com, in the starter category. It also one of the first companies in France to conduct a satisfaction survey among all its young management-level hires (Universum). Internationally, management-level recruiting follows the French model, i.e. it is mainly conducted through educational partnerships and internships.

Partnerships for promoting Open Innovation and building gateways between **Bouygues Telecom** and engineering or web-design students materialised in the form of challenge-oriented weekend events (e.g. Hackathon) held in conjunction with Web School Factory and Ionis (see section 3.4.2.3).

Internal job mobility

Besides the recognised benefits for the **Bouygues group,** such as passing on corporate values and expertise as well as enhancing careers, internal job mobility is key to maintaining employment in challenging times. It was put to particular good use during Bouygues Telecom's restructuring programme. In addition to the extensive arrangements within the business segments, each of which has specific teams and mechanisms for this purpose, the Group draws on the services of the parent company's Internal Job Mobility department. The Internal Job Mobility department can be consulted by Human Resources departments and, in the strictest confidence, by employees of subsidiaries. It also coordinates national and regional internal job mobility committees, and manages an extranet on which job vacancies are posted.

Internal job mobility is a core value at **Bouygues Construction.** Nearly 2,000 employees changed either their job or location in 2015.

As part of its existing jobs and skills plan, **Bouygues Immobilier** introduced "mobility packages" to finance training for employees changing profession. In 2015, such employees represented 45% of internal job mobility during the year.

In order to protect jobs, priority was given at **Colas** to internal hires, thus encouraging mobility between entities. For example, Colas Sud-Ouest distributes regularly updated listings of jobs offered by Colas in the region where it operates, and offers employee training where necessary.

TF1 kept hiring to a minimum in its traditional television activities (broadcasting, news operations and audiovisual technology) and support services, and decided to focus on internal job mobility instead, for which a dedicated team exists. There were over 130 such internal transfers in 2015.

3

3.2.1.4 Compensation

Average annual gross salary by job category (permanent staff) and trend

Scope: France [a] €	Holding company and other	Bouygues Construction	Bouygues Immobilier [b]	Colas	TF1 [c]	Bouygues Telecom [d]
Managerial [e]	82,162	59,414	63,618	61,250	70,954	59,967
Change vs. 2014	3%	-0.3%	-2%	-1%	2%	-1%
Clerical, technical & supervisory	32,804	32,165	29,668	35,935	40,461	26,303
Change vs. 2014	-2%	-0.1%	1%	0.3%	0.7%	-0.5%
Site workers		27,309	19,327	25,862		
Change vs. 2014		0.7%	0.5%	2%		

(a) As the information systems of international activities are not integrated into those of French operations, full consolidation is not possible.
(b) Excluding sales staff.
(c) Including journalists.
(d) Including customer relations advisers.
(e) Trend at year-end taking account of staff leaving and joining in each category.
Coverage: 57% of the Group's headcount.
Indicators available at www.bouygues.com: Total gross contribution by employer to the company savings scheme (France), Total amount of profit-sharing (paid in 2015 in respect of 2014) and Percentage of employees promoted (France).

For all Group entities operating in France, the year was marked by a challenging economic context and no inflation. Consequently, wage policies continued to show restraint.

At **Bouygues Construction,** for clerical, technical and supervisory staff in France, lower profits resulted in a drop in variable remuneration and bonus payments, leading to lower annual remuneration. Having said that, special attention was paid to ensuring remuneration was not eroded in the lowest pay brackets, especially for site workers.

Total payroll at **Colas** in France was deliberately maintained flat.

Compensation policy at **TF1** in 2015 aimed to reward staff accomplishments in keeping with business results, with managers bearing the brunt of wage restraint. Importantly, employees on maternity leave in 2015 received a negotiated average pay increase.

At **Bouygues Telecom,** 5,288 employees not awarded an annual bonus received a gross premium of €500 as a reward for their participation in the company's transformation. Since the company did not return a profit in 2014, it was not in a position to assign funds to staff profit-sharing in 2015 with reference to the preceding calendar year.

3.2.1.5 Group compensation policy

Compensation policy at the **Bouygues group** aims to reward merit and promote certain categories of employees such as young people and women. Depending on the country, wages are supplemented with benefits such as profit-sharing, additional social protection, pension savings plans, a thirteenth month's pay, top-up contributions, and social and cultural activities. In France, several business segments provide each employee with a personalised document summarising all these benefits to give them an overview of their total compensation. Also in France, employee-savings incentives (e.g. employee savings and collective retirement savings schemes) are regularly supplemented by capital increases reserved for employees, such as the Bouygues Confiance 7 operation concerning 2015 and 2016.

Virtually all (94.3%) international subsidiaries with more than 300 employees have a remuneration monitoring policy, with documentation detailing the processes involved and indicating the consequences of such monitoring (score card, summary report, indicator, etc.).

At **Bouygues Construction,** social protection arrangements (including complementary health and personal-risk insurance) and pension provisions that are part of employee benefits in France are gaining ground internationally.

Outside France, supplementary remuneration arrangements are also in place. Profit-sharing has existed since 2011 at Losinger Marazzi, in Switzerland, where a collective bonus is paid to employees, determined on the basis of financial and safety-related criteria. Since 2006, employees at Bouygues UK and Bouygues Energies & Services UK are able to join shareBY, a tax-exempt employee savings scheme investing in Bouygues shares. For two years, special share-ownership operations, with fully matching contributions from the employer, have been offered to employees of the Bymaro (Morocco) and Dragages Hong Kong subsidiaries. Take-up has been relatively good (e.g. 62% at Dragages Hong Kong).

In France, 2,100 employees, or nearly 10% of the workforce, received a promotion in 2015. The Minorange Guild honours site workers who are exemplary in their work and attitude. There are 16 guilds totalling slightly over 1,000 members on a global basis.

Close to 2,000 employees are currently being monitored by French or European/Asian subsidiaries as key or high-potential persons. Approximately 100 locally-employed female employees of Bouygues Bâtiment International are being monitored in this way, representing close to 25% of the entity's key people.

Bouygues Immobilier has a comprehensive compensation policy that encompasses a fixed wage in recognition of skills, a variable portion that rewards performance and various benefits, which aim to foster loyalty to the company.

3.2.2 The workplace

3.2.2.1 Worktime organisation

Calculation of working hours (permanent and fixed-term staff)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
Hourly	43.1%	53.9%	36.5%	82.3%	30.1%	60.3%	67.4%	67.2%
Annual (incl. senior executives)	56.9%	46.1%	63.5%	17.7%	69.9%	39.7%	32.6%	32.8%

The indicator is specific to France and thus excludes international data. Coverage: 57% of the Group's headcount.
Indicator available at www.bouygues.com: Average number of part-time workers (France).

At **Bouygues Construction,** the flat hourly rate is predominant despite a slight drop in the past three years reflecting a contraction in site-worker headcount in France to less than one-third of the total.

The breakdown in working-time systems at **Bouygues Immobilier** has shifted marginally towards a fixed-day basis, resulting from a drop in site-worker headcount at Ossabois, a subsidiary manufacturing timber frames, owing to a downturn in business.

Existence of individual or collective rules relating to worktime organisation[a] in international activities

Scope: outside France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total
Existence of rules relating to worktime organisation in international activities		80.8%		100%			90.6%

(a) New indicator for 2015. Holding company and other, Bouygues Immobilier, TF1 and Bouygues Telecom are not covered by this indicator on account of its scope. Only companies employing more than 300 people operating outside France are concerned.
Coverage: 87% of international headcount.

With the exception of five Bouygues Construction companies in Asia, international subsidiaries with more than 300 employees have rules determining the duration of work.

Worktime organisation within **Bouygues group** aims to strike a balance between two priorities. One is meeting the needs of customers and adapting to patterns of activity in its various businesses, and the other is maintaining a healthy work/life balance. All business segments have introduced time savings accounts so that employees can manage their worktime more flexibly.

At **Bouygues Construction's** French operations, the overhaul of worktime arrangements under way since 2014 has resulted in harmonisation of practices and simplification of rules governing timesheets and overtime compensation, with the aim of enhancing the intelligibility of processes and operations. Test entities will use the new interface in 2016 before it is rolled out to the others during the second half of the year. Outside France, efforts to harmonise expatriation conditions and the terms governing secondments led to approval of a shared process common to all entities, with the aim of ensuring that the transferred employee and his or her family are treated fairly.

The organisation of working time preferred by **Colas** consists in annualisation and a fixed number of days worked. Annualisation, combined with the working time modulation plan applying to site workers and some clerical, technical and supervisory staff, means that work can be organised according to the seasonality of the business, while rewarding overtime. The method of a fixed number of days worked, which applies to managers, is being extended to clerical, technical and supervisory staff. In 2015, a new system for managing worktime and rest days for employees working on a fixed-day basis was submitted to the subsidiaries' Health and Safety committees for consultation. It will be implemented on a gradual basis.

At **Bouygues Telecom,** monitoring workloads was a concern throughout the year as more and more employees accepting voluntary redundancy left the company. A specific procedure was implemented, including the appointment of a liaison officer in each department. Every month, this individual had to assess the workload on the basis of four criteria, assigning a score of 1 to 3: presence of expertise, ability to conduct tasks, clarity of roles, and atmosphere. Remedial actions were defined where appropriate, assigned to a specific person for monitoring and checked regularly. A comprehensive report was issued to senior management and employee representatives.

Adopting new forms of work organisation

Wherever possible, the Group encourages a limited amount of working from home, which can increase employee satisfaction while yielding gains for the company by improving productivity and freeing up office space.

New procedures and collaborative practices were developed by **Bouygues Construction,** including the opening of a social network and the introduction of coworking spaces in local or regional subsidiaries. At Challenger, Bouygues Construction's headquarters, a special relaxation area attracts more than 6,000 visits each year. Additionally, working-from-home arrangements were formulated as a common process. Agreements are applicable to all clerical, technical and supervisory staff who wish to work from home and whose jobs allow them to do so.

To expand the dialogue around improving the work/life balance and satisfy the expectations of the younger generation, Bouygues Bâtiment France is implementing an initiative called "Harmonies". Highlights are training and awareness-raising programmes for all levels of management (e.g. the "Harmonie et Performance" training programme) and the introduction of a "Harmonies" charter for new projects, to define jointly the best practices to follow for the duration of worksites, covering team organisation, meetings, email usage and congeniality.

"Lean" procedures are also enacted on several worksites to optimise task scheduling and plan proactively, specify each party's role and enhance efficiency.

Bouygues Immobilier is rethinking work spaces for its customers and its own teams in accordance with the new digital paradigm. One such invention is a pilot site called "La Ruche", located at Bouygues Immobilier's headquarters, comprising comfortable work spaces in a relaxed atmosphere. The whole concept has been thought out to ensure a healthy balance between fixed office and collaborative spaces, creative rooms and relaxation spaces, offering a connected whole in which workstations are adapted to their respective purposes.

This new office space also served as an incubator for the new shared offices and third spaces offered by Bouygues Immobilier under the Nextdoor brand, the first site of which opened in June 2015, offering coworking spaces to start-ups and established companies alike (see special focus on Nextdoor in section 3.4.5.2).

At the same time, Bouygues Immobilier is offering employees flexibility in their choice of work location, which besides the office may involve a third place, mobile working or working from home.

TF1 began trialling working from home in September 2014, initially for a period of nine months (1 September to 31 May 2015). This was extended to 31 December 2015. Last year, 73 employees worked one day per week from home.

All of **Bouygues Telecom's** employees in the Paris region have been brought together in a single location offering optimum working conditions and scheduling, from home working, flex-office and collaborative communities to company-wide social networks, system-based digital office solutions, universal Wifi coverage and relaxation rooms. A variety of catering options are offered along with sports facilities and a concierge service. This unique office space, with its high-quality, productive working environment, is providing substantial help in unlocking synergy and time savings while enhancing productivity and relations between employees.

3.2.2.2 Absenteeism

Absenteeism (permanent staff)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
Absenteeism	3.1%	3.7%	2.1%	5.1%	2.9%	5.0%	4.5%	4%

Coverage: 57% of the Group's headcount. Absenteeism is defined as the number of calendar days absent as a result of workplace accidents, commuting accidents, occupational diseases and other illnesses versus [average number of permanent staff x 365].

The rate of absenteeism was 0.5 percentage points higher than in 2014, at 4.5%, close to the national private-sector benchmark of 4.6% in 2014, which was 7.4% higher than in 2013 (according to a survey by Alma Consulting Group 2015).

Almost all international subsidiaries (98.1%) with over 300 employees officially monitor absenteeism.

3.2.3 Labour relations

3.2.3.1 Relations with employee representatives, summary of collective agreements

The **Bouygues group** promotes a respectful and constructive approach to labour relations, for the benefit of staff. Resources available to trade unions, in addition to those allocated by each business segment, were determined at Group level by a 2005 agreement. Employee representative bodies in the different business segments are supplemented by the Group Council in France (30 representatives from various works councils around the Group) and the European Works Council (24 representatives from eight countries). As privileged forums for meetings between union representatives from across the whole spectrum and Group executives, they provide an opportunity for exchanges about the Group's business and financial prospects and about developments relating to jobs, human resources policy and health & safety.

The interest of staff in the quality of these discussions between employees and management is reflected in the turnout for workplace elections in France, which was much higher (82.1% in 2015) than the nationwide average (42.8% in 2013 according to France's national council on labour dialogue). This gives employee representatives a high degree of legitimacy. At Group level, an HR Labour Relations committee acts as the custodian of the values laid down in the Bouygues Human Resources Charter (which is available at www.bouygues.com). In France, personal-risk insurance schemes within the business segments are managed jointly with trade unions. In 2015, site workers were invited to join the supervisory board. Since 2014, a library of economic and HR-related information has been made available to employee representatives, and works councils are consulted on strategy.

For the first time at **Bouygues Construction,** workplace elections were fully electronic in two of its subsidiaries as regards all the electoral colleges. Levels of turnout exceeded 80%.

Employee representatives were consulted on changes to medical coverage and personal-risk insurance schemes. For instance, the period of transferability of the earned personal-risks entitlement for site workers and clerical/technical/supervisory staff was extended to 36 months. Further changes to these schemes are planned for 2016 with the inclusion of all Bouygues Energies & Services employees in the Bouygues group's medical coverage plan, leading to a single social protection scheme common to all entities within Bouygues Construction.

Some of the major agreements concerned areas such as paid leave donations, remuneration for employee inventions and various aspects of working from home. Profit-sharing agreements were renewed by nine entities for a three-year period.

In connection with compulsory annual negotiations, employee representatives at **Bouygues Immobilier** created a solution supplementing statutory arrangements whereby employees can take leave to look after a seriously ill child, spouse or parent. Paid leave donation is now possible as a way of helping colleagues within the same company.

At **Colas** in France, management-labour dialogue took place in a challenging economic context in 2015 within 321 local and group-wide works councils.

The implementation of standardisation agreements continues across subsidiaries. Spac and Segec both signed a standardisation and substitution agreement relating to staff employment status during the year, effective as of 1 January 2016. Negotiations are currently underway at the quarry entities of Colas Est and, at Colas Île-de-France Normandie, while Cosson has signed a standardisation agreement.

Agreements relating to equal opportunity and fair pay for women and men have been signed at Colas Midi-Méditerranée, Colas Rhône-Alpes Auvergne, Colas Sud-Ouest, Colas Rail, Aximum, Smac, and the subsidiaries in the West Indies. Several pre-election agreements were also signed in connection with workplace elections.

At **TF1,** despite stressed economic conditions, marked by uncertainty over the future of TV channel LCI, management-labour dialogue did not diminish in 2015, leading in fact to key agreements in the form of annual wage negotiations and an amendment to the profit-sharing agreement. From a standpoint of mutual accommodation, collective bargaining also resulted in the revision of the agreement governing time savings accounts, to which all trade unions were signatories. Additionally, TF1 renewed its commitment to the principle of diversity through the renegotiation of agreements on ethnic diversity and gender equality.

3.2.3.2 Coordinating labour relations

In 2015, the **Bouygues group** made the collaborative ByLink Network extranet platform available to all employees, giving them access to a discussion forum and a space for public and private work groups. Each business segment has supplemented these Group-wide capabilities with their own collaborative networks, restricted to their respective employees. Because these networks all use Microsoft's Yammer solution, adoption of this new work resource was easier.

At **Bouygues Construction,** internal seminars and briefings are held periodically, with the development of collaborative or interactive channels enabling employees to put questions to their managers or other executives on stage. This interactive resource has been up and running for two years on the "Com.unity" intranet, involving surveys and forums discussing various themes.

Satisfaction surveys are regularly undertaken within each entity, with site workers included in the process. Response rates are generally good, in the 60-70% range or higher. In 2015, Bymaro (Morocco), Dragages Hong Kong and Bouygues Entreprises France-Europe conducted surveys. Findings were analysed and remedial action decided upon.

During the "Solid'R" corporate community action day held on 18 September 2015, the costs of which were fully covered by **Bouygues Immobilier** and its corporate foundation, 82% of employees helped charities by means of approximately 40 local projects in partnership with Unis-Cité.

Employees were encouraged to take part in **TF1's** first ever participation in France's heritage days. The general public were invited to TF1's head office to visit television studios and meet well-known figures from the company. With assistance from the charity B.A.ba solidarité, which encourages literacy and basic skills in the workplace, 40 TF1 employees coached some employees of the cleaning company that services the site.

Through the employee perception survey in September 2015, employees at **Bouygues Telecom** underlined their attachment to the company, with 88% saying that they are proud to work there (+2 points higher than in the previous survey in 2013). A full 93% of employees stated that they want to give their very best to help the company succeed (+4 points higher than previously).

3

Turnout in elections for employee representatives (1st round, principals)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
Turnout in the most recent works council elections	89%	86%	73%	83%	80%	69%	82%	82%

The indicator is specific to France and thus excludes international data. Coverage: 57% of the Group's headcount.
Indicators available on www.bouygues.com: Percentage of employees covered by a satisfaction survey (France), Percentage of employees receiving a formal annual appraisal (France).

Turnout was high at **Bouygues Construction** in a year when many employee representative bodies were renewed, with nine entities conducting elections.

At **Colas,** renewal of employee representatives took place at the parent company Colas SA, Colas Nord-Picardie and Colas Île-de-France Normandie (selected locations).

3.2.3.3 Summary of collective agreements

Collective agreements negotiated

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
Number of collective agreements negotiated, including mandatory annual negotiations	4	139	6	106	20	9	284	248

Coverage: 57% of the Group's headcount.

3.2.4 Health and safety

3.2.4.1 Safety

The Bouygues group aims to reduce the frequency and severity of occupational accidents to which it is highly exposed through its operations, and works towards better employee health. All business segments aim to enhance road safety and forestall psychosocial risks (through surveys, early warnings and management training in best practices).

However, it is on worksites where there is an inherent risk of danger, where the need for accident prevention is crucial. The Group's construction businesses are therefore working extremely hard in the area of health and safety (safety equipment, training, detection and monitoring of near-accidents), and their results surpass industry standards. To improve on this record even further, Bouygues Construction and Colas have rolled out training programmes on health & safety issues, including the fight against addiction. In France, health, safety and working-conditions policies are implemented in consultation with Health & Safety committees. Implementation of safety management systems, some of which may have OHSAS 18001 certification, is the organisational bedrock at the operating units of the Bouygues group.

To implement this policy in the field, senior managers at subsidiaries can draw on a global network of health & safety coordinators as well as a broad range of safety resources, including training on safety, eco-driving techniques, first aid, 15-minute sessions on safety basics, awareness-raising initiatives, accident analysis, best-practice sharing, cross-subsidiary challenges and half-yearly rankings.

Commitment to health and safety is the core value within **Bouygues Construction's** charter of values, revised and updated in April 2015. It is also included and assessed during all employees' annual appraisals from 2015.

As part of the "Permis de Construire 2" training module, all employees at Bouygues Entreprises France-Europe underwent a refresher course on the principles and rules contained in the safety policy. This included a digital module plunging employees into a 3D environment modelled from an actual worksite. This technique can be used to simulate hazardous situations and improve conduct. More than 100 site workers have already followed this new training programme; more will be follow in 2016.

For the past nine years safety indicators have been factored into profit-sharing agreements. As a result, all employees are incentivised by the safety policy. A safety-reporting procedure was rolled out in France during 2015; it will be rolled out to international subsidiaries starting from 2016.

Among initiatives at **Colas** in France, "starter" safety talks were held at all worksites. It also held safety coaching launched for all new business unit managers and rolled out "Lara", a chemical risk assessment tool, at all French subsidiaries. Colas made changes to Ergomat, which now provides manufacturers of site plant and trucks with user feedback on possible improvements to equipment, and even on designs for new models.

3.2.4.2 Health & safety in the international operations

Health and safety policies at **Bouygues Construction's** international operations were broadened in scope and gained structure. Safety-awareness weeks were held in all entities. In 2015, a scorecard allowed each unit and major project to assess itself on five key themes in the Safety Act, with an increased weighting assigned to the worksite equipment and methods criterion, which is crucial to safety. These audits have notably led to the creation of full-time safety manager positions in Nigeria, Cuba and Myanmar.

Over one-third of training dispensed concerns workplace health and safety initiatives. Five training centres (Hong Kong, Singapore, Turkmenistan, Poland and Cuba) train locally hired site workers through sessions geared towards actual work situations (e.g. relating to portable tools, formwork, working at heights and personal protective equipment). Two more centres are planned in Myanmar and Thailand.

These resolute policies have been recognised through safety awards and local/international certifications (e.g. Rospa Safety Award). Several projects in Hong Kong, Singapore, Canada and the UK have received this type of accolade for their dedication to health and safety issues.

At **Colas,** the third edition of Safety Week took place between 15 and 19 June, with each country and each subsidiary developing its own safety-related activities. Outside France, Colas Inc. in the US ran a project in conjunction with Caterpillar Safety Services that involved managers and employees in order to give real meaning to safety culture.

3.2.4.3 Health

Safety in the workplace is a key part of **Bouygues Construction's** health and safety policies, both in France and abroad.

Warm-up exercises on worksites at the start of each day have been commonplace at the French construction activities for many years. Constant efforts are being made, in conjunction with ergonomists and technical and equipment departments, to reduce manual handling and heavy lifting. At Challenger, Bouygues Construction's headquarters, two weeks of raising awareness of ergonomic principles and the postures to adopt at workstations were held in October 2015 for head-office employees, in association with the occupational healthcare department.

Efforts to combat addiction, targeting alcohol and drugs, were stepped up in 2015. This has been policy for more than five years and includes campaigns to raise awareness of this issue among managers and head-office and worksite employees alike. A ban on the availability and consumption of alcohol on all workplaces operated by Bouygues Construction came into effect. A counselling programme is being introduced, based on the system used by Bouygues Entreprises France-Europe, in conjunction with internal and external partners (e.g. occupational health experts) to help treat employees affected by addictions.

Colas has implemented mechanisms and actions to reduce employee exposure to bitumen fumes, silica dust and chlorinated solvents (see section 3.3.3.2 of this chapter and section 4.1.3.6 of chapter 4 "Risk factors"). Thanks to its network of around a hundred safety officers in the field, Colas has raised its employees' awareness and increased their training on these issues.

Innovative projects were carried out in Switzerland, specifically an exoskeleton, which enhances the physical capabilities of the workers wearing it, while reducing arduousness. Another innovation was man-machine facial recognition.

To assist in the integration of new hires, **Bouygues Immobilier** has implemented an e-learning programme, available to all employees, that outlines the main occupational hazards and the procedures to be followed.

At **TF1,** the Corporate Services and Security Department regularly deals with issues relating to health, safety and working conditions, most notably regarding the layout of premises and workstation ergonomics.

Priority was assigned last year at **Bouygues Telecom** to supporting staff through the company's transformation. Workplace counsellors were a source of support to employees soliciting their services. Special training was given to managers to help provide support to employees facing difficulties. Systematic, regular monitoring of workloads in regard to all departments was undertaken at all levels of the company. Every employee joining a Club Bouygues Telecom store follows an e-learning module on safety, covering areas such as robberies, theft by deception and impolite customers, and attends a one-day session on emotional management techniques. A permanent helpline is available so that employees can report a hazard or an injury and receive immediate assistance. Whenever they feel traumatised, employees are systematically referred to a workplace counsellor.

Workplace accidents

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
Frequency rate[a] of workplace accidents among staff		4.6	7.8	6.8	2.7	4.3	5.6	6.0
Severity rate[b] of workplace accidents among staff		0.27	0.20	0.52	0.24	0.16	0.38	0.37
Number of fatal accidents		4		5			9	10

(a) Number of accidents involving time off work x 1,000,000/number of hours worked. In France, these are accidents leading to more than one day off work, reported to and recognised by healthcare authorities. Outside France, for 2014, Colas counted accidents that are reported and recognised by the relevant health authorities. Bouygues Construction counted accidents leading to at least one day off work. For 2015, all entities counted accidents from the first day of certified absence from work.
(b) Number of days off work as a result of a workplace accident x 1,000/number of hours worked.

At **Bouygues Construction,** after several years of steady improvements, safety indicators were slightly worse. Broadly speaking, the French construction entities posted stable or improved results. However, the frequency rate rose marginally at certain sites and major international projects, where business activity had been strong in 2015. Four fatal accidents regrettably occurred, including an employee collapsing during working hours and a commuting accident. The other two accidents concerned site workers at work.

At **Colas,** the number of workplace accidents involving time off work fell by 12%. The frequency rate improved from 7.66 to 6.84, as did the severity rate (0.52 compared with 0.53 in 2014).

These results reflect the high level of commitment by managers, especially internationally. There were sadly five fatal workplace accidents. Two occurred in France (at Colas Centre-Ouest and at Colas Sud-Ouest), while the other three took place in Madagascar, Ivory Coast and Gabon.

Social protection outside France[a]

Scope: outside France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
Social protection outside France		92%		100%			96%	94%

(a) Percentage of companies employing more than 300 people, operating outside France, providing social protection to employees. Coverage: 87% of the international headcount.

Social protection schemes are a key priority in the local HR policies of **Bouygues Construction** and are steadily being introduced to new sites. This is shown by the sharp increase in the percentage of coverage last year, from 86% to 92%. The goal is still that each employee will be covered for personal risks (death and incapacity at the very least). At **Colas,** the 100% rate reflects the existence of a company-wide policy.

Occupational illnesses

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
Recognised occupational illnesses	0	72	2	148	0	0	222	193

The indicator is specific to France and thus excludes international data. Coverage: 57% of the Group's headcount.

Though showing an increase, the figure for 2015 was low, conveying the positive impact of the health & safety policy, ergonomics initiatives and the constant efforts to improve worksite equipment, which reduces arduousness.

3.2.5 Development of talent

3.2.5.1 Development of expertise and employability

The Bouygues group enhances the expertise of its staff by organising technical training courses within each business segment and – at all corporate levels – training on management practices, through the Bouygues Management Institute (IMB) and corporate universities. Each year, a large number of employees receive safety training. The proportion of payroll allocated to training is well above the minimum legal requirement.

Arrangements are also in place, both in France and elsewhere, to provide refresher training to employees who so wish (e.g. literacy and numeracy).

At **Bouygues Construction,** 68% of employees in France followed at least one training module. Over 380,000 hours of training were delivered in total.

Health and safety is a major concern, accounting for 39% of all training hours dispensed to employees. For example, Bouygues Entreprises France-Europe developed a training module that provides a virtual visit to a worksite, pinpointing approximately 40 dangerous situations.

Additionally, as job descriptions are changing all the time, employees require continual technical skills development in order to remain competitive and to ensure their employability. This type of job-related, technical training accounted for 42% of all training hours dispensed to employees. In 2014, Bouygues Bâtiment Ile-de-France began updating its training curriculum in line with technical developments in the industry. In 2015, training modules on BIM (Building Information Modelling) began to be designed. BIM is a new technology that is going to revolutionise business processes and professions at every stage of the building project (see section 3.3.3.1).

Another key area for training is business ethics and the compliance of commercial practices. An e-learning programme called Fair Deal was introduced in late 2015 to raise awareness among and train 30,000 clerical, technical and supervisory staff, in France and internationally.

Since coming into being in 2008, the Bouygues Construction University has significantly expanded its training curriculum, which now contains close to 80 modules and courses of study. More than 1,000 training events are held by the university annually.

The "Philae" project, which began in 2015, aims to design a common training programme for all Bouygues Construction's activities in France and internationally, based around four modules, which are integration, fundamentals, professionalisation, and development and expertise. The project will take three years to complete.

Bouygues Immobilier again placed a strong emphasis on training in 2015 to ensure the long-term development of talent. One manifestation, for example, was project-based job training; another was the start of partnerships with higher education establishments (with Business School Solvay, Sciences Po Paris, etc.) to help employees accede to higher management positions and to develop more collaborative styles of leadership.

Bouygues Immobilier already offered blended learning but last year stepped up its digitisation of training options by acquiring a LMS, or Learning Management System, platform. This platform is accompanying three flagship projects in 2016: implementation of "Opéra" (a new system for operational management), the launch of the BI U school of marketing and the new version of the BI Quest induction programme.

In mainland France, **Colas** invested to offer 33,965 training initiatives and 563,693 training hours, up 4.8% compared with the previous year. Training on health and safety issues made up 40.5% of total training hours. Of these training hours, 51% were delivered to site workers, 27% to clerical, technical and supervisory staff and 21% to managers. Campus Colas held a total of 444 training sessions during the year across France, with 4,091 employees attending. Campus Colas delivers training programmes based on a common curriculum applied across Colas, facilitating the career development of site workers, clerical, technical and supervisory staff, and managers. Among these programmes, the four Colas University courses have supported the career development of 304 managers.

TF1 focused on supporting transformations through adaptation to new technologies. Two training highlights were the design of a specific programme for 40 executives, including a trip abroad, and the creation of TF1 University, an aim of which is to develop ways of learning and sharing that promote open-mindedness and collective thinking.

At **Bouygues Telecom,** 2015 was the year when technical progress was consolidated and the company's in-depth transformation and steps towards digitisation were accelerated.

Inspired by two leitmotivs, which are employability and shared collaborative moments, the company's training policy took a multifaceted approach.

A multimodal programme supporting the company's 500 leading managers called "Réussir la transformation" was made possible by expanding the e-campus offering to include specific content usable by participants to support and motivate their teams. A new talent-building programme, including immersion in start-ups, was also launched, while Bouygues Telecom's technical experts club (network, innovation and IT) received a new intake.

Thanks to changes in vocational training, a diploma course accrediting work experience was run for the first time, for team leaders at call centres.

Additionally, the Clubs Bouygues Telecom network of stores also offers a school of marketing, in conjunction with IGS, where approximately 20 young employees each year prepare for the two-year BTS diploma in business-unit management.

3.2.5.2 Integrating young people

The Gustave Eiffel apprentice training centre (CFA), which is supported by the **Bouygues group,** prepares students for vocational examinations in construction, electrical engineering and service trades. Qualifications range from the CAP vocational training certificate to BTS and degree-level technical diplomas. Bouygues remains highly committed to this apprentice training centre, based on three main avenues: streamlining of training programmes in accordance with the Group's business needs; expansion of continuing vocational training; and development of induction support skills.

Work/study programmes at **Bouygues Construction** are one of the ways that it trains young people in its professions, and they also represent a large recruitment pool. Each year, vacancies are advertised through the distribution of work/study guides in specifically identified schools. In 2015, a digital guide containing close to 100 vacancies was made available to potential candidates on the careers website.

Bouygues Immobilier places considerable importance on internships and work/study arrangements, all the while ensuring diversity in intake. For several years, the BI Campus day has provided an opportunity for the company to assert the fundamental values of its HR policy with interns and apprentices through high-quality interactions with over 20 seasoned employees. The purpose of this day is for young people to build networks within Bouygues Immobilier.

At **Colas,** training policy focuses on safety management training for works supervisors as its top priority. Emphasis is also placed on mastering technical fundamentals and team management. Orientation programmes and business-specific training for all new hires are strengthened by mentoring initiatives, benefiting an intake of 558 hired under work/training contracts.

3.2.5.3 Training, a strategic driver of international growth

Bouygues Construction entities invest substantially in training their locally hired employees. After the UK, Asia and Turkmenistan, Bouygues Bâtiment International opened a new training centre in Morocco, in 2014.

Bouygues Energies & Services UK has expanded its management-training proposition by designing a module dedicated to middle management, aiming to develop a corporate culture shared by all business lines, retaining talent and promoting staff career development.

Dragages Hong Kong launched an original initiative, an internal forum, for promoting a culture of learning and knowledge-sharing. Five knowledge-sharing sessions were held, bringing together 200 participants across all sites.

Outside France, the programmes in place at **Colas** mainly focus on developing core competencies and safety training.

This is the case both in the US, where Colas Inc. has put in place an organisation to ensure a common approach to core competency training at all US subsidiaries, and in Canada, where contractual training was emphasised in 2015. In Europe, Colas Danmark put in place training for managers, Colas Belgium technical and administrative training, and subsidiaries in Ireland and Austria safety training.

3

Work/study training contracts

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
Number of apprenticeship contracts		195	27	251	26	68	567	731
Number of professional training contracts	1	84	67	170	123	100	545	747
TOTAL	**1**	**279**	**94**	**421**	**149**	**168**	**1,112**	**1,478**

Coverage: 57% of the Group's headcount.

Recruitment of students on work/study contracts by the **Bouygues group** adapted to the business slowdown in France, accounting for the 25% decline relative to the previous year. Monitoring and quality of assignments offered remain a priority in anticipation of possible permanent recruitment subsequently.

Training (permanent staff)[a]

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2014 Group total	2013 Group total
Percentage of payroll spent on training	2.4%	4.1%	3.6%	4.0%	3.0%	3.2%	3.8%	3.9%
Average number of days training per employee per year	2.40	2.46	2.48	2.48	2.62	2.21	2.45	2.48

(a) Data on training refers to the Group training audit published in 2015 in respect of 2014. Information concerning 2015 is not available because the approved joint collection body (OPCA) follows a non-calendar year.
As the information systems of international activities are not integrated into those of French operations, full consolidation is not possible.
Coverage: 57% of the Group's headcount.

Despite the challenging economic context in France, the Group continued to offer two to three days of training per employee on average. Investment on training continues to remain above statutory obligations.

Existence of a formal training plan in the international activities[a]

Scope: outside France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
Existence of a formal training plan in the international activities		81%		96%			89%	88%

(a) Holding company and other, Bouygues Immobilier, TF1 and Bouygues Telecom are not covered by this indicator on account of its scope. Only companies employing more than 300 people operating outside France are concerned.
Coverage: 87% of international headcount.
Indicator available at www.bouygues.com: Training by type (France).

3.2.6 Equal opportunity

3.2.6.1 Promotion of diversity and equal opportunities

"We are an equal opportunity employer. No applicant or employee receives less favourable treatment because of gender, ethnic background, religion, beliefs, disability, age, sexual orientation or nationality. This is a moral obligation as well as a corporate priority." (Bouygues group Human Resources Charter, drafted in 2008).

Bouygues group business segments have a diversity officer and have continued pursuing initiatives to encourage diversity and equal opportunity, with a particular focus on gender equality, disability and occupational integration. At Group level, the Diversity-Equal Opportunity committee brings together several times a year specialists from the different business segments to encourage implementation of best practices. TF1 and Bouygues Telecom have held the Diversity label since December 2010 and June 2011, respectively.

Six units in **Bouygues Construction** are signatories of the Diversity Charter. Diversity policy applies to all operations belonging to these units, both in France and abroad. Bouygues Bâtiment International's Diversity label (Afnor certification) has been renewed and several of its subsidiaries took tangible steps in this sphere.

With more than 1 million hours of occupational integration in 2015, Bouygues Construction is exemplary in local sourcing of employment and welfare-to-work schemes (see section 3.4.1 "Socio-economic impacts worldwide"). Bouygues Construction's aim is that social, cultural and ethnic diversity is reflected in its workforce, at every level of the company.

To raise awareness among employees and spread best practices in favour of inter-cultural diversity, several means of communication have been adopted, including a newsletter and a specific section on the intranet (part of which is reserved for HR). A handbook specifying Bouygues Construction's stance on religion in the workplace is available from and publicised by HR managers within each entity.

Bouygues Construction University has created an "Equal opportunities" module, which has raised awareness of the issue among more than 500 HR employees and managers.

Outside France, Dragages Hong Kong has a total of 28 nationalities on staff. As a multicultural company, assimilation and cohesion are deemed vital to improving quality of life at work. The Cultural Diversity Festival run by Dragages Hong Kong aims to strengthen ties within the company by raising awareness of the traditions of the five most represented nationalities, from China (64%), Nepal (16%), France (9%), Great Britain (4%) and the Philippines (2%). For five weeks in 2014, 1,500 employees at Dragages Hong Kong took part in 22 cultural events. Daily newsletters also opened a window on various countries.

At **Colas** in France, non-discrimination as a principle has been clearly reaffirmed in many company-signed agreements, from diversity and gender equality charters to the *contrat de génération*. Initiatives to raise awareness of non-discrimination are regularly carried out at Colas University.

US subsidiaries are bound by federal laws prohibiting job discrimination in hiring, employee treatment and compensation. Initiatives are many and include the clear communication of this commitment and the sharing of job offers with placement agencies specialising in the employment of minorities.

At **Bouygues Immobilier** in 2015, a new training module called "Respect et Performance – Manager la diversité" was implemented for all of the company's experienced managers, aiming to assist them in developing intra-team cooperation, understanding the diversity of each person and finding the keys for making diversity a factor in promoting performance and employees' personal development.

HR procedures were revised – especially in the area of recruitment and promotion – and traceability guaranteed to assist in compliance with the exacting requirements of the "Diversité" equal-treatment label, which was obtained by **TF1** in 2010. An audit took place in 2012 and the renewal request is still outstanding. A total of 1,200 employees (managers, journalists, HR, employee representatives, etc.) have been trained in fighting discrimination over the last three years. In 2014, Allodiscrim', a network of lawyers specialising in discrimination-related issues, was appointed to provide a clinic for employees who feel that they are victims of discrimination. In October 2015, the TF1 group signed a charter underlining its commitment to fighting discrimination based on sexual orientation and identity.

A partnership between **Bouygues Telecom** and Mozaic RH was signed to promote the sourcing of young employees or work/study students from underprivileged neighbourhoods.

Existence of a formal diversity policy in international activities [a]

Scope: outside France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total
Existence of a formal diversity policy in international activities		46.1%		66.7%			56.6%

(a) New indicator for 2015. Holding company and other, Bouygues Immobilier, TF1 and Bouygues Telecom are not covered by this indicator on account of its scope. Only companies employing more than 300 people operating outside France are concerned.
Coverage: 87% of the international headcount.

Outside France, subsidiaries in the US and European countries, for example, are actively fighting discrimination in the workplace, including sexism, in accordance with local legislation.

3.2.6.2 Gender equality

The promotion of gender equality is a goal shared by all **Bouygues group** subsidiaries. In 2015, the Bouygues group invited 12 female employees working in various business segments to take part in the 11th Women's Forum for Economy & Society with a view to drawing inspiration from current trends and best practices enacted by companies and stakeholders around the globe.

As construction has always been a predominantly male industry in France, the challenge for Bouygues Construction and Colas is to make themselves more attractive to female job applicants. In order to do this, they are carrying out communication campaigns in universities and schools. More broadly speaking, all Group companies have conducted an audit of the proportion of women in managerial positions and are taking steps to improve the situation.

In France, the proportion of women managers has been rising steadily for years. Across all business segments, equal pay between men and women is monitored and a budget is assigned to harmonisation where this is necessary.

Since 2012, **Bouygues Construction** has been operating a programme promoting diversity, involving the entire HR function. This includes awareness-raising modules as part of managers' training, recruitment commitments, a special scorecard, HR training and an intranet communication plan.

In late 2014, Bouygues Construction supported an initiative by *Le Moniteur*, a trade journal, and the French building federation to create the first ever awards recognising women employed in the construction industry, highlighting female contributions in spheres ranging from works and architecture to property development and taking over businesses.

Welink, the women's network at Bouygues Construction, in June 2015 invited its members and other stakeholders to its debut evening event devoted to exchanging views and sharing experiences on the place of women in the construction industry. Close to 300 responded to the invitation, taking part in the various talks.

Local Welink bodies were created last year, chief among which at Losinger (Switzerland) and at Bouygues UK. Within Bouygues UK, approximately 100 employees got together on 21 April 2015 to exchange views on what the UK entity needs in order to promote diversity in its teams. Other international entities continued to develop initiatives on the subject of gender equality, especially Bymaro, which is strongly promoting the recruitment of women, and Dragages Hong Kong, which published its first ever report on gender diversity.

Colas launched an action plan in 2015 drawing on the proposals made by a working group that met in 2014. Some of these training and awareness-raising initiatives have already taken place, including the production of four short films (including one shot in conjunction with a sheltered-sector company) and amendments to framework agreements with employment agencies. Manager training and the creation of a network of diversity ambassadors are under way. Internal communication campaigns on diversity took place and mentoring was introduced in late 2015; these initiatives will continue in 2016. With respect to equal opportunity, the implementation of negotiated collective bargaining agreements at the subsidiaries is monitored through a report on the comparative situation of male and female employees.

In 2013, **Bouygues Immobilier** pledged to increase the proportion of women active in operational positions to 26% after three years, especially in management positions within business units.

By 31 December 2015, the target had been exceeded, with a rate of 30%.

The priority aim of **TF1** is to increase the proportion of women managers, which rose from 28% to 29% in the Management Committee, which comprises the 150 leading executives of the TF1 group. In 2015, an action plan called "Mixité et Performance" was approved by the Senior Management Committee.

The main points of this plan are a diversity network called "Fifty Fifty" sponsored by Catherine Nayl, Executive VP of News & Information at the TF1 group; a scorecard for tracking gender equality performance indicators; and HR staff training to raise awareness about stereotyping. The number of people attending the "Leadership au féminin" course last year was doubled.

The "Femmes et Management" programme made further achievements in promoting women, encouraging solidarity and developing women's opportunities at **Bouygues Telecom.**

One initiative was the promotion of cross-mentoring, in which 35 men and women from Bouygues Telecom, TF1 and Cisco took part, benefiting from preparatory and follow-up sessions to help understand the key factors to ensure success, such as posture, best practices, feedback and sharing, as mentors and mentees.

In addition to the annual training plan, workshops and conferences are offered through the Bouygt'Elles women's network, which also proposes a space for deliberating and sharing experience on topics such as personal marketing, networking, assertiveness and businesswomen in the digital marketplace.

This network also promoted technical and engineering professions amongst young women from secondary schools as part of Women@Tec, which was one of the highlights of 2015. In addition, the company continued giving its annual Bouygues Telecom award for the best Woman Digital Entrepreneur, for the fourth time in 2015.

3.2.6.3 Hiring people with disabilities

A structured disability policy is firmly established in all the **Bouygues group's** business segments in France, including disability officers to coordinate actions and training for human resources managers and staff. Specific policies exist to help retain disabled employees and adapt working hours to their needs.

The Group's disabilities policy has four priorities: recruiting through specialist forums, joining disability associations and using specialist recruitment agencies; keeping the disabled in employment by improving access, adapting workstations and appliances; raising awareness and helping employees and managers to see disabilities in a more positive way; and subcontracting to the sheltered and disability-friendly sectors. Enlisting the services of specialist firms (sheltered workshops and disability-friendly companies) is a mainstay of the Bouygues group's disabilities policy, although the indicator is down due to a decline in activity in certain regions and departments.

Amid the challenging economic conditions, **Bouygues Construction's** disabilities policy focused chiefly on adapting working conditions and keeping disabled people in employment rather than on recruitment.

Several arrangements were implemented to protect the careers and ensure the safety of employees with disabilities, such as improvements to accessibility, fire evacuation procedures, and workstation and equipment adaptations.

More HandiTour roadshows took place. In late 2014, Bouygues Travaux Publics held two events, with 250 people visiting the worksite of the Nîmes-Montpellier railway bypass. A further 110 people visited a worksite in the Paris region. In early 2015, Bouygues Bâtiment Ile-de-France met with site workers at structural work projects to raise awareness about disabilities, with the help of video materials.

Through the Bouygues Construction corporate foundation, Terre Plurielle, financial support has been provided to several disability charities for two years, such as the "Phares" programme (promoting disabled students in higher education) run by the French disabled students' federation since 2011.

Colas subsidiaries that have signed agreements with the French government agency Agefiph, which promotes the employment of people with disabilities, continued their initiatives in 2015. This included 15-minute disability talks (two per year), awareness-raising and training, distribution of a handbook aimed at interns, action plans to promote purchases from the sheltered sector and help staff with disabilities remain in employment.

At **Bouygues Immobilier,** actions aimed at raising awareness among staff, recruiting, retaining the disabled in employment and increasing subcontracting to the sheltered sector have paid off, with the proportion of disabled employees doubling to close to 3%. For the second consecutive year, Bouygues Immobilier – in association with Cap Emploi du 75 and TF1 – held a special recruitment drive for work/study positions within support and operational teams.

To make a lasting difference, disability officers and operational managers identified services that can be outsourced to the sheltered sector, which have a direct link to the property development activity, thus providing support to teams on the ground.

At the beginning of 2014, **TF1** group signed an ambitious three-year agreement with trade unions governing the recruitment of disabled persons on permanent contracts and fixed-term contracts of more than six months (24 in three years, of which 18 on work/study contracts), with an emphasis on work/study contracts. These arrangements train disabled employees, placing their talents at the company's disposal for the future. The agreement also stipulates an increase in sales assigned to the sheltered and disability-friendly sector. In 2015, 43% of disabled persons benefited from adapted working conditions.

In 2015, **Bouygues Telecom** signed its fourth consecutive agreement on the occupational integration and retention of disabled employees in the workplace. The proportion of disabled workers was shielded from the voluntary redundancy plan in 2014. The move to the Technopôle site in Meudon included direct support for disabled employees. Assigned disability officers, some of whom are management level, apply the disabilities policy on a daily basis throughout the Bouygues Telecom store network.

Disabled workers (permanent and fixed-term)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
Number of disabled workers	3	555	33	942	68	261	1,862	1,869
Number of disabled workers hired		7	4	6	9	16	42	61
Sales with sheltered workshops and disability-friendly companies	€2,326	€2,248,985	€393,490	€1,383,472	€370,700	€451,956	€4,850,929	€4,409,622

International consolidation has not yet been carried out. Coverage: 57% of the Group's headcount.

Sourcing from the sheltered sector rose sharply within the **Bouygues group** thanks to the work of purchasing managers and disability liaison officers within each entity.

3.2.6.4 Anti-discrimination policy

See section 3.2.6 "Equal opportunity"

3.2.7 Compliance with International Labour Organisation (ILO) conventions

The **Bouygues group** promotes the Fundamental Conventions of the ILO as well as human rights in the countries where it operates. Signed in 2006, the UN Global Compact recognises freedom of association and the right to collective bargaining while seeking to eliminate discrimination and forced and child labour. Each year, the Group reaffirms its commitment to these objectives. The Group's Code of Ethics and Human Resources Charter, widely circulated internally and available at www.bouygues.com, remind all staff of its expectations in this regard. In sometimes complex circumstances, operational managers have a duty to prevent any infringement of human rights in areas relating to their activity. That vigilance must be an integral part of their day-to-day work. It should be noted that, outside France, an employee consultation body exists in more than two-thirds of major subsidiaries.

Concerning those working on sites run by **Bouygues Construction** outside France, the working accommodation standards – which for over two years have provided a common framework for the structuring of worksite living quarters – were in 2015 applied systematically to all new Bouygues Bâtiment International worksites. This framework, which takes the ILO conventions as its starting point, is due to be expanded in tandem with the development of family worksite living arrangements (most notably in Asia), which frequently include play areas, a school transport system and literacy campaigns.

Literacy and schooling programmes are being implemented to assist in the integration of workers' families and the education of their children. Internal audits are conducted annually, taking place in Qatar, Myanmar and Morocco in 2015. All audits give rise to recommendations and improvement plans.

Since **Colas** mainly operates in OECD countries, it has few operations in countries where there are substantial risks in terms of freedom of association, forced or compulsory labour, child labour or discrimination. Colas works with a limited number of subcontractors.

3.2.7.1 Freedom of association and the right to collective bargaining

Existence of employee representative bodies in the international activities[a]

Scope: outside France (companies with more than 300 employees)	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
Existence of employee representative bodies in international activities		58%		74%			66%	69%

(a) Holding company and other, Bouygues Immobilier, TF1 and Bouygues Telecom are not covered by this indicator on account of its scope. Only companies employing more than 300 people operating outside France are concerned.
Coverage: 87% of the international headcount.

The decline in this indicator at **Bouygues Construction** is due to the application of the 300 employee cut-off point, and does not reflect the proactive policy in this area. Relative to 2014, one more entity reported the existence of employee representation. The decrease in the percentage was due to the fact that several companies without employee representative bodies crossed the 300-employee mark in 2015, e.g. VSL (China) and VSL (Thailand).

Outside France, **Bouygues Construction** entities are developing a labour relations policy inspired by the Group's corporate culture, which is particularly ambitious in this sphere. Employee representative bodies are active in each entity, even when not stipulated by national legislation. For example, a labour-management committee was established in Turkmenistan last year, comprising four employee representatives and four managers. It meets on a monthly basis, dealing with matters relating to working conditions, as relayed by the employee representatives. This kind of representation also applies in sub-Saharan Africa and Morocco.

Bouygues Construction ensures that its HR policies are implemented in full respect of local cultures and traditions. The implementation of a "committee of wise men" in Ivory Coast (at the Tongon mine) is a case in point. This representative body brings together not only managers and employee representatives but also village elders, recognised by all parties for their experience and wisdom.

The labour relations climate is one of the key locally audited themes of Bouygues Bâtiment International's human resources development indicator.

At **Colas,** most companies outside France have employee representation. This applies to European subsidiaries, with the exception of the UK and Switzerland, and Africa, except for Morocco. In North America, employee consultation takes place with trade unions when present in local entities.

3.2.7.2 Non-discrimination in employment and occupation

The Bouygues group's Code of Ethics states that *"the Group shall apply a fair human resources policy that is consistent with the law. It refrains from all discrimination on unlawful grounds"*. Fair treatment and equal opportunity are one of the principles of the Human Resources Charter and apply to all aspects of the employee's career, from recruitment and training to promotion, information and communication.

3.2.7.3 Elimination of forced or compulsory labour

Respect for fundamental values and principles of human rights is enshrined in the Bouygues group's Code of Ethics and Human Resources Charter. The Supplier CSR Charter forbids all use of forced or compulsory labour.

3.2.7.4 The effective abolition of child labour

Further to strict compliance with ILO recommendations on child labour, companies within the Bouygues group work to ensure that rules are also complied with by business partners through the Supplier CSR Charter (see section 3.4.3 "Partners, suppliers and subcontractors").

Furthermore, **Bouygues Construction** has made commitments to NGOs to develop schooling for children in several countries. Over the past two years, for example, Terre Plurielle has supported nine projects to found or renovate schools – mainly in Asia and Africa.

3.3 Environmental information

Further information can be found by visiting www.bouygues.com or consulting the CSR reports of the individual business segments which are downloadable from their respective websites.

3.3.1 General environmental policy

3.3.1.1 Environmental policy

Environmental issues are considered strategic by Bouygues as it aims to rank among the leading solution providers in regard to the planet-wide challenges of climate change and resource scarcity. Sustainable construction and smart urban planning are two such solutions. The Group is also enacting indicator-driven initiatives to limit and then reduce the environmental impact of its operations.

The environmental policies of the Group's business segments cover the various aspects of their operations.

- **In the design phase,** all factor environmental issues into their product and service offers. For Bouygues Construction and Bouygues Immobilier, this is manifested in environmental certifications of their products (BREEAM®, LEED®, HQE™, H&E, BBC-effinergie®, Minergie®[a], and so forth).

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Proportion of R&D budget spent on sustainable construction	Global	100% of Bouygues Construction's consolidated sales	48%	50%	The following areas of R&D are considered as sustainable construction: energy, carbon, savings on resources and materials, biodiversity, user well-being and safety, usage quality, eco-design, processes and methods (industrialisation, product-quality improvements, reducing arduous work, etc.) and tools (overall cost, new technologies, etc.).
Proportion of buildings with environmental labelling or certification in the order intake where Bouygues Construction acts as the purchasing advisor	Construction activities Global	56% of Bouygues Construction's consolidated sales	72%	81%	Whenever Bouygues Construction acts a designer/builder, over two-thirds of its building-related order intake includes environmental certification commitments which are superior than applicable regulations. The small decline relative to 2014 was due to differing expectations from customers, who tended to choose special as opposed to broad certifications. This was particularly noticeable in northern, eastern and south-eastern France.

Bouygues Immobilier

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Sales with a commitment to environmental labelling or certification schemes (H&E, BBC-effinergie® for residential property or HQE™ for commercial property)	France	90.3% of Bouygues Immobilier's consolidated sales	98%	93%	For 2015, the proportion of residential-property sales certified H&E and BBC was 100%. This is indicative of Bouygues Immobilier's commitment that all building permits filed after 1 July 2010 have low-energy certification (BBC label or better), two years before it became mandatory. In the commercial property arena, 96.4% of sales had HQE™ certification compared with 72.7% in 2014.

(a) Minergie® and Minergie-eco® are pan-European performance labels originating from Switzerland. They are mainly prescribed by Losinger Marazzi, Bouygues Construction's Swiss subsidiary.

Sustainable construction is a key focus of innovation at Bouygues Construction and Bouygues Immobilier. For example, Bouygues Immobilier has developed a positive-energy office range (Green Office®), a procedure for renovating existing buildings (Rehagreen®) and an eco-neighbourhood service (UrbanEra®). In 2015, two new large-scale projects were started: Green Office® Batignolles, a timber-framed office building that will generate more energy than it uses, and Nanterre Cœur de Quartier, the first mixed-use project under the "Grand Paris" major infrastructure programme (70,000 m²). Bouygues Construction expanded its offering of sustainable, smart eco-neighbourhoods, deployed on international projects. For example, the sustainable Erlenmatt West neighbourhood in Basel, handed over in 2015, became the first site to be awarded the "2,000 watts site" label by NGO Cité de l'énergie. Carrying Minergie® certification[a], the neighbourhood is powered solely by renewable energies.

A large proportion of R&D expenditure at Bouygues Construction and Colas is devoted to environmental issues and sustainable construction.

After five years of R&D, in 2015 Colas launched Wattway, a road surface that uses embedded photovoltaic cells to generate power. Additionally, laboratories at Colas are working on eco-design procedures, specifically researching how to optimise eco-friendly binders by applying the principles of "green chemistry".

The design of the Bbox Miami TV box, launched by Bouygues Telecom in 2015, contains criteria for a reduced environmental footprint. Its volume was 80% less compared with the previous generation, leading to a reduction in CO_2 emission connected with product packaging and logistics.

- **Concerning Group operations** (chiefly worksites and fixed locations such as workshops and production sites), management of environmental impacts chiefly relies on the use of ISO 14001 as well as certifications (HQE™, LEED®, BREEAM®).

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Sales covered by an ISO 14001-certified EMS[a]	Global	87% of Bouygues Construction's consolidated sales	90%	91%	Management of environmental impacts in Bouygues Construction's operations is enhanced by a prevention policy based on an ISO 14001-certified environmental management system. This is widely used, given that 90% of Bouygues Construction's business was certified as such in 2015.

(a) EMS: Environment Management System

Besides these capabilities, the construction businesses have developed their own environmental protection procedures that tie in with their specific operations, namely Bouygues Construction's Ecosite, Bouygues Immobilier's Clean Worksite Charter[b] and Colas' self-assessment checklists.

- **As part of its internal processes,** the Group implements a certification policy governing the construction and operation of its own buildings (headquarters of Bouygues SA, Bouygues Construction, Bouygues Immobilier, and Bouygues Telecom's Technopôle[c]).

Other actions aim to reduce environmental impacts arising in the course of business through the Group's internal processes. For example, Bouygues Construction and Bouygues Immobilier have modernised their vehicle fleets to reduce pollutants. In choosing the new vehicles, Bouygues Construction took into account the costs relating to CO_2 emissions (taxes) and fuel consumption while excluding certain vehicles with high emissions. Consequently, the average level of CO_2 emissions in its passenger vehicle fleet fell further to 105 g CO_2/100 km in October 2015, representing a steady reduction since 2011, when the average level was 123 g CO_2/100 km.

- **Given the type of product or service offered by the Group,** environmental-performance policies applied when structures are in operation are crucially important. Bouygues Construction and Bouygues Immobilier support customers in managing and limiting their final energy consumption. Their offers include performance commitments, most notably in the form of Energy Performance Contracts (EPC) applying to office and residential property. In 2015, 19% of order intake for Bouygues Construction include an EPC (Bouygues Energies & Services operations).

(a) Concerning residential premises.

(b) The Clean Worksite charter applies to all of Bouygues Immobilier's commercial property developments (16% of its sales) and for residential developments that are HQE™ certified. "Habitat & Environnement" certification hitherto covered part of Bouygues Immobilier's residential operations. This certification includes low-disturbance worksites as one of its seven environmental themes. From 2016, NF Habitat HQE™ will supersede H&E and HQE™, the aim being that it will cover 25% of Bouygues Immobilier's residential output. This new certification contains more in-depth guidelines on worksite design in order to minimise disturbance.

(c) ISO 50001 certification.

Lastly, environmental certifications (HQE™, LEED®, BREEAM®) prescribed by the business segments carry requirements in energy and resources management under operations-maintenance.

Ecoprod – working towards eliminating carbon from audiovisual and film production – an initiative supported by TF1

In France, the audiovisual sector emits approximately the equivalent of 1 million tonnes of CO_2 into the atmosphere each year, approximately a quarter of which is directly connected to film-making according to a report on the sector in 2011.

So that environmental considerations are better taken into account when producing radio and television programmes, six industry stakeholders (Ademe, Audiens, Commission du Film d'Île-de-France, Dirrecte IDF, France Télévisions and TF1) in 2009 launched Ecoprod.

Ecoprod has developed a resource centre aimed at reducing the environmental footprint of their operations. These resources, available free of charge, include help-sheets, feedback and production monitoring templates.

In 2010, Ecoprod developed and implemented Carbon'Clap®, an online carbon audit calculator designed specifically for the audiovisual sector. In 2014, an environmental charter, supplemented with training, was developed and offered to small and midsized firms in the broadcasting industry. In 2015, a partnership with the World Bank's Film4Climate initiative led to these resources being offered to industry stakeholders all across Europe.

3.3.1.2 Environmental risk prevention

Environmental risk prevention prescribes early-stage analysis that maps and then assesses the risks connected with production sites or business-related sites.

Bouygues Telecom has produced an annually updated mapping of environmental risks correlated with the company's guide on environmental and CSR reporting obligations. Where required, remedial action plans are implemented.

Bouygues Immobilier systematically retains the services of an environmental consultancy firm as soon as it becomes interested in a plot of land. If the report raises question marks, the firm is then asked to perform a more detailed analysis and, where required, soil, subsoil and groundwater rehabilitation measures so that the plot is compatible with the future assignment of the land. Furthermore, the NF Habitat label (formerly NF Logement Démarche HQE™), assigned to Bouygues Immobilier's new residential developments since 2010, relies on a sustainable environmental-management system. From 2016, NF Habitat will supersede H&E and HQE™, with the aim that it will cover 25% of Bouygues Immobilier's residential output.

An integral part of CSR policy at Bouygues, implementation of an environmental management system is also one of the four principles that the business segments pledge to enact to improve the Group's environmental performance.

To reduce environmental hazards on sites operated by Colas and Bouygues Construction, both companies rely on conventional, ISO 14001-type environmental management systems. ISO 14001 stipulates that the environmental management system should incorporate a prior risk assessment, providing a basis for procedures by which units can address the environmental issues relating to their particular activity. At Colas, ISO 14001 is applied to its fixed locations.

Colas

Indicator	Scope	Coverage	2015	2014	Remarks
Environmental certification of materials production sites *% of sales before inter-company eliminations*	Global	100% of sales (before inter-company eliminations) generated by materials production activities	60%	60%	The Environmental certification of materials production sites indicator remains constant and at a satisfactory level, given the range of contexts around the world where Colas operates and the non-controlling interests held by Colas in many of these businesses.
Rate of environmental self-assessment using Colas checklists [a&b] *% of sales before inter-company eliminations*	Global	100% of sales (before inter-company eliminations) of materials production activities for which checklists are applicable	89%	84%	The indicator on environmental self-assessment using checklists gained five points in 2015. The movement in this indicator is tied to greater participation in Canada, Central Europe and mainland France. It should be noted that this indicator has risen 14% since 2013. Checklist assessments are the cornerstone of the policy put into practice by Colas to address environmental risk.
Percentage of materials production activities that use a tool to manage environmental impact (environmental certification and/or Colas checklists) [b] *% of sales before inter-company eliminations*	Global	100% of sales (before inter-company eliminations) generated by materials production activities	81%	82%	The percentage of materials production activities that use a tool to manage environmental impacts remains high. The target is to reach 100%. This is an ambitious target given that other shareholders in subsidiaries might be involved, some of which are majority owners, preventing Colas from ensuring complete oversight. This percentage is lower than that for environmental self-assessment using Colas checklists due to a larger scope of consolidation.

(a) Activities to which the checklist applies: fixed quarries; fixed gravel pits; borrow pits; hot-mix plants; cold-mix plants; oil and bitumen refineries; asphalt plants; plants making binder, emulsions and/or fixed modified binders; ready-mix concrete plants; fixed prefabrication plants; fixed recycling plants; bituminous membrane facilities; various fixed installations; fixed bituminous binder storage facilities. This excludes some highly specific industrial activities for which volume is derisory (e.g. production of steel structural framing) or which are too complex for establishing a checklist, even for substantial operations (SRD site).

(b) 2014 data for these two indicators have been restated relative to the 2014 Bouygues group Registration Document.

So that the environmental risks pertaining specifically to their type of activities are better taken into account, the Group's business segments have implemented environmental-management systems, supplementing the risk mapping and assessments and the environmental certifications.

- The Ecosite label is used to curb environmental risks and pollution on Bouygues Construction's worksites.

Ecosite label: reducing the environmental footprint of Bouygues Construction worksites

Ecosite, which was created in 2010, ensures compliance with Bouygues Construction's own environmental policies and with standards derived from the most stringent regulations on issues ranging from managing waste and protecting biodiversity to minimising disturbances for local residents.

It is applicable to all Bouygues Construction entities and is based on three main strands: worksite environmental standards, which summarises recommendations for safeguarding the environment and examples of best practices and suggested eco-equipment; an evaluation grid assessing implementation of recommendations; and a worksite environmental label issued on the basis of an assessment.

Ecosite stipulates a specific analysis of environmental risks before the start-up of a worksite. The actions to be carried out are then broken down into several themes, many of which relate to major risks and potential pollution: waste, hazardous materials, noise pollution, air, aquatic environment, biodiversity and consumption. Ecosite also includes a component on managing environmental emergencies.

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Percentage of worksites carrying the Ecosite [a] **label**	Global	87% of Bouygues Construction's consolidated sales	65%	71%	Bouygues Construction's Ecosite is an efficient, all-encompassing method for tackling the environmental issues arising from its worksites and reducing the environmental impact thereof. For the fifth year since Ecosite was launched, two-thirds of worksites in operation received the label in 2015.

(a) The percentage of worksites carrying the Ecosite label is calculated by dividing the number of eligible certified worksites by the number of those eligible (whether certified or otherwise). Eligibility criteria refer to duration, activity and worksite progress thresholds, which depend on each particular entity.

- Bouygues Immobilier applies the Clean Worksite Charter to all commercial property developments (corresponding to 16% of sales). It uses Habitat & Environnement certification and the NF Habitat label on residential property. The Charter involves the appointment of an environmental coordinator before work begins, at the contractor's expense. These coordinators are present throughout projects in order to limit environmental risks. Their role is to gather, store and classify all environmental data required to ensure a low-impact worksite, as well as to ensure compliance with measures in force. Each trade designates an environmental officer, who is then the coordinator's contact person.
- Finally, the checklists used by Colas constitute a concrete benchmark for assessing the environmental performance of its main fixed facilities. Standardised checklists have been developed for each type of fixed installation: R&D laboratories, works centre depots, workshops, hot and cold-mix plants, emulsion and binder plants, bitumen depots, quarries, gravel pits, recycling platforms, ready-mix concrete plants and prefabrication plants. This represents around 2,000 production units all over the world. Lastly, the annual cross-audits of subsidiaries in Belgium, mainland France and Switzerland also serve to evaluate facilities and reinforce environmental hazard prevention. Audits are carried out at an average of one hundred ISO 14001-certified sites per year, representing around 15% of sites in that geographical area, by in-house teams.

3.3.1.3 Training and raising awareness to help protect the environment

The Bouygues group implements various programmes to train and raise awareness in-house about environmental protection – providing general training at Group-wide level and modules with a greater focus on operational issues at the subsidiary level.

The Group's Sustainable Development department in 2014 created a series of lectures called *Explore*, which aim to equip managers to meet the sustainable development challenges enshrined in its business models. The Group also provides continuous improvement training to the management committees of its five business segments through a programme of lectures and workshops, with 13 sessions having taken place since the programme began in 2014.

Concurrently, the Group holds self-assessment and benchmarking seminars, using the internally developed Abby software application. The aim is to enable subsidiaries' management committees to assess their management practices and situate themselves in relation to best practice as defined by the EFQM (European Foundation for Quality Management) model and ISO 26000. Since its launch in 2007, more than 1,000 managers have been trained in this way. The "Construire l'avenir" (Building the future) training module, aimed at senior executives within the Group's five business segments, tackles the major challenges relating to societal shifts and the associated changes in business models. In 2015, 55 managers took part in six sessions. Additionally, the Communications department in 2014 launched a self-assessment resource for events, Resp'event, to assist in-house event organisers in eco-design. Approximately 55 employees have been trained on this system. Resp'event was trialled in the context of the 2014 Campus Innovation (Bouygues Construction) and the 2015 summer tour (TF1), as well as at COP21, specifically the World Efficiency and La Galerie des Solutions events (Bouygues group).

Lastly, ByLink Network, the Bouygues group's collaborative extranet site launched in 2014, aims to satisfy the demand to unlock Group-wide synergies, enabling employees to discuss practices, pool expertise and influence their functions and project committees with a view to enhancing the collective knowledge base. ByLink Network hosts several business-related work groups and expert communities dealing with sustainable-development issues. It also assists in dialogue between subsidiaries and obtaining grass-roots feedback.

In conjunction with these Group-wide initiatives, the five business segments run training and awareness-raising exercises so that the specific challenges relating to their respective activities are taken into account. For example, at Bouygues Construction, Bouygues Immobilier and Colas, training programmes contain modules that are partially or wholly devoted to sustainable development.

On Bouygues Construction worksites, teams are systematically briefed by means of 15-minute QSE training sessions, thereby raising awareness among site workers concerning the quality-related, safety and environmental issues specific to the work in progress. Environmental education focuses on waste and pollution hazards.

Lastly, each business segment is working to raise awareness among staff about eco-friendly behaviour. In 2015, Bouygues Immobilier launched the "Agences Responsables" campaign to honour the best practices of branches in reducing their environmental footprint, which concerns spheres such as mobility, energy consumption, waste management and community action initiatives. Four branches had already received the award in December 2015. Sustainable Development Week and Mobility Week are high points for internal communications at Bouygues Construction, Bouygues Immobilier and Bouygues Telecom.

The Group also works to raise awareness among external stakeholders on matters of environmental protection and climate change. For example, the Energy Performance Contracts (CPE) prescribed by the business segments comprise information on how to reduce energy consumption within buildings.

In the run-up to COP21, the Ushuaïa TV channel, which belongs to the TF1 group, devoted close to 400 hours of airtime to topics relating to climate change in 2015. Over 800 items on sustainable development themes were also broadcast during news bulletins on TF1 and LCI.

3.3.1.4 Provisions and guarantees set aside for environmental risks

In the normal course of its business, Bouygues Construction is exposed to direct pollution risks, which are both limited in nature and strictly controlled. Risks are carefully assessed based on a full analysis of operations. As a result, the company does not disclose a material amount of provisions.

Pollution risk is included in Bouygues Immobilier's major-risk map. Land-purchasing procedures include preliminary soil testing. Obtaining a report certifying the absence of any soil or subsoil pollution is a necessary precondition before signing a contract for the purchase of land. An exemption may only be granted upon prior authorisation of the vetting committee. In this specific case, cost overruns from decontamination, assessed on a case-by-case basis, are folded into the total cost of the transaction, prior to signature of the land-purchase contract. Because the related financial data is confidential, it is not possible to disclose an order of magnitude for the amount provisioned.

Colas makes provisions for clean-up expenses on contaminated land when the amounts have been determined based on an assessment by an independent firm and when a date for site rehabilitation has been set (by the competent authority, for example) or is otherwise known (upon lease termination, for example).

With regard to financial guarantees and provisions for rehabilitation, a large number of quarries and other sites worldwide are subject to specific requirements when they are no longer operated and require provisions to cover environmental risks during operation. This entails a wide variety of guarantees and practices (such as performance bonds, insurance, escrow accounts and provisions) that depend on national laws. Colas' provisions on site rehabilitation commitments totalled €161 million at 31 December 2015. As of this date there is nothing that indicates that these measures were insufficient, neither during internal or external audits nor during the investigation of insurance claims.

There are no business-related environmental risks at TF1 and Bouygues Telecom that would warrant the booking of provisions.

3.3.2 Pollution and waste management

Construction-related waste may be the chief issue in view of the volumes involved and the environmental impacts. However, other types of waste arising in the course of the Group's operations are also tightly managed.

All the Group's business segments produce waste electrical and electronic equipment, or WEEE (CPUs, laptops, screens, printers and servers), which are collected and then re-used or recycled. Processing WEEE is therefore an issue common to the whole Group, and, in France, this has been entrusted to ATF Gaia, a disability-friendly company, since 2010. Since the start of the contract, this initiative has collected 79,667 items of equipment (of which 10,943 between October 2014 and September 2015).

In total, 31% of the 677 tonnes of collected waste equipment was destroyed and 69% re-used. In 2015, the Group brought in a second provider for this task in order to provide better nationwide coverage.

All the Group's business segments are enacting further measures, relative to those already contained in head-office and site certifications, for promoting the responsible management of office-related waste. TF1 has been following a waste-management procedure since 2013. Waste is sorted and then recycled (65% of total waste) or put to use through incineration to recover its energy. Bouygues Immobilier partners with Terracycle, Elise and other local organisations for the collection and recycling of office-related waste at all its locations.

Bouygues Telecom gives mobile handsets a new lease of life to reduce their environmental impact

As early as 2005, Bouygues Telecom was the first operator in France to offer a service for collecting and recycling mobile handsets. This began in its own stores and was subsequently extended to encompass all distribution channels, operators and makes. Since 2011, this service has been supplemented by a page on the Bouygues Telecom website devoted to the sale of pre-owned handsets, made possible by its partnership with Recommerce Solutions.

Recommerce Solutions is a market leader in collecting and reselling used products. Handsets are sorted, wiped of data, dismantled and reconditioned by entities in the sheltered sector selected by the company. To date, 35 social enterprise jobs have been created.

Additionally, twice yearly, Bouygues Telecom doubles the buy-back price to raise awareness among customers of the environmental and economic value of used handsets. Handsets not in working order are recycled by approved specialists. The rest are reconditioned and resold. In 2015, Bouygues Telecom collected 135,671 mobile handsets, including 111,634 directly from its customers.

The RCube label, which was launched in 2015 by la Fédération des acteurs de la Réduction, du Réemploi et de la Réutilisation (the French recycling and re-use trade federation), offers an additional warranty to users of reconditioned handsets

Bouygues Telecom

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Handsets collected for recycling or re-use *number of handsets*	France	100% of Bouygues Telecom's consolidated sales	135,671	162,444	The decline was chiefly due to a drop in sales and, hence, collection opportunities.
■ **from customers (Club Bouygues Telecom stores, general public and business customers on the internet, employees)**			111,634	143,908	2014 data for this indicator was restated following a change to the calculation method. For greater accuracy, only those mobiles that are actually received are counted. Send-back forms completed on the website had previously been counted as well.
■ **through the after-sales service**			24,037	18,536	

3.3.2.1 Managing construction activity waste

The business segments of the Bouygues group limit the production of waste arising from construction activities and promote recycling. Eco-design is being more widely used. This entails incorporating environmental safeguards into the design stage to reduce impacts of a product's lifecycle, from extraction of the raw materials and production to distribution, utilisation and disposal.

As waste sorting becomes more reliable, there are more and more possibilities for reusing and recycling materials, both by the Group for its own activities or by outside parties, through collection of waste. This is a vital consideration for Colas, whose dedication to recycling is mainly seen in the recovery and reprocessing of asphalt pavement from roadway deconstruction. As the following table illustrates, two indicators track this process: the ratio of recycled materials to total aggregates produced and the percentage of reclaimed asphalt pavement with bitumen recovery.

Colas

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Recycled materials in relation to the volume of aggregates produced	Global	Asphalt mix and aggregate production activities, and railway worksites	10%	10%	In 2015, Colas recycled and recovered almost 7.2 million tonnes of materials. This represents 10% of its total aggregate production, and worldwide savings equivalent to the average production of 16 Colas quarries. The level of this indicator remained constant, even though recycled material tonnage and aggregate production decreased by 15% and 9%, respectively.
Percentage of asphalt pavement recycled in order to reclaim the bitumen	Global	Materials production activities	14%	14%	The percentage of reclaimed asphalt pavement was steady in 2015. The amount of reclaimed asphalt pavement and asphalt mix production remained at the levels reached in 2014.
Surface area of road pavement recycled in-place *million m²*	Global	Worksites activities	2.4	4.2	The surface area of road pavement recycled in place by Colas subsidiaries fell 43% in 2015 relative to 2014. This reflected several trends: ■ the slump in the local market (in terms of both quantity and price) for a Canadian subsidiary and a US subsidiary, accounting for a drop in the surface area of road recycled in place that was higher than the decline recorded for Colas worldwide; ■ the contraction in the roadbuilding activity in OECD countries, in tandem with the market, which declined as a result of the overall slump in public finances and, especially, due to the repeated willingness in many countries to make cuts to road maintenance budgets in order to shore up public deficits. Contrary to expectations, the attempts to deal with public deficits by the public authorities do not necessarily result in an increase in recycling activities. At most, Colas' in-place road recycling activity remains resilient.

Recycling: of fundamental importance to Colas

As a major producer and consumer of construction materials, **Colas** believes that recycling is of fundamental importance and that it plays a key role in responsible development.

Colas uses specific measures to process waste arising from its construction materials activities. Recycling reduces the need to extract aggregates from the earth (thereby reducing the need for new quarries and gravel pits) while reducing the amount of material that needs to be disposed of. In 2015, Colas recycled and recovered almost 7.2 million tonnes of materials. This represents 10% of its total aggregate production and worldwide savings equivalent to the average production of 16 Colas quarries.

Reclaiming asphalt pavement from the milling or deconstruction of roadway makes it possible to recover bitumen. Asphalt mix, which is used in most road networks throughout the world, consists of a mixture of about 5% bitumen with aggregates. Recycling asphalt mix when repaving a road offers three advantages:

- lower power consumption and a reduction in greenhouse gas emissions;
- reductions in wastage by recycling a non-renewable raw material, and re-use of bitumen and aggregates;
- savings for the customer (often from the public sector), who can obtain the same high-performance roadways as before but at a lower cost.

Programmes for reducing and recycling waste on construction sites, especially for Bouygues Construction's civil works activities, have been implemented. Excavated materials are recovered for use as backfill or for the environmental rehabilitation of sites.

Bouygues Construction[a]

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Proportion of non-hazardous waste that is recycled (not disposed of in landfill)	Global excluding earthworks and Energies & Services activities	73% of Bouygues Construction's consolidated sales	50%	80%	The drop observed in 2015 is chiefly due to Bouygues Travaux Publics. The difference is due to the amount of inert waste collected in the reporting *period* at the RD30 project by TP-Région Parisienne (158,000 tonnes), and at the Marseille L2 bypass (402,000 tonnes) and Nice tramway (98,000 tonnes) projects by TP-Grands Travaux France. Amounts were far higher than in the preceding period. At each of these projects, virtually all the inert waste collected was used to fill in a quarry. NB: in 2015, the DTP and Bouygues Energies & Services entities were not included in the indicator's scope as their operations differ from those of other operating units (and hence the waste is different).
Rate of recycling of excavated material	Global earthworks activities (DTP subsidiary)	3% of Bouygues Construction's consolidated sales	95%		Since 2015 Bouygues Construction's earthworks subsidiary has used an indicator tracking its waste recycling, specifically the recycling of excavated inert waste (which is the main category of waste generated or managed by DTP). The indicator's result of 95% for 2015 underlines the company's ability to dispatch virtually all of the inert waste to technical landfill centres, where it is re-used *in situ*.

(a) Procedures for managing and recycling waste undergo continuous improvement at Bouygues Construction, especially within the framework of the circular economy. Indicators are based on work in progress.

Bouygues Immobilier is part of the nationwide "Democlès" project, which brings together several stakeholders for the purposes of defining the operational and legal framework for the circular economy in the building sector. Specifically, this project aims to accelerate the re-use and recycling of waste arising from finishing work. A collective depositary is being trialled, to be shared by several worksites.

Environmental management systems (ISO 14001 or similar), as well as internal standards (Ecosite label, Clean Worksite Charter and checklists) also make provision for responsible waste management.

One of Bouygues Construction's Ecosite standards includes metrics on the sorting, storage, collection, transportation and the treatment of waste, as well as specific treatment of hazardous materials, namely pollutants or waste with properties endangering the environment or human beings. Bouygues Immobilier's Clean Worksite Charter[a] makes waste recycling mandatory, notably via a waste management plan.

Used hydraulic and motor lubrication oil, the main hazardous waste item generated by Colas in the course of its operations, is intended for disposal by a certified channel or recovered for energy purposes.

(a) The Clean Worksite Charter applies to all of Bouygues Immobilier's commercial property developments and to residential developments that are HQE™ certified.

Colas

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Waste oil recovery rate	Global	All activities	64%	56%	The general consensus is that the optimum waste oil recovery rate is around 80%, taking into account the oil that is consumed and burned by vehicles and plant. In 2015, Colas achieved a 64% recovery rate, up 14 points versus 2014. This trend was mainly observed at subsidiaries in North America as well as in West and Central Africa.

3.3.2.2 Preventing and rectifying pollution

Pollution arising from the Group's business activities is diverse and varied (air, water or soil pollution etc.). It is mainly generated by the Group's construction worksites or operations at fixed locations. It takes the form of dust, water pollution and fumes from plants.

On the Group's worksites and fixed locations, external certifications (ISO 14001) and in-house standards (the Bouygues Construction Ecosite label and the Colas checklist) are the main resources available to operating units for limiting the environmental impacts of their activities and preventing pollution.

Bouygues Construction handles these issues through the "hazardous materials", "air" and "bodies of water" standards that are part of its Ecosite policy. Emergency procedures exist in the event of pollution incidents that put in place the appropriate remedial action. In addition, a database keeps a list of hazardous materials and the associated preventive measures.

At **Colas,** all environmentally certified sites prepare an environmental analysis, dashboards and action plans for reducing pollution in cases where this is deemed significant. In addition to these measures, checklists cover such aspects as site organisation, storage, environmental management, and environmental impact and risk management (water and air pollution, waste, natural and technological risks, noise and vibration).

The environmental certifications used by Bouygues Construction and Bouygues Immobilier also contain points to watch during the construction phase. For example, an HQE® worksite must work to keep all kinds of pollution (air, water and soil) to a minimum.

Bouygues Immobilier has developed the Clean Worksite Charter, which aims to prevent and reduce air, water and soil pollution.

The Group's business segments also undertake other targeted initiatives to reduce the impact of disturbance arising from their activities. Closed-loop water recycling and the watering of roads to limit the emission of dust are examples of actions by Colas.

Lastly, in building design, the quality benchmarks (HQE™, BREEAM®, LEED®) promoted by Bouygues Construction and Bouygues Immobilier help reduce air, water and soil pollution.

Air, water and soil pollution arising from the activities of Bouygues Telecom and TF1 are very low and marginal on the scale of the entire Bouygues group.

3.3.2.3 Measures taken to reduce other forms of pollution

The other forms of disturbances to which the Group's activities may give rise are mainly exposure to noise (either day or night-time), odours, night-time lighting or vibrations. The media and telecoms activities pay attention to the issues of exposure to electromagnetic waves.

Acceptance of production sites and worksites by local residents are sensitive questions for the Group's business segments. In addition to the measures set forth in the ISO 14001 environmental certification, disturbances suffered by local residents are among the points monitored in internal standards (Ecosite, Clean Worksite Charter, checklists).

One of the standards of Bouygues Construction's Ecosite initiative addresses the issue of noise and the management of noise pollution in consultation with project stakeholders. "Cleanliness and tidiness" and "communication" are similarly focus points. Furthermore, Bouygues Construction provides a noise barrier for local residents, developed by its "acoustics and vibrations" skills centre, which is formed by experts from its various operating units.

Bouygues Immobilier checks noise levels on sites covered by the Clean Worksite charter. Where necessary, remedial measures can be taken to reduce disturbances resulting from excessive noise or vibrations.

Bouygues Telecom and TF1 pay close attention to issues of exposure to waves emanating from their masts.

TF1 takes measurements in the vicinity of broadcast antenna installed on the roof of its main building. Measurements are taken by Apave (a risk-management specialist) and Emitech (which specialises in environmental equipment testing). These measurements prove that authorised limits are not exceeded. In addition, no anomalies have been detected with regard to mobile masts.

Bouygues Telecom's technical facilities comply with radiofrequency regulations. For example, a safety perimeter is set up for radioelectric stations, ensuring compliance beyond the perimeter with the exposure limits defined by the decree of 3 May 2002, in all freely accessible areas. Any access inside the perimeter is only granted once the signals have been turned off.

Research conducted to reduce disturbances arising from use of the Group's products is yielding innovations, leading to the marketing of more effective solutions.

For example, Colas is developing products that reduce traffic noise, such as fractal-technology noise barriers, and most significantly noise-reducing asphalt mixes, which can reduce traffic noise by as much as 9 dB (Nanosoft®, Rugosoft® and similar). This range of products is the result of Colas' efforts in the field of R&D over many years.

3.3.3 Using resources sustainably

Resources such as energy, raw materials (timber, aggregates, etc.), water and soil are vital to the Bouygues group's construction businesses.

3.3.3.1 Selecting and managing raw materials

Given the scale of its construction businesses, the Group is a major user of raw materials. Setting quantifiable targets for reducing materials intake, combined with minimising, re-using or recycling waste through certified eco-design procedures, is one of the four principles that the business segments commit to for the improvement of the Bouygues group's environmental performance. This commitment, which is laid down in the Group's CSR policy, also covers support for circular-economy initiatives, in accordance with trade practices.

To meet the challenge, those business segments concerned have pinpointed two major avenues. The first is giving priority to sustainably sourced resources (e.g. certified products). The second is optimising resource utilisation (through eco-design and recycling).

The Group also interacts with customers to ensure that secondary raw materials, i.e. those derived from recycling, are used as much as possible in the construction of a building or structure.

Colas

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Volume of recycled materials *millions of tonnes*	Global	Asphalt mix and aggregate production activities, and railway worksites	7	9	The lower production of recycled materials followed the lower-magnitude downturn in the production of aggregates, resulting in a stable recycling ratio (see ratio of recycled materials/volume of aggregates produced).
Volume of aggregates from recycled pavement *millions of tonnes*	Global	Materials production activities	5	5	The number of tonnes of reclaimed asphalt pavement remained virtually unchanged between 2014 and 2015, alongside stable levels of total asphalt mix production (see recycling rate of asphalt mixes to reclaim bitumen).

When new materials have to be obtained, the Group works to make sure its supply chains are reliable and responsible.

Bouygues Construction is looking at alternative construction methods and has developed its expertise in the use of timber in its constructions methods: 140 timber constructions projects (new or rehabilitated) have been completed in France, Switzerland and the UK. In 2015, Bouygues Construction renewed its membership of the WWF's Global Forest & Trade Network, which aims to eradicate the trade in illegal timber and to improve forestry management.

Bouygues Construction has also developed a database of eco-products, Polygreen®, which allows employees to select construction products according to technical, economic, health and environmental criteria; it also specifies production sites and labels. It currently lists 5,500 items.

Colas and Bouygues Construction spearheading the promotion of eco-friendly alternatives

Colas and Bouygues Construction offer eco-friendly alternatives to customers for lessening the impact on the environment.

Colas has led the way in offering its customers low-carbon alternatives (eco-friendly designs that require fewer materials) and in developing "eco-comparison tools" for assessing these alternatives. In France, these efforts have culminated in the Seve® eco-comparison tool, which measures companies' results in increasing the environmental performance of their projects on the basis of greenhouse gas emissions, re-use of materials, water conservation, protection of biodiversity and reduction of disturbances for nearby residents.

In today's challenging economic climate, the market is becoming less open to alternatives every year. Colas is taking an active part in the efforts made to promote the use of low-carbon alternatives.

Bouygues Construction's DTP entity teamed up with the French earthworks trade federation (SPTF) to implement the Seve® tool.

To reduce the need for raw materials, which draw on the ecosystem, the Group's business segments are conducting research or using a variety of techniques for the eco-design of products.

Bouygues Construction has been working on eco-design since 2007 and on lifecycle analysis (LCA) since 2009, in partnership with the CSTB, the French building technology research centre. As part of "Projet Oxygène", initiated in 2013, Bouygues Immobilier has designed and deployed a process allowing for gains and optimisation in design and purchasing spheres. It is promoted by the company's Strategy Committee and aims to generate €100 million in savings over three years, with benefits flowing to customers. Ossabois, a Bouygues Immobilier subsidiary, is encouraging use of low-carbon materials through its modular timber constructions.

Bouygues Telecom reduced the environmental footprint of the Bbox Miami TV box, which was released in 2015. It is 80% smaller than the previous box, which means less packaging. In addition to its optimised dimensions, the packaging for the Bbox Miami TV box was produced using a single standard material. The user guide is directly printed on it in monochrome.

Bouygues Construction and Bouygues Immobilier have adopted new design procedures by which the amount of materials required is calculated to extremely accurate levels. One notable example is BIM (Building Information Modelling), based on digital technologies. Bouygues Construction has been working on BIM since 2007. The Jim Pattison Outpatient Care & Surgery Centre in Surrey (Vancouver), completed in 2009, was designed and built with the help of this technique. As digital technology is applied to all Bouygues Construction's operations, BIM is being deployed to all projects, at every one of their phases.

3

Tour D² in Paris-La Défense: a benchmark for Bouygues Immobilier in eco-design and energy performance

Handed over in 2015 by **Bouygues Immobilier**, Tour D², in the Paris business district of La Défense, lies at the cutting edge of innovation and energy efficiency. Its metallic frame uses 30% less materials than conventional frames. A composite floor system containing steel joists and participating decking supporting concrete[a] (which optimises adhesion between the steel sheet and the concrete) reduces total building weight by 30%. This also helps reduce the carbon impact of the building materials.

The tower comes with innovations that improve energy efficiency, such as:

- air handling units with energy recovery that lower the carbon impact of the energy mix while improving end-user comfort;
- a light harvesting system that automatically adjusts artificial lighting to natural light and occupancy levels.

The development carries HQE™ and BREEAM® Very Good certifications.

3.3.3.2 Energy efficiency

The Bouygues group takes part in the energy transition through its expertise in active and passive energy efficiency in buildings and the operation of buildings with performance guarantees.

Promoting effective energy-saving solutions

The environmental certifications that the Group promotes for adoption systematically include energy-saving targets. Energy Performance Contracts (EPC) give occupiers guarantees on the energy consumption of their premises, for the duration of the contract. More and more residential properties and offices are being handed over with EPCs. For example, **Bouygues Immobilier** offers an EPC with each of its Green Office® developments.

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Percentage of projects in the order intake where energy performance commitments are included in the contract	Energy and Services activities	12% of Bouygues Construction's consolidated sales	19%	11%	Factoring in energy-related issues is not limited to the design and build phases. Bouygues Construction increasingly supports its customers in managing and limiting their final energy consumption. To accomplish this, the group commits to proposing offers that include performance commitments, particularly in the form of Energy Performance Contracts (EPC), recently Introduced for both residential and office developments. In 2015, close to 20% of orders booked by Bouygues Energies & Services made provision for contractual commitments on energy performance.

(a) *This technology aids "collaboration" between the two materials chosen for the floor to handle heavy loads. Mechanical adhesion between the two components is obtained using notches worked into the sloping sides of the galvanised steel profile. By itself, chemical adhesion is not sufficient to guarantee linkage that effectively makes the composite flooring function as a hybrid structure.*

Lastly, the Bouygues group's business segments offer customers innovative but competitively priced services for optimising energy consumption.

To local authorities and businesses alike, Bouygues Energies & Services offers electric vehicle charge points (Alizé®) that use a real-time smart management solution.

Bouygues has grown expertise in the design of positive-energy buildings, passive-energy buildings, rehabilitation and energy performance management.

- **Positive-energy certification:** in anticipation of 2020 "Bâtiment Responsable" regulations, the goal is to design buildings whose net energy consumption is positive. In the commercial property segment, the Green Office® brand – launched in 2007 – enshrines Bouygues Immobilier's strategy for positive-energy office complexes that use renewable energy and bioclimatic design. Bouygues Immobilier had pledged that 20% of the surface area of its ongoing or handed over commercial property projects in the 2012-2015 period would be Green Office®. Finally, it achieved a rate of 23% [a].

  In 2015, Bouygues Immobilier inaugurated a Green Office® in Rueil-Malmaison, near Paris. This is France's largest positive-energy commercial property project (35,000 m²). In residential property, Bouygues Immobilier handed over "L'Odyssée", located in Anglet, south-west France, a programme of 27 positive-energy housing units carrying the BBC-effinergie® label. It also handed over 40 positive-energy housing units in Lyon as part of Hikari, the first positive-energy mixed-use development in France.

  Bouygues Bâtiment Sud-Est (formerly GFC Construction), part of Bouygues Construction, handed over the first-ever positive-energy school complex in Montpellier, ChengDu. This structure was awarded the 2015 "Clés d'Or" by the EGF-BTP [b] for the Languedoc-Roussillon region.

- **Passive-energy buildings:** Bouygues Immobilier has developed expertise in the design of passive-energy buildings (which consume less than 15 kWh/m² per year for their indoor heating). In 2015, Bouygues Immobilier developed the "Osmoz", a passive-energy residence located in Orvault, western France, comprising 41 apartments and three houses, all under the Passivhaus label. It also initiated construction of "Tempo", an 84-unit, passive-energy residential development in Carquefou, western France, accompanying the 35 passive-energy houses of Les Lodges, which are in handover phase.

- **Rehabilitation:** in 2009, Bouygues Immobilier launched the Rehagreen® service for commercial property, which aims to improve environmental performance, especially as regards energy. Bouygues Immobilier pledged that 30% of the surface area of its commercial rehabilitation projects in the 2012-2015 period would be Rehagreen®. The total for the 2012-2015 period was 35% [c].

  A key Rehagreen® project is the Campus Sanofi Val de Bièvre, in Gentilly (near Paris), which comprises a photovoltaic power plant, thermal solar panels and a rainwater harvesting system for watering gardens and rooftop plants. Certification against the BREEAM® Very Good and HQE® Passeport Exceptionnel standards is pending.

  Bouygues Entreprises France-Europe, a Bouygues Construction entity, launched Reavenir [d], an initiative for rehabilitating residential property, in 2012. Reavenir has three commitments: respecting the environment, guaranteeing performance (i.e. reduced energy bills) and engaging with the future (developing social responsibility and an energy-saving culture among residents). Properties transformed through Reavenir include the 168-unit Tour Sarah Bernhard in Rennes, which was awarded the BBC-effinergie® Rénovation label.

Bouygues Immobilier

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Surface area of Green Office® commercial property developments in operation during the reporting period *m²*	France and subsidiaries	95.9% of Bouygues Immobilier's consolidated sales	93,915	82,789	In 2015, the 11,126 m² of Green Office® CPI CEAPC-Bordeaux on which building started in January 2015, combined with the 35,200 m² of Green Office® Spring in Nanterre, the 4,052 m² of Green Office® Chatenay, the 35,000 m² of Green Office® Rueil and the commercial component of Hikari (8,537 m²), for which work was still ongoing in 2015, brought the total Green Office® surface area under construction to 93,915 m². The target of 20% of commercial property surface area represented by Green Office®, overall since 2012, was reached with a score of 23%.
Number of passive/positive-energy homes being built or handed over in the full year	Global	100% of Bouygues Immobilier's consolidated sales	230	133	Three passive residential developments, Osmoz in Orvault, Tempo in Carquefou and Les Lodges in Chanteloup-en-Brie, were under construction in 2015. Residential units total 163. The category also included L'Odyssée in Anglet, the residential component of Hikari in Lyon, which together offer a total of 67 positive-energy units. That brings the total number of passive/positive-energy residential units to 230 in 2015, an increase of 107%.

- **Managing energy efficiency:** Bouygues Energies & Services (with Hypervision®) and Bouygues Immobilier (with Si@go®), have developed and marketed tools for measuring and managing energy performance for their customers.

The Group's business segments also offer energy-performance solutions for sustainable urban environments. For example, **Bouygues Immobilier** is leading the IssyGrid® project, France's first district smart grid, in Issy-les-Moulineaux near Paris.

Bouygues Energies & Services has developed smart street lighting via Citybox®. This solution optimises a street lighting network by improving energy performance, managing consumption in real time and connecting new services to the system, including Wifi, CCTV, festive sound and

(a) Since 2012, 93,915 m² of Green Office® surface area out of a total commercial property surface area of 409,482 m².
(b) EFG-BTP: Federation of French construction and civil works companies.
(c) As a total since 2012, 141,365 m² of Rehagreen® floor area versus 409,482 m² total floor area in commercial property.
(d) For more info (in French): http://www.reavenir.fr

lighting, and electric vehicle charge points. The system has been rolled out over some 8,500 street lamps, in several French municipalities including Sèvres, Boulogne-Billancourt, Thiais, Longjumeau, Niort and Tulle.

Bouygues Telecom is one of the first French operators to roll out a network designed for connected objects based on LoRa (or Long Range) technology, which is slated to become a global standard. This network, launched in 2015, offers a range of applications for reducing environmental footprints of urban environments, through connected street furniture and smart parking facilities, for example. Objenious, a Bouygues Telecom subsidiary founded in 2015, will start marketing the offer to businesses in 2016.

Reducing the energy consumption of business activities

At the same time, the Group's business segments are implementing programmes to help limit or reduce energy consumption arising from their operations.

On Bouygues Construction's worksites, energy consumption is covered by an Ecosite standard.

At Colas, the cLEANergie programme is one of the ways that the company is using to cut energy usage across all its operations. It works by tracking energy consumption, then suggesting remedial actions for saving on energy. It has been observed that, in addition to low-carbon alternatives, the following help achieve indirect energy savings:

- warm asphalt mixes, which require about 15% less energy to produce than hot mixes;
- recycled materials, and especially reclaimed asphalt pavement (planed materials from old road pavement), which saves bitumen and aggregates and reduces production and transport costs;
- in-place road recycling also saves energy by reducing the need for materials and transport.

For its own transport requirements, **Colas** also uses rail and inland waterways as an alternative to road haulage. The quantity of materials transported by rail or waterway is equivalent to nearly 3,500 freight trains (with each train containing 40 freight wagons), which avoids using around 330,000 30-tonne trucks.

3

Colas

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Energy used per tonne of asphalt mix produced *(KWh per tonne)*	Global	Asphalt mix production activities	80	79	Colas systematically and carefully measures and monitors the fuel consumption of asphalt plant burners at more than 500 plants. The indicator deteriorated 1% in 2015 due to the decrease in average tonnage per asphalt mix plant in most countries, automatically reducing their energy efficiency.
Percentage of warm-and low-temperature asphalt mixes	Global	Asphalt mix production activities	21%	18%	Warm asphalt mixes made by Colas accounted for 21% of total output in 2015, up 3 points versus 2014, equating to an increase of 17%. The most substantial advances were made by certain subsidiaries in the US and mainland France.
Total energy costs *(in millions of euros)*	Global	All activities	430		The Colas group's total energy costs are estimated at about €430 million, with an uncertainty of 2%, due to differing tax treatments applied by the subsidiaries, as taxes on energy supplies are particularly complex in many countries, including France.

cLEANergie programme at Colas

The cLEANergie (Colas Lean in energy) programme was launched in 2012 to provide Colas with a measuring and monitoring tool aimed at reducing the energy used by operations, from construction and production sites to buildings and logistics. Impact analysis of 40 construction, production or quarry sites and actions to empower managers were implemented, and a steering committee was set up.

Some one hundred best practices and opportunities were identified and fed back to management. This work revealed most notably that the energy consumed by asphalt plant burners and vehicles and construction machines together accounted for three-quarters of Colas' direct energy consumption in almost equal proportions.

In 2013, as part of its cLEANergie programme, Colas set about transforming its data collection systems into an information network to obtain more accurate data on its energy consumption at all its locations worldwide.

The amounts at stake in terms of energy savings can be expressed in several tens of millions of euros. The programme also covers safety in the workplace and on the road. By itself, it encapsulates all the challenges relating to sustainable development, namely to be more economical, enhance safety and safeguard the environment.

For example, as part of the cLEANergie programme, Colas has started installing a system for optimising the energy consumption of its truck and site vehicle fleets, based on an on-board data-collection device. When supplemented by driver training and vehicle refits, it can save as much as 20% on diesel consumption.

Lastly, Bouygues Telecom has implemented energy management systems, with three sites certified against ISO 50001 (energy management system), including one data centre.

Bouygues Telecom

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Total electricity consumption *in GWh*	France (excluding branches)	100% of Bouygues Telecom's consolidated sales	519	499	The 4% increase corresponds to a broadened scope for this indicator, now including the stores run by the RCBT subsidiary. Using the same scope as for 2014 (e.g. excluding RCBT), consumption rose by 1%. This is chiefly accounted for by a rise in consumption by the largest item (the network) following the exponential increase in 4G usage, despite lower consumption by *data centres* (through a streamlining of office machines) and administrative sites (with all employees in Paris region regrouped at the Technopôle site).

Use of renewable energy sources

As far as possible, the Bouygues group's business segments use renewable energy sources as a way of reducing the energy footprints of their activities and the products they use. The solar road developed by Colas is a case in point (see section 3.3.4.3).

In addition, Challenger, the headquarters of Bouygues Construction, which was transformed into a positive-energy building during its renovation between 2010 and 2014, uses geothermal systems for heating and cooling all the buildings in the complex. All in all, the 25,000 m² of photovoltaic solar panels have the capacity to generate over 2,500 MWh per year. These technologies are helping slash energy consumption. The site, which prior to its renovation consumed 310 kWhpe/m²/year, is now certified positive energy, with a net gain of 17 kWhpe/m²/year in its energy consumption.

Lastly, in 2013, TF1 group took out a contract with power utility EDF to be supplied with electricity certified "kWh Équilibre" for 2015 and 2016. This means that each kWh used by TF1 commits EDF to generating the same wattage from installations drawing on renewable energy sources.

3.3.3.3 Land use

The Group's construction businesses may have an impact on land, through the extraction of materials, pollution, occupation and loss of greenfield sites, in a context of increasing urbanisation.

Bouygues Construction's earthworks and civil works activities are those most concerned by land management and use. The group is working on the widespread application of soil decontamination procedures to construction projects, which would not only reduce waste but also avoid the use of new replacement materials. Additionally, the recycling of polluted land through in-place soil decontamination is being researched by Brézillon, a Bouygues Bâtiment Ile-de-France entity.

Recycling by Colas in 2015 saved the equivalent of extraction from 16 quarries. Additionally, all quarry and gravel pit sites are restored when they are shut down and many are progressively restored while still being operated.

The Group's operations also imply land occupancy, which implies soil degradation.

Bouygues Immobilier carries out field surveys to determine soil type and ensure that no waste has been dumped. It also ensures that there are no chemical or radioactive substances, nor pollution that could result from current or past operations or from a nearby sensitive site. Finally, it makes sure that no dumped or buried waste, or any substance, could be hazardous or detrimental to human health or to the environment. The presence of any form of soil or subsoil pollution can lead to the cancellation of land purchase contracts. An exemption may only be granted upon prior authorisation of the vetting committee.

In 2014, Bouygues Telecom and SFR signed an agreement to share part of their mobile networks outside high population density areas in France, under the terms of which 11,700 base stations are to be shared. Consequently, this limits the impact of telecoms sites on land use.

Lastly, most of Colas' construction work involves the maintenance or redevelopment of areas that are no longer in their natural state. The construction of new infrastructure accounts for a very modest share of sales (estimated at less than 10%), and Colas often has no control over how land is used. Other than that, with its innovative Wattway solution, Colas is paving the way for the construction of solar energy-generating roads, offering access to a sizeable surface area, with the potential to meet most of a country's requirements in terms of solar power.

3.3.3.4 Water consumption in accordance with local conditions

The issue of water consumption varies in importance from one part of the world to another, depending on whether operations are situated in arid or temperate regions. In each business segment, water management is consequently tailored to local contexts.

Bouygues Construction and Colas are those most exposed to water-consumption issues in sensitive areas. In 2014, Bouygues Construction conducted its first-ever comprehensive water-stress analysis. The regional breakdown, updated in 2015, showed that the company generated 69% of sales in countries with low or medium water scarcity (levels 1 and 2), 27% in countries with medium to high water scarcity (level 3), 2% in countries with high water scarcity (level 4) and 3% in countries with extremely high water scarcity (level 5).

In 2015, Colas introduced new indicators[a] to measure and limit the pressure exerted on water resources by its operations in regions where water is extremely scarce. For these regions, water consumption by Colas' permanent facilities is estimated at slightly over 1.5 million litres. An initial analysis showed that about 5% of the sales (before inter-company eliminations) of permanent facilities operated by Colas is generated in regions with extremely high water-related risk, whereas the rate of water self-sufficiency for these same activities would be about 23%.

Generally speaking, business segments within the Bouygues group are responsible for taking local water constraints into consideration. How water is managed is one of the criteria of the ISO 14001 standard and is contained in internal standards (Ecosite and checklists).

Bouygues Construction is implementing specific measures to safeguard water resources through the use of special equipment, water re-use, consumption tracking and awareness-raising among staff and business partners. For example, to commemorate World Water Day in 2015, Bouygues Bâtiment International, for the first time, ran a campaign raising awareness among employees of water usage in several different countries, including Ghana, Turkmenistan, Qatar, Hong Kong, Morocco and Cuba.

In order to limit the pressure exerted by Colas on water resources in dry regions, action plans aim to increase subsistence consumption of water, encourage recycling and reduce waste. These efforts remain limited in scope since most of this consumption is necessary to produce emulsions or concrete, materials for which it is difficult to imagine transporting and for which there are generally few possible substitutes.

During the design phase, Bouygues Construction and Bouygues Immobilier make every effort to promote building environmental certifications (HQE® and H&E, then NF Habitat HQE™ from 2016), which have a section on responsible water management in construction activities, which covers drinking water management, rainwater recovery as well as wastewater and rainwater management.

3

3.3.4 Climate change

3.3.4.1 Measuring greenhouse gas emissions and impacts of business activities and products on climate change

The Bouygues group's business segments audit their carbon emissions pursuant to Article 75 of the Grenelle II law, and surpass regulations by extending the sphere of Scope 3 to include the measurement of greenhouse gas emissions arising from subcontractors' goods and services. Various methods are used in carbon accounting. Bouygues Construction uses its own CarbonEco system, while Colas relies on ratios relating CO_2 emissions to sales.

To improve analysis of impacts and designate the best possible remedial measures, Bouygues Immobilier and Bouygues Telecom conduct comprehensive carbon audits that include emissions relating to the operation of delivered projects or use of products. Consumption pinpointed in this context corresponds to energy usage by building occupants and their means of transport, or the energy consumption of telephones and routers.

Group greenhouse gas emissions

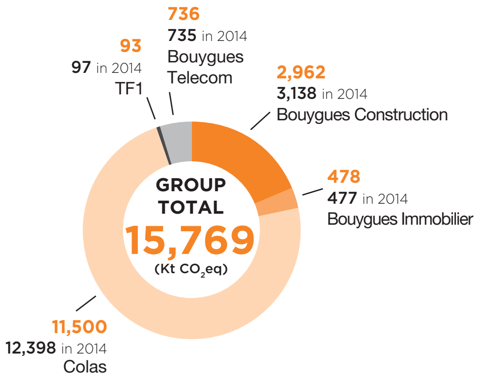
Kt CO_2 eq	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
Scope (activity or region)	Global	France (excluding subsidiaries)	Global	France	France		
Coverage *% of sales*	87	90	100	88	100	94	95
Scope 1	190.6	2.8	1,700	1.3	5.2	1,900	2,208
Scope 2	199.5	0.6	100	1.7	48.4	350	511
Scope 3	2,572.4	474.3	9,700	89.9	682.8	13,519	14,127
TOTAL	**2,962.5**	**477.7**	**11,500**	**92.9**	**736.4**	**15,770**	**16,845[a]**

(a) 2014 data concerning TF1 and Bouygues Telecom carbon audits have been restated relative to the 2014 Bouygues group Registration Document.

(a) These indicators will be rendered more reliable in 2016 and 2017. 2015 figures are supplied only for information purposes at this stage.

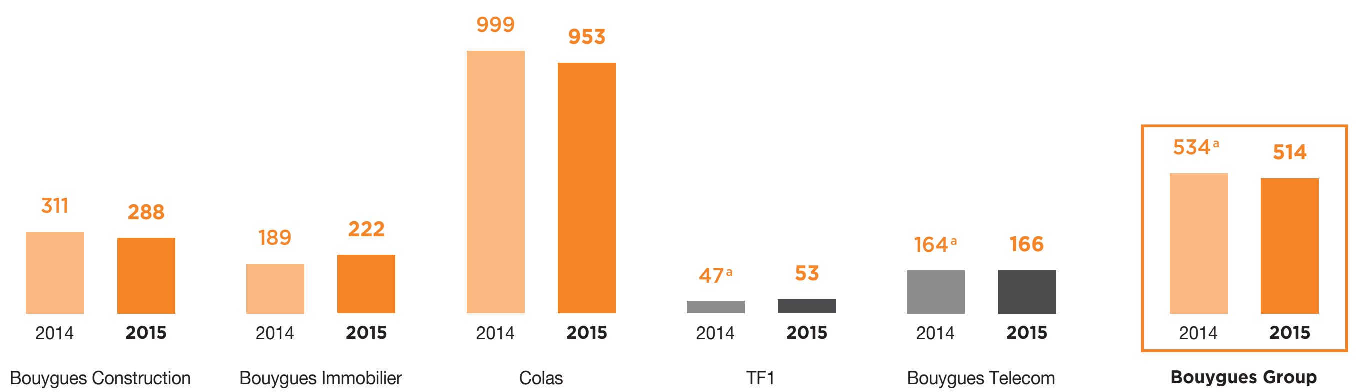
GREENHOUSE GAS EMISSIONS BY BUSINESS SEGMENT

Kt CO_2 eq



CARBON INTENSITY BY BUSINESS SEGMENT

tonnes of CO_2 equivalent per € million of sales



(a) 2014 data concerning TF1 and Bouygues Telecom carbon audits have been restated relative to the 2014 Bouygues group Registration Document.

Analysis of carbon performance, for the Group's business segments, identifies the main sources of emissions, thereby helping prioritise actions. Carbon audits are a fundamental part of the various energy-carbon strategies in force within the Group.

Colas has a twofold commitment: reducing the amount of energy required for its operations, and lowering the energy and carbon footprints of the products and techniques offered to customer.

Bouygues Construction's strategy is also twofold: providing low-carbon strategies to customers and end-users, and reducing its own carbon footprint.

In 2014, completion of the first full carbon audit by **Bouygues Immobilier,** encompassing the emissions linked to its programmes over a 40-year period, resulted in the drafting and implementation of a scheme for reducing greenhouse gas emissions, proposing ways in which the carbon performance of operations could be improved. It took as its basis the three main sources of emissions over the various lifecycles of programmes: occupant travel, building materials and energy used by occupants.

Bouygues Telecom concentrates on optimising energy consumption at technical sites, both network sites and data centres.

In the context of the Bouygues CSR policy, setting quantifiable targets for reducing energy consumption, energy intensity and CO_2 emissions in relation to business activity, is one of the four principles to which the business segments commit for the improvement of the Bouygues group's environmental performance.

3.3.4.2 Reducing the Group's carbon footprint

Whether on worksites, at headquarters or in regional offices, the Group's business segments work hard to reduce the carbon footprints relating to their operations.

To reduce the carbon footprints of worksites, **Bouygues Construction** and **Colas** choose materials carefully (using the Seve® and Polygreen systems), using eco-friendly alternatives and metrics to track energy savings.

Bouygues Construction is investing in innovation in the sphere of earthworks, researching binders with low CO_2 emissions. Soil improvement during landscaping projects is traditionally done by lime washing and/or by hydraulic binder, which, through their manufacturing process, generate large amounts of greenhouse gas emissions. In partnership with Carmeuse, DTP is carrying out research adapting or creating new hydraulic binders with low CO_2 emissions (reduced treatment costs, reduced energy consumption and greenhouse gas emissions linked to its manufacturing process), whilst respecting the "zero footprint/zero waste" objective.

Colas implements initiatives to reduce fuel consumption, such as encouraging truck drivers and plant operators to adopt fuel-efficient driving behaviour and switch off engines when idling, and to reduce fuel consumed by asphalt plant burners. Fuel consumption per tonne of asphalt mix produced is monitored worldwide.

Colas

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Greenhouse gas emissions relative to the production of a tonne of asphalt mix *Kt CO_2 eq per tonne*	Global	Asphalt mix production activities	19	18	This indicator should be read in conjunction with the indicator showing energy used per tonne of asphalt mix produced (page 111).
Greenhouse gas emissions avoided as a result of action taken by Colas *in tonnes of CO_2 eq*	Global	All activities	105,000	77,000	In 2015, the quantity of greenhouse gas emissions avoided by Colas improved, rising from 77,000 to 105,000 tonnes of CO_2 equivalent, due to a lower deterioration in the energy efficiency of asphalt plants impacted by their fall in production, an increase in the production of warm asphalt mixes, and the tripling of the use of plant-based fluxing agents. Action specifically involved limiting energy consumption by the group's activities (plant and vehicle fuel consumption, asphalt plant burners) and reducing the energy and greenhouse gas component of the products and techniques offered to customers (warm asphalt and asphalt mixes, in-place road recycling, recovery of road pavement for use in production of asphalt mixes, Végéroute® products, promotion of EcologicieL® and Seve® eco-friendly alternatives, Wattway, etc.).

All the **Group's** business segments have action plans to limit the impacts of work-related travel. This has entailed revising corporate travel plans, promoting public transport, setting up car-sharing websites, making provision for working from home and "flex office" solutions, and more besides.

Bouygues Immobilier and **TF1** have set targets for reducing carbon emissions relating to their respective operations. Both business segments are signatories to the Paris Climate Plan, which sets quantitative objectives for reducing greenhouse gas emissions and energy consumption. Additionally, Bouygues Immobilier is targeting a 10% decrease in CO_2 emissions associated with its corporate, i.e. back-office, operations between 2012 and 2015. This target was not reached, chiefly as a result of the sharp increase in business travel (owing to the steep rise in cross-disciplinary projects and growth in international activities in 2015), despite the limited renewal of the company vehicle fleet.

3.3.4.3 Low-carbon solutions

In 2015, COP21 provided the Group a platform to showcase solutions that deliver measurable progress in energy savings and carbon performance. They revolve around several themes:

- **Renovation:** the Group has solutions to deal with the millions of existing poorly-insulated buildings. Its business segments have developed expertise in energy renovation for residential property, offices and public amenities. These offers improve the business models of renovated properties and save on natural resources, while respecting the architectural heritage of buildings. In this domain, Bouygues Immobilier operates the Rehagreen® service for commercial property. The renovation of Bouygues Construction's headquarters between 2010 and 2014, transforming it into a positive-energy building, is a showcase of its technological expertise.
- **Low-carbon buildings** are economic and environmental profit centres. Bouygues and its business partners market scalable offers, beginning at the design stage – all the way through to when buildings are up and running. These offers use traditional and bio-sourced materials that can be re-used or recycled, as well as renewable energy associated with storage systems (Eco2charge from Bouygues Energies & Services). Smart systems have also been developed to ensure optimised building management (Bouygues Immobilier's Green Office® positive-energy buildings). Sustainable construction is also a major avenue of innovation and growth for Bouygues Construction and Bouygues Immobilier.
- **Eco-neighbourhoods:** Bouygues and its business partners offer local authorities a comprehensive solution encompassing sustainable construction, energy efficiency, functional diversity, biodiversity and new technologies adapted to residents' needs. The Bouygues group has several such projects to its name, both in France and further afield, for example Ginko in Bordeaux, Greencity in Zurich and Brickell City Centre in Miami.
- **Soft mobility and urban services:** Bouygues supports local authorities in the implementation of solutions promoting sustainable urban environments. Bouygues develops transport infrastructure (e.g. tramways and cycle paths), and designs and operates third places in an effort to reduce commuting times (Nextdoor coworking spaces). Bouygues has been able to change the way roads are made so they actually produce clean energy (Wattway). Furthermore, it offers local authorities innovative urban services in the forms of integrated sensors (via the Internet of Things).

Wattway: Colas invents the first-ever photovoltaic road surfacing in the world

Unveiled in 2015, Wattway is a patented French innovation, the result of five years of R&D in partnership with Ines (France's National Solar Technology institute).

By combining road construction and photovoltaic techniques, the Wattway road surface provides clean, renewable energy in the form of electricity, while allowing for all types of traffic. Wattway contributes to increasing the share of photovoltaic electricity in the energy mix, both in France and worldwide.

At present, roads are only occupied by vehicles 10% of the time[a]. This innovation harnesses the solar potential of this surface area, located directly below the sky. Wattway is comprised of panels applied directly on the current pavement, without any need for civil engineering work. A one-kilometre stretch of road paved with Wattway can provide enough electricity to power street lighting for an urban area of 5,000 inhabitants.

Colas also offers customers products and techniques, based on its R&D, to reduce the energy component (e.g. warm asphalt mixes, in-place road recycling, the Végéroute® product range and the recovery of road pavement for use in production of asphalt mixes).

Bouygues group's commitment to COP21

The major event of 2015 was the preparation for COP21, the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change, which took place in France in December. The Bouygues group played an active role in the event by presenting the solutions it has developed in the areas of renovation, low-carbon construction, eco-neighbourhoods, soft mobility and urban services.

This commitment to promoting more responsible solutions was given tangible expression by its presence, in the form of stands and over 15 conferences, at the World Efficiency show & congress of October and at La Galerie des Solutions in December.

Bouygues also took part in the "Trophées des Solutions Climat" (Climate Solutions awards), whose aim is to recognise the best nationwide initiatives that reduce the impact of and/or adapt to the effects of climate change. The Group presented eight projects, of which two projects were singled out by the jury for its special prize for major groups (*Coups de cœur Grand Groupe*) in the "Reduction" and "Adaptation" categories: Wattway, a solar road surface developed by Colas, and Hikari, France's first positive-energy mixed-use development by Bouygues Immobilier.

3.3.4.4 Promoting solutions adapted to climate change

Some of the consequences of climate change include rising sea levels and an increased frequency of freak weather events (e.g. windstorms and rapidly rising or decreasing temperatures). It also affects wildlife diversity and ecosystems.

Bouygues Construction's ABC (Autonomous Building for Citizens) is an example of what the Group will be able to implement to deal with these changes. In a context of increasingly scarce resources, ABC's performance in terms of insulation, renewable energy generation and water recycling are likely to represent a huge step towards independence from heating, power and water networks. This innovation is currently being trialled as a prototype project, consisting of the construction of a residential building, comprised of around 90 housing units, in conjunction with the municipality of Grenoble.

Bouygues Immobilier factors bioclimatic architecture into its large-scale developments: research into the best location, bioclimatic research, choice of efficient insulating materials and the use of renewable energy sources. Urbanera®, an eco-neighbourhood service, offers solutions for reducing the effects of heat islands.

Colas has acquired in-depth knowledge of the particular constraints of designing and building infrastructure in harsh climates, enabling it to advise customers in dealing with climate change. For example, in 2009 Colas offered one of its customers a low-carbon alternative to the Colclair® binder to better reflect heat while resurfacing a road in Dawson (Yukon, Canada), where the permafrost ground (i.e. which does not thaw for at least two consecutive years) was threatened by increasing temperatures due to climate change. This expertise was once again in demand for work done on Iqaluit Airport under a public-private partnership signed at the end of 2013 in Nunavut (Canada).

Colas has also developed solutions for combating urban heat island effects, including "cool roofs", which make roofing more durable (by limiting temperature variations) and reduce air-conditioning power consumption by up to 20%.

3.3.4.5 Participation in research

To understand the future impacts of climate change on its business activities, the **Bouygues group** has become a partner and active member of The Shift Project (theshiftproject.org), a think-tank working towards a carbon-free economy with the help of a multidisciplinary network of experts and economic agents with acknowledged energy and climate-change expertise. The purpose of this think-tank is to issue economically viable and scientifically sound proposals to policymakers. In 2014, it issued proposals for stepping up the energy renovation of buildings in

(a) Source: Ademe

France, e.g. through legal arrangements prompting owners to renovate their properties and training of renovation industry professionals. These ideas inspired the new bill on energy transition. In 2015, The Shift Project worked through several partnerships with international bodies in its commitment to COP21, most notably by holding and participating in conferences, and helping create the "Trophées des Solutions Climat" (Climate solutions awards).

Bouygues Immobilier is a member of the Low Carbon Building Association (BBCA).

Additionally, the Group and its subsidiaries are advised on strategic carbon-related issues by the Carbone 4 consultancy.

3.3.5 Taking account of biodiversity

The Bouygues group has pinpointed the impacts of its construction businesses on biodiversity. These include noise and light pollution, destruction or fragmentation of habitats and species, and the possible introduction of invasive species. Other effects include soil sterilisation around buildings, worksites, quarries and gravel pits. "Setting targets for improving biodiversity, when justified by business activity" is one of the four principles that the Group's business segments commit to for the improvement of their environmental performance.

The Group has undertaken measures to limit such impacts and sustain biodiversity in its construction businesses. For example, after analysing its activities' direct impact on biodiversity, Colas has decided to focus its action on quarries and gravel pits. This action consists in:

- setting up and monitoring a process to promote and facilitate the presence of a protected animal or plant species at sites and the living conditions they require; or
- installing beehives at sites.

Action must be conducted in partnership with local stakeholders, such as beekeepers, naturalists, natural park authorities and NGOs. Some 90 protected species currently live at the Group's extraction sites, in addition to some 50 sites that are home to beehives. Trials are also under way to have Colas work crews systematically integrate a process for dealing with invasive plants.

Colas

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Aggregates production sites working to promote biodiversity *as a percentage of total sales before inter-company eliminations*	Global	Permanent aggregates production activities	41%	38%	Some 90 protected species currently live at the group's extraction sites; in addition some 50 sites are home to beehives. Real progress has been made since this policy was deployed in 2012, on the occasion of Colas' Environmental Convention. This effort remains varied according to cultural contexts, enjoying strong support in France but less in the United States, for example. This indicator showed an 8% improvement in 2015, driven by the road construction subsidiaries in mainland France and Central Europe.

Furthermore, as party to the creation of the Biositiv structure in 2012, **Bouygues Construction** has an internal cross-disciplinary advisory unit at its disposal. Biositiv is integrated into the Bouygues Travaux Publics subsidiary and helps each business segment develop a biodiversity strategy. For example, the Nîmes-Montpellier railway bypass project has applied offsetting measures on neighbouring land to restore supportive conditions for almost 150 protected animal and plant species.

Bouygues Construction's biodiversity policy recognised under the National Biodiversity Strategy (SNB)

Bouygues Construction included protection of biodiversity into its product offering in order to give it value added and make it stand out from the competition.

In 2015, its biodiversity policy was recognised by the French Ministry of Ecology, Sustainable Development and Energy under the National Biodiversity Strategy (SNB).

For several years, Bouygues Construction has been running R&D programmes investigating biodiversity in infrastructures (measures to stop invasive species, offsetting mechanisms, etc.) and urban biodiversity (positive biodiversity, biodiversity in property development, etc.).

This commitment has been conveyed by a host of different actions, including:

- **the founding of Biositiv,**
- **the creation of the BiodiverCity label and its inclusion on several projects;**
- **support of charities that work to protect biodiversity. For example, it has joined the WWF's Global Forest and trade network, with a commitment to incorporate the preservation of biodiversity in timber supply streams. It has also contributed to the Urban Biodiversity database, in conjunction with Natureparif in the Paris region. It has reviewed urban development with the French Bird Protection League (LPO) to find ways of allowing nature to be brought into towns and cities. Finally, Bouygues Construction supports Les Jardins de Noé, a conservation body.**

Measures either to protect biodiversity or to reintroduce species were undertaken at the following projects: the Challenger renovation, Eikenøtt eco-neighbourhood, the City of Music on Seguin Island, the Nîmes-Montpellier railway bypass, the Citybox® street lighting system and others besides.

To take proper account of biodiversity in urban development projects, Bouygues Construction has contributed to the creation of a first global label for recognising construction and renovation projects that factor in urban biodiversity. BiodiverCity is currently managed by the IBPC[a], an organisation bringing together builders, developers, users and trade federations.

Through BiodiverCity, Bouygues Construction and Bouygues Immobilier are capable of offering products and services that take biodiversity into account. They have already used this label with several certified structures. For example, the Neo-C neighbourhood in Créteil (near Paris), an urban transformation project designed by Bouygues Immobilier, incorporates plant material into buildings. It is the first-ever neighbourhood in France with the BiodiverCity sustainability label awarded at the design stage. The label was also awarded to the renovation of Challenger, the headquarters of Bouygues Construction in Saint-Quentin-en-Yvelines. Challenger hosts biodiversity enhanced by the use of phyto-purification through jardins filtrants® ("filter gardens").

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
N° of construction projects in the order book with the BiodiverCity label	Global building activities	56% of Bouygues Construction's consolidated sales	2		The BiodiverCity label, a venture of the International Biodiversity & Property Council (IBPC), promotes the incorporation and preservation of biodiversity in urban environments. Bouygues Construction, a founding member of the IBPC, incorporated BiodiverCity into two operations in 2015: the Roubaix Palissy development by Bouygues Bâtiment Nord-Est and Hotel Playa San Agustín-Cayo Las Brujas (for local company Almest) by Bouygues Bâtiment International in Cuba.

Lastly, the **Group's** business segments have teamed up with partners in their efforts to protect biodiversity. For example, several entities at **Bouygues Construction,** chief among which Bouygues Energies & Services, have signed a commitment with Noé Conservation for the incorporation of biodiversity considerations in their offers. This covers street lighting, infrastructure biodiversity, knowledge-sharing, technician support and outreach to users.

Colas supported the Lengguru 2014 scientific expedition, a patronage initiative carried out by the IRD (the French Institute of Research for Development) in Indonesia's Papua province. This expedition, which brought together 90 European and Indonesian researchers, set out to gain a better understanding of the processes responsible for the establishment and maintenance of biological diversity in extreme ecosystems. Films about the expedition, which are scheduled to be broadcast on Arte and Ushuaïa TV, are in production. Additionally, a travelling exhibition is visiting the south of France, Paris and Jakarta this year.

In 2015, within the scope of charity projects sponsored by employees and customers, the **Bouygues Telecom Foundation** supported several community science initiatives. These included a campaign for tagging basking sharks (in conjunction with Apecs[b]), a travelling exhibition on sea horses (part of the "Hippo-Thau" programme with CPIE[c] Bassin de Thau) and data collection for the "En quête d'insectes" campaign (in conjunction with OPIE[d]). The Foundation also supported the creation of urban gardens within large housing complexes, in conjunction with the charity Multi'Colors.

(a) International Biodiversity and Property Council.
(b) Association for the study and conservation of elasmobranchs.
(c) Permanent centres for environmental initiatives.
(d) Office for insects and their environment.

3.4 Social information

Further information can be found by visiting www.bouygues.com or consulting the CSR reports of the individual business segments downloadable from their respective websites.

3.4.1 Socio-economic impacts worldwide

The presence of the Group's activities in a given place first and foremost helps to develop and sustain employment. Group companies, whether in France or elsewhere, use local labour as a priority and encourage the development of local subcontractors.

In France, the Group's companies span the entire country.

Bouygues Construction generates 48% of sales in France, where it has over 20,000 employees. Its operations cover the entire country, from building and civil works to energy and related services, concessions and more besides. Bouygues Immobilier operates 46 sites[a] (encompassing 1,577 employees, excluding subsidiaries, in its branches, regional offices, business-line headquarters and head offices) as well as a number of subsidiaries. Bouygues Telecom also covers the whole of France through its six directly owned customer relations centres and 550 Club Bouygues Telecom stores. This places the Group at the heart of the local economy and promotes local recruitment.

In France, public procurement contracts include occupational integration clauses. To apply these criteria as effectively as possible, so that people remain in employment for the long term, Bouygues Construction and Colas forge partnerships with local and national specialised organisations.

For example, occupational integration is a key part of the work on the Nîmes-Montpellier railway bypass. Connected to Réseau Ferré de France through a public-private partnership, the Oc'Via consortium (of which Bouygues Construction and Colas are part) has undertaken to help with issues of local employment and development. Approximately 7% of total hours worked are earmarked for occupational integration. Most of these recruitments were conducted through the local job centre, which has set up a special office at the works depot. More than 400 apprenticeship contracts and permanent job contracts been created on the worksite. Another goal of this project has been entrusting 20% of the construction work to local SMEs and artisans, who were notably called upon to work on archaeological digs, roadworks, networks and delineation of the railway line.

With just over 1 million hours annually, occupational integration features as one of Bouygues Construction's priorities, through partnerships with leading occupational integration bodies. It has signed EGF-BTP's societal and social pact, and partners nationally with Face (Fondation Agir contre l'exclusion), L'Agence du Service Civique and Le Service Militaire Adapté.

Colas has partnered with CNCE-GEIQ (French National Committee for Coordinating and Evaluating Employers that promote Occupational Integration and Vocational Training) to fight discrimination in access to employment, with actions applied locally. This dedication was recognised through the US Embassy in France's 2014 Washburne Award for Innovation in Diversity.

Finally, the initiatives of the TF1 corporate foundation focus on diversity and helping young people find employment. In November 2015, the foundation was awarded the Diversity prize, as part of a competition organised by the consultancy Diversity Conseil RH, acknowledging its innovative recruiting policy aimed at young talent from deprived areas.

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Number of hours devoted to occupational integration and the corresponding FTE equivalent (France)	France	48% of Bouygues Construction's consolidated sales	885,434	1,118,326	The number of hours corresponding to occupational integration dropped sharply after some major projects came to an end. This was only partly offset by new operations such as the Vichy bypass.
Percentage of sales generated by subcontracting to local companies[a]	Global	78% of Bouygues Construction's consolidated sales	95		Bouygues Construction works with customers to maximise the value created by its operations in the regions where they take place. This indicator underlines the strong grassroots presence of Bouygues Construction's activities.

(a) The term "local" here means "national".

(a) In 34 physical locations (excluding boutiques and temporary sales offices).

Outside France, the Group endeavours to source site workers and supervisory staff locally. This provides positive results in terms of direct and indirect employment as well as fostering the transfer of expertise and supporting local communities.

For example, Bouygues Building Canada implemented a specific scheme for local Inuit populations as part of its project for redeveloping Iqaluit international airport in the province of Nunavut. Contractual obligations regarding hiring, subcontracting and training have been defined, for the benefit of the local Inuit community, covering both the construction and the 34-year operational phase. Two major ventures have been defined. First, the company works with government, local Inuit organisations and training and recruitment bodies to ensure that contractual obligations are met. Emphasis is placed on integration, through campaigns that raise awareness of Inuit culture, cross-cultural training, and the organisation of and presence at cultural events. Team support is considered pivotal for the project to succeed both now and in the long term.

Colas has a positive impact on employment and regional development where it operates. Its workforce amounts to 57,000, employed in a network of long-standing local units active in businesses in which customer proximity is a key factor, i.e. these jobs cannot be relocated.

The Bouygues group's business activities also have an impact on regional and local development through the construction and maintenance of road and rail transport infrastructure and buildings, and the expansion and operation of a telecommunications network. For example, the roll-out of 4G technology, Bouygues Telecom's investment enabling the sharing of its network with SFR, and the laying of fibre are aiding in local and regional development and the progress of universal digital accessibility, especially in rural areas.

The Group's major construction projects have positive repercussions on society at large, for example by:

- **Facilitating personal travel:** the Henri Konan-Bédié Bridge in Abidjan (Ivory Coast), which began operating in December 2014, has significantly improved inhabitants' quality of life.
- **Protecting populations against major risks:** the Chernobyl confinement shelter, currently under construction, will limit risks connected with this defunct nuclear power station.
- **Helping to access accommodation:** with broad-ranging offers, Bouygues Immobilier endeavours to meet the needs of first-time buyers while at the same time marketing a significant proportion of its developments (30%) to social landlords. Additionally, the company makes financing arrangements available to customers as well as a scheme for shared rental investments.
- **Standing by local communities:** Bouygues Bâtiment International has pledged to develop at least one initiative to help communities in need, in all the areas in which it is based.

The Bouygues Immobilier corporate foundation supports Unis-Cité, a non-profit organisation that has pioneered voluntary community service in France, lending financial support to the Médiaterre programme in eight towns and cities across France. Médiaterre raises awareness among households in underprivileged neighbourhoods of eco-friendly behaviour, leading to savings on water and electricity bills. In 2015, 532 families were supported in this way, resulting in an annual unit savings of around €180. In 2015, Bouygues Immobilier held its second annual "Solid'R" corporate community action day, on which employees volunteered a day of their work time to helping others. Last year, this represented over 9,600 hours of volunteering, with more than 80% of the company's employees taking part.

The Group's business segments encourage all their employees to receive first-aid training, which obviously has a positive impact both inside and outside the workplace.

Bouygues Immobilier

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Number of volunteers in the Médiaterre programme supported by Bouygues Immobilier	France and subsidiaries	95.9% of Bouygues Immobilier's consolidated sales	154	139	The increase in the number of Médiaterre volunteers in 2015 reflects Unis-Cité's dedication to continue its initiatives in the wake of the financial woes that had forced it to curtail its actions in the Paris region.

3.4.2 Relations with people and organisations affected by the company's business activity

3.4.2.1 Dialogue with stakeholders

Dialogue with stakeholders is conducted at three levels: at Bouygues group level, at business-segment level and at local level.

The Group dialogues with stakeholders, including social and environmental ratings agencies, the financial community, trade unions, government departments and NGOs in an effort to take their expectations ever better into account. For example, Bouygues Construction has participated in a pilot group that has drafted guidelines encouraging constructive dialogue with stakeholders, on behalf of Comité 21.

Each business segment maps out its respective stakeholders and liaises with them regularly on their own specific issues to identify areas for improvement and the associated relevant actions. An example of this comes from TF1, which maintains a questionnaire online for stakeholders, whom it also meets on a regular basis for discussions.

Customer satisfaction at the forefront of concerns

The business segments place satisfying and listening to customers at the forefront of their concerns. Measuring customer satisfaction is a basic requirement of ISO 9001 (quality management system). Bouygues Construction and Bouygues Immobilier entities systematically conduct surveys at the end of each commercial phase.

Since 2014, Bouygues Telecom has given customers the opportunity to help enhance its offers and services by giving them a say through the 2.0 Customer Committee.

TF1 keeps permanently in touch with its audiences through social media and the TF1&vous page. Audiences can interact about programmes and presenters at any time. The news mediator receives opinions, queries and complaints from the public, which are forwarded by the Viewer Relations department on the TF1 website.

Permanently in touch through social media

External social media are an excellent channel for dialoguing with stakeholders. Several of the Group's entities run blogs discussing current and future trends on which users can comment: www.bouyguesdd.com, blog.bouygues-construction.com, www.demainlaville.com, www.blog-groupecolas.com.

For example, Bouygues Telecom – in conjunction with the release of the Bbox Miami TV box – set up a blog containing news about the product, tutorials, tests and a page devoted to bugs called "Miami Vices". Through its community of 250 volunteer in-house experts, known as the "Woobees", Bouygues Telecom is on hand to answer specific technical questions from its customers, using channels such as Facebook and Twitter.

In 2015, TF1 launched the first all-digit, reader-defined news review. It can only be accessed on MYTF1News or via the specific Facebook page. Subjects are chosen depending on which topics are currently trending on social media.

Consultation exercises with local authorities and local dialogue

At local level, procedures have been introduced to promote grassroots dialogue between production sites and worksite managers and local residents, as well as to foster public acceptance of the Group's business activities.

In addition, the Group's companies work directly with local authorities for urban development projects (e.g. through the UrbanEra® initiative).

As a signatory to the Operator-Municipality Guidelines (GROC) since 2006, Bouygues Telecom has committed to strengthening dialogue with local elected representatives and dealing in a transparent manner with local residents when setting up base stations in a given area. Besides complying with urban regulatory requirements, Bouygues Telecom also provides an information pack for local municipalities (presenting a project and its purpose), which can be consulted by local residents. It did this before the provisions of the Law of 9 February 2015 on information and consultation obligations regarding exposure to electromagnetic waves (known as the "Abeille" law) came into effect. Electromagnetic-field forecasts for the planned equipment are conducted at the behest of local municipalities. The "Waves and health" page on Bouygues Telecom's corporate website is devoted to this topic.

Colas

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Materials production sites working to promote dialogue with local communities[a] *as a percentage of total sales before inter-company eliminations*	Global	100% of sales (before inter-company eliminations) generated by materials production activities	30	34%	A special indicator was introduced in 2006 to assess the extent of dialogue with local residents and authorities. In 2015, the 11% decline in this indicator reflects mixed trends, namely a steep decrease in Canada, Oceania and in specialised activities, particularly Smac, and to a lesser extent in mainland France.

(a) Activities that can justify (through a specific report) during the reporting period that they have genuinely interacted with local residents, elected officials and government through meetings and proper responses to complaints. Supporting documentation must be kept on file.

3.4.2.2 Patronage and partnerships

Patronage policy is implemented at Bouygues group level, within business segments and through community initiatives. The Group is active worldwide and contributes to local life wherever it operates.

The three main areas of sponsorship policy at the parent company level (Bouygues SA) are community and social projects, education and culture. The company helps and supports all kinds of initiatives, small-scale or otherwise, giving priority to long-term actions. It pays particular attention to projects sponsored by Group employees.

Each of the Group's five business segments also carries out its own patronage initiatives through their own corporate foundations.

The Francis Bouygues Foundation supports deserving students

In the academic domain, the Francis Bouygues Foundation hands out approximately 60 grants each year to young school students lacking the finances to go on to higher education. Since its founding 11 years ago, 660 talented young individuals (of which 222 have already graduated and joined the world of work) have received financial assistance ranging from €1,500 to €10,000 annually along with mentoring from either a Group employee or a previous grant holder who has entered the world of work. The Foundation has pledged to continue supporting education through this channel until 2025, if not for longer.

Group spending on patronage

€ thousands	The Francis Bouygues Foundation	Bouygues SA	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2015 Group total	2014 Group total
Cash donations	1,261	2,613	2,900	1,211	4,000	4,948	555	17,488	13,934
Donations in kind (value)		7			190 [a]	31,291		31,488	30,621
TOTAL	**1,261**	**2,620**	**2,900**	**1,211**	**4,190**	**36,239**	**555**	**48,976**	**44,555**

(a) The significant decline in donations in kind is related to the completion of the skills-patronage operation by Colas in support of the Palace of Versailles, and the upcoming completion of the one put in place with the Château de Chambord.

Focusing on staff involvement

Several subsidiaries have made arrangements so that employees can take part in community action initiatives during their worktime.

For example, Bouygues Construction's corporate foundation, Terre Plurielle, supports community action projects promoting access to healthcare, education and the occupational integration of people from underprivileged groups, either by using its own funds or through skills patronage, or both. In 2015, it selected 176 such projects, situated in 24 countries. Outside France, all long-term sites are called on to carry out patronage initiatives in local communities.

Under the **Colas** Life programme, employees of the company have the possibility of supporting selected NGOs. Many employees have, through volunteering, donations and skills patronage, joined efforts to promote access to education, through the "On the road to school" scheme. One highlight of this scheme is the construction of a bioclimatic school building in the Skoura palm grove in Morocco.

The Bouygues Telecom Foundation comprises more than 595 volunteers from within the workforce. By officially becoming a charity volunteer, each staff member can spend 14 hours of their worktime each year on patronage initiatives. Since 2006, the foundation has offered employees an opportunity to propose various charities of their own choice for patronage. Since 2011, this has been possible for customers as well.

Bouygues Immobilier's Médiaterre and Solid'R schemes are also ways of involving employees (for more information, see section 3.4.1).

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Partnerships during the year supporting occupational integration, education and health [a]	Global	87% of Bouygues Construction's consolidated sales	467	325	Bouygues Construction has affirmed its commitment to civil society by maintaining a high number of community-related partnerships while keeping the funds allocated to these projects at a substantial level. The sharp increase in the number of partnerships chiefly reflects the inclusion of UK companies, concerning which virtually all of their operations run initiatives in favour of local communities (with a focus on schools).

(a) The following are deemed partnerships: a partnership contract, a long-term commitment to a charity, a one-time operation with minimum funding of €1,000.

Focusing on skills patronage programmes and donations in kind

Whenever possible, the Group's business segments give concrete expression to their societal commitment by volunteering their knowledge and expertise.

TF1 gives airtime to a broad variety of causes and charitable organisations: "Les Pièces Jaunes", "Les Restos du Cœur", "Sidaction", "ELA" (leukodystrophy research) and the "Laurette Fugain" charity all benefit from regular large-scale support. The TF1 TV channel provides charitable organisations with direct assistance while helping them gain in profile. This includes special prime-time operations, the production and free airing of TV spots as well as donations of game-show winnings and cash donations.

As part of its patronage policy, Bouygues Construction helps rehabilitate schools and build housing in disaster-stricken areas, specifically Thailand and Haiti.

After contributing to the renovation of pathways around the Palace of Versailles (between 2010 and 2014), Colas is assigning its expertise to repairing paths around the Château de Chambord (from 2013 to 2016).

Since 2013, the Bouygues Telecom Foundation has together with the charity Pro Bono Lab organised a special day whereby charities can benefit from expertise offered by volunteer employees, e.g. in marketing, business strategy, finance, web, communications and HR.

Committed to urban planning and urban environments

The priorities of the Bouygues Immobilier corporate foundation are based around raising public awareness of architecture and urban planning, encouraging thinking among experts about the city of the future from a sustainable development standpoint, and promoting community action. Bouygues Immobilier is a partner of la Cité de l'Architecture et du Patrimoine in Paris, the largest architectural centre in the world (22,000 m²), with which it recently agreed to retain its status as exclusive founding partner in its sector. Furthermore, the corporate foundation supports l'Observatoire de la Ville, an urban think-tank through which it can notably converse with all those who shape today's towns and cities.

In addition to these actions, the business segments occasionally take part in a variety of other remarkable projects and initiatives. For instance, Colas has supported the Lengguru scientific expedition since 2014.

Similarly since 2014, Bouygues Immobilier has taken part in the "Rejoué" toy collection campaign. In 2015, this social initiative led to the collection – at two of the company's locations – of 396 kilos of used games and toys, which were then reconditioned and handed out in the run-up to Christmas.

In the context of cultural patronage, the Bouygues Telecom Foundation organises the Bouygues Telecom Foundation – *Metronews* "Nouveau Talent" prize, through which one up-and-coming author has the opportunity to publish his or her first novel.

The TF1 corporate foundation, alongside production firm PM and the French Equal Opportunities Watchdog (CGET), took part in a special scheme to encourage new works of literature and budding talents. Four young people from underprivileged neighbourhoods were coached on writing techniques by two published authors. This has led to the production and the current filming of a short pilot film showing the project in action.

3.4.2.3 Academic partnerships

The Bouygues group has set up partnerships with the academic world in an effort to meet major environmental challenges more effectively. For example, Bouygues SA took part in the creation of a specialist masters-level course called "Integrated Urban Systems", in partnership with l'École des Ponts ParisTech and EIVPI[a] engineering school.

Bouygues Telecom and TF1 have run Open Innovation initiatives (such as Hackathons and student project support) in the context of "Le Spot Bouygues" at Epitech (École de l'Innovation et de l'Expertise Informatique), where 120 m^2 of space is dedicated to students working on some of the Group's innovative projects.

Bouygues Immobilier, through its support of l'Observatoire de La Ville, has forged partnership ties with the urban-planning department of l'Institut d'Études Politiques in Paris, l'École des Ponts ParisTech, l'École du Design de Nantes and Nantes University.

3.4.3 Partners, suppliers and subcontractors

Bouygues' overall performance is intrinsically linked to that of its suppliers and subcontractors. The selection of innovative products and services in technological, environmental and societal terms, is essential to be able to offer the most high-performance and responsible solutions. Application of CSR to Group purchasing is one of the conditions required for promoting this partnership mindset and developing joint value creation for its customers. Lastly, Open Innovation policy at Bouygues can also be seen through its programme supporting start-ups.

3.4.3.1 Integrating CSR criteria into the purchasing policy

For a number of years, the Bouygues group has undertaken to comply with the Corporate Social Responsibility (CSR) principles defined in the UN Global Compact, and to integrate them into the purchasing processes of its subsidiaries both in France and abroad.

In 2015, the Group updated its CSR Charter for suppliers and subcontractors, which affirmed its duty of vigilance with regard to the CSR risks facing suppliers and subcontractors, as well as its determination to maintain and strengthen trusting relations and the dialogue established with them. This CSR Charter defines the Group's expectations of its suppliers and subcontractors and is systematically appended to purchasing contracts.

The purchasing departments of the Group's business segments are key to implementing this policy, which has two main components: assessment of subcontractors and suppliers, and careful selection of products and materials for their operations.

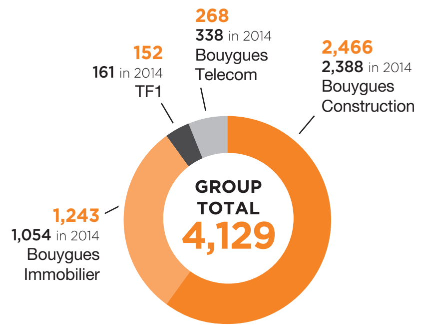
Assessment of subcontractors and suppliers

Bouygues Construction, Bouygues Immobilier, Bouygues Telecom and TF1 use external assessments to evaluate and monitor the social and environmental performance of their suppliers and subcontractors. Assessment are only considered valid if conducted within the past three years. These four business segments have also designed their own questionnaires for assessing their suppliers' CSR policies. All business segments conduct supplier CSR audits.

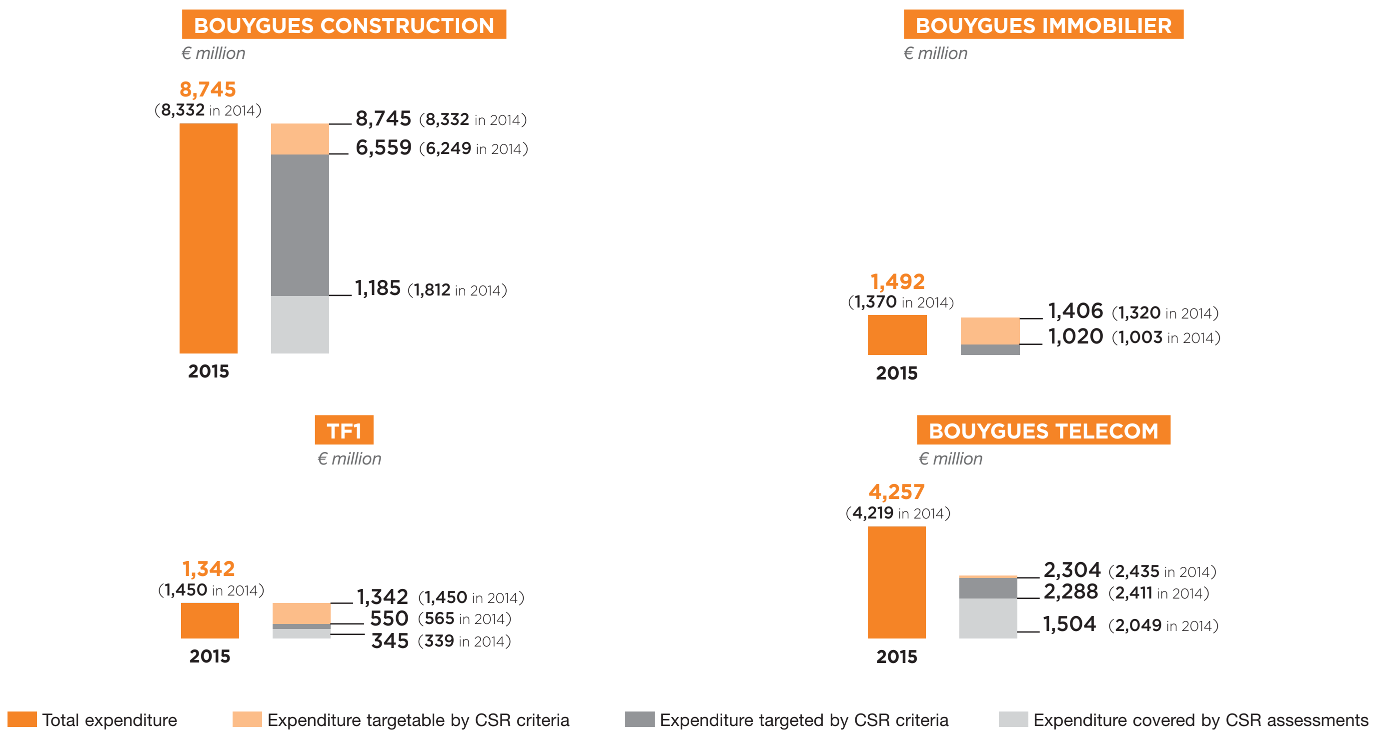
(a) *École d'Ingénieurs de la Ville de Paris.*

NUMBER OF SUPPLIERS AND/OR SUBCONTRACTORS THAT UNDERWENT A CSR ASSESSMENT

over the past three years



SHARE OF BUSINESS SEGMENT EXPENDITURE TARGETED BY CSR CRITERIA OR COVERED BY CSR ASSESSMENTS



The Group indicators provide a snapshot, based on the overall scope of expenditure, of the proportion that is potentially targetable by CSR criteria and that which is actually covered.

Some types of expenditure (e.g. expenditure relating to rental guarantees, notary fees and financial expense) are labelled as “non-targetable” because CSR requirements cannot be realistically attributed to them.

Furthermore, a difference is made between expenditure that is covered by CSR criteria and expenditure that is covered by CSR assessments. For example, CSR criteria include all types of possible action, such as expenditure that is covered by a responsible purchasing policy, contracts with a CSR charter or clause, and suppliers selected with help from CSR criteria and/or having undergone a CSR assessment or audit over the past three years. However, the “Expenditure covered by CSR assessments” indicator can be used to assess the initiatives that involve suppliers the most (solely using questionnaires and internal/external CSR audits), potentially giving rise to improvement plans.

Colas’ responsible purchasing approach is designed to be cautious, gradual and targeted, considering the large number of suppliers, service providers and subcontractors as well as the decentralisation of purchasing decisions to subsidiaries. Colas is currently implementing an active policy of professionalising its Purchasing function that will enable it to: identify suppliers, service providers and subcontractors who have made commitments to respect the principles of responsible purchasing; develop a purchasing process that integrates the separation of powers as well as the issue of corporate ethics; lay down guidelines geared to each purchasing category to promote the use of local suppliers and subcontractors and, where possible, companies that employ people with disabilities; and identify major specific risks for non-responsible purchasing within any of the major purchasing categories in use at Colas and in each subsidiary, in the form of a mapping of risks.

Selecting responsibly sourced products and materials

The Bouygues group's business segments are also developing policies for sourcing more responsibly sourced products and materials, based on a risk analysis of various purchasing categories.

For example, Bouygues Construction's commitment to responsible purchasing of all-important timber is reflected in its measures to fight the illegal timber trade, identify and eliminate all sourcing of threatened wood-based products, and increase the proportion of eco-certified timber purchases. This policy is enacted as part of its partnership agreement with the WWF, which was renewed for three years in 2014. Bouygues Construction has also developed a database of eco-products called Polygreen®. Accessible to employees, this database contains more than 5,500 products listed according to technical, economic, health and environmental criteria, with production sites and labels also specified. By consulting Polygreen®, buyers are steered towards those products most respectful of end-users' health and the environment.

In 2014, Colas won several awards for its new work clothes made in accordance with fair trade principles. A sign of the high sustainability credentials of these uniforms, to be worn by 30,000 employees, is that the organic cotton fibre from which they are made is Fairtrade-certified by Max Havelaar. The cloth was produced in European ISO 14001-certified factories, and the dyes used are OEKO TEX® Standard 100-certified.

Bouygues Immobilier, as part of its drive to improve air quality in its buildings and reduce pollutants responsible for VOCs (volatile organic compounds), only selects those products whose health labelling is A+. Labelling has been mandatory since 2012. This concerns materials and products, listed in nationwide catalogues, in direct contact with indoor air.

Use of the sheltered-workshop and disability-friendly sector

The use of companies in the sheltered sector, coupled with an effort to broaden the range of activities outsourced to these workshops, is a key part of the Group's responsible purchasing policy.

TF1's purchasing department lists sheltered workshops and disability-friendly companies by type of service provided (printing, catering, packaging and mail preparation, creation and communications, garden maintenance, cassette recycling, etc.). In 2014, it expanded the range of available services to include passenger transport.

Buyers at Bouygues Telecom question suppliers about their capacity to work on a co-contracting basis with the sheltered and disability-friendly sector, using this as a criterion to choose between them. In 2015, as part of the job regeneration plan, Bouygues Telecom's purchasing department organised professional training for 25 managers of disability-friendly companies and sheltered workshops. The company is also a member of Handeco-Pas@Pas, created on the initiative of CDAF[a] and major companies, to promote and facilitate subcontracting to the sheltered workshops, disability-friendly companies and occupational integration programmes.

At Bouygues Immobilier, the Disability Task Force (created in 2011) works hard to promote outsourcing to companies in the sheltered and disability-friendly sector. Disability liaison officers, coordinated by the disability officer, are responsible for implementing subcontracting initiatives with Gesat[b], which markets the services of the sheltered and disability-friendly sector. A second company-wide agreement – dedicated to the employment of people with disabilities – was negotiated in 2014. This latest agreement set forth a target for increasing the amount of sales generated with the sheltered and disability-friendly sector by 5% annually.

Bouygues Immobilier

Indicator	Scope (activity or region)	Coverage	2015	2014	Remarks
Level of purchasing with sheltered workshops and disability-friendly companies *€ thousands*	France and subsidiaries	95.9% of Bouygues Immobilier's consolidated sales	301	333	With purchasing of services falling as a result of business conditions, there was an unavoidable reduction in the value of purchases from sheltered workshops and disability-friendly companies. Bouygues Immobilier's Disability Task Force is working to curb this contraction in 2016. Specifically, it is stimulating purchases from the disability-friendly and sheltered sector by diversifying the services concerned and by raising awareness among Bouygues Immobilier's employees.

Lastly, the Group's business segments uphold responsible purchasing principles in accordance with the pledges set forth in the Bouygues "Conflicts of interest" compliance programme. This commitment is also enshrined and promoted in codes of ethical conduct followed by buyers at Bouygues Construction, Bouygues Telecom and TF1, and by Bouygues Construction's conclusion of a charter for major accounts and SMEs as well as the SME Charter. Bouygues Telecom is the only telecommunications operator to be awarded the Contractor "Social responsibility" label, which guarantees healthy relations with all outsourced call centre operations in France. Furthermore, in 2014, TF1 was awarded the Responsible Supplier Relations label by the Business Relations Ombudsman Service and the CDAF. This label is given to French companies that forge durable, fairly-balanced relations with their suppliers. It was renewed for a further 12 months in January 2015 for the TF1 group of companies.

3.4.3.2 Supporting start-ups

Convinced that Open Innovation between start-ups and large firms can yield benefits, in 2015 Bouygues began a Group-wide scheme whereby each business took steps to set up a body allowing for the joint development of projects in conjunction with start-ups. It also makes

(a) French Association of Purchasing Managers and Buyers.
(b) A national disabled employment network.

provision for a structure overseeing and managing investments in start-ups, equipped with a fixed annual budget.

These structures will be coordinated by Bouygues Développement, which is hosted by the parent company. It will be responsible for selecting start-ups in search of seed money and providing innovation in connection with the operational topics identified by the business segments.

In 2015, Bouygues Immobilier founded Bird (Bouygues Immobilier R&D), a subsidiary investing in start-ups focused on the property development sector. TF1 and Paris&Co launched an incubator for media start-ups innovating in products and services. As part of its innovation drive, which comprises 126 partnerships (with companies, universities, start-ups and NGOs), Bouygues Construction founded Construction Venture in 2015, which is a fund that will invest in at least three start-ups per year, supporting them for a period of five years, most notably through mentoring. To breathe life into this scheme in house, Bouygues Construction held its first “Start-up Minute” in 2015, during which ten start-ups were able to showcase their project and innovative ideas in the form of minute-long presentations to group employees. Furthermore, an internal hub was set up to capitalise on contacts forged with start-ups.

Bouygues Immobilier, through its Lyon regional office, today partners with Tuba, a project run by the Lyon Urban Data public-private consortium. Its aim is to support start-ups specialising in urban services, which specifically generate and re-use data for improving quality of life in the city of the future.

For the fifth year running, Bouygues Telecom organised the Bouygues Telecom award for the best Woman Digital Entrepreneur, which provides funding to tech start-ups founded by women.

Bouygues Telecom has supported Open Innovation since 2010

Bouygues Telecom’s incubator, Bouygues Telecom Initiatives (BTI), founded in 2009, has reviewed 900 projects, conducted 28 co-development projects between a sponsoring operational division within Bouygues Telecom and a fledgling tech start-up, acquired nine equity stakes (with four of these companies conducting two or more successive funding rounds) and created and coordinated a network of several dozen partner incubators and investment funds.

In particular, Bouygues Telecom Initiatives has supported Studyka (through a 15% equity interest), which innovates in the sphere of crowdsourcing. During the co-development phase of the Bbox Sensation gateway, launched by Bouygues Telecom in June 2012, Studyka used its web-based collaborative-project platform to design and model innovative services for this device. BTI runs its own blog (www.btinitiatives.fr) and is active on social media (LinkedIn, Facebook and Twitter).

3.4.4 Responsible practices

3.4.4.1 Initiatives in place to guard against corruption

At the suggestion of its Ethics, CSR and Patronage committee, the Bouygues Board of Directors approved an Anti-Corruption Compliance Programme at its meeting on 21 January 2014. This document, prefaced by Martin Bouygues, clearly states the Group’s zero-tolerance stance on corruption and its position as to the duty of understanding and care that everyone must exercise, along with the resulting responsibilities – especially for executives. This supplements the Code of Ethics, issued in 2006, which states that all operations within the Group, especially the negotiation and performance of contracts, must under no circumstances give rise to acts of corruption or influence peddling or related offences, irrespective of whether operations take place in the private or public sector. It sets forth the Group’s stance along with associated duties and responsibilities.

The Compliance Programme summarises the appropriate legislation in force and devotes specific sections to Group rules and recommendations applicable to various practices that are prone to a risk of corruption, namely gifts and services, financing of political parties, patronage, sponsorship, use of business intermediaries and lobbying. Lastly, it lays down the measures with regard to information, training and prevention, along with monitoring and sanctions that must be taken within each business segment, on the initiative of the CEO of a given business segment.

Prevention

The Group’s Anti-Corruption Compliance Programme specifies that all senior executives who have operational responsibility for a Group entity (subsidiary, branch, division, etc.) must implement appropriate corruption prevention measures. They will be supported in this by the compliance officer and the ethics committee of the business segment.

Summarily, the following preventive measures are provided for by the Compliance Programme:

- implementation by legal departments of training and preventive actions in the area of best business practices, expertise in anti-corruption law, selection of specialist lawyers;

- implementation by finance and accounting departments of financial principles mitigating the Group's exposure to risk, particularly by preventing the use of payment systems for fraudulent or corrupt purposes;
- a clear statement – when delegating authority to employees in charge of an entity, a department or a project, or who are authorised to make financial commitments or who work in a sales or purchasing department – of rules forbidding corrupt behaviour of all kinds; insertion of same clauses by subsidiaries into the employment contracts of persons concerned and/or into the company's rules of procedure;
- review by each business segment of compliance of operations with applicable legislation and the Compliance Programme when launching and completing all major projects or when launching a new business activity;
- the requirement, when a company is being acquired, to pay special attention to the target company's compliance with anti-corruption regulation and, unless otherwise specifically justified, obtain specific warranties from the vendor;
- as part of the annual risk mapping process within each Group subsidiary, analysis of the corruption risks inherent in the business segment's activities.

The Compliance Programme states that senior executives or employees who are aware of a practice that might be considered as corrupt should inform their hierarchy and legal department immediately. It further states that senior executives and employees may also use the whistleblowing facility within each business segment to report corrupt practices.

Training

The Group Anti-Corruption Compliance Programme states that senior executives and employees involved in obtaining and negotiating contracts or purchases for their company must be aware of and understand the broad outlines of the anti-corruption laws and the risks involved in their breach. It specifies that, within one year of their appointment, employees who are given responsibility for a subsidiary or equivalent entity, a sales function, or an assignment within a purchasing department are required to attend an anti-corruption training course run by or validated by the compliance officer of the relevant business segment. The compliance officer will determine the most appropriate training method and make sure that these employees are given regular refresher courses to keep their knowledge and assessment of the risks up to date.

More generally, the Anti-Corruption Compliance Programme requires that each Group entity includes an anti-corruption compliance component in their training modules tailored to the various employee categories concerned. It requires that all business segments must, in line with their training policy, introduce a simple, brief, general training module, accessible at all times through e-learning. Employees should be urged to consult this e-learning programme regularly.

Each subsidiary also organises training courses tailored to the different levels of management. They transmit the Group's ethical principles and values in practical ways, addressing the specific issues and risks associated with the subsidiary's business.

At Bouygues Construction, for example, given the need to make the whole spectrum of management aware of these very important issues, all existing training programmes for sales staff and future managers incorporate an ethics and compliance module. Following on from initiatives undertaken since 2011, the special ethics and compliance training plan has been implemented within each Bouygues Construction entity through training modules targeting specific categories of employees. In addition, an ethics component has been added to training programmes for young and experienced managers viewed as high potential, as well as to the legal training taken by buyers that have been in their posts for less than a year. Altogether, there are more than 50 training modules relating to business ethics and compliance.

In order to give a more coherent message and improve performance in this area, a single and common set of communications materials will be disseminated to all entities in 2016, although there will be the option of adapting them to different audiences (France, international activities, high potential employees, etc.).

In 2015, based on the sessions that took place in France, 43% of managers, and 29% of employees in works activities, 31% in purchasing and 53% in marketing were trained in business ethics.

In order to expand and improve training performance, a specific e-learning module called Fair Deal was launched in December 2015 for 30,000 employees in France and abroad. The Fair Deal programme is rolled out in four different languages. Employees are shown real-life situations whose themes are corruption, anti-competitive practices, gifts and invitations, as well as patronage and corporate sponsoring actions. Since December 2015, 164 employees have received training. The roll-out will continue by waves of 500 employees every two weeks throughout 2016.

Business at **Colas** is highly decentralised and a large number of staff members are in a position to enter into contracts, particularly with public-sector customers. Training modules, refresher courses and controls are implemented on a regular basis, according to programmes that aim to cover all of the subsidiaries. The main actions carried out relate to:

- training seminars organised by the legal department in the framework of a multi-annual plan that aims to cover all of Colas. In 2015, several training days were held, in various Colas entities in France and abroad, on business ethics and the criminal responsibility of managers. Regular refreshers on this subject are provided at all subsidiary meetings;
- development of a new code of conduct at subsidiaries in the US, introduced to each subsidiary through communication and training;
- the training programme offered by the legal department at Colas, which in 2015 included seminars for subsidiaries located in Djibouti, Morocco, Mauritius, Madagascar, the UK, Switzerland, Belgium and Hungary, and for Colas Rail.

At Bouygues Immobilier, a training module on "Business Ethics and Fighting Anti-Competitive Practices in Property Development" has been dispensed since 2011.

At TF1, arrangements are in place – in the form of special training and awareness-building exercises – to support managers in fully understanding and applying these programmes, as well as with raising awareness within their teams.

Bouygues Telecom's approach to business ethics aims to help employees navigate through the issues inherent in its operations – in particular, corruption – through the code of conduct, a business ethics guide and an e-learning module, accessible to employees through a special intranet section on business ethics. At the same time, since 2014, Bouygues Telecom has issued reminders on the behaviour expected in fighting corruption in delegations or assignments of duties, contracts, due diligence in relation to acquisitions and its purchasing terms and conditions.

For many years, senior managers have been given training in ethics and the Bouygues group's values, dispensed by the Bouygues Management Institute (IMB). Resources and training courses include an international cycle and seminars on "Respect and Performance", "Corporate, Social and Environmental Responsibility", the "Development of Bouygues Values" and, more recently, seminars on "Responsibility within Organisations" and "Respect and Management". More than 700 senior executives have attended training courses since the Bouygues Management Institute was set up in 2002.

Control

The fight against corruption is treated as a specific topic in the Group **Internal Control Reference Manual**. The Compliance Programme specifies that a business segment may add specific provisions to this manual where necessary to make the Compliance Programme more effective. Its effectiveness is monitored annually by means of a self-assessment of the internal control principles implemented in the business segments and their subsidiaries. Should the self-assessment reveal deficiencies in the implementation of the Compliance Programme, an action plan will be drawn up and implemented promptly.

Furthermore, the Compliance Programme indicates that, during their regular or specific **internal audit assignments**, the audit departments, assisted by the compliance officers and, if necessary, external lawyers or other service providers, should periodically make sure that the Group's operations comply with the principles of the Compliance Programme and the Group's and business segment's Internal Control Reference Manual. Everyone is required to cooperate with the internal audit departments. It is specified that the conclusions of the internal audit report will be sent to the business segment's ethics committee. They will also be taken into account where necessary to strengthen the Compliance Programme and any other mechanisms implemented to ensure that it is duly and properly implemented.

3.4.4.2 Accessibility of offers and services

The Bouygues group's objective is to make its products and services accessible to the greatest number of people possible. Its media and telecoms activities also focus on the accessibility of their services and digital technology.

One of the founding values underpinning Bouygues Telecom's market positioning is to make the benefits of digital technology accessible to as many people as possible. This commitment is conveyed by the practising of "affordable" prices, though not at the expense of service quality. An example is its Bbox triple-player offers, which Bouygues Telecom sells at the best price on the market. Bouygues Telecom also offers solutions enabling people to keep pace with technological progress and own a smartphone, e.g. through flexible payment options and the purchasing of pre-owned handsets.

To help expand telecommunications network accessibility, Bouygues Telecom participates in shared coverage schemes with other operators. The Crozon project, whereby Bouygues Telecom shares some of its base stations with another operator, contributes to reducing the digital divide. Under the terms of this project, the operator provides 2G coverage in "blind spot"[a] municipalities, is rolling out high-speed mobile internet (3G), is negotiating sharing arrangements in order to extend coverage, and is rolling out very-high-speed mobile internet (4G) to less dense areas[b].

Furthermore, since 2005, the company has been working hard to help disabled people access electronic communications services. One way has been making customer services accessible to people with total or partial hearing loss. Another is the offer of free installation of software for customers with impaired vision.

TF1 ensures that its programmes are accessible, especially to people with impaired hearing (subtitling or sign language) or vision (audio description).

3.4.4.3 Security of personal data

The protection of personal data[c] has become an ever-pressing CSR issue for the Group's media and telecoms operations since 2013.

The websites and applications of e-TF1 comply with the entire range of legal provisions, consultable by visiting the website of the French Data Protection Authority (http://www.cnil.fr). The privacy policy governing consumers' personal data can be consulted on the TF1 website and must be agreed to when registering for services. Concerning recommendations relative to cookies and other tracking files covered by Article 32-II of the law of 6 January 1978 (according to the specific resolution on cookies, 2013-378 of 5 December 2013), TF1 regularly checks – chiefly through cookie audits – those files placed during visits to electronic communication services published by e-TF1 (standard and mobile websites, applications) to ensure that they are lawful.

TF1 has made all business partners aware of the liability regime established by the CNIL under Article 3 of the specific resolution as agents placing and reading cookies. Likewise, the group makes it clear in contracts signed with technological, publishing and advertising partners that regulations on the protection of web-user data must be respected.

To guarantee data security on websites and in applications, the TF1 furthermore operates an official policy governing the processing and securing of collected personal data, in compliance with legislation. It is regularly checked and audited.

Bouygues Telecom has devoted part of its code of conduct to privacy and informational issues, according to which Bouygues Telecom undertakes to:

- abide by the principles and rules on data protection, including the use of enabling and personalised access control systems;

(a) Blind spots are municipalities not covered by any operator with 2G technology.
(b) Less Dense Areas refer to intermediate municipalities, between Very Dense Areas (the 32 biggest urban areas of more than 200,000 inhabitants) and blind spots.
(c) "Personal data means any information relating to a natural person who is or can be identified, directly or indirectly, by reference to an identification number or to one or more factors specific to them." Article 2 of French Data Protection law 78-17 of 6 January 1978.

- implement the necessary means to ensure that data protection, data storage, and the treatment and exchange of data complies with its security policy, in particular the General Policy on Data Security.

Consequently, accessibility of customer data must be limited in terms of nature and usage to those persons expressly empowered for the purpose of their jobs. All customer data exchanged externally is encrypted. Furthermore, Bouygues Telecom secures personal customer data by ensuring that data is only processed for its intended purpose, within the meaning of the 1978 law on the protection of personal data. It uses contract terms to ensure that this commitment is also respected by service providers and business partners to which personal customer data may be transmitted.

Bouygues Telecom's website offers factsheets that advise customers on how to protect their personal data from hackers.

3.4.5 Product quality, safety and comfort

At the Bouygues group, respect for customers and users is a core value common to all its activities. This mindset is especially prominent in the commitments that it upholds for protecting the health and safety of users, as well as the requirement that it imposes on the quality and user comfort of its products.

3.4.5.1 Protecting consumer health and safety

Air quality and chemical risks within buildings

Bouygues Construction and Bouygues Immobilier have been working for several years to improve the air quality of their buildings. They have begun measuring this and are striving to improve it through the use of suitable materials and more efficient ventilation systems that can be regulated in real time using sensors.

Bouygues Construction has conducted several campaigns and is designing solutions to lower the levels of primary pollutants. Additionally, the Polygreen® database encourages buyers to procure goods that have no negative impact on end-users' health. For example, this has led to the use of eco-labelled paints on worksites, and implementation by Bouygues Bâtiment Ile-de-France – Habitat Social of air-quality surveillance as soon it started working on a nursery building (i.e. from the time the worksite is started until end-users occupied the premises). In 2011, Habitat Social launched the "Habitat & Santé" offer, which systematically includes a description of indoor air quality.

Bouygues Construction also leads a think-tank focusing on personal health.

Bouygues Immobilier works to improve the air quality of its buildings, harnessing the work of OQAI (a think-tank investigating indoor air quality) and the Grenelle environment summit. It has also teamed up with specialists to design "Inspir", a scheme promoting indoor air quality. This project, which has the backing of Ademe (the French environment and energy management agency), aims to design a comprehensive and economically viable methodology for measuring indoor air quality, from the design stage until when buildings are up and running, such that this becomes a distinct selling point. Besides materials and ventilation, the place of users in technical procedures, health impacts and acceptability of measures are considerations that will also be researched. Bouygues Immobilier is the lead firm on the project, which brings together seven other partners with complementary IAQ[a] expertise: Azimut Monitoring, BESCB, CIAT, Gecina, Greenaffair, Medieco and Saint-Gobain.

Within laboratories at Colas, research is being carried out to optimise eco-friendly binders by applying the principles of "green chemistry", notably by introducing bio-sourced components, reducing temperatures and limiting greenhouse gas emissions.

Electromagnetic fields

Bouygues Telecom contributes through the additional flat-rate tax on network operators (IFER)[b] to the financing of electromagnetic-field measurement by companies certified by the French Accreditation Committee (Cofrac) – pursuant to new government rules on electromagnetic-field measurement, in force since January 2014. Findings can be consulted by visiting www.cartoradio.fr.

Furthermore, in order to inform its existing and potential customers, Bouygues Telecom continued to distribute the French Telecoms Federation's information leaflet, entitled *Mon mobile et ma santé* (My mobile phone and my health). It has expanded the range of advice given in stores, on websites and in brochures, particularly regarding the specific absorption rates (SAR) of handsets and regarding recommendations promoting the use of the hands-free kits that come with the phones. Lastly, a series of tutorials on issues relating to radio waves and the impacts on health of mobile handsets and base stations have been posted on social media. The "Waves and health" page on Bouygues Telecom's corporate website is devoted to this topic.

Systematic checks are carried out on the phones sold by Bouygues Telecom and have been stepped up on own-branded products. It continued its own scientific research on exposure to radiofrequencies, which supplements government-led funding programmes, to which the company also contributes.

Road safety

Colas carries out R&D in several areas to meet road safety challenges, focusing on:

- producing a range of high-performance surfacing that provides better tyre grip (textured and/or draining products to limit skidding in rainy weather);
- improving visibility (work on road markings in cold or wet weather and at night);

(a) Indoor air quality
(b) Flat-rate tax on network businesses (IFER)

- manufacturing road safety equipment (by Aximum, its safety and signalling subsidiary).

3.4.5.2 Product usage quality

Quality and user comfort is a distinguishing feature in the products and services marketed by the Bouygues group.

For example, the eco-neighbourhoods built by Bouygues Construction and developed by Bouygues Immobilier represent a huge stride forward in improving residents' quality of life, via the provision of convenience services, soft mobility, digital services, urban biodiversity, etc.

For the structures that it builds, **Bouygues Construction** gives comprehensive advance consideration to their usage, employing user surveys to gauge the effectiveness of its products and services. This policy of usage-driven innovation, launched in 2014, aims to centralise and share feedback on its structures and offers, in reference to competitors' offers, to ascertain their degree of suitability. Investigations are expanded to include analysis of technical considerations (such as energy efficiency and new technologies), urban services and architectural details. Subsequently, the next goal is to involve end-users at the beginning of the innovation process, through brainstorming and concept-testing sessions, for example.

An initial review was conducted by **Bouygues Immobilier** on the Fort d'Issy eco-neighbourhood in Issy-les-Moulineaux, near Paris, two years after it began operating. A survey was designed to measure how residents, retailers and inhabitants of Issy-les-Moulineaux perceive the eco-neighbourhood and their satisfaction with it. It revealed that the majority of residents were satisfied with quality of life in Fort d'Issy: 95% of residents stated that they were proud to live there, 70% that they have saved on their energy bills, 57% that they have changed their travel habits thanks to the proximity of shops, services and public amenities.

Bouygues Immobilier is creating innovative collaborative work spaces to promote a "new approach to working"

Bouygues Immobilier has developed a network of high-quality third places, under the Nextdoor brand, offering private and shared offices.

This innovative offering reflects the shift towards more flexible working methods while ensuring a pleasant working environment, thanks to coworking spaces, a concierge service, gardens and events promoting interaction between different companies.

The first such work space opened its doors in 2015, in Issy-les-Moulineaux, just south of Paris. Plans are to open more Nextdoor work spaces nationwide so that the network comprises 20 locations by 2020. By fleshing out its network, Nextdoor office spaces will become a useful way of reducing emissions from commuting and business-related travel in the areas where they are located.

As part of its transformation plan, Bouygues Telecom began simplifying its offers and customer purchasing experience. The number of offers has been reduced from 1,300 to 40, and customer support is available through several different channels, encompassing the web, stores and a hotline.

Diversity within TF1's programming

Fighting stereotypes and broadly representing diversity in society in its broadcasts represent a firm commitment of TF1's diversity policy. The awarding of the "Diversité" equal-treatment label in 2010 provided an opportunity for motivating and training employees on diversity. As a result, all those responsible for programme production, including heads of programme units, followed a dedicated training module for the recognition of diversity in all its forms.

To increase overall representation of every kind of diversity in its programmes, awareness of the issue is raised with outside producers with whom TF1 works. For example, for the TV show *The Voice Kids,* Shine Production ran casting sessions nationwide, which included France's overseas territories and departments. It even ran a session in Mauritius.

In 2015, TF1 signed the LGBT (Lesbian, Gays, Bisexual and Transgender) "Charter of Commitment" developed by L'Autre Cercle.

Additionally, the Group's media and telecoms activities endeavour to shield younger viewers from the risks arising from television and the web.

At TF1, for the past ten years, a psychologist systematically views series for teenagers bought or co-produced by the channel, working closely with the creative team. This person can suggest edits and may even qualify episodes as not apt for broadcasting, if these images are deemed inappropriate for younger viewers. These recommendations are always followed. TF1 also pays particular attention to safe browsing by users on its TFou.fr website for children, by moderating content, protecting children's personal data and taking other measures besides.

Bouygues Telecom has adopted a proactive stance to guarantee the protection of children and teenagers from inappropriate online content. A parental-control solution for mobile, PCs and TVs is available free of charge.

3.5 Independent verifier's report on the consolidated human resources, environmental and social information presented in this Registration document (year ended 31 December 2015)

To the shareholders,

In our quality as an independent verifier accredited by Cofrac[a] under the number n° 3-1050, and as a member of the network of one of the statutory auditors of Bouygues, we present our report on the consolidated human resources, environmental and social information established for the year ended on the 31st December 2015, presented in chapter 3 "Human resources, environmental and social information" of the Registration document, hereafter referred to as the "CSR Information", pursuant to the provisions of the article L.225-102-1 of the French Commercial code (*Code de commerce*).

Responsibility of the company

It is the responsibility of the Board of Directors to establish a Registration document including CSR Information referred to in the article R. 225-105-1 of the French Commercial code (*Code de commerce*), in accordance with the protocols used by the company, composed of Bouygues group's human resources, environmental and social reporting protocol in its version dated 2015, supplemented by the reporting protocols of its five business segments (hereafter referred to as the "Criteria"), and of which a summary is included in introduction to chapter "3.1.3 CSR reporting methodology" of the Registration document and available on request at the company's headquarters.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the Registration document or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial code (*Code de commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria;

Our verification work was undertaken by a team of ten people between July 2015 and February 2016 for an estimated duration of eighteen weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000[b].

(a) Scope available at www.cofrac.fr
(b) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

1. Attestation of presence of CSR Information

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the Registration document with the list as provided for in the Article R. 225-105-1 of the French Commercial code (*Code de commerce*).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial code (*Code de commerce*).

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial code (*Code de commerce*), with the limitations specified in chapter "3.1.3 CSR reporting methodology" of the Registration document.

Based on this work, and given the limitations mentioned above, we confirm the presence in the Registration document of the required CSR information.

2. Limited assurance on CSR Information

NATURE AND SCOPE OF THE WORK

We undertook about forty interviews with about sixty people responsible for the preparation of the CSR Information in the different departments of the consolidated company and its five business segments, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information that we considered the most important [a]:

- At the level of the consolidated entity and its five business segments (Bouygues Construction, Bouygues Immobilier, Colas, TF1, Bouygues Telecom), we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the Registration document ;
- at the level of the two most contributing business segments to the environmental and human resources impacts (Colas and Bouygues Construction, representing about 90% of the workforce and consolidated greenhouse gas emissions – scope 1, 2 and 3), we selected a sample of representative entities[b], based on their activity, their contribution to the consolidated indicators, their location and a risk analysis. We undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represents on average 8% of the sales and the total workforce of the two business segments.
- At the level of the three other business segments (Bouygues Immobilier, TF1 and Bouygues Telecom), supporting documents available at headquarters cover almost all activities.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information taking into account, if relevant, professional best practices.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of

(a) Human resources information:

- *Quantitative information (indicators): workforce (total headcount and trend), share of women managers (France), share of women managers (International), frequency rate of workplace accidents among staff (World), share of companies providing social coverage (International) and share of companies with a training plan (International). The international scope relates to companies with more than 300 employees operating outside of France.*
- *Qualitative information: employment, absenteeism, health and safety, occupational illnesses, labour relations, training policies, and anti-discrimination policy.*

Environmental and social information:

- *Quantitative information (indicators): percentage of Bouygues Construction's activity covered by an ISO 14001-certified environmental management system, percentage of buildings with environmental labelling or certification in the yearly order intake when Bouygues Construction is the purchasing advisor, percentage of Bouygues Construction's worksites with an Ecosite label, share of Bouygues Immobilier's sales with a commitment to environmental labelling or certification schemes, environmental certification or self-assessment rate of the materials production activities for Colas, recycling percentage of Bouygues Construction's non-hazardous waste (excluding the earthworks and Energies and services activities), the number of Bouygues Telecom handsets collected for recycling or re-use, volumes and ratio of recycled materials in relation to the volume of aggregates produced by Colas, volumes and ratio of recycled asphalt mixes for Colas in order to recover bitumen, surface area of Green Office commercial property developments, the number of positive-energy housing units in construction or handed over during the year for Bouygues Immobilier, energy used per tonne of asphalt mix produced for Colas, share of warm and cold asphalt mixes for Colas, the number of building developments in the annual order book committed to the BiodiverCity certification, Colas aggregates production sites working to promote biodiversity (as a percentage of total sales before inter-company eliminations), Colas materials production sites working to promote dialogue with local communities (as a percentage of total sales before inter-company eliminations).*
- *Qualitative information: general environmental policy, evaluation and certification initiatives, energy consumption and measures to improve energy efficiency (for instance cLEANergie program for Colas), raw material consumption, greenhouse gas emissions, relations with subcontractors and suppliers (responsible purchasing policy), business ethics and initiatives in place to guard against corruption (code of ethics and compliance programme), measures to protect consumer health and safety (indoor air quality, radiofrequencies for Bouygues Telecom and protection of personal data).*

(b) For Colas, the Colas Île-de-France Normandie, Colas Maroc and HRI Inc. (Colas USA) entities; for Bouygues Construction, the Travaux Publics Régions France, Losinger Marazzi (Switzerland) and Dragages Singapore entities.

any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

CONCLUSION

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

OBSERVATIONS

Without qualifying our conclusion above, we draw your attention to the following points:

- New human resources indicators have been implemented in 2015 at the international level; the treatment of these new topics, and especially those related to "absenteeism", "work organisation", and "anti-discrimination policy" is still being refined for this scope.
- The reporting related to recovery of non-hazardous waste from construction sites for Bouygues Construction was specified in 2015. Some reporting difficulties remain, on the one hand, due to the fluctuating quantities of inert waste produced on construction sites, and on the other hand, due to varying legal contexts and understandings of indicators' definitions amongst different countries, which are heterogeneous.

Paris-La Défense, 23 February 2016

Independent Verifier

ERNST & YOUNG et Associés

Eric Mugnier	**Bruno Perrin**
Partner, Sustainable Development	Partner

4 RISK FACTORS

4.1 Business-specific risks

4.1.1 Bouygues Construction

4.1.1.1 Risk management policy

The risks facing Bouygues Construction in 2015 were of a similar nature to those identified in previous years: operational risks relating to major projects, country risk, economic stagnation risk and compliance risk.

4.1.1.2 Risks associated with major projects in the design or execution phase

Major projects are a potential source of risk for Bouygues Construction because of their size and number. They frequently involve complex packages (public-private partnerships, concessions, long-term contracts), which call for risks to be allocated commensurately with the capacities of the company. The 2015 order intake includes a number of large-scale building and civil works contracts, with contracts in international markets particularly prominent.

The types of risk inherent in major projects include:

- **in the design phase:** design flaws, under-budgeting, poor assessment of the local environment, inadequate contractual analysis, etc.;
- **in the execution phase:** default by a customer, partner or subcontractor, difficulty in recruiting sufficient staff or adequately qualified staff, and execution defects leading to cost overruns, quality problems or failure to meet deadlines, etc.

To achieve tighter control over these two major risk areas, Bouygues Construction has an organisational structure that reflects the specific requirements of each business, backed up by rigorous selection, approval and control procedures.

Each entity has access to substantial, highly-qualified resources in technical fields such as design, costing, feasibility studies and methods. Clusters of staff with extensive expertise in highly specialised areas (tall buildings, materials engineering, facades and sustainable construction, for example) share knowledge and capitalise on experience across all Bouygues Construction entities.

The support function structure, which operates on similar lines, has recently been strengthened. Separate departments covering legal affairs, human resources, accounting, management control, information systems and procurement are headed up by members of the Bouygues Construction management team. Specialist clusters dedicated to treasury management, financial engineering, tax and insurance provide expertise to all group entities.

Approval and control procedures apply at each key stage in design and execution. For major projects, project selection and key risks are subject to systematic monitoring.

Key operational risks are further mitigated by the fact that project execution teams are highly professional and adequately staffed, and are actively supervised by experienced managers.

Design and execution processes are documented in management systems at operational unit level, and are subject to measures designed to enhance performance and control:

- particular attention is paid to the pre-execution phase of major projects, especially in design, contract drafting and site preparation;
- in the design phase, external consultants are used to back up in-house expertise on technical issues for the highest-risk projects;
- regular costing audits are performed on the reliability of procedures for expenses, subcontractor budgets, and site supervision costs;
- support functions are always involved upfront, especially in contract management and procurement;
- particular care is taken in the selection and monitoring of customers and partners;
- the subcontracting process is closely supervised, with major subcontractors and partners thoroughly assessed before awarding highly-sensitive work packages (such as architectural and technical trades);
- risk monitoring is assisted by the use of specifically-developed procedures and tools.

In 2015, the main areas of focus were project selection, health and safety at work, and measures to prevent the use of illegal labour.

4.1.1.3 Country risk

Bouygues Construction has responded to the level of terrorist risk globally, and the recent attacks on French interests and French nationals, by reinforcing existing security measures designed to protect people at all of its sites.

Bouygues Construction generates 47% of its sales in France and 75% in OECD countries.

Outside those areas, the risks to which it is exposed are of two types: political/social and economic/financial. Political and social risks include those deriving from governmental actions such as embargoes, asset seizures or the freezing of bank accounts, and from general strikes or civil disturbances. Economic and financial risks include currency devaluation, currency shortages or payment default.

The Security Committee regularly reviews the security situation in countries where Bouygues Construction has operations. Particularly close attention is paid to countries for which the French Foreign Ministry has recommended vigilance in relation to the risk of terrorist attacks, especially in the Sahel region of Africa. Restrictions are placed on movements in response to any warnings that may be issued, and the company regularly reminds the relevant employees of the rules regarding vigilance.

Regularly-updated business continuity plans are also in place in the various countries in which Bouygues Construction has operations. A key aim of such plans is to safeguard people, in particular by ensuring that guidelines issued by French embassies in at-risk countries are strictly followed, and by liaising with the embassies to develop evacuation plans for various alert levels. In addition, flexible and responsive organisational structures mean that in exceptional circumstances, Bouygues Construction can withdraw resources from countries where such risks materialise while keeping its losses to a minimum.

Bouygues Construction also has strict measures in place to limit the economic and financial risks associated with its international operations. Thorough investigations are conducted before prospecting for business in a new country. Commercial activities may be suspended in regions with a particularly high level of country risk, and prospecting for business may be prohibited in the highest-risk countries (in particular those experiencing serious civil or military unrest, or subject to United Nations embargo).

Bouygues Construction also operates preventive legal, financial and insurance measures. These include systematically halting projects in the event of non-payment, favouring the use of multilateral international financing, and obtaining political risk insurance whenever it is available on the market on satisfactory financial terms.

4.1.1.4 Economic stagnation risk

World growth forecasts have been revised downward for 2016, largely due to the slowdown of growth in China and the collapse of commodity prices. Growth prospects for the world's advanced economies remain modest, while the slowdown in growth in emerging markets is continuing. However, the infrastructure market is likely to expand in the medium term under the impetus of demographic growth and urbanisation, especially in the Asia-Pacific region.

After seven years of stagnation or contraction, the European construction market returned to growth in 2014. This growth trend is expected to be confirmed in 2016 and 2017. Growth is likely to remain strong in the United Kingdom, though the Swiss market is expected to stagnate. In the medium term, targeted projects under the auspices of the European Fund for Strategic Investments (the "Juncker plan") will contribute to the modernisation of public infrastructure in fields such as broadband, energy and transport networks.

In France, despite government support measures and the favourable effects of lower oil prices and a falling euro, growth is still too weak to make inroads into the unemployment figures. In particular, there is under-investment in the construction sector.

In 2015, the building sector experienced its eighth consecutive year of stagnation or contraction. After shrinking by more than 5% in 2014, the sector saw a further contraction in 2015. In 2016, there is the prospect of a slight recovery in the residential property sector, thanks to government measures to stimulate the building of new homes (such as reforms to the zero-rate loan system), and energy-efficiency improvements to existing homes.

In the civil works sector, the 5% fall observed in 2014 accelerated in 2015. Cuts in government grants led to reduced spending by local authorities, on whom the sector largely depends. However, looking ahead to 2018 the sector is due to receive a boost from the projects launched under the "Grand Paris" major infrastructure programme.

Against this backdrop, Bouygues Construction has maintained or even slightly improved its market positions, thanks largely to the company's focus on large-scale high added value projects and on high-growth countries and segments.

Although volumes are healthy, market prices remain under pressure and counterparty risk is on the rise, especially in terms of subcontractor default.

In addition to the risk of economic stagnation over the time horizon of the three-year plan, Bouygues Construction may occasionally be faced with specific problems connected with delays to or the abandonment of projects, and difficulties in obtaining payment for ongoing projects.

Nevertheless, Bouygues Construction has many strengths to help it resist and adapt to the economic climate. A diverse business mix and broad geographical footprint mean that the company is less exposed than a mono-line or mono-region business.

In addition, it is exposed to a favourable business environment in some countries or sectors. This applies to those parts of Asia where the company has a long-standing presence, in particular Hong Kong where Bouygues Construction is executing many large infrastructure projects. It is also engaged in a geographical diversification strategy, focusing on expansion in buoyant markets such as the United States, Canada and Australia. The healthy order backlog, which represented 16.5 months of sales as of the end of December 2015, gives excellent short-term visibility. Bouygues Construction analyses forecasts to anticipate adverse trends, so that it can react appropriately and reallocate production resources to less affected markets or activities.

Finally, Bouygues Construction encourages job mobility between its businesses and geographical areas and the development of synergies between group entities, so that it is always well placed to anticipate, react and adapt to changes in the economic environment.

4.1.1.5 Commodities risk

Bouygues Construction is not exposed to commodities risk.

4.1.1.6 Industrial and environmental risks

Because of the nature of its business, Bouygues Construction is not exposed to significant industrial or environmental risk, and is not subject to regulations on classified sites or to REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals).

4.1.1.7 Compliance risk

Ethical compliance falls within the remit of Legal Affairs, working in conjunction with Audit and Internal Control; all three departments are under common management.

4

With compliance obligations becoming ever more demanding, Bouygues Construction has tightened its ethics policies to ensure that the principles contained in the Bouygues group's compliance programmes are strictly applied.

During the summer of 2015, an Ethics and Compliance pledge was sent to over 1,500 employees; by the end of 2015, over 98% of them had signed up. A large-scale ethics awareness campaign is currently under way in the form of a serious game. Rules have been issued relating to corporate patronage, sponsorship and hospitality, accompanied by monitoring tools.

All of these initiatives are being overseen by the Bouygues Construction Legal affairs department, which in September 2015 hired an administrative manager with specific responsibility for these issues.

4.1.2 Bouygues Immobilier

4.1.2.1 Property market risks

The activities of Bouygues Immobilier are exposed to economic factors beyond the company's control, and to systemic risks associated with the cyclical nature of property markets. Fluctuations in the property market and in the broader economic situation can have a significant impact on the activities and profitability of Bouygues Immobilier, the consequences of which – whether negative or positive – do not flow through immediately into the company's financial results, due to the time required to complete projects.

Factors that can affect the property market include:

- international and domestic economic conditions, trends in purchasing power and the level of consumer confidence, the last two of which exert a strong influence on the residential market;
- the level of long-term interest rates (home loans) and the terms of access to credit (deposits required, and the duration of loans offered) have a very strong effect on the solvency of potential buyers, and hence on demand for new residential property;
- similarly, demand for new office premises is experiencing high volatility due to the general economic climate, which has a direct effect on rents. Marked fluctuations can significantly affect the return on office property developments, at a time when the final investor is particularly demanding in terms of the quality and term of leases;
- sales may also be significantly impacted by administrative or tax measures that affect segments of the property market (incentives for home-buyers and tax breaks for buy-to-let investors), or more generally by public policies that raise taxes imposed on households (tax rates, reduction or capping of tax breaks, increases in value added tax);
- competition in property markets remains strong, especially in the acquisition of land and in new residential property, exposing Bouygues Immobilier to a risk of market share erosion and to a consequent reduction in sales and profitability.

Bouygues Immobilier's organisational structure is designed to optimise responsiveness to market fluctuations, while the risk management policy is based on strict but adaptable prudential rules. The land bank is regularly reassessed to ensure that it gives a good fit with commercial operations, and shows a strong bias towards unilateral promises that enable the company to withdraw if necessary. The acquisition of land and start of works are largely contingent on a substantial proportion of the project being pre-sold. Finally, Bouygues Immobilier maintains a balanced spread of products and customer profiles; a diversified product mix and broad geographical footprint help the company respond better to the specific demands of its various markets.

Bouygues Immobilier is also involved, through its subsidiaries, in property development projects outside France. However, the level of business outside France is generally low, representing approximately 5% of sales in 2015. Bouygues Immobilier has adapted its strategy in response to the economic crisis. Currently, it has operations outside France in Poland and Belgium, and (since 2014) in Morocco. These operations expose the company to the risks inherent in those local markets such as political and economic risks, corporate governance risks, risks arising from poor understanding of the local regulatory and tax environment, risks relating to the security of staff, and foreign exchange risk.

However, a selective approach is always adopted to international operations, so as to limit the level of risk. For example, the company requires its subsidiaries to systematically obtain external legal advice to address the risk of non-compliance with local laws and regulations, and any exposure to foreign exchange risk is hedged.

4.1.2.2 Operational risks

Contractor default risk

Bouygues Immobilier is exposed to risk as a result of its reliance on service-providers, suppliers and subcontractors in carrying out its activities, especially on its worksites. Issues such as financial difficulties, poor quality workmanship, and general failings (or breaches of regulations) can lead to late deliveries and cost overruns that may harm the company's reputation and profitability, or its customers.

To protect against this risk, the company requires strict compliance with tendering procedures and close monitoring of contract execution, in both residential and commercial property.

In July 2014, Bouygues Immobilier set up a dedicated residential property purchasing department, with the aim of providing operational staff with the tools and methods needed to meet cost and quality criteria. Purchasing managers, who were previously residential property tendering managers, now monitor the financial health of successful bidders, ensure diversity among suppliers of strategic goods and services, and avoid suppliers becoming economically dependent on the company. All these high-risk areas are covered on a full-scope basis by the annual internal control assessment.

Treasury risk

Bouygues Immobilier operates a policy of centralised management of its cash and financing needs, which facilitates the identification of liquidity risks and the implementation of optimal solutions.

To cover any potential financing needs, the company has contracted medium-term credit facilities with its principal banking partners; these arrangements are renewed on a regular basis, usually for three-year periods. Bouygues Immobilier carefully checks legal documents and instructions relating to the bank guarantees it obtains (including guarantees that property sold off plan will be funded to completion, and deposit guarantees), and the terms on which such guarantees are obtained.

More generally, Bouygues Immobilier applies Bouygues group management rules relating to financial risks, with a particular emphasis on payment systems security, liquidity, counterparty quality, credit agreement terms, and the measurement and hedging of interest rate risk and foreign exchange risk.

Risk of reduced control over sales channels

Like most property developers, Bouygues Immobilier has moved into the digital era, and has a site dedicated to new-build projects on which prospective buyers can go on a virtual tour of their future home. However, the market is seeing rapid change in selling techniques and a trend towards disintermediation. Bouygues Immobilier may have to deal with the emergence of powerful new operators using innovative direct selling methods on digital platforms, which would affect the company's ability to retain control over sales channels.

4.1.2.3 Risks specific to property development

Acquisition of land and commitment committees

Bouygues Immobilier's business hinges on its ability to secure building land in locations that its customers want and at prices they can afford.

There is however a risk that land may be acquired without it being possible to complete the proposed development.

Consequently, there are strict procedures governing decisions to purchase land. Any legal document that is intended to secure land (or a building) and that binds the company (even with a get-out clause) requires prior approval from a Commitment Committee. The terms of the transaction, and the decisions taken by the committee, are recorded in minutes that are distributed to all the stakeholders. Until such time as the land purchase is completed by notarised deed, all approvals granted at committee level and all commitments are reviewed on a monthly basis; any substantive change requires a further committee meeting in order to approve the amendment.

Administrative and regulatory risks

ADMINISTRATIVE PERMITS

Bouygues Immobilier's business also depends on its ability to obtain all the necessary administrative permits for construction of its property developments. Failure to address these issues adequately could have a range of consequences including the loss of building permits, legal disputes and appeals, and the abandonment of projects.

Strict procedures are therefore applied at every stage in a property development project, and processes are regularly strengthened so that these risks remain adequately controlled.

To address the risk that the administrative permits needed to carry out the company's property development projects (primarily building permits, office development permits, and decisions by local or national commissions for retail developments) may be refused, withdrawn or appealed, Bouygues Immobilier ensures that any commitments to purchase land do not become binding until all possibility of appeal has been extinguished, and meticulously reviews the quality of all applications made for permits.

COMPLIANCE

Bouygues Immobilier may face claims from buyers of properties after delivery or completion in the event of non-compliance with the contractual description or with regulatory requirements and standards (such as those dealing with disability, environmental or public health issues).

The company may also face claims from customers for defects in properties sold to them. Under the terms of the completion warranty, Bouygues Immobilier arranges for contractors to remedy defects on the snagging list as soon as possible.

Most construction defects are either covered by compulsory insurance policies, or can be attributed to contractors. Bouygues Immobilier ensures that it abides scrupulously by its obligations in terms of public liability and damage to property, and that all parties (lead contractor, subcontractors, consultants, etc.) meet their obligations in respect of the standard ten-year latent defect insurance policy.

Quality and customer relationships are of paramount importance to Bouygues Immobilier, and this is reflected in effective processes for handling customer complaints.

In terms of site safety, the project owner has obligations over and above those incumbent on the health and safety co-ordinator, lead contractor and subcontractors:

- during the design phase;
- before works commence and the worksite is started; and
- during execution of the works.

The project owner is responsible for appointing a health and safety co-ordinator, and must be able to prove to any relevant authority that the co-ordinator appointed is competent. In contracting with the co-ordinator, the project owner must specify the extent of the co-ordinator's authority, and the resources that are required for successful execution of the co-ordinator's role.

The project owner is also under an obligation to ensure that regulations prohibiting illegal employment practices are observed, not just by itself but also by its contractors and subcontractors. Specifically:

- the project owner must perform a half-yearly check to ensure that contractors and subcontractors are complying with their employment law obligations;
- if a competent authority notifies a specific breach attributable to a contractor, the project owner is under an obligation to prevent and notify that breach;
- the project owner is under an obligation to check that every employee working on the site has the requisite building trade identity card.

Recent French legislation (the “Savary” law of 10 July 2014 and its enabling decree of 30 March 2015, and the “Macron” law of 6 August 2015) has placed greater obligations on all those involved in the construction industry as regards undeclared work and the hiring of foreign workers without the necessary permits.

ENVIRONMENTAL REGULATIONS

Bouygues Immobilier pays particularly close attention to all regulatory developments arising from the Grenelle Environment Summit process in France and any other relevant decisions made by the authorities, including those relating to protected wildlife, which may result in additional costs not originally budgeted.

INVOLVEMENT OF THE LEGAL AND INSURANCE DEPARTMENTS

In all the areas described above, Bouygues Immobilier’s Legal Department assists operational units in structuring property development programmes, from land purchase through to final delivery. In specific areas, the department has established procedures and uses standard form contracts. Subsidiaries operating outside France invariably consult local law firms when structuring projects and handling claims.

The Legal Department logs all claims filed against Bouygues Immobilier. These claims are handled by operational units, with assistance from a barrister. A centralised policy for retaining barristers has been implemented in the interests of greater effectiveness. Major claims are handled directly by the Legal Department.

The Insurance Department, which reports to the Risk Management Department, is responsible for contracting all insurance policies in France. The department also provides support to international subsidiaries when they renew existing policies or contract new ones. By handling these matters centrally, Bouygues Immobilier is able to retain control over the insured risks and ensure that adequate cover is obtained.

Compliance with competition law

In carrying on its property development activities, and particularly in responses to consultations, land searches and co-promotion projects, Bouygues Immobilier pays scrupulous attention to compliance with competition law, and is especially vigilant as regards active or passive corruption. To this end, Bouygues Immobilier not only distributes the Bouygues group Code of Ethics and compliance programmes internally, but also applies procedures specific to its own activities. Staff are regularly reminded of these procedures via annual internal control campaigns, training programmes for line managers and the corporate intranet, and at the one-day Bi Quest induction programme.

Technical and environmental risks

POLLUTION AND SOIL QUALITY

Bouygues Immobilier operates a risk prevention policy as regards soil quality: as soon as a plot of land (or building) is identified as being of interest, the company carries out a survey of soil and subsoil quality and contamination (or of the existing structure).

Once the broad outlines of a project have been established, the company retains specialist firms as necessary to analyse risks relating to matters such as soil quality, pollution, flooding, safety, the environment, foundations and load-bearing capacity, so as to obtain a detailed estimate of the cost implications.

Bouygues Immobilier also pays close attention to archaeological plans, given that the unforeseen discovery of archaeological remains during site works can have repercussions on the time and costs to project completion.

Where demolition or rehabilitation is required, Bouygues Immobilier oversees compliance with regulations on asbestos removal and decontamination in the buildings concerned.

SAFETY RISKS

Bouygues Immobilier is assiduous in ensuring compliance with public health regulations (prohibition of the use of toxic materials such as asbestos and lead during construction, and regulations on ventilation systems). In addition, building works give rise to a risk of site accidents. Bouygues Immobilier generally uses the services of external inspection firms to ensure compliance with safety and building regulations.

In the event of an accident or compliance breach, even though the company does not assume responsibility for design (contracted out to an architect) or execution (handled by construction companies working under an external lead contractor), it may incur civil or even criminal liability in its capacity as project owner. This is why the project owner has an obligation to give the health and safety co-ordinator the authority and resources necessary for successful execution of the co-ordinator’s role.

In 2014 Bouygues Immobilier launched an extensive awareness and training campaign on the responsibility of project owners in terms of safety, prevention of illegal labour, and worksite safety.

Finally, to help protect its own employees, Bouygues Immobilier has designated and trained a safety officer at each of its sites, who regularly update the risk assessment report for their site as required under French employment law. The company’s QSE Department also conducts periodic checks of safety procedures.

In response to the 2015 terrorist attacks, Bouygues Immobilier has introduced tougher security measures and conducted a specific security audit of the company’s sites covering issues such as location, surroundings and accessibility.

4.1.3 Colas

The Colas group has for many years placed the analysis, monitoring and prevention of business-specific risks at the heart of management concerns, with responsibility located at the level best placed to assess risk. The decentralised structure is key to the management of these risks.

Risk evaluation and overall risk policy is managed at head office level and relies on feedback from reporting systems or dissemination of best practice. However, individual subsidiaries and profit centres are responsible for handling, controlling and monitoring their own risks. Major risks are identified, documented and assessed annually by executive operational management teams. This risk mapping exercise takes the form of a key risk matrix, focusing on risks liable to impair the attainment of operational, financial or strategic objectives. This matrix is then used to develop action plans to mitigate identified risks. It is supplemented by a risk prevention policy based on monitoring of loss experience, analysis of causal effects and feedback. Central coordination and leadership, based on reporting tools, serve to improve the risk identification and analysis process, collate feedback that can be passed back to the subsidiaries, and develop risk prevention policies and initiatives.

4.1.3.1 Sector and market risks

The sales and profits of Colas are particularly sensitive to:

- macroeconomic trends in the principal markets where Colas group operates (France, Europe, North America), which can have an impact in terms of sales volumes, competitive pressure and price levels;
- trends in public-sector orders, given that some 59% of Colas sales are generated with public-sector customers (especially local and regional authorities in France), and in the ability of public-sector customers to obtain funding. This risk factor is being exacerbated by mounting public debt, the state of the public finances in many countries and the resulting austerity programmes, and (in France) cuts in government grants to local authorities. Administrative and political issues may also affect the level of public-sector orders, whether in terms of difficulties achieving consensus on budgets, upcoming elections, proposals to merge local authorities or changes in political majority. All these factors could put at risk or delay infrastructure projects that have already been approved or are being planned.

However, these risks are mitigated by various factors, including the economically essential role of transport infrastructure maintenance in ensuring the mobility of people and goods, the broad geographical dispersion of the Colas group's operations and its diverse business mix, the large number of projects handled, and the ability to deliver complex contractual solutions.

4.1.3.2 Credit or counterparty risk and country risk

Colas is present in more than fifty countries, and is exposed to specific risks in those countries. Since 93% of Colas sales are generated in Europe, North America (United States and Canada) and Australia, exposure to country risk is low. So is the risk of payment default, as the majority of sales are generated from the public sector (national, regional and local governments) with a large number of low value contracts. Operations in high-risk countries with poor ratings from international agencies or credit insurance bodies usually involve contracts funded by multilateral development agencies such as the U.S. Federal Reserve (Fed) or the World Bank.

The roadbuilding, waterproofing, road safety/signalling, and construction materials businesses have an extremely widely dispersed customer base (including large numbers of private sector customers and local authorities), so counterparty risk is low. In the railway sector, a very high proportion of business is with infrastructure companies or bodies under state control. Private-sector customers are subject to upfront credit analysis, backed up wherever possible with credit insurance, in order to mitigate counterparty risk. Based on statistical analysis, the most significant risks can be quantified at a few hundred thousand euros. Colas has responded to the increased risk level arising from the financial crisis by tightening the procedures applied prior to the signature and start of construction contracts.

4.1.3.3 Commodities risks

Colas is sensitive to the regularity of supplies of commodities and to fluctuations in their cost. The main commodities involved are petroleum-based products in the roadbuilding business (bitumen, vehicle fuel, heating fuel and gas, oil), and commodities such as steel, copper and aluminium in the road safety/signalling, waterproofing and railway businesses. The biggest risk relates to bitumen and other petroleum-based products.

Supply risk

Delays or stockouts in the supply chain may lead to direct and indirect cost overruns in the roadbuilding and waterproofing businesses. This is not a systemic risk (except in the event of conflict and total breakdown in petroleum supplies), and may affect a country, or more likely a region, over a variable period of time. Some years ago, Colas took steps to address this risk by setting up a group-level bitumen unit, supported by similar units in some of the major regions where the company operates (e.g. North America), to improve supply chain capacity through bulk purchase agreements and imports. Over the years, Colas has developed a bulk storage policy in France, Europe, the French overseas departments, the Indian Ocean region and, on a larger scale, North America. The risk related to temporary or potential closures of new refining plants in France has reduced substantially since 2013 due to the overall decline in bitumen consumption both in France and neighbouring European countries, but may persist in some regions of North America and Africa.

Price fluctuation risk

Bitumen prices have been subject to significant fluctuations for a number of years. Various factors limit the risk arising from these fluctuations: the number and average value of contracts (which means that prices can often be reflected in the tender bid), and the fact that many contracts (in France and elsewhere) include revision or indexation clauses. Employees involved in contract negotiations are made aware of this issue so that it can be factored into the process. In some regions, it is possible to enter into supply contracts that fix prices at a guaranteed level for a specific period. For large-scale contracts, hedges may be contracted on a case by case basis when the order is accepted. However in some of the Colas group's activities, such as third-party sales of manufactured goods, rises in prices of bitumen and other petroleum-based products are only passed on to customers to the extent that the state of the competition allows.

Given these factors, it is not possible to quantify the sensitivity of operating profits to commodity price fluctuations: Colas is involved in thousands of contracts subject to varying degrees of legal protection, and the extent of price rises varies from region to region.

There is also an indirect risk that rises in the prices of these products might lead to a reduction in order volumes as customers react to the prospect of higher prices for works or services.

4.1.3.4 Legal risks

Compliance risk

The business activities of Colas involve a very large number of contracts (over 100,000 a year), awarded and executed on a decentralised basis (800 profit centres and 2,000 materials production units around the world). Apart from the usual laws and regulations that always apply (such as competition and criminal law), most public sector contracts are also subject to specific regulations at both national and international level. The multiplicity of contracts and decentralised structure inevitably expose Colas to legal compliance risk, particularly in terms of anti-competitive practices and corruption, despite substantial preventive measures (information, training, code of practice, etc.) and stringent disciplinary procedures. The Code of Ethics has now been supplemented by the compliance programmes, which were rolled out in 2014. For the company, these risks may lead to financial penalties (imposed by competition authorities, for example), criminal or civil liability, loss of contracts (a ban on tendering for certain projects), or reputational damage. It is very difficult to assess the likelihood of such risks or to quantify their effect.

4.1.3.5 Industrial and environmental risks

Risk of fire, explosion and accidental pollution

This risk varies according to the size and nature of the activities at each site, and is regarded as immaterial at most industrial sites due to their limited size. However, these sites are under regular surveillance to reduce the incidence of such events; for example, fire permit procedures and infrared thermal imaging audits of thermal and electrical installations are used to reinforce preventive maintenance measures. The biggest sites, and those which carry on the most sensitive activities, are treated separately: these comprise the Axter waterproof membrane production site at Courchelettes, and the SRD site at Dunkirk where bitumen and other refined products are manufactured. Going beyond regulatory requirements, these sites are monitored in conjunction with the engineering departments and their insurers, who issue risk prevention recommendations.

All sites are covered by appropriate insurance policies. In addition, some Colas group production sites may accidentally generate pollution incidents due to leaks in pipes or storage facilities, even though installations such as storage tanks are designed and maintained to minimise the risk of such incidents. Given the large number of relatively small sites and the risk management policies applied, any such incident is likely to be limited in scope and immaterial at group level.

Environmental risks

CO_2 EMISSIONS

The production processes at the Colas group's industrial facilities generate CO_2 emissions. In 2015, most installations were not subject to the emissions quota scheme, the exceptions being SRD, a few asphalt mixing plants in Denmark and Belgium, and around fifteen units in France that have been subject to the scheme since the start of 2013. Some of these units are obliged to acquire emissions quotas on the market. Emissions declarations for these sites are checked annually by accredited audit firms. It cannot be ruled out that more installations will be subject to the emissions quota scheme in future.

For regulatory reasons, and because of the nature of its operations, the Dunkirk site is subject to the quota system. Consequently, SRD is obliged to acquire emission quotas on the market. In 2014, the site was a net creditor in terms of quotas, after having a net balance close to zero in previous years (2015 information will not be available until later in 2016).

Other atmospheric emissions are subject to regular inspections by external bodies, and to internal checks.

WASTE

Colas recycles significant volumes of materials. Around three-quarters of the asphalt mixing plants now recycle their asphalt planings, while the volumes accepted by the recycling platforms are comparable with the output from 16 quarries (for more information, refer to Colas' Sustainable Development Report prepared in accordance with Article 225 of the French Environment Code). Recycling on this scale calls for appropriate controls over incoming materials, and for increased awareness on the part of those generating the waste (which does not always come from Colas sites). The materials accepted for recycling by Colas are either asphalt-based or inert materials and as such are risk-free; analytical tests are therefore not performed on a systematic basis as this would not be economically viable. Consequently, it cannot be ruled out that around one hundred thousand tonnes of deconstruction waste held at Colas recycling platforms in France or abroad may prove to be non-compliant, without it being possible to enforce ultimate liability on the project owners (who under the regulations applicable in most countries are normally liable for the chemical content of their waste).

REHABILITATION OF OPERATING SITES

The Colas group's industrial sites are subject to classified installation regulations in France, and to similar regulations in other countries where Colas has operations. In France, quarry operating licences incorporate site rehabilitation obligations that are agreed upfront with the competent administrative authority. Provisions are recorded in the financial statements to cover these obligations, and are periodically reviewed and adjusted. As at 31 December 2015, these provisions amounted to €161 million, the same level as at the end of 2014. If legislation in this area were to be tightened, contingent rehabilitation costs could increase.

Colas has a policy of systematically obtaining environmental certification (e.g. ISO 14001). Documentation and progress measurement are handled via follow-up audits and certification procedures, supported by external bodies and internal resources. The process relies on a globalised checklist system, introduced five years ago, which now covers the majority of materials production activities and forms the basis for consolidated action plans. In 2015, 81% of the Colas group's worldwide materials production sales were covered either by certification or by the internal checklist system. All these arrangements have been incorporated into the internal control system, both in France and in other countries.

A provision has been recognised in the Colas financial statements to cover the obligation to rehabilitate the SRD site when it is decommissioned. The amount of the obligation is being charged against profits over the projected operating life of the facility, and is periodically reviewed.

Geological risks

A survey by the BRGM (the French geological survey) of various quarries in France revealed that actinolite (a naturally-occurring rock which in one of its forms contains asbestos fibres) was present at some quarry sites. Further studies are being carried out by a working group drawn from the INRS (the French National Research and Safety Institute for the Prevention of Occupational Accidents and Diseases), the BRGM and organisations representing the roadbuilding industry to develop an agreed risk analysis method. Colas is actively involved in this process. Depending on the results of these studies, and the decisions taken as a result, some sites (though in principle, only a limited number) could have their production capacity reduced or might even be closed.

REGULATORY COMPLIANCE

Colas subsidiary SRD produces bitumen and specialty products by refining petroleum products. It is governed by the regulations applicable to facilities defined as classified installations for environmental protection purposes and, because of the type of products involved, it is subject to several European directives: the Seveso directive (high threshold), the Large Combustion Plant (LCP) directive governing control over emissions, and the Integrated Pollution Prevention and Control (IPPC) directive. The requirements under these directives are incorporated into operating licences granted by the competent administrative authority. Facilities on the site are designed and maintained to prevent or minimise the risk of pollution incidents or any other major incident. Specific control programmes are in place and are checked by an internal inspection team. Government inspectors perform regular audits to check that these programmes are appropriate and adequately monitored. Accident scenarios are devised in conjunction with the authorities as part of hazard analysis studies, and emergency response procedures are formally documented in internal action plans. Risk management is largely down to the professionalism of the onsite teams, who apply strict operating procedures documented in an ISO 14001 compliant safety management system. This system is submitted annually to a local information and consultation committee (CLIC), made up of representatives of government (including the *sous-préfet*), local authorities, community groups and industrialists. All minor incidents and accidents are logged and assessed. Any alterations are subject to failure mode, effects and criticality analysis (FMECA), a standard method for assessing industrial hazards in complex systems. Maintenance work is subject to the strict requirements of the safety management system and to the preventive maintenance recommendations made by insurers' engineering departments. The site is shut down every five years for major upgrading. SRD is also subject to regular inspections by Dreal (the regional environment, development and housing department), which is responsible for checking that procedures are being properly applied.

Three other much smaller sites are Seveso classified (low threshold). These are depots for the storage of explosives used at quarries on the islands of Martinique, Mayotte and Saint-Martin. Other facilities outside Europe subject to hazardous substance risks are the KBC refinery in Malaysia (operated by the Thai subsidiary, Tipco) and a few explosives depots in Africa and the Indian Ocean region. These facilities are managed using the same prevention rules as in Europe, but are subject to differing administrative frameworks according to the country where they are based. All these sites require the implementation of specific safety management tools and are subject to very strict national and European legislation. These requirements have generally become more stringent over time. If this trend were to continue, the capital and operating expenditure needed to ensure compliance could increase in the future.

4.1.3.6 Operational risks

Workplace accident risks

The Colas group may be exposed to workplace accident risks, arising in particular from the use of heavy plant and industrial equipment, as well as a risk of road accidents either when staff are travelling or when exceptional loads are being transported. For many years, Colas has operated an extremely proactive prevention and training policy. Colas has detailed procedures in place for the haulage of heavy plant and industrial machinery (reminders of the regulations applicable to transporting exceptional loads by road, use of standard local calculation software by all subsidiaries, preparation of a transport action plan by each subsidiary, instructions and procedures for securing heavy plant in transit, procedures for the contractualisation of transport and plant hire). Stringent fire prevention procedures are in place (especially in the waterproofing business) and preventive measures are also applied to worksites located close to potentially dangerous networks (gas, electricity, etc.).

Occupational health risks related to chemicals

BITUMEN AND ULTRAVIOLET RADIATION

In 2013, the International Centre for Cancer Research (ICCR) published an official monograph on bitumen fumes, while Anses (the French Agency for Food, Environmental and Occupational Health and Safety) issued an official opinion on the same issue. The ICCR is the world authority on the subject and was unable to conclude as to whether or not there is a link between cancer and exposure to bitumen fumes in a roadbuilding setting, despite the numerous studies carried out to date. The Anses findings replicated the risk analyses carried out by the industry. No new publications on this subject were issued in 2014 or 2015.

The only adverse health effect known to be associated with working conditions on roadworks contracts is irritation of the respiratory tract and eyes. Colas therefore continues to class the risk from exposure to bitumen fumes as low and sufficiently reduced, except in confined spaces where specific risk analysis is necessary due to the combined effect of vehicle exhaust fumes and ventilation issues. It cannot be ruled out that if further studies establish a link, however uncertain, between the use of bitumen in roadworks and cancer, new regulations could be introduced, although nothing at this stage points to such a development. The image of the Colas group, as a leading player in the roadbuilding industry, could be adversely affected by any new media campaigns, court rulings or scientific studies in this area.

Colas continues to take regular measurements of the on-site exposure of its employees to bitumen fumes. The monitoring process is coordinated by the Human Resources department, with support from the Environment department; the company also does its best to facilitate the work done by researchers and occupational doctors. Colas encourages public authorities and project owners to adopt warm asphalt mixes as standard, since by significantly reducing the temperature at which bitumen based products are applied, the emission of bitumen fumes can be virtually eliminated. The company is looking into work planning solutions that might limit the exposure of site workers to bitumen, and maintaining its proactive policy of innovating to ensure the health and safety of its people. For example, it is company policy, wherever possible, to buy pavers (the machine that applies bitumen mixes to roads) with on-site fume extraction systems. Colas is also seeking to limit the temperature at which mixes are applied (subject to quality constraints), and increasing its use of warm asphalt mixes. For all of its activities involving the use of bitumen worldwide, Colas can access techniques that enable mixes to be applied at temperatures below 200°C. Some of these techniques were invented by Colas, in particular the techniques used for asphalt (which Colas has made available to all industry operators in France, where it produces these materials).

In addition, the nature of the Colas group's activities means that many employees work in the open air and may have repeated exposure to ultraviolet radiation, the principal environmental factor in skin cancers. Employees are issued with preventive guidelines (and regular reminders) – they must apply appropriate sun creams to the face and other exposed skin and wear hats and overalls – and the company raises awareness among occupational doctors to systematically screen for skin cancer.

DUST AND SOLVENTS

Exposure to silica dust is being actively addressed by occupational health professionals, both on roadbuilding sites and in quarry and gravel extraction facilities. This risk is significantly reduced by initiatives being taken in France and internationally (sealed cabs equipped with air conditioning and filters, basic anti-dust masks, various dust abatement techniques, and replacement of drilling and planing machinery with machines fitted with dust extraction systems).

The risk associated with the use of solvents is on the decline in workshops, sites and laboratories in France and throughout the world, thanks to a policy of restricting solvent use and installing safety equipment. Colas has ceased using chlorinated and petroleum solvents in around three-quarters of the parts washers used to clean workshop or laboratory equipment. Instead, these stations now use organic or plant-based solvents, or aqueous cleaning solutions.

ASBESTOS

Alleging asbestos exposure, some former SRD employees (and/or their heirs and assigns), some of whom were employees of BP prior to the asset-for-share exchange of 31 December 1991, have instigated proceedings against BP and/or SRD, and against the public health insurance scheme (CPAM) of their place of residence. At this stage, proceedings to determine whether this is a case of occupational disease linked to asbestos exposure, and the enforceability of the claim against the employer, are still ongoing in 21 cases. If the claim of occupational disease is held to be valid and enforceable against the employer (and hence potentially against SRD), then the employer could be faced with an increase in future contributions, and could also incur the financial consequences of a successful claim for occupational disease due to gross negligence (two gross negligence cases have been brought).

In France, Colas is addressing the issue of the presence of actinolite (a naturally-occurring rock which in one of its forms contains asbestos fibres) in existing roadways, recycled materials and newly-extracted aggregates. Colas is involved in the working group drawn from the INRS (the French National Research and Safety Institute for the Prevention of Occupational Accidents and Diseases), the BRGM (the French geological survey) and organisations representing the roadbuilding industry to develop an agreed risk analysis method for surfacing materials and aggregates.

CONCLUSION ON OCCUPATIONAL HEALTH RISKS

The chemical risk issues relating to the operating activities of Colas are highly complex. Such issues have for a long time been one of the key priorities of the company's responsible development policy. The complexity of the issues is not confined to the operations carried on by Colas but rather reflects greater awareness in society generally, as illustrated for example by the European REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulations. Colas assesses these risks carefully, although the implications appear to be limited. The company is also committed to ongoing dialogue, especially with the scientific community.

Contract execution risks

General contract execution risk is relatively limited due to the large number of contracts and their low average value. However, some subsidiaries do work on large-scale projects, for example concession or public private partnership (PPP) type contracts. The complexity of these major projects means that these subsidiaries are exposed to increased risks in terms of contingencies (geological, archaeological, acquisition of land for construction), costing, execution, deadlines (e.g. delay in land being made available by the customer), etc.

Risks related to weather conditions and natural phenomena

The activities of Colas may be sensitive to natural phenomena, especially weather conditions. Adverse weather such as rain, snow or frost may lead to site shutdowns or business interruption, with the result that fixed costs may not be covered; it may also generate additional costs to complete a contract (increased use of temporary staff, plant hire) within a shortened timescale.

In addition, natural phenomena (earthquakes, floods, cyclones, storms, lightning, etc.) may disrupt operations or lead to the accidental destruction of infrastructure under construction. Such events may result in reduced sales or additional costs, some of which may be borne by insurers.

Risks related to acquisitions

The Colas group has built much of its development on acquisitions. Such a strategy may be limited by excessive valuations or a lack of suitable targets, by competition between potential purchasers, or less frequently by the application of competition law. It cannot be ruled out that, for various reasons, Colas may experience difficulties integrating acquisitions into its organisational structure, which could result in profits and cash flows falling below expectations, and possibly even the recognition of impairment losses against goodwill.

No corporate acquisition may be made without a specific prior investment request, supported by an appraisal prepared in a format defined in the internal procedures guide. Such proposals are submitted to Colas group senior management for review before being presented to the Board of Directors of the subsidiary making the acquisition.

Employee-related risks

The activities of Colas rely on its human capital. This means that in ensuring a smooth transition between generations of employees, Colas is faced with risks relating to the recruitment, training and retention of staff, to control over salary levels, and to potential industrial action. In addition, the unavailability (for whatever reason) or death of key executives could delay certain development projects and affect the operational management of the Colas group. Consequently, anticipating future personnel needs and nurturing talent are major priorities of human resources policy for the Colas group.

4.1.3.7 Insurance and risk coverage

Colas seeks to protect assets and people against foreseeable and insurable losses, but without impairing its competitiveness. Estimated risks are managed at every level via prevention, legal assignment of the risk, or obtaining insurance cover.

Obtaining insurance for risks is dependent on the risk being defined and measured (in terms of the probability and occurrence of loss). The principal risk exposures must be covered by insurance.

Colas has an in-house Risk and Insurance Department, which in addition to a supervisory role also provides risk management assistance to subsidiaries on an as-needed basis. Some risks are covered by group-wide policies managed by Colas on the basis of information from subsidiaries, while for other risks a subsidiary may opt to obtain cover under an existing policy (in which case, the subsidiary must subscribe to that policy). At the international level, some insurance policies are contracted locally, either to comply with local regulations or because the frequency of claims means that policies need to be managed locally.

Public liability

Public liability insurance provides cover against losses incurred by third parties; the main types of cover involved are compulsory motor insurance, contractors' public liability insurance, product liability, operating liability, and ten-year latent defect insurance. The amount of cover is tailored to the risks incurred, and is usually more than €5 million.

Damage to property

This type of insurance covers damage to assets held by Colas and its subsidiaries; cover is usually equivalent to the value of the insured asset.

Construction

Specific insurance is taken out for civil engineering structures under construction where there is a contractual obligation to do so.

Colas has a long-established prevention policy, which is upgraded on an annual basis. As a result, the Colas group has developed a genuine partnership with its insurers, enabling its policies to be renewed on terms more or less unchanged from previous years.

4.1.4 TF1

4.1.4.1 Operational risks

Risk of loss of key programmes

DESCRIPTION OF THE RISK

The performance of TF1 depends partly on its ability to offer premium programmes in order to maintain its leadership in audience ratings. The loss of key programmes would therefore expose TF1 to a risk of lower audience figures that could also, in pay-TV, generate potential tensions with the distributors of the group's channels in an increasingly concentrated TV rights market.

HOW THE RISK IS MANAGED

Thanks to the talent of its creative staff and its long-standing special relationships with French and foreign producers, TF1 currently offers high-quality programming. Future programming schedules are locked in via multi-annual contracts with the biggest producers, considerably reducing the risk of loss of key programmes in the medium and/or long term.

Risk that programmes will become unsuitable for broadcast

DESCRIPTION OF THE RISK

To secure future supplies of key programmes, TF1 commits to certain programmes (especially series and feature films) at a very early stage relative to the date of transmission. The time-lag can be substantial, and visibility on new products may be low.

Because the TF1 group's channels are constantly adapting their editorial line in response to changes in public taste, an artistic mismatch may arise between current editorial needs (aimed at maximising audiences) and past programme acquisitions. If such mismatches occur, they may lead to spikes in impairment losses taken against broadcasting rights inventory.

HOW THE RISK IS MANAGED

The TF1 group's exposure to this risk is limited to the multi-annual contracts entered into with the biggest producers. If such a risk were to materialise, there are two ways of mitigating the impact:

- the pooling of rights across the TF1 group's channels offers alternative solutions for using rights to a programme that becomes unsuitable for airing on TF1;
- as a last resort, some or all of the risk may be mitigated by selling the rights on to another market player.

Risks associated with the economic environment

DESCRIPTION OF THE RISK

In light of the actual economic conditions during 2015 and the prospects for 2016, there is a risk of stagnation in the advertising market, which could have an adverse effect on the projected trends in TF1 group sales.

HOW THE RISK IS MANAGED

To protect against the effects of this stagnation, the group is keeping all of its expenditure under constant review, and is continuing to adapt its business model by identifying and activating new sources of growth.

4.1.4.2 Industrial and environmental risks

Broadcasting of TF1 programmes – Risk of signal transmission interruption and execution risk

DESCRIPTION OF THE RISK

TF1's programmes are currently broadcast to French homes by:

- radio waves in freeview standard definition DTT (R6 multiplex) via the 124 main transmission sites and 1,502 secondary transmission sites operated by TDF, TowerCast, OneCast and Itas Tim;
- radio waves in freeview high definition DTT (R5 multiplex) via the 124 main transmission sites and 1,435 secondary transmission sites operated by TDF, TowerCast, OneCast and Itas Tim;
- satellite in freeview standard and high definition digital on the Astra 1 position from SES in the SAT DTT offering and on Eutelsat's EW3A in the Fransat offering;
- cable in standard and high definition digital, via Numericable and local cable operators;
- ASDL and fibre optics in standard and high definition digital via all the internet service providers (Orange, Free, SFR and Bouygues Telecom).

TDF is by far the leading national TV signal transmission operator, with a network and technical resources currently unmatched by any other company, in particular as regards hosting on existing masts.

TF1 is therefore dependent on TDF for signal transmission. Despite the emergence of alternative transmission operators, TF1 cannot at present do without TDF's hosting facilities. As a consequence, in the event of an outage in the TDF network TF1 cannot switch to other terrestrial transmission systems to provide quick and affordable coverage of its entire broadcast area.

Also, the antenna system (antennae, wave guides and frequency multiplexers) is not immune from incidents, and power supply may not be under TDF's control (for example, it may be the responsibility of EDF).

The loss that TF1 could incur in the event of transmitter failure is proportional to the number of television viewers served by the transmitter. A failure in the Paris region (ten million viewers) could have serious economic repercussions. For this reason, TF1 has negotiated a digital transmission agreement requiring a very rapid response from TDF in the event of a failure, and has requested reinforced backup measures.

In addition, the cyber-attacks targeted at Sony Pictures and TV5 Monde in recent months have led TF1 to reassess external threats that might disrupt transmission. TF1 observes that attempts to hack into corporate information systems are now a recurring problem; it has responded by further raising its vigilance threshold and is constantly working to ensure the security of its sites and infrastructures.

HOW THE RISK IS MANAGED

Multi-platform radio wave transmission (SD DTT, HD DTT) and the variety of alternative networks (satellite, cable, ADSL and fibre, the latter two run by multiple operators) will gradually minimise the impact of any failures of the TDF network, since those networks are not connected to each other and rely on their own separate resources. Due to transmitter redundancy, transmission sites are for the most part secure.

To limit interruptions in multiplex transmissions at groups of transmission sites, back-up transmission arrangements for TF1 HD were introduced on 30 September 2014. Primary transmission of the SMR6 multiplexer has been secure for several years.

To guard against the risk of cyberattack, security audits are conducted by external consultants to identify potential weaknesses in access controls. However, no system can be 100% secure, and the techniques used to attack information systems are continually changing. Action plans have been implemented to enhance protection of the TF1 group's transmission infrastructures, alongside incident management procedures such as a rapid response plan for hacking attacks. The objective is to constantly upgrade the TF1 group's sites and IT systems, taking care to ensure that all external systems are included in any corrective measures that may be required.

Risks related to the growth of digital terrestrial television and to the development of the internet and new media (source: Médiamétrie)

DESCRIPTION OF THE RISKS

The TF1 group operates in a constantly changing competitive environment, but the pace of change has accelerated since 2005:

- the development of DTT, including the launch of six new channels at the end of 2012, has played a significant role in fragmenting the audiences of the incumbent channels;
- there have been gradual changes in how entertainment is consumed, due to the emergence of factors such as: the expansion of the freeview channel offering in the basic packages of internet service providers; the spread of the internet more generally; and the increased consumption of non-linear content, partly as a result of the expansion of web-TV and the legal or illegal uploading of content to the internet. These new developments could divert part of existing media and off-media advertising budgets, and also capture some of the viewing time currently spent on pay-TV activities such as movies and series;
- the development of connected TV offers yet another new space fuelling the distribution of non-linear content, driven by the potential arrival of powerful players such as Apple, Google and Netflix.

In addition to audience fragmentation, the proliferation of channels could intensify competition in the rights market, particularly for high-profile, attractive content such as drama series.

The effect of these developments could be accentuated, especially at a time of economic crisis, if the major incumbent channels were to be faced with more aggressive commercial policies. TF1 is responding to this situation with a programming policy focused on maintaining its edge over rivals, in terms of both audience and commercial performance.

The rollout of DTT has split the television audience among a larger number of players, and the broadcasting landscape has changed rapidly: in January 2007, only 40% of French households were receiving multi-channel offerings, but 100% coverage had been reached by end-November 2011.

With this growth in the freeview television offering, TF1's audience share has inevitably been affected, but has nonetheless proved resilient: while freeview channels have increased fourfold since 2004, TF1's audience share among individuals aged 4 and over has declined from 31.8% in 2004 to 21.4% in 2015. TF1 attracted 98 of the top 100 TV audiences in 2015. The aggregate market share of DTT channels reached 27.1% in 2015.

HOW THE RISKS ARE MANAGED

TF1's ongoing exposure to fragmentation risk is mitigated by the rebalancing of the business mix towards DTT with the acquisition of control over TMC and NT1, the launch of HD1, and the migration to freeview of LCI in 2016. This gives TF1 the opportunity to tap into the new audience share for DTT while limiting the impact on its premium TV channel.

In response, the TF1 group has consolidated the market leadership of the TF1 core TV channel by:

- building a coherent global offer through its freeview channels, thanks to high-powered programming;
- positioning itself as a major DTT player through its interests in TMC and NT1, and the launch of the HD1 channel;
- optimising the acquisition of programmes for its premium TV channel and DTT channels by adopting a cross-disciplinary organisational structure, providing the best fit between each channel's needs and programme purchases on the one hand, and exploiting and circulating acquired rights (subject to the TF1 group's undertakings) on the other;
- tightening its control over the value chain by using the in-house production subsidiary TF1 Production for part of its programme output;
- adapting its commercial policy to the new competitive landscape, especially by marketing slots in programmes with big audience-pulling potential;
- and, finally, by establishing MYTF1 as one of the leading French media websites.

TF1 is also establishing a position in the connected TV market at reasonable cost, for example by signing partnership agreements with manufacturers and social media (such as Twitter and Facebook) and offering viewer interactivity on flagship shows airing on the premium TV channel *(Danse avec les Stars*, *Secret Story*, *The Voice*, *Miss France)*.

Finally, the process of adapting audience ratings measurements to the new media landscape is ongoing. The process began in 2011 when home recordings were added for the first time, and continued in 2014 with the inclusion of catch-up TV viewers on IPTV. In the next phase, scheduled for 2016, viewers watching live and catch-up TV content on computers, tablets and smartphones will also be added to the statistics. These new audience measurements will help mitigate fragmentation risk by capturing a segment of media consumption that is on a consistent uptrend.

Risks associated with changes to spectrum allocation and the DTT switchover to MPEG-4

DESCRIPTION OF THE RISK

Following completion of the switchover to 100% digital in November 2011, the frequency spectrum is still subject to changes that may generate various types of risk for TF1's operations.

The arrival of first dividend 4G (the "800 band") risks generating interference for television viewers in some parts of France, since the spectrum auctioned to the mobile phone operators is adjacent to the DTT spectrum. The mobile phone operators are responsible for taking the necessary measures to prevent interference to TV reception, in particular by installing filters. These issues are monitored by ANFR (the French national frequencies agency).

Under law no. 2015-1267 of 14 October 2015 on the second digital dividend and the ongoing modernisation of digital terrestrial television, part of the frequency spectrum (694 MHz-790 MHz, known as the "700 band"), currently allocated to television broadcasting, will be reallocated to telecommunications. This reallocation will be phased in, starting in April 2016 with the Paris region and completing in June 2017. To free up the spectrum, two of the eight DTT multiplexes will need to be shut down in April 2016. In order to maintain the range of channels currently available on the eight DTT multiplexes, the French authorities have announced that MPEG-2 coding on standard definition unscrambled channels will be discontinued in April 2016 in favour of the universal use of MPEG-4, which uses less bandwidth. This will require all DTT-enabled television sets to be compatible with MPEG-4 on the date of the switchover. If this is not fully achieved by the switchover date, audience figures would be adversely affected. This change, scheduled for April 2016, would end the duplication whereby TF1 has to broadcast both the standard definition and the high definition versions. In July 2015, the CSA (the French broadcasting authority) launched a call for candidates to broadcast national terrestrial television services in high definition from April 2016. The outcome of this process, completed in October 2015, was that the CSA selected only those channels already licensed to broadcast in SD that were requesting a transition to HD, including TMC and NT1. Consequently, no new channels were licensed. The cost of public information campaigns, and of measures to ensure that viewers are properly equipped, will be borne by the government subject to certain conditions. The nationwide public information campaign began on 20 November 2015, and will continue until the switchover date of 5 April 2016.

A few weeks into the campaign, there is as yet no clear sign of large-scale adoption by viewers in terms of buying adapters or new TV sets.

The shutdown of the R5 and R8 multiplexes will result in the early termination of contractual relations between those multiplexes and the technical operators. The government has announced its intention to reach a settlement with the technical operators to compensate them for any loss incurred. At present, this settlement has not yet been finalised; this means that TF1, whose HD output is carried on the R5 multiplex, is still exposed to a risk of loss.

HOW THE RISKS ARE MANAGED

Uninterrupted reception for viewers is a priority for TF1, which is working closely with the CSA as these developments progress. More generally, TF1 is maintaining close contact with regulators and legislators to try to limit the impact of these changes.

General policy on managing industrial and environmental risks

The "Réagir" Committee, created in 2003, continues to work on monitoring and preventing major risks associated with the TF1 group's key processes. It also updates and regularly tests business continuity plans that may be triggered when an exceptional event results in an interruption in signal transmission or denial of access to the TF1 building.

Those plans rely on a secure external backup site (in place since 2007), which is operational for three processes: programme transmission, the production of news and weather bulletins (TF1 and LCI), and the preparation of advertising spots for the TF1 core TV channel. The company's vital functions are included in the security plan through an alert and activity resumption process. Besides real-time security, numerous key areas such as accounting, treasury, payroll, e-TF1 and IT are protected to varying degrees by security systems. Procedures are tested periodically so that the system can be adjusted if necessary. Broadcasting continuity is ensured 24/7, and an operations simulation is performed regularly.

There were no broadcasting incidents in 2015 that required fall-back on an external backup site.

Operational since 2011, "Réagir 1 Vigilance" is a preventive plan activated on an as-needed basis, and in particular at any time of heightened risk (building works, equipment maintenance, major events, live broadcasts, service launches, software upgrades, etc.). This plan not only ensures that staff remain vigilant, it also offers improved responsiveness to incidents before they escalate. In 2015, 80 "Réagir 1 Vigilance" e-mails were sent to the relevant departments.

As in the case of operational risks, the TF1 group has insurance policies (including Civil Liability and Property & Casualty) that could be called upon to cover some of the risks mentioned above.

4.1.4.3 Legal risks

Risks related to broadcasting licences and CSA enforcement powers

DESCRIPTION OF THE RISK

TF1 requires a licence to carry on its activities as a broadcaster. Initially, TF1 was awarded a 10-year licence from 4 April 1987 (under the Law of 30 September 1986); that licence expired in 1997. The licence was renewed for a further 5-year period (via decision No. 96-614 of 17 September 1996) from 16 April 1997, with no requirement to submit to a competitive tendering process.

The TF1 channel's broadcasting licence was renewed automatically for the 2002-2007 period by a CSA decision of 20 November, 2001. Under Article 82 of the law of 30 September 1986 as amended, that licence was automatically extended to 2012, in return for a commitment to provide a DTT simulcast. A further CSA decision of 10 June 2003 amended TF1's licence and contract terms to build in the DTT simulcast stipulations.

The "Future Audiovisual and Television Broadcasting Modernisation Act" of 5 March 2007 introduced two automatic five-year extensions of TF1's licence. The first compensated for the early switch-off of the channel's analogue signal on 30 November 2011 and was subject to TF1 joining the consortium set up to implement the analogue switch-off. The second was in return for the channel's commitment to provide DTT coverage to 95% of the French population. Accordingly, TF1's licence is now set to expire in 2022.

The TF1 group is subject to a variety of commitments covering general obligations to broadcast and invest in production, either through its terms of reference or as a result of regulations applicable to its activity. A change to the regulations could raise the constraints imposed on TF1, with a possible negative impact on the company's profitability.

If TF1 fails to meet its contractual obligations, the CSA can, after giving formal notice and depending on the severity of the offence, impose one of the penalties set forth in Article 42-1 of the Law of 30 September 1986. These include a fine; a temporary ban (of no more than one month) on producing, broadcasting or distributing the service, or a category of programme, or part of a programme, or one or more advertising slots; and reducing the term of the licence to use frequencies by up to one year.

HOW THE RISK IS MANAGED

TF1's compliance with its obligations is strictly monitored, and the company has a dedicated Programme Compliance department tasked with ensuring that the channel's programmes comply fully with regulatory requirements.

Risks related to societal pressure on advertising and programmes

DESCRIPTION OF THE RISK

Political attitudes to societal issues such as violence or public health might induce the legislator to attempt to tighten legislation relating to advertising or programmes. TF1 takes this situation into account in discussions with its key partners, so that such issues can be addressed over time in the interests of all stakeholders.

In addition, TF1 has a policy of acquiring the best programmes from its production partners in France and internationally, and broadcasts programmes intended for a mass audience.

HOW THE RISK IS MANAGED

TF1's Programming and "Viewing & Compliance" teams exercise the utmost vigilance in protecting young viewers in order to keep this risk to a minimum. As regards advertising, a team from TF1 Publicité views each advert once it has been cleared by the ARPP (the French advertising regulator), and TF1 Publicité ensures that adverts comply with the regulations and with editorial policy.

Risks related to additional taxes or legislative changes

DESCRIPTION OF THE RISK

The law on the independence of public broadcasting, enacted on 15 November 2013, confirmed that advertising would continue to be carried on the state-controlled France Télévisions TV channels between 6 a.m. and 8 p.m., even though the legislator had in 2011 adopted the principle that all advertising would be discontinued on France Télévisions on 1 January 2016. In return, the levy paid by other French television channels to fund the loss of sales for France Télévisions was reduced to 0.5% of those channels' advertising sales.

This illustrates the economic risk to which television channels are exposed as a result of new taxes and levies, such as the levy on advertising spending.

In addition, a draft bill on creativity is currently being examined. This may result in amendments to the law of 30 September 1986 on the freedom of communication, though it is not possible at this stage to quantify either the positive or the negative effects of any such amendments. Finally, given the funding problems at France Télévisions, a resumption of advertising on the state-controlled TV channels after 8 p.m. cannot be ruled out.

HOW THE RISK IS MANAGED

Generally speaking, TF1 maintains close contact with regulators and legislators to try to limit the impact of this risk.

Risks related to intellectual property rights (copyright and related rights)

DESCRIPTION OF THE RISK

In recent years the TF1 group has been the victim of piracy on a massive scale of content to which it owns the copyrights and/or related rights.

In 2008, TF1 took legal action to put a stop to the piracy and to claim damages from a number of video-sharing sites such as Dailymotion and YouTube.

HOW THE RISK IS MANAGED

To prevent the risk of piracy of its programmes, the TF1 group has renewed its commitment to rolling out a wide-ranging strategy, involving:

- creating digital fingerprints for its programmes (using Content ID with YouTube and INA Signature with Dailymotion), which will – within the limits of the technology – prevent pirated content from being uploaded to those two platforms;
- a dedicated unit tasked with identifying (as far as possible) pirated TF1 group content on streaming platforms and social networking sites, and ensuring that it is removed;
- use of an external service-provider to remove pirated TF1 content on cyberlockers (direct download and streaming sites).

Risk associated with the acquisition of Newen

DESCRIPTION OF THE RISK

On 26 January 2016, as part of its diversification strategy, TF1 acquired a 70% equity interest in FLCP (the Newen group). The existing shareholders, including the management team, will retain a 30% interest. Under the terms of the shareholder agreement, the existing management will continue to run the company's day-to-day operations with no change in the current commercial policy, especially regarding relationships with broadcasting clients. The agreements connected with the acquisition have deliberately been framed so as to take account of the close and long-standing relationship between Newen and the state-controlled broadcaster France Télévisions, which is Newen's principal client. The intention is to avoid interfering in productions currently in progress or in future projects. Because Newen generates a very high proportion of its sales from France Télévisions, there is a risk that decisions taken by France Télévisions may have an adverse effect on the continuation of productions currently in progress or, more generally, on the long-standing relationship between Newen and France Télévisions.

HOW THE RISK IS MANAGED

To address any potential concerns on the part of France Télévisions, the TF1 group sent a letter to the French Competition Authority on 20 January 2016 in which it reiterated its intention of expanding the operations of Newen and placed on record that it will not seek to alter or amend the contractual terms agreed with France Télévisions by Newen. That letter was appended to the clearance issued by the Competition Authority on 21 January 2016.

General policy on managing legal risks

In terms of legal risks, the TF1 group has a public liability insurance policy that covers the consequences of TF1 and its current and future subsidiaries being held liable for loss incurred by third parties; the amount of cover is commensurate with the risks incurred.

That insurance policy is arranged by the TF1 group Legal Affairs Department with leading insurance companies.

The deductibles under the policy were determined in light of the nature of the risks incurred and the potential reductions in premium, so as to optimise the overall cost of covering the risks to which the TF1 group is exposed.

4.1.5 Bouygues Telecom

4.1.5.1 Competitive environment and market risks

Bouygues Telecom sells its products and services exclusively in the French market. France is a mature market, where competition has been particularly fierce since the launch of Free Mobile in 2012, especially in the consumer segment. This trend was confirmed in 2015, as promotional offers intensified competition.

If price erosion in the mobile and fixed markets persists over time in all the segments where Bouygues Telecom operates, this could slow return on investment (especially the investment in expanding the mobile and fixed networks), thus adversely affecting the company's results.

Following the terrorist attacks of November 2015, the state of emergency has been extended for a further three-month period. If it persists, this situation could lead to changes in consumption and consumer behaviour; such changes could adversely affect Bouygues Telecom's results.

In addition, new "over-the-top" players are emerging in the mobile and fixed markets on the back of extended broadband use. Competition is also hotting up in terms of control over customer relations, which to date has been a source of value creation for established operators. If this trend towards disintermediation gathers pace, it could adversely affect Bouygues Telecom's sales and results.

During 2015, Bouygues Telecom embarked on a process of streamlining its offerings, processes and organisational structure. The company is pursuing its transformation, reaffirming a standalone strategy built on:

- continuing expansion of the mobile and fixed broadband networks, providing customers with one of the most high-performance networks available;
- an attractive brand, reflecting Bouygues Telecom's emphasis on the quality of the customer experience;
- launches of new ground-breaking projects and offers in the mobile and fixed markets;
- transformation of the operating model, accompanied by measures such as overhauling information systems, simplifying processes and reducing the cost structure.

The success of this new strategy will depend on Bouygues Telecom's ability to implement these initiatives effectively. If the company fails to do so, it will be exposed to potential negative impacts on its financial results, its operations and its image.

Risks related to the rollout and operation of networks

Implementing Bouygues Telecom's mobile and fixed broadband development strategy requires the company to invest millions of euros of its own funds every year in network rollouts. At the same time, the company has contracted with various partners in order to reinforce its access to fixed infrastructure and increase its 4G mobile coverage. Unforeseen issues with those contracts could impair the success of Bouygues Telecom's strategy, in which case the company would be exposed to potential negative impacts on its financial results, its operations and its image.

4.1.5.2 Adverse regulatory and tax changes

New taxes and regulatory requirements are being applied to fixed and mobile services at European and national level that could have an impact on the profitability of Bouygues Telecom. As an example, the French Military Budget Act could extend the scope of network equipment that requires authorisation, which could have a significant impact on operating and capital expenditure at Bouygues Telecom.

Bouygues Telecom is always on the lookout for such developments in order to anticipate and mitigate their impact. The company also maintains constant dialogue with its partners and with national and European authorities, either directly or through the French Telecoms Federation (FFT). However, regulatory changes could have a significant impact on the company's reputation, operations or financial results.

4.1.5.3 Effects of electro-magnetic waves

Exposure to electro-magnetic waves is an issue of ongoing concern in France, due to lobbying by various organisations. From the outset, Bouygues Telecom has had a team dedicated to mobile telephony and health. This team is responsible for ensuring that the regulations are rigorously applied, and for carrying out a conscientious risk assessment based on collective experience. Bouygues Telecom funds independent research, and releases all of its scientific publications on this subject. This approach is helping to reassure the French public, since no research has to date established a clear health risk.

An increased perception of health risk on the part of consumers could have various adverse impacts such as reduced usage, shrinkage of the customer base, and higher administrative and site installation costs.

4.1.5.4 Continuity of service and security

Cyber-attacks on networks and information systems are becoming more frequent. Incidents of this kind may have a variety of impacts, including:

- disclosure of sensitive data, including private data relating to customers;
- service denial; and/or
- interruption of services to customers. Protective steps taken by Bouygues Telecom include a security policy based on information system access controls and anti-intrusion systems.

Service interruption can also be caused by technical equipment breakdown or by an onsite incident affecting the network or information systems. Bouygues Telecom addresses these risks by:

- security measures at key sites including restricted access, fire prevention, air conditioning, power supplies, etc.;
- a business continuity plan for critical mobile and fixed-line technical systems, maintained in a state of operational readiness at all times;
- a crisis management plan, based on keeping certain employees on call in order to ensure a fast, co-ordinated response to major incidents.

The company also carries out regular crisis simulation and disaster recovery exercises, and commissions regular audits of these procedures in conjunction with Anssi (the French Agency for IT Systems Security).

Such incidents could have a negative impact on the company's image and financial results.

4.1.5.5 Supplier risks

In various areas of its operations (handsets, customer relations, telesales, IT management, etc.) Bouygues Telecom relies on suppliers in a number of regions outside the European Union including North Africa, the United States and Asia.

Changes in the geopolitical environment in some of these regions could have an adverse impact on Bouygues Telecom's operations, image and financial results.

The company's purchasing department includes economic and operational dependency on suppliers in its control remit. Double sourcing is used for strategic suppliers, and specific measures are built into the business continuity plan.

4.2 Market risks

In addition to the information provided below, readers should refer to the tables provided in the following notes to the consolidated financial statements in chapter 7 "Financial statements" in this document:

Note 4.4 Cash and cash equivalents

Note 8.1 Interest-bearing debt by maturity

Note 8.2 Confirmed credit facilities and drawdowns

Note 8.3 Liquidity at 31 December 2015

Note 8.4 Split of current and non-current debt by interest rate type

Note 8.5 Interest rate risk

Note 8.6 Split of current and non-current debt by currency

Note 17 Financial instruments

4.2.1 Management of interest rate risk and currency risk

Some Bouygues group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates. The Group's policy on the use of financial instruments is described below.

4.2.2 Risks to which the Group is exposed

4.2.2.1 Currency risk

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions, given that its international operations (primarily Bouygues Construction and Colas) do not involve exports. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. Exposure to currency risk is therefore limited to contract margins, and to design work carried out in France. The Bouygues group also pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

4.2.2.2 Interest rate risk

The Bouygues group's financial expenses have low sensitivity to interest rate risk. The bulk of debt is at fixed-rate either in the form of fixed-rate bond issues (see Note 8.4 to the consolidated financial statements in chapter 7 "Financial statements"), or via a portfolio of hedging instruments that convert variable-rate debt into fixed-rate debt.

Consolidated financial expenses would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends between the euro and other major currencies.

On average over the year, the amount of variable-rate debt in the balance sheet is less than the amount of surplus cash invested at variable rates.

4.2.3 Principles applied to all hedging instruments

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-quality French and foreign banks;
- carry no liquidity risk in the event of reversal.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties with whom they are contracted, and more generally the management of exposure to currency risk and interest rate risk.

4.2.4 Hedging rules

4.2.4.1 Currency risk

(see Note 17 to the consolidated financial statements in chapter 7 "Financial statements")

The Bouygues group's policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the contract award has been confirmed; if the hedged item ceases to exist (for example, if the service is not provided or the contract is cancelled), the hedge is closed out immediately.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions.

Currency derivatives are used solely for hedging purposes.

4.2.4.2 Interest rate risk

(see Note 17 to the consolidated financial statements in chapter 7 "Financial statements")

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring. The aim is to control future interest expense by fixing the cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset.

4.2.5 Accounting methods

In general, the financial instruments used by the Group qualify for hedge accounting. This means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- fair value hedges: changes in the fair value of the hedging instrument and changes in the fair value of the hedged item are recognised symmetrically in the income statement;
- cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders' equity (until the hedge is closed out) for the effective portion.

4.2.5.1 Market value of hedging instruments

As of 31 December 2015, the market value (net present value) of the hedging instruments portfolio was -€71 million. This amount mainly comprises the net present value of interest rate swaps contracted to hedge the Group's debt (fair value hedges and cash flow hedges), and the net present value of forwards and futures contracted to hedge currency risk arising on commercial transactions.

The split of this market value by type of hedge is as follows:

- fair value hedges of components of net debt: -€10 million;
- cash flow hedges: -€61 million.

In the event of a 1% movement in the yield curve, the hedging instruments portfolio would have a market value of +€4 million; in the event of a -1% movement in the yield curve, the hedging instruments portfolio would have a market value of -€154 million.

In the event of a 1% appreciation (or -1% depreciation) in the euro against each of the other currencies, the hedging instruments portfolio would have a market value of -€69 million (or of -€74 million respectively).

These calculations were prepared by the Bouygues group, or obtained from the banks with whom the instruments were contracted.

4.2.5.2 Exposure to equity risk

In the event of adverse trends in the business of an investee or in the economic environment in which it operates, the Bouygues group could be exposed to the risk of a fall in the price of the shares it holds in that investee.

4.2.5.3 Liquidity risk

At 31 December 2015, available cash stood at €3,575 million (including -€14 million of financial instruments contracted to hedge net debt). The Bouygues group also had €5,359 million of undrawn confirmed medium term credit facilities as at the same date. Consequently, the Group is not exposed to liquidity risk.

The credit facilities contracted by Bouygues and its subsidiaries contain no financial covenants or trigger event clauses.

The bond issues maturing in 2016, 2018, 2019, 2022, 2023 and 2026 all contain a change of control clause relating to Bouygues SA. Bouygues bond issues are rated BBB (long term) by Standard & Poor's. The Bouygues bond issues maturing in 2022 and 2023 are rated Baa1 (long term) by Moody's.

For a more detailed discussion of the effects of a change of control, refer to Note 8 to the consolidated financial statements ("Non-current and current debt") and to the disclosures in section 6.1.4 of chapter 6 "Information on the company" about factors likely to have an impact on any public tender offer price.

4.3 Claims and litigation

Bouygues group companies are involved in a variety of litigation and claims in the normal course of their business. In particular, subsidiaries are involved in competition law litigation and claims. Risks are assessed on the basis of past experience and analysis by the Group's in-house legal departments and external counsel. To the company's knowledge, there is at present no exceptional event, dispute or claim likely to have a substantial negative impact on the business, assets and liabilities, results or financial position of the Group as a whole. Disputes and claims are subject to regular review, especially when new facts arise. The provisions recorded in the financial statements appear to be adequate in light of these assessments (see Note 6 to the consolidated financial statements in chapter 7 "Financial statements" of this document). The Group uses all legal means to defend its legitimate interests. Details about which claims are or are not covered by provisions have not been disclosed, since such disclosure might affect the outcome of some ongoing claims.

4.3.1 Bouygues Construction

4.3.1.1 South Africa – Gautrain Project

This rail infrastructure project linking South Africa's principal airport to Johannesburg and Pretoria came fully into service on 8 June 2012.

Although this rail link has been a striking commercial success with higher than expected travel demand, a number of difficulties remain between Gauteng Province and Bombela Ltd, the concession company holding the contract, in which Bouygues Travaux Publics owns a 17% equity stake. These difficulties are mainly of a technical nature, and relate to the execution of the works contract entered into between Bombela Ltd on the one hand, and a joint venture (the "Works Joint Venture"), held equally by Bouygues Travaux Publics and Murray & Roberts, a major South African construction company:

- Water seepage in the tunnel: although the water seepage does not affect the line's commercial operation, it has led to a dispute over the interpretation of the technical specifications on the flow of water. In compliance with the contractual obligations, this dispute was referred for settlement to the Arbitration Foundation of South Africa (Afsa). On 23 November 2013, the arbitration tribunal issued a ruling that strictly interpreted the technical specifications for the water flow. The ruling also requires the Works Joint Venture to make good the loss caused to Gauteng Province by this breach of contract, and to perform works to reduce the flow of water recorded. The Works Joint Venture is continuing technical negotiations to make the tunnel conform to the arbitration tribunal's interpretation of the technical specification. The Province seized the High Court of South Africa in June 2015 to reinforce the enforceable nature of the ruling. The Works Joint Venture has however noted the difficulty in enforcing this ruling because of its lack of clarity. A hearing before the High Court is listed in June 2016.
- Delay in providing the compulsory purchases required for the works: the Works Joint Venture takes the view that the progress of the works was seriously affected by the delay in obtaining the compulsory purchases required for their execution. This dispute has also been referred to the Afsa for arbitration. The tribunal handed down a first decision on the points of law on 3 July 2015. It confirmed the interpretations of a certain number of points of law by the Works Joint Venture, notably the legal basis for its case. The merits of the claims will be judged at a hearing which should be held between July and December 2017. Subsequent hearings will then be held to decide the indemnification which may be owed to the Works Joint Venture.
- Terms for constructing Sandton station: Gauteng Province and the Works Joint Venture are also in dispute over the terms for constructing the main structure of Sandton station, which has been referred to Afsa for arbitration. In an initial ruling dated 2 July 2012, the tribunal accepted the co-contractors' interpretation that the technical modifications to the construction of the structure were not included in the fixed contract price, and that the resulting cost overruns should be paid by Gauteng Province. As a result, the tribunal reconvened in order to determine the amount of these cost overruns. In a ruling dated 2 March 2016 it calculated these costs and ordered the Province to pay the sum of 354,113,429 South African rand (net of tax, March 2007 values) on the understanding that this sum is to be updated at a later date according to a formula defined by the tribunal and that it is to be divided up between the members of the Works Joint Venture.

4.3.1.2 France – Flamanville EPR

In January 2014, the Cherbourg District Court held a hearing at which Bouygues Travaux Publics appeared alongside two subcontractors from the works consortium, following a workplace accident in which a temporary agency employee was killed on site. On 8 April 2014, Bouygues Travaux Publics and the sub-contractor were ordered to pay a fine of €75,000 and damages totalling €311,000 at first instance. Bouygues Travaux Publics appealed this judgement and the Court of Appeal quashed the conviction for manslaughter saying that the company was only guilty of the offence of failing to deliver a conforming Specific Health and Safety Plan *(Plan Particulier de Sécurité et de Protection de la santé - PPSPS)*, and ordered it to pay a fine of €8,000. Bouygues Travaux Publics has not appealed to the *Cour de Cassation* (French Supreme Court). The judgement has therefore become final and binding and has been enforced.

Bouygues Travaux Publics and Bouygues Bâtiment Grand-Ouest (formerly Quille Construction) were also found guilty of various contraventions of the labour laws by the Cherbourg District Court on 7 July 2015. The Court ordered them to pay fines of €25,000 and €5,000 respectively. They have appealed this judgement. The hearing is listed for hearing before the Caen Court of Appeal in November 2016.

In addition, an action brought by employees of a temporary employment agency alleging loss for being employed under undeclared work and improper subcontracting terms, was dismissed against Bouygues Travaux Publics by the Cherbourg Employment Tribunal on 12 February 2014. The employees appealed this judgement but all the appeals were struck out by the Court of Appeal due to a lack of action by the appellants.

4.3.1.3 France – Île-de-France Regional Authority Contracts

Following a Competition Council (now the Competition Authority) ruling of 9 May 2007, the Île-de-France Regional Authority filed a compensation claim in 2008 for losses it claims to have incurred as a result of the anti-competitive practices by construction companies in connection with the awarding of public works contracts for the renovation of secondary school buildings in the region. The Regional Authority's summary application to the Paris District Court was rejected in a ruling issued on 15 January 2009 on the ground that, prima facie, there were serious reasons for objecting in principle to the compensation claim. After being invited to appeal on the merits, the Regional Authority filed a further claim in the Paris District Court in February 2010, this time claiming damages for a loss estimated at €358 million (which was subsequently reduced to €232 million), based on the joint and several liability of the parties collectively responsible for the loss, i.e. the companies and individuals found to have engaged in anti-competitive practices. The construction companies involved, which are disputing the existence and the quantum of any loss, applied to the Court for the Regional Authority to disclose a number of documents in order to reconstruct the decision-making process behind the award of each of the contracts in detail, in order to establish evidence of the alleged loss. In a ruling of 17 December 2013, the Paris District Court ruled the Regional Authority's claim inadmissible. The Regional Authority appealed to the Paris Court of Appeal on 22 January 2014. Following an application by the Prefect of Ile-de-France, the Court of Conflicts held on 16 November 2015 that this dispute was subject to the jurisdiction of the administrative courts and annulled the proceedings before the District Court and then the Court of Appeal of Paris.

4.3.1.4 France – EOLE

Following a Competition Council (now Competition Authority) ruling of 21 March 2006, imposing fines on a number of companies for general collusion in sharing contracts and specific collusion on tranches 34B and 37B of the East-West Express Rail Link (EOLE) project, on 21 March 2011 SNCF brought an action in damages before the Paris Administrative Court seeking relief for losses that it claims to have suffered as a result of anti-competitive practices by construction companies when the project tranches were awarded. The SNCF has been demanding the cancellation of the contract since 2014. Bouygues Construction is challenging the reality of the alleged loss claimed by SNCF, and considers the action to be inadmissible and potentially time-barred.

4.3.2 Bouygues Immobilier

Bouygues Immobilier is a party to the following significant litigation in France:

- A dispute involving environmental remediation works for the "Grand Sillon" operation in Saint-Malo, western France. A court-appointed expert has completed an investigation. There are two ongoing claims as claimant and defendant to evaluate the extent of the loss caused by the remediation works on the site and the resulting delays. The case is listed for hearing in the fourth quarter of 2016.
- In Rouen (north-west France), pile driving works at the "21 Rue Verte" development caused loss to local residents (in particular cracking on the facade of a hotel). A court-appointed expert's investigation is in the process of determining the origin of the loss, assessing the commercial and financial prejudice for neighbouring shops and the costs of the repair works.

4.3.3 Colas

4.3.3.1 Hungarian competition law cases and associated competition claims in Hungary

Between 2004 and 2012, the Hungarian competition council imposed fines on around ten Hungarian companies, including the Colas subsidiaries, for anti-competitive practices in tendering for public contracts. The appeals were rejected and the fines been paid. Following these decisions, claims for damages against some Hungarian sub-affiliates of Colas were filed in the Hungarian courts by several companies, in respect of losses allegedly incurred as a result of the anti-competitive practices. Rulings which are now *res judicata* were handed down in two cases dismissing the claims.

4.3.3.2 Urssaf controls

At the end of 2009, Urssaf issued Colas with a reassessment notice relating to relief from social security charges for the years 2006 to 2008 under the “Tepa” Law and the Fillon plan. Urssaf is demanding repayment in full (in the form of a lump-sum payment) of all the relief from social security charges granted under these schemes, principally on the grounds that the Colas group companies involved did not file the required information electronically. Urssaf claims that electronic filing is required under the French Social Security Code. Colas and its subsidiaries believe there are no grounds for levying the lump-sum tax payment stipulated in Article R. 242-5 of the French Social Security Code, arguing that they supplied the documents and other evidence necessary for the audit in paper form and therefore in a usable format. The amount of this reassessment notice, including late payment interest, was estimated at €54.9 million as of 11 December 2015. This dispute has now been referred to the Social Security courts.

4.3.3.3 Tax dispute in Canada relating to technical assistance invoiced by Colas to its subsidiaries Colas Canada Inc. and Sintra Inc.

The Canadian Revenue Authorities are disputing the deductibility of the technical assistance costs invoiced by the Colas parent company to its subsidiaries Colas Canada Inc. and Sintra Inc. for the financial years from 2004 to 2012 (for Sintra only for 2004), They claim that the amount of these costs is excessive and the supporting documentation is insufficient. The amounts in question during this period total around €66.5 million. These amounts include a sum connected to the presumed refusal to deduct technical assistance costs for the years 2013 to 2015, and interest and penalties to 31 December 2015. An appeal has been lodged under the Mutual Agreement Procedure provided in the French-Canadian tax convention for the financial years for which assessment notices have been received.

4.3.3.4 City of Portsmouth (United Kingdom)

The City of Portsmouth notified a number of nonconformities during 2014 concerning the performance of the Private Finance Initiative (PFI) contract that was entered into with Ensign (which is indirectly held by Colas SA and Colas Limited), where Colas Limited is the subcontractor. These nonconformities could lead to the termination of the contract. Ensign disputed the merits of these nonconformities and considered that the City was in breach of its contractual obligations. Ensign therefore implemented the resolution clause in the contract. The expert appointed under the contract considered that the nonconformities that were notified were not established. The judge who heard the case confirmed the expert’s decision. However, the parties are continuing to dispute the methodology for verifying the condition of the roads.

4.3.3.5 Claims in Quebec concerning allegations of fraud and fraudulent misrepresentation in public works contracts

A law was passed by the Province of Quebec (Canada) in 2015 to recover sums that had been improperly paid following fraud and fraudulent misrepresentation in public works contracts. This law provides for a voluntary repayment programme that came into force on 1 November 2015 for a period of two years. Within the scope of this law, the city of Laval sent a formal demand for CAD5.7 million (€4 million) to the subsidiary Sintra on 16 June 2015. Sintra replied raising a certain number of elements in its defence that have to be taken into account. The city of Montreal also sent a formal demand to Sintra on 2 November 2015 stating that unless Sintra participated in the voluntary repayment programme it would bring legal proceedings against Sintra to obtain damages for its loss.

4.3.4 TF1

4.3.4.1 Distribution of the LCI channel

The distribution contracts for the LCI channel expired on 31 December 2014. In addition, the channel’s pay-TV model is no longer economically viable due to a decline in distribution fees and a slump in advertising revenues. The TF1 group responded by applying to the CSA to migrate LCI to freeview, citing the new article 42-3 of the law of 30 September 1986 on the freedom of communication. That application was rejected on 29 July 2014. Summary proceedings to have the CSA (French broadcasting authority) decision overturned were filed with the *Conseil d’État* (Supreme Administrative Court). On 23 October 2014, the *Conseil d’État* dismissed the summary application on the grounds that there was no urgency, but stated that a final ruling on the substantive appeal would be delivered “soon, in the first months of 2015”. In parallel, negotiations were conducted with the distributors in a bid to extend the LCI pay-TV distribution contracts for a further year, until 31 December 2015.

On 17 June 2015, the *Conseil d’État* overturned the CSA decision rejecting the application for LCI to migrate to freeview. In the autumn of 2015, the CSA re-examined the freeview migration request in light of the current economic conditions. In a decision of 17 December 2015, the CSA approved the request for LCI to migrate to freeview.

The *Conseil d’État* dismissed a summary claim by NextRadioTV in February 2016.

4.3.4.2 Competition law

Alleged abuse of dominant position in the advertising market

Canal+, M6 and NextRadioTV have each filed a complaint with the French Competition Authority against the TF1 group alleging abuse of dominant position in the French television advertising market. The Competition Authority appointed a rapporteur to investigate the complaints, and TF1 Publicité presented its case in January 2015.

Alleged restraint of trade

The Canal+ group has filed a complaint with the French Competition Authority against the TF1 group alleging restraint of trade as regards the rights of first and last refusal and pre-emptive rights enjoyed by TF1 Films Production in respect of the films that it finances. The Competition Authority appointed a rapporteur to investigate the complaint, and TF1 presented its case in March 2015.

4.3.4.3 Breach of patent

Orange has brought an action against Free in the Paris District Court alleging breach of European patents. The action alleges that Free fraudulently used two patents held by Orange, one of which – filed on 25 May 2004 – prevents videos preselected by an internet user from being downloaded until the user is committed to watching the content (users may decide not to view the content after watching a trailer or during an advert), thereby saving bandwidth. This process is allegedly used by Free for the catch-up television services offered to its subscribers, for example via its "FreeBox Révolution" package. For breach of this one patent, Orange is claiming damages of €138 million from Free. This corresponds to a royalty of 1% of the cumulative sales of Free between 12 March 2011 and April 11, 2014, uplifted to 2% on the grounds that Free failed to seek Orange's permission to use the disputed patent.

Free has made the companies that broadcast the catch-up TV services of the principal French television channels parties to the action. As a result, e-TF1, which provides TF1's catch-up services, and TF1 Distribution France, which contracted with Free to supply this service, have been made parties to this action.

Orange maintained its claim against Free in submissions finalised in June and October 2015, but without making any claims against the catch-up TV broadcasting companies (including e-TF1 and TF1 Distribution). In any event, e-TF1 and TF1 Distribution would be able – if they were ultimately held liable – to rely on the limitation of liability clause in the contracts with Free (i.e. €5 million).

4.3.5 Bouygues Telecom

4.3.5.1 Competition

- After Bouygues Telecom and SFR signed an agreement on 31 January 2014 to share a part of their mobile access networks, Orange filed a complaint with the Competition Authority on 29 April 2014 denouncing the allegedly anti-competitive nature of this agreement. Orange asked the Competition Authority for a certain number of interim measures, against Bouygues Telecom and SFR notably the suspension of the agreement. The Competition Authority rejected Orange's claim for interim measures in a decision dated 25 September 2014. It refused to suspend the sharing agreement between Bouygues Telecom and SFR as well as the roaming service, referring the case for investigation on the substantive issues. The Paris Court of Appeal rejected Orange's claim for annulment and reversal in a judgement dated 5 February 2015. Orange appealed to the Paris Court of Appeal to have these findings overturned.
- The Numericable group made commitments concerning the co-investment contract to deploy a FTTH network in a very dense areas concluded with Bouygues Telecom on 9 November 2010, in relation to the Competition Authority's decision of 30 October 2014 authorising the Numericable Group's takeover of SFR. Bouygues Telecom complained about the failure to comply with these commitments that resulted in a self-referral by the Competition Authority on 5 October 2015.
- In November 2014, Bouygues Telecom brought proceedings against Free Mobile in the Paris Commercial Court for unfair competition on account of the bandwidth throttling on some of the mobile internet services that Free Mobile provides via its roaming agreement with Orange. Bouygues Telecom is demanding that this bandwidth throttling stops, and is claiming damages estimate at €411 million in November 2015. The next hearing was scheduled for December 2015.
- Bouygues Telecom served proceedings on NC Numericable and Completel before the Paris Commercial Court in July 2015. Bouygues Telecom is challenging a certain number of practices by these companies regarding access to Numericable's cable network. Bouygues Telecom is claiming the cancellation of contractual terms and invoicing which it considers have been improperly applied against it, as well as the damages for its loss. The proceedings are ongoing.
- In November 2015 Free filed a claim against Bouygues Telecom before the Paris Commercial Court alleging that the advertising for its ADSL Bbox triple-play offer for €19.99 was unfair competition. An initial hearing was scheduled for December 2015.

4.3.5.2 Regulatory matters

- As an internet service provider (ISP), Bouygues Telecom is the target of numerous legal actions to block access to contentious websites. In 2015, Arjel[a] brought further proceedings to block access to unlicensed websites. Actions to block sites are ongoing, for example a case brought before the summary judge of the Paris District Court by the Société Civile des Producteurs Phonographiques (SCPP) to require ISPs to block access to various movie streaming and music download sites that are in breach of copyright.
- Bouygues Telecom lodged a claim on 23 May 2013 with the *Conseil d'État* for *ultra vires* in respect of Decree 2013-238 of 22 March 2013

(a) *The French on-line gaming regulator* (Autorité de Régulation des Jeux en Ligne).

(amending decree n° 2007 1532 of 24 October 2007) setting the fee payable for the 1800 MHz frequencies. Bouygues Telecom seeks the annulment of this decree, which sharply increased the fixed portion of the usage fee for 1800 MHz frequencies for which the company had previously held a licence. The *Conseil d'État* annulled this decree in a decision dated 29 December 2014. The fee for 1800 MHz frequencies has not been the subject of a new decree since this annulment.

- On 6 May and 22 July 2014, Bouygues Telecom filed two claims for ultra vires with the *Conseil d'État* against Arcep (the French telecoms regulator) for refusing to regulate the terms extinguishing Free Mobile's roaming agreement with Orange. The *Conseil d'État* cancelled these decisions on 9 October 2015 by deciding that Arcep, which had declared itself to be incompetent, had misinterpreted the extent of its authority.
- In September 2014 Bouygues Telecom brought an action in the *Conseil d'État* to annul Arcep's refusal to change its methods of verifying Free Mobile's coverage. The *Conseil d'État* rejected this claim on 9 October 2015.
- Following these decisions, Arcep announced guidelines for sharing mobile networks (and roaming for Free Mobile in particular) which should be adopted in the first quarter of 2016. Bouygues Telecom sent a new letter to Arcep in November 2015 to ensure that these guidelines are enforced and that Free Mobile's 2G/3G roaming ends in 2016.
- Bouygues Telecom made a preliminary claim to the Prime Minister, following a letter dated 4 December 2015, to obtain an indemnity for its loss due to the failure to supervise Free Mobile's roaming. Bouygues Telecom's prejudice is assessed at €2.285 billion.
- On 24 September 2014, Arcep began a sanction procedure against Bouygues Telecom concerning the timetable for rolling out shared 2G-3G mobile networks in blind spots. On 22 July 2015, Arcep gave Bouygues Telecom formal notice to ensure 2G coverage in the centres of municipalities not yet covered within a specific deadline, or be fined.

4.3.5.3 Consumer protection – Customers

- In a judgement dated 3 June 2015, the Court of Cassation rejected the appeal by the UFC-Que-Choisir consumers' association that was disputing the limitations on the durations of Bouygues Telecom's prepaid cards as unfair contract terms. The Court held that the durations of the communication credit and the dedicated mobile telephone line in these offers were part of the definition of the main purpose of the contract and cannot be categorised as unfair contract terms under L.132-1 paragraph 7 of the Consumer Code.
- On 7 June 2012, UFC-Que-Choisir brought an action against Bouygues Telecom and nine other mobile operators in the Paris District Court alleging unfair contract terms. UFC-Que-Choisir is seeking the deletion of certain clauses from the "B&YOU" general terms and conditions of service, with an order for Bouygues Telecom to pay penalties in the event of non-compliance plus €150,000 in damages. In 2013, CLCV (a national consumer organisation) brought an action against Bouygues Telecom in the Paris District Court seeking the deletion of certain allegedly unfair clauses and claiming €150,000 in damages. On 27 May 2014, the Court ordered the proceedings brought by the UFC to be struck off the court's list. The proceedings brought by CLCV is still being investigated and a new a pre-trial hearing is fixed for 16 February 2016.

4.3.5.4 Contracts

- Tel and Com, a specialised distributor whose contract (general and special distribution conditions) was not renewed when it expired on 31 December 2013, filed a claim against Bouygues Telecom in the Paris Commercial Court on 10 November 2015 for the sudden breakoff of an established business relationship. Tel and Com is disputing the starting point for the notice periods, alleging that Bouygues Telecom failed to respect a sufficient period of notice that it puts at 30 months for a 15-year commercial relationship. Tel and Com is claiming the sum of €125,685,069 to indemnify its prejudice, as well as the sum of €8,708,976.73 that it considers is owed to it under the contract.
- Bouygues Telecom is a party in proceedings brought by the French Economy Minister against Apple in the Paris Commercial Court based on article L.442-6 of the Commercial Code, against some clauses in the contract to supply handsets between Apple and Bouygues Telecom.

4.3.5.5 Mobile phone base stations

- A number of important decisions have brought a halt to the proceedings brought by various groups of local residents seeking the dismantling of mobile phone base stations in line with the precautionary principle. In a series of rulings issued on 26 October 2011, the *Conseil d'État* held that mayors cannot use their general policing powers to prevent the installation of base stations. In rulings issued on 14 May 2012, the Court of Conflicts ruled that the ordinary courts lack jurisdiction to rule on an application to dismantle mobile phone base stations. This decision was confirmed by another judgement of the Court of Conflicts of 9 March 2015

4.3.5.6 Patents

- A company based in Luxembourg with no industrial activity had brought an action against Bouygues Telecom in 2012 for infringement of a patent it claimed to own, relating to a process for routing calls between the mobile network and the public switched telephone network (PSTN) which is allegedly used in UMTS mobile phone networks. This company withdrew its proceedings after the infringement seizures it had illegally obtained were cancelled and the measures for the enforced disclosure of the documents it was seeking were dismissed. The plaintiff brought similar legal actions abroad, which led to the patent being declared void in the Netherlands and a finding that there had been no patent infringement in Germany.

4.3.6 Bouygues SA

Bouygues SA is in dispute with the French tax authorities following the capital increase reserved for employees under the Bouygues Partage employee share ownership plan. The dispute relates to the tax deductibility of the difference between the value of the shares at the date of the capital increase and the subscription price of the shares. The amount in dispute is in the region of €55 million. A reassessment notice has been issued and paid. Bouygues, which considers the conditions for deductibility to have been fully met, referred the dispute to the Montreuil Administrative Court. In a ruling of 18 July 2013, the Montreuil Administrative Court rejected Bouygues' action. Bouygues appealed the ruling and the Versailles Administrative Court of Appeal rejected Bouygues' claim in a ruling on 18 November 2014. Bouygues has appealed to the *Conseil d'État*.

On 17 December 2014, the Association for the Defence of Minority Shareholders (*Association des actionnaires minoritaires* - Adam) brought an action against the French State and Bouygues in the Paris Commercial Court seeking cancellation of the loan of shares clause contained in the agreement between the French state and Bouygues of 22 June 2014 (see section 6.1.3.2 below). The Commercial Court held Adam's claims to be inadmissible in a judgement dated 19 June 2015. Adam has appealed this judgement.

4.4 Insurance – Risk coverage

4.4.1 Organisation and policy

Bouygues' policy on insurance is handled by separate insurance departments in each of the five business segments with a significant degree of autonomy, and a central Risks and Insurance department that provides leadership and coordination on a Group-wide basis.

Policies are usually contracted by the insurance departments at business segment level, reflecting the great diversity of risks to which each business is exposed. Some insurance programmes that are less sensitive to the specific needs of individual businesses are centralised in the interest of cost-effectiveness.

The Group and its subsidiaries operate a loss prevent policy, developing new measures to further reduce the probability and impact of accidents and claims. This policy also reduces the overall cost of risk, improving the Group's position when negotiating premiums and cover with its insurers.

A high proportion of the Group's policies are compulsory, for example third-party motor insurance and (for buildings in France) cover such as ten-year latent defect insurance, reflecting the importance of construction activities in the business mix. These policies can account for up to 70% of the insurance budget of the business segment most exposed to those risks.

Looking beyond compulsory insurance, Group policy is to transfer significant risks to the insurance market by establishing stable relationships with leading insurers, and to negotiate policies on the best possible terms as regards cover and cost.

Insurers are selected using key criteria such as financial security, technical expertise and administrative efficiency. The main programmes are placed via specialist insurance brokers with leading insurers such as Allianz, Axa, Covéa, Generali, SMABTP and Zurich.

Worst-case scenarios are used in determining the level of cover required, subject to restrictions imposed by insurance market capacity and the cost of cover.

Deductibles on these policies are set at entity level to ensure an optimum trade-off between the likelihood of claims and the premium reductions that can be obtained from insurers by increasing the deductible. On this basis, some risks are insured with no deductible, while others are subject to a higher deductible, of up to €2 million for some property insurance claims.

Total premiums paid to property and casualty insurance companies vary depending on the insurance contracts bought for specific large-scale projects. However, this amount represents less than 1% of the Group's total sales.

The Bouygues group owns a captive reinsurance company, Challenger Réassurance, which may be involved in some of the risks to which the Group is exposed. This company is governed by Luxembourg law and is supervised by the Luxembourg insurance regulator.

4.4.2 Core insurance programmes

To prevent certain information being used to the detriment of the Group and its shareholders, especially in legal disputes, the amount of premiums and terms of cover are kept strictly confidential, especially in the case of liability insurance.

- **Property insurance:** Cover is generally set on the basis of property value; where this is impossible, cover is set at a level corresponding to the worst-case scenario subject to market constraints.

  Generally, when damage to insured assets could lead to a business interruption, insurance is taken out to cover the financial consequences, such as operating losses and/or additional costs. The amount of cover reflects the expected downtime at the damaged site based on the worst-case scenario and on the recovery plans in place.

- **Contractor's insurance:** Cover is generally equal to market value. Exceptionally, cover for some geographically dispersed projects may be limited to the cost of repairing damage incurred in a worst-case scenario. The scenario used depends on the type of project (e.g. motorway, viaduct or tunnel) and its geographical location, so as to build in the risk of damage from natural disasters such as seismic activity and hurricanes. In some cases, the amount of cover may be limited by the total capacity available in the world insurance market, for example in the case of damage caused by tunnelling activity or by natural events abroad.

- **Liability insurance:** These policies provide cover against loss or injury to third parties for which Group companies may be liable. Because Group companies vary greatly in size and in the nature of their activities, cover is tailored to the risks incurred.

The Group considers that its current policies are suitably matched to its risk exposure profile, taking account of what is available on insurance markets in terms of capacity, cover and terms. The insurance policies described are subject to market constraints, and hence may contain exclusions and/or limitations; they may be subject to change in response to market conditions or to changes in the risks to which the Group is exposed.

CORPORATE GOVERNANCE, INTERNAL CONTROL AND RISK MANAGEMENT

5

5.1 Information on corporate officers at 31 December 2015

Chairman and CEO

Martin Bouygues

32 avenue Hoche, 75008 Paris, France
Date of birth: 3 May 1952 – French
Date of first appointment: 21 January 1982
Expiry date of current term of office: 2018
Number of shares in the company: 347,196 (77,057,778 via SCDM)

Expertise/experience

Martin Bouygues joined the Bouygues group in 1974 as a works supervisor. In 1978, he established Maison Bouygues, specialising in the sale of catalogue homes. In 1987, Martin Bouygues was appointed Vice-Chairman of the Bouygues Board of Directors, on which he has served since 1982. On 5 September 1989, Martin Bouygues took over from Francis Bouygues as Chairman and CEO of Bouygues. At Martin Bouygues' instigation, the Group pursued its development in construction as well as in media (TF1) and launched Bouygues Telecom in 1996. In 2006, Bouygues acquired a stake in Alstom.

Principal positions outside Bouygues SA

Chairman of SCDM.

Other positions and functions in the Group

In France: Director of TF1[a]; member of the Board of Directors of the Francis Bouygues Foundation.

Other positions and functions outside the Group

In France: Member of the supervisory board and the strategy committee of Paris-Orléans[a]; standing representative of SCDM and Chairman of Actiby and SCDM Participations.
Outside France: Member of the Board of Directors of the Skolkovo Foundation (Russia).

Former positions and functions during the last five years (outside the Group)

2015 – Standing representative of SCDM and Chairman of SCDM Invest-3.

Deputy CEO

Olivier Bouygues

32 avenue Hoche, 75008 Paris, France
Date of birth: 14 September 1950 – French
Date of first appointment: 5 June 1984
Expiry date of current term of office: 2016
Number of shares in the company: 531 (70,057,778 via SCDM)

Standing representative of SCDM and director

Expertise/experience

Olivier Bouygues is a graduate of École Nationale Supérieure du Pétrole (ENSPM) and joined the Bouygues group in 1974. He began his career in the Group civil works branch. From 1983 to 1988 at Bouygues Offshore, he held the posts of director of Boscam, a Cameroon subsidiary, then director of the France Works and Special Projects division. From 1988 to 1992, he was Chairman and CEO of Maison Bouygues. In 1992, he became Group Executive Vice President of Utilities Management, which grouped the international and French activities of Saur. In 2002, Olivier Bouygues was appointed Deputy CEO of Bouygues.

Principal positions outside Bouygues SA

CEO of SCDM.

Other positions and functions in the Group

In France: Director of TF1[a], Colas[a], Bouygues Telecom and Bouygues Construction.
Outside France: Chairman of the Board of Directors of Bouygues Europe (Belgium).

Other positions and functions outside the Group

In France: Director of Alstom[a]; Chairman of Sagri-E and Sagri-F.
Outside France: Director of SCDM Energy Limited; Chairman and CEO of Seci (Ivory Coast).

Former positions and functions during the last five years (outside the Group)

2015 – Chairman of SCDM Énergie; director of Eranove (former-Finagestion), Sodeci[a] (Ivory Coast), CIE[a] (Ivory Coast) and Sénégalaise des Eaux (Senegal); liquidator of SIR.

2014 – Director of Eurosport.

2011 – Standing representative of SCDM, Chairman of SCDM Énergie; non-partner manager of Sib.

(a) *Listed company.*

Directors

Michel Bardou

1 avenue Eugène Freyssinet 78280 Guyancourt, France
Date of birth: 4 April 1955 – French
Date of first appointment: 20 May 2014
Expiry date of current term of office: 2016

Director representing employees
Member of the Remuneration Committee

Expertise/experience

Michel Bardou is an engineering graduate of École Spéciale des Travaux Publics (ESTP). He joined the Habitat unit, new housing methods, of the Bouygues group in January 1982. He then took charge of new technical departments (cost analysis and design office). As a member of the Health & Safety Committee, he set up an accident prevention department for Habitat Social. He is currently in charge of Research and Development at Bouygues Bâtiment Ile-de-France – Habitat Social.

Principal positions outside Bouygues SA

Innovation Director at Bouygues Bâtiment Ile-de-France – Habitat Social.

François Bertière

3 boulevard Gallieni, 92130 Issy-les-Moulineaux, France
Date of birth: 17 September 1950 – French
Date of first appointment: 27 April 2006
Expiry date of current term of office: 2018
Number of shares in the company: 56,293

Expertise/experience

François Bertière graduated from École Polytechnique and École Nationale des Ponts et Chaussées, and is a qualified architect (DPLG). He began his career in 1974 in the Infrastructure Ministry. In 1977, he was appointed technical advisor to the office of the French Ministry of Education, then deputy director in charge of planning at the Regional Infrastructure Department of Upper Corsica in 1978. In 1981, he became director of urban development at the Public Development Agency (EPA) of Cergy-Pontoise. He joined the Bouygues group in 1985 as Deputy CEO of Française de Constructions. In 1988, he was appointed Chairman and CEO of France Construction, Vice-Chairman and CEO of Bouygues Immobilier in 1999, then Chairman and CEO of Bouygues Immobilier in 2001. François Bertière has been a director of Bouygues Immobilier since 1991.

Principal positions outside Bouygues SA

Chairman and CEO of Bouygues Immobilier.

Other positions and functions in the Group

In France: Director of Colas[a]; Chairman and director of the Bouygues Immobilier Corporate Foundation; director of the Francis Bouygues Foundation.

Other positions and functions outside the Group

Director of CSTB (French building technology research centre); Chairman of Fondation des Ponts; director of École Nationale des Ponts et Chaussées (ENPC), Cité de l'Architecture et du Patrimoine and Fonds de dotation "Les Technologies de l'Homme".

(a) Listed company.

Jean-Paul Chifflet

75 bis, rue Vaneau, 75007 Paris, France
Date of birth: 3 September 1949 – French
Date of first appointment: 25 April 2013
Expiry date of current term of office: 2016
Number of shares in the company: 500

Member of the Selection Committee

Expertise/experience

Jean-Paul Chifflet is a graduate of Institut des Hautes Finances in Paris. He joined the Crédit Agricole group in 1973 where he was successively head of sales coordination at Crédit Agricole du Sud-Est Regional Bank, Corporate Secretary at Crédit Agricole de la Drôme Regional Bank then at Crédit Agricole du Sud-Est Regional Bank, head of development and credit at Crédit Agricole du Sud-Est Regional Bank, and deputy CEO of Crédit Agricole Ain – Saône & Loire Regional Bank and then Crédit Agricole Centre-Est Regional Bank. In 1997, he was appointed head of relations with the Regional Banks at Caisse Nationale de Crédit Agricole (CNCA) and was appointed CEO of Crédit Agricole Centre-Est in 2000. From 2006 to 2010, Jean-Paul Chifflet served as corporate secretary of Fédération Nationale du Crédit Agricole (FNCA), Vice-Chairman of SAS Rue La Boétie, and a director of Calyon, LCL and Siparex Associés. From 2007 to 2010, he sat on the Conseil Économique et Social. He was Chairman of Fédération Bancaire Française (FBF) from July 2012 to July 2013 and CEO of Crédit Agricole SA from March 2010 to May 2015.

Principal positions outside Bouygues SA

Chairman of the Board of Directors of Amundi Group.

Other positions and functions outside the Group

Outside France: Chairman of CA Indosuez (Switzerland) SA (Switzerland).

Former positions and functions during the last five years (outside the Group)

2015 – Chairman of LCL, Crédit Agricole CIB, Crédit Agricole SA and member of the Executive Committee of Fédération Bancaire Française (FBF).

2013 – Chairman of Fédération Bancaire Française (FBF).

Raphaëlle Deflesselle

13-15 avenue du Maréchal Juin, 92360 Meudon, France
Date of birth: 27 April 1972 – French
Date of first appointment: 20 May 2014
Expiry date of current term of office: 2016

Director representing employees
Member of the Ethics, CSR and Patronage Committee

Expertise/experience

Raphaëlle Deflesselle is an engineering graduate of École Polytechnique Féminine (EFP). She joined Bouygues Telecom in 1996. She took part in implementing network oversight tools in the network operations department. She then held various managerial positions in the Technical departments from 1999 to 2009. In 2010, she was appointed head of the Performance department within the Information Systems Division, before becoming head of IT infrastructures in 2013. She is currently Deputy Director, IT Governance, Research and Transformation within the Information Systems Division at Bouygues Telecom.

Principal positions outside Bouygues SA

Deputy Director, IT Governance, Research and Transformation within the Information Systems Division at Bouygues Telecom.

Anne-Marie Idrac

9 Place Vauban, 75007 Paris, France
Date of birth: 27 July 1951 – French
Date of first appointment: 26 April 2012
Expiry date of current term of office: 2018
Number of shares in the company: 531

Chairwoman of the Ethics, CSR and Patronage Committee and member of the Accounts Committee

Expertise/experience

Anne-Marie Idrac graduated from Institut d'Études Politiques de Paris (IEP) and École Nationale d'Administration (the Simone Weil intake). She has spent most of her career working in the fields of the environment, housing, urban development and transport. She was successively director general at the Public Development Agency (EPA) of Cergy-Pontoise, director of land transportation, Secretary of State for Transport, Chair and CEO of the RATP (Paris public transport authority), Chair of the SNCF (French state railways), and Secretary of State for Foreign Trade.

Principal positions outside Bouygues SA

Chair of the supervisory board of Toulouse-Blagnac Airport.

Other positions and functions outside the Group

In France: Director of Total [a] and Saint-Gobain [a]; Senior Advisor for Suez Environnement [a] and Sia Partners.

Former positions and functions during the last five years (outside the Group)

2015 – Member of the supervisory board of Vallourec [a].

2014 – Director of Mediobanca [a] (Italy).

Patrick Kron

48 rue Albert Dhalenne, 93400 Saint-Ouen, France
Date of birth: 26 September 1953 – French
Date of first appointment: 6 December 2006
Expiry date of current term of office: 2016
Number of shares in the company: 500

Expertise/experience

Patrick Kron is a graduate of École Polytechnique and an engineer of the Corps des Mines de Paris. He began his career at the French Industry Ministry in 1979 before joining the Pechiney group in 1984, where he held senior operational responsibilities in one of the group's largest factories in Greece before becoming manager of Pechiney's Greek subsidiary in 1988. Between 1988 and 1993, Patrick Kron held various operational and financial positions, first managing a group of activities in aluminium processing, before being appointed Chairman and CEO of Pechiney Électrométallurgie. In 1993, he became member of the executive committee of the Pechiney group and was Chairman and CEO of Carbone Lorraine from 1993 to 1997. From 1995 to 1997, he ran Pechiney's Food and Health Care Packaging Sector and held the position of COO of the American National Can Company in Chicago (United States). From 1998 to 2002, Patrick Kron was Chairman of the executive board of Imerys. A director of Alstom since July 2001, he was appointed CEO of Alstom in January 2003, and then Chairman and CEO in March 2003.

Principal positions outside Bouygues SA

Chairman and CEO of Alstom [a].

Other positions and functions outside the Group

In France: Director of Sanofi [a] and "Les Arts Florissants" vocal group.

Former positions and functions during the last five years (outside the Group)

2015 – Chairman of Alstom Resources Management; director of Afep (French Association of Private Companies).

2014 – Director and Managing Director of Alstom Asia Pte Ltd (Singapore); Chairman and CEO, and director of Alstom Transport.

2012 – Director of Alstom UK Holdings Ltd (United Kingdom).

Hervé Le Bouc

7 Place René Clair, 92653 Boulogne-Billancourt cedex, France
Date of birth: 7 January 1952 – French
Date of first appointment: 24 April 2008
Expiry date of current term of office: 2017
Number of shares in the company: 2,090

Expertise/experience

Hervé Le Bouc holds a degree in engineering from École Spéciale des Travaux Publics (ESTP). He joined the Bouygues group in 1977 and began his career at Screg Île-de-France (now a Colas subsidiary) as a site engineer, subsequently working as an area supervisor and then a regional manager until 1989. In 1985, he was appointed Director reporting to the Chairman and Chief Executive Officer. In 1989, he was named director in charge of commercial development of Bouygues Offshore for Europe, French overseas departments and territories (Dom-Tom) and Australia, and subsequently South East Asia and Mexico. He became COO of Bouygues Offshore in 1994, then CEO in 1996 and Chairman and CEO in 1999. From November 2001 to September 2002, he served concurrently as COO of Bouygues Construction, Chairman of the Board of Bouygues Offshore and Chairman of the Board of ETDE (now Bouygues Energies & Services). From September 2002 to February 2005, Hervé Le Bouc was CEO of Saur, then Chairman and CEO from February 2005 to April 2007. In February 2007, Hervé Le Bouc became a director of Colas and was named Deputy CEO in August of the same year. On 30 October 2007, he was appointed Chairman and CEO of Colas.

Principal positions outside Bouygues SA

Chairman and CEO of Colas [a].

Other positions and functions in the Group

In France: Chairman and CEO, and director of Colasie; director of Bouygues Immobilier; standing representative of Colas [a] on the boards of Société Parisienne d'Études d'Informatique et de Gestion, Colas Midi Méditerranée and Screg Est; manager of Échangeur International; standing representative of Spare on the board of Sacer Atlantique; standing representative of IPF on the boards of Aximum, Colas Rail and Colas Centre-Ouest; standing representative of SPP on the boards of Colas Sud-Ouest and Colas Nord-Picardie; Chairman of the Colas Foundation.

(a) Listed company.

Outside France: Director of Hindustan Colas Limited (India), ColasCanada (Canada), Tipco Asphalt (Tasco) (Thailand), Isco Industry (Korean Republic) and Colas Inc (United States); standing representative of Colas[a] on the supervisory boards of Colas Émulsions (Morocco) and Grands Travaux Routiers (Morocco).

Former positions and functions during the last five years (outside the Group)

2014 – Standing representative of Colas [a] on the board of Cofiroute.

Helman le Pas de Sécheval

38 avenue Kléber, 75008 Paris, France
Date of birth: 21 January 1966 – French
Date of first appointment: 24 April 2008
Expiry date of current term of office: 2017
Number of shares in the company: 638

Chairman of the Accounts Committee and member of the Remuneration Committee

Expertise/experience

Helman le Pas de Sécheval is a graduate of École Normale Supérieure with a PhD in Physical Sciences and an engineering degree from École des Mines. He began his career in 1991 as a project manager in the financial engineering department of Banexi. From 1993 to 1997, he was deputy inspector-general of the underground quarries of Paris. In July 1997, he was appointed deputy to the head of the Department of Financial Operations and Information of the COB (now the AMF), becoming head of this department in 1998. From November 2001 to December 2009, Helman le Pas de Sécheval was group Chief Financial Officer of Groupama, with responsibility for the group's financing, investing, reinsurance and accounting divisions and oversight of the group's financial subsidiaries as well as GIE Groupama Systèmes d'Information. From January 2010 to December 2011, he was Managing Director of Groupama Centre-Atlantique. In September 2012, he was appointed General Counsel of Veolia. He was appointed member of the Board of AMF in February 2015.

Principal positions outside Bouygues SA

General Counsel of the Veolia[a] group.

Other positions and functions outside the Group

In France: Member of the Board of AMF.

Former positions and functions during the last five years (outside the Group)

2011 – Vice-Chairman and director of Groupama Banque; director of Gan Assurances, Groupama Holding and Groupama Holding 2; standing representative of Groupama Centre-Atlantique on the board of GIE Groupama Systèmes d'Information; Managing Director of Centaure Centre-Atlantique; director of Silic[a]; standing representative of Groupama Centre-Atlantique on the board of GIE Groupama Supports & Services; standing representative of Groupama SA and co-manager of SCI d'Agassac; standing representative of Groupama SA Centre-Atlantique and co-manager of SCA d'Agassac; director of Groupama Assicurazioni S.p.A., former-Nuova Tirrena (Italy).

Colette Lewiner

Tour Europlaza, 20 avenue André Prothin, 92927 Paris-La Défense cedex, France
Date of birth: 19 September 1945 – French
Date of first appointment: 29 April 2010
Expiry date of current term of office: 2016
Number of shares in the company: 12,685

Chairwoman of the Remuneration Committee

Expertise/experience

Colette Lewiner is a graduate of École Normale Supérieure and holds the prestigious rank of "agrégée" teacher in physics, as well as a PhD in science. She spent a large part of her career with EDF, where she was the first woman to be appointed Senior Vice President within the group, with responsibility for development and marketing strategy. She went on to lead Cogema's engineering subsidiary SGN. In 1998, she joined Capgemini, where she headed the Global Energy, Utilities and Chemicals sector, before becoming Advisor to the Chairman on matters regarding energy and utilities. Between 2010 and 2015, she was non-executive Chairwoman of TDF.

Principal positions outside Bouygues SA

Advisor to the Chairman of Capgemini[a] on matters regarding energy and utilities.

Other positions and functions in the Group

In France: Director of Colas[a].

Other positions and functions outside the Group

In France: Director of Nexans[a], Eurotunnel[a], EDF[a] and Ingenico[a].
Outside France: Director of Crompton Greaves Limited[a] (India) [b].

Former positions and functions during the last five years (outside the Group)

2015 – Director of TGS Nopec Geophysical Company[a] (Norway); Chairwoman and member of the Board of Directors of TDF.

2014 – Director of Lafarge[a].

2012 – Vice-Chairwoman, Global Leader Energy, Utilities and Chemicals sector of Capgemini.

2011 – Director of La Poste[a].

Sandra Nombret

1 avenue Eugène Freyssinet, 78280 Guyancourt, France
Date of birth: 24 May 1973 – French
Date of first appointment: 29 April 2010
Expiry date of current term of office: 2016

Director representing employee shareholders and member of the Ethics, CSR and Patronage Committee

Expertise/experience

Sandra Nombret has a DESS postgraduate diploma in foreign trade law. She joined the Bouygues group in 1997. She is currently Deputy Director, Legal Officer for the Near and Middle East, Africa, Central Asia, Canada and Cyprus at Bouygues Bâtiment International.

Principal positions outside Bouygues SA

Deputy Director, Legal Affairs at Bouygues Bâtiment International.

Other positions and functions in the Group

Director of Bouygues Building Canada Inc.

(a) Listed company.
(b) Directorship expiring in March 2016.

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Nonce Paolini

1 quai du Point du Jour, 92656 Boulogne-Billancourt cedex, France
Date of birth: 1 April 1949 – French
Date of first appointment: 24 April 2008
Expiry date of current term of office: 2017
Number of shares in the company: 500

Expertise/experience

Nonce Paolini holds a Master of Arts degree and graduated from Institut d'Études Politiques de Paris (IEP) in 1972. He started his career at the French power and gas utility EDF-GDF, where he worked first in operational positions (customer service/sales and marketing), and then in senior management (organisation, training, human resources, corporate communications). He joined the Bouygues group in 1988 as human resources development director, then became the Group corporate communications director in 1990. He joined TF1 in 1993 as human resources director and became Deputy CEO of the TF1 group in 1999. In January 2002, he was appointed Senior Vice-President of Bouygues Telecom to head up sales and marketing, customer relations and human resources. Nonce Paolini became Deputy CEO in April 2004 and a director in April 2005.

Nonce Paolini has been CEO of TF1 since May 2007, and Chairman and CEO since July 2008.

Principal positions outside Bouygues SA

Chairman and CEO of TF1 [a].

Other positions and functions in the Group

In France: Chairman of Monte Carlo Participation (MCP) and of the TF1 Corporate Foundation; director of Bouygues Telecom; standing representative of TF1 [a] on the boards of Extension TV, TF1 – Acquisitions de Droits and Groupe AB.
Outside France: Vice-Chairman and director of Télé Monte Carlo (TMC) (Monaco).

Other positions and functions outside the Group

In France: Director of the Fnac group, standing representative of TF1 [a] on the board of École de la Cité, du Cinéma et de la Télévision.

Former positions and functions during the last five years (outside the Group)

2012 – Chairman of Programmes Européens Francophones Audiovisuels Spéciaux 4.

Jean Peyrelevade

44 rue de Lisbonne, 75008 Paris, France
Date of birth: 24 October 1939 – French
Date of first appointment: 25 January 1994
Expiry date of current term of office: 2016
Number of shares in the company: 500

Chairman of the Selection Committee

Expertise/experience

Jean Peyrelevade is a graduate of École Polytechnique and Institut d'Études Politiques de Paris (IEP), and is a senior civil aviation engineer. He was deputy head of the private office of the Prime Minister in 1981, and in 1983 became Chairman of Compagnie Financière de Suez and, at the same time, of Banque Indosuez. He was appointed Chairman and CEO of Banque Stern, then in 1988 became Chairman of UAP, before becoming Chairman of Crédit Lyonnais in 1993 for ten years. He was Chairman of the supervisory board of Leonardo & Co until December 2013. He is currently Chairman of the Board of Directors of Degroof Petercam France.

Principal positions outside Bouygues SA

Chairman of the Board of Directors of Degroof Petercam France.

Other positions and functions outside the Group

In France: Member of the supervisory board of Hime (Saur group).
Outside France: Director of Bonnard et Gardel Holding SA (Switzerland); member of the supervisory board of KLM (Netherlands).

Former positions and functions during the last five years (outside the Group)

2015 – Partner of Aforge Degroof Finance.

2013 – Chairman of Leonardo Midcap CF; Chairman of the supervisory board of Leonardo & Co; director of Leonardo & Co NV (Belgium).

2012 – Chairman of the Board of Directors of Leonardo & Co.

2011 – Director of DNCA Finance.

François-Henri Pinault

10 avenue Hoche, 75008 Paris, France
Date of birth: 28 May 1962 – French
Date of first appointment: 22 December 1998 (as standing representative of Financière Pinault)
Date of second appointment: 13 December 2005 (in a personal capacity)
Expiry date of current term of office: 2016
Number of shares in the company: 500

Member of the Remuneration Committee and of the Selection Committee

Expertise/experience

François-Henri Pinault is a graduate of École des Hautes Études Commerciales (HEC). He has spent his whole career within the Kering group (former-PPR). He was CEO of France Bois Industries from 1989 to 1990 and was appointed Chairman and CEO of Pinault Distribution in 1991. In 1993, he became Chairman of CFAO. He was appointed Chairman and CEO of Fnac in 1997, then Executive Vice-President of the Kering group and subsequently head of Internet activities and Chairman of the supervisory board of PPR-Interactive from 2000 to 2001. Since 1998, François-Henri Pinault has been a director, and since 2003 Chairman of the Board of Directors of Artémis. In 2005, he became Chairman of the Executive Board and then Chairman and CEO of Kering.

Principal positions outside Bouygues SA

Chairman and CEO of Kering [a].

Other positions and functions outside the Group

In France: Managing partner of Financière Pinault; Chairman of Artémis; Chairman of the supervisory board of Boucheron Holding; director of Sapardis and Soft Computing [a]; Chairman of Yves Saint Laurent SAS; member of the management board of SC du Vignoble de Château Latour.

(a) Listed company.

Outside France: Non-executive director of Kering Holland NV and Kering Netherlands BV (Netherlands); member and Deputy Chairman of the Administrative Board of Puma SE [a] (Germany); Chairman and board member of Volcom Inc (United States); director of Kering International Ltd, Stella McCartney, Kering UK Services Limited (United Kingdom), Manufacture et Fabrique de Montres et de Chronomètres Ulysse Nardin Le Locle (Switzerland) and Kering Eyewear (Italy).

Former positions and functions during the last five years (outside the Group)

2015 – Chairman and director of Sowind Group (Switzerland); director of Brioni SPA (Italy).
2014 – Board member of Christie's International Plc (United Kingdom).
2013 – Chairman and member of the board of Gucci Group NV [a] (now Kering Holland NV); Chairman of the supervisory board of Yves Saint Laurent SAS; director of Fnac.
2012 – Vice-Chairman of the supervisory board of CFAO [a].
2011 – Vice-Chairman and director of Sowind Group; Chairman and member of the board of Puma AG [a].

Rose-Marie Van Lerberghe

33 rue Frémicourt, 75015 Paris, France
Date of birth: 7 February 1947 – French
Date of first appointment: 25 April 2013
Expiry date of current term of office: 2016
Number of shares in the company: 531

Member of the Ethics, CSR and Patronage Committee

Expertise/experience

Rose-Marie Van Lerberghe is a graduate of École Normale Supérieure and École Nationale d'Administration, and holds the prestigious rank of "agrégée" teacher in philosophy. She is also a graduate of Institut d'Études Politiques de Paris (IEP). After holding various positions at the Labour Ministry, in 1986 Rose-Marie Van Lerberghe joined the Danone group, where she was Group Director of Human Resources. In 1996, she became Delegate General for Employment and Vocational Training, then Chief Executive Officer of Altédia in 2000. From 2002 to 2006, she was the Director General of Assistance Publique des Hôpitaux de Paris. From 2006 to 2011, she chaired the Korian management board. She is currently Chairwoman of the Board of Directors of Institut Pasteur.

Principal positions outside Bouygues SA

Chairwoman of the Board of Directors of Institut Pasteur.

Other positions and functions outside the Group

In France: Director of Klépierre [a], CNP Assurances [a] and Fondation Hôpital Saint-Joseph; Chairwoman of the Board of Directors of Orchestre des Champs-Élysées.

Former positions and functions during the last five years (outside the Group)

2015 – Director of Casino [a], member of the Conseil Supérieur de la Magistrature.

2014 – Director of Air France.

2011 – Chairwoman of the Korian [a] management board.

Michèle Vilain

3 boulevard Gallieni, 92130 Issy-les-Moulineaux, France
Date of birth: 14 September 1961 – French
Date of first appointment: 29 April 2010
Expiry date of current term of office: 2016

Director representing employee shareholders and member of the Accounts Committee

Expertise/experience

Michèle Vilain joined Bouygues Immobilier in 1989, holding various positions in the IT and Office Automation department, including responsibility for customer services. She then took charge of customer relations within the Support Functions division before becoming Deputy Director supporting change management within the Residential Property France division for two years. She is currently Deputy Director supporting Human Resources digital projects.

Principal positions outside Bouygues SA

Deputy Director for the Residential Property France division at Bouygues Immobilier.

SCDM

32 avenue Hoche, 75008 Paris, France
Date of first appointment: 22 October 1991
Expiry date of current term of office: 2016
Number of shares in the company: 70,057,778

Other positions and functions in the Group

In France: Director of GIE 32 Hoche.

Other positions and functions outside the Group

In France: Chair of Actiby and SCDM Participations.

Former positions and functions during the last five years (outside the Group)

2015 – Chair of SCDM Invest-3.

2011 – Chair of SCDM Énergie.

2010 – Chair of SCDM Investcan; SCDM Investur and SCDM Invest-1.

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(a) Listed company.

5.2 Report by the Chairman of the Board of Directors on corporate governance, internal control and risk management

5.2.1 Corporate governance

5.2.1.1 Corporate Governance Code

Bouygues decided to refer to the Corporate Governance Code for listed companies (hereafter the Afep-Medef Code). The Code was updated in November 2015. The Afep-Medef Code is available on the Medef website at www.medef.com and on the Afep website at www.afep.com. It is also included as an annex to the Rules of Procedure of the Board of Directors, available on the www.bouygues.com website.

Afep-Medef Code: waivers

The following table shows the provisions of the Afep-Medef Code that have been waived by the company and the reasons why:

Provisions of the Afep-Medef Code waived	Explanation for waiver
Article 9.2, paragraph 2 **Proportion of independent directors**	See section 5.2.1.3
Article 9.4 **Director independence criteria**	See section 5.2.1.3

5.2.1.2 Membership of the Board of Directors

Applicable rules

According to the articles of association, the Board of Directors includes:

- between three and 18 directors appointed by a general meeting of shareholders for a period of three years, in accordance with Article L. 225-18 of the Commercial Code;
- a maximum of two directors representing employee shareholders, elected by a general meeting for a period of three years at the proposal of the Supervisory Boards of the employee share ownership funds, in accordance with Article L. 225-23 of the Commercial Code;
- and two directors representing employees, appointed for a period of two years, in accordance with Article L. 225-27-1 of the Commercial Code, by the Group Council that is governed by Articles L. 2331-1 *et seq.* of the Labour Code.

The Board of Directors appoints one of its members as Chairman. It also appoints the Chief Executive Officer. At the proposal of the Chief Executive Officer, the Board of Directors can appoint one or more Deputy Chief Executive Officers.

The articles of association set no age limit for directors. However, the age limit of 70 is set for the functions of Chairman, Chief Executive Officer and Deputy Chief Executive Officer. When a person serving in one of these functions reaches 65, his term is submitted to the Board of Directors at its next subsequent meeting for confirmation for a period of one year. The Board of Directors may then renew the term annually for one-year periods up to the age of 70, at which time the person steps down automatically.

The Rules of Procedure of the Board of Directors lay down certain imperatives regarding Board membership. They specify that the number of directors or standing representatives of legal entities coming from external companies in which a corporate officer or salaried director of Bouygues holds an executive position must not exceed two.

Reappointments are staggered *de facto* across three consecutive years.

Membership of the Board of Directors at 31 December 2015

13 directors appointed by the Annual General Meeting (Article L. 225-18 of the Commercial Code)	François Bertière, Martin Bouygues, Jean-Paul Chifflet, Anne-Marie Idrac, Patrick Kron, Hervé Le Bouc, Helman le Pas de Sécheval, Colette Lewiner, Nonce Paolini, Jean Peyrelevade, François-Henri Pinault, Rose-Marie Van Lerberghe, SCDM (represented by Olivier Bouygues)
2 directors representing employee shareholders (Article L. 225-23 of the Commercial Code)	Sandra Nombret, Michèle Vilain
2 directors representing employees (Article L. 225-27-1 of the Commercial Code)	Raphaëlle Deflesselle, Michel Bardou

Overview of directors at 31 December 2015

Name	Age	Gender	Accounts Committee	Remuneration Committee	Selection Committee	Ethics, CSR and Patronage Committee	Start of first term	End of current term	Years on the Board
Executive directors									
Martin Bouygues Chairman and CEO	63	M					1982	2018	33
Olivier Bouygues Deputy CEO, standing representative of SCDM	65	M					1997 [a]	2016	31
Directors considered independent by the Board (see section 5.2.1.3)									
Anne-Marie Idrac	64	F	•			(Chair) •	2012	2018	3
Helman le Pas de Sécheval	49	M	(Chair) •	•			2008	2017	7
Colette Lewiner	70	F		(Chair) •			2010	2016	5
Jean Peyrelevade	76	M			(Chair) •		1994	2016	21
François-Henri Pinault	53	M		•	•		2005 [b]	2016	17
Rose-Marie Van Lerberghe	68	F				•	2013	2016	2
Directors representing employee shareholders									
Sandra Nombret	42	F				•	2010	2016	5
Michèle Vilain	54	F	•				2010	2016	5
Directors representing employees									
Raphaëlle Deflesselle	43	F				•	2014	2016	1
Michel Bardou	60	M		•			2014	2016	
Salaried directors from Bouygues business segments or Alstom									
François Bertière	65	M					2006	2018	9
Patrick Kron	62	M					2006	2016	9
Hervé Le Bouc	63	M					2008	2017	7
Nonce Paolini	66	M					2008	2017	4
Other directors									
SCDM (represented by Olivier Bouygues)							1991	2016	24
Jean-Paul Chifflet	66	M			•		2013	2016	2

(a) From 1984 to 1997, either in a personal capacity or as a standing representative.
(b) From 1998 to 2005 as a representative of Financière Pinault.

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Directors' skills

The following table summarises the principal areas of expertise and experience of the directors. Information on their professional experience is set out in section 5.1 above.

	Construction activities, Transport[a]	Media	Telecoms	Banking, Finance	International	CSR	Other[b]
Executive directors							
Martin Bouygues	•	•	•		•		•
Olivier Bouygues	•				•	•	•
Directors considered independent by the Board (see section 5.2.1.3)							
Anne-Marie Idrac	•				•	•	
Helman le Pas de Sécheval				•		•	•
Colette Lewiner		•			•		•
Jean Peyrelevade				•	•		
François-Henri Pinault					•		•
Rose-Marie Van Lerberghe							•
Directors representing employee shareholders							
Sandra Nombret	•				•		
Michèle Vilain	•						•
Directors representing employees							
Michel Bardou	•						
Raphaëlle Deflesselle			•				•
Salaried directors from Bouygues business segments or Alstom							
François Bertière	•					•	
Patrick Kron	•				•		•
Hervé Le Bouc	•				•	•	•
Nonce Paolini		•	•				•
Other directors							
Jean-Paul Chifflet				•	•		

(a) Property, Construction, Urban development, Concessions, Transport.
(b) Industry, Energy, Retail, IT, HR, Health.

Changes in the membership of the Board of Directors in 2015

During 2015, the membership of the Board of Directors decreased from 20 to 17 (including two directors representing employees and two directors representing employee shareholders).

Date	Departure	Appointment	Renewal
15/03/2015	Yves Gabriel		
23/04/2015	Mrs Francis Bouygues Georges Chodron de Courcel		François Bertière Martin Bouygues Anne-Marie Idrac (independent director)
12/11/2015			Olivier Bouygues (Deputy CEO)

The proportion of independent directors on the Board increased (see 5.2.1.3).

Changes in the membership of the committees in 2015

In accordance with a recommendation of the Afep-Medef Code, the Board of Directors decided to appoint a director representing employees to the Remuneration Committee; accordingly, Michel Bardou was appointed. The membership of the Committee increased from three to four.

Remuneration Committee

Date	Departure	Appointment
24/02/2015		Michel Bardou (director representing employees)

The Board of Directors also decided to appoint Raphaëlle Deflesselle, a director representing employees, to the Ethics, CSR and Patronage Committee. The membership of the Committee thus increased from three to four.

Ethics, CSR and Patronage Committee

Date	Departure	Appointment
24/02/2015		Raphaëlle Deflesselle (director representing employees)

Finally, the membership of both the Accounts and Selection Committees decreased from four to three.

Accounts Committee

Date	Departure	Appointment
23/04/2015	Georges Chodron de Courcel	

Selection Committee

Date	Departure	Appointment
23/04/2015	Georges Chodron de Courcel	

5.2.1.3 Independent directors

Assessing director independence

In accordance with the recommendations of the Afep-Medef Code, after seeking the opinion of the Selection Committee, the Board of Directors at its meeting of 23 February 2016 determined the proportion of its members that were independent. It particularly reviewed each director's situation in light of the independence criteria defined by the Afep-Medef Code, while attaching greater weight to substance than form.

According to the Afep-Medef Code, *"A director is independent when he or she has no relationship of any kind whatsoever with the company, its group or the management of either that is such as to colour his or her judgement. Accordingly, an independent director is to be understood not only as a non-executive director, i.e. one not performing management duties in the company or its group, but also as one devoid of any particular bonds of interest (significant shareholder, employee, other) with them."*

The independence criteria applied by the Afep-Medef Code are as follows:

Criterion 1	Not being an employee or executive director of the company or an employee or director of its parent company or of a company that it consolidates; and not having been in such a position during the previous five years.
Criterion 2	Not being an executive director of a company in which the company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive director of the company (currently in office or having held such office going back five years) is a director.
Criterion 3	Not being (or not being directly or indirectly related to) a customer, supplier, investment banker or commercial banker that is material for the company or its group, or for which the company or its group represents a significant part of its business.
Criterion 4	Not being related by close family ties to a corporate officer.
Criterion 5	Not having been an auditor of the company within the previous five years.
Criterion 6	Not having been a director of the company for more than 12 years.
Criterion 7	Not holding a significant percentage (more than 10%) of the company's share capital or voting rights.

The Board assessed the respective situations of Anne-Marie Idrac, Helman le Pas de Sécheval, Colette Lewiner, Jean Peyrelevade, François-Henri Pinault and Rose-Marie Van Lerberghe in light of each of the seven criteria.

CRITERION 1 – NOT BEING AN EMPLOYEE OR EXECUTIVE DIRECTOR OF THE COMPANY OR AN EMPLOYEE OR DIRECTOR OF ITS PARENT COMPANY OR OF A COMPANY THAT IT CONSOLIDATES; AND NOT HAVING BEEN IN SUCH A POSITION DURING THE PREVIOUS FIVE YEARS.

The Board considered that Anne-Marie Idrac, Helman le Pas de Sécheval, Jean Peyrelevade, François-Henri Pinault and Rose-Marie Van Lerberghe meet this criterion.

The Board observed that Colette Lewiner, a member of the Bouygues Board of Directors, is also a Director of Colas, a company owned 96.6% by Bouygues, which may create a conflict of interests during some of the Bouygues Board of directors' deliberations.

In accordance with the guide for applying the Afep-Medef Code published in December 2015, the Board ensures that, if such were to be the case, the individual in question would refrain from taking part in deliberations and votes on the Bouygues Board of Directors. More generally, Colette Lewiner is required to respect the principles and rules in the Conflicts of Interest Compliance Programme adopted by the Board in 2014, the main provisions of which are set out in section 5.2.1.10 below.

CRITERION 2 – NOT BEING AN EXECUTIVE DIRECTOR OF A COMPANY IN WHICH THE COMPANY HOLDS A DIRECTORSHIP, DIRECTLY OR INDIRECTLY, OR IN WHICH AN EMPLOYEE APPOINTED AS SUCH OR AN EXECUTIVE DIRECTOR OF THE COMPANY (CURRENTLY IN OFFICE OR HAVING HELD SUCH OFFICE GOING BACK FIVE YEARS) IS A DIRECTOR.

The Board considered that Anne-Marie Idrac, Helman le Pas de Sécheval, Colette Lewiner, Jean Peyrelevade, François-Henri Pinault and Rose-Marie Van Lerberghe meet this criterion.

CRITERION 3 – NOT BEING (OR NOT BEING DIRECTLY OR INDIRECTLY RELATED TO) A CUSTOMER, SUPPLIER, INVESTMENT BANKER OR COMMERCIAL BANKER THAT IS MATERIAL FOR THE COMPANY OR ITS GROUP, OR FOR WHICH THE COMPANY OR ITS GROUP REPRESENTS A SIGNIFICANT PART OF ITS BUSINESS.

The Board ensured that none of the directors likely to be considered as an independent director was related directly or indirectly to a customer, supplier or banker that is material to Bouygues or a Bouygues group company. To this end, drawing on the work of the Selection Committee, the Board made a case-by-case assessment of the business relationships that may exist between Bouygues group companies and companies at which certain directors held professional functions or directorships at 23 February 2016.

Taking account of the recommendations of the AMF, the Board adopted a multi-criteria approach when considering material business relationships, while favouring a qualitative analysis. To this end, the Board took account of all the following criteria:

Qualitative criteria:

- the extent of the business relationship for each of the entities concerned (possible economic dependence between players, size of transactions, specificities of certain markets, direct interest of the legal entity concerned by the business relationship);
- the organisation of the relationship, and notably the position of the director concerned in the contracting company (length of directorship, existence of an operational function at the entity concerned, direct decision-making power over the contract, remuneration paid to the director in relation to the contract, etc.). In this respect, the Board notably referred to the definition of the Conflicts of Interest Compliance Programme that it approved in January 2014 and whereby, *"There is a conflict of interest when the personal interests of an employee, senior executive or executive officer of the Group are in conflict with or compete with the interests of the Group company they work for. The concept of personal interests should be understood in the broadest sense of the term. It may involve the person's direct interests (material or simply moral) as well as the interests of a closely associated person (someone in their immediate entourage or entity with whom/which they have direct or indirect relationships)."* Additional recommendations on the management of conflicts of interest are given in section 5.2.1.10 below.

Quantitative criteria: the items below are summarised in a report to the Selection Committee:

- sales generated, where applicable, by Bouygues group entities with entities of the group to which the director is bound, by comparing this sales figure to that of the Bouygues group;
- the volume of purchases made, where applicable, by Bouygues group entities with the entities of the group to which the director is bound, by comparing this volume to the total volume of purchases of the Bouygues group.

The Selection Committee informed the Board of the results of its assessment.

<table>
<tr><td>Anne-Marie Idrac</td><td>Anne-Marie Idrac is Chair of the supervisory board of the Toulouse-Blagnac Airport concession company (since 2015). She is a director of Saint-Gobain (since 2011) and of Total (since 2012). She is a Senior Advisor for Suez Environnement and for Sia Partners.
The Board considered the following:
Business relationships exist between Bouygues group entities and, respectively, the entities of the Saint-Gobain, Total and Suez Environnement groups, but the sales and volume of purchases generated as part of the business relationships represent only a very low share of the respective business of the groups in question.
There exists no relationship of economic dependence, exclusivity or overweight in the sectors concerned by the business relationships between the Bouygues group and the groups in question.
The business relationships occur in the normal course of business as part of a conventional competitive environment.
The business relationships do not directly concern Bouygues SA but only certain subsidiaries or sub-subsidiaries.
The Bouygues SA Board of Directors in no way interferes in these business relationships.
Anne-Marie Idrac holds no operational function at the entities concerned. She has no decision-making power in terms of the selection of service providers or the attribution, implementation or management of contracts constituting business relationships.
She receives no remuneration and has no personal interest related to the contracts concerned.
The directorships or functions she holds at the entities concerned are relatively recent.</td></tr>
<tr><td>Colette Lewiner</td><td>In addition to her directorships at Bouygues and Colas, Colette Lewiner is a director of Nexans (since 2004), Eurotunnel (since 2011), Crompton Greaves Limited (India) (from 2013 to March 2016), EDF (since 2014) and Ingenico (since 2015). She is also Advisor to the Chairman of Capgemini, a company where she has spent most of her career.
The Board considered the following:
Business relationships exist between Bouygues group entities and entities of the Capgemini, Nexans and Eurotunnel groups, but the sales and volume of purchases generated as part of the business relationships represent only a very low share of the respective business of the groups in question.
Business relationships between Bouygues group entities and the entities of the EDF group are more material, given that a certain number of projects are ongoing. As such, in 2015, Bouygues Construction generated 2.9% of its sales with the EDF group (versus 2.6% in 2014). However, the Board considered that these business relationships do not impair the independence of Colette Lewiner, in light of the information below.
There exists no relationship of economic dependence, exclusivity or overweight in the sectors concerned by the business relationships between the Bouygues group and the groups in question.
The business relationships occur in the normal course of business as part of a conventional competitive environment.
Essentially, the business relationships do not directly concern Bouygues SA but only certain subsidiaries or sub-subsidiaries.
The Bouygues SA Board of Directors in no way interferes in these business relationships.
Colette Lewiner holds no operational function at the entities concerned. She has no decision-making power in terms of the selection of service providers or the attribution, implementation or management of contracts constituting business relationships.
She receives no remuneration and has no personal interest related to the contracts concerned.</td></tr>
<tr><td>Helman
le Pas de Sécheval</td><td>Helman le Pas de Sécheval is General Counsel of the Veolia group (since 2012). He is a member of the Board of AMF (since 2015).
The Board considered the following:
Business relationships exist between Bouygues group entities and the entities of the Veolia group, but the sales and volume of purchases generated as part of the business relationships represent only a very low share of the respective business of the groups in question.
There exists no relationship of economic dependence, exclusivity or overweight in the sectors concerned by the business relationships between the Bouygues group and the Veolia group.
The business relationships occur in the normal course of business as part of a conventional competitive environment.
The business relationships do not directly concern Bouygues SA but only certain subsidiaries or sub-subsidiaries.
The Bouygues SA Board in no way interferes in these business relationships.
Helman le Pas de Sécheval holds no operational function at the entities concerned. He has no decision-making power in terms of the selection of service providers or the attribution, implementation or management of contracts constituting business relationships.
He receives no remuneration and has no personal interest related to the contracts concerned.
The functions that he holds at Veolia are relatively recent.</td></tr>
<tr><td>Jean Peyrelevade</td><td>Jean Peyrelevade is Chairman of the Board of Directors of Degroof Petercam France (since 2015). He is a member of the supervisory board of KLM (Netherlands) (since 2007), a director of Bonnard & Gardel Holding SA (Switzerland) (since 2008), and a member of the supervisory board of Hime (Saur group) (since 2013).
The Board considered the following:
Business relationships exist between Bouygues group entities and the entities of the Saur group, but the sales and volume of purchases generated as part of the business relationships represent only a very low share of the respective business of the two groups.
There exists no relationship of economic dependence, exclusivity or overweight in the sectors concerned by the business relationships between the Bouygues group and the Saur group.
The business relationships occur in the normal course of business as part of a conventional competitive environment.
The business relationships do not directly concern Bouygues SA but only certain subsidiaries or sub-subsidiaries.
The Bouygues SA Board of Directors in no way interferes in these business relationships.
Jean Peyrelevade holds no operational function at the entities concerned. He has no decision-making power in terms of the selection of service providers or the attribution, implementation or management of contracts constituting business relationships.
He receives no remuneration and has no personal interest related to the contracts concerned.</td></tr>
</table>

François-Henri Pinault	François-Henri Pinault is the Chairman and CEO of Kering, managing partner of Financière Pinault, Chairman of the Board of Directors of Artémis, and has directorships in various companies of the Kering group. The Board considered the following: ■ Business relationships exist between Bouygues group entities and the entities of the **Kering** group, but the sales and volume of purchases generated as part of the business relationships represent only a very low share of the respective business of the two groups. ■ There exists no relationship of economic dependence, exclusivity or overweight in the sectors concerned by the business relationships between the Bouygues group and the Kering group. ■ The business relationships occur in the normal course of business as part of a conventional competitive environment. ■ The business relationships do not directly concern Bouygues SA but only certain subsidiaries or sub-subsidiaries. ■ The Bouygues SA Board of Directors in no way interferes in these business relationships. ■ François-Henri Pinault receives no remuneration and has no personal interest related to the contracts concerned.
Rose-Marie Van Lerberghe	Rose-Marie Van Lerberghe is Chairwoman of the Board of Directors of Institut Pasteur (since 2013) and of Orchestre des Champs-Elysées (since 2015). She is also a director of Fondation Hôpital Saint-Joseph (since 2011), Klépierre (since 2012), and CNP Assurances (since 2013). The Board considered the following: ■ Business relationships exist between Bouygues group entities and the entities of the **Klépierre** group, but the sales and volume of purchases generated as part of the business relationships represent only a very low share of the respective business of the two groups. ■ There exists no relationship of economic dependence, exclusivity or overweight in the sectors concerned by the business relationships between the Bouygues group and the Klépierre group. ■ The business relationships occur in the normal course of business as part of a conventional competitive environment. ■ The business relationships do not directly concern Bouygues SA but only certain subsidiaries or sub-subsidiaries. ■ The Bouygues SA Board of Directors in no way interferes in these business relationships. ■ Rose-Marie Van Lerberghe holds no operational function at the Klépierre group. She has no decision-making power in terms of the selection of service providers or the attribution, implementation or management of contracts constituting business relationships. ■ She receives no remuneration and has no personal interest related to the contracts concerned. ■ The directorships or functions that she holds at the entities concerned are relatively recent.

In light of the above, the Board considered that the abovementioned business relationships are not, in terms of the aforementioned quantitative and qualitative criteria, of a material nature such as to create potential conflicts of interest or impair the independence of Anne-Marie Idrac, Colette Lewiner, Helman le Pas de Sécheval, Jean Peyrelevade, François-Henri Pinault and Rose-Marie Van Lerberghe. It is noted that, in any case, if a transaction with one of the entities concerned were to be examined by the Board, the director concerned would refrain from taking part in the debate and vote, in accordance with the provisions in the Rules of Procedure of the Board of Directors and the Conflicts of Interest Compliance Programme adopted in 2014, the provisions of which are set out in section 5.2.1.10 below.

CRITERION 4 – NOT BEING RELATED BY CLOSE FAMILY TIES TO A CORPORATE OFFICER.

The Board considered that Anne-Marie Idrac, Colette Lewiner, Helman le Pas de Sécheval, Jean Peyrelevade, François-Henri Pinault and Rose-Marie Van Lerberghe meet this criterion.

CRITERION 5 – NOT HAVING BEEN AN AUDITOR OF THE COMPANY WITHIN THE PREVIOUS FIVE YEARS.

The Board considered that Anne-Marie Idrac, Colette Lewiner, Helman le Pas de Sécheval, Jean Peyrelevade, François-Henri Pinault and Rose-Marie Van Lerberghe meet this criterion.

CRITERION 6 – NOT HAVING BEEN A DIRECTOR OF THE COMPANY FOR MORE THAN 12 YEARS.

The Board considered that Anne-Marie Idrac, Colette Lewiner, Helman le Pas de Sécheval and Rose-Marie Van Lerberghe meet this criterion.

It noted that Jean Peyrelevade and François-Henri Pinault have held seats for more than 12 years. A thorough examination was made of the character and career of these two directors. The Board considered that Jean Peyrelevade and François-Henri Pinault have consistently shown the greatest independence in the functions they have held. While Jean Peyrelevade carries out his professional duties at an investment bank, he holds no function that could place him in a situation of conflict of interest with Bouygues. The personal position of François-Henri Pinault, as Chairman and CEO of a world-ranking retail group, is a robust guarantee of independence.

In response to a remark by the High Committee for Corporate Governance on this last point, Martin Bouygues stressed that the Board of Directors was attentive to the risk that overly extended presence may dull the critical sense of directors. He noted that as Bouygues is a complex and diversified group, directors need some time to acquire in-depth knowledge of all the business segments and fully understand the strategic issues of all their markets. He stressed that the Afep-Medef Code urges boards of directors to not apply independence criteria in an abstract fashion. He also pointed out that, more than any other criteria, it is the strength of character, experience, skills and sense of responsibility that ensure the independent points of view required by the Board of Directors.

However, attentive to the importance placed by the High Committee of Corporate Governance and the AMF alike on the criterion of length of service, and in line with its commitments, the Board of Directors decided at its meeting of 23 February 2016 not to ask the Annual General Meeting of 21 April 2016 to renew the terms of office of directors of Jean Peyrelevade and François-Henri Pinault, which expire at the end of said meeting.

CRITERION 7 – NOT HOLDING A SIGNIFICANT PERCENTAGE (MORE THAN 10%) OF THE COMPANY'S SHARE CAPITAL OR VOTING RIGHTS.

The Board considered that Anne-Marie Idrac, Colette Lewiner, Helman le Pas de Sécheval, Jean Peyrelevade, François-Henri Pinault and Rose-Marie Van Lerberghe meet this criterion.

Table summarising the classification of directors

The table below shows each director's situation in light of the independence criteria, as stated above, and the classification chosen by the Board.

	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7	Classification chosen by the Board
Martin Bouygues		•			•			Not independent
Olivier Bouygues		•			•			Not independent
Michel Bardou		•	•	•	•	•	•	(Representing employees)
François Bertière			•	•	•	•	•	Not independent
Jean-Paul Chifflet	•	•		•	•	•	•	Not independent
Raphaëlle Deflesselle		•	•	•	•	•	•	(Representing employees)
Anne-Marie Idrac	•	•	•	•	•	•	•	Independent
Patrick Kron				•	•	•	•	Not independent
Hervé Le Bouc			•	•	•	•	•	Not independent
Helman le Pas de Sécheval	•	•	•	•	•	•	•	Independent
Colette Lewiner		•	•	•	•	•	•	Independent
Sandra Nombret		•	•	•	•	•		(Representing employee shareholders)
Nonce Paolini			•	•	•	•	•	Not independent
Jean Peyrelevade	•	•	•	•	•		•	Independent
François-Henri Pinault	•	•	•	•	•		•	Independent
Rose-Marie Van Lerberghe	•	•	•	•	•	•	•	Independent
Michèle Vilain		•	•	•	•	•		(Representing employee shareholders)

Proportion of independent directors

The Rules of Procedure of the Bouygues Board of Directors also specify that at least one third of directors must be independent within the meaning of the Afep-Medef Code.

At 23 February 2016, without taking account of directors representing employees or employee shareholders, in accordance with Article 9.2 of the Afep-Medef Code, six of the 13 directors were independent, representing a proportion of 46%. This proportion was 37.5% at 31 December 2014.

According to Article 9.2, paragraph 2 of the Afep-Medef Code, *"Independent directors must represent at least half of all Board members in widely held companies with no controlling shareholder. In companies with a controlling shareholder (within the meaning of Article L. 233-3 of the Commercial Code) independent directors must represent at least one third of all Board members. Directors representing employee shareholders and directors representing employees are not included when calculating the proportion of independent directors".*

In response to a remark by the High Committee for Corporate Governance on this last point, Martin Bouygues drew its attention to the fact that the company is not "controlled" within the meaning of Article L. 233-3 of the Commercial Code and that its capital is not "widely held" either. At 31 December 2015, SCDM and the employee share ownership funds, long-term investors, held 41.84% of the share capital and 56.56% of the voting rights. As such, the Board of Directors considered that the proportion of one third of independent directors was adapted to the capital structure of Bouygues and sufficient to prevent any conflicts of interest and ensure the proper governance of the company. The Board also paid particular attention to the quality of the independent directors whose appointment is submitted for approval by the Annual General Meeting.

In the future, as current terms of office expire, the Board will continue to change its membership so as to increase the proportion of independent directors.

5.2.1.4 Gender balance on the Board and committees

At 31 December 2015, without taking account of directors representing employees, as set forth in Article L. 225-27-1 I of the Commercial Code and Article 6.4 of the Afep-Medef Code, but taking account of directors representing employee shareholders, five of the 15 directors on the Board were women, or a proportion of 33%.

In accordance with the recommendations of the Afep-Medef Code, the Board will seek to increase the proportion of women on the Board to at least 40% as from the Ordinary General Meeting held in 2016.

At the end of the Annual General Meeting of 21 April 2016, if the appointments to the Board and the term-of-office renewals are adopted, the proportion of women with seats on the Board will reach 42.86% (6/14), with the stipulation that, in accordance with the provisions of the Commercial Code and of the Afep-Medef Code, directors representing employees are not taken into account in this assessment.

The Board also ensures balanced gender representation on its committees. As at 31 December 2015, seven of the 14 committee members were women, or a proportion of 50%.

5.2.1.5 Management bodies

The law stipulates that the Board should elect one of its individual members as Chairman to organise and direct the Board's work and ensure the smooth running of the company's management bodies. The Board entrusts executive power over the company either to the Chairman of the Board of Directors or to another individual, who may or may not be a director, who has the title of Chief Executive Officer.

In April 2002, the Board of Directors opted not to separate the functions of Chairman and Chief Executive Officer. It has consistently renewed that option; the last to date was in April 2015.

The Board considers that combining the positions of Chairman and Chief Executive Officer is a source of effective governance, particularly in view of the Bouygues group's organisational structure: Martin Bouygues is Chairman and Chief Executive Officer of Bouygues, the Group's parent company. He does not, however, have general management authority over the Group's five business segments; this is vested in the senior management of its major subsidiaries: Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom. Martin Bouygues does not therefore combine operational responsibility over these subsidiaries with his other duties. While Bouygues and its Chairman sometimes play an important role in projects that are essential for the Group, they do not replace the senior management of the Group's business segments.

Martin Bouygues is Chairman of the Board of Directors and Chief Executive Officer. Olivier Bouygues is Deputy Chief Executive Officer, and has the same powers as the Chief Executive Officer. At the end of the Combined Annual General Meeting held on 23 April 2015, the Board of Directors reappointed Martin Bouygues as Chairman and Chief Executive Officer for the period of his term of office as a director, i.e. until the end of the Ordinary General Meeting called to approve the 2017 financial statements. The Board also decided to reappoint Olivier Bouygues as Deputy Chief Executive Officer throughout Martin Bouygues' term of office as Chairman and Chief Executive Officer.

In accordance with Article 17.2 of the articles of association, Olivier Bouygues having reached the age of 65 on 14 September 2015, the Board of Directors at its meeting of 12 November 2015 renewed his term of office as Deputy Chief Executive Officer for a one-year period, i.e. until 12 November 2016. The Board of Directors may then renew the term of office for one-year periods until the Deputy Chief Executive Officer reaches the age of 70, at which time the Deputy Chief Executive Officer steps down automatically.

There is no senior director or Vice-Chairman.

5.2.1.6 Restrictions on the powers of the Chief Executive Officer – Powers of the Board of Directors

In accordance with law and the articles of association, the Chief Executive Officer has the broadest possible powers to act on the company's behalf under all circumstances. He exercises these powers within the confines of the corporate purpose and subject to powers expressly granted by law to general meetings and the Board of Directors.

The Board of Directors has the powers and carries out the tasks laid down by law. In addition, the Rules of Procedure of the Board of Directors specify the following:

- the Board, assisted where applicable by an *ad hoc* committee, reviews and makes decisions on operations of strategic importance;
- the strategic priorities, business plans and the financing policy for the business segments and the Group are presented to the Board for approval;
- any operations considered to be of importance for the Group as a whole, including investments or organic growth, acquisitions outside the Group, divestments, and internal restructuring measures, must also be granted prior approval by the Board, particularly those that fall outside the scope of the business strategy announced by the company;
- the Board authorises major corporate finance operations carried out by way of public offering or private placement, as well as major guarantees and commitments;
- the Board monitors the quality of information provided to shareholders and the markets, particularly through the financial statements and in connection with major operations.

Furthermore, a number of practices have for several years contributed to ensuring the proper governance of the company and to limiting the powers of the Chairman and Chief Executive Officer. In this respect, the following best practices can be cited:

- the existence (since 2002) of Rules of Procedure setting forth the rules governing the operation of the Board of Directors and the rules of conduct applying to directors;
- the existence of specialised committees tasked with preparing the work of the Board in the following areas: determining the remuneration of senior executives (since 1995); accounting and auditing (since 1996); the selection of directors (since 1997); ethics, patronage (since 2001) and CSR (since 2014);
- the presence of a significant proportion of independent directors on the Board and on all the committees (see section 5.2.1.3);
- the presence of directors representing employee shareholders (since 1995) on the Board and (since 2013) on two committees (Accounts; Ethics, CSR and Patronage);
- the presence of directors representing employees (since 2014) on the Board and (since 2015) on two committees (Remuneration; Ethics, CSR and Patronage);
- annual meetings (since 2014) held between non-executive directors without executive directors or salaried directors being present, in particular to consider future management arrangements and assess the performance of the executive directors;
- the existence (since 2006) of a Code of Ethics and (since 2010) rules of conduct for directors;
- the existence (since 2014), at the initiative of the Ethics, CSR and Patronage Committee, of four Compliance Programmes, including one on conflicts of interest and another on financial information and securities trading.

5.2.1.7 Rules of Procedure

At its meeting in September 2002 the Board adopted the Rules of Procedure to clarify the conditions under which its work is prepared and organised. These Rules of Procedure, which are reviewed regularly, have since been amended on numerous occasions in order to comply with changes in laws and regulations and to take account of recommendations issued by the AMF, changes to the Afep-Medef Code, as well as Bouygues' own internal control principles. The main contents of the Rules of Procedure are summarised in this report. The full text can be downloaded from the company's website www.bouygues.com under Group, Corporate governance, Board of Directors.

5.2.1.8 Operation of the Board of Directors

Convening notices, quorum and majority

The articles of association reiterate or stipulate the following rules: the Board of Directors meets as often as the company's interests require, as convened by the Chairman, either at the registered office or at any other place; convening notices may be issued by any method, including verbally; the Board may only validly deliberate where at least half its members are in attendance; decisions are made on the basis of a majority of those members in attendance or represented; in the event of a tie, the Chairman of the meeting has the casting vote.

The Rules of Procedure stipulate that any director who participates in a Board meeting by video-conferencing, or any other telecommunications means with technical characteristics that allow directors to be identified and participate fully in the meeting, is deemed to be in attendance for the purposes of quorum and majority. In accordance with law, this provision does not apply to decisions on the preparation of the full-year parent company and consolidated financial statements or the management report.

Board meetings

The Rules of Procedure state that in principle the Board of Directors holds five ordinary meetings a year (January, February/March, May, August and November). In January, the Board reviews the estimated sales and earnings for the previous financial year; and the strategic priorities, business plans and the financing policy for the business segments and the Group are presented to it for approval. In February/March, the Board closes the financial statements for the previous financial year; in May, it closes the first-quarter financial statements; in August, it closes the first-half financial statements; in November, it closes the nine-month financial statements. Other Board meetings are held as the Group's business requires.

The agenda for closing the financial statements is in three parts: business activity, accounting and legal affairs. A detailed review of each item is provided to each director.

The statutory auditors are systematically convened to all meetings at which the Board reviews full-year or first-half financial statements.

Persons who are not Board members, whether Bouygues group employees or not, may be invited to attend all or part of Board meetings.

Information provided to the Board of Directors

The Rules of Procedure stipulate that the Chairman or Chief Executive Officer must provide each director with all documents and information needed to fulfil his or her duties, including:

- the information needed to follow the progress of business activities and in particular sales figures and order books;
- the financial situation and in particular the company's cash position and commitments;
- any event that materially affects the Group's consolidated financial results or that may do so;
- material events in the human resources area and in particular changes in the workforce;
- major risks to the company, any change therein, and the steps taken to control them.

Each quarter, senior management presents a report on consolidated sales and earnings for the quarter just ended to the Board of Directors.

Each director may, at his or her own initiative, gather additional information; the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer, as well as the Chief Financial Officer and the Corporate Secretary, are always available to provide Board members with explanations and any other relevant information.

Directors may also meet with key senior executives of the company, including when the executive directors are not present, provided that the latter have been informed in advance.

Through their work and the reports they produce, the committees tasked by the Board with examining specific matters help to ensure that the Board is properly informed and prepared for the decisions it has to make (see section 5.2.1.9).

Directors continually receive all documents publicly issued by the company or its subsidiaries, and in particular all information intended for shareholders.

Directors may, if they wish, receive additional training in matters pertaining to the company and its businesses and sectors of activity. In accordance with law, the two directors representing employees benefit from at least 20 hours a year of training adapted to the performance of their duties.

Work of the Board in 2015

The Board of Directors met nine times in 2015. The attendance rate was 94%.

On 20 January 2015, the Board reviewed the three-year strategic priorities and business plans for the Group and its business segments. It reviewed the mapping of the Group's major risks. It heard the report of the Ethics, CSR and Patronage Committee. It reviewed a number of regulated agreements.

On the same date, the non-executive directors met, without the executive directors or salaried directors being present, with a view notably to assessing the executive directors and considering future management arrangements.

At its 24 February 2015 meeting, the Board reviewed business for 2014, and the outlook and objectives for the Group and its business segments for 2015. It examined the results of Alstom for the third quarter of FY2014/15. It reviewed the position of the Group's business segments compared with that of their main competitors. After familiarising itself with the 2014 consolidated financial statements and parent company financial statements and hearing the Accounts Committee's report and the statutory auditors' opinion, it closed the parent company financial statements, accounting and forecasting documents, the consolidated financial statements, the proposed appropriation of net profit, and the management report. After hearing the Remuneration Committee's report concerning the variable portion of the remuneration of the two executive directors and the four senior executives of the business segments, remuneration and stock options granted in 2014, it adopted the section of the management report on the remuneration of corporate officers and the special report on stock options. It also signed off on the description of the share buyback programme in the management report. It approved the Report by the Chairman on corporate governance and internal control.

After hearing the Selection Committee's report, the Board examined its membership in light of the issues of gender balance on the Board. It decided to ask the Annual General Meeting of 23 April 2015 to appoint Clara Gaymard and to renew the directorships of Martin Bouygues, François Bertière and Anne-Marie Idrac. It examined the membership of the committees.

Having familiarised itself with the Remuneration Committee's report, the Board determined the variable remuneration of senior executives for 2014, and it signed off the rules for determining the remuneration of senior executives for 2015.

It decided to convene a Combined Annual General Meeting for 23 April 2015. It drew up the agenda and prepared the wording of the resolutions to be submitted to the Combined Annual General Meeting, together with its report on those resolutions.

At the same meeting, it renewed for one year the authority granted to Martin Bouygues and Olivier Bouygues to make decisions on issuing bonds, to repurchase or exchange existing Bouygues bonds, and to retain, cancel or resell repurchased bonds. It drew up the list of companies that fall within the scope of group tax election. It approved the wording of the press release.

On 16 March 2015, it amended the agenda of the Combined Annual General Meeting of 23 April 2015 in order to postpone the planned appointment of Clara Gaymard as a director.

On 23 April 2015, the Board met before the Annual General Meeting to draw up the responses to a written question submitted by a shareholder.

On 23 April 2015, the Board met after the Annual General Meeting to rule on the operating procedures of the senior management, reappoint Martin Bouygues as Chairman and Chief Executive Officer and reappoint Olivier Bouygues as Deputy Chief Executive Officer. It decided on a new stock option plan for the Group's senior executives and employees and drew up the list of beneficiaries. The Board delegated power to the Chairman and Chief Executive Officer to set the subscription price for options, in accordance with law.

On 12 May 2015, the Board reviewed the company's business and financial statements at 31 March 2015. It familiarised itself with the Alstom group's FY2014/15 results and outlook. It familiarised itself with bases for comparison between the Group and its competitors. It reviewed the action plans and the outlook and objectives for the Group and its business segments. Having heard the Accounts Committee's report on the financial statements and the statutory auditors' opinion, it closed the first-quarter financial statements. It approved the wording of the press release.

On 23 June 2015, the Board examined the situation and outlook for Bouygues Telecom; it examined an offer by the Altice group to acquire Bouygues Telecom. It decided not to follow up the offer.

On 28 August 2015, the Board reviewed the company's key figures and business activity to 30 June 2015, bases for comparison between the Group and its competitors, as well as the outlook and objectives for 2015. Having heard the opinions of the Accounts Committee and the statutory auditors, it closed the first-half financial statements and approved the First-Half Financial Report. It renewed the authority granted to the Chairman and Chief Executive Officer to give guarantees, endorsements and sureties. It approved the wording of the press release.

On 12 November 2015, the Board reviewed the company's business and financial statements to 30 September 2015 as well as the outlook and sales targets for 2015. It renewed the term of office of Olivier Bouygues as Deputy Chief Executive Officer. It familiarised itself with the conditions of the capital increase reserved for employees and approved the wording of the Board of Directors' supplementary report. It carried out a self-assessment and considered company policy on equal opportunities and gender pay equality. It authorised a number of regulated agreements and reviewed the regulated agreements for which the effects continue over time. It approved the wording of the press release.

5.2.1.9 Board committees

Committees are tasked by the Board of Directors with studying matters submitted for their review by the Board or its Chairman, as well as any matters that may be assigned to them by law. Four Committees have been set up since 1995: the Remuneration Committee, the Accounts Committee, the Selection Committee, and the Ethics, CSR and Patronage Committee.

Annexes to the Rules of Procedure, the content of which is indicated below, define the membership, remits and rules for the operation of the four committees. Executive directors and salaried directors of Bouygues cannot sit on the committees. The committees are chaired by independent directors.

The Board determines the membership and remits of the committees, which carry out their activities under the Board's responsibility. The Board appoints committee members from among directors.

Accounts Committee

The Accounts Committee was formed in 1996.

MEMBERSHIP

At 31 December 2015, the members of the Accounts Committee were Helman le Pas de Sécheval (Chairman), Anne-Marie Idrac and Michèle Vilain. The proportion of independent directors on the Committee was 100% [a].

Two members of the Accounts Committee have extensive financial skills and experience: Helman le Pas de Sécheval was head of the Financial Operations and Information department of the Commission des Opérations de Bourse (COB, now the AMF), Chief Financial Officer of the Groupama group and Managing Director of Groupama Centre-Atlantique. He was appointed to the Board of AMF in February 2015. Anne-Marie Idrac was notably director general at the Public Development Agency (EPA) of Cergy-Pontoise, Chair and CEO of the RATP (Paris public transport authority), and Chair of the SNCF (French state railways).

(a) To calculate the percentage of independent directors on Board committees, directors representing employees or employee shareholders are not taken into account (Article 15 of the Afep-Medef Code).

REMIT

In accordance with law, the Accounts Committee acts under the responsibility of the Board of Directors. As part of its role of overseeing matters relating to the preparation and audit of accounting and financial information, the Accounts Committee is tasked more specifically with overseeing:

- The process for preparing financial information. This involves:
  - reviewing the parent company and consolidated financial statements at least two days before they are presented to the Board;
  - ensuring that the accounting methods used to draw up the financial statements are both relevant and consistent;
  - reviewing the internal control procedures for the preparation of the financial statements, in conjunction with the relevant internal departments and advisors;
  - reviewing any changes that have a material impact on the financial statement;
  - reviewing the main accounting options used to close the financial statements and for making estimates and judgements, as well as the main changes in the scope of consolidation.
- The effectiveness of internal control and risk management systems. This notably involves:
  - reviewing once a year the key risks faced by the company, any changes in those risks and steps taken to control them;
  - reviewing once a year the main risks relating to information systems;
  - reviewing once a year the summary of the company's internal control assessment;
  - reviewing at least once a year the main accounting and financial risks faced by the company, any change therein, and the steps taken to control them;
  - ensuring that the head of the Internal Audit department presents, at least once a year, the department organisation chart, along with the audit plan and a summary of his or her reports and the action taken in light of his or her recommendations.
- The audit of the parent company and consolidated financial statements by the statutory auditors.
- The independence of the statutory auditors. This involves:
  - reviewing the breakdown of the fees paid by the company and Group companies to the statutory auditors' network, and ensuring that they do not represent a proportion of the auditors' revenue such that their independence may be impaired;
  - supervising the auditor selection and renewal procedure; making recommendations on statutory auditors proposed for appointment at general meetings.

In addition to carrying out general and regular checks, the Committee selects specific topics for in-depth review, such as the consequences of disposals or acquisitions. It checks the accounting treatment of the major risks incurred by Group companies, particularly country risk and, for example, at Bouygues Construction, risks involved in the execution of certain projects. The Committee pays particular attention to changes in accounting methods and to the main accounting options used to close the financial statements.

The Committee issues all reports and recommendations in relation to the above, both periodically when the financial statements are closed and as required by circumstances.

The Committee reviews the draft Report by the Chairman on internal control and risk management, and, if necessary, comments on this draft.

OPERATION

Members of the Accounts Committee receive information on accounting, financial and operational matters specific to the company when they are appointed.

Committee meetings are valid only if two members, including the Committee Chairman, are in attendance. The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. It meets at least twice each year to review the first-half and full-year financial statements before they are submitted to the Board. The Committee Chairman draws up the agenda. The opinions put forward by the Committee are based on a simple majority. In the event of a tie, the Chairman holds the casting vote.

To carry out its duties, the Committee has access to all accounting and financial documents that it deems useful. It must also meet with the statutory auditors and directors of the company who are in charge of finance, accounting, cash management and internal audit without the company's corporate officers being present.

The Committee also has the option of consulting external experts, as provided for in the Afep-Medef Code.

The statutory auditors provide the Accounts Committee with a summary of their work and of the accounting options used in preparing the financial statements.

The Committee meets the statutory auditors, without a company representative being present, at least once a year, to ensure that they were given full access to information and that they have all the resources they need to fulfil their duties.

During the review of the financial statements, the statutory auditors submit to the Accounts Committee a memorandum pointing out the essential aspects of the scope of consolidation, the findings of the statutory audit, notably adjustments and significant flaws in the internal control system identified during their work, and the accounting options chosen. The Chief Financial Officer provides the Committee with a memorandum describing the company's risk exposure and any material off-balance sheet commitments.

Key recommendations made by the statutory auditors are covered by an action plan and monitoring procedures presented to the Accounts Committee and senior management at least once each year.

The Accounts Committee's deliberations and the information provided to it are of a particularly confidential nature and must not be disclosed outside the Board of Directors. However, this rule does not impinge upon the financial reporting obligations incumbent upon listed companies.

The Committee reports on its work at the next subsequent meeting of the Board of Directors, in the form of reports that state the actions it has taken, its findings and any recommendations it may have. The Committee immediately informs the Board of any difficulties encountered in performing its duties.

WORK OF THE ACCOUNTS COMMITTEE IN 2015

The Accounts Committee met five times in 2015. The attendance rate was 95%.

The Accounts Committee reviewed, at least two days before they were presented to the Board, the quarterly, first-half and full-year parent company and consolidated financial statements, the draft First-Half Financial Report and corresponding draft press releases, as well as the section of the draft Report by the Chairman on internal control and risk management procedures. It also reviewed, among other things, the following subjects:

- accounting standards and rules applied by the Group;
- oversight of the statutory audit of the financial statements by the statutory auditors;
- monitoring fees paid to statutory auditors;
- proposal to renew the appointment of Mazars as auditor;
- the Group's cash position;
- the internal control system of each business segment;
- mapping of the Group's major risks;
- insurance policies;
- results of the self-assessment campaign as part of internal control; amendments to the Internal Control Reference Manual;
- reviewing measures relating to the prevention of psycho-social risks and to acquisitions;
- fraud reporting;
- audit plan, audit summary;
- table showing provisions;
- impact on the balance sheet of the sale by the Group of its interest in Eurosport France;
- impact of the new interpretation IFRIC 21;
- impact of the new levies introduced by the French public authorities;
- impairment testing of Bouygues' interests in Alstom, TF1, Bouygues Telecom and Colas;
- sale by Bouygues of its stake in Eranove;
- tax adjustment on an employee share ownership operation;
- consequences of the European reform of external audits; proposal to renew the appointment of Ernst & Young Audit;
- Bouygues Construction: monitoring of major projects (Flamanville EPR, Pan American Games sports facilities in Canada, Gautrain rail link, French Ministry of Defence headquarters (Balard), Paris law courts complex, City of Music in Boulogne-Billancourt, Singapore Sports Hub, Hong Kong tunnel, Hong Kong-Zhuhai-Macao bridge, Chernobyl confinement shelter), sale of the stake in the A28 motorway concession company;
- Bouygues Immobilier: value of land inventory in Spain, arbitration proceedings in Spain, contract for the future headquarters of SMABTP, adjustment to the method of provisioning for guarantees granted;
- Colas: reorganisation of subsidiaries in France, Dunkirk refinery (SRD), power station in Slovakia, tax litigation in Canada;
- TF1: situation of LCI, cost of the 2014 FIFA World Cup Brazil™, tax on text messages, channel 23 broadcasting department, partial sale of Rugby World Cup broadcasting rights to the Canal+ group, situation of the *Metronews* freesheet, sale of the remaining stake in Eurosport;
- Bouygues Telecom: impacts of different litigation matters, impact of the network sharing agreement with SFR, impacts of the voluntary redundancy plan, amortisation of assets resulting from network sharing with SFR.

In the course of its duties, the Accounts Committee interviewed the Group's CFO (regarding material risks and off-balance sheet commitments of the company), the Accounts and Audit Director, the audit manager, and the statutory auditors, without senior executives being present.

Remuneration Committee

MEMBERSHIP

At 31 December 2015, the members of the Remuneration Committee were Colette Lewiner (Chairwoman), Michel Bardou, Helman le Pas de Sécheval and François-Henri Pinault. The proportion of independent directors was 100% [a]. Michel Bardou, representing employees, was appointed as member of the Remuneration Committee on 24 February 2015.

REMIT

The Remuneration Committee was formed in 1995. In accordance with the recommendations of the Afep-Medef Code, it is responsible for:

- submitting proposals to the Board of Directors concerning the remuneration to be paid to executive directors as well as any benefits provided to them;
- proposing and overseeing the rules used to determine the variable portion of executive directors' remuneration each year, and ensuring that the arrangements are consistent with their performance and with the company's medium-term strategy;
- proposing a general policy for awarding stock options, stipulating in particular that no discount may be offered on options awarded to Group senior executives, and in particular executive directors; the allotments must be proportional to senior executives' merits and divided equitably between beneficiaries;
- reviewing the stock option plan(s) awarded to corporate officers and employees, and making recommendations to the Board on whether the option plans should concern new or existing shares;
- proposing remuneration and incentive arrangements for the Group's senior executives;
- where stock options or performance shares are awarded to the Chairman, Chief Executive Officer or Deputy Chief Executive Officer, making recommendations on the number of shares resulting from the exercise of stock options or performance share grants that the beneficiary is required to retain until the end of his or her term of office;
- proposing the performance conditions applicable to the allotment and exercise of options or performance share grants to the Chairman and Chief Executive Officer and/or the Deputy Chief Executive Officer;
- submitting each year to the Board of Directors the draft Reports on remuneration of corporate officers, and on stock options and performance shares.

(a) To calculate the percentage of independent directors on Board committees, directors representing employees or employee shareholders are not taken into account (Article 15 of the Afep-Medef Code).

OPERATION

The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. Committee meetings are valid only where two members, including the Committee Chairman, are in attendance. The Committee Chairman draws up the agenda.

The opinions issued by the Committee are based on a simple majority. In the event of a tie, the Chairman holds the casting vote.

In the course of its work, the Committee may meet with the Chairman of the Board of Directors or any other person designated by the Chairman.

The Committee reports on its work at the next subsequent meeting of the Board of Directors. When the report on the work of the Remuneration Committee is presented to it, the Board of Directors deliberates without executive directors being present.

WORK OF THE REMUNERATION COMMITTEE IN 2015

The Remuneration Committee met twice in 2015. The attendance rate was 87.50%.

In February 2015, the Remuneration Committee reviewed the calculation of the variable component of the remuneration of business segment senior executives. It proposed to round out the criteria used for determining the variable component of remuneration for 2015 and subsequent years by adding a new quantitative criterion relating to the current operating margin and a new qualitative criterion relating to CSR (Corporate Social Responsibility) development. It proposed to retain, for the two executive directors, the rules for determining the variable component of remuneration for 2015. It reviewed the Group's remuneration policy. It examined the conditions under which senior executives received supplementary retirement benefit. It examined the advantages and disadvantages of the new profit-sharing schemes. It proposed to maintain the stock option system at this stage by reducing the vesting period to two years and extending the end of the exercise period to ten years. It examined the impacts on defined-benefit supplementary pension schemes of the Macron bill for growth, activity and equality of economic opportunity. It recommended setting up a new stock option plan following the Annual General Meeting of 23 April 2015. The Committee also examined and put to the Board reports on the remuneration of corporate officers and the grant and exercise of stock options during 2014.

Selection Committee

MEMBERSHIP

At 31 December 2015, the members of the Selection Committee were Jean Peyrelevade (Chairman), Jean-Paul Chifflet and François-Henri Pinault. Two of its members, or two-thirds, are qualified as independent by the Board.

REMIT

The Selection Committee was formed in 1997. In accordance with the recommendations of the Afep-Medef Code, it is responsible for:

- periodically reviewing issues related to the membership, organisation and operation of the Board of Directors in order to make proposals to the Board;
- reviewing for this purpose:
  - candidacies for directorships and non-voting directorships, taking care to ensure that at least one third of Board members are independent directors,
  - plans to form Board committees and proposed lists of their remits and members;
- giving an opinion on appointments to the Board and on term-of-office renewals or removals from office of a director or an executive director presented to the Board;
- considering solutions for replacing executive directors in the event of an unforeseen vacancy.

The Selection Committee pays particular attention to the mix of skills, experience and knowledge of the Group business segments that each candidate will need to make an effective contribution to the Board's work.

OPERATION

Committee meetings are valid only if two or more of its members, including its Chairman, are in attendance. The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. The Committee Chairman draws up the agenda.

The Chairman of the Board of Directors is involved in the Committee's proceedings. In the course of its work, the Committee may meet with any candidates it considers suitable for positions to be filled.

The opinions issued by the Selection Committee are based on a simple majority. Where only two members are in attendance at a Committee meeting, the Chairman has the casting vote.

The Committee reports on its work at the next subsequent meeting of the Board of Directors.

WORK OF THE SELECTION COMMITTEE IN 2015

The Selection Committee met once in 2015. The attendance rate was 75%.

After examining the Board's membership and checking the gender balance, the Selection Committee gave a positive opinion on the reappointment as directors of Martin Bouygues, François Bertière and Anne-Marie Idrac. The Committee confirmed that Anne-Marie Idrac, Helman le Pas de Sécheval, Colette Lewiner, Jean Peyrelevade, François-Henri Pinault and Rose-Marie Van Lerberghe were independent directors. It reviewed the Corporate governance section of the draft Report by the Chairman presented at the Combined Annual General Meeting of 23 April 2015.

Ethics, CSR and Patronage Committee

MEMBERSHIP

At 31 December 2015, the members of the Ethics, CSR and Patronage Committee were Anne-Marie Idrac (Chairwoman), Raphaëlle Deflesselle, Sandra Nombret and Rose-Marie Van Lerberghe. Anne-Marie Idrac and Rose-Marie Van Lerberghe are independent directors. Raphaëlle Deflesselle, representing employees, was appointed as member of the Committee on 24 February 2015. The proportion of independent directors was 100% [a].

(a) To calculate the percentage of independent directors on Board committees, directors representing employees or employee shareholders are not taken into account (Article 15 of the Afep-Medef Code).

REMIT

The Ethics, CSR and Patronage Committee, formed in March 2001, has the following responsibilities:

- in the field of ethics, the Committee:
  - helps define the rules of conduct or principles underpinning corporate behaviour applicable to senior executives and employees alike,
  - makes recommendations or gives an opinion on initiatives aimed at promoting best practices in this area,
  - ensures compliance with the values and rules of conduct thus defined;
- in the field of CSR (since 2014):
  - reviews at least once a year Group issues in environmental, human resources and social responsibility,
  - gives its opinion to the Board on the report on CSR as required by Article L. 225-102-1 of the Commercial Code;
- in the field of patronage, the Committee:
  - sets rules or makes recommendations that must be followed by Bouygues,
  - gives its opinion to the Chairman of the Board on patronage initiatives identified by Bouygues when they represent a significant financial investment,
  - ensures that its recommendations are implemented and that these initiatives are properly carried out.

The Ethics, CSR and Patronage Committee also gives the Board an opinion on the report on the human resources and environmental consequences of the company's business, as required by Article L. 225-102-1 of the Commercial Code.

OPERATION

The Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. In the course of its work, the Committee may meet with the Chairman of the Board of Directors or any other person designated by him. The Committee reports on its work at the next subsequent meeting of the Board of Directors.

WORK OF THE ETHICS, CSR AND PATRONAGE COMMITTEE IN 2015

The Ethics, CSR and Patronage Committee met five times in 2015. The attendance rate was 100%.

In the field of patronage, after reviewing numerous projects proposed to Bouygues, the Committee gave a favourable opinion on the commencement or continuation of some 40 patronage initiatives of a humanitarian, medical, social and cultural nature. The main patronage activities are described in chapter 3 of this Registration Document. In all, the different entities of the Group donate some €50 million a year, of which around €30 million to €35 million in free advertising space donated by TF1 to charitable organisations.

In the field of ethics, the Committee also familiarised itself with ongoing legal proceedings. The Committee reviewed the mechanisms implemented to prevent and detect anti-competitive or unethical business practices. It monitored the implementation within the business segments of the four Compliance Programmes introduced in 2014 to formalise and develop the prevention of non-compliant practices in the areas of competition, corruption (see chapter 3, section 3.4.4.1), financial information and securities trading, and conflicts of interest (see section 5.3 below). It ensured that progress was made in this respect.

In the field of CSR, for which the Committee has responsibility since 2014, it reviewed the strategies and initiatives led within the Group.

5.2.1.10 Ethical conduct

The directors of Bouygues are required to comply with all the rules of conduct listed in Articles 19 and 20 of the Afep-Medef Code and the Code of Conduct appended to the Rules of Procedure of the Board of Directors. These documents are also available on the Bouygues website.

The Code of Conduct includes detailed requirements regarding directors' duty to be informed, regular attendance, reducing multiple directorships, preventing conflicts of interest, holding shares in the company, confidentiality, and detailed measures for preventing insider dealing.

The Compliance Programmes approved in January 2014 by the Board of Directors set forth rules relating in particular to ethical conduct in securities trading and the prevention of conflicts of interest.

Rules related to regular attendance and multiple directorships

The Code of Conduct states that directors must devote the necessary time and attention to their functions. They must attend and participate regularly in the meetings of the Board and of any committees of which they are a member. Directors' fees include a variable component of 70% related to regular attendance (see section 5.4.1.3).

All directors are required to comply with the instructions set out in the Commercial Code governing multiple directorships in *Sociétés Anonymes* (public limited companies), as well as the recommendations of the Afep-Medef Code according to which:

- executive directors must not agree to hold more than two directorships in listed companies, including foreign companies, outside their group; they must also seek the opinion of the Board before accepting another directorship in a listed company;
- directors must not agree to hold more than four directorships in listed companies, including foreign companies, outside their group. This recommendation applies to the appointment or the renewal of a term of office as director;
- directors must inform the Board of directorships held in other companies, including their involvement in the board committees of these French or foreign companies.

As far as the Board of Directors is aware, all these rules are respected by the directors[a].

(a) Colette Lewiner resigned from office as a director of Crompton Greaves Limited in January 2016. Her resignation takes effect in March 2016.

In 2015, the attendance rate at Board and Committee meetings was:

	Board of Directors (9 meetings)	Accounts Committee (5 meetings)	Remuneration Committee (2 meetings)	Selection Committee (1 meeting)	Ethics, CSR and Patronage Committee (5 meetings)
Martin Bouygues	100%				
Olivier Bouygues	88.9%				
Michel Bardou [a]	100%		100%		
François Bertière	100%				
Jean-Paul Chifflet	88.9%			100%	
Raphaëlle Deflesselle [b]	100%				100%
Anne-Marie Idrac	88.9%	80%			100%
Patrick Kron	100%				
Hervé Le Bouc	88.9%				
Helman le Pas de Sécheval	100%	100%	100%		
Colette Lewiner	100%		100%		
Sandra Nombret	100%				100%
Nonce Paolini	100%				
Jean Peyrelevade	100%			100%	
François-Henri Pinault	66.7%		50%	0%	
Rose-Marie Van Lerberghe	100%				100%
Michèle Vilain	100%	100%			

(a) Michel Bardou was appointed as member of the Remuneration Committee on 24 February 2015.
(b) Raphaëlle Deflesselle was appointed as member of the Ethics, CSR and Patronage Committee on 24 February 2015.

Rules on the prevention of conflicts of interest

The Code of Conduct sets forth specific measures for preventing conflicts of interest. Moreover, the Board of Directors adopted a compliance programme on conflicts of interest at its 21 January 2014 meeting. The aim of this programme is to cover situations in which a Bouygues group employee or senior executive faces a conflict of interest in connection with his or her professional activity or his or her directorship.

The provisions of the Conflicts of Interest Compliance Programme relating to directors and corporate officers are as follows:

"Directors and executive officers of all Group companies are required to pay special care and attention to conflicts of interest."

"7.1 Specific regulations (called "regulated agreements") deal with conflict of interest issues that may arise between the company and its senior executives — Chief Executive Officer, Deputy CEO, director, chairman of a simplified limited company (Société par Actions Simplifiée – SAS), etc. — as a result of (i) agreements between them and the company; (ii) agreements in which the senior executives may indirectly have an interest, or (iii) agreements between two companies with common senior executives."

These rules must be strictly applied within the Group. Legal departments should make sure that the regulations on regulated agreements and the Bouygues group Internal Charter on Regulated Agreements are strictly observed."

"7.2 Directors and executive officers should inform their board of directors of any conflict of interest situation, even potential, between their duties to the company and their private interests. The chairman of a board may, at any time, ask the directors and non-voting directors to provide a written statement confirming that they are not in a conflict of interest situation."

"7.3 Directors must not take part in the vote on any issue that concerns them directly or indirectly. In some cases, this obligation to refrain from taking part in the vote may even require the relevant person not to attend the meetings and not to have sight of the documents about the issue in question."

"7.4 Directors and executive officers must not engage in an activity that would place them in a conflict of interest situation nor must they hold interests in a client, supplier or rival company if such an investment could influence their behaviour in the performance of their duties."

The same provisions are set out in the Rules of Procedure of the Board of Directors, which also stipulate that *"The Chairman of the Board may ask directors at any time to confirm in writing that they are not subject to any conflict of interest."*

To date, the company is aware of the following potential conflicts of interest:

- major shareholders of the Group (SCDM and Group employee shareholders) are directly or indirectly represented on the Board of Directors by Martin Bouygues, Olivier Bouygues, Sandra Nombret and Michèle Vilain;

- potential conflicts of interest exist because some of the directors hold directorships in other companies. The list of directorships is set out above (see section 5.1);
- Martin Bouygues and Olivier Bouygues have family ties. The company is not aware of other family ties between Board members;
- François Bertière, Hervé Le Bouc and Nonce Paolini are bound to the company by employment contracts. Sandra Nombret, Michèle Vilain, Raphaëlle Deflesselle and Michel Bardou are bound by employment contracts to Bouygues subsidiaries;
- François Bertière, Martin Bouygues, Olivier Bouygues, Colette Lewiner, Hervé Le Bouc and Nonce Paolini hold directorships in Bouygues subsidiaries.

As far as the company is aware, and subject to the agreement between SCDM and Bouygues, none of the members of the Board of Directors is linked to the company or any of its subsidiaries by a service agreement providing for benefits.

As far as the company is aware, to date there are no other potential conflicts of interest between the duties of any of the members of the Board of Directors with regard to the company and their private interests and/or other duties.

The Auditors' special report on regulated agreements and commitments (see chapter 8, section 8.3 of this Registration Document) details the agreements and commitments submitted to the Board of Directors for authorisation and on which directors abstained from voting because of ongoing or potential conflicts of interest.

Regulated agreements

The Bouygues group Internal Charter on Regulated Agreements, approved by the Board of Directors, is available on www.bouygues.com. The aim of this Charter is to make it easier for Bouygues group companies to identify agreements, which, as they directly or indirectly concern a senior executive or a shareholder, must follow the regulated agreements procedure provided for by the Commercial Code (prior authorisation from the Board of Directors, auditors' special report, approval by the Annual General Meeting).

This Charter uses the definition of a *"person who is indirectly concerned"* suggested by the Paris Chamber of Commerce and Industry: *"A person is considered to be indirectly concerned by an agreement to which he is not a party where, due to his connections with the parties and the powers he has to influence their behaviour, he derives benefit from the agreement."*

Regulated agreements authorised by the Bouygues Board of Directors but not yet approved by the Annual General Meeting are described in the Board of Directors' report on the resolutions (see chapter 8, section 8.2 of this Registration Document) as well as in the Auditors' special report on regulated agreements (see chapter 8, section 8.3.1 of this Registration Document). This report also mentions regulated agreements for which the effects continue over time, which the Board of Directors reviews each year. Only new agreements are submitted to the Annual General Meeting for approval.

Judicial convictions

As far as the company is aware, during the last five years, none of the members of the Board of Directors has been:

- found guilty of fraud, incriminated or subject to official public sanction by any statutory or regulatory body;
- associated, in the capacity of senior executive, with any insolvency, compulsory administration or liquidation proceedings;
- prevented by a court from acting as a member of an issuer's administrative, management or supervisory body or from being involved in an issuer's management or the conduct of its business.

Restrictions agreed to by the members of the Board of Directors in relation to the sale of their shares in the company

The articles of association stipulate that each director, with the exception of the directors representing employees, must hold at least ten shares in the company. The Rules of Procedure recommend that each director and non-voting director own 500 shares in the company.

Subject to the above, the members of the Board of Directors have not agreed to any restriction in relation to the sale of their investment in the capital of the company, with the exception of the rules relating to the prevention of insider dealing.

Prevention of insider dealing

All Bouygues directors are required to respect the rules on the prevention of insider dealing in the Code of Conduct. The Code of Conduct is set out in Annex 1 of the Rules of Procedure of the Board of Directors, accessible on the Bouygues website. The Financial Information and Securities Trading Compliance Programme adopted by the Board in January 2014 sets out and supplements these rules.

5.2.1.11 Assessment of the Board of Directors

The Board's Rules of Procedure stipulate that the Board should periodically assess its ability to meet shareholders' expectations by reviewing its membership, organisation and operation, and by undertaking a similar review of Board committees.

Once a year, generally during its November meeting, the Board thus devotes an item on the agenda to assessing its own operation.

This formal assessment is intended to:

- take stock of the methods of operation of the Board and its committees;
- ensure that important issues are properly prepared and debated.

Shareholders are informed each year, in the Registration Document, of the completion of assessments, together with any action to be taken as a result.

Pursuant to these provisions, on 12 November 2015, the Board of Directors devoted an item on its agenda to a discussion of its organisation and operation.

As is the case each year, this assessment was of a formal nature, with a detailed questionnaire and a memorandum on the Board's operation having been sent in advance by the Chairman and Chief Executive Officer to the directors to enable them to prepare for this discussion. The questionnaire included both closed questions, in order to categorise responses accurately, and open questions, so as to give directors the opportunity to qualify and explain their responses.

It also included questions aimed at assessing the effective contribution of each director to the work of the Board. Supplemental questionnaires had been sent to the members of each committee. Directors were invited to hold a discussion with the Group's Corporate Secretary with a view to optimising preparations for the meeting.

In all, 14 responses to 16 questionnaires were received, a response rate of 88%. These responses were reviewed by the Corporate Secretary and compared with those from previous years in order to measure progress.

The main conclusions of the assessment are as follows.

As is the case each year, the Board examined the desirable balance of its membership and that of the committees, in particular with regard to the representation of women and men, nationalities and skills diversity, and in terms of the specific provisions designed to guarantee to shareholders and to the market that the Board performs its duties with the necessary independence, competence and objectivity. In their responses, members expressed very satisfactory views overall on these topics.

The Board's membership and the proportion of independent directors were considered appropriate overall. The Board observed that, consistent with the aim expressed in the previous assessment, the number of directors had been decreased and the proportion of independent directors increased. However, the number of directors is still considered as slightly too high. Increasing the number of women on the Board also needs to be pursued. The directors would also like the Board membership to become more international and diverse. However, few directors are in favour of the appointment of a senior director.

The quality of the information provided to the directors was deemed satisfactory. It has improved notably in terms of litigation, strategy and long-term development, as requested in the previous assessment. Improvements could still be made in areas such as R&D, CSR and the human resources policy.

The current assessment system is considered satisfactory. However, the exercise aimed at assessing the individual contributions of directors to the work of the Board, initially proposed in 2015 to satisfy a recommendation in the Afep-Medef Code, was not widely followed.

5.2.2 Internal control and risk management procedures

5.2.2.1 Introduction

Bouygues and its subsidiaries are acutely aware of the importance of internal control and risk management. These processes help give reasonable assurance as to the achievement of the Group's principal objectives.

Risk management has always been an essential part of the Group's corporate culture. It is a key concern of the Group's managers and is based on internal control mechanisms inspired by principles that have been applied across the Group's business segments for many years.

Internal control and risk management bodies and procedures thus play a part in identifying, preventing and managing the main risk factors that could hinder the Group in achieving its objectives.

Like any control and risk management system, however, the system set up by Bouygues cannot provide a cast-iron guarantee of the Group's ability to achieve its objectives.

While the aim of internal control is to ensure that the instructions and guidelines set by senior management are applied, the process is also intended to ensure that the way in which the Group is managed and conducts its business, and the behaviour of employees, comply with regulations and with the rules and principles that Bouygues wishes to apply within the Group.

Internal control plays its primary role in operations, and risk management is deeply embedded in key processes of the Group's business segments, for which internal control aims to ensure the smooth operation.

Given the potential importance of the quality and reliability of the Group's accounting and financial information, internal control is also widely applied in accounting and financial matters.

The purpose of the risk management mechanism is to safeguard the value, assets and reputation of the company while buttressing its processes and decision-making arrangements. The system helps people act in a way that is consistent with the company's values and rallies employees around a shared view of the main risks.

The scope of this report covers the Bouygues group (parent company, Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom).

5.2.2.2 Bouygues group internal control and risk management

The Internal Control and Risk Management Reference Manual of the Bouygues group is based on the reference framework published by the AMF in 2007.

The Manual was first updated in 2010 after the AMF reference framework was revised to accommodate changes in laws and regulations on risk management as well as the AMF Recommendation on audit committees.

It is regularly amended in order to make improvements that take account of changes to and feedback from the business segments.

The Manual covers the general principles of internal control and risk management, on the one hand, and internal control principles relating to accounting and finance, on the other. The main objectives are to:

- formalise the Group's key internal control principles;
- better identify common best practices across its business segments;
- develop a consistent approach to major issues affecting the entire Group.

Each business segment has further developed this Group approach by analysing the specific aspects of its own internal control mechanisms and has supplemented the Internal Control and Risk Management Reference Manual of the Bouygues group with principles specifically related to its own activities.

The Manual includes a "Risk management: principles and method" component, which describes the approach to be used in the Group to:

- identify and monitor major risks;
- pass knowledge from one generation to another (experience).

This approach encompasses the various key stages of risk management: identification, classification, assessment, prioritisation, handling, reporting and communication.

A series of key principles has been defined for each stage for which the concept has been precisely defined. Taken as a whole, these principles make up the Group procedure for managing risks.

Every year, each business segment presents its risk map based on the above principles to its Accounts Committee and its Board. A map of Group-wide risks, derived from the business segments' maps, is then presented to the Accounts Committee and subsequently to the Bouygues Board of Directors.

The Manual also includes an "Ongoing supervision of internal control" component, which describes in particular the method for self-assessing internal control principles.

Using this methodology, the business segments continued in 2015 to assess the extent to which these internal control principles were being applied.

The method used to implement internal control assessment campaigns in each business segment is gradually being focused on the main risks and issues identified at Group and business segment level.

In 2015, all the business segments assessed themselves on the following five topics (core procedures): the fight against corruption; the respect of competition law; the promotion of ethics in the Group; information systems and purchases.

At Bouygues Telecom and its subsidiaries, the 2015 assessment campaign (general principles) also addressed four additional topics: organisation charts/delegations of power, human resources, insurance and guarantees. It was implemented across practically the entire scope.

Bouygues Construction endeavoured to carry out the self-assessment in depth, notably at a number of production departments and branches. The campaign concerned over 100 organisational structures representing around 80% of sales. In addition to the topics common to the business segments, the following topics were assessed: human resources and subcontracting.

At TF1, the 2015 assessment campaign focused on all the general principles of internal control and on all the entities generating TF1 group sales, excluding TF1 Films Production, LCI and *Metronews*. New activities are gradually being integrated at a pace commensurate with the introduction of processes and tools for monitoring activity within said entities.

At Colas, the self-assessment was extended to all activities. The self-assessment follows a three-year cycle (two years out of three the campaign focuses on the main risk factors and in the third year on all the principles). Each subsidiary was asked to continue implementing assessments at operating units. In 2015, the main action plans were carried out in the following areas: the implementation of the Compliance Programmes adopted at Group level, the securing of financial transactions, the roll-out of purchasing procedures and/or supply management.

In 2015, Bouygues Immobilier once again extended the assessment scope (to over 98% of sales). For the principles assessed, Bouygues Immobilier reviewed two general topics (human resources and investment in external growth) in addition to the five topics common to all Group business segments.

In each business segment, a summary of the assessments made in the 2015 campaign was presented to the Accounts Committee of the business segment lead company.

5.2.2.3 General internal control environment

The parent company and the senior executives of the Group strive to create an environment that promotes awareness among Group employees of the need for internal control. The same applies to the parent companies of the business segments.

More generally, the desire of Group senior management to promote the general internal control environment is expressed in various areas and notably employee conduct and respect for ethics. The Chairman and Chief Executive Officer regularly issues strong messages to the Group's senior executives about the need to adopt impeccable conduct in every respect, which means both complying with prevailing laws and regulations while observing the Group's own ethics and values.

He does so firstly at Group Management Meetings, which are attended once a quarter by the Group's key senior executives (about 450 people), and also through the Bouygues Management Institute (IMB), which regularly organises "Development of Bouygues Values" seminars designed to raise awareness among senior executives of the need to comply in all circumstances with laws and regulations and with the ethical rules that form the basis of the Group's mindset. The Chairman and Chief Executive Officer of Bouygues and other members of the company's senior management always speak at these seminars.

From time to time, the Group's Corporate Secretary organises executive seminars designed more specifically to remind participants of the regulations that apply in various areas and how they tie in with legal problems encountered by the business segments.

These efforts are taken up and amplified in the business segments. For example, at Colas in 2015, a Compliance Director was appointed, reporting to the Chairman and Chief Executive Officer. Also at Colas, business ethics training campaigns had addressed 90% of managerial staff in France by the end of 2015.

The Bouygues Board of Directors has an Ethics, CSR and Patronage Committee. Detailed information on the Committee and its work can be found in the section of the report devoted to corporate governance (see section 5.2.1.9).

The Bouygues group has a Code of Ethics that sets out the essential values with which the Group and its employees are expected to comply in the workplace. The existence of this Code contributes to achieving the objective of better conduct and is intended to help employees make decisions in real situations by reference to clear and precise principles.

Each business segment appointed an Ethics Officer and the Boards of Directors of all the business segments (Bouygues Immobilier, Bouygues Telecom, Bouygues Construction, Colas and now TF1) have now created an Ethics Committee. TF1 has also introduced its own Code of Ethics, supplementing that of the Bouygues group.

The Bouygues group has implemented a whistleblowing facility so that employees can report infringements of ethical principles.

The procedure has been brought into line with the recommendations of the French data protection authority, Cnil. In accordance with the European Commission Recommendation of 15 February 2005 on the role of directors, the procedure operates under the control of the Ethics, CSR and Patronage Committee of the Board of Directors.

The Bouygues group decided to give fresh impetus to meeting its objectives in terms of ethics, by drawing up the following four Compliance Programmes:

- Anti-corruption;
- Conflicts of Interest;
- Financial Information and Securities Trading;
- Competition.

In these Compliance Programmes, the Group reiterates the main applicable regulations and rules of conduct and specifies the measures for information, prevention, control and sanctions that are to be implemented within the business segments. The Bouygues Board of Directors approved these Compliance Programmes on 21 January 2014.

The Compliance Programmes were disseminated in 2014. Specific training for employees at the business segments was provided in 2015. For example, at Bouygues Construction the Compliance Programmes were disseminated widely and an "Ethics and Compliance" commitment was addressed to more than 1,500 employees with a return rate of over 99%.

Maintaining a high level of competence among Bouygues group employees is also one of the parent company's aims, since it helps to create an environment favourable to internal control. Bouygues therefore takes a proactive approach to staff training while seeking to secure the loyalty of its key employees, with a view to preserving a level of experience and knowledge in the company conducive to the transmission of the Group's culture and values.

More generally, the philosophy that the parent company wishes its business segments to share is that of a Group whose senior executives are close to their key employees and whose management practices are transparent, prudent and rigorous.

These principles are formulated at Group Management Committee level and passed on to business segments at all levels (Board of Directors, senior management and management committee). Strategic decisions taken by the Group at the highest level are consistently inspired by this philosophy and serve as a benchmark for each business segment.

The parent company also plays a leading role in human resources management policy at Group level.

The Senior Vice-President, Human Resources and Administration chairs and coordinates the Group Human Resources Committee, an essential link in passing on the Group's values.

The Group Human Resources Charter helps to spread the Group's culture by reminding everyone that the company's development is primarily dependent on employees.

5.2.2.4 Objectives/management cycle

The purpose of introducing internal control procedures is to help the Group achieve its objectives by taking into consideration the risks to which it is exposed.

The Group's general objectives are defined through the management cycle, a process which enables the Group's senior management to participate early on in determining the strategies of each business segment, to approve their business plans prepared in the context of that strategic framework, and then to monitor the gradual achievement of objectives in the course of the year.

The principles of the management cycle are directly applicable in all Group entities, thus ensuring that the Group as a whole has a solid and coherent structure.

This iterative process enables the Group's senior management to ensure at all times that objectives are consistent with strategies, monitor any discrepancies between results and objectives, and anticipate remedial action to be taken at Group or business segment level (financing requirements, redefinition of priorities, etc.).

Another aim is to provide the Group's senior management and the Bouygues Board of Directors with all the information necessary for them to make decisions.

The key members of the parent company's senior management team sit on the Boards of the lead companies of the Group's business segments, and it is those Boards that decide on strategic priorities and business plans.

Strategic plan and business plans

Each business segment defines its own strategic plan for the medium term (three years) taking into account the Group's general strategy and its own particular characteristics. The strategic plan is presented to the

Group's senior management by the senior management of each business segment in May.

The resulting action plans form the basis of the three-year business plans, which are presented to the Bouygues Board of Directors in the following January.

Annual plan

In the January business plan, the first year is described in the greatest detail and represents a commitment by each business segment to the Group's senior management. This is known as the annual plan.

An initial review of progress (or update) of the annual plan for the current year takes place in May, when the strategic plan is presented to the Group's senior management.

A second update takes place in November, and is incorporated into the new business plan.

5.2.2.5 Organisation – Key players and functions

Senior management

Senior management teams are responsible for managing the internal control mechanism as a whole, defining strategic priorities and ensuring that internal control and risk management procedures are designed and implemented in a manner appropriate to each company's development.

Accounts Committees

The characteristics and the responsibilities of the Bouygues Accounts Committee are set out in the Corporate Governance section of this report (see section 5.2.1.9). Each business segment's Board of Directors has formed an Accounts Committee with similar responsibilities to those of the Bouygues Accounts Committee. In addition to responsibilities concerning elective accounting treatment and the review of the financial statements of Bouygues, these include monitoring the effectiveness of internal control and risk management systems. The business segment Accounts Committees review the programmes and findings of internal audits as well as the risk mapping exercises. Consequently, the Accounts Committee is a key component in the internal control and risk management mechanism.

Internal Control departments

The parent company has created a Group Internal Control and Audit department, which plays a major role in the development of the Group's internal control policy. The Group Internal Control and Audit department is charged in particular with:

- overseeing the Group's internal control and audit functions;
- coordinating the business segments' internal control, risk management and audit activities.

The business segments also have an organisational structure dedicated to internal control. Generally, the bodies that are set up are mainly in charge of assessment campaigns and risk mapping. They sometimes take on more overarching responsibilities in relation to internal control procedures.

Bouygues Construction's Legal Affairs, Audit and Internal Control department directs internal control and receives support in rolling out the approach mainly from support functions. Each entity has nominated an internal control correspondent, who serves as the operational contact point. This role is generally performed by the subsidiary's Corporate Secretary.

Bouygues Telecom has put in place a business-wide risk management process that is embedded in the company's normal business cycle. A risk manager is responsible for the process, assisted by risk correspondents who represent the organisation's main departments and whose main task is to collate and assess risk. Risk correspondents make sure that the overall system and its development are coherent. A report is submitted on a regular basis to senior management. A quarterly internal control committee meeting brings together the 13 internal control correspondents and the risk manager.

At TF1, the internal control approach is directed by the Audit and Internal Control department. Committees have been set up within operating entities, and each entity has a risk correspondent. There is also a Support Committee, which deals with issues falling within the scope of support divisions.

At Bouygues Immobilier, the Internal Control department is in charge of risk mapping with assistance from the relevant bodies and managers, as well as organising, directing and summarising the self-assessment procedure, including the monitoring of action plans. It works in conjunction with the Internal Audit department and the Insurance department. There is also a Processes and Procedures department, which is tasked with maintaining, developing and updating all the processes and procedures. These four departments have been grouped within the Risk Management department to optimise overall effectiveness.

At Colas, the Internal Control and Audit department organises and directs internal control in conjunction with correspondents at the subsidiaries, as part of a highly decentralised organisation.

Corporate Secretary – Legal Affairs departments

The Group Corporate Secretary monitors matters with significant legal implications for the Group.

In this context, the Group Corporate Secretary may occasionally become involved alongside the business segments in handling major disputes or matters having an impact at Group level.

Bouygues' Corporate Secretary chairs the Group Legal Committee, which is made up of the legal affairs directors of the business segments. He thus coordinates and supervises all the Group's legal affairs.

The Corporate Secretary is also the Group Ethics Officer.

Within the business segments, the legal affairs departments, and more generally the support departments, play a major role in preventing and dealing with risks.

Risk and Insurance departments

The Group Risk and Insurance department provides assistance, advice and support to the Group's subsidiaries. It also has a role in risk management.

Based on its comprehensive overview of the business segments' guidelines on insurance, the Group Risk and Insurance department takes out Group-wide insurance policies to supplement the insurance taken out at business segment level.

It ensures that subsidiaries are insured with top-ranking companies and that the terms of their policies (coverage, deductibles and premiums) are consistent with their risk exposure.

The Risk and Insurance departments of the business segments make a vital contribution to risk management.

Management control

The management control system is organised such that no Group company escapes the management control process. Any company not controlled by a business segment is controlled by the parent company.

The principles governing operational relations between the parent company and the business segments have been summarised in a document drawn up by the Group Strategy and Development department and regularly updated. This document serves as a guideline for all the business segments.

GROUP REPORTING

The parent company systematically controls subsidiaries' financial management through an annual plan, including updates, and sets of monthly indicators. The indicators are sent directly to the Group's senior management and centralised by the Group Strategy and Development department.

Every quarter, interim financial statements are produced and consolidated at Group level.

The management cycle and control and reporting procedures thus provide a regular flow of information and ensure ongoing dialogue with the business segments. Plans can be adjusted and the parent company is always in a position to control the management of its subsidiaries and intervene in advance of strategic decisions.

BUSINESS SEGMENT REPORTING

In the business segments, management control is also carried out according to the same principles through the specifically assigned departments and dedicated information systems that have been put in place.

Cash management and finance

The Group Cash Management and Finance department at the parent company defines and monitors the application of financial management principles at Group level. Its role is both to direct and to coordinate.

The operating principles mainly concern the "Bouygues Relais" and "Uniservice" cash management centres, managed by the parent company, and the businesses' own cash management centres. They also apply to the financing of subsidiaries.

The fundamental rules of management relate in particular to internal security (two signatures for payments, etc.), external security (secure cheques, payment by promissory note, etc.), liquidity (confirmed credit facilities, investment of cash surpluses, etc.), counterparty quality, legal documentation for loan agreements and the assessment and hedging, where necessary, of exchange rate risk.

Internal audit

Internal audit is an analytical and monitoring tool that plays a key role in risk management.

At parent company level, the Group Internal Control and Audit department combines both functions, coordinating the internal audit function at Group level and performing internal audit assignments at the request of Bouygues' senior management, as well as for Bouygues Telecom since September 2014. The Group has around 50 auditors.

Each business segment (with the exception of Bouygues Telecom) has an Audit department.

The Group Internal Audit Charter stresses that the main tasks of internal audit are to provide senior management with reasonable assurance that the organisational principles and the internal control and risk management mechanisms are both reliable and effective. Internal audit assesses:

- the identification and control of risks based on an analysis of key issues;
- the effectiveness of risk management mechanisms and implementation of action plans;
- the control and efficiency of operational and support processes;
- the integrity, reliability, completeness, traceability and protection of information produced for accounting, financial and management purposes.

5.2.2.6 Internal control and risk management procedures

Specific risks may differ considerably depending on the business segment concerned. For example, they may relate to regulation, technology, competition, the environment or risks involved in major projects. The business segments have thus set up formalised and appropriate procedures in order to ensure better control (see chapter 4 "Risk factors" of this Registration Document).

Bouygues Construction

At Bouygues Construction, risk management is fully integrated into the company's processes: strict procedures apply to the selection and submission of tenders, which are considered by formal Commitment Committees in light of the risks arising on each contract. Depending on the level of financial commitments, the cost of work or the technical challenges involved, Bouygues Construction's entities are required to make an application to request the agreement of Bouygues Construction's senior management. Financial and legal affairs teams are involved before projects are launched. From a technical standpoint, each entity has major resources for studies and, in certain areas, can call on experts who are organised into centres of excellence at group level. For major projects, specific attention is paid to studies that are cross-validated (internally and by external consulting firms). The financial risk curve is monitored on an ongoing basis for major contracts. The management control function has the resources and authority to track the results of each construction project each month and to flag any discrepancies with budgeted figures.

Bouygues Immobilier

Bouygues Immobilier has an internal procedures manual that is updated on a regular basis.

Particular attention is paid to the land acquisition commitment process (promises to sell and land acquisition) and the start of works.

A meeting of the Commitments Committee must be held before any deed is signed with a view to acquiring land (or buildings). All decisions to acquire land are strictly controlled.

Furthermore, the company has strengthened its environmental risk prevention policy in connection with land purchases.

The company could also have its liability triggered by its customers if the properties it sells were found to be poorly constructed. Under the terms of its performance guarantee, Bouygues Immobilier calls on companies to address any snags as quickly as possible. It is also careful to ensure that all involved parties (contractors, engineering consultants, technical design firms, etc.) scrupulously comply with ten-year insurance requirements.

Colas

Financial and accounting risks have always been managed by reference to clearly defined principles and procedures within the Colas group. Risk management is mainly based on preventive measures and insurance cover.

Despite a very strong culture of decentralisation, arrangements exist for the control of commitments both in terms of commercial commitments (projects are submitted to Contract Committees) and in terms of external growth or property acquisitions, or bids for long-term projects (public-private partnerships and private finance initiatives and concession contracts), which must be presented, depending on their importance, for prior agreement to the senior management of Colas and the Board of Directors of Colas or of the subsidiary.

TF1

TF1 launched a procedure for identifying major risks, with a view to establishing a decision-making system in crisis situations. This resulted in the 'Réagir' Committee, whose objective, linked to business continuity, is to build and update a model of mission-critical processes in the event of incidents. The Réagir Committee monitors and forestalls the major risks associated with the TF1 group's mission-critical processes. It also updates and adds to the various procedures.

In this respect, the importance of the role played by the Technical and Information Systems department, which is responsible for making some of the channel's shows, programme broadcasting, broadcasting networks and IT systems, should be emphasised. The Technical and Information Systems department asks the Group Information Systems department to identify which information systems are critical for the production of information and the secure and effective management of operations. The department also guarantees the channel's security and works to formally document an information security policy and establish security standards across the TF1 group. The TF1 Broadcasting department also ensures that programmes are compliant and that the channel's operating terms of reference are observed.

Particular attention is given to the purchasing process, which can result in substantial commitments (for example, in the case of contracts for the purchase of rights). These contracts are subject to a specific approval procedure involving various departments and sometimes senior management, depending on the amount of the commitment and the nature of the contract concerned.

Bouygues Telecom

Product/service offerings are vitally important and are therefore examined by a special committee in which Bouygues Telecom's senior management is involved. For the same reasons, a review committee was set up to follow up product/service offerings and monitor results in light of initial forecasts.

Purchasing is particularly tightly controlled at Bouygues Telecom given the volume of purchases made by the company. The Purchasing department applies very strict procedures, and is itself subject to regular checks.

5.2.2.7 Information and communication

The production and dissemination of information, both inside and outside the Group, does much to enhance internal control.

Information systems have been put in place to manage and supervise activity. Communication helps both to make staff more aware of the importance of control and to provide those outside the Group with reliable and relevant information that complies with legal requirements.

Internal communications

The Group Corporate Communications department plays an active part in disseminating information to the Group's employees. This strengthens the Bouygues group's identity and plays a unifying role.

Reporting directly to the Chairman and Chief Executive Officer of Bouygues, it is responsible for *Challenger Express*, a twice-monthly newsletter for managers, and *Le Minorange,* an internal magazine published twice yearly, which forges genuine links between all Group employees.

The department also supervises the new Group intranet portal (ByLink) with enhanced functionalities in early 2015. Bouygues and Group employees use these sites as tools for working and sharing information. ByLink was developed to bring together existing intranet and extranet resources to provide users with a single, collaborative space.

The Group Corporate Communications department also publishes *At a Glance,* a publication summarising financial information which is disseminated externally as well as to the Group's managerial, supervisory, technical and clerical staff.

The Group Management Meeting is also an important channel for transmitting key information and messages to the Group's key senior executives.

External communications

The Group Corporate Communications department works in close cooperation with the business segments for their mutual benefit.

Its main tasks are to:

- promote the Group's image (press relations, public relations, etc.);
- pass on information from external sources to the Group's senior management and executives;
- handle financial disclosures to the press and the public, in collaboration with the Investor Relations department.

5.2.2.8 Internal control procedures relating to accounting and financial information

One of the main aims of internal control is to ensure the reliability of accounting and financial reporting. This is done through a comprehensive mechanism and a set of stringent procedures.

Quarter-end close

Each business segment sets its own procedures for closing financial statements, which have to fit into the broader framework of the Group's consolidation process.

Consolidation process

At the parent company, the Group Consolidation and Accounting department is chiefly responsible for determining and establishing consistent rules and methods of consolidation for the Group and assisting the business segments in their consolidated management. It also prepares the parent company financial statements.

Consolidation is carried out quarterly on a step-by-step basis. Each business segment consolidates at its own level using identical methods defined by the Group Consolidation and Accounting department, which then carries out the overall consolidation of the Group's financial statements.

Special software, widely used by listed companies, is used to consolidate the financial statements at the various levels. Each of the business segments uses it as part of its step-by-step approach to consolidation. The software ensures rigorous control over the preparation of the financial statements, which are thus subject to standard procedures.

In addition to the computerised accounting system, the Group Consolidation and Accounting department has produced a Group consolidation handbook containing the rules and procedures applicable to consolidation throughout the Group. The handbook is an important reference tool for preparing the consolidated financial statements. It is accessible to all accounting staff Group-wide on a dedicated intranet site describing the various principles and options that apply within the Group.

As part of its task of organising and coordinating financial statement consolidation, the Group Consolidation and Accounting department also regularly provides the business segments with information about applicable rules and methods (by organising seminars, distributing circulars, etc.), and thus helps to maintain the consistency of the system used to prepare the consolidated financial statements. This was particularly the case for the introduction of IFRS, and the related interpretations and amendments.

Internal control procedures for finance and accounting

In addition to the core procedures set out in the Bouygues group Internal Control Reference Manual in terms of accounting and finance, each business segment organises its internal control in accordance with its own mechanism.

Accounts Committees

The Accounts Committees are a key component of the internal control system at the accounting and financial level.

Detailed information about the Bouygues Accounts Committee is set out in section 5.2.1.9 above. The parent company of each business segment has an accounts or audit committee with responsibilities similar to those of the Bouygues Accounts Committee.

Investor relations

At Bouygues SA level, the Group Investor Relations department is responsible for relations with investors and financial analysts, maintaining constant contact with shareholders and analysts while providing the market with the information it needs.

Great care is taken in preparing press releases and the Registration Document, which the Group considers a major channel of communication.

These documents are prepared using a process that involves various support divisions (Finance, Consolidation, Communications, General Secretariat, etc.). They are approved by senior management and checked by the statutory auditors. The quarterly press releases are approved by the Accounts Committee and the Board of Directors.

Procedures have been put in place to inform employees about regulations concerning inside information.

The other listed companies in the Group (TF1, Colas) handle their own investor relations.

5.2.2.9 Steering

Internal control systems must themselves be controlled by means of regular assessments, and they must be subject to continuous improvement.

The Audit departments of the parent company and the business segments have always assessed the effectiveness of internal control mechanisms in the course of their work, and are actively involved in this improvement process.

The essential concern is still to define and implement action plans with the primary objective of controlling the Group's operations more effectively.

5.2.3 Other information

5.2.3.1 Specific formalities for shareholder participation in Annual General Meetings

Specific formalities for shareholder participation in Annual General Meetings and, in particular, the conditions under which double voting rights are granted to shareholders who have held shares in registered form for over two years, are set out in chapter 6, section 6.1.2 of this Registration Document.

5.2.3.2 Information covered by Article L. 225-100-3 of the Commercial Code

The information covered by Article L. 225-100-3 of the Commercial Code (factors likely to have an impact on any public tender offer price) is set out in chapter 6, section 6.1.4 of this Registration Document.

5.2.3.3 The principles and rules for determining the remuneration and other benefits granted to the executive directors

The corresponding information is set out in section 5.4 of this Registration Document.

This report has been drawn up by the Corporate Secretary in close cooperation with the Group's senior management taking into consideration various internal documents (articles of association, rules of procedure and minutes of the Board of Directors and its committees, compliance programmes, internal control principles and procedures, etc.). The section on internal control and risk management procedures has been prepared with input from Bouygues' Internal Control department, in collaboration with stakeholders in the internal control process at the business segments. A draft of this report was submitted to the Accounts Committee.

The contributors have taken into consideration the regulations in force, the recommendations issued by the AMF concerning corporate governance, internal control and the audit committee, the AMF guidelines for internal control and risk management mechanisms, the recommendations of the Afep-Medef Corporate Governance Code, the guide for applying the Afep-Medef Code, the report of the High Committee for Corporate Governance, and best practices adopted by other listed companies.

This report was discussed and approved by the Board of Directors at its meeting of 23 February 2016.

5.3 Auditors' report, prepared in accordance with Article L. 225-235 of the Commercial Code, on the Report by the Chairman of Bouygues

(for the year ended 31 December 2015)

To the shareholders,

In our capacity as auditors of Bouygues and in accordance with the requirements of Article L. 225-235 of the Commercial Code, we present below our report on the report compiled by the Chairman of the Board of Directors of Bouygues in accordance with Article L. 225-37 of the Commercial Code for the year ended 31 December 2015.

The Chairman is responsible for compiling and submitting a report to the Board of Directors for approval regarding the internal control and risk management procedures put in place within the company, and for providing the other information required by Article L. 225-37 of the Commercial Code, particularly in the area of corporate governance.

Our responsibility is to:

- report our comments on the information contained in the Report by the Chairman regarding risk management and internal control procedures relating to the preparation and treatment of accounting and financial information, and
- certify that the Report by the Chairman contains the other information required by Article L. 225-37 of the Commercial Code, it being specified that that we are not responsible for verifying the fairness of that information.

We conducted our work in accordance with the professional practices applicable in France.

Information regarding risk management and internal control procedures relating to the preparation and treatment of accounting and financial information

Professional practices require that we perform procedures to assess the fairness of the information provided in the Report by the Chairman on risk management and internal control procedures relating to the preparation and treatment of accounting and financial information.

These procedures included:

- obtaining an understanding of the risk management and internal control procedures relating to the preparation and treatment of accounting and financial information described in the Report by the Chairman, and of other existing documentation;
- obtaining an understanding of the work underlying the information contained in the Report by the Chairman, and of other existing documentation;
- determining whether the Report by the Chairman contains the appropriate disclosures regarding any material weaknesses we might have identified in internal control procedures relating to the preparation and treatment of accounting and financial information.

Based on our work, we have no matters to report on the information contained in the Report by the Chairman prepared in accordance with Article L. 225-37 of the Commercial Code on risk management and internal control procedures relating to the preparation and treatment of accounting and financial information.

Other information

We certify that the Report by the Chairman contains all of the other information required by Article L. 225-37 of the Commercial Code.

Paris-La Défense, 23 February 2016

The Statutory Auditors

ERNST & YOUNG Audit	MAZARS
Laurent Vitse	Guillaume Potel

5.4 Remuneration of corporate officers – Stock options granted to corporate officers and Group employees

5.4.1 Remuneration

Report required by Articles L. 225-102-1 and L. 225-37 paragraph 9 of the Commercial Code.

This section contains the reports required under the Commercial Code and the tables recommended by the Afep-Medef Corporate Governance Code or by the AMF.

5.4.1.1 Principles and rules for determining the remuneration of executive directors

In 2007, the Board of Directors took into account the Afep-Medef recommendations published in January 2007 relating to the remuneration of executive directors of listed companies. Afep and Medef published a new set of recommendations on 6 October 2008. The Board of Directors noted that virtually all these recommendations had already been implemented and adopted the remaining provisions in early 2009. The provisions of the guide to applying the Afep-Medef Code, published in December 2015 by the High Committee for Corporate Governance, have been taken into account. The principles and rules that the Board of Directors has adopted to date and that were used to determine the remuneration in respect of 2015 are described below.

General introductory comment

- Neither of the two executive directors holds an employment contract.
- In the event that executive directors leave the company, the Board of Directors does not grant them severance compensation or non-competition indemnities.
- No annual deferred variable remuneration or multi-year variable remuneration is granted to them.
- The existence of a capped additional retirement provision is taken into account when setting the overall remuneration of executive directors, as is the fact that they have received no severance compensation.
- Other than directors' fees (see Table 4 below), the executive directors do not receive any remuneration from the Group's subsidiaries.

Fixed remuneration

The rules for determining fixed remuneration were decided in 1999 and have been applied consistently since then. Fixed remuneration takes account of the level and difficulty of the individual's responsibilities, job experience, and length of service in the Group and also the wage policy of groups or companies in similar sectors.

Benefits in kind

Benefits in kind involve use of a company car and the part-time assignment of an assistant and a chauffeur/security guard for personal requirements.

Variable remuneration

OVERVIEW OF THE METHOD USED TO DETERMINE VARIABLE REMUNERATION

Variable remuneration is awarded on an individual basis: the Board of Directors has defined four criteria for the variable portion of each executive director's remuneration.

An objective is defined for each criterion. When the objective is reached, a variable portion corresponding to a percentage of the fixed remuneration is awarded.

If the four objectives are reached, the total of the four variable portions is equal to the overall ceiling of 150%, which the variable remuneration of each executive director cannot exceed.

If an objective is exceeded or not reached, the variable portion is adjusted within a bracket on a linear basis: the variable portion cannot exceed a maximum threshold and is reduced to zero below a minimum threshold.

It must be reiterated that the four variable portions thus determined cannot under any circumstances exceed the overall ceiling, which is set at 150% of the fixed remuneration for each of the executive directors (see below).

THE FOUR CRITERIA DETERMINING VARIABLE REMUNERATION

The variable remuneration of the executive directors is based on the performance of the Group, with performance being determined by reference to four key economic criteria:

- P1 = increase in current operating profit in the financial year (P1 = 50% of fixed remuneration if the objective is reached);
- P2 = change in consolidated net profit (attributable to the Group) in the financial year versus the Plan (P2 = 25% of fixed remuneration if the objective is reached);
- P3 = change in consolidated net profit (attributable to the Group) in the financial year versus consolidated net profit (attributable to the Group) in the previous financial year (P3 = 25% of fixed remuneration if the objective is reached);
- P4 = free cash flow before changes in working capital in the financial year (P4 = 50% of fixed remuneration if the objective is reached).

These quantitative objectives are calculated precisely but are not publicly disclosed for confidentiality reasons.

Three "adjustments" were made concerning P2 and P3, the third being more general.

The calculation method for variable remuneration is summarised in the table below. In the "Actual 2015" column, the calculation of variable remuneration in respect of 2015 is detailed for the two executive directors.

		Variable remuneration calculation method	
	Objectives	Performance = objective (as a % of fixed remuneration)	Actual 2015
P1	Operating profit in the financial year as targeted in the 2015 Plan	50%	0%
P2	Consolidated net profit in the financial year as targeted in the 2015 Plan	25%	31.87%
		+ if consolidated net profit as targeted in the 2015 Plan is at least 20% lower than consolidated net profit in FY2014, P2 is capped at 25%	
P3	Consolidated net profit generated in the previous financial year (2014 CNP)	25%	50%
		+ if consolidated net profit in the financial year is more than 20% lower than that in the previous financial year, no variable remuneration is granted	
P4	Free cash flow before WCR in the 2015 Plan	50%	0%
		150%	0% as P3 more than 20% lower versus 2014 CNP
Ceiling		150%	
Adjustment at the discretion of the Board of Directors		If an exceptional item were to affect the consolidated net profit of the financial year, the Board of Directors has the right to reduce or not to grant variable remuneration where the P1, P2, P3 and P4 bonuses would have been entirely or partially due in the absence of said exceptional item	

OVERALL CEILING

The overall ceiling for variable remuneration is 150% of the fixed remuneration.

Exceptional remuneration

In exceptional cases, on the advice of the Remuneration Committee, the Board of Directors may award special bonuses.

Directors' fees

The two executive directors receive and retain the directors' fees paid by Bouygues, as well as the directors' fees paid by certain Group subsidiaries (see sections 5.4.1.3 and 5.4.1.4 below).

Additional retirement provision

The two executive directors, under certain conditions, will benefit from an additional retirement provision when they retire.

PERFORMANCE CONDITIONS

Article 229 of the Law of 6 August 2015 for growth stipulates that the acquisition of defined-benefit pension rights by executive directors of listed companies in respect of a given financial year must now be subject to performance conditions.

However, Martin Bouygues and Olivier Bouygues may no longer acquire supplementary pension rights because the rights they have already acquired exceed the ceiling set by the Board of Directors (eight times the annual social security ceiling).

INFORMATION PROVIDED BY THE COMPANY ON PENSION COMMITMENTS OR OTHER LIFETIME BENEFITS IN APPLICATION OF THE THIRD SENTENCE OF THE THIRD PARAGRAPH IN ARTICLE L. 225-102-1

The characteristics of the supplementary pension scheme awarded to the Group's senior executives are as follows:

1. name of the commitment concerned: defined-benefit pension scheme;
2. reference to legal provisions identifying the corresponding scheme: Article L. 137-11 of the Social Security Code;
3. conditions for joining the scheme and other eligibility conditions; the beneficiary must:
   - be a member of the Bouygues SA Management Committee at the date of departure or retirement,
   - have at least ten years' service with the Bouygues group at the date of departure or retirement,
   - have definitively ended his or her professional career at one of the Group companies (this condition is fulfilled when the employee is part of the workforce at the date of departure or retirement),
   - be at least 65 years old at the date of departure or retirement,
   - fulfil the eligibility criteria for pension benefits under the basic social security pension scheme and the mandatory supplementary schemes (ARRCO and AGIRC).
4. terms and conditions for determining the reference salary determined by the scheme in question and used to calculate the rights of beneficiaries:

   The reference salary shall be equal to the average gross salary of the employee's three best calendar years at the Bouygues group, during his or her period on the Bouygues SA Management Committee, adjusted to reflect changes in the value of pension entitlement points under the AGIRC scheme on the date the employment contract is terminated. The reference gross salary is that used to calculate social security contributions, in accordance with the provisions of Article L. 242-1 of the Social Security Code.
5. pattern of vesting of rights; annual rate; beneficiaries of the supplementary pension scheme receive an additional retirement provision set at 0.92% of the reference salary per year in the scheme, determined as explained above;
6. existence of a ceiling and the amount and terms and conditions for determining that ceiling: rights may not exceed a ceiling set at eight times the annual social security ceiling (equivalent to a ceiling of €308,928 in 2016);
7. terms and conditions for funding the benefit: financing outsourced to an insurance company, to which a contribution is paid yearly;
8. estimated amount of the annual annuity at the end of the reporting period:

Name	Annual annuity *€ '000*
Martin Bouygues	301
Olivier Bouygues	247

   Note: the annual annuity of Martin Bouygues and Olivier Bouygues would amount to eight times the annual social security ceiling once the contributions paid into the scheme by SCDM, calculated on a *pro rata* basis for the time spent on SCDM business each year by the person concerned are taken into account.
9. related tax and social security charges payable by the company: the contributions paid into the scheme by the company are not subject to employers' social security charges or to the CSG or CRDS levies. However, the company is required to pay a levy set at 24% of those contributions.

Other information regarding remuneration

The existence of a capped additional retirement provision is taken into account when setting the overall remuneration of executive directors, as is the fact that no severance compensation or non-competition indemnities are granted to them.

Remuneration accruing to Martin Bouygues and Olivier Bouygues as determined by the Bouygues Board of Directors is paid by SCDM. SCDM then invoices Bouygues this remuneration and the related social security charges pursuant to the agreement governing relations between Bouygues and SCDM, approved under the regulated agreements procedure. Invoicing strictly reflects the remuneration amounts set by the Bouygues Board of Directors. The agreement between Bouygues and SCDM was approved by the Combined Annual General Meeting of 23 April 2015 (fourth resolution) as part of the regulated agreements procedure.

Olivier Bouygues devotes part of his time to the activities of SCDM. The Board of Directors has adapted his remuneration to the breakdown of his time. His operational duties at SCDM do not significantly reduce his availability and do not create a conflict of interest.

Combined Annual General Meeting of 23 April 2015 – Say on Pay

The Annual General Meeting of 23 April 2015 expressed a favourable opinion on the remuneration components awarded in respect of the 2014 financial year to Martin Bouygues (Resolution 10 adopted with 89.34% of the votes) and to Olivier Bouygues (Resolution 11 adopted with 89.33% of the votes).

5.4.1.2 Remuneration granted to the executive directors in respect of the 2015 financial year

Remuneration components of Martin Bouygues, Chairman and Chief Executive Officer, in respect of the 2015 financial year

I. Remuneration components owed or awarded in respect of the 2015 financial year that are submitted to the Annual General Meeting of 21 April 2016 for approval (Resolution 6)	**Amount or carrying amount** €	**Comments**
Fixed remuneration	920,000	Martin Bouygues' fixed remuneration remains unchanged since 2003.
Change versus 2014	0%	
Annual variable remuneration	0	**Variable remuneration criteria (2015 financial year):** ■ Increase in current operating profit (50%) ■ Change in consolidated net profit versus the Plan (25%) ■ Change in consolidated net profit versus 2014 (25%) ■ Free cash flow before changes in working capital (50%)
Change versus 2014		
% variable/fixed [a]	n.a.	
Ceiling [b]	150%	
Deferred variable remuneration		No entitlement to deferred variable remuneration.
Multi-year variable remuneration		No entitlement to multi-year variable remuneration.
Exceptional remuneration		No entitlement to exceptional remuneration.
Value of stock options, performance shares or other long-term remuneration component awarded during the financial year		No stock options, performance shares or other long-term remuneration component were awarded during the year.
Directors' fees	73,900 o/w Bouygues: 50,000 o/w subsidiaries: 23,900	
Value of benefits in kind	29,879	Company car. Part-time assignment of an assistant and a chauffeur/security guard for personal requirements.
II. Reminder: remuneration components owed or awarded in respect of the 2015 financial year that were approved by the Annual General Meeting as part of the regulated agreements procedure (Annual General Meeting of 23 April 2015, Resolution 10)	**Amount or carrying amount** €	**Comments**
Severance compensation		No entitlement to severance compensation.
Non-competition indemnities		No entitlement to non-competition indemnities.
Supplementary pension scheme		Martin Bouygues, in the same way and under the same conditions as the other members of Group Management Committee, benefits from a supplementary pension scheme whereby he receives an additional retirement provision set at 0.92% of the reference salary (average of the best three years) per year in the scheme. Benefits are capped at eight times the social security ceiling, i.e. approximately €304,320 in 2015. Having reached this ceiling, Martin Bouygues can no longer acquire supplementary pension rights. Entitlement is acquired only after ten years' service with the Group and provided that the executive director is a member of the Group Management Committee at the date of retirement. If he had retired in 2015, taking into account his length of service, Martin Bouygues would have received an annual additional retirement provision of around €301,000. In accordance with the Afep-Medef Code, this amount does not exceed 45% of the reference income.
TOTAL	**1,023,779**	
Change versus 2014	-42%	

(a) Variable remuneration expressed as a percentage of fixed remuneration.
(b) Variable remuneration ceiling, set as a percentage of fixed remuneration.
n.a.: not applicable.

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Remuneration components of Olivier Bouygues, Deputy Chief Executive Officer, in respect of the 2015 financial year

I. Remuneration components owed or awarded in respect of the 2015 financial year that are submitted to the Annual General Meeting of 21 April 2016 for approval (Resolution 7)	**Amount or carrying amount** €	**Comments**
Fixed remuneration	500,000	Olivier Bouygues' fixed remuneration remains unchanged since 2009.
Change versus 2014	0%	
Annual variable remuneration	0	**Variable remuneration criteria (2015 financial year):** ■ Increase in current operating profit (50%) ■ Change in consolidated net profit versus the Plan (25%) ■ Change in consolidated net profit versus 2014 (25%) ■ Free cash flow before changes in working capital (50%)
Change versus 2014		
% variable/fixed[a]	n.a.	
Ceiling[b]	150%	
Deferred variable remuneration		No entitlement to deferred variable remuneration.
Multi-year variable remuneration		No entitlement to multi-year variable remuneration.
Exceptional remuneration		No entitlement to exceptional remuneration.
Value of stock options, performance shares or other long-term remuneration component awarded during the financial year		No stock options, performance shares or other long-term remuneration component were awarded during the year.
Directors' fees	68,914 o/w Bouygues: 25,000 o/w subsidiaries: 43,914	
Value of benefits in kind	10,756	Company car. Part-time assignment of an assistant and a chauffeur/security guard for personal requirements.
II. Reminder: remuneration components owed or awarded in respect of the 2015 financial year that were approved by the Annual General Meeting as part of the regulated agreements procedure (Annual General Meeting of 23 April 2015, Resolution 11)	**Amount or carrying amount** €	**Comments**
Severance compensation		No entitlement to severance compensation.
Non-competition indemnities		No entitlement to non-competition indemnities.
Supplementary pension scheme		Olivier Bouygues, in the same way and under the same conditions as the other members of Group Management Committee, benefits from a supplementary pension scheme whereby he receives an additional retirement provision set at 0.92% of the reference salary (average of the best three years) per year in the scheme. Benefits are capped at eight times the social security ceiling i.e. approximately €304,320 in 2015. Having reached this ceiling, Olivier Bouygues can no longer acquire supplementary pension rights. Entitlement is acquired only after ten years' service with the Group and provided that the executive director is a member of the Group Management Committee at the date of retirement. If he had retired in 2015, taking into account his length of service, Olivier Bouygues would have received an annual additional retirement provision of around €247,000. In accordance with the Afep-Medef Code, this amount does not exceed 45% of the reference income.
TOTAL	**579,670**	
Change versus 2014	-42%	

(a) Variable remuneration expressed as a percentage of fixed remuneration.
(b) Variable remuneration ceiling, set as a percentage of fixed remuneration.
n.a.: not applicable.

Table 1 – General overview of the legal status attributed to executive directors: restrictions on combining positions as corporate officer with employment contract – Supplementary retirement benefits – Severance compensation – Non-competition indemnities

Executive directors	Employment contract		Supplementary pension scheme		Severance compensation or benefits due or likely to be due on termination or change of office		Indemnities relating to non-competition clause	
	yes	no	yes	no	yes	no	yes	no
Martin Bouygues Position: Chairman and CEO		X	X			X		X
Olivier Bouygues Position: Deputy CEO		X	X			X		X

Table 2 – General overview of remuneration, benefits in kind and options granted to the two executive directors in 2015

	Martin Bouygues (Chairman and CEO)		Olivier Bouygues (Deputy CEO)	
€	**2015**	**2014**	**2015**	**2015**
Remuneration owing in respect of the year (see breakdown in Table 3 and Table 4)	1,023,779	1,769,074	579,670	991,383
Value of options granted in the year [a]				
Value of performance shares granted in the year [b]				
TOTAL	**1,023,779**	**1,769,074**	**579,670**	**991,383**
YoY CHANGE	**-42%**		**-42%**	

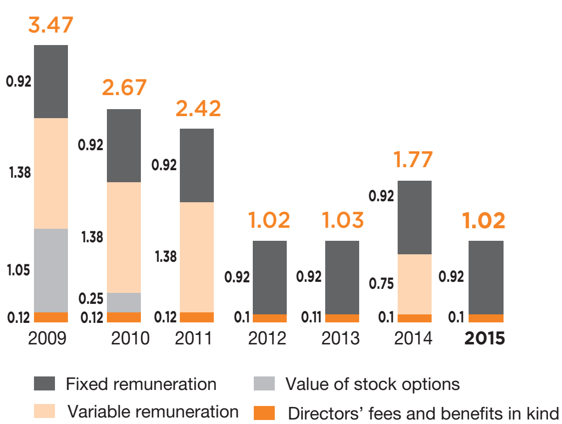
(a) No options were granted to executive directors in 2014 and 2015.
(b) The company granted no performance shares.

Martin Bouygues

Chairman and CEO

Number of stock options awarded in 2015: 0

€ million



Olivier Bouygues

Deputy CEO

Number of stock options awarded in 2015: 0

€ million

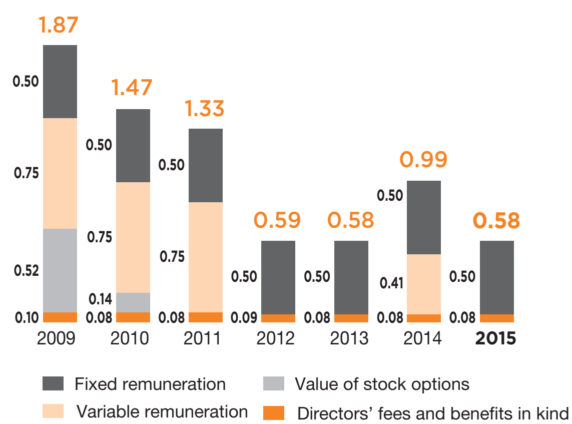


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Table 3 – Detailed overview of the remuneration of the two executive directors in respect of the 2015 financial year

The Remuneration Committee assessed the degree to which the variable remuneration criteria of the two executive directors were met.

Position and years of service in the Group	Remuneration[a]	Amounts[b] in respect of FY2015 € due[c]	Amounts[b] in respect of FY2015 € paid	Amounts[b] in respect of FY2014 € due[c]	Amounts[b] in respect of FY2014 € paid	Variable remuneration criteria[f] (FY2015)
Martin Bouygues Chairman and CEO (42 years)	Fixed ■ Change	920,000 0%	920,000	920,000 0%	920,000	■ P1 = Increase in current operating profit (50%). ■ P2 = Change in consolidated net profit[g] versus the Plan (25%). ■ P3 = Change in consolidated net profit[g] versus 2014 (25%). ■ P4 = Free cash flow before changes in working capital (50%).
	Variable ■ Change ■ % variable/fixed[d] ■ Ceiling[e]	0 -100% 0% 150%	753,204	753,204 81.90% 150%		
	Exceptional remuneration					
	Directors' fees	73,900	73,900	70,200	70,200	
	Benefits in kind	29,879	29,879	25,670	25,670	
	Total	**1,023,779**	**1,776,983**	**1,769,074**	**1,015,870**	
Olivier Bouygues Deputy CEO (42 years)	Fixed ■ Change	500,000 0%	500,000	500,000 0%	500,000	■ P1 = Increase in current operating profit (50%). ■ P2 = Change in consolidated net profit[g] versus the Plan (25%). ■ P3 = Change in consolidated net profit[g] versus 2014 (25%). ■ P4 = Free cash flow before changes in working capital (50%).
	Variable ■ Change ■ % variable/fixed[d] ■ Ceiling[e]	0 -100% 0% 150%	409,350	409,350 81.90% 150%		
	Exceptional remuneration					
	Directors' fees	68,914	68,914	71,277	71,277	
	Benefits in kind	10,756	10,756	10,756	10,756	
	Total	**579,670**	**989,020**	**991,383**	**582,033**	
TOTAL EXECUTIVE DIRECTORS		**1,603,449**	**2,766,003**	**2,760,457**	**1,597,903**	
		2015 vs 2014		**2014 vs 2013**		
CHANGE		**-42%**		**+71%**		

(a) No remuneration other than that mentioned in the table was paid to the executive directors by Bouygues group companies.
(b) Amounts due = all the amounts allocated in respect of one financial year. Amounts paid = all the amounts paid in the financial year. However, the variable component allocated for a financial year is actually paid in the first quarter of the following year.
(c) Amounts due – Change: the percentages inserted under the fixed and variable remuneration show variations relative to the previous financial year.
(d) Variable remuneration expressed as a percentage of fixed remuneration.
(e) Variable remuneration ceiling, set as a percentage of fixed remuneration.
(f) Variable remuneration criteria: the portion expresses the weighting of the criterion when determining total variable remuneration.
(g) Consolidated net profit = consolidated net profit (attributable to the Group) of Bouygues.

5.4.1.3 Directors' fees

The Annual General Meeting of 24 April 2003 set the total amount of directors' fees to be allocated to corporate officers and directors of Bouygues at €700,000 each year, leaving it to the Board of Directors' discretion as to how this amount should be split.

Directors' fees consist of a fixed portion of 30% and a variable portion of 70% calculated on the ratio of the director's effective presence at the five annual meetings of the Board of Directors and, for committee members, at the meetings of the committee or committees concerned.

Chairman and CEO	€50,000
Directors	€25,000
Member of the Accounts Committee	€14,000
Member of another committee (Remuneration, Selection, and Ethics, CSR and Patronage)	€7,000

Table 4 – Directors' fees paid in respect of the 2015 financial year

€		Origin (Notes 1 and 2)	2015	2014
M. Bouygues	Chairman and CEO	Bouygues Subsidiaries	50,000 23,900	50,000 20,200
O. Bouygues	Deputy CEO	Bouygues Subsidiaries	25,000 43,914	25,000 46,277
Sub-total for executive directors		**Bouygues** **Subsidiaries** **Total**	**75,000** **67,814** **142,814**	**75,000** **66,477** **141,477**
M. Bardou	Director	Bouygues	25,000 4,550 [a]	12,625
F. Bertière	Director	Bouygues Subsidiaries	25,000 20,000	25,000 19,000
J.-P. Chifflet	Director	Bouygues	21,500 7,000	25,000 2,100
R. Deflesselle	Director	Bouygues	25,000 5,040 [b]	12,625
A.-M. Idrac	Director	Bouygues	21,500 19,040	25,000 17,733
P. Kron	Director	Bouygues	25,000	25,000
H. Le Bouc	Director	Bouygues Subsidiaries	25,000 20,000	25,000 19,000
C. Lewiner	Director	Bouygues Subsidiaries	25,000 7,000 24,000	21,500 7,000 19,000
H. le Pas de Sécheval	Director	Bouygues	25,000 21,000	21,500 21,000
S. Nombret	Director	Bouygues	25,000 7,000	25,000 7,000
N. Paolini	Director	Bouygues Subsidiaries	25,000 30,107	25,000 31,000
J. Peyrelevade	Director	Bouygues	25,000 7,000	25,000 7,000
F.-H. Pinault	Director	Bouygues	25,000 6,650	21,500 14,000
R.-M. Van Lerberghe	Director	Bouygues	25,000 7,000	25,000 5,775
M. Vilain	Director	Bouygues	25,000 14,000	25,000 14,000
Sub-total for directors		**Bouygues** **Subsidiaries** **Total**	**473,280** **94,107** **567,387**	**560,725** **88,000** **648,725**
TOTAL DIRECTORS' FEES EXECUTIVE DIRECTORS AND DIRECTORS (NOTE 3)		**BOUYGUES** **SUBSIDIARIES** **TOTAL**	**581,805** **161,921** **743,726**	**635,725** **154,477** **790,202**

(a) Director representing employees. Appointed as member of the Remuneration Committee on 24 February 2015.
(b) Director representing employees. Appointed as a member of the Ethics, CSR and Patronage Committee on 24 February 2015.

Note 1: Bouygues = directors' fees paid in respect of participation on the Bouygues Board of Directors. The first line shows directors' fees paid for attending Board meetings. The second line shows directors' fees paid for participation in one or more committees.

Note 2: Subsidiaries = directors' fees paid by Group companies, within the meaning of Article L. 233-16 of the Commercial Code, i.e. mainly Colas, Bouygues Telecom and TF1.

Note 3: The total amount includes directors' fees paid to Mrs F. Bouygues, Georges Chodron de Courcel and Yves Gabriel, directors.

Mrs F. Bouygues received €10,750 and €25,000 in directors' fees from Bouygues in 2015 and 2014 respectively. She left the Board of Directors in April 2015.

Georges Chodron de Courcel received €10,750 in directors' fees from Bouygues and €3,150 for his participation in the Accounts Committee and the Selection Committee in 2015. He received €25,000 in directors' fees from Bouygues and €19,367 for his participation in the Accounts Committee and Selection Committee in 2014. He left the Board of Directors in April 2015.

Yves Gabriel received €8,875 and €25,000 in directors' fees from Bouygues in 2015 and 2014 respectively. Leaving his functions in the Group in order to take retirement, Yves Gabriel resigned from the Board of Directors on 15 March 2015.

5.4.1.4 Principles and rules for determining the remuneration of salaried directors

Remuneration of salaried directors

Three of the directors are employees of Bouygues (François Bertière, Hervé Le Bouc and Nonce Paolini), each of whom is in charge of one of the Group's business segments (subsidiaries).

The principles and methods for determining the remuneration of salaried directors are similar to those used to calculate the remuneration of the two executive directors (see section 5.4.1.1, "Overview of the method used to determine variable remuneration" above).

However, three of the criteria used to determine variable remuneration are performance criteria for the subsidiary managed. For the 2015 financial year, the Board of Directors has decided to make changes to the rules for determining the variable remuneration of the salaried directors as described above.

- Five criteria (P1, P2, P3, P4 and P5) will now be used for determining variable remuneration. A new criterion, P2, was added on a recommendation from the Remuneration Committee. This criterion concerns the current operating margin of the subsidiary managed by the salaried director. The method used to determine this portion of variable remuneration is identical to that used for criteria P1, P3 and P4, which remain unchanged (see section 5.4.1.4). The new P2 criterion represents 10% of fixed remuneration if the objective is reached. Criterion P3 (which was criterion P2 before a fifth criterion was added) represents 25% of fixed remuneration if the objective is reached.
- A "CSR Development" criterion has been added to the P5 qualitative criteria.
- An "adjustment" can be applied to P3.

The criteria for determining variable remuneration are therefore as follows:

- P1 = change in consolidated net profit (attributable to the Group) of Bouygues (30% if the objective is reached);
- P2 = change in the current operating margin of the subsidiary managed versus the Plan (10% if the objective is reached);
- P3 = change in consolidated net profit (attributable to the Group) of the subsidiary managed (Bouygues Construction, Bouygues Immobilier, Colas or TF1) versus the Plan (25% if the objective is reached);
- P4 = change in consolidated net profit (attributable to the Group) of the subsidiary managed versus the previous financial year (35% if the objective is reached);
- P5 = qualitative criteria: four qualitative criteria (50% if the objective is reached).

These quantitative and qualitative objectives, and in particular the degree to which they are met, have been calculated precisely but are not publicly disclosed for confidentiality reasons.

		Method for calculating variable remuneration
	Objectives	**Performance = objective**
P1	Operating profit in the financial year as targeted in the 2015 Plan	30%
P2	Percentage of current operating margin in the 2015 Plan of the subsidiary	10%
P3	Consolidated net profit in the financial year as targeted in the 2015 Plan of the subsidiary	25% + if the consolidated net profit as targeted in the 2015 Plan is at least 20% lower than consolidated net profit in FY2014, P2 is capped at 25%
P4	Consolidated net profit generated by the subsidiary in the previous financial year (2014 CNP)	35%
P5	Qualitative objectives including Ethics and CSR for 20%	50%
		150%
Ceiling		150%

Calculating variable remuneration
Actual 2015

	F. Bertière	H. Le Bouc	N. Paolini
P1	60%	60%	60%
P2	10%	15.77%	8.75%
P3	25%	20.80%	0%
P4	0%	46.99%	0%
P5	50%	50%	50%
	145%	**193.56%**	**118.75%**

Remuneration paid by Bouygues and corresponding social charges are invoiced to the subsidiary managed by the senior executive (F. Bertière: Bouygues Immobilier; H. Le Bouc: Colas; N. Paolini: TF1).

Remuneration of the three salaried directors in respect of the 2015 financial year

In respect of the 2015 financial year, the Remuneration Committee has assessed the degree to which the variable remuneration criteria were met by each salaried director.

The salaried directors obtained the variable remuneration described below:

Table 5 – Detailed overview of remuneration of salaried directors

		Amounts [b] in respect of FY2015 €		Amounts [b] in respect of FY2014 €		
Position and years of service in the Group	**Remuneration [a]**	**due [c]**	**paid**	**due [c]**	**paid**	**Variable remuneration criteria (FY2015)**
F. Bertière Director (31 years)	Fixed ■ Change	920,000 0%	920,000	920,000 0%	920,000	■ P1 = Change in consolidated net profit of Bouygues (30%). ■ P2 = Change in current operating margin of Bouygues Immobilier versus the Plan (10%). ■ P3 = Change in consolidated net profit of Bouygues Immobilier versus the Plan (25%). ■ P4 = Change in consolidated net profit of Bouygues Immobilier versus 2014 (35%). ■ P5 = Qualitative criteria (50%).
	Variable ■ Change ■ % variable/fixed [d] ■ Ceiling [e]	1,334,000 -3% 145% 150%	1,380,000	1,380,000 +54.78% 150% 150%	891,572	
	Exceptional remuneration					
	Directors' fees	45,000	45,000	44,000	44,000	
	Benefits in kind	4,944	4,944	4,944	4,944	
	TOTAL	**2,303,944**	**2,303,944**	**2,348,944**	**1,860,516**	
H. Le Bouc Director (38 years)	Fixed ■ Change	920,000 0%	920,000	920,000 0%	920,000	■ P1 = Change in consolidated net profit of Bouygues (30%). ■ P2 = Change in current operating margin of Colas versus the Plan (10%). ■ P3 = Change in consolidated net profit of Colas versus the Plan (25%). ■ P4 = Change in consolidated net profit of Colas versus 2014 (35%). ■ P5 = Qualitative criteria (50%).
	Variable ■ Change ■ % variable/fixed [d] ■ Ceiling [e]	1,380,000 0% 150% 150%	1,380,000	1,380,000 +34.70% 150% 150%	1,024,512	
	Exceptional remuneration					
	Directors' fees	45,000	45,000	44,000	44,000	
	Benefits in kind	4,100	4,100	4,100	4,100	
	TOTAL	**2,349,100**	**2,349,100**	**2,348,100**	**1,992,612**	
N. Paolini Director (27 years)	Fixed ■ Change	920,000 0%	920,000	920,000 0%	920,000	■ P1 = Change in consolidated net profit of Bouygues (30%). ■ P2 = Change in current operating margin of TF1 versus the Plan (10%). ■ P3 = Change in consolidated net profit of TF1 versus the Plan (25%). ■ P4 = Change in consolidated net profit of TF1 versus 2014 (35%). ■ P5 = Qualitative criteria (50%).
	Variable ■ Change ■ % variable/fixed [d] ■ Ceiling [e]	1,092,500 -21% 19% 150%	1,380,000	1,380,000 +34.70% 150% 150%	1,024,512	
	Exceptional remuneration					
	Directors' fees	55,107	55,107	56,000	56,000	
	Benefits in kind	5,037	5,037	5,037	5,037	
	TOTAL	**2,072,644**	**2,072,644**	**2,361,037**	**2,005,549**	

(a) No remuneration other than that mentioned in the table was paid to corporate officers by companies in the Group.
(b) Amounts due = all the amounts allocated in respect of one financial year. Amounts paid = all the amounts paid in the financial year. However, the variable component allocated for a financial year is actually paid in the first quarter of the following year.
(c) Amounts due – Change: the percentages inserted under the fixed and variable remuneration show variations relative to the previous financial year.
(d) Variable remuneration expressed as a percentage of fixed remuneration.
(e) Variable remuneration ceiling, set as a percentage of fixed remuneration.

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Employment contracts of the three salaried directors

The employment contracts of François Bertière, Hervé Le Bouc and Nonce Paolini were maintained as the three directors have spent almost all of their careers at the Group. They all had considerable lengths of service when they were entrusted with the responsibility for one of the Group's five business segments and appointed directors.

Additional retirement provision

François Bertière, Hervé Le Bouc and Nonce Paolini, under certain conditions, will benefit from an additional retirement provision when they retire. This scheme is identical to that reserved for the two executive directors (see section 5.4.1.1 above).

The estimated amounts of their annual annuities at the closing date are as follows:

Salaried director	Annual annuity *€ '000*
François Bertière	263
Hervé Le Bouc	188
Nonce Paolini	176

Severance compensation – Non-competition indemnities

As is the case for the executive directors, the salaried directors do not benefit from severance compensation or non-competition indemnities.

However, salaried directors are covered by the collective agreement applicable to the company (Paris region construction company executives' collective agreement for Bouygues SA), which provides for certain compensation if a director's employment contract is terminated, even though such compensation is not strictly classified as severance compensation as such. This ensures that they receive compensation equal to approximately one year's salary.

Salaried directors representing employee shareholders – Directors representing employees

The salaries paid to the two directors representing employee shareholders, who have an employment contract with Bouygues or one of its subsidiaries, together with the salaries paid to the two directors representing employees, are not disclosed.

2016 financial year

For the 2016 financial year, the Board of Directors reserves the right to make changes to the rules for determining variable remuneration, notably to include a CSR criterion when assessing the variable remuneration of the two executive directors.

Furthermore, while performance conditions do not need to be defined to determine entitlement to supplementary pension rights for the two executive directors (since the latter can no longer acquire such rights), the Board of Directors will define the performance conditions applicable to the other beneficiaries of the defined-benefit pension scheme.

5.4.2 2015 Report on stock options and performance shares — Report required under Articles L. 225-184 and L. 225-197-4 of the Commercial Code

This section contains the reports required under the Commercial Code and the tables recommended by the Afep-Medef Corporate Governance Code or by the AMF in its publications concerning the information to be provided in registration documents on the remuneration of corporate officers.

5.4.2.1 Principles and rules for granting stock options and bonus shares

The twenty-eighth resolution of the Combined Annual General Meeting on 25 April 2013 authorised the Board of Directors to grant on one or more occasions existing or new shares for free. This authorisation, granted for thirty-eight months, requires the beneficiaries of these bonus shares to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues within the meaning of Article L. 225-197-2 of the Commercial Code.

The twenty-fourth resolution of the Combined Annual General Meeting of 23 April 2015 authorised the Board of Directors on one or more occasions to grant options conferring the right to subscribe new shares or to purchase existing shares. This authorisation, granted for thirty-eight months, requires the beneficiaries of these options to be employees and/or corporate officers of Bouygues or of companies or economic interest groupings directly or indirectly associated with Bouygues under the terms of Article L. 225-180 of the Commercial Code.

To date, the Board of Directors has not made use of the authorisations granted by the Annual General Meeting to allot bonus shares or grant options to purchase shares. All of the options granted have been to subscribe for shares.

General rules applicable to grants of stock options and bonus shares

The Board of Directors has taken into account the recommendations of the Afep-Medef Code and those of the AMF.

It should be noted that:

- stock options or bonus shares are granted to help attract senior executives and employees, secure their loyalty, reward them and give them a medium- and long-term interest in the company's development, in light of their contribution to value creation;
- more than 1,000 senior executives and employees are beneficiaries under each plan. The beneficiaries are selected and individual

allotments are decided by reference to each beneficiary's responsibility and performance, with particular attention being paid to executives with potential;

- no discount is applied when options are granted;
- a ceiling has been set to prevent a significant increase in the size of stock option plans when the market is falling. This ceiling has been set at 15% of the volume of the previous plan;
- at its 2 December 2010 meeting, the Board of Directors changed the periods during which senior executives and employees concerned are prohibited from exercising stock options or selling shares arising from the exercise of stock options:
  - for the 30 calendar days immediately preceding the publication of the first-quarter and third-quarter financial statements and those for the first half and full year as well as on the day these statements are publicly disclosed,
  - for the 15 calendar days immediately preceding the publication of Bouygues' quarterly sales release and on the day this information is publicly disclosed.

The Board of Directors reiterated that this obligation to refrain from selling shares arising from the exercise of stock options was also to be observed during the period in which a senior executive or employee is privy to inside information and on the day this information is publicly disclosed.

- barring an exceptional decision to the contrary, stock options are to be granted each year after the publication of the full-year financial statements for the previous financial year;
- in addition to these measures, several internal rules were laid down and disseminated to prevent breaches of insider dealing policy or insider dealing offences: the drawing up of a list of people having access to inside information; a reminder of the abstention obligations; information concerning stock market laws; and a recommendation concerning the setting-up of a share trading plan. A specific Compliance Programme was approved and disseminated Group-wide in 2014.

Specific rules applicable to the two executive directors

The rules set by the Board of Directors are as follows:

- stock options or bonus shares shall not be granted to senior executives leaving the company;
- speculative trades and risk-hedging transactions relating to the exercise of stock options or the sale of bonus shares are forbidden; to the company's knowledge, no hedges have been put in place by corporate officers;
- executive directors and salaried directors who wish to sell shares acquired through the exercise of stock options or sell bonus shares shall obtain confirmation from the Group Ethics Officer that they do not hold inside information;
- the value must not exceed the value of the stock options allocated to a corporate officer, which is capped at 100% of his remuneration;
- a ceiling is set on allotments to the Chairman and CEO (a maximum of 5% of an allotment plan) and to the Deputy CEO (a maximum of 2.5% of an allotment plan);
- performance criteria are set for the executive directors at the time of the allotment (consolidated net profit attributable to the Group in the year preceding the allotment) and the exercise of options (consolidated net profit attributable to the Group in each of the four financial years preceding the exercise of the options);
- when stock options or bonus shares are granted, the Board of Directors shall set the number of bonus shares or exercise option shares that executive directors are required to retain until the expiry of their term of office. This provision was implemented for stock options granted in 2008, 2009 and 2010 (in 2011, 2012, 2013, 2014 and 2015, at their request, the executive directors were not granted stock options or bonus shares). The Board of Directors set the number of shares obtained from the exercise of stock options that executive directors are required to hold in registered form either directly or through a company. The percentage of shares they must keep from the 2008, 2009 and 2010 plans is 25% of the shares that remain after selling the number of shares required to cover the costs of exercising the options and paying any related taxes or social charges;
- declaration to the Board of Directors of transactions performed;
- the Rules of Procedure stipulate that the AMF recommends senior executives to set up share trading plans.

Choice of stock options

Since 1988, the year the first stock option plan was granted at the Group, the Board of Directors has always chosen the incentive mechanism of stock options to secure the loyalty of senior executives and employees and to give them an interest in the Group's development.

The objective is and has always been not to grant additional remuneration but to involve these individuals in the trend of the Bouygues share price. The well-foundedness of the decision to grant stock options has been borne out by the positive correlation observed between the trend in the Bouygues share price and that in the net profit attributable to the Group.

To date, granting shares for free has not been retained. The Board of Directors has asked the Remuneration Committee to regularly review the question of the most appropriate system to secure loyalty and associate individuals with the value of the share.

General information: stock option characteristics

All the stock options granted by the Board of Directors in 2015 have the following characteristics:

- exercise price: the average of the opening prices quoted on the 20 trading days prior to the option grant, with no discount;
- validity period: ten years from the date the stock options are granted;
- lock-up period: two years from the date the stock options are granted;
- exercise period: eight years after expiry of the lock-up period (with three exceptions where stock options may be exercised at any time during the ten years: stock options exercised by heirs within six months of the death of a beneficiary; change of control of Bouygues or cash tender or exchange offer relating to Bouygues; exercise of stock options in accordance with Article L. 3332-25 of the Labour Code, using assets acquired under the Group savings scheme);

- automatic cancellation if the employment contract or appointment as corporate officer is terminated, unless given special authorisation, or in the case of invalidity, departure or retirement.

5.4.2.2 Stock options granted to or exercised by executive directors and salaried directors in 2015

Options for new Bouygues shares were granted in 2015. On 23 April 2015, the Board of Directors decided to make a grant on 28 May 2015 of 2,739,600 options to 904 beneficiaries who are corporate officers or employees of the company or companies in the Bouygues group.

The exercise price was set at €37.106 per share subscribed.

The value of each stock option was €3.20 at the grant date, estimated in accordance with the method used for the consolidated financial statements.

This stock option plan represented 0.81% of the company's share capital at 31 March 2015[a].

Table 5 – Options granted to executive directors and salaried directors of Bouygues

Martin Bouygues and Olivier Bouygues asked the Board of Directors not to grant options to the two executive directors in 2015.

Options were granted to salaried directors.

Salaried director	Company granting the options	Grant date	Number of options	Exercise price €
François Bertière	Bouygues	28 May 2015	80,000	37.106
Hervé Le Bouc	Bouygues	28 May 2015	80,000	37.106
Nonce Paolini	Bouygues	28 May 2015	135,000	37.106
TOTAL			**295,000**	

Salaried directors were not granted any other options.

Table 6 – Stock options exercised by executive directors and salaried directors of Bouygues in 2015

Name	Plan	Number of options exercised	Exercise price €
Martin Bouygues	1 April 2009	202,591	25.62

5.4.2.3 Performance (bonus) shares

Table 7 – Performance shares granted to each executive director

No performance shares were granted by the company in 2015.

Table 8 – Performance shares that became available during the year for each executive director

No performance shares became available during the year as no such shares were granted by the company.

(a) Share capital of Bouygues at 31 March 2015: 336,511,505 shares.

5.4.2.4 Summary of outstanding stock option plans

Table 9 – Breakdown of stock options for each plan and category of beneficiary

	2015	2014	2013	2012	2011	2010	2009
Date of AGM	23/04/2015	21/04/2011	21/04/2011	21/04/2011	21/04/2011	24/04/2008	24/04/2008
Grant date	28/05/2015	27/03/2014	28/03/2013	13/06/2012	14/06/2011	30/06/2010	01/04/2009
Number of stock options granted by the Board[b]	2,739,600	2,790,000	2,790,000	2,956,025	2,936,125 (2,974,497)[c]	4,145,650 (4,199,015)[c]	4,672,200 (4,731,074)[c]
■ o/w to executive directors and salaried directors[a & b]	Total: 295,000	Total: 375,000	Total: 320,000	Total: 388,000	Total: 388,000 (393,028)[c]	Total: 770,000 (779,975)[c]	Total: 900,000 (911,659)[c]
						M. Bouygues: 160,000	M. Bouygues: 200,000
						O. Bouygues: 90,000	O. Bouygues: 100,000
	F. Bertière: 80,000	F. Bertière: 80,000	F. Bertière: 80,000	F. Bertière: 97,000	F. Bertière: 97,000	F. Bertière: 130,000	F. Bertière: 150,000
	H. Le Bouc: 80,000	H. Le Bouc: 80,000	H. Le Bouc: 80,000	H. Le Bouc: 97,000	H. Le Bouc: 97,000	H. Le Bouc: 130,000	H. Le Bouc: 150,000
	N. Paolini: 135,000	N. Paolini: 80,000	N. Paolini: 80,000	N. Paolini: 97,000	N. Paolini: 97,000	N. Paolini: 130,000	N. Paolini: 150,000
■ o/w to ten employees of the company	360,800	289,100	335,800	402,800	404,200 (409,441)[c]	534,000 (540,920)[c]	520,000 (526,741)[c]
Pre-adjustment exercise price	€37.106	€30.32	€22.28	€20.11	€31.84	€34.52	€25.95
Post-adjustment exercise price[b]	€37.106	€30.32	€22.28	€20.11	€31.43	€34.08	€25.62
Start of exercise period	28/05/2017	28/03/2018	29/03/2017	14/06/2016	14/06/2015	30/06/2014	01/04/2013
End of exercise period	28/05/2025	27/09/2021	28/09/2020	13/12/2019	14/12/2018	30/12/2017	30/09/2016
Number of options cancelled or lapsed	22,300	59,350	110,125	179,338	237,404[c]	371,131[c]	380,629[c]
Number of options outstanding at 31/12/2015	1,703,744	3,293,393	2,383,850	2,718,738	2,659,030	2,729,851[c]	2,717,300[c]
Number of options exercised between 01/01/2016 and 31/01/2016			615	1,125			14,827
TOTAL OPTIONS OUTSTANDING AT 31/12/2015	**18,205,906**						

(a) Including only executive directors and salaried directors currently in office.
(b) In accordance with law, the exercise prices and the number of options granted were adjusted on 15 November 2011 following the share repurchase tender offer.
(c) After the number of options was adjusted on 15 November 2011 following the share repurchase tender offer.

5.4.2.5 Stock options granted to or exercised by the ten employees having received or exercised the most options in 2015

Table 10 – Stock options granted to the ten Bouygues employees (not corporate officers) having received the largest number of options in 2015

Employees	Company granting the options	Grant date	Number of options	Exercise price €
Pierre Auberger	Bouygues	28 May 2015	8,300	37.106
Jacques Bernard	Bouygues	28 May 2015	15,000	37.106
Philippe Bonnave	Bouygues	28 May 2015	80,000	37.106
Georges Colombani	Bouygues	28 May 2015	15,000	37.106
Emmanuel Forest	Bouygues	28 May 2015	13,500	37.106
Jean-François Guillemin	Bouygues	28 May 2015	27,000	37.106
Philippe Marien	Bouygues	28 May 2015	80,000	37.106
Olivier Roussat	Bouygues	28 May 2015	80,000	37.106
Jean-Claude Tostivin	Bouygues	28 May 2015	27,000	37.106
Gilles Zancanaro	Bouygues	28 May 2015	15,000	37.106
TOTAL			**360,800**	

Table 10 a – Stock options exercised in 2015 by the ten Bouygues employees (not corporate officers) having exercised the largest number of options

Employees	Company granting the options	Plan	Number of options exercised	Exercise price €
Pierre Auberger	Bouygues	14 June 2011	7,598	31.43
Jacques Bernard	Bouygues	1 April 2009	30,389	25.62
		13 June 2012	4,800	20.11
Gérard Bucourt	Bouygues	1 April 2009	12,156	25.62
		30 June 2010	11,143	34.08
		14 June 2011	8,408	31.43
Robert Brard	Bouygues	1 April 2009	9,117	25.62
Georges Colombani	Bouygues	1 April 2009	20,260	25.62
		13 June 2012	700	20.11
Jean-François Guillemin	Bouygues	1 April 2009	35,648	25.62
Philippe Marien	Bouygues	1 April 2009	101,296	25.62
Olivier Roussat	Bouygues	1 April 2009	31,296	25.62
		14 June 2011	90,000	31.43
Jean-Claude Tostivin	Bouygues	1 April 2009	50,648	25.62
Gilles Zancanaro	Bouygues	30 June 2010	26,337	34.08
TOTAL			**439,796**	

In 2015, 2,373,664 Bouygues stock options were exercised by employees of Bouygues or one of its subsidiaries, including the ten employees of Bouygues mentioned above.

5.5 Information on auditors

5.5.1 Statutory auditors

- Mazars, 61 rue Henri Regnault, 92075 Paris-La Défense, France, appointed as statutory auditors at the Annual General Meeting on 10 June 1998, reappointed for a further six-year term at the Annual General Meeting on 22 April 2004 and then at the Annual General Meeting on 29 April 2010.

  Mazars are represented by Guillaume Potel.

- Ernst & Young Audit, Tour First, 1/2 Place des Saisons, 92400 Courbevoie, France, appointed as statutory auditors at the Annual General Meeting on 24 April 2003, reappointed for a further six-year term at the Annual General Meeting on 23 April 2009 and then at the Annual General Meeting on 23 April 2015.

  Ernst & Young Audit are represented by Laurent Vitse.

  Mazars and Ernst & Young Audit are members of the Versailles regional association of auditors.

5.5.2 Alternate auditors

- Philippe Castagnac (Mazars group), appointed as alternate auditor at the Annual General Meeting on 29 April 2010, for a six-year term.
- Auditex (EY group), appointed as alternate auditor at the Annual General Meeting of 23 April 2009, reappointed for a further six-year term at the Annual General Meeting on 23 April 2015.

5.5.3 Fees paid by the Group to the auditors and members of their networks

The fees paid to each of the auditors and to the members of their networks by Bouygues and all fully consolidated Group companies are set forth in Note 22 to the consolidated financial statements (chapter 7, section 7.1, of this Registration Document).

INFORMATION ON THE COMPANY

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6.1 Legal information

6.1.1 General information

Company name	Bouygues
Registered office	32 avenue Hoche, 75008 Paris, France
Telephone	+33 1 44 20 10 00
Registration No.	572 015 246 Paris
APE code	7010Z
Form	*Société Anonyme* (public limited company)
Date of incorporation	15 October 1956
Expiration date	14 October 2089
Financial year	1 January to 31 December
Governing law	Bouygues is incorporated under French law. Activities carried out by Group entities outside France are generally subject to the legislation of the country concerned, or to other legislation applicable contractually or under international law. The Group has operations in dozens of countries. Any one project may require a large number of contracts, often governed by different legal systems.

6.1.2 Articles of association

6.1.2.1 Purpose (Article 2 of the articles of association)

The purpose of the company is, in all countries:

- to acquire, directly or indirectly, interests or holdings in French or foreign companies or groupings, whatever their purpose or business, and to manage and dispose of such interests or holdings;
- to form, acquire, operate and dispose of French or foreign undertakings, in any field of business, whether industrial, commercial or financial, including in particular in the fields of construction (building, civil works, roads, property) and services (public utilities management, media, telecommunications); and
- more generally, to carry out industrial, commercial, financial, mining and agricultural operations or transactions and operations or transactions involving movable or real property relating directly or indirectly to the above purpose or to all similar or related purposes that may enable or facilitate the attainment or development thereof.

6.1.2.2 Appropriation of earnings (Article 24 of the articles of association)

At least 5% of the net profit for the financial year, minus any prior-year losses, is appropriated to constitute the legal reserve. Such appropriation ceases to be mandatory once the legal reserve reaches an amount equal to one-tenth of the share capital.

After appropriations to other reserves and retained earnings as decided by the general meeting of shareholders, the balance of distributable earnings is divided between the shareholders.

6.1.2.3 General meetings (Articles 19 to 21 of the articles of association)

General meetings are convened in accordance with the formalities required by law. All shareholders are entitled to participate, regardless of the number of shares they hold.

6.1.2.4 Financial and voting rights attached to shares (Articles 10 and 12 of the articles of association)

Each share is entitled to the pecuniary and non-pecuniary rights stipulated by law and specified in the articles of association. In particular, Article 10 of the articles of association states that each share entitles the holder to a share in the corporate assets and in the distribution of profits proportionate to the interest in the capital that it represents. Article 12 of the articles of association states that unless otherwise stipulated by law, and except in the case of double voting rights as stipulated below, each shareholder has as many voting rights and may cast as many votes in general meetings as the number of shares he or she holds.

6.1.2.5 Double voting rights (Article 12 of the articles of association)

Double voting rights have existed at Bouygues since 1 January 1972, based on a measure introduced into the articles of association by a general meeting on 31 December 1969.

Double voting rights are granted to all fully paid-up shares proved to have been registered in the name of the same holder for at least two years.

If the share capital is increased by incorporation of reserves, earnings or share premium, double voting rights are granted upon issue to registered shares allotted free of charge in respect of existing shares that already carry double voting rights.

Double voting rights attached to registered shares will be lost if those shares are converted into bearer shares or if title to them is transferred, unless they are transferred from one registered shareholder to another through inheritance or a gift between family members.

Double voting rights may only be abolished by a decision taken at an extraordinary general meeting and ratified by a special meeting of holders of those rights (Article L. 225-99 of the Commercial Code).

6.1.2.6 Disclosure of thresholds (Article 8.3 of the articles of association)

Persons or entities that obtain, directly or indirectly, at least 1% of the share capital or voting rights are required to inform the company of the total number of shares they own. Disclosure must be made by registered letter with acknowledgement of receipt sent to the registered office within fifteen days following completion of the transaction (whether on or off exchange) regardless of when or whether the securities have been delivered.

Such disclosure must be repeated on the terms stipulated above whenever a shareholder passes above or below the 1% threshold or any threshold that is a multiple of 1%.

If disclosure is not made on the terms set forth above, the shares exceeding the disclosure threshold are stripped of voting rights on the conditions stipulated by law if a request to that effect is made at a general meeting by one or more shareholders holding at least 5% of the company's share capital or voting rights.

Under the terms of Article 8.2 of the articles of association, the company is authorised to use all legal means to identify the holders of securities conferring an immediate or future right to vote at general meetings.

6.1.3 Shareholder agreements entered into by Bouygues

6.1.3.1 Bouygues Telecom

The Bouygues Telecom shareholder agreement binds Bouygues SA, SFPG (a subsidiary of Bouygues SA) and JCDecaux Holding.

The material provisions of this shareholder agreement are the following: a reciprocal pre-emptive right; prohibition, without the prior agreement of the other shareholders, on disposals of securities to a telecoms operator providing services to the public; and an undertaking by each party not to acquire a stake in the capital of any rival telecoms operator.

6.1.3.2 Alstom

On 22 June 2014, Bouygues signed a memorandum of understanding with the French state under which the French state, or any other French state-controlled entity chosen by the French state, could buy part of the equity interest in Alstom held by Bouygues.

Under the terms of the memorandum of understanding, Bouygues granted the French state a call option (the "first call option") exercisable during a period of eight trading days following the 60th trading day after full and final completion of the transactions announced by Alstom on 21 June 2014 (the Reference Date). This call option is for a number of shares representing 20% of Alstom's share capital as of the Reference Date and is exercisable at a price of €35 per share (adjusted to take account of any exceptional dividend and any transaction affecting Alstom's share capital).

The Reference Date is 28 January 2016, the settlement date of Alstom's share repurchase tender offer.

If the first call option is exercised and the Volume Weighted Average Price (VWAP) of Alstom shares during a reference period of 60 trading days following 28 January 2016 exceeds €35 (adjusted to take account of any exceptional dividend and any transaction affecting Alstom's share capital), the French state will pay Bouygues an amount equal to (i) 50% of the difference between that average and €35 (adjusted to take account of any exceptional dividend and any transaction affecting Alstom's share capital) multiplied by (ii) the number of shares sold under the terms of the first call option.

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If the first call option is not exercised, Bouygues will grant the French state another call option (the "second call option") exercisable during a period of 17 months from the end of the exercise period of the first call option. This call option would be for a number of shares representing 20% of Alstom's share capital as of 28 January 2016 and would be exercisable at a price equal to 95% of the VWAP of Alstom shares during a reference period of 60 trading days preceding the date of exercise, subject to a minimum price of €35 per share (adjusted to take account of any exceptional dividend and any transaction affecting Alstom's share capital).

If neither the first call option nor the second call option is exercised, Bouygues will grant the French state another call option (the "third call option") exercisable during a period of eight trading days from the end of the exercise period of the second call option. This call option would be for a number of shares representing 15% of Alstom's share capital as of 28 January 2016 and would be exercisable at a price equal to 98% of the VWAP of Alstom shares during a reference period of 60 trading days preceding the end of the 17-month period referred to above.

In the event of very large negative movements in the market (such as a stock market crash) during the 60 trading days preceding the start of the exercise period of the third call option, the parties agree to discuss the terms of the sale in good faith during a period of no more than 30 days commencing on the first day of the exercise period of the third call option. Exercise of the third call option would in that case be suspended during the discussion period and would resume at the end of that period, regardless of whether or not the parties reach agreement.

Bouygues will be free to sell some or all of the callable shares provided that the Agence des Participations de l'État (APE), the agency managing holdings owned by the French state, is offered first refusal.

Pursuant to the memorandum of understanding of 22 June 2014, Bouygues granted a simple loan to the French state on 4 February 2016 of 43,825,360 Alstom shares representing 20% of Alstom's voting rights[a&b].

In addition, the memorandum of understanding requires the parties to endeavour to do their best, during a ten-year period from the signature of said memorandum of understanding, to have one director representing Bouygues and two directors representing the French state on the Alstom Board of Directors. Pursuant to that undertaking, Bouygues submitted to the general meeting of Alstom shareholders of 18 December 2015 a resolution proposing that Olivier Bourges (who had been put forward as a candidate by APE) be appointed as a director; this resolution was adopted.

As part of the memorandum of understanding of 22 June 2014, Bouygues also undertook that at general meetings of Alstom shareholders, it would vote in favour of adopting the new French law principle introducing double voting rights (which had prompted Bouygues to vote against the twentieth resolution submitted to the general meeting of Alstom shareholders on 1 July 2014, proposing that single voting rights be retained).

A detailed description of the memorandum of understanding of 22 June 2014 is set forth in Notice 214C1292 published by the Autorité des Marchés Financiers (AMF) on 3 July 2014. In light of the terms of the memorandum of understanding, the AMF concluded that the French state and Bouygues were acting in concert as regards Alstom.

Following the simple loan of shares, as set forth above, the respective interests in the share capital and voting rights of Alstom of the two members of the concert party are as follows:

	Number of shares and voting rights	% of share capital and voting rights
APE	43,825,361	20.00
Bouygues SA[a]	18,260,866	8.33
Total: concert party	62,086,227	28.33

(a) Under Article L. 223-9 I paragraph 6 of the Commercial Code, Bouygues SA is deemed to be the holder of the Alstom shares loaned to APE, and consequently is deemed to be the holder of 62,086,227 Alstom shares representing 28.33% of the share capital and voting rights of that company.

6.1.4 Factors likely to have an impact on any public tender offer price (Article L. 225-100-3 of the Commercial Code)

The factors likely to have an impact on the offer price in any potential tender offer relating to Bouygues' shares are set out below:

- capital structure: information relating to Bouygues' capital structure is set out below (section 6.3). The main shareholders of Bouygues are SCDM and company employees. In view of their respective weight, the votes of these shareholders could have an impact on the outcome of any public tender offer for the capital of Bouygues;
- restrictions in the articles of association on the exercise of voting rights: Article 8.3 of the articles of association, summarised above in section 6.1.2.6, makes provision to suspend the voting rights of shareholders who fail to declare that they have crossed a threshold of at least 1% (or a multiple of 1%) of the capital or voting rights. This restriction could have an impact in the event of a public tender offer;
- direct or indirect holdings in the share capital of which Bouygues is aware, pursuant to Articles L. 233-7 and L. 233-12 of the Commercial Code: the relevant information is set out below (section 6.3);
- a list of owners of any security with special control rights, with a description of those rights: not applicable;
- control mechanisms stipulated within employee share ownership plans: the regulations of the various employee share ownership funds created by Bouygues stipulate that voting rights are exercised by the Supervisory Boards of those funds and not directly by employees. Those employee share ownership funds, which held 28.65% of voting rights at 31 December 2015, could therefore have an impact on the price of any public tender offer;

- agreements between shareholders of which Bouygues is aware and which could result in restrictions on the transfer of shares and in the exercise of voting rights: not applicable;
- rules applicable to the appointment and replacement of members of the Board of Directors: the following is specified in Article 13 of the articles of association:
  - in addition to the directors specified in Article 13.3 of the articles of association, the Board of Directors has between three and eighteen members (subject to the exception stipulated by law in the event of a merger), appointed by a general meeting of shareholders. It also has no more than two members representing employee shareholders, elected by a general meeting on the recommendation of the Supervisory Boards of the employee share ownership funds set up as part of Bouygues group employee savings schemes and primarily invested in Bouygues shares,
  - Article 13.3 of the articles of association states that in accordance with Article L. 225-27-1 of the Commercial Code, the Board of Directors must also include either one or two directors representing employees.

    Those directors are nominated by the Group Council governed by Articles L. 2331-1 *et seq.* of the Labour Code, in accordance with the following rule:
    - where the number of members of the Board of Directors appointed by the general meeting excluding directors representing employee shareholders is twelve or less, the Group Council nominates one director representing employees,
    - where the number of members of the Board of Directors appointed by the general meeting excluding directors representing employee shareholders is more than twelve, the Group Council nominates two directors representing employees.
  - the term of office of directors, other than those specified in Article 13.3 of the articles of association, is three years. The terms of office of directors representing employees expires two years after their nomination,
  - the term of office of a director elected from among the employee members of the Supervisory Board of one of the employee share ownership funds automatically ends early in the event of the termination of the director's employment contract (except in the case of an intra-Group transfer) or if the company that employs the director leaves the Bouygues group. The Board of Directors will then take all necessary steps to arrange for the replacement of the director whose term of office has ended,
  - if the number of members of the Board of Directors appointed by the general meeting falls to twelve or less, the terms of office of the two directors representing employees continue until such terms expire,
  - directors may be re-elected, and the terms of office of directors representing employees may be renewed once,
  - directors chosen by the shareholders may be removed from office at any time by an ordinary general meeting,
  - employees representing directors elected from among the employee members of the Supervisory Boards of employee share ownership funds may be removed from office only on the grounds of misconduct in office, following a court decision,
  - as an exception to the above and pursuant to Article L. 225-32 of the Commercial Code, directors representing employees may be removed from office only on the grounds of misconduct in office, following an interim decision by the president of the District Court in response to an urgent application filed at the request of the majority of the members of the Board of Directors,
  - legal persons serving as directors are required to appoint a standing representative on the conditions stipulated by law.

  See also the details in the Report by the Chairman (chapter 5, section 5.2 of this Registration Document).
- rules applicable to changes in the company's articles of association: Article L. 225-96 of the Commercial Code specifies that only an extraordinary general meeting has the power to change the articles of association. Any clause to the contrary is deemed null and void;
- powers of the Board of Directors with respect to issuance and buyback of shares (see the tables summarising financial authorisations in the report on the resolutions, chapter 8, section 8.2 of this Registration Document). In particular:
  - the Combined Annual General Meeting of 23 April 2015 (Resolution 25) delegated powers to the Board of Directors to issue equity warrants during a public tender offer for the company's shares. The nominal amount of any capital increase that may result from the exercise of such equity warrants may not exceed €84 million and 25% of the share capital. The Combined Annual General Meeting convened for 21 April 2016 will be asked to replace this delegation by a further delegation with the same purpose,
  - the Combined Annual General Meeting of 23 April 2015 (Resolution 12) also authorised the Board of Directors to trade in the company's shares, including during a public tender offer for the company's shares. The Combined Annual General Meeting convened for 21 April 2016 will be asked to replace this authorisation by a further authorisation with the same purpose,
  - the Board of Directors is authorised by law, during the period of a public tender offer, to take any measures that are within its prerogative and in the interest of the company to frustrate such an offer,
- agreements entered into by Bouygues, which will be modified or expire in the event of a change of control of Bouygues:
  - the 10-year bonds maturing in 2016, the 20-year sterling bonds maturing in 2026, the 8-year bonds maturing in 2018, the 9-year bonds maturing in 2019, the 10-year bonds maturing in 2022 and the 10-year bonds maturing in 2023 all include a change of control clause providing for the early redemption of the bonds in the event of a change of control of Bouygues, accompanied by a rating downgrade,
  - a change in the capital structure of Bouygues could potentially jeopardise TF1's licence to operate a national terrestrial television broadcasting service. Article 41-3-2 of the Act of 30 September 1986 governing audiovisual media specifies that any natural or legal person who controls, within the meaning of Article L. 233-3 of the Commercial Code, any company that holds such a licence, or that has placed a company holding such a licence under its authority or dependency, is deemed to be the holder of that licence. Article 42-3 adds that the licence may be withdrawn without notice if there is any substantive change in the circumstances on the basis of which the licence was granted, including changes in capital structure,

- all the decisions and orders licensing Bouygues Telecom to establish and operate its wireless network and provide services to the public (the decision of 5 November 2009 relating to the 900 and 1800 MHz bands, the order of 3 December 2002 relating to the 2.1 GHz band, and the decisions of 11 October 2011 relating to the 2.6 GHz band, of 17 January 2012 relating to the 800 MHz band and of 8 December 2015 relating to the 700 MHz band) stipulate that Arcep (the French telecommunications regulator) must be informed immediately of any change to any of the information contained in the licence application, so that the regulator can check whether that change is compatible with the terms of the licence. The information contained in the licence application includes the share ownership structure of the company (or companies) that directly or indirectly controls (or control) the licence-holder. In addition, any change in the capital or voting rights of Bouygues that results in a single individual or entity controlling the combined bandwidth of two operators could lead Arcep to re-examine the validity of the licences awarded to Bouygues Telecom;
- agreements entitling members of the Board of Directors or employees to compensation if they resign or leave the company without real and serious cause, or if their employment comes to an end as a result of a public tender offer: not applicable. Nevertheless, although this is not severance pay, a director who is also an employee of the company is covered by the applicable collective agreement (for Bouygues SA, the collective agreement for construction executives in the Paris region) and is therefore eligible for the compensation set out in that agreement if his or her contract of employment is terminated. Hervé Le Bouc and Nonce Paolini would be eligible for compensation of this type.

6.1.5 Breakdown of amounts owed to suppliers

Pursuant to Articles L. 441-6-1 and D. 441-4 of the Commercial Code, the company has published a breakdown by due date of amounts owed to suppliers at 31 December 2015, as set out below.

	≤ 30 days	> 30 days
2015	**€1,477,750**	**€90,695**

Accrued expenses: €4,962,334 of which invoices due: €637,591 (contested or disputed amounts: none).

	≤ 30 days	> 30 days
2014	**€1,472,780**	**€236,288**

Accrued expenses: €5,262,000 of which invoices due: €749,786 (contested or disputed amounts: none).

6.1.6 Agreements entered into by senior executives or shareholders with Bouygues subsidiaries or sub-subsidiaries

Pursuant to Article L. 225-102-1 of the Commercial Code, the management report must disclose agreements entered into directly or through a third party between, on the one hand, the chief executive officer, a deputy chief executive officer, a director, or a shareholder with over 10% of the voting rights in Bouygues and, on the other hand, another company in which Bouygues directly or indirectly holds more than 50% of the capital, with the exception of agreements covering day-to-day operations carried out under normal business conditions.

The company is not aware of any such agreements.

However, in the interests of full disclosure and for information purposes only, shareholders are hereby informed that Actifly (in which SCDM holds an indirect interest of 85%) has an agreement with Airby (a subsidiary in which Bouygues owns an indirect interest of 85%) setting out the conditions under which Actifly can use an aircraft owned or operated by Airby on the same financial terms as Bouygues or its subsidiaries. Under this agreement, Airby invoiced Actifly €108,983 excluding VAT in 2015.

6.1.7 Publicly available documents

During the period of validity of this Registration Document, originals or copies of the following documents may be accessed at the registered office of Bouygues and/or online at the website www.bouygues.com, under Finance/Shareholders:

- the company's articles of association;
- reports drawn up by the auditors, some of which are included or referred to in the Registration Document; and
- historical financial information relating to the company and its subsidiaries for each of the two financial years preceding the publication of the Registration Document.

6.2 Share capital

6.2.1 General information

6.2.1.1 Amount of share capital

The share capital of Bouygues at 31 December 2014 was €336,086,458, composed of 336,086,458 shares with a par value of €1 each.

From 1 January to 31 December 2015, it issued 2,576,255 new shares resulting from the exercise of stock options.

On 29 December 2015, it issued 6,472,603 new shares reserved for employees as part of the Bouygues Confiance 7 share ownership fund (see section 6.2.2).

Consequently, the share capital of Bouygues at 31 December 2015 was €345,135,316, composed of 345,135,316 shares with a par value of €1 each.

The total number of voting rights [a] was 489,224,737 at 31 December 2015 (compared with 492,710,591 voting rights [a] at 31 December 2014).

6.2.1.2 Changes in the share capital over the last five years

All amounts in the following table are in euros.

Dates	Capital increases/reductions over the last 5 years	Amount of changes in share capital: Nominal	Amount of changes in share capital: Premiums and capitalisation of reserves	Amount of share capital
1 January to 29 August 2011	Exercise of stock options for 418,473 shares	418,473	10,152,464	366,280,996
30 August 2011	Cancellation of 9,973,287 shares bought back by the company	(9,973,287)	(313,650,100)	356,307,709
31 August to 14 November 2011	Exercise of stock options for 228,036 shares	228,036	5,507,373	356,535,745
15 November 2011	Cancellation of 41,666,666 shares bought back by the company as part of the share repurchase tender offer	(41,666,666)	(1,208,333,314)	314,869,079
28 December 2012	Subscription by the Bouygues Confiance 6 employee share ownership fund of 9,363,295 shares	9,363,295	140,636,691	324,232,374
26 February 2013	Cancellation of 5,074,906 shares bought back by the company	(5,074,906)	(94,312,510)	319,157,468
1 August to 31 December 2013	Exercise of stock options for 107,528 shares	107,528	2,602,405	319,264,996
1 January to 31 May 2014	Exercise of stock options for 439,978 shares	439,978	10,816,497	319,704,974
4 June 2014	Payment of the dividend in shares	15,908,913	385,154,784	335,613,887
1 June to 31 December 2014	Exercise of stock options for 472,571 shares	472,571	11,523,723	336,086,458
1 January to 6 October 2015	Exercise of stock options for 2,000,320 shares	2,000,320	52,648,417	338,086,778
29 December 2015	Subscription by the Bouygues Confiance 7 employee share ownership fund of 6,472,603 shares	6,472,603	143,527,382	344,559,381
7 October 2015 to 31 December 2015	Exercise of stock options for 575,935 shares	575,935	17,130,046	345,135,316

(a) Including non-voting shares, in accordance with the calculation methods set out in the AMF General Regulation.

6.2.1.3 Authorisations to increase or reduce the share capital or to buy back shares

The tables summarising authorisations in force and the financial authorisations submitted to the Combined Annual General Meeting of 21 April 2016 are set out in the Board of Directors' report on the resolutions (chapter 8, section 8.2 of this Registration Document).

6.2.2 Employee share ownership

6.2.2.1 Board of Directors' supplementary report on the capital increase reserved for employees and corporate officers of French companies who are members of the Bouygues group savings scheme (Article R. 225-116 of the Commercial Code)

To the shareholders,

Under the twenty-third resolution approved by the Annual General Meeting of 23 April 2015, you delegated to the Board of Directors, with the option of sub-delegation within the limits provided by law, the power to carry out one or more capital increases within a period of twenty-six months of up to 10% of the company's share capital as of the date of the decision, with subscriptions for the shares thereby issued being reserved for employees and corporate officers of Bouygues and of related companies who are members of a company, Group or inter-company savings scheme.

To this end you delegated to the Board of Directors, with the option of sub-delegation to the Chairman and Chief Executive Officer or, with his consent, to one or more Deputy Chief Executive Officers, full powers to carry out said capital increases and determine the final terms and conditions thereof.

Using the powers thus granted by the Annual General Meeting, the Board of Directors at its meeting of 26 August 2015 approved in principle a capital increase of up to €150 million (inclusive of share premium) via a new leveraged share ownership plan, Bouygues Confiance 7, and granted full powers to the Chairman and Chief Executive Officer to implement the transaction.

Under the powers thus granted by the Board of Directors, the Chairman and Chief Executive Officer decided on 7 October 2015 to carry out a capital increase of up to €150 million (inclusive of share premium) on the terms determined by the Board of Directors at its meeting of 26 August 2015. In accordance with Article L. 3332-19 of the Labour Code, he set the opening date of the subscription period and fixed the subscription price at the average of the quoted share prices for the 20 trading days preceding 7 October 2015 less a discount of 30%.

Description of the plan

The new plan will be implemented via a leveraged employee share ownership fund specifically created for the purpose, the rules of which were approved by the AMF on 12 August 2015. This fund, called FCPE Bouygues Confiance 7 (hereinafter the FCPE), is reserved for employees and corporate officers of Bouygues and of French companies who are members of the Bouygues group savings scheme, provided they have at least three months' length of service as of 31 December 2015. The funds collected must be invested in Bouygues shares.

The plan involves a capital increase of up to €150 million (inclusive of share premium). It is a leveraged plan whereby each beneficiary's personal contribution will be topped up thanks to an exchange transaction between the FCPE and the bank, with the bank's top-up contribution representing nine times the amount of the beneficiary's personal contribution.

When the beneficiaries withdraw from the FCPE they will receive a percentage of the capital gain on the full amount of the shares acquired with their personal contribution and the bank's top-up contribution, corresponding to the difference between an average share value calculated over a ten-year period and the reference price (i.e. the average of the quoted share prices for the 20 trading days preceding 7 October 2015) before the 30% discount, multiplied by the total number of shares acquired.

The plan involves limited risk because the beneficiaries are guaranteed to recover their personal contribution regardless of any change in the Bouygues share price.

In his decision of 7 October 2015, the Chairman and Chief Executive Officer, having noted that the average of the initial quoted share prices for the 20 trading days preceding that date was €33.1065, set the subscription price at €23.1746, i.e. 70% of the average opening share price, in accordance with Article L. 3332-19 of the Labour Code.

He set 16 November 2015 as the opening date for the subscription period and 6 December 2015 as the closing date.

He decided that the beneficiaries should pay their subscriptions in two instalments, the first no later than 29 December 2015 and the second in January 2016 but no later than 6 January 2016.

He set 29 December 2015 as the date on which the FCPE is to subscribe to the capital increase.

He decided that the FCPE would pay its subscription in two instalments, the first on 29 December 2015 to be equivalent to the payments made by employees during December, with the balance to be paid on 6 January 2016.

He also specified that the shares subscribed through the FCPE will rank for dividend from 1 January 2015, and that the new shares will be fungible with the existing shares.

He noted that the maximum number of new shares that may be created based on the authorised capital increase and the subscription price would be 6,472,603, or 1.91% of the share capital as of 7 October 2015. If the maximum amount of the capital increase is reached, it would have a dilutive effect of 1.88%. This complies with the resolution passed at the Annual General Meeting of 23 April 2015, which stipulated that the maximum number of shares offered may not exceed 10% of the share capital.

Impact of the issue on the position of existing shareholders

The impact of the issue of up to 6,472,603 new shares on a shareholder who held a 1% interest in the capital of Bouygues as of 31 October 2015 and does not subscribe to the capital increase would be as follows:

	Percentage interest
Before the issue	1%
After the issue of up to 6,472,603 new shares	0.98%

The impact of this issue on the interest in the shareholders' equity of Bouygues SA (based on interim accounts as of 30 June 2015) of a shareholder who holds one Bouygues share and does not subscribe to the capital increase would be as follows:

	Interest in shareholders' equity of Bouygues SA as of 30 June 2015
Before the issue	€25.83
After the issue of up to 6,472,603 new shares	€25.34

Finally, the impact of this issue on the interest in consolidated shareholders' equity attributable to the Group (as of 30 June 2015) of a shareholder who holds one Bouygues share and does not subscribe to the capital increase would be as follows:

	Interest in consolidated shareholders' equity attributable to the Group as of 30 June 2015
Before the issue	€21.61
After the issue of up to 6,472,603 new shares	€21.20

Theoretical impact of the issue on the stock market value of Bouygues shares

Given the issue price and number of shares issued, the issue should not have a material impact on the market value of Bouygues shares.

At its meeting of 12 November 2015, the Board of Directors duly noted the Chairman and Chief Executive Officer's decision and approved the wording of this supplementary report, drafted in accordance with Article R. 225-116 of the Commercial Code and describing the final terms and conditions of the issue in accordance with the authorisation granted by the Annual General Meeting.

In accordance with Article R. 225-116 of the Commercial Code, this report will be made available to shareholders at the company's registered office no later than 15 days after this Board meeting, and will be brought to the attention of shareholders at the next Annual General Meeting.

12 November 2015

The Board of Directors

6.2.2.2 Auditors' supplementary report on the capital increase reserved for employees and corporate officers of French companies who are members of the Group savings scheme

Board meeting of 12 November 2015.

To the shareholders,

In our capacity as statutory auditors of your company and as required under Article R. 225-116 of the Commercial Code, we hereby present a supplementary report to our report of 16 March 2015 on the capital increase with cancellation of pre-emptive rights for existing shareholders reserved for employees and corporate officers of Bouygues or any related companies within the meaning of applicable legislation, who are members of the Bouygues group savings scheme, as approved by the Extraordinary General Meeting of 23 April 2015.

This capital increase was submitted for the approval of shareholders in accordance with the requirements of Article L. 225-129-6 of the Commercial Code and Articles L. 3332-18 *et seq.* of the Labour Code.

That meeting delegated to the Board of Directors, with the option of sub-delegation, powers to carry out such a capital increase within a period of twenty-six months and for up to 10% of the share capital as at the date of the Board's decision. At its meeting of 26 August 2015, the Board of Directors used that delegation to authorise in principle a capital increase reserved for employees and corporate officers of a maximum amount of €150 million (including share premium), and granted full powers to the Chairman and Chief Executive Officer to implement the capital increase. On 7 October 2015, the Chairman and Chief Executive Officer used that sub-delegation to set the subscription price at €23.1746.

The Board of Directors is responsible for drawing up a supplementary report in accordance with Articles R. 225-115 and R. 225-116 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information extracted from the interim accounts, on the proposal to cancel pre-emptive rights for existing shareholders, and on other specific information regarding the issue as contained in that report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures mainly involved verifying:

- the fairness of the financial information extracted from the parent company interim accounts and the condensed consolidated interim accounts prepared under the responsibility of the Board of Directors as of 30 June 2015, using the same methods and presentation as in the last full-year parent company and consolidated financial statements. Our work on those interim accounts involved meeting with members of the management who are responsible for accounting and financial matters, verifying that the interim accounts were prepared using the same accounting policies and measurement and presentation methods as were used in the preparation of the last full-year parent company and consolidated financial statements, and implementing analytical procedures;
- the compliance of the terms and conditions of the transaction with the delegation given by the General Meeting; and
- the information provided in the Board of Directors' supplementary report on the inputs used to calculate the issue price and final issue amount.

We have no matters to report regarding:

- the fairness of the financial information extracted from the interim accounts and provided in the Board of Directors' supplementary report;
- the compliance of the terms and conditions of the transaction with the delegation made by the Extraordinary General Meeting of 23 April 2015, and with the indications provided to the shareholders;
- the inputs used to calculate the issue price and final issue amount;
- the presentation of the impact of the issue on the position of holders of shares and securities that give access to capital in relation to shareholders' equity and the market value of the share; and
- the cancellation of pre-emptive rights for existing shareholders, on which you previously voted.

Courbevoie and Paris-La Défense, 12 November 2015

The Statutory Auditors

MAZARS	ERNST & YOUNG Audit
Guillaume Potel	Laurent Vitse

6.2.2.3 Employee share ownership at 31 December 2015

At 31 December 2015, Group employees held 21.44% of the share capital of Bouygues and 28.64% of the voting rights through a number of employee share ownership funds:

- the fund associated with the French statutory profit-sharing scheme was created in 1968 and invests in Bouygues shares purchased on the market. At 31 December 2015, the fund held 4.95% of the share capital and 6.81% of the voting rights;
- the fund dedicated to the Bouygues group company savings scheme, is funded by voluntary contributions from employees and additional contributions paid by the company. The fund also invests in Bouygues shares purchased on the market. At 31 December 2015, the fund held 10.82% of the share capital and 15.15% of the voting rights;
- the leveraged funds set up in association with the employee share ownership plans awarded in 2009, 2012 and 2015 (Bouygues Partage 2 – ten years, Bouygues Confiance 6 and Bouygues Confiance 7) held 5.67% of the share capital and 6.68% of the voting rights at 31 December 2015.

6.2.3 Potential creation of new shares

At 31 December 2015, the exercise price for all the 7,380,987 options [a] that are out of the lock-up period is less than the last quoted market price of the year (i.e. €36.545 at 31 December 2015).

6.2.4 Share buybacks

6.2.4.1 Use in 2015 of authorisations granted by the Annual General Meeting

The Combined Annual General Meetings of 24 April 2014 and 23 April 2015 approved share buyback programmes authorising the Board of Directors, on the basis of Articles L. 225-209 *et seq.* of the Commercial Code, to buy, on- or off-market, a number of shares representing up to 5% of the company's share capital as at the purchase date, for the purposes set out in Commission Regulation (EC) No. 2273/2003 of 22 December 2003 and within the confines of market practices authorised by the AMF.

The Combined Annual General Meetings of 24 April 2014 and 23 April 2015 authorised the Board of Directors to reduce the share capital by cancelling shares bought back, within the limit of 10% of the share capital in any 24-month period.

The table below, prepared in accordance with Article L. 225-211 of the Commercial Code, summarises the transactions carried out pursuant to these authorisations in 2015.

6

(a) Includes plans exercisable before the end of the standard lock-up period using funds locked up on behalf of employees in the company savings scheme.

TRANSACTIONS CARRIED OUT BY BOUYGUES IN ITS OWN SHARES IN 2015	
Number of treasury shares held by the company at 31 December 2014	35,000
Shares purchased in 2015	1,148,279
Shares cancelled in 2015	
Shares sold in 2015	1,143,279
Number of treasury shares held by the company at 31 December 2015	40,000
Value (purchase price) of treasury shares held by the company at 31 December 2015	€1,393,037
BREAKDOWN OF TRANSACTIONS BY PURPOSE	
Cancellation of shares	
Shares cancelled in 2015	
Reallocations	
Number of treasury shares held by the company at 31 December 2015 outside the liquidity contract	
Liquidity contract	
Shares purchased in 2015	1,148,279
Shares sold in 2015	1,143,279
Reallocations	
Number of treasury shares held by the company at 31 December 2015 under the liquidity contract	40,000

6.2.4.2 Description of the new share buyback programme submitted for approval by the Combined Annual General Meeting of 21 April 2016

Pursuant to Articles 241-2 and 241-3 of the AMF General Regulation, the company sets out below a description of the share buyback programme to be submitted for approval by the Combined Annual General Meeting of 21 April 2016. This programme is intended to replace the one authorised by the Combined Annual General Meeting of 23 April 2015.

Number of shares and proportion of share capital held by Bouygues – Open derivatives positions

Between 1 January and 22 February 2016, the company purchased 211,500 shares and sold 158,500 shares under the liquidity contract.

At 22 February 2016, the company's capital was made up of 345,157,320 shares, including 93,000 held by Bouygues via a liquidity contract, representing 0.03% of the share capital.

At that date, the company's open derivatives positions were as follows:

Transaction date	Intermediary	Purchase/sale	Number of shares	Type of contract	Expiry	Exercise price	Premium	Organised market/OTC
22 January 2015	Natixis		14,846	Forward [a]	No later than 15 December 2017			OTC
22 January 2015	Natixis		29,693	Forward [a]	No later than 17 December 2018			OTC
29 January 2016	CACIB	Purchase	42,702	Call option [b]	29 November 2019	29.9624	5.40	OTC

(a) As part of the acquisition of the Canadian company Plan Group Inc. by Bouygues Energies & Services in 2014, Bouygues Energies & Services undertook to incentivise key managers of Plan Group Inc. by awarding them a Bouygues phantom shares plan. On the effective date of that undertaking (22 January 2015), Bouygues took out two cash-settled forward contracts in Bouygues shares with Natixis in order to hedge its payment obligations under the plan.
(b) Purchase of call option pursuant to a contractual obligation arising out of a Bouygues group employee savings scheme.

Objectives of the new buyback programme

Subject to approval by the Annual General Meeting, the buyback programme may be used to:

- cancel shares under the conditions provided for by law, subject to authorisation by the Extraordinary General Meeting;
- ensure the liquidity of and organise trading in the company's shares, through an investment services provider acting under the terms of a liquidity contract that complies with a code of conduct recognised by the AMF;
- retain shares and, where applicable, deliver them subsequently as a medium of payment or exchange in an acquisition, merger, spin-off or asset contribution, in accordance with recognised market practices and with applicable regulations;
- retain shares and, where applicable, deliver them subsequently upon exercise of rights attached to securities that grant the right to the allotment of company shares via redemption, conversion, exchange, presentation of a warrant or otherwise;
- allot shares to employees or corporate officers of the company or related companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option plans, company savings schemes and inter-company savings schemes or through an allotment of bonus shares;

- implement any market practice accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations.

Maximum proportion of capital, maximum number and characteristics of shares that may be bought back

Under the terms of this programme, Bouygues may acquire shares representing a maximum of 5% of its share capital. In theory, this equates to 17,257,866 shares at 22 February 2016, subject to any adjustments in connection with share capital transactions.

Where shares are bought back for liquidity purposes, the number of shares included for the purposes of calculating 5% of the share capital is the number of shares purchased, less the number of shares resold during the authorisation period.

In accordance with law, the total number of shares held at a given date may not exceed 10% of issued share capital at that date.

Within the scope of this authorisation, the company may purchase its own shares on- or off-market. The purchase price may not exceed €50 per share, subject to any adjustments in connection with share capital transactions.

The total amount of funds that may be used for this share buyback programme may not exceed €900 million.

Shares acquired may be sold under the conditions laid down by the AMF in its Position of 19 November 2009 regarding the introduction of a new regime governing the buyback of a company's own shares.

Shares repurchased and retained by Bouygues shall not carry voting or dividend rights. Shares may be purchased, in compliance with applicable regulations, in any manner, including on- or off-market and over-the-counter, through derivative financial instruments, and at any time, including in particular during a public tender or exchange offer. All or part of the programme may be carried out through block trades.

Term of programme

Eighteen months with effect from the Combined Annual General Meeting of 21 April 2016, i.e. until 21 October 2017.

6.3 Share ownership

6.3.1 Changes in share ownership over the last three years

	Situation at 31 December 2015 [a]			Situation at 31 December 2014			Situation at 31 December 2013		
	Number of shares	% of capital	% of voting rights [b]	Number of shares	% of capital	% of voting rights [b]	Number of shares	% of capital	% of voting rights [b]
SCDM [c]	70,405,505	20.40	27.92	70,202,914	20.89	27.31	66,374,020	20.79	28.45
Bouygues employees [d]	73,994,983	21.44	28.64	78,346,653	23.31	30.55	79,213,152	24.81	30.22
Other French shareholders	71,964,071	20.85	16.55	64,466,958	19.18	13.91	56,770,853	17.78	13.74
Other foreign shareholders	128,730,757	37.30	26.89	123,034,933	36.61	28.23	116,830,471	36.59	27.57
of which First Eagle	22,797,016	6.61	5.21	20,690,659	6.16	7.46	19,605,684 [e]	6.14	5.88
Bouygues	40,000 [f]	0.01	0.01	35,000 [f]	0.01	0.01	76,500 [f]	0.03	0.02
TOTAL	**345,135,316**	**100**	**100**	**336,086,458**	**100**	**100**	**319,264,996**	**100**	**100**

(a) Based on a survey of identifiable bearer shares as at 31 December 2015: 321 million shares identified.
(b) In accordance with Article 223-11 of the AMF General Regulation, the total number of voting rights is calculated on the basis of all shares with voting rights attached, including those with suspended voting rights.
(c) SCDM is a simplified limited company controlled by Martin Bouygues and Olivier Bouygues. This figure includes shares owned directly by Martin Bouygues and Olivier Bouygues.
(d) Shares owned by employees under company savings schemes. As of 31 December 2015, 40% of those shares have become available.
(e) Based on a declaration of the passing of a share ownership threshold sent to Bouygues on 22 August 2013.
(f) Treasury shares held under share buyback programmes and the liquidity contract. Voting rights attached to shares held by Bouygues are suspended.

	Number of shares	Total number of voting rights
31 December 2015	**345,135,316**	**489,224,737**
31 December 2014	336,086,458	492,710,591
31 December 2013	319,264,996	459,117,988

The company is not aware of any shareholder, other than those shown in the table above, holding more than 5% of the capital or voting rights.

6.3.1.1 Significant changes in share ownership during 2015

The main movements in share ownership since 31 December 2014 are described below:

- The interest in the capital held by Group employees fell from 23.31% to 21.44%, largely as a result of the expiry of the Bouygues Confiance 5 employee share ownership fund. For the same reason, the percentage of voting rights held by employees fell from 30.55% in 2014 to 28.64% in 2015.
- The number of shares held by SCDM was marginally higher than at the end of 2014. However, the percentage of shares held by SCDM fell slightly to 20.40% (versus 20.89% at the end of 2014) due to the dilution caused by the Bouygues Confiance 7 capital increase reserved for employees. The percentage of voting rights held by SCDM rose from 27.31% to 27.92%, due to the vesting of additional double voting rights.
- First Eagle Investment Management LLC increased its stake during the year, and held a 6.61% interest in the capital at the end of 2015 (versus 6.16% at the end of 2014). However, its share of the total voting rights decreased due to the loss of double voting rights, and now stands at 5.21% compared with 7.46% at the end of 2014.

6.3.2 Voting rights

The terms on which the principal shareholders of Bouygues hold voting rights are no different from those enjoyed by the other shareholders. They are entitled, on the same terms as the other shareholders, to double voting rights subject to the conditions specified in Article 12 of the articles of association, the terms of which are summarised above (see section 6.1.2.5).

6.3.3 Control

No shareholder controls the company within the meaning of Article L. 233-3 of the Commercial Code.

As of 31 December 2015, Martin Bouygues and Olivier Bouygues held 27.92% of the voting rights, either directly or via the simplified limited company SCDM, which gives them substantial power at general meetings (31.99% of the voting rights exercised at the 2015 Annual General Meeting), given the number of voting rights actually exercised.

The employees held 28.64% of the voting rights as of 31 December 2015 (35.44% of the voting rights exercised at the 2015 Annual General Meeting).

As indicated in the Report by the Chairman on corporate governance, the Board of Directors and Board committees include a significant proportion of independent directors (see chapter 5, section 5.2, of this Registration Document).

6.3.4 Shareholder agreements relating to the capital of Bouygues

As far as the company is aware, no shareholder agreement relating to the company's capital exists and no agreement exists which could, if activated, result in a future change in control of Bouygues.

6.4 Stock market information

6.4.1 Stock market performance of Bouygues shares in 2015

Bouygues shares are listed on the Euronext Paris market (compartment A) and belong to the CAC 40, Euronext 100, FTSE Eurofirst 300 and Dow Jones Stoxx 600 indices. They are eligible for the Deferred Settlement Service (SRD) and for French equity savings plans (PEAs).

There were a total of 345,135,316 **shares in issue** on 31 December 2015.

The **average number of shares in issue** during 2015 was 337,985,966.

The **average daily volume traded as reported by Euronext** for 2015 was 1,142,879 shares.

During 2015, Bouygues shares rose by 21.9%, compared with 8.5% for the CAC 40.

This stock market performance can be split into three phases:

- From 1 January to 13 May 2015, when the first-quarter results were published, the shares performed well, advancing by 26% versus 31 December 2014, compared with a 23% rise for the CAC 40 over the same period. On 27 April 2015, the share price reached its 2015 peak at €39.05.
- Between 13 May 2015 and publication of the first-half results on 27 August 2015, Bouygues shares underperformed the CAC 40.
- After that date the share price returned to growth, and by 31 December 2015 had gained 22% over the full year, outperforming the CAC 40.

		Dividend paid for the year €	Quoted market price €			Dividend yield based on closing price %
	Number of shares	Net	High	Low	Closing	
2011	314,869,079	1.60	35.05	20.88	24.35	6.6
2012	324,232,374	1.60	25.74	17.54	22.40	7.1
2013	319,264,996	1.60	30.03	18.61	27.42	5.8
2014	336,086,458	1.60	34.68	23.70	29.98	5.3
2015	345,135,316	1.60	39.05	28.70	36.55	4.4

On 23 February 2016, Bouygues shares were trading at €34.64.

6.4.2 Trends in share price and trading volumes

	High €	Low €	Volume of shares traded	Capital traded €m
2014				
January	31.75	27.04	25,407,925	741
February	31.95	27.31	21,180,300	622
March	33.67	28.20	46,422,978	1,418
April	33.00	28.03	33,959,242	1,029
May	34.68	31.42	28,461,263	935
June	34.49	30.16	30,558,199	998
July	30.62	28.16	25,817,410	762
August	29.20	26.89	19,881,385	557
September	28.47	25.12	23,647,218	637
October	27.84	23.70	32,158,825	820
November	30.62	26.70	29,145,093	839
December	31.56	27.88	23,769,382	706
2015				
January	33.02	28.70	23,960,212	739
February	35.74	31.97	23,477,369	800
March	37.38	35.10	25,693,215	937
April	39.05	36.54	23,193,621	871
May	38.20	35.85	25,818,188	955
June	38.07	33.42	39,068,942	1,377
July	34.24	30.99	34,052,173	1,112
August	34.55	30.73	19,603,902	648
September	35.02	31.47	22,425,269	746
October	35.19	31.85	20,323,407	688
November	35.64	34.74	15,471,299	544
December	36.70	34.15	20,437,867	724

Source: NYSE – Euronext. Volumes traded are those reported by Euronext.

6.4.3 Share trading by senior executives and corporate officers

As required by Article 223-26 of the AMF General Regulation, the table below discloses details of transactions in Bouygues shares during 2015 by senior executives, corporate officers, or equivalent persons or entities.

Person or entity involved	Transaction carried out	Nature of transaction	Number of transactions	Number of shares	Amount €
Martin Bouygues	In a personal capacity	Exercise of options	1	202,591	5,190,381.42
Philippe Fabié	In a personal capacity	Exercise of options	3	24,000	614,880.00
	In a personal capacity	Sale	3	19,050	619,154.00
Pascal Grangé	In a personal capacity	Exercise of options	4	6,000	187,560.00
	In a personal capacity	Sale	4	6,000	222,055.00
Jean-François Guillemin	In a personal capacity	Exercise of options	1	35,648	913,301.76
	In a personal capacity	Sale	1	35,648	1,360,684.16
Philippe Marien	In a personal capacity	Exercise of options	1	101,296	2,595,203.52
	In a personal capacity	Sale	1	101,296	3,822,546.37
Éric Mazoyer	In a personal capacity	Exercise of options	1	20,260	519,061.20
	In a personal capacity	Sale	1	20,260	688,840.00
Olivier-Marie Racine	In a personal capacity	Exercise of options	1	12,285	314,741.70
	In a personal capacity	Sale	1	12,285	466,830.00
Jean-Philippe Trin	In a personal capacity	Exercise of options	2	30,390	1,000,793.35
	In a personal capacity	Sale	1	30,390	1,171,850.56
Olivier Roussat	In a personal capacity	Exercise of options	9	121,296	3,630,503.52
	In a personal capacity	Sale	9	121,296	4,321,204.00
Richard Viel-Gouarin	In a personal capacity	Exercise of options	3	25,553	870,846.24
	In a personal capacity	Sale	3	25,553	922,866.90

6.5 Bouygues (parent company) results for the last five financial years

Item	2015	2014	2013	2012	2011
1. FINANCIAL POSITION AT YEAR-END					
a) Share capital *(€m)*	345	336	319	324	315
b) Number of shares in issue	345,135,316	336,086,458	319,264,996	324,232,374	314,869,079
c) Number of bonds convertible into shares					
2. RESULTS OF OPERATIONS *(€m)*					
a) Sales excluding taxes	73	68	63	68	69
b) Earnings before tax, amortisation, depreciation and provisions	761	351	431	515	692
c) Income tax	103	93	86	139	135
d) Earnings after tax, amortisation, depreciation and provisions	845	414	(118)	664	808
e) Amount of profits distributed as dividend	552	538	511	511	504
3. RESULTS OF OPERATIONS ON A PER SHARE BASIS *(€)*					
a) Earnings after tax, but before amortisation, depreciation and provisions	2.50	1.32	1.62	2.02	2.63
b) Earnings after tax, amortisation, depreciation, and provisions	2.45	1.23	(0.37)	2.05	2.57
c) Dividend per share	1.60	1.60	1.60	1.60	1.60
4. PERSONNEL					
a) Number of employees *(average)*	170	168	169	171	184
b) Payroll *(€m)*	36	30	30	33	31
c) Amount paid in respect of benefits (social security, company benefits, etc.) *(€m)*	18	13	14	12	14

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7.1 Consolidated financial statements

7.1.1 Consolidated balance sheet

Assets *€ million*	**Note**	**31/12/2015 Net**	**31/12/2014 Net**
Property, plant and equipment	*3.2.1*	6,523	6,519
Intangible assets	*3.2.2*	2,131	1,748
Goodwill	*3.2.3*	5,261	5,286
Investments in joint ventures and associates	*3.2.4*	3,401	4,137
Other non-current financial assets	*3.2.4*	542	526
Deferred tax assets and non-current tax receivable	*7.1*	352	288
NON-CURRENT ASSETS		**18,210**	**18,504**
Inventories, programmes and broadcasting rights	*4.1*	3,059	2,998
Advances and down-payments made on orders	*4.2*	446	462
Trade receivables	*4.3*	5,814	6,327
Tax asset (receivable)	*4.3*	233	240
Other current receivables and prepaid expenses	*4.3*	2,217	2,149
Cash and cash equivalents	*4.4*	3,785	4,144
Financial instruments – Hedging of debt	*17.2*	21	21
Other current financial assets	*17.2*	15	23
CURRENT ASSETS		**15,590**	**16,364**
Held-for-sale assets and operations		35	
TOTAL ASSETS	**16**	**33,835**	**34,868**

Liabilities and shareholders' equity *€ million*	**Note**	**31/12/2015**	**31/12/2014**
Share capital	*5.1*	345	336
Share premium and reserves		6,971	6,601
Translation reserve	*5.3.1*	146	110
Treasury shares			
Consolidated net profit/(loss)		403	807
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	***5.2***	**7,865**	**7,854**
Non-controlling interests	*5.2*	1,428	1,601
SHAREHOLDERS' EQUITY	***5.2***	**9,293**	**9,455**
Non-current debt	*8.1*	5,305	5,850
Non-current provisions	*6.1*	2,160	2,305
Deferred tax liabilities and non-current tax liabilities	*7.2*	97	153
NON-CURRENT LIABILITIES		**7,562**	**8,308**
Advances and down-payments received on orders		1,178	1,120
Current debt	*8.1*	831	1,267
Current taxes payable		118	93
Trade payables		6,513	6,603
Current provisions	*6.2*	1,092	1,073
Other current liabilities	*10*	6,965	6,649
Overdrafts and short-term bank borrowings		196	234
Financial instruments – Hedging of debt	*17.2*	35	30
Other current financial liabilities	*17.2*	52	36
CURRENT LIABILITIES	***10***	**16,980**	**17,105**
Liabilities related to held-for-sale operations			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	***16***	**33,835**	**34,868**
NET SURPLUS CASH/(NET DEBT)	***9/16***	**(2,561)**	**(3,216)**

7.1.2 Consolidated income statement

€ million	Note	Full year 2015	2014
SALES[a]	*11/16*	**32,428**	**33,138**
Other revenues from operations		92	107
Purchases used in production		(15,936)	(16,640)
Personnel costs		(7,128)	(7,025)
External charges		(6,659)	(6,673)
Taxes other than income tax		(650)	(640)
Net depreciation and amortisation expense	*16/4.5*	(1,454)	(1,427)
Net charges to provisions and impairment losses	*16/4.5*	(417)	(489)
Changes in production and property development inventories		128	(67)
Other income from operations[b]		1,441	1,304
Other expenses on operations		(904)	(700)
CURRENT OPERATING PROFIT/(LOSS)	*12/16*	**941**	**888**
Other operating income	*12/16*	32	713
Other operating expenses	*12/16*	(305)	(468)
OPERATING PROFIT/(LOSS)	*12/16*	**668**	**1,133**
Financial income	*13.1*	33	54
Financial expenses	*13.1*	(308)	(365)
INCOME FROM NET SURPLUS CASH/(COST OF NET DEBT)	*13/16*	**(275)**	**(311)**
Other financial income	*13.2*	91	94
Other financial expenses	*13.2*	(85)	(84)
Income tax	*14/16*	(118)	(188)
Share of net profits/losses of joint ventures and associates	*16*	199	420
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	*15.1/16*	**480**	**1,064**
Net profit/(loss) from discontinued and held-for-sale operations			
NET PROFIT/(LOSS)	*16*	**480**	**1,064**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	*16*	**403**	**807**
Net profit/(loss) attributable to non-controlling interests		77	257
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS €	*15.2*	**1.19**	**2.41**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS €	*15.2*	**1.18**	**2.39**
(a) Of which sales generated abroad		*12,370*	*11,867*
(b) Of which reversals of unutilised provisions/impairment losses (Note 4.5)		*401*	*386*

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7.1.3 Consolidated statement of recognised income and expense

€ million	Full year 2015	Full year 2014
NET PROFIT/(LOSS)	**480**	**1,064**
Items not reclassifiable to profit or loss		
Actuarial gains/(losses) on post-employment benefits	7	(55)
Change in remeasurement reserve		
Net tax effect of items not reclassifiable to profit or loss	(2)	12
Share of non-reclassifiable income and expense of joint ventures and associates [a]	(150)	(48)
Items reclassifiable to profit or loss		
Change in cumulative translation adjustment	87	61
Net change in fair value of financial instruments used for hedging purposes and of other financial assets (including available-for-sale financial assets)	(30)	(32)
Net tax effect of items reclassifiable to profit or loss	7	2
Share of reclassifiable income and expense of joint ventures and associates [a]	(52)	38
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	(133)	(22)
TOTAL RECOGNISED INCOME AND EXPENSE	**347**	**1,042**
Recognised income and expense attributable to the Group	**269**	**781**
Recognised income and expense attributable to non-controlling interests	**78**	**261**

(a) Relates mainly to Alstom (accounted for by the equity method).

7.1.4 Consolidated statement of changes in shareholders' equity

€ million	Note	Share capital & share premium	Reserves related to capital/ retained earnings	Consolidated reserves and profit/(loss)	Treasury shares	Items recognised directly in equity	Total attributable to the Group	Non-controlling interests	Total
POSITION AT 31 DECEMBER 2013		**1,207**	**3,054**	**3,161**		**(272)**	**7,150**	**1,519**	**8,669**
Movements during 2014									
Capital and reserves transactions, net		424	(118)	118			424		424
Acquisitions/disposals of treasury shares				1			1		1
Acquisitions/disposals without loss of control				4			4		4
Dividend paid			(511)				(511)	(88)	(599)
Other transactions with shareholders				5			5		5
Net profit/(loss)				807			807	257	1,064
Translation adjustment						94	94	5	99
Other recognised income and expense						(120)	(120)	(1)	(121)
TOTAL RECOGNISED INCOME AND EXPENSE [b]				**807**		**(26)**	**781**	**261**	**1,042**
Other transactions (changes in scope of consolidation and other items)								(91)	(91)
POSITION AT 31 DECEMBER 2014		**1,631**	**2,425**	**4,096**		**(298)**	**7,854**	**1,601**	**9,455**
Movements during 2015									
Capital and reserves transactions, net		222	(124)	124			222		222
Acquisitions/disposals of treasury shares									
Acquisitions/disposals without loss of control	*5.5*			(1)			(1)	(33)	(34)
Dividend paid				(538)			(538)	(199)	(737)
Other transactions with shareholders	*5.4*			10			10	1	11
Net profit/(loss)				403			403	77	480
Translation adjustment	*5.3*					36 [a]	36	3 [a]	39
Other recognised income and expense	*5.3*					(170)	(170)	(2)	(172)
TOTAL RECOGNISED INCOME AND EXPENSE [b]				**403**		**(134)**	**269**	**78**	**347**
Other transactions (changes in scope of consolidation and other items)	*5.5*		1	48			49	(20)	29
POSITION AT 31 DECEMBER 2015		**1,853**	**2,302**	**4,142**		**(432)**	**7,865**	**1,428** [c]	**9,293**

(a) Change in translation reserve:

	Group	*Non-controlling interests*	*Total*
Controlled entities	*84*	*3*	*87*
Joint ventures and associates	*(48)*		*(48)*
Total	**36**	**3**	**39**

(b) See statement of recognised income and expense.
(c) Includes TF1: 1,002

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7.1.5 Consolidated cash flow statement

€ million	Note	Full year 2015	2014
I – Cash flow from continuing operations			
A – NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES			
Net profit/(loss) from continuing operations		480	1,064
Share of profits/losses reverting to joint ventures and associates, net of dividends received		(74)	(120)
Elimination of dividends (non-consolidated companies)		(17)	(16)
Charges to/(reversals of) depreciation, amortisation, impairment & non-current provisions		1,539	1,490
Gains and losses on asset disposals		(251)	(658)
Miscellaneous non-cash charges		(3)	(1)
Sub-total		**1,674**	**1,759**
(Income from net surplus cash)/cost of net debt		275	311
Income tax		118	188
Cash flow	*16*	**2,067**	**2,258**
Income taxes paid		(194)	(319)
Changes in working capital related to operating activities [a]		203	8
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES		**2,076**	**1,947**
B – NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	*16*	(2,028)	(1,502)
Proceeds from disposals of property, plant and equipment and intangible assets	*16*	138	140
Net liabilities related to property, plant and equipment and intangible assets		517	(32)
Purchase price of non-consolidated companies and other investments	*16*	(25)	(16)
Proceeds from disposals of non-consolidated companies and other investments	*16*	6	16
Net liabilities related to non-consolidated companies and other investments		6	(6)
Effects of changes in scope of consolidation			
Purchase price of investments in consolidated activities	*16/21.1*	(28)	(147)
Proceeds from disposals of investments in consolidated activities	*16/21.1*	703	1,084
Net liabilities related to consolidated activities	*21.1*	6	1
Other effects of changes in scope of consolidation (cash of acquired and divested companies)	*21.1*	(30)	46
Other cash flows related to investing activities (changes in loans, dividends received from non-consolidated companies)		39	101
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES		**(696)**	**(315)**
C – NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Capital increases/(reductions) paid by shareholders & non-controlling interests and other transactions between shareholders		173	21
Dividends paid			
Dividends paid to shareholders of the parent company		(538)	(110)
Dividends paid by consolidated companies to non-controlling interests		(199)	(88)
Change in current and non-current debt		(994)	(517)
Income from net surplus cash/(cost of net debt)		(275)	(311)
Other cash flows related to financing activities		(10)	(11)
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES		**(1,843)**	**(1,016)**
D – EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS		**143**	**110**
CHANGE IN NET CASH POSITION (A + B + C + D)		**(320)**	**726**
NET CASH POSITION AT START OF PERIOD	*9*	**3,910**	**3,184**
Net cash flows	*9*	(320)	726
Non-monetary flows		(1)	
NET CASH POSITION AT END OF PERIOD	*9*	**3,589**	**3,910**
II – Cash flow from discontinued and held-for-sale operations			
Net cash position at start of period			
Net cash flows			
Net cash position at end of period			

(a) Definition of change in working capital related to operating activities: Current assets minus current liabilities (excluding income taxes paid, which are reported separately).

7.1.6 Notes to the consolidated financial statements

CONTENTS ***(figures expressed in millions of euros unless otherwise indicated)***

Declaration of compliance:

The consolidated financial statements of Bouygues and its subsidiaries (the "Group") for the year ended 31 December 2015 were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

The financial statements are presented in millions of euros (unless otherwise indicated) and comprise the balance sheet, the income statement, the statement of recognised income and expense, the statement of changes in shareholders' equity, the cash flow statement, and the notes to the financial statements.

The comparatives presented are from the consolidated financial statements for the year ended 31 December 2014.

Note 1 Significant events of the year

1.1 Scope of consolidation as of 31 December 2015

1,041 entities were consolidated as of 31 December 2015, compared with 1,082 as of 31 December 2014. The net reduction of 41 entities mainly includes changes relating to entities set up for property co-promotion programmes (*Sociétés Civiles Immobilières* – SCIs) and construction project companies (*Sociétés en Participation* – SEPs) on project completion (mainly in the construction businesses).

31 December	2015	2014
Companies controlled by the Group	741	775
Joint operations	186	198
Joint ventures and associates	114	109
	1,041	**1,082**

1.2 Significant events

1.2.1 Significant events of 2015

The main acquisitions and corporate actions of 2015 are described below, in chronological order:

- On 31 March 2015, Eurosport SAS, 49% owned by TF1, acquired 100% of the capital of Eurosport France, which was previously 80% owned by TF1. Following this transaction, which generated a non-taxable capital gain of €33 million, the Eurosport group (including Eurosport France) was owned 51% by Discovery Communications and 49% by TF1.
- On 22 July 2015, pursuant to the initial agreements (see Note 1.2.2 to the financial statements), the TF1 and Discovery Communications groups mutually agreed that TF1 would (i) exercise its put option over its 49% interest in Eurosport for €490 million and (ii) buy back Discovery's 20% interest in the pay-TV channels (TV Breizh, Histoire and Ushuaïa TV) for €15 million.

  These transactions were completed on 1 October 2015. This new agreement extinguished the reciprocal commitments between the two groups.
- On 31 July 2015, Bouygues SA sold its 18.63% equity interest in Eranove for €47 million.
- Bouygues Construction has sold its equity interest in Autoroute de Liaison Seine-Sarthe. This disposal is taking place in two stages: (i) 23.17% of the capital and shareholder loans on 30 September 2015 for €76 million, resulting in the loss of significant influence; and (ii) 10% of the capital and shareholder loans at a future date (expected to be in June 2016) for €35 million. The residual 10% interest is shown as a held-for-sale asset in the balance sheet at that amount.
- On 15 October 2015, Bouygues Telecom sold its residual 15% equity interest in FPS Towers, a telecoms tower operator, for €50 million.
- The transaction between Alstom and General Electric was finalised on 2 November 2015. At its general meeting of 18 December 2015, Alstom asked its shareholders to approve a €3.2 billion public share buy-back offer covering a maximum of 91.5 million shares (representing 29.5% of the total number of shares) at a price of €35 per share. The shares repurchased via the tender offer will be cancelled.
- On 17 November 2015, Bouygues Telecom paid €467 million to acquire a 5 MHz block as part of the French state's auction of frequencies in the 700 MHz band.
- With the cost of refined products persistently remaining very much higher than the selling price of bitumen, Colas has decided to discontinue operations at the Société de la Raffinerie de Dunkerque (SRD) production facility and seek a buyer. This decision led to the recognition of a charge of €80 million in the year ended 31 December 2015, reported in "Other operating expenses" (see Note 12 to the financial statements).

1.2.2 Reminder of the significant events of 2014

The main acquisitions and corporate actions of 2014 are described below:

- On 31 January 2014, Colas sold its financial interest of 16.67% in the capital of Cofiroute to Vinci Autoroutes. The transaction price of €780 million was received during the first quarter. The net gain on disposal amounted to €253 million, and was recognised during the first quarter in "Share of profits/losses of joint ventures and associates".
- In the first half of 2014 Bouygues Telecom signed a number of out-of-court agreements to settle a series of lawsuits described in the Registration Document for the year ended 31 December 2013. Under those agreements, Bouygues Telecom was entitled to receive a total of €400 million; this amount had been received in full as of 31 December 2014, and is reported in "Other operating income" (see Note 12 to the financial statements).
- On 11 June 2014, Bouygues Telecom presented its group works council with a plan to radically transform the company's organisational structure and reposition its business model.

  The outcome of this strategic rethinking of Bouygues Telecom's future was a project to streamline the company's structures, processes and offerings so as to restore transparency and flexibility in a changed market. This transformation plan resulted in a headcount reduction of 1,362, the costs of which were recognised in "Other operating expenses" in the year ended 31 December 2014 (see Note 12 to the financial statements).
- On 21 January 2014, Discovery Communications and the TF1 group signed an agreement for Discovery Communications to acquire a controlling interest in the Eurosport International group (the Eurosport group excluding Eurosport France) via a deepening of the broad strategic partnership between the two groups that began in December 2012. The deal, which enabled Discovery to increase its interest in the capital of Eurosport SAS (the parent company of the Eurosport group) by raising its stake from 20% to 51%, took place nearly a year earlier than the date envisaged in the initial agreement of December 2012. The new agreement stipulated that TF1 would retain its 80% interest in Eurosport France at least until 1 January 2015. On 31 March 2015, TF1 decided to sell that interest to Eurosport SAS.

  Final clearance was obtained from the competent authorities in April 2014, and completion of the sale of an additional 31% interest in Eurosport SAS to Discovery Communications took place on 30 May 2014.

The acquisition by Discovery Communications of the additional 31% interest was based on an enterprise value of €902 million for the Eurosport group, before deducting the valuation of Eurosport France (€85 million). Those valuations were increased by the amount of net surplus cash held by the entities at the transaction closing date.

In addition, TF1 retained the possibility of exercising its put option over its residual 49% stake, potentially increasing the interest held by Discovery Communications to 100% (this option was exercised in July 2015, see Note 1.2.1 to the financial statements). This 49% stake was recognised in "Investments in joint ventures and associates" as of 31 December 2014, at a carrying amount of €505 million.

The off balance sheet commitments arising from the agreements with Discovery Communications are presented in Note 18 to the financial statements for the year ended 31 December 2014.

The results of Eurosport International for the first five months of 2014 were not classified as being from a held-for-sale operation because Eurosport International did not meet the definition of (i) a cash generating unit for goodwill impairment testing purposes or (ii) an operation that is material to the Group.

The sale of the 31% additional interest to Discovery Communications and the remeasurement of the residual 49% stake following loss of control generated a pre-tax gain of €313 million, after finalisation of the sale price in the third quarter of 2014; this gain was reported in "Other operating income" (see Note 12 to the financial statements).

- To support the proposals announced by Alstom and General Electric, Bouygues signed an agreement with the French state on 22 June 2014 under which the French state, or any other French state-controlled entity chosen by the French state, could buy part of the equity interest in Alstom held by Bouygues. This agreement, the principles of which are described in Note 18 to the financial statements, was conditional on effective completion of the transactions announced by Alstom on 21 June 2014, and on payment of an exceptional dividend or on the delivery of shares under a public share buy-back offer.

  Under the terms of the agreement, Bouygues retained significant influence over Alstom via its equity interest, which continues to be accounted for by the equity method.

- On 4 September 2014, Bouygues Energies & Services acquired 85% of the shares of Plan Group, a company based in Toronto (Canada). Plan Group, which generates annual sales of approximately €242 million (2013 figure), has been fully consolidated since 1 September 2014. Provisional goodwill of €35 million (€40 million as of 31 December 2015) was recognised on the basis of the estimated fair value of the company. The remaining 15% interest will be acquired during the three years following the deal closing date, and a financial liability of €17 million has been recognised for the commitment to make this additional acquisition.

- Following the decision by Colas to discontinue production of lubricants and paraffin derived from the refining of crude oil, the Colas subsidiary Société de la Raffinerie de Dunkerque implemented a redundancy plan. The effects of this plan, and the impact on the value of the industrial assets required for production, were recognised in "Other operating expenses" for the year ended 31 December 2014 (see Note 12 to the financial statements).

1.3 Significant events and changes in scope of consolidation subsequent to 31 December 2015

- On 5 January 2016, Bouygues announced that it had started preliminary discussions with Orange to explore all possible options, and that Bouygues and Orange had signed a confidentiality agreement.

- On 26 January 2016, TF1 acquired a 70% equity interest in FLCP, renamed Newen Studios, the holding company of the Newen production company. The parties have signed a shareholders agreement setting out rules governing the operational management of Newen, and providing for call and put options relating to the residual equity interest. Newen will be consolidated from January 2016.

- On 28 January 2016, Alstom repurchased 91.5 million of its own shares, including 28,457,641 from Bouygues. The disposal of the shares held by Bouygues generated cash proceeds of €996 million. Following this transaction, Bouygues holds an equity interest of 28.33% in Alstom.

- On 2 February 2016, Colas announced the sale of its 15.56% equity interest in Atlandes (the company that holds the concession for the A63 motorway in France), to various investment funds for €96 million. Colas hopes to be able to complete the sale in early 2017, once all the conditions precedent have been met.

- On 8 February 2016, the French state announced the full and final completion of the agreements with Bouygues relating to Alstom, accompanied by a stock lending transaction by Bouygues, valid for a period of 20 months, that will enable the French state to exercise 20% of Alstom's voting rights (see Note 18 to the financial statements). Bouygues:

  - retains a seat on Alstom's Board of Directors;
  - is entitled to the dividends on its entire shareholding in Alstom;
  - will recover the voting rights attached to the loaned shares in the event they are not purchased by the French state; and
  - will retain at least 8.33% of the voting rights.

  In accordance with paragraphs 6 and 13 of IAS 28, Bouygues retains significant influence over Alstom, which will continue to be accounted for as an associate by the equity method based on a 28.33% ownership interest.

Note 2 Group accounting policies

2.1 Sectors of activity

The Bouygues group is a diversified industrial group, with operations in more than 100 countries.

The Group's businesses are organised into three sectors of activity:

- Construction businesses:
  - Construction and services (Bouygues Construction)
  - Property development (Bouygues Immobilier)
  - Transport infrastructure (Colas)
- Media:
  - TF1
- Telecoms:
  - Mobile, fixed, TV and internet services (Bouygues Telecom)

The Bouygues group also holds an interest, which stood at 29.15% as of 31 December 2015, in Alstom (Transport).

2.2 Basis of preparation of the financial statements

The consolidated financial statements of the Bouygues group include the financial statements of Bouygues SA and its five business segments, along with its investments in joint ventures and associates and its joint operations. The financial statements are presented in millions of euros, the currency in which the majority of the Group's transactions are denominated, and take account of the recommendations on the presentation of financial statements (Recommendation 2013-03) issued on 7 November 2013 by the Autorité des Normes Comptables (ANC), the French national accounting standard-setter.

The consolidated financial statements were adopted by the Board of Directors on 23 February 2016, and will be submitted for approval by the forthcoming Annual General Meeting on 21 April 2016.

The consolidated financial statements for the year ended 31 December 2015 were prepared in accordance with IFRS using the historical cost convention, except for certain financial assets and liabilities measured at fair value where this is a requirement under IFRS. They include comparatives as at and for the year ended 31 December 2014.

The Bouygues group applied the same standards, interpretations and accounting policies for the year ended 31 December 2015 as were applied in its consolidated financial statements for the year ended 31 December 2014, except for changes required to meet new IFRS requirements applicable from 1 January 2015 (see below).

- Principal new standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption with effect from 1 January 2015:
  - **IFRIC 21, "Levies"**

    This interpretation was endorsed by the European Union on 13 June 2014. The effects of IFRIC 21, which was mandatorily applicable from 1 January 2015, are not material as regards consolidated equity. However, they alter the timing of the recognition of certain levies, such as the corporate solidarity levy (C3S) and the flat-rate levy on network operating companies (IFER) in France, during interim accounting periods.
  - **IFRS 15, "Revenue from Contracts with Customers"**

    On 28 May 2014, the IASB issued a new standard on revenue recognition intended to replace most of the current IFRS pronouncements on this subject, in particular IAS 11 and IAS 18. IFRS 15, which has not yet been endorsed by the European Union, is applicable from 1 January 2018.
  - **IFRS 9:**

    On 24 July 2014, the IASB issued a new standard on financial instruments intended to replace most of the current IFRS pronouncements on this subject, in particular IAS 39. IFRS 9, which has not yet been endorsed by the European Union, is applicable from 1 January 2018.
- Exercise of judgement and use of estimates:

  In preparing consolidated financial statements to comply with IFRS standards and interpretations, the Group uses estimates and assumptions which may have affected the amounts reported for assets, liabilities and contingent liabilities at the end of the reporting period, and the amounts of income and expenses reported for the period.

  These estimates and assumptions have been applied consistently on the basis of past experience and of various other factors regarded as reasonable forming the basis of assessments of the valuations of assets and liabilities for accounting purposes. Actual results may differ materially from these estimates if different assumptions or conditions apply.

  The main items involved are the impairment testing of goodwill and equity investments, share-based payment (stock options), employee benefits (lump-sum retirement benefits, pensions, etc.), the fair value of unlisted financial instruments, deferred tax assets, and provisions.

  Where no standard or interpretation applies to specific transactions, events or conditions, Group management exercises its judgement to define and apply accounting policies that will provide relevant information that gives a fair presentation and is comparable between periods, such that the consolidated financial statements:
  - represent faithfully the financial position, financial performance and cash flows of the Group;
  - reflect the economic substance of the underlying transactions;
  - are neutral, prudent, and complete in all material respects.

  Disclosures about judgements made by management are provided in the notes to the consolidated financial statements.
- Held-for-sale assets and discontinued or held-for-sale operations:

  A non-current asset, or a group of directly-associated assets and liabilities, is regarded as being held for sale if its carrying amount will be recovered primarily through a sale rather than through continuing use. For this to be the case, the asset must be available for sale in its immediate condition, and its sale must be highly probable. Such held-for-sale assets or asset groups are measured at the lower of the carrying amount or the estimated selling price less costs to sell.

An operation that is discontinued or classified as held-for-sale is one that is material to the Group (having been treated as a cash generating unit) and that has either been disposed of or has been classified as a held-for-sale asset. Income statement and cash flow information about such discontinued or held-for-sale operations is reported in separate line items in the consolidated financial statements for all periods presented.

2.3 Consolidation methods

2.3.1 Companies controlled by the Group

Companies over which Bouygues exercises control are consolidated.

Assessment of exclusive control over TF1:

As of 31 December 2015, Bouygues held, directly or indirectly, 43.98% of the capital and voting rights of TF1. Exclusive control by Bouygues over TF1 is demonstrated by the following:

- Bouygues has consistently and regularly held a large majority of the voting rights exercised at TF1 general meetings, and no other shareholder directly or indirectly controls a higher share of voting rights than Bouygues.
- Bouygues has had exclusive power to determine decisions at TF1 general meetings during at least two consecutive financial years.

Other factors indicating the existence of exclusive control include:

- the large number of seats on the TF1 Board of Directors allocated to Bouygues;
- the role of Bouygues in appointing key executives of TF1.

All these factors clearly establish that Bouygues exercises exclusive control over TF1.

2.3.2 Jointly-controlled companies

A joint venture or joint operation is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. In the case of joint operations (which give each party direct rights over the assets and obligations for the liabilities), the assets, liabilities, income and expenses of the joint operation are accounted for in accordance with the interests held in the joint operation. Joint ventures, which give the parties rights over the net assets, are accounted for using the equity method.

2.3.3 Companies over which Bouygues exercises significant influence

An associate is a company over which Bouygues exercises significant influence without exercising control. Significant influence is presumed to exist where Bouygues directly or indirectly holds at least 20% of the entity's voting rights.

The net profit or loss and the assets and liabilities of such entities are accounted for by the equity method.

2.3.4 Concession arrangements, PPPs and investments in non-consolidated entities

- Concession arrangements and Public-Private Partnership (PPP) contracts:

  The Bouygues Construction group enters into concession arrangements and PPP contracts with local authorities via entities in which the Group holds an equity interest, generally of less than 20%. Given the effectively limited role of the Group in these entities, they are not consolidated. Equity interests in concession operating entities are in the majority of cases accounted for as associates by the equity method, or otherwise are not consolidated.
- In accordance with IAS 39, equity investments in non-consolidated companies are measured at fair value.

2.4 Business combinations

Since 1 January 2010, business combinations have been accounted for in accordance with IFRS 3.

In a business combination, goodwill at the acquisition date represents (i) the sum total of the consideration transferred and non-controlling interests minus (ii) the net amount recognised (usually at fair value) for the identifiable assets acquired and liabilities assumed, adjusted to reflect the fair value remeasurement of any previously-acquired equity interest. IFRS 3 allows entities to elect one of two methods of accounting for non-controlling interests in each business combination:

- at fair value (full goodwill method), i.e. the non-controlling interests are allocated their share of goodwill;
- at the non-controlling interests' proportionate share of the acquired entity's identifiable assets and liabilities (partial goodwill method), i.e. no share of goodwill is allocated to the non-controlling interests.

Fair value is the price that would be received for selling an asset or paid for transferring a liability in an arm's length transaction between market participants as of the date of measurement.

Goodwill is allocated to the Cash Generating Unit (CGU) benefiting from the business combination or to the group of CGUs at the level of which return on investment is measured (business segment for the Bouygues group).

The purchase price allocation period is limited to the time required to identify and measure the acquired entity's assets and liabilities, the non-controlling interests, the consideration transferred and the fair value of any previously-held equity interest, subject to a maximum period of 12 months.

Negative goodwill (i.e. gain from a bargain purchase) is taken to the income statement in the period in which the acquisition is made.

Subsequently, goodwill is carried at cost net of any impairment losses identified annually using the methods described in the sections on impairment testing in Note 2.7.4 below, in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

In accordance with IFRS 3, the previously-held equity interest in a step acquisition is remeasured at fair value at the date on which control is obtained; the resulting gain or loss is recognised in profit or loss for the period. In the event of loss of control with a retained equity interest, that retained interest is remeasured at fair value; the gain or loss on remeasurement is recognised in profit or loss for the period, along with the gain or loss arising on the disposal.

In the event of a change in percentage interest with no effect on control, the difference between the consideration transferred and the carrying amount of the non-controlling interest is recognised directly in equity attributable to the Group. Consequently, no additional goodwill is recognised.

All acquisition-related costs are recognised as an expense in profit or loss for the period.

In the event of a partial divestment of the component operations of a CGU, the Bouygues group usually allocates the goodwill in proportion to the value of the divested operation relative to the value of the CGU as measured at the date of divestment in accordance with the IFRS 7 hierarchy of valuation methods, unless it can be demonstrated that another method better reflects the goodwill of the divested operation; this policy complies with paragraph 86 of IAS 36.

Goodwill recognised prior to 1 January 2004 continues to be measured using the partial fair value method. Non-controlling interests are measured on the basis of the carrying amount of the relevant items as shown in the balance sheet of the acquired entity.

2.5 Foreign currency translation

2.5.1 Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into euros at the average exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the closing exchange rate. Translation differences are recognised in profit or loss for the period. Non-monetary assets and liabilities denominated in foreign currencies and accounted for at historical cost are translated using the exchange rate on the date of the transaction.

2.5.2 Financial statements of entities with a functional currency other than the euro

All assets and liabilities of consolidated entities with a functional currency other than the euro are translated at the closing exchange rate. Income and expenses are translated at the average exchange rate for the period. Translation differences arising from this treatment, and arising from the retranslation of a subsidiary's opening shareholders' equity at the closing exchange rate, are taken to the translation reserve (which is a component of consolidated shareholders' equity). Translation differences arising on the net investment in foreign subsidiaries and associates are recognised in shareholders' equity.

2.6 Assessment of income taxes

Deferred taxation is recognised on differences between the carrying amount and tax base of assets or liabilities, and arises as a result of:

- temporary differences between the carrying amount and tax base of assets or liabilities, which may be:
  - items generating a tax liability in the future (deferred tax liabilities), arising mainly from income that is liable to tax in future periods; or
  - items deductible from taxable profits in the future (deferred tax assets), mainly provisions that are temporarily non-deductible for tax purposes. Such assets are recognised to the extent that it is probable that sufficient taxable profits will be available against which to offset the temporary differences, and are reviewed at the end of each reporting period.
- tax losses available for carry-forward (deferred tax assets), where it is probable that these losses will be recovered in future periods.

Deferred taxes are measured using national tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted in the relevant country by the end of the reporting period.

Deferred taxes are not discounted, and are reported in non-current assets and liabilities.

2.7 Non-current assets

2.7.1 Property, plant and equipment

Property, plant and equipment is measured at acquisition cost net of accumulated depreciation and impairment. Depreciation is recognised on a straight line basis over the estimated useful life of the asset.

2.7.1.1 PRINCIPAL USEFUL LIVES BY MAIN ASSET CATEGORY AND SECTOR OF ACTIVITY

	Construction	Media	Telecoms
Mineral deposits (quarries)	a		
Non-operating buildings	10 to 40 years	25 to 50 years	
Industrial buildings	10 to 20 years		30 years
Plant, equipment and tooling [b]	3 to 15 years	3 to 7 years	10 to 30 years
Other property, plant and equipment (vehicles and office equipment) [b]	3 to 10 years	2 to 10 years	3 to 10 years

(a) Depreciated on the basis of the rate of depletion, up to a maximum of 40 years (Colas).
(b) Depending on the type of equipment.

In accordance with IAS 16, when an item of property, plant and equipment consists of components with different useful lives, each component is accounted for and depreciated as a separate item of property, plant and equipment.

Gains and losses on disposal represent the difference between the sale proceeds and the carrying amount, and are recognised in the income statement under "Other operating income and expenses".

Depreciation periods are reviewed annually, and may be adjusted if expectations differ from previous estimates.

2.7.1.2 LEASES

Items of property, plant and equipment held under leases whereby the Bouygues group retains substantially all the risks and rewards of ownership (i.e. finance leases) are recognised as assets in the balance sheet, along with a corresponding liability.

Assets held under finance leases are recognised in the balance sheet in "Property, plant and equipment" at the lower of fair value or the present value of the minimum lease payments, less accumulated depreciation and impairment losses. They are depreciated over their estimated useful lives. The lease obligation is recognised as a liability under "Debt" in the balance sheet.

Obligations under operating leases are disclosed in off-balance sheet commitments.

2.7.1.3 GRANTS RECEIVED

Investment grants received from national, regional or local governments are netted off the value of the assets concerned in the balance sheet, and depreciated at the same rate as those assets once receipt of the grant becomes unconditional.

2.7.2 Intangible assets

IAS 38 defines an intangible asset as an identifiable non-monetary asset without physical substance which is controlled by the entity. An asset is identifiable:

- if it is separable, i.e. capable of being independently sold, transferred, licensed, rented or exchanged;
- or if it is derived from contractual or other legal rights, whether separable or not.

An asset is controlled if the entity has the power to obtain the future economic benefits from that asset and to restrict the access of others to those benefits.

Intangible assets with finite useful lives are depreciable. Intangible assets with indefinite useful lives are not depreciable, but are subject to annual impairment testing and are reviewed at the end of each reporting period to ensure that their useful lives are still indefinite.

Intangible assets include:

- Development expenses
  - Development expenses are capitalised if the IAS 38 criteria are met, i.e. if they are expected to generate future economic benefits and their cost can be reliably measured.
  - In accordance with IFRS, incorporation and research expenses are expensed as incurred.
- Concessions, patents and similar rights

These include the following assets held by Bouygues Telecom:

Type of asset	Amortisation method	Period
UMTS licence	Straight line	17.5 years [a]
IAP-IRU and front fees (Indefeasible Right of Use)	Straight line	25 years
Software, IT developments, office applications, service access costs	Straight line	3 to 8 years
4G frequency licence	Straight line	20 years [b]

(a) UMTS licence awarded in 2002: amortised from the date on which the broadband network opened (26 May 2005).
(b) The licences acquired in 2011 (for €228m) and 2012 (for €683m) were awarded for a 20-year period, and are being amortised from the date on which they came into service (1 October 2013), over 18 and 18.3 years respectively.

The fee for the UMTS licence, awarded for a 20-year period, comprises:

- a fixed component of €619 million, recognised as an intangible asset on the date the licence was awarded (12 December 2002);
- a variable component, calculated at 1% of sales generated by the operation of the third generation mobile network, recognised as incurred from the date on which the UMTS network opened (November 2007).

2.7.3 Other intangible assets

Other intangible assets recognised by the Group include leasehold rights, and audiovisual rights (TF1).

TF1 audiovisual rights

This item includes shares in films and programmes produced or co-produced by TF1 SA, TF1 Films Production, TF1 Vidéo and TF1 Production; audiovisual distribution and trading rights owned by TF1 DA and TF1 Entreprises; and music rights owned by Une Musique.

Audiovisual rights are recognised as assets, at historical cost. Dates of initial recognition and amortisation methods are as follows:

	Categories of audiovisual rights		
	Film co-production shares	**Distribution and/or trading rights**	**Music rights**
Amortisation method	In line with revenues over 8 years	■ Distribution: in line with revenues, minimum 3 years straight line ■ Trading: 5 years straight line	Over 2 years with: ■ 75% of gross value in year 1 ■ 25% of gross value in year 2
Initial recognition	At end of shooting or on date of censor's certificate	On signature of contract	On signature of contract

- Films co-produced by TF1 Films Production are amortised in line with revenues over a limited time-frame, taking account of the timing of revenue sources; this policy is consistent with industry practice.
- An impairment loss is recognised against audiovisual rights on a line by line basis where estimated future revenues do not cover the carrying amount of the asset.

2.7.4 Impairment testing of non-current assets and investments in associates

Impairment tests are carried out on the carrying amount of non-current assets and investments in associates if there is objective evidence that they may have become impaired.

The carrying amounts of indefinite-lived intangible assets and goodwill are compared to their recoverable amounts at least at the end of each financial year.

2.7.4.1 IMPAIRMENT TESTING OF TF1, BOUYGUES TELECOM AND COLAS

Method applied

In determining the recoverable amount, intangible assets to which independent cash flows cannot be directly allocated are grouped within the Cash Generating Unit (CGU) to which they belong, or within the appropriate group of CGUs representing the lowest level at which management monitors return on investment (business segment level in the case of the Bouygues group). The recoverable amount of CGUs is measured as follows:

- For TF1 and Colas, which are listed on the stock market: on the basis of the quoted share price if this exceeds the carrying amount of the assets (after allowing for a control premium where applicable); or by using the Discounted Cash Flow (DCF) method as described below, taking account of the specific characteristics of the investment.
- For Bouygues Telecom: using the DCF method, taking account of the specific characteristics of the investment.
  - The cash flows used are derived from three-year business plans prepared by the management of the business segment and presented to the subsidiary's Board of Directors and to the Bouygues Board of Directors.
  - The discount rate is determined on the basis of a weighted average cost of capital appropriate to the business sector in which the segment operates, by reference to a panel of comparable companies. Two alternative capital structure scenarios are applied: 1/3 debt - 2/3 equity (scenario 1); 2/3 debt - 1/3 equity (scenario 2).
  - The terminal value is calculated by aggregating the discounted cash flows to infinity, based on normative cash flows and a perpetual growth rate.

The recoverable amount of the assets of the CGU as determined above is then compared with their carrying amount in the consolidated balance sheet. If this carrying amount is greater than the recoverable amount, an impairment loss is recognised. Any such losses are allocated in the first instance to any goodwill carried in the balance sheet, and may not be subsequently reversed.

2.7.4.2 IMPAIRMENT TESTING OF THE INVESTMENT IN ALSTOM

Method applied

Because goodwill included in the carrying amount of a joint venture or associate is not reported separately, it is not tested separately for impairment, in line with IAS 36. An impairment loss is recognised if the carrying amount of the investment exceeds its recoverable amount; this loss is charged against the carrying amount of the investment, and may be reversed.

The investment in Alstom is tested for impairment by comparing its carrying amount with its recoverable amount, determined by reference to value in use as derived from cash flow projections established by Bouygues management, which in turn are based on forecasts prepared by a panel of financial analysts.

2.7.5 Non-current financial assets

In addition to deferred tax assets (treated as non-current), other non-current financial assets include loans and receivables (including advances to non-consolidated companies), deposits and caution money, and investments in non-consolidated companies (i.e. those over which the Bouygues group exercises neither control nor significant influence).

Investments in non-consolidated companies are measured at fair value, with changes in fair value taken to shareholders' equity.

Fair value is the market price for listed investments, and estimated value in use for unlisted investments. Value in use is determined using the most appropriate financial criteria for each individual investment.

If there is objective evidence that an investment is impaired, the accumulated losses taken to shareholders' equity are recognised in the income statement.

Advances to non-consolidated companies, and other loans and receivables, are accounted for at amortised cost, determined using the effective interest method.

In the case of floating-rate loans and receivables, cash flows are periodically re-estimated to reflect changes in market interest rates, resulting in an adjustment to the effective interest rate and hence to the valuation of the loan or receivable.

Loans and receivables are reviewed for objective evidence of impairment. An impairment loss is recognised if the carrying amount of a financial asset is greater than the estimated recoverable amount as determined by impairment testing. Impairment losses are recognised in the income statement (see Note 3.2.4, "Non-current financial assets").

Concession arrangements and Public-Private Partnership (PPP) contracts:

The Group (Bouygues Construction and Colas) holds equity interests in entities that have entered into concession arrangements or PPP contracts. These contracts, which are accounted for in accordance with IFRIC 12, are assessed on a case by case basis.

Under the financial receivable method, the initial receivable represents the fair value of the activity undertaken; this receivable is subsequently measured at amortised cost using the effective interest method as defined in IAS 39.

Consequently, the receivable represents the fair value of the activity undertaken, plus cumulative interest calculated using the effective interest method, minus payments received from the grantor.

2.8 Current assets

2.8.1 Inventories

Inventories are stated at the lower of cost (first in first out or weighted average cost, depending on the nature of the business) or market price.

Where the realisable value of inventory is lower than cost, the necessary provision for impairment is recognised.

2.8.2 Property development programmes

Property development programme inventories are measured at cost; this includes land acquisition costs and taxes, construction and fitting-out costs, utilities connection costs, professional fees and ancillary costs.

All advertising costs are recognised in profit or loss as incurred.

Preliminary studies relating to property development programmes are recognised in inventory. If the probability of the programme being completed is low, especially if there is a risk of withdrawal or refusal of planning permission, the amount recognised is written down via a provision for impairment.

2.8.3 Programmes and broadcasting rights

In order to secure broadcasting schedules for future years, the TF1 group enters into binding contracts, sometimes for a period of several years, under which it acquires (and the other party agrees to deliver) programmes and sports transmission rights.

A programme is treated as ready for transmission and recognised in inventory when the following two conditions are met: technical acceptance (for in-house and external productions), and opening of rights (for external productions). In the case of rights and programmes for which those two criteria have not been met (programmes not yet delivered, sports rights for which the right to broadcast is not activated until the date of the event, etc.), the TF1 group takes the view that it does not control the asset, since it has neither the right nor the ability to broadcast the programme. Consequently, these rights are not recognised in the balance sheet.

Any advance payments made to acquire such rights are treated as supplier prepayments.

PROGRAMMES AND BROADCASTING RIGHTS

The "Programmes and broadcasting rights" line in the balance sheet includes:

- in-house productions, made by TF1 group companies for TF1 channels;
- external productions, comprising broadcasting rights acquired by the TF1 group's channels and co-production shares of broadcasts made for the TF1 group's channels.

The value of programmes and broadcasting rights is measured as follows:

- in-house production: overall production cost (direct costs plus a portion of indirect production costs);
- broadcasting rights and co-productions: purchase cost, less consumption for the year calculated at the end of each reporting period.

TF1 SA programmes are deemed to have been consumed on transmission. If they are acquired for a single transmission, they are regarded as having been consumed in full at the time of this transmission. If they are acquired for two or more transmissions, consumption is calculated according to the type of programme using the rules described below (unless otherwise specified in the acquisition contract):

	Type of programme		
	Dramas with a running time of at least 52 minutes	Films, TV movies, series and cartoons	Other programmes and broadcasting rights
1st transmission	80%	50%	100%
2nd transmission	20%	50%	

"Other programmes and broadcasting rights" in the table above refers to children's programmes (other than cartoons), entertainment shows, plays, factual and documentary programmes, news, sport, and dramas with a running time of less than 52 minutes.

A provision for impairment is recorded once it becomes probable that a programme will not be transmitted, or if the contractual value at which it was recognised in inventory exceeds the value attributable to it using the rules described above. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management. If rights are resold, a provision is recorded once the sale is probable to cover any excess of the value at which the rights were initially recognised in inventory (or the amount of advance payments) over the actual or estimated selling price.

Programmes that have not been transmitted and the rights to which have expired are written off as a component of current operating profit, and any previously-recognised provisions are reversed.

Rights ordered under irrevocable contracts but not yet available for transmission are disclosed in Note 4.1 to the financial statements, and are priced at the contractual amount or the estimated future cash outflow, less any advance payments made.

2.8.4 Trade receivables

Trade receivables are carried at face value, net of impairment recorded to reflect the probability of recovery. These receivables are usually short-term and non interest-bearing. They are measured at the original invoice amount, unless application of an implied interest rate would have a material effect.

In line with the percentage of completion method of accounting for long-term contracts, trade receivables include:

- statements issued as works are executed or services provided, and accepted by the project owner;
- unbilled receivables, arising where works are entitled to acceptance but billing or acceptance by the project owner has been temporarily delayed.

2.8.5 Other current receivables

Other receivables are carried at face value, net of impairment recorded to reflect the probability of recovery.

2.9 Financial instruments

Some Group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates. The Group's policy on the use of financial instruments is described below.

2.9.1 Risks to which the Group is exposed

2.9.1.1 CURRENCY RISK

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions, given that its international operations (primarily Bouygues Construction and Colas) do not involve exports. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. Exposure to currency risk is therefore limited to contract margins, and to any design work carried out in France. The Bouygues group also pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

2.9.1.2 INTEREST RATE RISK

The Group's financial expenses have low sensitivity to interest rate risk, since the bulk of debt is at fixed-rate either in the form of fixed-rate bond issues, or via a portfolio of hedging instruments that convert floating-rate debt into fixed-rate debt.

Consolidated financial expenses would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends between the euro and other major currencies.

On average over the year, the amount of floating-rate debt in the balance sheet is less than the amount of surplus cash invested at floating rates.

2.9.2 Principles applied to all hedging instruments

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-quality French and foreign banks;
- carry no liquidity risk in the event of reversal.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties with whom they are contracted, and more generally the management of exposure to currency risk and interest rate risk.

2.9.3 Hedging rules

2.9.3.1 CURRENCY RISK

Group policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the contract award has been confirmed; if the hedged item ceases to exist (for example, if the service is not provided or the contract is cancelled), the hedge is closed out immediately.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions (currency derivatives are used solely for hedging purposes).

2.9.3.2 INTEREST RATE RISK

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring.

The aim is to control future interest expense by fixing the cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset.

2.9.4 Accounting methods

In general, the financial instruments used by the Group qualify for hedge accounting, which means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- fair value hedges: changes in the fair value of the hedging instrument and changes in the fair value of the hedged item are recognised symmetrically in the income statement;
- cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders' equity (until the hedge is closed out) for the effective portion.

As required by IFRS 13, the fair value measurement of derivative financial instruments takes account of credit risk (for derivative assets) and of own credit risk (for derivative liabilities). Those components have no material impact on the Bouygues group consolidated financial statements.

2.10 Consolidated shareholders' equity

Treasury shares are deducted from consolidated shareholders' equity. No expense or income arising on the cancellation of treasury shares is recognised in the income statement.

If a Group subsidiary holds its own shares, an additional percentage interest in that subsidiary is recognised at Group level.

2.10.1 Translation reserve

The translation reserve represents translation differences arising since 1 January 2004, when the reserve was deemed to be zero and the balance transferred to "Retained earnings".

2.10.2 Information about the management of capital

The objective of Bouygues management in managing capital is to maintain consolidated shareholders' equity at a level consistent with:

- maintaining a reasonable gearing ratio (net debt to shareholders' equity);
- distributing regular dividends to shareholders.

However, the level of equity may vary over short periods, especially if a strategically important investment opportunity arises.

The business plan is a key management tool, used by the parent company to assess the financial position of each business segment and of the Group as a whole, and the effects on consolidated shareholders' equity.

Within these overall principles, Group management allows subsidiaries within each segment and their parent company a degree of autonomy to manage their equity in line with their specific objectives and needs, given that equity capital requirements vary from business to business and segment to segment.

Bouygues defines net debt as total debt (including financial instrument liabilities associated with debt and short-term investments), less cash and cash equivalents and associated financial instruments.

2.11 Non-current liabilities

2.11.1 Non-current debt

With the exception of derivative instruments accounted for as financial liabilities measured at fair value (including a counterparty risk component, which is immaterial), all other borrowings and financial liabilities are accounted for at amortised cost using the effective interest method.

Transaction costs directly attributable to the acquisition or issuance of a financial liability are offset against that liability, and amortised over the life of the liability using the effective interest method.

The portion of long-term debt due within less than one year is included in current liabilities.

2.11.2 Non-current provisions

In accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", a provision is recorded at the end of the reporting period if the Group has an obligation to a third party resulting from a past event and it is probable that settlement of the obligation will result in a net outflow from the Group of resources embodying economic benefits.

The amount recognised as a provision represents the Group's best estimate of the net outflow of resources.

Non-current provisions are not usually associated with the normal operating cycle of each segment (see Note 2.12.2, "Current provisions").

Non-current provisions mainly comprise:

- Provisions established to cover the uninsured portion of risks under two-year and ten-year construction contract guarantees. These provisions are recognised in line with recognition of contract revenues, based on statistical data reflecting actual experience over the long term.
- Provisions related to tax exposures and to fines levied by the competition authorities.
- Provisions for litigation, claims and foreseeable risks relating to the Group's operations, especially foreign operations, including permanent withdrawal from projects and sundry risks and liabilities.
- Provisions for site rehabilitation and decommissioning costs (e.g. quarries).

Costs incurred as a result of a contractual obligation to remedy immediate environmental damage are covered by a provision.

- Provisions for employee benefits, which comprise:
  - Provisions for long-service awards.
  - Provisions for obligations to employees in respect of lump-sum benefits payable on retirement.

    These provisions are calculated using the projected unit credit method based on final salary, and on the basis of the collective agreement for each business segment. The calculation takes account of:

    - status, age and length of service for each employee category;
    - employee turnover, calculated on the basis of the average number of leavers by business segment, age bracket and employee category;
    - average salary and wages including bonuses and benefits in kind, uplifted by a coefficient to reflect the applicable percentage of employer's social security charges;
    - a final salary inflation rate;
    - a discount rate applied to the obligation over the projected period to the retirement date;
    - estimated mortality, based on mortality tables.
  - Provisions for pension obligations (depending on the country and terms of the pension plan).

    To cover their pension obligations, Group companies make regular payments to external bodies including public-sector and private-sector pension schemes and independent pension fund managers (defined-contribution plans). There are however some remaining defined-benefit plans still in existence, mainly in the Colas group (United Kingdom, Ireland and Canada). These plans are managed by independent pension fund managers; only a limited number of employees are involved, as it was decided some years ago to close these plans to new entrants. The fair value of the assets held to cover these plans as of the end of the reporting period did not require any material impairment to be recognised in the consolidated financial statements.

The actuarial assumptions used to measure the present value of the pension obligation and the service cost for the period in respect of defined-benefit plans represent the best estimate of the variables that will determine the final cost of the benefits. These assumptions are internally consistent. The discount rate and the rate of return on plan assets are determined by reference to the expected market rate, taking into account the estimated timing of benefit payments; the discount rate applied to the obligation is determined by reference to the market rate for high-quality corporate bonds at the end of the reporting period.

The Bouygues group recognises in consolidated shareholders' equity the effect of changes in actuarial assumptions on the pension obligation.

2.12 Current liabilities

2.12.1 Advances and down-payments received on orders

This item comprises advances and down-payments received from customers on construction contract starts.

2.12.2 Current provisions

- Provisions related to the normal operating cycle of each segment. These mainly comprise:
  - provisions for construction contract risks, including risks relating to construction project companies in the form of *Sociétés en Participation* (SEPs);
  - provisions for restructuring.
- Provisions for losses to completion on construction contracts: these relate to construction contracts in progress, and take account of claims accepted by the customer. They are measured on a contract by contract basis, with no netting between them.

2.12.3 Trade payables and other current liabilities

Because of the short-term nature of these liabilities, the carrying amounts shown in the consolidated financial statements are a reasonable estimate of market value.

2.13 Income statement

As allowed under IAS 1, "Presentation of Financial Statements", the Bouygues group presents an income statement that classifies expenses by nature, in the format specified in Recommendation 2009-R-03 issued on 2 July 2009 by the French national accounting standard-setter, the Conseil National de la Comptabilité (CNC), now the Autorité des Normes Comptables (ANC).

2.13.1 Revenue recognition

The Group recognises revenue when:

- it is probable that the future economic benefits of the transaction will flow to the Group;
- the amount of revenue can be reliably measured;
- at the transaction date, it is probable that the amount of the sale will be recovered.

BOUYGUES TELECOM

Bouygues Telecom generates revenue from services, and from sales of handsets and accessories.

Services:

Plans and commercial services (mobile and fixed) are invoiced one month in advance, and the corresponding revenue is recognised on a straight-line basis over the service period.

Revenues from call charges other than plans, and from roaming and interconnection fees, are recognised as the service is used.

Revenue generated by prepaid cards is recognised on sale of the card to the distributor or retailer but deferred until the card is activated, and then adjusted for unused minutes.

Services carried out on behalf of content providers in relation to SMS+ services and special numbers are not included in income and expenses for the period. Only the margin charged as consideration for the service is recognised in sales.

Sales of handsets and accessories:

Sales of handsets and SIM cards are recognised on sale to the distributor or retailer, but the margin on the sale is eliminated until the line is activated by the customer. Since August 2013, retail and business customers have been able to pay for their handsets in instalments; the entire revenue from the sale of the handset is recognised when the customer signs up to the plan.

Distributor/retailer commission:

All commission payable to distributors and retailers is recognised as an expense.

Consumer loyalty programme:

Since November 2014, all retail plan customers earn benefits which they can use to obtain a handset upgrade, calculated on the basis of the age of their existing handset. Customers can then use the benefits to obtain a handset upgrade at a special price after 12 months, provided that they renew their plan for a minimum of 12 months.

In accordance with IFRIC 13 (paragraphs AG1 to AG3), Bouygues Telecom has measured the fair value of the benefits awarded under its loyalty programmes, and has not deferred any revenues as a result.

2.13.2 Accounting for construction contracts

2.13.2.1 CONSTRUCTION ACTIVITIES

All activities related to construction contracts are accounted for using the percentage of completion method.

Under this method, the revenue recognised equals the latest estimate of the total selling price of the contract multiplied by the actual completion rate determined by reference to the physical state of progress of the works. The latest estimate of the total selling price takes account of claims that have been accepted by the client or are highly probable.

If it is regarded as probable that a contract will generate a loss on completion, a provision for expected losses to completion is recognised as a current provision in the balance sheet. The loss is provided for in full as soon as it is can be reliably measured, irrespective of the completion rate.

2.13.2.2 PROPERTY DEVELOPMENT ACTIVITIES

Revenues and profits are recognised using the percentage of completion method once the following conditions have been met:

- building permit with no appeal;
- signature of notarised deed of sale or development contract;
- construction contract signed (order given to start works).

The percentage of completion represents costs recognised to date as a proportion of the total estimated costs to completion of the project.

Accrued expenses are recognised for finishing costs on this type of project, based on the percentage of completion; residual expenses on delivered projects are also recognised in "Trade payables".

Overheads, including sales force costs and all advertising costs, are expensed as incurred.

2.13.3 Profits/losses from joint operations

These profits and losses are included in "Other operating income and expenses", and represent the Group's share of profits or losses from non-consolidated companies, including entities in the form of *Sociétés en Participation* (SEPs), that operate asphalt and binder production facilities; such profits and losses are included in current operating profit.

2.13.4 Share-based payment

In accordance with IFRS 2, stock subscription options granted to corporate officers or employees of the Group are accounted for in the financial statements as follows: the fair value of the options granted (corresponding to the fair value of the services rendered by the employees as consideration for the options) is recognised as an employee benefit under "Personnel costs" in the income statement, with the matching entry credited to shareholders' equity.

The amount of the employee benefit is measured at the grant date of the option using the Black & Scholes model, and is charged to the income statement over the vesting period of the rights.

2.14 Cash flow statement

The consolidated cash flow statement is presented in accordance with IAS 7 and with CNC (now ANC) Recommendation 2013-03 of 7 November 2013, using the indirect method.

Consolidated net profit is adjusted to eliminate the impact of transactions with no cash effect, and of income and expenses related to investing or financing activities.

Cash flow is defined as consolidated net profit before: net depreciation and amortisation expense, net changes in provisions and impairment losses, gains and losses on asset disposals, cost of net debt (included in financing activities in the cash flow statement), and net income tax expense for the period.

The cash flow statement explains changes in the Group's net cash position, which is defined as the net total of the following balance sheet items:

- cash and cash equivalents;
- overdrafts and short-term bank borrowings.

2.15 Other financial indicators

2.15.1 EBITDA

EBITDA is defined as current operating profit excluding net depreciation and amortisation expense and changes in provisions, and impairment losses (after reversals of utilised and non-utilised provisions and of impairment losses).

The competitiveness and employment tax credit *(CICE)* to which French companies are entitled is recognised in current operating profit, as a reduction in personnel costs.

The main components of current operating profit included in the line items "Other income from operations" and "Other expenses on operations" are net foreign exchange differences on commercial transactions, gains and losses on disposals of non-current assets, profits and losses from joint operations, royalties on the licensing of patents, and (in the case of Colas) revenue from sales of raw material (bitumen) to coating and emulsion entities in the form of *Sociétés en Participation* (SEPs) or economic interest groupings that subsequently sell such coatings and emulsions on to Colas.

2.15.2 Free cash flow

Free cash flow is defined as cash flow (determined after cost of net debt and net income tax expense, but before changes in working capital), minus capital expenditure (net of disposals) for the period.

2.15.3 Net debt

Net debt represents the aggregate of:

- cash and cash equivalents;
- overdrafts and short-term bank borrowings;
- non-current and current debt;
- financial instruments (used to hedge financial liabilities measured at fair value).

2.16 Statement of recognised income and expense

The Bouygues group presents a statement of recognised income and expense, disclosing a comparative net profit figure on the line "Total recognised income and expense" which includes income and expenses recognised directly in equity.

2.17 Comparability of the consolidated financial statements

Changes in the scope of consolidation during the year ended 31 December 2015 did not have a material effect on the consolidated financial statements presented for that period, and do not impair comparisons with the consolidated financial statements for the year ended 31 December 2014.

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Note 3 Non-current assets

For a breakdown of non-current assets by business segment see Note 16, "Segment Information".

3.1 Acquisitions of non-current assets during the year, net of disposals

€ million	2015	2014
Property, plant and equipment	1,436	1,411
Intangible assets	592[a]	91
Capital expenditure	**2,028**	**1,502**
Acquisitions of non-current financial assets (investments in consolidated and non-consolidated companies and other long-term investments)	53	163
Acquisitions of non-current assets	**2,081**	**1,665**
Disposals of non-current assets	(847)[b]	(1,240)[c]
Acquisitions of non-current assets, net of disposals	**1,234**	**425**

(a) Includes Bouygues Telecom: acquisition for €467m of a 5 MHz block as part of the French state's auction of frequencies in the 700 MHz band.
(b Includes the disposal of Eurosport International (€490m); see Note 1.2.1, "Significant events of 2015".
(c) The main divestments in 2015 were the disposals of Cofiroute by Colas (€770m net) and of Eurosport International by TF1 (€259m).

3.2 Non-current assets: movements during the period

3.2.1 Property, plant and equipment

€ million	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	Total
Gross value					
31 DECEMBER 2013	**2,127**	**11,310**	**2,777**	**305**	**16,519**
Movements during 2014					
Translation adjustments	40	132	32	6	210
Changes in scope of consolidation	1	(31)	2	2	(26)
Acquisitions during the period	66	807	231	307	1,411
Disposals, transfers & other movements	36	(374)	(139)	(167)	(644)
31 DECEMBER 2014	**2,270**	**11,844**	**2,903**	**453**	**17,470**
of which finance leases	12	97	15		124
Movements during 2015					
Translation adjustments	27	83	13	7	130
Changes in scope of consolidation	(9)	(36)	(5)		(50)
Acquisitions during the period	56	938	234	208	1,436
Disposals, transfers & other movements	15	(284)	(149)	(247)	(665)
31 DECEMBER 2015	**2,359**	**12,545**	**2,996**	**421**	**18,321**
of which finance leases	12	96	15		123
Amortisation and impairment					
31 DECEMBER 2013	**(728)**	**(7,576)**	**(1,969)**		**(10,273)**
Movements during 2014					
Translation adjustments	(13)	(94)	(23)		(130)
Changes in scope of consolidation	11	40			51
Net expense for the period	(94)	(849)	(290)		(1,233)
Disposals, transfers & other movements	18	438	178		634
31 DECEMBER 2014	**(806)**	**(8,041)**	**(2,104)**		**(10,951)**
of which finance leases	(6)	(58)	(12)		(76)
Movements during 2015					
Translation adjustments	(12)	(65)	(10)		(87)
Changes in scope of consolidation	4	28	5		37
Net expense for the period	(94)	(1,026)	(300)		(1,420)
Disposals, transfers & other movements	21	421	181		623
31 DECEMBER 2015	**(887)**	**(8,683)**	**(2,228)**		**(11,798)**
of which finance leases	(7)	(60)	(11)		(78)
Carrying amount					
31 DECEMBER 2014	**1,464**	**3,803**	**799**	**453**	**6,519**
of which finance leases	6	39	3		48
31 DECEMBER 2015	**1,472**	**3,862**	**768**	**421**	**6,523**
of which finance leases	5	36	4		45

OPERATING COMMITMENTS NOT YET RECOGNISED INVOLVING FUTURE OUTFLOWS OF RESOURCES

Property, plant and equipment *€ million*	Falling due Less than 1 year	 1 to 5 years	 More than 5 years	Total 2015	Total 2014
Colas: orders in progress for plant and equipment	8			8	31
Bouygues Telecom: orders in progress for network equipment assets	274			274	301
TOTAL	**282**			**282**	**332**

3.2.2 Intangible assets

€ million	Development expenses[a]	Concessions, patents and similar rights	Other intangible assets	Total
Gross value				
31 DECEMBER 2013	**174**	**2,508**	**1,432**	**4,114**
Movements during 2014				
Translation adjustments		3	4	7
Changes in scope of consolidation		10	2	12
Acquisitions during the period	11	41	39	91
Disposals, transfers & other movements	(4)	5	(17)	(16)
31 DECEMBER 2014	**181**	**2,567**	**1,460**	**4,208**
Movements during 2015				
Translation adjustments		1	2	3
Changes in scope of consolidation			1	1
Acquisitions during the period	17	46	529	592
Disposals, transfers & other movements		(2)	(3)	(5)
31 DECEMBER 2015	**198**	**2,612**	**1,989**	**4,799**
Amortisation and impairment				
31 DECEMBER 2013	**(132)**	**(876)**	**(1,240)**	**(2,248)**
Movements during 2014				
Translation adjustments		(2)	(3)	(5)
Changes in scope of consolidation		(8)	2	(6)
Net expense for the period	(10)	(174)	(38)	(222)
Disposals, transfers & other movements		10	11	21
31 DECEMBER 2014	**(142)**	**(1,050)**	**(1,268)**	**(2,460)**
Movements during 2015				
Translation adjustments		(1)	(2)	(3)
Changes in scope of consolidation				
Net expense for the period	(11)	(158)	(45)	(214)
Disposals, transfers & other movements		8	1	9
31 DECEMBER 2015	**(153)**	**(1,201)**	**(1,314)**	**(2,668)**
Carrying amount				
31 DECEMBER 2014	**39**	**1,517**	**192**	**1,748**
31 DECEMBER 2015	**45**	**1,411**[b]	**675**[c]	**2,131**

(a) Development expenses:
- *Software development expenses are usually capitalised (mainly relates to Bouygues Telecom).*
- *Development expenses of a permanent and recurring nature that do not meet the IAS 38 capitalisation criteria are expensed (mainly relates to Colas).*
- *In accordance with IFRS, research costs are expensed as incurred.*
- *Research and development costs expensed amounted to €60m in 2015 and €66m in 2014.*

(b) Includes Bouygues Telecom's UMTS licence (€249m) and 4G frequency user licence (€896m).

(c) Includes €467m for the acquisition during 2015 of 700 MHz frequencies classified as intangible assets in progress (Bouygues Telecom) and €65m for acquisitions of audiovisual rights (TF1).

OPERATING COMMITMENTS NOT YET RECOGNISED INVOLVING FUTURE OUTFLOWS OF RESOURCES

The table below shows the maturities of audiovisual rights acquisition contracts entered into by TF1 for the purpose of securing future programming schedules.

Intangible assets *€ million*	Falling due: Less than 1 year	Falling due: 1 to 5 years	Falling due: More than 5 years	Total 2015	Total 2014
Audiovisual rights	23	3		26	15
TOTAL	**23**	**3**		**26**	**15**

3.2.3 Goodwill

€ million	Gross value	Impairment	Carrying amount
31 DECEMBER 2013	**5,326**	**(81)**	**5,245**
Movements during 2014			
Changes in scope of consolidation	30	5	35
Impairment losses charged during the period		(7)	(7)
Other movements (including translation adjustments)	11	2	13
31 DECEMBER 2014	**5,367**	**(81)**	**5,286**
Movements during 2015			
Changes in scope of consolidation	(42)	7	(35)
Impairment losses charged during the period		(9)	(9)
Other movements (including translation adjustments)	14	5	19
31 DECEMBER 2015	**5,339**	**(78)**	**5,261**

For goodwill on joint ventures and associates, see Note 3.2.5.

3.2.3.1 SPLIT OF GOODWILL BY CASH GENERATING UNIT (CGU)

CGU *€ million*	31/12/2015 Total	31/12/2015 % Bouygues or subsidiaries	31/12/2014 Total	31/12/2014 % Bouygues or subsidiaries
Bouygues Construction [a]	488	99.97	459	99.97
Colas [b]	1,125	96.60	1,137	96.60
TF1 [b]	1,000	43.98	1,042	43.47
Bouygues Telecom [b]	2,648	90.53	2,648	90.53
TOTAL	**5,261**		**5,286**	

(a) Only includes goodwill on subsidiaries acquired by the CGU.
(b) Includes goodwill on subsidiaries acquired by the CGU and on acquisitions made at parent company (Bouygues SA) level for the CGU.

Information about impairment testing of goodwill as of 31 December 2015:

- The recoverable amounts of Bouygues Telecom, TF1 and Colas were determined using the method described in Note 2.7.4.1, based on three-year cash flow projections corresponding to the business plans of each of the three subsidiaries as presented to the subsidiary's Board of Directors and the Board of Directors of Bouygues SA, incorporating where relevant the latest estimates of the subsidiary's management for the period beyond the time horizon of the business plan:
  - cash flows beyond the projection period were extrapolated using a perpetual growth rate;
  - discount rates (weighted average cost of capital) and growth rates used as of 31 December 2015 were as follows:

	Discount rate: Scenario 1 [a]	Discount rate: Scenario 2 [a]	Perpetual growth rate
Bouygues Telecom	5.22%	4.79%	2%
TF1	6.81%	5.99%	2%
Colas	5.32%	4.88%	2%

(a) Depending on the capital structure: 1/3 debt - 2/3 equity (scenario 1); 2/3 debt - 1/3 equity (scenario 2).

- Assumptions used in the Bouygues Telecom business plan:
  - The normative cash flows used for Bouygues Telecom rely on the following assumptions:
    - growth in mobile thanks to the quality of the 4G network and new plans to attract customers with high potential for mobile data usage, and growth in fixed line driven by highly competitive offers;
    - an optimised cost structure, with the transformation plan set to unlock at least €400 million of savings in 2016 compared with the end of 2013;
    - the expected benefits, from the end of 2018, of the agreement between Bouygues Telecom and Numericable-SFR to share part of their mobile networks in Less Dense Areas, which will give customers the best 4G coverage (target: 99% in 2018) and very high service quality while optimising capital expenditure and operating costs.
  - Overall, Bouygues Telecom is expecting to gain an additional one million mobile customers and one million fixed line customers by the end of 2017, with a target EBITDA margin of 25% in 2017, rising to 35% in the longer term.
- Assumptions used in the TF1 business plan:
  - impact of macro-economic factors on advertising spend in the current highly unsettled environment;
  - the effects of the migration of the LCI channel to freeview;
  - growth of the freeview offer across all media, especially of the TF1 group's freeview channels and digital activities (MYTF1) driven by new technologies, and capitalising on editorial and commercial synergies between the freeview channels;
  - the impact of efforts to adapt the business model of the TF1 core channel, largely through optimisation plans that have already been implemented;
  - the effects of future major sporting events;
  - the effects of consolidating Newen from 1 January 2016 onwards.

Sensitivity analysis

An analysis was performed for the Bouygues Telecom, TF1 and Colas CGUs in order to determine the sensitivity of the calculation to the key parameters (discount rates, growth rates, normative cash flows), either individually or using combined scenarios for discount rates and normative cash flows (including reasonably possible changes in normative cash flows).

For these CGUs, the recoverable amount would equal the carrying amount of the assets tested if the assumptions shown below (taken individually) were to be applied:

	Change in discount rate		Change in normative cash flows	
	Scenario 1 [a]	**Scenario 2** [a]	**Scenario 1** [a]	**Scenario 2** [a]
Bouygues Telecom	+127 bp	+170 bp	(30)%	(40)%
TF1	+154 bp	+236 bp	(27)%	(41)%
Colas	+930 bp	+974 bp	(80)%	(83)%

(a) Depending on the capital structure: 1/3 debt - 2/3 equity (scenario 1); 2/3 debt - 1/3 equity (scenario 2).

For Bouygues Telecom, in the event of a 10% reduction in normative cash flows combined with an increase of 50 basis points in the discount rate, the recoverable amount would be greater than the carrying amount by €680 million under scenario 1 and by €1,700 million under scenario 2. If the perpetual growth rate applied to the normative cash flows were to be halved and all other assumptions described above were unchanged, the recoverable amount would be greater than the carrying amount by €620 million under scenario 1 and by €1,500 million under scenario 2.

For TF1, in the event of a 10% reduction in normative cash flows combined with an increase of 50 basis points in the discount rate, the recoverable amount would be greater than the carrying amount by €220 million under scenario 1, and by €710 million under scenario 2. If the perpetual growth rate applied to the normative cash flows were to be halved and all other assumptions described above were unchanged, the recoverable amount would be greater than the carrying amount by €270 million under scenario 1 and by €720 million under scenario 2.

CONCLUSION ON IMPAIRMENT TESTING

For all the CGUs tested, the recoverable amounts determined under both capital structure scenarios remain greater than the carrying amount of the assets.

3.2.4 Non-current financial assets

As of 31 December 2015, these comprised:

- investments in joint ventures and associates (accounted for by the equity method): €3,401 million;
- other non-current financial assets (loans, receivables, investments in non-consolidated companies, etc.): €542 million;
- deferred tax assets: €352 million.

€ million	Investments in joint ventures and associates	Investments in non-consolidated companies	Other non-current assets	Total gross value	Amortisation and impairment	Carrying amount	Deferred tax assets
31 DECEMBER 2013	**4,952**	**314**	**540**	**5,806**	**(1,724)**	**4,082**	**251**
Movements during 2014							
Changes in scope of consolidation	486	11	(32)	465	3	468	(1)
Acquisitions and other increases	178	10	63	251		251	
Amortisation and impairment, net					(16)	(16)	
Disposals and other reductions	(31)	(18)	(116)	(165)		(165)	21
Transfers and other allocations	(17)	5	16	4	39	43	17
31 DECEMBER 2014	**5,568**	**322**	**471**	**6,361**	**(1,698)**	**4,663**	**288**
AMORTISATION & IMPAIRMENT	**(1,431)**	**(167)**	**(100)**	**(1,698)**			
CARRYING AMOUNT	**4,137**	**155**	**371**	**4,663**			**288**

€ million	Investments in joint ventures and associates [a]	Investments in non-consolidated companies	Other non-current assets	Total gross value	Amortisation and impairment	Carrying amount	Deferred tax assets [b]
31 DECEMBER 2014	**5,568**	**322**	**471**	**6,361**	**(1,698)**	**4,663**	**288**
Movements during 2015							
Changes in scope of consolidation	(49)	27		(22)	22		(3)
Acquisitions and other increases	16	14	66	96		96	61
Amortisation and impairment, net					305 [c]	305	
Disposals and other reductions	(809) [d]	(38)	(81)	(928)		(928)	
Transfers and other allocations	(201) [e]	9		(192)	(1)	(193)	6
31 DECEMBER 2015	**4,525**	**334**	**456**	**5,315**	**(1,372)**	**3,943**	**352**
AMORTISATION & IMPAIRMENT	**(1,124)**	**(181)**	**(67)**	**(1,372)**			
CARRYING AMOUNT	**3,401**	**153**	**389**	**3,943**			**352**

(a) Includes goodwill on associates of €1,548m as of 31 December 2015.
(b) See Note 7.
(c) Includes €313m for the reversal of impairment losses on Alstom.
(d) Includes the effect of the sale on 22 July 2015 of the 49% residual equity interest in Eurosport International, which had been recognised in "Investments in joint ventures and associates" since 30 May 2014 (€490m); and the share of Alstom profits and losses (€313m).
(e) Includes income and expenses recognised directly in equity (€202m).

Amortisation and impairment as of 31 December 2015 mainly comprised the €1,091 million of impairment losses taken against Alstom.

3.2.5 Investments in joint ventures and associates

€ million	Share of net assets held	Share of profit/(loss) for the period	Goodwill	Carrying amount
31 DECEMBER 2013	**2,051**	**217**	**1,242**	**3,510**
Movements during 2014				
Translation adjustments	36		2	38
Acquisitions and share issues	11			11
Profit/(loss) for the period		169		169
Impairment losses charged during the period			(2)	(2)
Appropriation of prior-year profit, disposals, transfers and other movements	392	(217)	236	411
31 DECEMBER 2014	**2,490**	**169**	**1,478**	**4,137**
Movements during 2015				
Translation adjustments	(48)			(48)
Acquisitions and share issues	16			16
Profit/(loss) for the period		(108)		(108)
Impairment losses charged during the period			307 [b]	307
Appropriation of prior-year profit, disposals, transfers and other movements	(497)	(169)	(237)	(903) [a]
31 DECEMBER 2015	**1,961**	**(108)**	**1,548**	**3,401**

(a) Includes the effect of the sale of the 49% equity interest in Eurosport International on 22 July 2015 (€490m).
(b) Includes €313m for the reversal of impairment losses on Alstom, cancelling out the expense recognised in share of profit/loss for the period (see Note 3.2.5.2., "Investments in associates").

A list of the joint ventures and associates in which the Bouygues group holds an interest is provided in Note 23, "List of principal consolidated companies at 31 December 2015".

As of 31 December 2015, the total carrying amount of €3,401 million included €197 million for joint ventures (see Note 3.2.5.1, "Joint ventures") and €3,204 million for investments in associates (see Note 3.2.5.2, "Investments in associates").

3.2.5.1 JOINT VENTURES

€ million	31/12/2014	Net movement in 2015	31/12/2015	of which: share of profit/(loss) for period
Miscellaneous joint ventures	148	49 [a]	197	18
TOTAL	**148**	**49**	**197**	**18**

(a) Includes €44m reclassified from "Investments in associates" to "Joint ventures".

Most of these joint ventures are industrial entities (quarries, emulsion plants) operated jointly by Colas and partners from outside the Bouygues group.

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3.2.5.2 INVESTMENTS IN ASSOCIATES

Principal associates:

€ million	31/12/2014	Net movement in 2015	31/12/2015	of which: share of profit/(loss) for period
Alstom [a]	3,183	(206)	2,977 [b]	
Bouygues Construction				
Concession companies	61	(47)	14	60
Miscellaneous associates	9		9	
Colas				
Miscellaneous associates	122	2	124	64
TF1				
Eurosport International group	505	(505) [c]		
Miscellaneous associates	76	(2)	74	(2)
Other associates	33	(27)	6	59
TOTAL	**3,989**	**(785)**	**3,204**	**181**

(a) Alstom group contribution in 2015: share of losses (€301m) and amortisation charged against fair value remeasurements in 2015 (€12m), cancelling out reversal of impairment losses of €313m (netting out to zero).
(b) Includes goodwill of €1,419m.
(c) Sold in 2015.

Alstom

Based on the half-year results for the 2015/2016 financial year published by Alstom on 5 November 2015 and given the time-lag between the annual accounting period-ends of Alstom (31 March) and of Bouygues (31 December), Alstom's contribution to the net profit of Bouygues for the year ended 31 December 2015 was a loss of €301 million, versus a profit of €128 million for the year ended 31 December 2014. Because Alstom has not published financial statements for the third quarter (ended 31 December 2015) of its 2015/16 financial year, Bouygues did not recognise any contribution for that period in its 2015 fourth-quarter accounts.

Amortisation of fair value remeasurements of Alstom's identifiable intangible assets and other items resulted in a charge of €12 million against net profit attributable to the Bouygues group for the year ended 31 December 2015.

Pending publication of Alstom's full-year results in May 2016, no profit or loss for Alstom has been recognised in the 2015 Bouygues consolidated financial statements; the impairment loss recognised in 2013 has been partially reversed by an amount of €313 million, in accordance with IAS 28 (see Note 2.7.4.2 to the financial statements).

This decision was made because before that date (May 2016), it will not be possible to reliably measure the effects on Alstom's balance sheet of the sale of Alstom's Energy activities to General Electric.

INFORMATION ABOUT IMPAIRMENT TESTING OF THE INVESTMENT IN ALSTOM AS OF 31 DECEMBER 2015

In the absence of any published accounting information from Alstom, and pending an update of the analyst panel's cash flow forecasts to reflect the new scope of the Alstom group following the sale of its Energy activities to General Electric and the public share buy-back offer, Bouygues based the assessment of the recoverable amount of its investment on the following information from the offer document published in connection with the public share buy-back offer:

- the valuations and disclosures prepared by the presenting banks;
- the valuations and disclosures prepared by Duff & Phelps, the independent valuation firm retained by Alstom.

The range of discounted cash flow valuations contained in these two documents are as follows:

- offer document: between €33.2 and €38.9 per share;
- Duff & Phelps report: between €34.4 and €37.0 per share.

The Duff & Phelps report, issued on 3 November 2015, concluded that the €35 per share valuation retained for the public share buy-back offer was within the range of valuations derived from benchmark valuations, and attested that from a financial standpoint it was fair to the shareholders.

The recoverable amounts obtained by reference to the information and documents described above exceed the carrying amount of the Bouygues group's investment in Alstom as of 31 December 2015.

SUMMARY INFORMATION ABOUT THE ASSETS, LIABILITIES, INCOME AND EXPENSES OF ALSTOM:

Amounts shown are for 100% of Alstom *€ million*	Alstom	
	30/09/2015 [a]	**31/03/2015** [a]
Non-current assets	3,373	3,356
Current assets	8,225	8,462
Held-for-sale assets	21,693	21,415
TOTAL ASSETS	**33,291**	**33,233**
Shareholders' equity	3,744	4,224
Non-current liabilities	3,844	3,943
Current liabilities	11,115	9,893
Liabilities related to held-for-sale assets	14,588	15,173
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**33,291**	**33,233**
Sales	**3,303**	**6,163**
Current operating profit/(loss)	**167**	**318**
Net profit/(loss)	**(48)**	**(701)**
Net profit/(loss) attributable to the Group	**(57)**	**(719)**

(a) Financial statements published by Alstom (financial year-end 31 March 2016).

Reconciliation of information about Alstom to the carrying amount of the interest held by the Bouygues group:

Alstom *€ million*	**31/12/2015**	**31/12/2014**
ALSTOM: SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP AS PUBLISHED	**3,658**	**5,379**
Share attributable to Bouygues (29.1516% as of 31 December 2015)	**1,066**	**1,573**
Fair value remeasurements and goodwill recognised at Bouygues group level	1,911	1,610
NET ASSETS RECOGNISED IN THE BOUYGUES CONSOLIDATED FINANCIAL STATEMENTS	**2,977**	**3,183**

Given the time-lag in publication, the amounts reported as of 31 December 2015 are based on the figures published by Alstom as of 30 September 2015.

3.2.6 Investments in non-consolidated companies and other non-current financial assets

PRINCIPAL INVESTMENTS IN NON-CONSOLIDATED COMPANIES AS OF 31 DECEMBER 2015

	31/12/2015								31/12/2014
Investment *€ million*	**Gross value**	**Impairment**	**Carrying amount**	**% interest**	**Total assets**	**Total current & non-current liabilities**	**Total sales**	**Net profit/ (loss)**	**Carrying amount**
French companies									
Colas									
Asphalt, binder and quarry companies[a]	23	(6)	17						18
TF1									
Sylver	4	(3)	1	49%					4
Sofica Valor 7	14		14	83%					10
SUB-TOTAL	**41**	**(9)**	**32**						**32**
Foreign companies									
Bouygues Construction									
IEC Investments (Hong Kong)	65		65	15%	140	31	48	(13)	58
VSL Corporation (United States)	22	(22)		100%					
TF1									
Teads	4		4	9%					4
A1-international (Netherlands)	13	(13)		50%					
Colas									
Asphalt, binder and quarry companies[a]	1		1						1
SUB-TOTAL	**105**	**(35)**	**70**						**63**
Other investments[a]	**188**	**(137)**	**51**						**60**
TOTAL	**334**	**(181)**	**153**						**155**

(a) The information provided for "Asphalt, binder and quarry companies" and "Other investments" relates to a large number of companies, for which individual information is not disclosed on grounds of immateriality.

Other non-current financial assets	**389**	
Advances to non-consolidated companies	85	
Loans receivable	146	
Other long-term investments:	158	
■ Deposits and caution money paid (net)		121
■ Mutual funds		19
■ Other investments with carrying amounts of less than €2 million individually		18

ANALYSIS OF INVESTMENTS IN NON-CONSOLIDATED COMPANIES AND OTHER NON-CURRENT FINANCIAL ASSETS (EXCLUDING JOINT VENTURES AND ASSOCIATES) BY CATEGORY

€ million	**Available-for-sale financial assets[a]**	**Financial assets at fair value through profit or loss**	**Held-to-maturity assets**	**Loans and receivables[b]**	**Total**
31 DECEMBER 2014	**178**	**7**	**77**	**264**	**526**
Movements during 2015	11	(1)	1	5	16
31 DECEMBER 2015	**189**	**6**	**78**	**269[c]**	**542**
Due within less than 1 year	6			12	18
Due within 1 to 5 years		6		79	85
Due after more than 5 years	183		78	178	439

(a) Impact of fair value remeasurements recognised in equity (except in the event of a significant or prolonged decline in value, in which case an impairment loss is recognised in profit or loss). Mainly relates to investments in non-consolidated companies (€153m at 31 December 2015), the vast majority of which are measured at value in use (level 3 in the fair value hierarchy).
(b) Measured at amortised cost.
(c) Includes financial receivables relating to Public-Private Partnership (PPP) activities.

FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Under IFRS 13, the fair value hierarchy that reflects the significance of the inputs used in making fair value measurements has three levels:

- level 1 (unadjusted quoted prices): price accessible to the entity on the date of measurement in active markets, for identical assets or liabilities;
- level 2 (observable inputs): inputs relating to the asset or liability, other than quoted market prices classified as level 1 inputs, that are observable either directly (such as a price) or indirectly (i.e. derived from observable prices);
- level 3 (unobservable inputs): inputs that are not observable on markets, including observable inputs that require significant adjustment (for example, extrapolation of yield curves over long, unobservable periods). Within the Bouygues group, this applies mainly to investments in non-consolidated companies.

	Level 1	Level 2	Level 3	
	Quoted prices	**Observable inputs**	**Unobservable inputs**	**31/12/2015**
Available-for-sale financial assets		6	183	**189**
Held-to-maturity assets		78		**78**
Other financial assets at fair value through profit or loss			6	**6**
Cash and cash equivalents	3,589			**3,589**
Financial instruments, net	(51)			**(51)**

JOINT OPERATIONS

Joint operations are recognised in proportion to the interest held by the Group in the assets, liabilities, income and expenses of the joint operation. A list of joint operations in which the Bouygues group holds an interest is provided in Note 23, “List of principal consolidated companies at 31 December 2015”.

The contribution from joint operations in 2015 was as follows:

- Sales: €1,907 million, including €999 million for *Sociétés En Participation* (SEPs) and similar entities in France and €56 million for entities set up for property co-promotion programmes in the form of *Sociétés Civiles Immobilières* (SCIs) and *Sociétés Civiles de Construction Vente* (SCCVs) in France. The remaining joint operations mainly comprise foreign entities in the Bouygues Construction group.
- Current operating profit/loss: Net loss of €59 million, including a €3 million loss for SEPs and similar entities in France and breakeven for SCIs and SCCVs.

Aggregate amounts of assets/liabilities and key income statement indicators are shown below:

Bouygues share *€ million*	**31/12/2015**	**31/12/2014**
Non-current assets	123	73
Current assets	1,335	1,177
TOTAL ASSETS	**1,458**	**1,250**
Shareholders’ equity	(218)	(269)
Non-current liabilities	132	103
Current liabilities	1,544	1,416
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	**1,458**	**1,250**
SALES	**1,907**	**1,741**
OPERATING PROFIT/(LOSS)	**(59)**	**(51)**
NET PROFIT/(LOSS)	**(65)**	**(53)**

Note 4 Current assets

4.1 Inventories

€ million	31 December 2015 Gross value	31 December 2015 Impairment [a]	31 December 2015 Carrying amount	31 December 2014 Gross value	31 December 2014 Impairment [a]	31 December 2014 Carrying amount
Property development inventories	1,635	(123)	1,512 [b]	1,477	(127)	1,350
Raw materials and finished goods	894	(60)	834	1,023	(53)	970
Programmes and broadcasting rights	828	(115)	713	799	(121)	678
TOTAL	**3,357**	**(298)**	**3,059**	**3,299**	**(301)**	**2,998**

(a) Includes:

	2015	2014
- impairment losses charged in the period	*(159)*	*(130)*
- impairment losses reversed in the period	*162*	*125*

(b) Includes Bouygues Immobilier: properties under construction €1,231m; completed properties €91m.

Operating commitments not yet recognised involving future outflows of resources

€ million	Falling due: Less than 1 year	Falling due: 1 to 5 years	Falling due: More than 5 years	Total 2015	Total 2014
TF1					
Programmes and broadcasting rights [a]	481	752	143	1,376	1,172
Sports transmission rights [a]	42	44		86	191
FUTURE PROGRAMMING SCHEDULES	**523**	**796**	**143**	**1,462**	**1,363**
Comparative at 31 December 2014	583	765	15	1,363	

(a) 2015: Contracts expressed in foreign currencies: €156m in US dollars.

In 2015, commitments on programmes and broadcasting rights related mainly to TF1 SA (€275 million, versus €262 million in 2014) and GIE AD (€1,023 million, versus €829 million in 2014).

Sports transmission rights commitments related mainly to TF1 SA and TF1 DS (€86 million in 2015, €134 million in 2014).

Bouygues Immobilier	Falling due: Less than 1 year	Falling due: 1 to 5 years	Falling due: More than 5 years	Total 2015	Total 2014
RECIPROCAL OFF BALANCE SHEET COMMITMENTS RELATING TO ACQUISITION OF LAND BANKS	**372**			**372**	**390**
Comparative at 31 December 2014	390			390	
Bouygues Telecom					
AGREEMENTS TO SECURE HANDSET SUPPLIES	**372**			**372**	**356**
Comparative at 31 December 2014	356			356	

4.2 Advances and down-payments made on orders

€ million	31 December 2015 Gross value	31 December 2015 Impairment	31 December 2015 Carrying amount	31 December 2014 Gross value	31 December 2014 Impairment	31 December 2014 Carrying amount
Advances and down-payments made on orders	447	(1)	446	477	(15)	462

4.3 Trade receivables, tax assets and other current receivables

€ million	31 December 2015 Gross value	31 December 2015 Impairment	31 December 2015 Carrying amount	31 December 2014 Gross value	31 December 2014 Impairment	31 December 2014 Carrying amount
Trade receivables (including unbilled receivables)	6,434	(620)	5,814	6,963	(636)	6,327
Current tax assets (tax receivable)	235	(2)	233	242	(2)	240
Other receivables and prepaid expenses:						
■ Other operating receivables (employees, social security, government and other)	1,275	(8)	1,267	1,246	(10)	1,236
■ Sundry receivables	932	(188)	744	917	(170)	747
■ Prepaid expenses	206		206	166		166
TOTAL OTHER CURRENT RECEIVABLES	**2,413**	**(196)**	**2,217**	**2,329**	**(180)**	**2,149**
TOTAL	**9,082**	**(818)**	**8,264**	**9,534**	**(818)**	**8,716**

SPLIT OF CARRYING AMOUNT OF TRADE RECEIVABLES BETWEEN NON PAST DUE AND PAST DUE BALANCES AS OF 31 DECEMBER 2015 AND 31 DECEMBER 2014

€ million	Non past due	Past due by: 0-6 months	Past due by: 6-12 months	Past due by: > 12 months	Total
Trade receivables	4,343	1,169	245	677	6,434
Impairment of trade receivables	(16)	(52)	(62)	(490)	(620)
CARRYING AMOUNT OF TRADE RECEIVABLES: 31 DECEMBER 2015	**4,327**	**1,117**	**183**	**187** [a]	**5,814**
CARRYING AMOUNT OF TRADE RECEIVABLES: 31 DECEMBER 2014	4,761	1,223	173	170	6,327

(a) Includes €104m for Bouygues Construction, €46m for Colas and €32m for Bouygues Telecom.

An analysis of trade receivables more than 12 months past due and not covered by impairment allowances revealed no additional credit risk (recoverable VAT, offset with trade creditors, etc.).

4.4 Cash and cash equivalents

CASH AND CASH EQUIVALENTS

€ million	31 December 2015 Gross value	31 December 2015 Impairment	31 December 2015 Carrying amount	31 December 2014 Gross value	31 December 2014 Impairment	31 December 2014 Carrying amount
Cash	3,092		3,092 [a]	2,016		2,016
Cash equivalents	693		693 [b]	2,128		2,128
TOTAL	**3,785**		**3,785**	**4,144**		**4,144**

(a) Includes €507m of term deposits with maturities of less than 3 months recorded in the books of Bouygues SA.
(b) €602m of these cash equivalents are held by Bouygues SA.

Surplus cash is invested with high-quality French and foreign banks.
Cash equivalents are readily convertible into cash.
Cash equivalents are measured at fair value.
All investments of cash and equivalents were accessible as of 31 December 2015.

The net cash position shown in the cash flow statement breaks down by currency as follows:

Split of net cash position by currency *€ million*	Euro	Pound sterling	Swiss franc	Other European currencies	US dollar	Other currencies	Total 31/12/2015	Total 31/12/2014
Cash	2,074	117	238	64	122	477	3,092	2,016
Cash equivalents	674					19	693	2,128
Overdrafts and short-term bank borrowings	(88)	(7)	(1)	(1)	(8)	(91)	(196)	(234)
TOTAL 31 DECEMBER 2015	**2,660**	**110**	**237**	**63**	**114**	**405**	**3,589**	**3,910**
TOTAL 31 DECEMBER 2014	**3,239**	**162**	**16**	**30**	**116**	**347**	**3,910**	

4.5 Analysis of depreciation, amortisation, impairment and provisions in the balance sheet and income statement

			Charges and reversals through current operating profit					
€ million	31/12/2014	Translation adjustments	Depreciation, amortisation	Impairment losses, provisions	Reversals (unutilised)	Other impairment losses & provisions	Other movements [a]	31/12/2015
Depreciation, amortisation & impairment of PP&E and intangible assets	(13,411)	(90)	(1,454)	(124)		(56)	670	(14,465)
Impairment of goodwill	(81)			(9)			12	(78)
Impairment of investments in non-consolidated companies	(168)	(1)				(2)	(10)	(181)
Impairment of other non-current financial assets	(1,531)	(1)		(4)		306	38	(1,192) [b]
Impairment of inventories	(301)	(1)		(11)	15			(298)
Impairment of trade receivables	(636)	(10)		(43)	57		12	(620)
Impairment of cash equivalents	(1)						1	
Impairment of other current assets	(195)	(1)		8	2	2	(13)	(197)
TOTAL DEDUCTED FROM ASSETS	**(16,324)**	**(104)**	**(1,454)**	**(183)**	**74**	**250**	**710**	**(17,031)**
Current and non-current provisions	(3,378)	(22)		(234)	327	(5)	60	(3,252)
TOTAL PROVISIONS	**(3,378)**	**(22)**		**(234)**	**327**	**(5)**	**60**	**(3,252)**

(a) Reversals on disposals, and changes in scope of consolidation.
(b) Includes a €313m reversal (recognised in 2015) of impairment losses charged against the net assets of Alstom, leaving accumulated impairment of €1,091m against this investment as of 31 December 2015.

Note 5 Consolidated shareholders' equity

5.1 Share capital of Bouygues SA (€)

As of 31 December 2015, the share capital of Bouygues SA consisted of 345,135,316 shares with a €1 par value. Movements during 2015 were as follows:

		Movements during 2015		
	31 December 2014	Reductions	Increases	31 December 2015
Shares	336,086,458		9,048,858	345,135,316
NUMBER OF SHARES	**336,086,458**		**9,048,858**	**345,135,316**
Par value	€1			€1
SHARE CAPITAL (€)	**336,086,458**		**9,048,858**	**345,135,316**

The capital increase during the year of €222 million (see the consolidated statement of changes in shareholders' equity) comprised:

- 2,576,255 shares issued on exercise of stock options (€72 million);
- 6,472,603 shares issued under the Bouygues Confiance 7 employee share ownership plan (€150 million, including €15 million due to be collected in January 2016).

5.2 Shareholders' equity at 31 December 2015 attributable to the Group and to non-controlling interests

€ million	Share capital	Share premium	Reserves related to capital	Retained earnings	Consolidated reserves and profit/(loss) for period	Items recognised directly in equity	Total 2015
Attributable to the Group	345	1,508	808	1,494	4,142	(432)	7,865
Attributable to non-controlling interests					1,422	6	1,428
TOTAL SHAREHOLDERS' EQUITY	**345**	**1,508**	**808**	**1,494**	**5,564**	**(426)** [a]	**9,293**

(a) Cumulative balance of items recognised directly in equity as of 31 December 2015.

5.3 Analysis of income and expense recognised directly in equity

€ million	Note	2015 Attributable to the Group	2014 Attributable to the Group
Translation reserve	*5.3.1*	84	56
Fair value remeasurement reserve (financial instruments)	*5.3.2*	(29)	(36)
Actuarial gains/(losses)	*5.3.3*	8	(50)
Tax on items recognised directly in equity		5	14
Share of remeasurements of joint ventures and associates		(202) [a]	(10)
ATTRIBUTABLE TO THE GROUP		**(134)**	**(26)**
		Non-controlling interests	**Non-controlling interests**
Other expenses & income attributable to non-controlling interests		1	4
TOTAL		**(133)**	**(22)**

(a) Mainly relates to Alstom: actuarial gains and losses €(150)m and translation reserve €(48)m.

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5.3.1 Translation reserve (attributable to the Group)

The table below shows the principal translation adjustments in the year ended 31 December 2015 arising on the consolidated financial statements of foreign subsidiaries, joint ventures and associates reporting in the following currencies:

	31 December 2014	Movements during 2015	31 December 2015
US dollar	17	38	55
Canadian dollar	13	(26)	(13)
Pound sterling	(3)	12	9
Thai baht	7	1	8
South African rand	55	42	97
Swiss franc	9	25	34
Czech koruna	3	2	5
Croatian kuna	3		3
Polish zloty	3	1	4
Other currencies	3	(59)	(56)
TOTAL	**110**	**36** [b]	**146** [a]

(a) Includes €(47)m of cumulative translation adjustments on joint ventures and associates.
(b) Split: subsidiaries €84m, joint ventures and associates €(48)m.

5.3.2 Fair value remeasurement reserve (attributable to the Group)

This reserve contains amounts recognised directly in equity on the remeasurement at fair value of financial instruments used for hedging purposes and of available-for-sale financial assets.

€ million	31 December 2014	Movements during 2015	31 December 2015
Gross movement (fully consolidated entities) [a]	(27)	(29)	(56)

(a) Mainly relates to cash flow hedges, currency hedges, and fair value remeasurement of available-for-sale financial assets.

5.3.3 Actuarial gains and losses on employee benefits (IAS19) (attributable to the Group)

€ million	31 December 2014	Movements during 2015	31 December 2015
Gross movement (fully consolidated entities)	(113)	8 [a]	(105)

(a) Mainly the impact of the rise in the Iboxx A10+ rate (2.09% at 31 December 2015, versus 2.01% at 31 December 2014).

5.4 Analysis of "Other transactions with shareholders" attributable to the Group

The impact on consolidated shareholders' equity of share-based payment (IFRS 2) is as follows:

€ million	31 December 2015	31 December 2014	(charged to profit or loss)
Transfer to reserves:			
TF1	1	1	
Bouygues SA	5	4	2015 expense calculated on basis of plans awarded since June 2011
Bouygues Confiance 7 plan	4		Cost of employee benefit
TOTAL	**10**	**5**	

5.5 Analysis of "Acquisitions/disposals without loss of control" and "Other transactions"

The net increase of €5 million arising from acquisitions/disposals without loss of control and other transactions (decrease of €48 million attributable to the Group, increase of €53 million attributable to non-controlling interests) relates mainly to (i) the tax saving recognised in equity as a result of the Bouygues Confiance 7 employee share ownership plan; (ii) the impact of TF1 share buybacks on non-controlling interests; and (iii) the effects of the sale of Eurosport France and the buyout of the non-controlling interests in the theme channels (see Note 1.2.1, "Significant events of the year").

Note 6 Non-current and current provisions

6.1 Non-current provisions

€ million	Long-term employee benefits [a]	Litigation and claims [b]	Guarantees given [c]	Other non-current provisions [d]	Total
31 DECEMBER 2013	**647**	**331**	**380**	**815**	**2,173**
Movements during 2014					
Translation adjustments	5			6	11
Changes in scope of consolidation	(1)	(1)		(12)	(14)
Charges to provisions	51	102	106	239	498
Reversals of provisions (utilised or unutilised)	(40)	(106)	(107)	(192)	(445) [e]
Actuarial gains and losses	55				55
Transfers and other movements	2	(1)		26	27
31 DECEMBER 2014	**719**	**325**	**379**	**882**	**2,305**
Movements during 2015					
Translation adjustments	4		4	1	9
Changes in scope of consolidation	(1)	(2)		(3)	(6)
Charges to provisions	32	91	116	109	348
Reversals of provisions (utilised or unutilised)	(55)	(82)	(109)	(254)	(500) [f]
Actuarial gains and losses	(7)				(7)
Transfers and other movements		31	2	(22)	11
31 DECEMBER 2015	**692**	**363**	**392**	**713**	**2,160**

Provisions are measured on the basis of management's best estimate of the risk.

(a) Long-term employee benefits (see Note 19.1)	***692***	***Principal segments involved:***	
Lump-sum retirement benefits	*477*	*Bouygues Construction*	*198*
Long service awards and other benefits	*146*	*Colas*	*369*
Other long-term employee benefits	*69*	*TF1*	*39*
		Bouygues Telecom	*49*
(b) Litigation and claims	***363***	*Bouygues Construction*	*173*
Provisions for customer disputes	*138*	*Bouygues Immobilier*	*35*
Subcontractor claims	*72*	*Colas*	*96*
Employee-related and other litigation and claims	*153*	*Bouygues Telecom*	*52*
(c) Guarantees given	***392***	*Bouygues Construction*	*299*
Provisions for guarantees given	*295*	*Bouygues Immobilier*	*24*
Provisions for additional building/civil engineering/civil works guarantees	*97*	*Colas*	*69*
(d) Other non-current provisions	***713***	*Bouygues Construction*	*158*
Provisions for risks related to official inspections	*242*	*Colas*	*307*
Provisions for miscellaneous foreign risks	*10*	*Bouygues Telecom*	*157*
Provisions for subsidiaries and affiliates	*47*		
Dismantling and site rehabilitation	*264*		
Other non-current provisions	*150*		
(e) Including reversals of unutilised provisions in 2014	***(192)***		
(f) Including reversals of unutilised provisions in 2015	***(221)***		

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6.2 Current provisions

Provisions related to the operating cycle (see Note 2 "Group accounting policies"):

€ million	Provisions for customer warranties	Provisions for project risks and project completion [a]	Provisions for expected losses to completion [b]	Other current provisions [c]	Total
31 DECEMBER 2013	**55**	**330**	**174**	**233**	**792**
Movements during 2014					
Translation adjustments	1	12	5	6	24
Changes in scope of consolidation		(1)			(1)
Charges to provisions	25	225	181	214	645
Reversals of provisions (utilised or unutilised)	(24)	(161)	(97)	(110)	(392) [d]
Transfers and other movements		(7)	8	4	5
31 DECEMBER 2014	**57**	**398**	**271**	**347**	**1,073**
Movements during 2015					
Translation adjustments		18	(5)		13
Changes in scope of consolidation	(2)	(3)	3	(3)	(5)
Charges to provisions	26	186	201	146	559
Reversals of provisions (utilised or unutilised)	(25)	(190)	(135)	(187)	(537) [e]
Transfers and other movements	(2)	2	(1)	(10)	(11)
31 DECEMBER 2015	**54**	**411**	**334**	**293**	**1,092**

(a) Mainly Bouygues Construction and Colas.
(b) Provisions relating to the construction businesses (mainly Bouygues Construction and Colas).
(Individual project provisions are not disclosed for confidentiality reasons).

(c) Other current provisions comprise:	***293***	***Principal segments involved:***	
Reinsurance costs	*5*	*Bouygues Construction*	*98*
Restructuring provisions	*80*	*Bouygues Immobilier*	*33*
Customer loyalty programmes (Bouygues Telecom)	*3*	*Colas*	*109*
Site rehabilitation (current portion)	*8*	*TF1*	*37*
Miscellaneous current provisions	*197*		
(d) Including reversals of unutilised provisions in 2014	***(150)***		
(e) Including reversals of unutilised provisions in 2015	***(170)***		

Note 7 Deferred tax assets and liabilities

7.1 Deferred tax assets

€ million	31 December 2014	Movements during 2015	31 December 2015
Deferred tax assets			
Bouygues Construction	96	15	111
Bouygues Immobilier	31	(4)	27
Colas	154	(15)	139
TF1			
Bouygues Telecom		27	27
Bouygues SA & other	7	41 [a]	48
TOTAL	**288**	**64**	**352**

(a) Includes overall tax loss of €41m arising on the group tax election.

Deferred tax assets mainly arise from temporary differences (such as provisions temporarily non-deductible for tax purposes), and from tax losses with a genuine probability of recovery.

7.2 Deferred tax liabilities

€ million	31 December 2014	Movements during 2015	31 December 2015
Deferred tax liabilities			
Bouygues Construction	8	1	9
Bouygues Immobilier	1	(1)	
Colas	88	(15)	73
TF1	32	(20)	12
Bouygues Telecom	22	(22)	
Bouygues SA & other	2	1	3
TOTAL	**153**	**(56)**	**97**

7.3 Net deferred tax asset/liability by business segment

Net deferred tax asset/liability by business segment/type *€ million*	Net deferred tax asset/ (liability) at 31/12/2014	Changes in scope of consolidation	Translation adjustments	Movements during 2015		Other items [a]	Net deferred tax asset/ (liability) at 31/12/2015
				Gain	Expense		
A – Tax losses							
Bouygues Construction	2	1		3	(1)		5
Bouygues Immobilier				3			3
Colas	9						9
TF1	1						1
Bouygues Telecom				53			53
Bouygues SA [b]				41	(24)	24	41
SUB-TOTAL	**12**	**1**		**100**	**(25)**	**24**	**112**
B – Temporary differences							
Bouygues Construction	86			14	(1)	(2)	97
Bouygues Immobilier	30				(4)	(2)	24
Colas	57	(4)	(2)	16	(7)	(3)	57
TF1	(33)			18		2	(13)
Bouygues Telecom	(22)			4	(3)	(5)	(26)
Bouygues SA & other	5				(7)	6	4
SUB-TOTAL	**123**	**(4)**	**(2)**	**52**	**(22)**	**(4)**	**143**
TOTAL	**135**	**(3)**	**(2)**	**152**	**(47)**	**20**	**255** [c]

(a) Mainly deferred taxes recognised in equity (fair value remeasurements of financial instruments, actuarial gains/losses on employee benefits, etc.).
(b) Overall tax loss arising on group tax election.
(c) Breakdown of net deferred tax asset:

- deferred tax assets:	*352*
- deferred tax liabilities:	*(97)*
	255

Principal sources of deferred taxation (€m):	31/12/2015	31/12/2014
■ deferred tax assets on employee benefits (mainly lump-sum retirement benefits)	175	191
■ deferred tax assets on provisions temporarily non-deductible for tax purposes	138	86
■ restricted provisions booked solely for tax purposes	(85)	(107)
■ tax losses	112	12
■ other items	(85)	(47)
	255	135

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7.4 Period to recovery of deferred tax assets

31 December 2015 *€ million*	Less than 2 years	2 to 5 years	More than 5 years	Total
Estimated period to recovery of deferred tax assets	156	130	66[a]	352

(a) Mainly Colas (primarily deferred tax assets on employee benefits and tax losses).

7.5 Unrecognised deferred tax assets

Some deferred tax assets were not recognised as of 31 December 2015 due to the low probability of recovery (mainly tax losses, which in the case of France are relevant only to companies not included in the Bouygues SA group tax election).

€ million	31 December 2014	Movements during 2015	31 December 2015
Bouygues Construction	123	21	144
Bouygues Immobilier	41	(2)	39
Colas	85	2	87
TF1	19	(3)	16
TOTAL UNRECOGNISED DEFERRED TAX ASSETS	**268**	**18**	**286**

Note 8 Non-current and current debt

8.1 Interest-bearing debt by maturity

	Current debt				Non-current debt							
€ million	Accrued interest	1 to 3 months	4 to 12 months	Total maturing in less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 6 years	6 or more years	Total 31/12/2015	Total 31/12/2014
Bond issues	128		601[a]	729		499	975	995		2,079	4,548	5,140
Bank borrowings		22	54	76	111	53	57	349	38	83	691	645
Finance lease obligations		1	6	7	5	3	2	1	1		12	17
Other borrowings		3	16	19	12	18	3	5	9	7	54	48
TOTAL DEBT	**128**	**26**	**677**	**831**	**128**	**573**	**1,037**	**1,350**	**48**	**2,169**	**5,305**	**5,850**
Comparative at 31/12/2014	157	26	1,084	1,267	985	103	545	1,006	1,035	2,176		5,850

(a) Relates to a bond issue redeemable in May 2016, which was classified as non-current debt as of 31 December 2014.

The table below lists all outstanding Bouygues bond issues. The quoted price in each case is presented as a percentage of the nominal, on a full price basis (i.e. including accrued interest):

ISIN	Issue date	Maturity	Nominal value on maturity	Interest rate	Quoted price at 31/12/2015, as % of nominal on full price basis [a]
FR0010326975	24/05/2006	24/05/2016	600	4.750%	101.7670
FR0010853226	12/02/2010	12/02/2018	500	4.000%	107.4050
FR0010957662	29/10/2010	29/10/2019	1000	3.641%	110.9800
FR0010212852	22/07/2005	22/07/2020	1000	4.250%	114.8100
FR0011193515	09/02/2012	09/02/2022	800	4.500%	119.0230
FR0011332196	02/10/2012	16/01/2023	700	3.625%	114.8910
FR0010379255	06/10/2006	06/10/2026	595	5.500%	115.9410
TOTAL			**5,195**		

(a) Source: Bloomberg.

Finance lease obligations (included in debt) by business segment *€ million*	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Non-current: 31/12/2015	**2**		**9**		**1**		**12**
Current: 31/12/2015			**7**				**7**
Non-current: 31/12/2014	3		14				17
Current: 31/12/2014			7	1			8

8.2 Confirmed credit facilities and drawdowns

	Confirmed facilities – Maturity				Drawdowns – Maturity			
Description *€ million*	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Bond issues (mainly Bouygues SA)	729	2,469	2,079	5,277	729	2,469	2,079	5,277
Bank borrowings [a]	822	4,923	381	6,126	76	608	83	767
Finance lease obligations	7	12		19	7	12		19
Other borrowings	19	47	7	73	19	47	7	73
TOTAL CREDIT FACILITIES	**1,577**	**7,451**	**2,467**	**11,495**	**831**	**3,136**	**2,169**	**6,136**

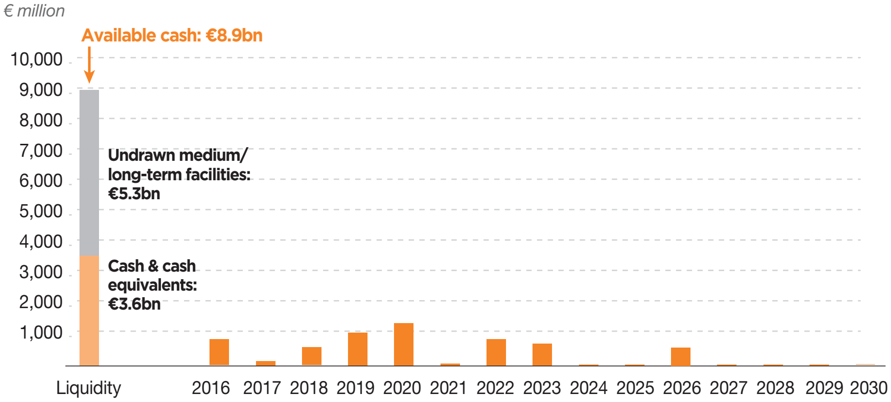
(a) Confirmed undrawn credit facilities: €5,359m.

8.3 Liquidity at 31 December 2015

As at 31 December 2015, available cash stood at €3,575 million, net of a €14 million liability in respect of financial instruments contracted to hedge net debt. The Group also had €5,359 million of undrawn confirmed credit facilities as at the same date.

Debt: maturity schedule at 31 December 2015

€ million



The bond issues maturing 2016, 2018, 2019, 2022, 2023 and 2026 contain a change of control clause relating to Bouygues SA.

The bank credit facilities contracted by Bouygues SA and its subsidiaries contain no financial covenants or trigger event clauses.

8.4 Split of current and non-current debt by interest rate type

Split of current and non-current debt, including the effect of all open interest rate hedges at the end of the reporting period:

%	31/12/2015	31/12/2014
Fixed rate debt [a]	98	91
Floating rate debt	2	9

(a) Rates fixed for more than one year.

8.5 Interest rate risk

The split of financial assets and financial liabilities by type of interest as of 31 December 2015 is shown below:

€ million	Floating rate	Fixed rate	Total
Financial liabilities (debt)	(987)	(5,149)	(6,136)
Financial assets (net cash) [a]	3,575		3,575
Net pre-hedging position	**2,588**	**(5,149)**	**(2,561)**
Interest rate hedges	886	(886)	
Net post-hedging position	**3,474**	**(6,035)**	**(2,561)**
Adjustment for seasonal nature of some activities [b]	(700)		
Net post-hedging position after adjustment	**2,774**		

(a) Net of a €14m liability in respect of financial instruments contracted to hedge net debt.
(b) Colas: operations, and cash flows from operations, are subject to marked seasonal fluctuations. This adjustment gives an approximation of the average cash position over the full year, which is used as the basis for analysing the sensitivity of interest expense to changes in interest rates. It corresponds to the difference between the average cash position over the full year, and the net cash position in the balance sheet at 31 December.

The effect of an immediate 1% rise in short-term interest rates on the net post-hedging position after adjustment (as presented above) would be to reduce the cost of net debt by €28 million over a full year.

8.6 Split of current and non-current debt by currency

€ million	Europe						
	Euro	Pound sterling	Other currencies	US dollar	Hong Kong dollar	Other currencies	Total
Non-current: 31/12/2015	**4,551**	**660**	**7**	**18**	**13**	**56**	**5,305**
Current: 31/12/2015	**805**	**8**	**5**	**7**	**3**	**3**	**831**
Non-current: 31/12/2014	5,086	659	12	34	15	44	5,850
Current: 31/12/2014	1,211	14	12	13	2	15	1,267

An analysis of debt by business segment is provided in Note 16.
Details of collateral and pledges given by the Bouygues group are provided in Note 18.1 (analysis by business segment).

Note 9 Main components of change in net debt

9.1 Change in net debt

€ million	31/12/2014	Cash flows	Changes in scope of consolidation	Translation adjustments	Other items	31/12/2015
Cash and cash equivalents	4,144	(379)	(35)	57	(2)	3,785
Overdrafts and short-term bank borrowings	(234)	(54)	5	86	1	(196)
NET CASH POSITION (A)	**3,910**	**(433)**	**(30)**	**143**	**(1)**	**3,589** [a]
Non-current debt	5,850	66 [b]		19	(630) [c]	5,305
Current debt	1,267	(1,060) [b]	(5)	2	627 [c]	831
Financial instruments, net	9	(10)		(2)	17	14
TOTAL DEBT (B)	**7,126**	**(1,004)**	**(5)**	**19**	**14**	**6,150**
NET DEBT (A)-(B)	**(3,216)**	**571**	**(25)**	**124**	**(15)**	**(2,561)**

(a) Net cash position as analysed in the 2015 cash flow statement (net cash flows + non-monetary flows).
(b) Includes net cash used in financing activities of €994m.
(c) Includes reclassification from non-current to current debt of the €600m bond issue maturing May 2016 (Bouygues SA).

9.2 Principal net debt transactions in the year ended 31 December 2015

NET DEBT AT 31 DECEMBER 2014	**(3,216)**
Acquisitions/disposals, including changes in scope of consolidation	672 [a]
Dividends paid	(737)
Transactions involving the share capital of Bouygues SA	173 [b]
Operating items and other	547
NET DEBT AT 31 DECEMBER 2015	**(2,561)**

(a) Includes €490m from the disposal of a 49% equity interest in Eurosport International and €36m from the disposal of Eurosport France.
(b) Mainly comprises increases in the share capital of Bouygues SA (Bouygues Confiance 7 employee share ownership plan and exercise of stock options) and share buybacks by TF1.

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Note 10 Current liabilities

€ million	31/12/2015	31/12/2014
Advances and down-payments received on orders [a]	1,178	1,120
Current debt [b]	831	1,267
Current taxes payable	118	93
Trade payables	6,513	6,603
Current provisions [c]	1,092	1,073
Other current liabilities:		
■ Other operating liabilities (employees, social security, government)	2,488	2,692
■ Deferred income	1,807	1,738
■ Other non-financial liabilities [d]	2,670	2,219
Overdrafts and short-term bank borrowings	196	234
Financial instruments – Liabilities	35	30
Other current financial liabilities	52	36
TOTAL	**16,980**	**17,105**

(a) As of 31 December 2015, "Advances and down-payments received on orders" included €244m received from customers on signature of deeds of sale in respect of off-plan sales under property development programmes.
These sums are not refundable and are used to finance work on the programmes; virtually all of these sums had been disbursed as of 31 December 2015.
(b) See analysis in Note 8, "Non-current and current debt".
(c) See analysis in Note 6.2, "Current provisions".
(d) Includes the €467m payable by Bouygues Telecom for the acquisition of 700 MHz frequencies in 2015.

Note 11 Analysis of sales and other revenues from operations

11.1 Analysis by accounting classification

€ million	2015	2014
Sales of goods	2,974	3,203
Sales of services	11,110	11,291
Construction contracts	18,344	18,644
SALES	**32,428**	**33,138**
OTHER REVENUES FROM OPERATIONS	**92**	**107**
TOTAL REVENUES	**32,520**	**33,245**

There were no material exchanges of goods or services in the year ended 31 December 2015.

Consolidated balance sheet: information about construction contracts

€ million	Bouygues Construction	Colas	Total
Works not yet billed	547	412	959
Warranty retentions	220	100	320
Works billed in advance	(1,376)	(326)	(1,702)
Advance payments received	(462)	(60)	(522)

11.2 Analysis by business segment

	2015 sales				2014 sales			
€ million	France	International	Total	%	France	International	Total	%
Bouygues Construction	5,493	6,283	11,776	36	5,695	5,747	11,442	35
Bouygues Immobilier	2,191	100	2,291	7	2,685	86	2,771	8
Colas	5,981	5,915	11,896	37	6,490	5,812	12,302	37
TF1	1,904	60	1,964	6	1,984	211	2,195	7
Bouygues Telecom	4,484		4,484	14	4,413		4,413	13
Bouygues SA & other	5	12	17		4	11	15	
CONSOLIDATED SALES	**20,058**	**12,370**	**32,428**	**100**	**21,271**	**11,867**	**33,138**	**100**

11.3 Analysis by geographical area

Sales are allocated to the territory in which the sale is generated.

	2015 sales		2014 sales	
€ million	Total	%	Total	%
France	20,058	62	21,271	64
European Union (28 members)	3,835	12	3,904	12
Rest of Europe	1,207	4	1,168	3
Africa	1,279	4	1,341	4
Middle East	122		194	1
North America	3,335	10	2,873	9
Central and South America	271	1	217	1
Asia-Pacific	1,939	6	1,848	5
Oceania	382	1	322	1
TOTAL	**32,428**	**100**	**33,138**	**100**

11.4 Split by type of contract, France/International

	2015			2014		
%	France	International	Total	France	International	Total
Public-sector contracts [a]	29	52	38	30	60	41
Private-sector contracts	71	48	62	70	40	59

(a) Sales billed directly to government departments, local authorities or public enterprises (mainly works and maintenance contracts) in France and abroad.

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Note 12 Operating profit

€ million	2015	2014
Sales	32,428	33,138
Other revenue from operations	92	107
Purchases used in production and external charges	(22,595)	(23,313)
Personnel costs	(7,128)	(7,025)
Taxes other than income tax	(650)	(640)
Net depreciation, amortisation, provisions and impairment:		
■ Depreciation and amortisation, net (*)	(1,454)	(1,427)
■ Net charges to provisions and impairment losses (*)	(417)	(489)
Change in production and property development inventories	128	(67)
Other income from operations:		
■ Reversals of unutilised provisions (*)	401	386
■ Other miscellaneous income	1,040	918
Other expenses on operations	(904)	(700)
CURRENT OPERATING PROFIT/(LOSS) (*)	**941**	**888**
Other operating income [a]	32	713
Other operating expenses [a]	(305)	(468)
OPERATING PROFIT	**668**	**1,133**

(*) Components included in the calculation of EBITDA.
See Note 16, "Segment information" for an analysis by business segment.
(a) Mainly comprises:

2015
***Bouygues Telecom:** net expense of €123m, mainly on the rollout of network sharing with Numericable-SFR.*
***Bouygues Immobilier:** adaptation costs of €4m.*
***TF1:** adaptation costs of €17m relating to news operations, primarily discontinuation of the print media activities of Publications Metro France.*
***Bouygues Construction:** mainly comprises costs of €35m incurred on implementation of the new organisational structure in 2015.*
***Colas:** restructuring costs of €95m relating to the restructuring of French subsidiaries and Société de la Raffinerie de Dunkerque (see Note 1.2.1, "Significant events of 2015").*

2014
***Bouygues Telecom:** primarily other operating income of €400m and other operating expenses of €397m (adaptation costs).*
***Colas:** charges of €67m, mainly incurred on the reorganisation of Société de la Raffinerie de Dunkerque.*
***TF1:** Pre-tax gain of €313m arising on the sale of a 31% interest in Eurosport International and remeasurement of the residual 49% stake following loss of control.*

Note 13 Cost of net debt and other financial income and expenses

13.1 Analysis of cost of net debt

€ million	2015	2014
Financial expenses, comprising:	**(308)**	**(365)**
Interest expense on debt [a]	(285)	(338)
Interest expense related to treasury management	(23)	(25)
Interest expense on finance leases		(1)
Negative impact of financial instruments		(1)
Financial income, comprising:	**33**	**54**
Interest income from cash and cash equivalents	27	33
Income and gains on disposal from cash and cash equivalents	6	20
Positive impact of financial instruments		1
COST OF NET DEBT	**(275)**	**(311)**

(a) The reduction in interest expense on debt is mainly due to less onerous financing terms.

13.2 Other financial income and expenses

€ million	2015	2014
Other financial income	91	94
Other financial expenses	(85)	(84)
OTHER FINANCIAL INCOME/(EXPENSES), NET	**6**	**10**

"Other financial income and expenses" include gains or losses on disposals of investments in non-consolidated companies, interest paid to investors on calls for funds (commercial property), commitment fees, changes in the fair value of "Other current financial assets" and other items during the period.

Note 14 Income taxes

14.1 Analysis of income tax expense

	2015			2014		
€ million	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(93)	(130)	(223)	(125)	(95)	(220)
Deferred tax liabilities	70		70	7	2	9
Deferred tax assets	27	8	35	23		23
TOTAL	**4**	**(122)**	**(118)**	**(95)**	**(93)**	**(188)**

See Note 16, "Segment information" for an analysis by business segment.

14.2 Tax proof (reconciliation between standard tax rate and effective tax rate)

Differences between the standard corporate income tax rate applicable in France and the effective tax rate based on the consolidated financial statements are explained as follows:

€ million	2015	2014
NET PROFIT/(LOSS) FOR THE PERIOD (100%)	**480**	**1,064**
Eliminations:		
Income tax expense	(118)	(188)
Net profit of discontinued and held-for-sale operations	N/A	N/A
Share of net profit/loss of joint ventures and associates, and gain on disposal of Cofiroute (in 2014)	(199)	(420)
NET PRE-TAX PROFIT FROM CONTINUING OPERATIONS EXCLUDING JOINT VENTURES AND ASSOCIATES	**399**	**832**
Standard tax rate in France	38.00%	38.00%
Effect of non-recognition of tax loss carry-forwards (creation and utilisation)	18.18%	8.52%
Effect of permanent differences	(6.45%)	(0.17%)
Flat-rate taxes, dividend taxes and tax credits	(3.58%)	(3.06%)
Differential tax rates applied to gains on disposals of Eurosport International and OneCast	(3.21%)	(12.79%)
Differential tax rates, long-term capital gains, foreign taxes	(13.36%)	(7.90%)
EFFECTIVE TAX RATE	**29.58%**	**22.60%** [a]

(a) After eliminating the effect of the disposals of Eurosport International and OneCast, the effective tax rate is 33%.

Note 15 Net profit from continuing operations and basic/diluted earnings per share

15.1 Net profit from continuing operations

€ million	2015	2014
Net profit from continuing operations	480	1,064
Net profit attributable to non-controlling interests	(77)	(257)
NET PROFIT FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE GROUP	**403**	**807**

15.2 Basic and diluted earnings per share from continuing operations

Basic earnings per share from continuing operations is calculated by dividing net profit from continuing operations attributable to the Group by the weighted average number of shares outstanding during the year, excluding the average number of ordinary shares bought and held as treasury shares.

	2015	2014
Net profit from continuing operations attributable to the Group *€m*	403	807
Weighted average number of shares outstanding	337,985,966	335,616,637
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS €	**1.19**	**2.41**

Diluted earnings per share from continuing operations is calculated by reference to the weighted average number of shares outstanding, adjusted for the conversion of all potentially dilutive shares (i.e. stock subscription options legally exercisable and in the money at the end of the reporting period).

	2015	2014
Net profit from continuing operations attributable to the Group *€m*	403	807
Weighted average number of shares outstanding	337,985,966	335,616,637
Adjustment for potentially dilutive effect of stock options	2,999,082	1,877,396
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS €	**1.18**	**2.39**

Note 16 Segment information

Segment information is provided in two forms:

1. **Analysis by business segment (CGU):** Bouygues Construction (Construction and services), Bouygues Immobilier (Property development), Colas (Transport infrastructure), TF1 (Media), Bouygues Telecom (Telecoms), and Bouygues SA & other.
2. **Analysis by geographical area:** France (including overseas departments), European Union, Rest of Europe, Africa, Asia-Pacific-Oceania, Americas and Middle East (property, plant and equipment is allocated by location of assets as of 31 December).

Inter-segment sales are generally conducted on an arm's length basis.

An analysis of sales by geographical area is provided in Note 11.3.

The operating segments used in reporting by business segment are those reviewed by the chief operational decision-maker of the Group, and are not aggregated for segment reporting purposes. This information is used to allocate resources to operating segments, and to monitor their performance.

Operating segment information is compiled using the same accounting policies as used in the preparation of the consolidated financial statements, as described in the notes to the financial statements.

The "Bouygues SA and other" segment includes contributions from corporate holding companies, and from entities dedicated to the centralised financing of the Group.

16.1 Analysis by business segment – year ended 31 December 2015

€ million	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total 2015
Income statement							
Total sales	11,975	2,304	11,960	2,004	4,505	135	32,883
Inter-segment sales	(199)	(13)	(64)	(40)	(21)	(118)	(455)
THIRD-PARTY SALES	**11,776**	**2,291**	**11,896**	**1,964**	**4,484**	**17**	**32,428**
Net depreciation & amortisation expense	(189)	(7)	(420)	(57)	(773)	(8)	(1,454)
Net charges to provisions & impairment losses	(238)	(9)	(186)	11	(1)	6	(417)
CURRENT OPERATING PROFIT/(LOSS)	**349**	**138**	**344**	**158**	**(11)**	**(37)**	**941**
Other operating income					32		32
Other operating expenses	(35)	(4)	(95)	(17)	(155)	1	(305)
OPERATING PROFIT/(LOSS)	**314**	**134**	**249**	**141**	**(134)**	**(36)**	**668**
Cost of net debt	9	(1)	(19)	1	(8)	(257)	(275)
Income tax expense	(108)	(45)	(68)	(42)	51	94	(118)
Share of profits/(losses) of joint ventures and associates	56	(1)	78	6	34	26	199
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**288**	**77**	**238**	**103**	**(65)**	**(161)**	**480**
Net profit of discontinued and held-for-sale operations							
NET PROFIT/(LOSS)	**288**	**77**	**238**	**103**	**(65)**	**(161)**	**480**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**276**	**77**	**226**	**44**	**(59)**	**(161)**	**403** [a]
Balance sheet							
Property, plant and equipment	717	22	2,396	170	3,081	137	6,523
Intangible assets	40	30	70	124	1,820	47	2,131
Goodwill	488		1,125	1,000	2,648		5,261
Investments in joint ventures and associates	27	5	307	85		2,977 [b]	3,401
Other non-current financial assets	250	11	205	30	11	35	542
Deferred tax assets and non-current tax receivable	86	27	165		27	47	352
Cash and cash equivalents	860	69	428	12	19	2,397	3,785
Other assets							11,840
TOTAL ASSETS							**33,835**
Non-current debt	575	41	176		875	3,638	5,305
Non-current provisions	828	84	841	53	258	96	2,160
Deferred tax liabilities and non-current tax liabilities	9		73	12		3	97
Current debt	7	10	44		34	736	831
Other liabilities							25,442
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY							**33,835**
Net surplus cash/(net debt) [c]	**3,272**	**5**	**560**	**701**	**(890)**	**(6,209)**	**(2,561)**
Cash flow statement							
Cash flow	**467**	**120**	**670**	**164**	**654**	**(8)**	**2,067**
Acquisitions of property, plant & equipment and intangible assets, net of disposals	**214**	**13**	**311**	**58**	**1,289**	**5**	**1,890**
Acquisitions of investments in consolidated companies and other investments, net of disposals	**(45)**	**1**	**(10)**	**(521)**	**(45)**	**(36)**	**(656)**
Other indicators							
EBITDA	**533**	**124**	**844**	**195**	**752**	**(37)**	**2,411**
FREE CASH FLOW [d]	**154**	**61**	**272**	**65**	**(592)**	**(176)**	**(216)**

(a) Net profit attributable to the Group excluding exceptional items amounts to €489m, and corresponds to net profit attributable to the Group excluding (i) non-current expenses of €156m net of taxes and (ii) the €70m profit contribution from associates of Bouygues Construction during the third quarter of 2015.

(b) Includes €2,977m for Alstom.

(c) Contribution at business segment level, including Bouygues Relais and Uniservice intra-Group current accounts (these intra-Group accounts are eliminated in the "Bouygues SA & other" column).

(d) After eliminating the acquisition of the 700 MHz frequencies for €467m, adjusted free cash flow for the year ended 31 December 2015 is €251m.

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16.2 Analysis by business segment – year ended 31 December 2014

€ million	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total 2014
Income statement							
Total sales	11,726	2,775	12,396	2,243	4,432	128	33,700
Inter-segment sales	(284)	(4)	(94)	(48)	(19)	(113)	(562)
THIRD-PARTY SALES	**11,442**	**2,771**	**12,302**	**2,195**	**4,413**	**15**	**33,138**
Net depreciation & amortisation expense	(180)	(7)	(403)	(58)	(773)	(6)	(1,427)
Net charges to provisions & impairment losses	(350)	(19)	(128)	11	(7)	4	(489)
CURRENT OPERATING PROFIT/(LOSS)	**335**	**174**	**332**	**143**	**(65)**	**(31)**	**888**
Other operating income				328 [a]	400	(15) [a]	713
Other operating expenses			(67)		(397)	(4)	(468)
OPERATING PROFIT/(LOSS)	**335**	**174**	**265**	**471**	**(62)**	**(50)**	**1,133**
Cost of net debt	15		(18)	1	(8)	(301)	(311)
Income tax expense	(124)	(60)	(65)	(68)	33	96	(188)
Share of profits/(losses) of joint ventures and associates	6		413 [b]	15	(2)	(12) [b c]	420
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**253**	**102**	**605**	**419**	**(45)**	**(270)**	**1,064**
Net profit of discontinued and held-for-sale operations							
NET PROFIT/(LOSS)	**253**	**102**	**605**	**419**	**(45)**	**(270)**	**1,064**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**254**	**102**	**583**	**179**	**(41)**	**(270)**	**807** [d]
Balance sheet							
Property, plant and equipment	658	18	2,453	176	3,074	140	6,519
Intangible assets	44	25	79	107	1,443	50	1,748
Goodwill	459		1,137	1,042	2,648		5,286
Investments in joint ventures and associates	75	6	263	582	12	3,199 [e]	4,137
Other non-current financial assets	238	11	203	30	16	28	526
Deferred tax assets and non-current tax receivable	78	31	156			23	288
Cash and cash equivalents	766	74	392	24	59	2,829	4,144
Other assets							12,220
TOTAL ASSETS							**34,868**
Non-current debt	541	6	208		751	4,344	5,850
Non-current provisions	861	97	841	50	364	92	2,305
Deferred tax liabilities and non-current tax liabilities	8		88	32	22	3	153
Current debt	8	17	57	1	24	1,160	1,267
Other liabilities							25,293
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY							**34,868**
Net debt [f]	**2,900**	**203**	**682**	**497**	**(765)**	**(6,733)**	**(3,216)**
Cash flow statement							
Cash flow	**480**	**157**	**693**	**154**	**797**	**(23)**	**2,258**
Acquisitions of property, plant & equipment and intangible assets, net of disposals	**172**	**13**	**456**	**35**	**684**	**2**	**1,362**
Acquisitions of investments in consolidated companies and other investments, net of disposals	**84**	**14**	**(728)**	**(298)**	**2**	**(11)**	**(937)**
Other indicators							
EBITDA	**629**	**173**	**770**	**178**	**694**	**(26)**	**2,418**
FREE CASH FLOW	**199**	**84**	**154**	**52**	**138**	**(230)**	**397**

(a) Includes impact of Eurosport International: €313m (€328m at TF1 level, minus €15m for derecognition of goodwill at Bouygues level).
(b) Includes gain on Cofiroute: €253m (€385m at Colas level, minus €132m for derecognition of goodwill at Bouygues level).
(c) Includes €115m for Alstom.
(d) Net profit attributable to the Group excluding exceptional items amounts to €492m, and corresponds to net profit attributable to the Group excluding (i) the €115m gain on the disposal of a 31% equity interest in Eurosport International and on the remeasurement of the residual 49% equity interest; (ii) the €240m net gain on the disposal of the equity interest in Cofiroute; and (iii) other non-current items representing a net expense of €40m.
(e) Includes €3,183m for Alstom.
(f) Contribution at business segment level, including Bouygues Relais and Uniservice intra-Group current accounts (these intra-Group accounts are eliminated in the "Bouygues SA & other" column).

16.3 Analysis by geographical area

€ million	France[a]	European Union	Rest of Europe	Africa	Asia-Pacific-Oceania	Americas	Middle East	Total 31/12/2015
Balance sheet								
Property, plant and equipment[b]	4,969	319	97	159	304	668	6	6,523
Intangible assets	2,089	21			6	15		2,131
Cash flow statement								
Purchase price of property, plant & equipment and intangible assets	1,850	5	12	22	129	5	5	2,028

(a) Including French overseas departments.
(b) Includes assets held under finance leases.

€ million	France[a]	European Union	Rest of Europe	Africa	Asia-Pacific-Oceania	Americas	Middle East	Total 31/12/2014
Balance sheet								
Property, plant and equipment[b]	5,059	330	97	178	242	611	2	6,519
Intangible assets	1,695	26	1		6	20		1,748
Cash flow statement								
Purchase price of property, plant & equipment and intangible assets	1,130	63	13	81	103	111	1	1,502

(a) Including French overseas departments.
(b) Includes assets held under finance leases.

Note 17 Financial instruments

The tables below show aggregate notional amounts for each type of financial instrument used, split by residual maturity and by currency.

17.1 Hedging of interest rate risk, foreign exchange risk and commodities risk

17.1.1 Analysis by business segment

€ million	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total 31/12/2015	Total 31/12/2014
Forward purchases	527		199	121	39		886	818
Forward sales	301		68			1	370	354
Currency swaps	5			7		385	397	864
Interest rate swaps[a]	3		307		650	757	1,717	1,030
Interest rate options (caps, floors)								
Commodities derivatives			1				1	29

(a) Of which pay fixed rate: €1,717m.

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17.1.2 Analysis by maturity and original currency

	Maturity				Original currency				
€ million	< 1 year	1 to 5 years	> 5 years	Total	EUR	CHF	GBP	USD	Other currencies
Forward purchases	830	56		886	346	11	29	306	194
Forward sales	289	80	1	370	32	2	23	209	104
Currency swaps	397			397		3	47	75	272
Interest rate swaps	831	50	836	1,717	1,640		70		7
Interest rate options (caps, floors)									
Commodities derivatives	1			1	1				

17.2 Market value of hedging instruments

Derivatives recognised as assets	Original currency								
€ million	EUR	USD	GBP	CHF	Other currencies	Total	Fair value hedge	Cash flow hedge	Hedge of net investment in a foreign operation
Forward purchases	1	8			2	11		11	
Forward sales	5		1		1	7		7	
Currency swaps					1	1	1		
Interest rate swaps									
Interest rate options (caps, floors)									
Commodities derivatives									
TOTAL ASSETS	**6**	**8**	**1**		**4**	**19**	**1**	**18**	

Derivatives recognised as liabilities	Original currency								
€ million	EUR	USD	GBP	CHF	Other currencies	Total	Fair value hedge	Cash flow hedge	Hedge of net investment in a foreign operation
Forward purchases	(26)	(1)			(3)	(30)	(6)	(24)	
Forward sales		(18)	(1)		(6)	(25)	(4)	(21)	
Currency swaps					(1)	(1)	(1)		
Interest rate swaps	(17)		(17)			(34)		(34)	
Interest rate options (caps, floors)									
Commodities derivatives									
TOTAL LIABILITIES	**(43)**	**(19)**	**(18)**		**(10)**	**(90)**	**(11)**	**(79)**	
TOTAL	**(37)**	**(11)**	**(17)**		**(6)**	**(71)**	**(10)**	**(61)**	

In the event of a +1.00% movement in the yield curve, the hedging instruments portfolio would have a positive market value of €4 million; in the event of a -1.00% movement, it would have a negative market value of €154 million.

In the event of a +1.00% movement in the exchange rate of the euro against the other currencies, the hedging instruments portfolio would have a negative market value of €69 million; in the event of a -1.00% movement, it would have a negative market value of €74 million.

These calculations were prepared by the Bouygues group, or obtained from the banks with which the instruments were contracted.

Note 18 Off balance sheet commitments

This note supplements the disclosures provided in Notes 3, 4 and 8.

18.1 Guarantee commitments

								Falling due			
€ million	**31/12/2015**	**Bouygues Construction**	**Bouygues Immobilier**	**Colas**	**TF1**	**Bouygues Telecom**	**Bouygues SA & other**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**31/12/2014**
Pledges, mortgages and collateral	79	5		74				12	55	12	105
Guarantees and endorsements given	128	50		74	4			39	86	3	154
TOTAL GUARANTEE COMMITMENTS GIVEN	**207**	**55**		**148**	**4**			**51**	**141**	**15**	**259**
Guarantees and endorsements received	2		2					2			4
TOTAL GUARANTEE COMMITMENTS RECEIVED	**2**		**2**					**2**			**4**
NET BALANCE	**205**	**55**	**(2)**	**148**	**4**			**49**	**141**	**15**	**255**

In connection with its ordinary activities, the Bouygues group grants multi-year guarantees (such as ten-year building guarantees), which are usually covered by statistically-based provisions on the liabilities side of the balance sheet. Contract guarantees provided by banks to Group customers represent off balance sheet commitments for those banks; where such guarantees are liable to result in payments being made, a provision is recognised by Bouygues in the consolidated balance sheet.

18.2 Sundry contractual commitments

								Falling due			
€ million	**31/12/2015**	**Bouygues Construction**	**Bouygues Immobilier**	**Colas**	**TF1**	**Bouygues Telecom**	**Bouygues SA & other**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**31/12/2014**
Image transmission	150				150			37	106	7	116
Network	776					776		101	159	516	826
Other	588				186[a]	402		496	69	23	1,033[a]
TOTAL SUNDRY CONTRACTUAL COMMITMENTS GIVEN	**1,514**				**336**	**1,178**		**634**	**334**	**546**	**1,975**
Image transmission	150				150			37	106	7	116
Network	776					776		101	159	516	826
Other	588				186[a]	402		496	69	23	1,031[a]
TOTAL SUNDRY CONTRACTUAL COMMITMENTS RECEIVED	**1,514**				**336**	**1,178**		**634**	**334**	**546**	**1,973**
NET BALANCE											**2**

(a) Includes: TF1 – commitments relating to equity interests:
2014: includes €612m relating to agreements with the Discovery group executed in 2015;
2015: mainly relating to the acquisition of an equity interest in Newen Studios.

No material off balance sheet commitments have been omitted from this disclosure, in accordance with applicable accounting standards.

18.3 Operating leases

€ million	31/12/2015	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Falling due: Less than 1 year	Falling due: 1 to 5 years	Falling due: More than 5 years	31/12/2014
Operating lease commitments											
Commitments given	**1,395**	41	36	176	23	1,119		175	534	686	1,742
Commitments received	**1,395**	41	36	176	23	1,119		175	534	686	1,742
Operating lease commitments, net											

These figures show the minimum future lease payments due until the normal renewal date of the lease (or earliest potential termination date) under operating leases relating to current operations (land, buildings, plant & equipment, etc.). After revaluation (projected increase in rentals), these amounts mainly take account of a discounting calculation (incremental borrowing rate).

Commitments given in connection with operating activities by Bouygues Telecom mainly relate to commercial leases of property and of land intended to house technical installations for the network (includes network site rentals of €653 million, property and other rentals of €91 million, rentals for the Technopôle site of €131 million, and fibre optic and other miscellaneous commitments of €244 million).

18.4 Finance leases (already recognised as liabilities in the balance sheet)

€ million	31/12/2015	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Falling due: Less than 1 year	Falling due: 1 to 5 years	Falling due: More than 5 years	31/12/2014
Finance leases	19	3		15		1		8	10	1	25

18.5 Other commitments

18.5.1 Bouygues Telecom

LICENCES TO USE FREQUENCIES IN THE 800 MHZ AND 700 MHZ BANDS

The 20-year licences to use frequencies in the 800 MHz and 700 MHz bands awarded to Bouygues Telecom are subject to an obligation to open the frequencies to Mobile Virtual Network Operators (MVNOs), and to roll out coverage of the French population gradually (98% within 12 years, 99.6% within 15 years).

These coverage obligations include a priority roll-out area defined by Arcep (the French telecommunications regulator) to be covered simultaneously by the 700 MHz and 800 MHz frequencies, and an obligation to provide coverage in each French administrative department (90% within 12 years, 95% within 15 years).

The 700 MHz licence includes a new obligation to provide day-to-day coverage of 90% of trains on the French railway network within 15 years.

LICENCE TO USE FREQUENCIES IN THE 2600 MHZ BAND

The 20-year licence to use frequencies in the 2600 MHz band awarded to Bouygues Telecom is subject to an obligation to open the frequencies to MVNOs, and to roll out coverage of the French population gradually (25% within 4 years, 60% within 8 years, 75% within 12 years).

This coverage obligation may be fulfilled by any other frequencies owned by Bouygues Telecom. At present, it is primarily fulfilled via Bouygues Telecom's 1800 MHz frequencies that have been reallocated to 4G.

AUTHORISATION TO REFARM FREQUENCIES IN THE 1800 MHZ BAND FOR TECHNOLOGIES OTHER THAN GSM

Arcep decision 2013-0514, issued on 4 April 2013, amended Bouygues Telecom's licence to allow for the possibility of refarming frequencies in the 1800 MHz band for technologies other than GSM, and in particular to meet its 4G coverage obligations.

On 1 October 2013, Bouygues Telecom launched its national 4G network: by the end of 2015, nearly 75% of the population had 4G coverage in the 2600, 1800 or 800 MHz bands.

LICENCE TO TRANSMIT ON FREQUENCIES IN THE 900 MHZ AND 1800 MHZ BANDS

The licence to transmit in the 900 MHz and 1800 MHz bands, renewed on 9 December 2009 for a period of 15 years, imposed on Bouygues Telecom an obligation to cover 99% of the population by 31 December 2010. Bouygues Telecom is in compliance with this obligation.

The obligation includes coverage of blind spots and the main roads in each department.

BLIND SPOTS

The law of 6 August 2015 on growth, business and equality of economic opportunity extended the blind spots programme (initially launched in 2004) to additional municipalities that currently have no coverage in the town or village centre.

The law also introduced a new programme aimed at providing coverage in areas with concentrations of businesses, tourist sites and public facilities that currently have no network access.

For both these programmes, municipalities will make high ground available to the operators for mast sites.

The four mobile operators signed an agreement in May 2015 under which each will contribute its fair share in fulfilling the commitments incumbent on mobile operators under these two programmes (i.e. supply and installation of network equipment).

As of 31 December 2015, the progress made by Bouygues Telecom on its commitments was in compliance with the deadlines stipulated in the law and with the timetable issued by Arcep. In particular, Bouygues Telecom had by 31 December 2015 installed 3G at half of its allocated sites, and will have completed 3G installation at all of its blind spot sites by 30 June 2017.

18.5.2 Alstom

As indicated in the section on Alstom in Note 1.2.2 to the financial statements, the agreement of 22 June 2014 between Bouygues and the French state is based on the following principles:

- during a period of approximately 20 months following full and final completion of the transactions, defined as either (i) payment of an exceptional dividend or (ii) delivery of shares via a public share buy-back offer, the French state has a call option to acquire a maximum of 20% of the share capital of Alstom from Bouygues at the market price less a discount, provided that such price is at least equal to the equivalent of an adjusted price of €35 per share;
- during a period of eight trading days immediately following the end of this 20-month period, the French state may acquire a maximum of 15% of the share capital of Alstom from Bouygues at the market price less a discount;
- with effect from full and final completion of the transactions, Bouygues will allow the French state, by means of a stock lending transaction, to exercise 20% of the voting rights of Alstom, and will support the appointment of two directors designated by the French state to serve on the Alstom Board of Directors;
- Bouygues will retain one seat on the Board of Directors and will be entitled to the dividends on all of the shares, including those loaned to the French state; it will also retain the possibility of selling its shares to a third party at any time at a mutually agreed price subject to the French state having first refusal over the loaned securities.

  As indicated in Note 1.3 to the financial statements, full and final completion of the transactions took place on the date of the public share buy-back offer (28 January 2016). The stock lending transaction, valid for a period of approximately 20 months, took place in early February 2016.

18.6 Contingent assets and liabilities

Bouygues Telecom

GUARANTEES RECEIVED:

- On the sale of Darty Telecom on 2 May 2012, Établissements Darty et Fils provided a vendor's asset and liability guarantee to Bouygues Telecom.

  This guarantee is capped, and may be called in at any time within 18 months from the date of the sale, subject to exceptions arising from statutes of limitation.

GUARANTEES GIVEN:

- On the sale of 85% of the share capital of FPS Towers on 21 November 2012, Bouygues Telecom provided a vendor's asset and liability guarantee to the purchaser, Antin Infrastructure Luxembourg X.

  This guarantee is capped, and may be called in at any time during an 18-month period from 21 November 2012 (or from the date of sale of the site, in the case of sites sold after 21 November 2012), except in tax matters where it will expire 20 days after the end of the prescription period under the relevant statute of limitation.

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Note 19 Employee benefit obligations and employee share ownership

19.1 Employee benefit obligations

€ million	31/12/2014	Movements during 2015	31/12/2015
Lump-sum retirement benefits	483	(6)	477
Long service awards and other benefits	147	(1)	146
Other post-employment benefits (pensions)	89	(20)	69
TOTAL	**719**	**(27)**	**692**

These obligations are covered by non-current provisions.

19.2 Employee benefit obligations and pension obligations (post-employment benefits) excluding long-service awards

The tables below give details about the Group's post-employment benefit obligations.

19.2.1 Defined-contribution plans

€ million	2015	2014
Amount recognised as an expense	(1,724)	(1,781)

This defined-contribution expense consists of contributions to:

- the public health insurance scheme and the supplementary health insurance scheme;
- pension funds (compulsory and supplementary schemes);
- unemployment insurance funds.

19.2.2 Defined-benefit plans

19.2.2.1 NET EXPENSE OR GAIN RECOGNISED IN OPERATING INCOME

	Lump-sum retirement benefits		Pensions	
€ million	2015	2014	2015	2014
Service cost	(16)	(6)	(13)	(3)
Interest cost on the obligation	8	11	6	8
Income from plan assets			(5)	(7)
NET EXPENSE/(GAIN) RECOGNISED IN PROFIT OR LOSS	**(8)**	**5**	**(12)**	**(2)**

Sign convention:
Net expense: positive figures.
Net gain: negative figures.

19.2.2.2 AMOUNTS RECOGNISED IN THE BALANCE SHEET

	Lump-sum retirement benefits		Pensions		Total	
€ million	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Present value of obligation	468	488	438	438	906	926
Fair value of plan assets (dedicated funds)	9	(5)	(369)	(349)	(360)	(354)
NET OBLIGATION RECOGNISED AS A PROVISION	**477**	**483**	**69**	**89**	**546**	**572**
Ratio of plan assets to present value of obligation			84%	80%		

19.2.2.3 MOVEMENT IN BALANCE SHEET ITEMS (NON-CURRENT PROVISIONS)

	Lump-sum retirement benefits		Pensions	
€ million	2015	2014	2015	2014
START OF PERIOD	**483**	**440**	**89**	**68**
Expense/(gain) recognised	(8)	5	(12)	(2)
Changes in scope of consolidation and effect of exchange rates	(1)		2	4
Transfers and other movements				1
Actuarial gains and losses recognised in equity	3	38	(10)	18
END OF PERIOD	**477**	**483**	**69**	**89**

19.2.2.4 ANALYSIS BY BUSINESS SEGMENT: YEAR ENDED 31 DECEMBER 2015

€ million	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Net expense/(gain): lump-sum retirement benefits	(6)		(3)		4	(3)	(8)
Net expense/(gain): pensions			(12)				(12)
Non-current provisions (balance sheet):							
▪ lump-sum retirement benefits	163	18	204	39	37	16	477
▪ pensions	2		67				69

19.2.2.5 ANALYSIS BY GEOGRAPHICAL AREA: YEAR ENDED 31 DECEMBER 2015

€ million	France [a]	European Union	Rest of Europe	Africa	Americas	Asia-Pacific	Middle East	Total
Net expense/(gain): lump-sum retirement benefits	(8)							(8)
Net expense/(gain): pensions	(10)	(2)						(12)
Non-current provisions (balance sheet):								
▪ lump-sum retirement benefits	468	1		3	2	3		477
▪ pensions	3	52			13	1		69

(a) Includes French overseas departments.

19.2.2.6 MAIN ACTUARIAL ASSUMPTIONS USED TO MEASURE LUMP-SUM RETIREMENT BENEFIT OBLIGATIONS

	2015	2014
Discount rate [a]	2.09% (Iboxx A10+)	2.01% (Iboxx A10+)
Mortality table	INSEE	INSEE
Retirement age (depending on business segment):		
▪ Managerial staff	62/65 years	62/65 years
▪ Technical, supervisory & clerical staff, and site workers	62/65 years	62/65 years
Salary inflation rate (depending on business segment) [b]	1.3% to 2.5%	1.4% to 3.0%

(a) A reduction of 50 basis points in the discount rate would increase the obligation by €31m as of 31 December 2015. Under Group accounting policies, any such actuarial losses would have been recognised directly in equity.
(b) Includes general inflation.

19.3 Employee share ownership

Stock options

Total number of effectively exercisable options: 11,432,017.

Quoted share price at 31 December 2015: €36.55

Plan grant date	Outstanding options at 31/12/2015	Earliest normal exercise date	Earliest company savings scheme exercise date	Exercise price €	Number of effectively exercisable options
01/04/2009	1,703,744	01/04/2013	01/04/2010	25.62	1,703,744
30/06/2010	3,293,393	01/07/2014	01/07/2011	34.08	3,293,393
14/06/2011	2,383,850	14/06/2015	14/06/2012	31.43	2,383,850
13/06/2012	2,718,738	14/06/2016	14/06/2013	20.11	2,039,053
26/02/2013	2,659,030	27/02/2017	27/02/2014	22.28	1,329,515
27/03/2014	2,729,851	28/03/2018	27/03/2015	30.32	682,462
28/05/2015	2,717,300	29/05/2017	29/05/2016	37.11	
TOTAL	**18,205,906**				**11,432,017**

Stock options are effectively exercisable if they meet both of the following conditions:

- They must be legally exercisable as of 31 December 2015, either by normal exercise (2 years after the plan grant date) or by partial exercise ahead of the normal exercise date under the terms of the company savings scheme.
- They must be in the money as of 31 December 2015, in other words the exercise price must be less than the closing share price on that date (€36.55).

Note 20 Disclosures on related parties and remuneration of directors and senior executives

20.1 Related party disclosures

Transaction *€ million*	Expenses		Income		Receivables		Payables	
	2015	2014	2015	2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Parties with an ownership interest	4	3						
Joint operations	84	83	364	261	338	306	292	249
Joint ventures and associates	60	66	69	150	50	70	31	30
Other related parties	47	53	192	186	91	74	79	93
TOTAL	**195**	**205**	**625**	**597**	**479**	**450**	**402**	**372**
Maturity								
■ less than 1 year					445	419	400	371
■ 1 to 5 years					20	17	2	1
■ more than 5 years					14	14		
of which impairment of doubtful receivables (mainly non-consolidated companies)					74	106		

Identity of related parties:

- parties with an ownership interest: SCDM (a company controlled by Martin and Olivier Bouygues);
- joint operations: primarily construction project companies and entities set up for property co-promotion programmes;
- joint ventures and associates: includes transactions with concession companies, quarry companies and Alstom;
- other related parties: mainly transactions with non-consolidated companies in which the Group has an interest.

20.2 Disclosures about remuneration and benefits paid to directors and senior executives (Bouygues)

These disclosures cover members of the Group Management Committee in post on 31 December 2015.

Direct remuneration: €14,005,221, comprising basic remuneration of €6,848,721, variable remuneration of €7,156,500 paid in 2016 on the basis of 2015 performance, and €405,096 of directors' fees.

Directors' fees paid to non-executive and non-voting directors amounted to €455,805.

Short-term benefits: none.

Post-employment benefits: members of the Group Management Committee belong to a supplementary retirement scheme based on 0.92% of their reference salary for each year's membership of the scheme. This supplementary pension is capped at eight times the annual French social security ceiling, and management of the scheme is contracted out to an insurance company. Contributions paid into the fund managed by the insurance company amounted to €6,000,000 in 2015.

Long-term benefits: none.

Termination benefits: these comprise lump-sum retirement benefits for the period of €286,294.

Share-based payment: 535,000 stock options were awarded to members of the Group Management Committee on 28 May 2015, at an exercise price of €37.106 each. The earliest exercise date is 29 May 2017, and the expense recognised in the year ended 31 December 2015 was €506,349.

Note 21 Additional cash flow statement information

21.1 Cash flows of acquired and divested subsidiaries

Breakdown by business segment of cash flows resulting from acquisitions and divestments of subsidiaries.

21.1.1 Continuing operations

Acquired/divested subsidiaries *€ million*	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total 31/12/2015
Cash and cash equivalents	(2)	7	(7)	32			30
Inventories		(1)	2				1
Trade and other receivables	(26)	(32)	(11)	28			(41)
Non-current assets (other than goodwill)	59	(1)	33	456	42	45	634
Goodwill	(9)		2	42			35
Trade payables & other current liabilities	24	27	(6)	(30)	4	1	20
Non-current liabilities							
Non-current provisions	(2)		(4)				(6)
Non-current taxes	(1)		4	(1)			2
NET ACQUISITION/DIVESTMENT COST	**43**		**13**	**527**	**46**	**46**	**675**
Cash acquired or divested	2	(7)	7	(32)			(30)
Net debt on long-term investments	1		5				6
NET CASH INFLOW/(OUTFLOW) FROM ACQUISITIONS AND DIVESTMENTS OF SUBSIDIARIES	**46**	**(7)**	**25**	**495**	**46**	**46**	**651**

The principal divestments in the period were as follows:

- TF1: Eurosport International (€490 million) and Eurosport France (€36 million);
- Bouygues Telecom: FPS Towers sale proceeds (€46 million, net of current account advances);
- Bouygues SA: Eranove (€46 million, net of transaction costs).

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Note 22 Auditors' fees

The table below shows fees paid to the auditors (and member firms of their networks) responsible for the audit of the consolidated financial statements of Bouygues and fully consolidated companies, as expensed through the income statement in 2015.

	Mazars network				EY network				Other firms[a]				Total	
	Amount (*)		%	%	Amount (*)		%	%	Amount (*)		%	%		
€ '000	**2015**	**2014**	**2015**	2014	**2015**	**2014**	**2015**	2014	**2015**	**2014**	**2015**	2014	**2015**	**2014**
A – Audit														
Audit of consolidated and individual company financial statements[b]	(6,912)	(7,196)	97%	99%	(4,680)	(4,898)	94%	95%	(5,673)	(5,528)	87%	84%	(17,265)	(17,622)
■ Bouygues SA	(234)	(233)			(236)	(234)							(470)	(467)
■ Fully consolidated subsidiaries	(6,678)	(6,963)			(4,444)	(4,664)			(5,673)	(5,528)			(16,795)	(17,155)
Related engagements[c]	(91)	(91)	1%	1%	(255)	(157)	5%	3%	(415)	(395)	6%	6%	(761)	(643)
■ Bouygues SA	(20)	(5)			(65)	(97)			(27)	(13)			(112)	(115)
■ Fully consolidated subsidiaries	(71)	(86)			(190)	(60)			(388)	(382)			(649)	(528)
SUB-TOTAL	**(7,003)**	**(7,287)**	**98%**	**100%**	**(4,935)**	**(5,055)**	**99%**	**98%**	**(6,088)**	**(5,923)**	**93%**	**90%**	**(18,026)**	**(18,265)**
B – Other services[d]														
Company law, tax and employment law	(108)	(15)	2%	0%	(65)	(105)	1%	2%	(293)	(316)	4%	5%	(466)	(436)
Other	(11)	0	0%	0%	0	0	0%	0%	(161)	(317)	3%	5%	(172)	(317)
SUB-TOTAL	**(119)**	**(15)**	**2%**	**0%**	**(65)**	**(105)**	**1%**	**2%**	**(454)**	**(633)**	**7%**	**10%**	**(638)**	**(753)**
TOTAL FEE EXPENSE	**(7,122)**	**(7,302)**	**100%**	**100%**	**(5,000)**	**(5,160)**	**100%**	**100%**	**(6,542)**	**(6,556)**	**100%**	**100%**	**(18,664)**	**(19,018)**

(*) Excluding VAT.
(a) In the interests of comprehensiveness, this table includes fees paid to other firms.
(b) Includes services provided by independent experts and member firms to the auditors in connection with their audit engagement.
(c) Includes procedures and services directly related to the audit engagement and provided to the issuer or its subsidiaries:
- by the auditors, in compliance with Article 10 of the Code of Ethics;
- by a member firm of the auditor's network, in compliance with Articles 23 and 24 of the Code of Ethics.
(d) Non-audit services provided, in compliance with Article 24 of the Code of Ethics, by member firms to subsidiaries of the issuer on whose financial statements an audit opinion is issued.

Note 23 List of principal consolidated companies at 31 December 2015

Company	City/Country	% interest 2015	% interest 2014	% direct and indirect control[a] 2015	% direct and indirect control[a] 2014
FRANCE					
Companies controlled by Bouygues					
Construction and services					
Bouygues Construction SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment Ile-de-France SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment International SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues TP SA	Saint-Quentin-en-Yvelines	99.97	99.97		
BYTP Régions France SA	Labège	99.97	99.97		
Axione	Malakoff	99.97	99.97		
Brézillon SA	Margny-lès-Compiègne	99.32	99.32		
Challenger SNC	Saint-Quentin-en-Yvelines	99.97	99.97		
DTP SAS	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment Centre Sud-Ouest (formerly DV Construction SA)	Mérignac	99.97	99.97		
Bouygues Energies & Services SAS	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues E&S FM France	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment Sud-Est (formerly GFC Construction SA)	Colombier-Saugnieu	99.97	99.97		
Bouygues Bâtiment Grand Ouest (formerly Quille Construction SA)	Nantes	99.97	99.97		
Kohler Investment	Saint-Quentin-en-Yvelines	99.97	99.97		
Norpac SA	Villeneuve d'Ascq	Merged	99.97		
Bouygues Bâtiment Nord-Est (formerly Pertuy Construction)	Nancy	99.97	99.97		
Quille SA	Rouen	99.97	99.97		
Sodéarif SA	Saint-Quentin-en-Yvelines	99.96	99.96		
Bouygues Bâtiment IDF PPP SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Cirmad Grand Sud SNC	Colombier-Saugnieu	99.97	99.97		
Property development					
Bouygues Immobilier	Issy-les-Moulineaux	100.00	100.00		
SLC SA	Lyon	100.00	100.00		
Urbis Réalisations SA	Toulouse	100.00	100.00		
Transport infrastructure					
Colas SA and its regional subsidiaries	Boulogne-Billancourt	96.60	96.60		
Aximum	Chatou	96.59	96.59	100.00	100.00
Colas Rail and its subsidiaries	Maisons-Laffitte	96.59	96.59	100.00	100.00
Grands Travaux Océan Indien (GTOI) SA	Le Port (Reunion Island)	96.59	96.59	99.99	99.99
Smac and its subsidiaries	Boulogne-Billancourt	96.59	96.59	100.00	100.00
Spac and its subsidiaries	Clichy	96.59	96.59	100.00	100.00
Media					
Télévision Française 1 SA	Boulogne-Billancourt	43.98	43.47		
Dujardin and its subsidiaries	Cestas	43.98	43.47	100.00	100.00
E-TF1	Boulogne-Billancourt	43.98	43.47	100.00	100.00
Eurosport France SA	Issy-les-Moulineaux	Disposal	34.78	Disposal	80.00
HD1	Boulogne-Billancourt	43.98	43.47	100.00	100.00
La Chaîne Info	Boulogne-Billancourt	43.98	43.47	100.00	100.00
NT1	Boulogne-Billancourt	43.98	43.47	100.00	100.00
Télé Monte Carlo	Monaco	35.18	34.78	80.00	80.00
Téléshopping	Boulogne-Billancourt	43.98	43.47	100.00	100.00

Company	City/Country	% interest 2015	% interest 2014	% direct and indirect control [a] 2015	% direct and indirect control [a] 2014
TF1 Droits Audiovisuels	Boulogne-Billancourt	43.98	43.47	100.00	100.00
TF1 Entreprises	Boulogne-Billancourt	43.98	43.47	100.00	100.00
TF1 Publicité	Boulogne-Billancourt	43.98	43.47	100.00	100.00
TF1 Vidéo	Boulogne-Billancourt	43.98	43.47	100.00	100.00
Telecoms					
Bouygues Telecom SA and its subsidiaries	Paris	90.53	90.53		
Other subsidiaries					
Bouygues Relais SNC	Paris	100.00	100.00		
GIE 32 Hoche	Paris	90.00	90.00		
Société Française de Participation & Gestion (SFPG) SA and its subsidiaries	Paris	99.76	99.76		
Joint operations					
Construction and services					
Evesa	Paris	47.48 [b]	47.48	47.99	47.99
Oc'via Construction	Saint-Quentin-en-Yvelines	73.15 [c]	73.15	74.00	74.00
Joint ventures and associates					
Construction and services					
Adelac SAS	Archamps	45.85 [d]	45.85	46.09	46.09
Autoroute de Liaison Seine-Sarthe SA (ALIS)	Bourg-Achard	Disposal	33.16		
Consortium Stade de France SA	Saint-Denis	33.32	33.32		
Transport infrastructure					
Carrières Roy	Saint-Varent	48.28	48.28	49.98	49.98
Media					
Eurosport and its subsidiaries	Issy-les-Moulineaux	Disposal	21.30	Disposal	49.00
Groupe AB	La Plaine Saint-Denis	14.73	14.56	33.50	33.50
Other joint ventures and associates					
Alstom	Levallois-Perret	29.15	29.24		
Eranove (formerly Finagestion)	Paris	Disposal	18.65		
INTERNATIONAL					
Companies controlled by Bouygues					
Construction and services					
Americaribe Inc.	Miami/United States	99.97	99.97		
Bouygues Development Ltd	London/United Kingdom	99.97	99.97		
Bouygues Thaï Ltd	Nonthaburi/Thailand	48.99	48.99		
Bouygues UK Ltd	London/United Kingdom	99.97	99.97		
Dragages et TP (Hong Kong) Ltd	Hong Kong/China	99.97	99.97		
BYME Engineering (Hong Kong)	Hong Kong/China	89.97	89.97		
DTP Singapour Pte Ltd	Singapore	99.97	99.97		
Bouygues E&S FM UK	London/United Kingdom	99.97	99.97		
Karmar SA	Warsaw/Poland	99.97	99.97		
Bouygues E&S Schweiz AG (formerly Mibag)	Zurich/Switzerland	99.97	99.97		
Leadbitter Bouygues Holding Ltd and its subsidiaries	Abingdon/United Kingdom	99.97	99.97		
Losinger Marazzi AG	Köniz/Switzerland	99.97	99.97		
Losinger Holding AG	Lucerne/Switzerland	99.97	99.97		
Plan Group Inc. and its subsidiaries	Toronto/Canada	84.97	84.97		
Thomas Vale Group and its subsidiaries	Worcestershire/ United Kingdom	99.97	99.97		
VCES Holding SRO and its subsidiaries	Prague/Czech Republic	99.97	99.97		
VSL International Ltd	Köniz/Switzerland	99.97	99.87		
Property development					
Bouygues Immobilier Polska Sarl	Warsaw/Poland	100.00	100.00		

Company	City/Country	% interest 2015	% interest 2014	% direct and indirect control[a] 2015	% direct and indirect control[a] 2014
Transport infrastructure					
Colas Australia	Sydney/Australia	96.60	96.60	100.00	100.00
Colas Belgium and its subsidiaries	Brussels/Belgium	96.59	96.59	100.00	100.00
Colas Canada Inc.	Montreal Quebec/Canada	96.60	96.60	100.00	100.00
Colas Cz	Prague/Czech Republic	95.73	95.73	99.10	99.10
Colas Danmark A/S	Glostrup/Denmark	96.60	96.60	100.00	100.00
Colas Hungaria and its subsidiaries	Budapest/Hungary	96.60	96.60	100.00	100.00
Colas Inc. and its subsidiaries	Morristown New Jersey/ United States	96.60	96.60	100.00	100.00
Colas Ltd and its subsidiaries	Rowfant, Crawley/ United Kingdom	96.60	96.60	100.00	100.00
Colas du Maroc and its subsidiaries	Casablanca/Morocco	96.60	96.60	100.00	100.00
Colas Suisse Holding SA and its subsidiaries	Lausanne/Switzerland	95.85	95.85	99.22	99.22
ISK	Kosice/Slovakia	96.60	96.60	100.00	100.00
Other subsidiaries					
Challenger Réassurance	Luxembourg	99.99	99.99		
Uniservice	Geneva/Switzerland	99.99	99.99		
Joint operations					
Construction and services					
Bombela Civils Jv Ltd	Johannesburg/South Africa	44.99	44.99		
Joint ventures and associates					
Construction and services					
Bina Fincom	Zagreb/Croatia	44.99	44.99		
Hermes Airports Ltd	Nicosia/Cyprus	21.99	21.99		
Société Concessionnaire du Pont Riviera Marcory	Abidjan/Ivory Coast	Disposal	48.57	Disposal	49.00
Transport infrastructure					
Gamma Materials	Beau Bassin/Mauritius	48.24	48.24	49.94	49.94
Tipco Asphalt	Bangkok/Thailand	30.93	30.93	32.02	32.02

(a) Where percentage control differs from percentage interest.
(b) 32.99% Bouygues Construction, 14.49% Colas.
(c) 49.00% Bouygues Construction, 24.15% Colas Rail.
(d) 39.19% Bouygues Construction, 6.66% Colas.

7.2 Auditors' report on the consolidated financial statements (for the year ended 31 December 2015)

To the shareholders,

In accordance with the assignment entrusted to us by your Annual General Meeting, we present below our report for the year ended 31 December 2015 on:

- the audit of the accompanying consolidated financial statements of Bouygues;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at 31 December 2015, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- The company performs annual impairment tests on goodwill and indefinite-lived intangible assets, and also assesses whether there is any evidence that non-current assets may be impaired, in accordance with the methods described in Note 2.7.4 to the consolidated financial statements. We reviewed the methods used to carry out the tests and the underlying assumptions.
- Current and non-current provisions carried on balance sheet were measured as described in Notes 2.12.2 and 2.11.2 to the consolidated financial statements. In light of available information, our assessment of these provisions was based primarily on an analysis of the processes implemented by management to identify and evaluate risks.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

Specific verification

As required by law, we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense, 23 February 2016

The Statutory Auditors

ERNST & YOUNG audit
Laurent Vitse

MAZARS
Guillaume Potel

7.3 Parent company financial statements (French GAAP)

7.3.1 Parent company balance sheet

Assets *€ million*	**Gross 31/12/2015**	**Depreciation, amortisation & impairment 31/12/2015**	**Net 31/12/2015**	**Net 31/12/2014**
Intangible assets	6	3	3	3
Property, plant and equipment				
Long-term investments	12,013	656	11,357	11,354
■ Holdings in subsidiaries and affiliates	11,991	652	11,339	11,344
■ Loans and advances to subsidiaries and affiliates [a]				2
■ Other [a]	22	4	18	8
NON-CURRENT ASSETS	**12,019**	**659**	**11,360**	**11,357**
Inventories and work in progress				
Advances and down-payments made on orders				
Trade receivables [b]	7		7	19
Other receivables [b]	177	2	175	162
Short-term investments	603		603	1,939
Cash	1,574		1,574	860
CURRENT ASSETS	**2,361**	**2**	**2,359**	**2,980**
Other assets [b]	61		61	72
TOTAL ASSETS	**14,441**	**661**	**13,780**	**14,409**
(a) Of which due within less than one year (gross)				*2*
(b) Of which due after more than one year (gross)			*47*	*62*

Liabilities and shareholders' equity *€ million*	**31/12/2015**	**31/12/2014**
Share capital	345	336
Share premium and reserves	2,316	2,102
Retained earnings	1,494	1,618
Net profit/(loss)	845	414
Restricted provisions	7	7
SHAREHOLDERS' EQUITY	**5,007**	**4,477**
Provisions	100	106
Debt [a]	5,319	6,350
Advances and down-payments received on orders		
Trade payables [a]	21	32
Other payables [a]	148	126
LIABILITIES	**5,588**	**6,614**
OVERDRAFTS AND SHORT-TERM BANK BORROWINGS [b]	**3,182**	**3,310**
Other liabilities [a]	3	8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**13,780**	**14,409**
(a) Of which due within less than one year	*894*	*1,317*
(b) Of which Bouygues Relais and Uniservice current accounts	*3,182*	*3,310*

7.3.2 Income statement

	Full year	
€ million	2015	2014
SALES	**73**	**68**
Other operating revenues	2	2
Purchases and changes in inventory		
Taxes other than income tax	(4)	(5)
Personnel costs	(54)	(44)
Other operating expenses	(44)	(43)
Depreciation, amortisation, impairment and provisions, net		(2)
OPERATING PROFIT/(LOSS)	**(27)**	**(24)**
Financial income and expenses	714	354
PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS	**687**	**330**
Exceptional items	56	(9)
Income tax and profit-sharing	102	93
NET PROFIT/(LOSS)	**845**	**414**

7.3.3 Cash flow statement

	Full year	
€ million	**2015**	**2014**
A – Operating activities		
Net profit/(loss)	845	414
Amortisation, depreciation and impairment of non current assets, net	20	21
Charges to/(reversals of) provisions, net	(6)	10
Deferred expenses, deferred income and accrued income	(4)	(6)
Gains and losses on disposals of non-current assets	(44)	3
Cash flow from operations before changes in working capital	**811**	**442**
Current assets	3	(36)
Current liabilities	5	83
Change in working capital	**8**	**47**
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	819	489
B – Investing activities		
Acquisitions of intangible assets and property, plant and equipment	(1)	(1)
Acquisitions and long-term investments	(5)	(2)
Increases in non-current assets	**(6)**	**(3)**
Disposals of non-current assets	46	
Investments, net	**40**	**(3)**
Other long-term investments, net	(8)	11
Amounts receivable/payable in respect of non-current assets, net	6	1
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	38	9
C – Financing activities		
Change in shareholders' equity	222	23
Dividends paid	(538)	(110)
Change in debt	(1,035)	(774)
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	(1,351)	(861)
CHANGE IN NET CASH POSITION (A + B + C)	**(494)**	**(363)**
Net cash position at start of period	(511)	(148)
Other non-monetary flows		
Net cash flows	(494)	(363)
CASH POSITION AT END OF PERIOD	**(1,005)**	**(511)**

7.3.4 Notes to the parent company financial statements

CONTENTS ***(figures expressed in millions of euros)***

Note 1 Significant events of the year

1.1 Holdings in subsidiaries and affiliates

1.1.1 Eranove

On 28 May 2015, Eranove repaid the balance on its current account with Bouygues, amounting to €1.8 million in principal, plus capitalised interest.

On 31 July 2015, Bouygues sold its 18.63% holding in the share capital of Eranove.

The total selling price was €46.6 million. The dividend of €1.7 million, approved by the general meeting of shareholders of 30 June 2015, was included in the sale price.

1.1.2 Bouygues Relais

On 18 December 2015, Bouygues subscribed €4.6 million to a cash share issue carried out by Bouygues Relais and reserved for Bouygues; the issue was effected by raising the par value of the shares from €6.34 to €21.50.

1.1.3 Raise Investissement

On 10 February 2015, Bouygues subscribed €9 million to a cash share issue carried out by Raise Investissement and reserved for Bouygues.

The first 50% of the issue having been called, Bouygues paid out €4.5 million on 3 March 2015.

Bouygues also paid €1 million into the Raise endowment fund on 3 March 2015, under the terms of a patronage agreement dated 25 February 2015.

1.2 Bouygues Confiance 7

On 29 December 2015, Bouygues carried out a €150 million share issue (nominal and share premium).

This leveraged employee share ownership plan, Bouygues Confiance 7, involved the issuance of 6,472,603 new shares.

1.3 Bond issue

The July 2008 bond issue of €1 billion, which bore interest at 6.125%, was redeemed in full on 3 July 2015.

1.4 Tax inspections

Further to a ruling of the *Conseil d'État* (Supreme Administrative Court) on 14 April 2015 relating to research tax credits (*CIR*) for the 1996 and 1997 tax years, which upheld the April 2013 ruling of the Administrative Appeal Court on virtually all of the research projects, an amount of €10.5 million was recognised in the income statement as exceptional income.

The small number of research projects for which the reassessment was upheld have been referred back to the Administrative Appeal Court by the *Conseil d'État*.

1.5 Significant events after the reporting period

Alstom

On 28 January 2016, Alstom repurchased 91.5 million of its own shares, including 28,457,641 from Bouygues. The disposal of the shares held by Bouygues generated cash proceeds of €996 million. Following this transaction, Bouygues holds an equity interest of 28.33% in Alstom.

On 8 February 2016, the French state announced that the agreements with Bouygues relating to Alstom (see Note 13 to the financial statements) had come into effect, along with a stock lending transaction by Bouygues that will enable the French state to exercise 20% of Alstom's voting rights for a period of approximately 20 months.

As regards its equity interest in Alstom, Bouygues:

- retains a seat on Alstom's Board of Directors;
- is entitled to the dividends on its entire shareholding in Alstom;
- will recover the voting rights attached to the loaned shares in the event they are not purchased by the French state; and
- will retain at least 8.33% of the voting rights.

Consequently, Bouygues continues to exercise significant influence over Alstom.

Note 2 Accounting policies

The financial statements have been prepared in accordance with the current provisions of French law.

2.1 Intangible assets

Expenditure on intangible assets is recognised in accordance with the historical cost convention.

As a general principle, software acquired from third parties is recognised as an intangible asset and amortised on a straight-line basis over periods of up to five years. Some specific large-scale information systems projects are amortised over a period of up to ten years.

2.2 Property, plant and equipment

Property, plant and equipment is recognised at acquisition cost net of reclaimable taxes. Transaction costs that do not form part of the market value of the acquired asset are expensed as incurred.

Depreciation is calculated on a straight-line basis, according to the nature and estimated useful life of each asset component.

2.3 Long-term investments

2.3.1 Holdings in subsidiaries and affiliates and other long-term investment securities

Holdings in subsidiaries and affiliates and other long-term investment securities are recognised at cost, including directly attributable acquisition costs.

Holdings in subsidiaries and affiliates and other long-term investment securities are also measured at value in use, determined using objective criteria (stock market price for quoted companies, shareholders' equity, profitability), forecast data (economic outlook, earnings prospects), or any other information indicative of the actual value of the asset.

If value in use is less than cost, a provision for impairment is recorded to cover the difference.

2.3.2 Long-term receivables

Long-term receivables are shown in the balance sheet at face value. If the realisable value (taking into account the probability of recovery) is less than the carrying amount, a provision for impairment is recorded to cover the difference.

2.4 Receivables and payables expressed in foreign currencies

Receivables and payables expressed in foreign currencies are translated at the exchange rate prevailing at the end of the reporting period, or at the hedged rate if the item is covered by a currency hedge.

Unrealised foreign exchange gains and losses are taken to suspense accounts in the balance sheet; unrealised losses are covered by a provision.

2.5 Short-term investments

The short-term investment portfolio is measured in accordance with French accounting standards.

The realisable value of unlisted securities (equities, negotiable debt instruments, and money-market mutual funds) was determined by reference to the latest estimate as at 31 December 2015. In the case of quoted securities, the average quoted stock market price over the last month of the financial year is used.

2.6 Other assets

Deferred charges mainly comprise the portion of bond issue costs not covered by the issue premium. In the case of convertible bonds, any unamortised issue costs relating to bonds converted into shares are offset against the share premium on the newly-issued shares.

Bond redemption premium relates to bond issues priced at the following percentages of nominal value: 99.804% (July 2005 issue), 97.203% (February 2006 issue), 99.657% (May 2006 issue), 98.662% (October 2006 issue), 99.651% (February 2010 issue), 99.66% (February 2012 issue) and 99.681% (October 2012 issue).

2.7 Provisions

These mainly comprise:

- provisions for miscellaneous risks (including tax inspections) and provisions for additional risks relating to loss-making subsidiaries, established where the negative net assets of a subsidiary are not wholly covered by provisions for impairment of Bouygues SA's investment in and loans and/or advances to that subsidiary;
- provisions for charges, including employee benefits: bonuses, lump-sum retirement benefits, long-service awards, etc.

2.8 Hedging instruments

Bouygues SA uses hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates.

These instruments share the following characteristics:

- they are limited to the following products: forward currency purchases and sales, currency swaps, cross currency swaps and purchases of currency options for currency risk hedging purposes, and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes;
- they are used solely for hedging and pre-hedging purposes;
- they are contracted solely with high-quality French and foreign banks;
- they carry no liquidity risk in the event of reversal.

Gains and losses on financial instruments used for hedging purposes are recognised in the income statement symmetrically with gains and losses arising on the hedged item.

2.9 Retirement benefit obligations

Methods and assumptions used in calculating the obligation:

- projected unit credit method based on final salary;
- benefits as defined in agreements or established by custom within the company, taking into account applicable collective agreements for managerial, administrative, clerical, technical and supervisory grade staff;
- obligation measured in accordance with opinions and recommendations issued by the ANC (the French national accounting standard-setter);
- vested rights as of 31 December 2015;
- employees classified in groups with similar characteristics in terms of grade, age and length of service;
- average monthly salary for each employee group, uplifted by a percentage to reflect the applicable rate of employer's social security charges;
- salary increase rate and discount rate: rates revised annually to reflect actual trends;
- average employee turnover rate calculated on the basis of average number of leavers over the last five years;

- mortality by reference to INSEE 2006-2008 life expectancy tables;
- application of the revised IAS 19, further to the ANC recommendation of November 2013: actuarial gains and losses are recognised in profit or loss.

2.10 Consolidation

Bouygues SA is the ultimate parent company in the consolidation.

Note 3 Non-current assets

	Balance at 01/01/2015	Increases	Decreases	Balance at 31/12/2015
Intangible assets				
Software	6	2	2	6
Other				
Gross value	**6**	**2**	**2**	**6**
Accumulated amortisation	(3)	(1)	(1)	(3)
CARRYING AMOUNT	**3**	**1**	**1**	**3**
Property, plant and equipment				
Land and buildings				
Other				
Gross value				
Accumulated depreciation				
CARRYING AMOUNT				
Long-term investments				
Holdings in subsidiaries and affiliates	11,988	5	2	11,991
Loans and advances to subsidiaries and affiliates	2		2	
Other	12	10		22
Gross value	**12,002**	**15**	**4**	**12,013**
Impairment	(648)	(9)	(1)	(656)
CARRYING AMOUNT	**11,354**	**6**	**3**	**11,357**
TOTAL CARRYING AMOUNT	**11,357**	**7**	**4**	**11,360**

Note 4 Current assets by maturity

	Gross value	< 1 year	> 1 year
Advances and down-payments made on orders			
Trade receivables	7	7	
Other receivables	177	175	2
TOTAL	**184**	**182**	**2**

Note 5 Cash

	31/12/2015	31/12/2014
Term deposits with maturities of less than 3 months	507	351
Other items	1,067	509
TOTAL	**1,574**	**860**

Note 6 Other assets and liabilities

	Balance at 01/01/2015	Increases	Decreases	Balance at 31/12/2015	Amount due in < 1 year
Other assets					
Bond issue costs	7		1	6	1
Upfront payments on interest rate swaps: deferred charges	21		3	18	3
Bond redemption premium	13		2	11	2
Bond repurchase premium	27		6	21	5
Other	4	2	1	5	5
TOTAL	**72**	**2**	**13**	**61**	**16**
Other liabilities					
Upfront payments *on* interest rate swaps: deferred income	8		5	3	1
Other					
TOTAL	**8**		**5**	**3**	**1**

Note 7 Changes in shareholders' equity

SHAREHOLDERS' EQUITY AT 31 DECEMBER 2014 (BEFORE APPROPRIATION OF PROFITS)	**4,477**
Dividends paid	(538)
SHAREHOLDERS' EQUITY AFTER APPROPRIATION OF PROFITS	**3,939**
Changes in share capital	9 [a]
Changes in share premium and reserves	213 [a]
Retained earnings	
Net profit/(loss) for the period	845
Investment grants	
Restricted provisions	
Other movements	1
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2015	**5,007**

(a) See Note 8.

7

Note 8 Composition of share capital

	Number of voting rights	Number of shares
Start of period	492,710,591	336,086,458
Movements during the period	(3,485,854)	9,048,858 [a]
End of period	489,224,737	345,135,316
PAR VALUE		**€1**

Maximum number of potentially dilutive shares: 11,432,017

(a) Movements during the period:

Exercise of stock options: 2,576,255 shares issued for €72 million:
- *€3 million in share capital*
- *€69 million in share premium*

Bouygues Confiance 7 employee share ownership plan: 6,472,603 shares issued for €150 million:
- *€6 million in share capital*
- *€144 million in share premium*

Out of the total amount of this plan, €15 million was not due to be collected until January 2016.

Note 9 Provisions

	Balance at 01/01/2015	Charge for the year	Reversals during the year		Balance at 31/12/2015
			Used	Unused	
Provisions for subsidiaries	3	1		2	2
Provisions for income taxes (tax risks)	69	1	5	1	64
Other provisions	9	2			11
Provisions for risks	**81**	**4**	**5**	**3**	**77**
Provisions for charges	**25**	**6**	**8**		**23**
TOTAL	**106**	**10**	**13**	**3**	**100**
			16		
Operating items		6	9		
Financial items		2	2		
Exceptional items (including taxes)		2	5		
		10	**16**		

Note 10 Liabilities by maturity at the end of the reporting period

Liabilities	Gross value	< 1 year	1 to 5 years	> 5 years
Debt				
Bond issues (including accrued interest)				
July 2005 bond issue [a]	764	14	750	
February 2006 bond issue [b]	255	5	250	
May 2006 bond issue [c]	617	617		
October 2006 bond issue [d]	602	7		595
February 2010 bond issue [e]	518	18	500	
October 2010 bond issue [f]	1,007	7	1,000	
February 2012 bond issue [g]	832	32		800
October 2012 bond issue [h]	724	24		700
Bank borrowings				
Total debt	**5,319**	**724**	**2,500**	**2,095**
Trade payables	**21**	**21**		
Other payables	**148**	**148**		
Overdrafts and short-term bank borrowings	**3,182**	**3,182**		
Deferred income	**3**	**1**	**2**	
TOTAL	**8,673**	**4,076**	**2,502**	**2,095**

Original amounts, excluding accrued interest:

(a) July 2005 bond issue:
- *Amount: €750 million – Rate: 4.25%*
- *Redemption terms: redeemable in full at par on 22 July 2020.*

(b) Supplementary issue to July 2005 bond issue:
- *Amount: €250 million – Rate: 4.25%*
- *Redemption terms: redeemable in full at par on 22 July 2020.*

(c) May 2006 bond issue:
- *Amount: €600 million – Rate: 4.75%*
- *Redemption terms: redeemable in full at par on 24 May 2016.*

(d) October 2006 bond issue
- *Amount: £400 million (€595.33 million) – Rate: 5.5%*
- *Redemption terms: redeemable in full at par on 6 October 2026.*

(e) February 2010 bond issue:
- *Amount: €500 million – Rate: 4%*
- *Redemption terms: redeemable in full at par on 12 February 2018.*

(f) October 2010 bond issue:
- *Amount: €1 billion – Rate: 3.641%*
- *Redemption terms: redeemable in full at par on 29 October 2019.*

(g) February 2012 bond issue:
- *Amount: €800 million – Rate: 4.50%*
- *Redemption terms: redeemable in full at par on 9 February 2022.*

(h) October 2012 bond issue:
- *Amount: €700 million – Rate: 3.625%*
- *Redemption terms: redeemable in full at par on 16 January 2023.*

Note 11 Details of amounts involving related companies

	Amount		Amount
Assets		**Liabilities**	
Long-term investments	11,991	Debt	
Operating receivables	7	Trade payables	2
Other receivables	10	Other payables	135
Cash and current accounts		Bank overdrafts and current accounts	3,182
TOTAL	**12,008**	**TOTAL**	**3,319**
Expenses		**Income**	
Operating expenses	12	Operating income	73
Financial expenses	11	Financial income	982
Income tax expense		Income tax credits	49
TOTAL	**23**	**TOTAL**	**1,104**

Note 12 Financial instruments

12.1 Interest rate and currency hedges by maturity

	< 1 year	1 to 5 years	> 5 years	Total
Forward purchases				
Forward sales				
Currency swaps				
Interest rate swaps			750	**750**
Interest rate options (caps, floors)				

12.2 Interest rate and currency hedges by original currency

	EUR	CHF	GBP	USD	Other currencies	Total
Forward purchases						
Forward sales						
Currency swaps						
Interest rate swaps	750					**750**
Interest rate options (caps, floors)						

12.3 Options

Calls: none.

Note 13 Off balance sheet commitments given and received

	Amount of guarantee	of which related companies
Commitments given (contingent liabilities)		
Commitment to Works Council	1	
Other commitments given [a & b]	801	51
TOTAL	**802**	**51**
Commitments received (contingent assets)		
Other commitments received [b]	750	
TOTAL	**750**	

(a) Joint and several underwriting of credit facilities: €51 million.
(b) Primarily interest rate swaps.

Alstom

To support the proposals announced by Alstom and General Electric, Bouygues signed an agreement with the French state on 22 June 2014 under which the French state, or any other French state-controlled entity chosen by the French state, could buy part of the equity interest in Alstom held by Bouygues. This agreement, the principles of which are described below, was conditional on effective completion of the transactions announced by Alstom on 21 June 2014, and on payment of an exceptional dividend or on the delivery of shares under a public share buy-back offer.

The underlying principles of this agreement are:

- During a period of approximately 20 months following full and final completion of the transactions, defined as either (i) payment of an exceptional dividend or (ii) delivery of shares via a public share buy-back offer, the French state has a call option to acquire a maximum of 20% of the share capital of Alstom from Bouygues at the market price less a discount, provided that such price is at least equal to the equivalent of an adjusted price of €35 per share.
- During a period of eight trading days immediately following the end of this 20-month period, the French state may acquire a maximum of 15% of the share capital of Alstom from Bouygues at the market price less a discount.
- With effect from full and final completion of the transactions, Bouygues will allow the French state, by means of a stock lending transaction, to exercise 20% of the voting rights of Alstom, and will support the appointment of two directors designated by the French state to serve on the Alstom Board of Directors.
- Bouygues will retain one seat on the Board of Directors and will be entitled to the dividends on all of the shares, including those loaned to the French state; it will also retain the possibility of selling its shares to a third party at any time at a mutually agreed price subject to the French state having first refusal over the loaned securities.

As indicated in Note 1.5 to the financial statements, full and final completion of the transactions took place on the date of the public share buy-back offer (28 January 2016). The stock lending transaction, valid for a period of approximately 20 months, took place in early February 2016.

Note 14 Sales

Sales recorded by Bouygues SA mainly comprise costs of shared support functions recharged to subsidiaries.

Note 15 Financial income and expenses

	2015	2014
Dividend income and shares of partnership profits [a]	981	670
Interest income	11	18
Interest expense	(260)	(320)
Other financial income/(expenses), net: proceeds from disposals, impairment losses and provisions	(18)	(14)
TOTAL	**714**	**354**

(a) Includes exceptional dividends: €360 million from Colas, €112 million from TF1.

Note 16 Group tax election and income tax gain/expense

Bouygues made a group tax election in 1997 under Article 223 A-U of the French General Tax Code; this election still applies.

In addition to Bouygues SA, the group tax election included 89 subsidiaries in 2015.

Each company in the tax group recognises its own income tax expense as though the group election is not in place; the parent company recognises any tax savings.

At the end of the period, Bouygues SA recognised an income tax gain, comprising:

	Short-term	Long-term	Total
Net income tax gain/(expense)[a]	70	(7)	63
Income tax received from profitable subsidiaries in the tax group	48	7	55
TOTAL	**118**		**118**

(a) Excludes additional 3% contribution on sums distributed as dividend: -€16 million.

Note 17 Contingent tax position

	01/01/2015		Movements in the year		31/12/2015	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Non-deductible expenses						
Provisions for income taxes	69		1	6	64	
Other non-deductible expenses	30		6	7	29	
TOTAL	**99**		**7**	**13**	**93**	
Expenses deductible for tax purposes/ income liable to tax but not recognised for accounting purposes						
Unrealised foreign exchange losses		3	3	4		4
Unrealised foreign exchange gains						
Unrealised foreign exchange gains/losses, net		**3**	**3**	**4**		**4**
Deferred income	8			4	4	
Deferred charges						
Capitalisation bonds						
Liquidity account						
Bond repurchase premium		27	5			22
Other income and expenses	**8**	**27**	**5**	**4**	**4**	**22**
TOTAL	**8**	**30**	**8**	**8**	**4**	**26**

Note 18 Average number of employees during the year

	2015	2014
Managerial staff	149	145
Administrative, clerical, technical and supervisory staff	21	23
TOTAL	**170**	**168**

Note 19 Utilisation of the competitiveness and employment tax credit *(CICE)*

Bouygues recognised a competitiveness and employment tax credit (*Crédit d'Impôt Compétitivité Emploi – CICE*) of €0.10 million in respect of the year ended 31 December 2015, of which €0.09 million was offset against personnel costs and €0.01 million was offset against income taxes (as a result of tax credits derived from partnerships not liable to corporate income tax).

The *CICE* enabled the following efforts to be made during the year (by Bouygues SA, and by entities consolidated by Bouygues SA but not liable to corporate income tax):

- acquisitions of property, plant and equipment and intangible assets amounting to €0.83 million;
- diploma courses and safety training amounting to €0.86 million;
- recruitment (gross annualised salaries of new employees including employer's social security charges, and costs incurred on relationships with schools) amounting to €2.89 million.

Note 20 Advances, loans and remuneration paid to directors and senior executives

Remuneration of directors and senior executives:

- the total amount of direct and indirect remuneration of all kinds received from French and foreign companies by senior executives (Chairman and Chief Executive Officer, and Deputy Chief Executive Officer) was as follows: €1.46 million of basic remuneration, no variable remuneration based on 2015 performance, and €0.14 million of directors' fees;
- directors' fees paid to members of the Board of Directors (including non-voting directors): €0.51 million.

Note 21 List of investments

	Number of shares	%	Estimated realisable value
Alstom	90,543,867	29.152	3,079 [a]
Bouygues Construction	1,705,132	99.936	912 [c]
Bouygues Immobilier	90,924	99.993	476 [c]
Bouygues Telecom	42,158,644	90.164	5,275 [a]
Colas	31,543,222	96.597	2,601 [c]
TF1	91,946,297	43.675	942 [b]
Other holdings			252
TOTAL HOLDINGS IN SUBSIDIARIES AND AFFILIATES			**13,537**
Negotiable debt instruments and money-market mutual funds			591 [a]
Capitalisation bonds			1 [b]
Other investments			12 [b]
TOTAL SHORT-TERM INVESTMENTS			**604**
TOTAL INVESTMENTS			**14,141**

The estimated realisable value shown is:
(a) Carrying amount in the balance sheet (net book value).
(b) Stock market value (closing price for equities).
(c) Share of consolidated net assets.

Note 22 List of subsidiaries and affiliates

	Share Capital[a]	Other shareholders' equity[a & b]	%	Carrying amount[c]		Loans & advances	Guarantees[c]	Sales[c]	Net profit/(loss)[c]	Dividends received[c]
				Gross	Net					
A – Detailed information										
1. SUBSIDIARIES (INTEREST >50%)										
France										
Bouygues Construction[d]	128	784	99.94	59	59			11,975	288	253
Bouygues Immobilier[d]	139	337	99.99	315	315			2,304	76	102
Bouygues Telecom[d]	713	2,047	90.16	5,275	5,275			4,505	(65)	
Colas[d]	49	2,644	96.60	1,712	1,712			11,960	238	486
TOTAL				**7,361**	**7,361**					**841**
Other countries										
Uniservice	51	13	99.99	32	32				2	1
TOTAL				**32**	**32**					**1**
2. AFFILIATES (INTEREST >10%, ≤ 50%)										
France										
Alstom[e]	2,174	1,570	29.15	3,697	3,079			6,163	(701)	
TF1[d]	42	1,699	43.68	732	732			2,004	103	138
TOTAL				**4,429**	**3,811**					**138**
Other countries										
TOTAL										
B – Aggregate information										
3. OTHER SUBSIDIARIES										
France				**167**	**134**			**25**	**(6)**	
Other countries				**1**				**31**		**1**
4. OTHER AFFILIATES										
France				**1**	**1**			**141**	**4**	
Other countries										
OVERALL TOTAL				**11,991**	**11,339**					**981**

(a) In the local functional currency.
(b) Including net profit/loss for the year.
(c) In euros.
(d) Parent company of a business segment: share capital, other shareholders' equity, sales and net profit/loss on a consolidated basis for the segment as of 31 December 2015.
(e) Figures published by Alstom for the year ended 31 March 2015, Alstom's most recent financial year.

7.4 Auditors' report on the parent company financial statements (for the year ended 31 December 2015)

To the shareholders,

In accordance with the assignment entrusted to us by your Annual General Meeting, we present below our report for the year ended 31 December 2015 on:

- the audit of the accompanying financial statements of Bouygues;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these parent company financial statements based on our audit.

Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at 31 December 2015 and of the results of its operations for the year then ended in accordance with French Generally Accepted Accounting Principles (GAAP).

Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- Holdings in subsidiaries and affiliates recognised as assets on the company's balance sheet are valued in accordance with the methods described in Note 2.3.1 to the financial statements. We reviewed the data used to estimate the carrying amounts of these investments and checked the calculations of impairment provisions where appropriate. We have no matters to report regarding the methods used, the reasonableness of the estimates made or the relevance of the information disclosed in the notes to the financial statements.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the Commercial Code relating to remunerations and benefits received by the corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Paris-La Défense, 23 February 2016

The Statutory Auditors

ERNST & YOUNG Audit

Laurent Vitse

MAZARS

Guillaume Potel

COMBINED ANNUAL GENERAL MEETING OF 21 APRIL 2016

8

8.1 Agenda

8.1.1 Ordinary General Meeting

1. Approval of the parent company financial statements and transactions for the year ended 31 December 2015;
2. Approval of the consolidated financial statements and transactions for the year ended 31 December 2015;
3. Appropriation of 2015 earnings, setting of dividend;
4. Approval of regulated agreements and commitments specified in Articles L. 225-38 *et seq.* of the Commercial Code;
5. Approval of a regulated commitment specified in Article L. 225-42-1 of the Commercial Code for the benefit of Olivier Bouygues;
6. Favourable opinion on the remuneration components owed or awarded to Martin Bouygues in respect of the year ended 31 December 2015;
7. Favourable opinion on the remuneration components owed or awarded to Olivier Bouygues in respect of the year ended 31 December 2015;
8. Renewal of the term of office of Patrick Kron as a director;
9. Renewal of the term of office of Colette Lewiner as a director;
10. Renewal of the term of office of Rose-Marie Van Lerberghe as a director;
11. Renewal of the term of office of SCDM as a director;
12. Renewal of the term of office of Sandra Nombret as a director representing employee shareholders;
13. Renewal of the term of office of Michèle Vilain as a director representing employee shareholders;
14. Appointment of Olivier Bouygues as a director;
15. Appointment of SCDM Participations as a director;
16. Appointment of Clara Gaymard as a director;
17. Renewal of the appointment of Mazars as principal auditor;
18. Renewal of the appointment of Philippe Castagnac as alternate auditor;
19. Authorisation to the Board of Directors with a view to permitting the company to trade in its own shares.

8.1.2 Extraordinary General Meeting

20. Authorisation to the Board of Directors to reduce share capital by cancelling treasury shares held by the company;
21. Authorisation to the Board of Directors to allot existing or new bonus shares, entailing the waiver by shareholders of their pre-emptive rights to subscribe to shares, for the benefit of salaried employees or corporate officers of the company or related companies;
22. Delegation of powers to the Board of Directors to increase share capital, without pre-emptive rights for existing shareholders, for the benefit of employees or corporate officers of the company or related companies who are members of a company savings scheme;
23. Delegation of powers to the Board of Directors to issue equity warrants during the period of a public tender offer for the company's shares;
24. Powers to carry out formalities.

8.2 Board of Directors' report on the resolutions submitted to the Combined Annual General Meeting

8.2.1 Ordinary General Meeting

Resolutions 1, 2 and 3 – Approval of the parent company and consolidated financial statements, appropriation of 2015 earnings and setting of the dividend (€1.60 per share)

Object and purpose

To approve:

- the individual (parent company) financial statements for the year ended 31 December 2015, showing net profit of €845,368,302.76;
- the consolidated financial statements for the year ended 31 December 2015, showing net profit attributable to the Group of €403 million.

The full financial statements are included in the 2015 Registration Document; they are also available on www.bouygues.com. The Convening Notice to the Annual General Meeting contains the condensed consolidated financial statements.

We propose to distribute a dividend of a total amount of €552,216,505.60 and to appropriate the balance of €1,787,111,996.81 to retained earnings. The dividend, which is the same as the dividend paid in respect of 2014, amounts to a payout of €1.60 for each of the 345,135,316 existing shares. This dividend is eligible for 40% tax relief in accordance with paragraph 2 of Article 158-3 of the General Tax Code.

The dividend payment date is 28 April 2016. The ex-date and record date have been set at 26 April 2016 and in the evening of 27 April 2016 respectively.

In accordance with Article 243 bis of the General Tax Code, listed below are the dividend amounts paid out in respect of the last three financial years.

	2012	2013	2014
Number of shares	319,157,468	319,264,996	336,086,458
Dividend per share	€1.60	€1.60	€1.60
Total dividend [a & b]	€510,523,948.80	€510,823,993.60	€537,731,932.80

(a) The amounts shown represent dividends actually paid, taking account of the fact that shares held by the company itself do not qualify for dividends.
(b) Amounts eligible for 40% tax relief in accordance with paragraph 2 of Article 158-3 of the General Tax Code.

Resolution 4 – Approval of regulated agreements and commitments

Object and purpose

To approve the regulated agreements and commitments entered into directly or indirectly, in 2015, between Bouygues and:

- one of its corporate officers (executive directors, directors);
- a company in which a corporate officer of Bouygues also holds a directorship;
- a shareholder holding more than 10% of voting rights of Bouygues.

This approval is part of what is known as the regulated, or related-party, agreements procedure, which aims to prevent potential conflicts of interest.

In accordance with law, these agreements and commitments were granted prior approval by the Board of Directors; the directors concerned abstained from voting. The detailed list of these agreements and commitments, the benefit for Bouygues, their financial conditions and the amounts invoiced in 2015, are provided in the auditors' special report on regulated agreements and commitments (chapter 8, section 8.3 of this Registration Document). The agreements and commitments mentioned in the auditors' special report that were approved by general meetings in previous years do not have to be voted on again by this Annual General Meeting.

The agreements and commitments we ask you to approve, having acquainted yourselves with this report and the auditors' report, concern the following subjects:

- renewal for a period of one year starting 1 January 2016 of the **reciprocal services agreement between Bouygues and SCDM,** a company owned by Martin Bouygues and Olivier Bouygues. The amount that SCDM can potentially invoice Bouygues in respect of this agreement is capped at €8 million a year. The amount invoiced by SCDM to Bouygues under this agreement in 2015 was €4.07 million, consisting mainly of the remuneration (salaries and charges) of Martin and Olivier Bouygues, 83% of the total, within the limit of the amount set by the Bouygues Board of Directors. The remainder (17% of the total) is for the services provided by the small group that supports Martin and Olivier Bouygues in their deliberations and activities on behalf of the Group, mainly by conducting research and analysis into strategic developments and the growth of the Bouygues group. The amount invoiced by Bouygues to SCDM under this agreement in 2015 was €0.4 million;
- renewal for a period of one year starting 1 January 2016 of the **services provided by Bouygues to Bouygues Construction, Colas, TF1 and Bouygues Telecom**. Bouygues SA provides a range of general and expert services to its subsidiaries in areas such as finance, communications, sustainable development, patronage, new technologies, insurance, legal affairs, human resources and innovation consultancy. As part of the agreement, Bouygues SA and its main subsidiaries sign annual agreements relating to these services, so that each business segment can request relevant services and expertise if need be. The principle behind these agreements is based on the rules for sharing and invoicing the expense of shared services, including special services, and the defrayal of a remaining share, within the limit of a percentage of sales of the subsidiary concerned;
- renewal for a period of one year starting 1 January 2016 of the **defined-benefit pension scheme** for members of the Group Management Committee, which includes Martin Bouygues and Olivier Bouygues, as well as the cross-charging agreements whereby Bouygues invoices its subsidiaries Bouygues Construction, Colas, TF1 and Bouygues Telecom, for the contributions to this additional retirement provision, from which some of their senior executives benefit. The additional retirement provision is equivalent to 0.92% of the reference salary per year of service in the Group, and may not exceed eight times the annual ceiling under the social security regime, i.e. €308,928 in 2016. Individual potential entitlements may not exceed the ceiling of 45% of the reference income for executive directors as recommended by the Afep-Medef Code. The scheme has been outsourced to an insurance company. In accordance with a provision of the Macron Law, the defined-benefit pension scheme granted to Olivier Bouygues, whose term of office as Deputy CEO was renewed in November 2015, is subject to a separate resolution (resolution 5 described below);
- renewal for a period of one year starting 1 January 2016 of the **open innovation services agreements** concluded with Bouygues Construction, Colas, TF1 and Bouygues Telecom. The consultancy services provided to the business segments under this agreement are an integral part of the shared services offered by Bouygues to the Group's business segments. As such, they are invoiced directly through the shared service agreements mentioned above in respect of the share of the residual amount of shared service fees. In consideration for the management services, each subsidiary pays Bouygues, on a *pro rata temporis* basis, a monthly flat fee of €750 excl. VAT per shareholding in a managed innovative company;
- amendment to the **trademark licence agreement** between Bouygues and Bouygues Telecom so as to grant Bouygues Telecom the right, for the needs of its business, to use a new logo in combination with the trademarks belonging to Bouygues. The amendment to the rights granted to Bouygues Telecom has no incidence on the amount of the trademark licence fee, which remains €700,000 excl. VAT a year;
- services agreement relating to the participation of the business segments on stands booked by Bouygues as part of **COP21;**
- amendment to the **internal audit services agreement between Bouygues and Bouygues Telecom;** the amount of services entrusted to Bouygues was €330,000 excl. VAT in 2015.

In accordance with law, the persons concerned will not vote on this resolution.

Resolution 5 – Approval of a regulated commitment specified in Article L. 225-42-1 of the Commercial Code for the benefit of Olivier Bouygues

Object and purpose

In accordance with a provision of the Macron Law[a], to approve, through a separate resolution, the defined-benefit pension scheme to which Olivier Bouygues is entitled.

This approval through a separate resolution submitted to the Annual General Meeting is now required for each renewal of an executive director's term of office. At its meeting of 12 November 2015, the Board of Directors renewed the term of office of Olivier Bouygues as Deputy CEO for a period of one year.

The characteristics of this pension scheme are summarised above (see resolution 4) and are detailed below (see resolutions 6 and 7).

In accordance with law, the persons concerned will not vote on this resolution.

Resolutions 6 and 7 – Favourable opinion on the remuneration components owed or awarded to the executive directors in respect of the 2015 financial year

Object and purpose

To hear the opinion of the shareholders, in an advisory capacity, on the remuneration owed to Martin Bouygues and Olivier Bouygues in respect of the 2015 financial year.

Pursuant to the Afep-Medef Code, the corporate governance code to which Bouygues refers pursuant to Article L. 225-37 of the Commercial Code, we ask you, by voting in favour of these two resolutions, to give a favourable opinion on the individual remuneration components owed or

(a) Law of 6 August 2015.

awarded in respect of the 2015 financial year to the two executive directors respectively, Martin Bouygues and Olivier Bouygues, as detailed below.

Principles and rules for determining the remuneration of executive directors

In 2007, the Board of Directors took into account the Afep-Medef recommendations published in January 2007 relating to the remuneration of executive directors of listed companies. Afep and Medef published a new set of recommendations on 6 October 2008. The Board of Directors noted that virtually all these recommendations had already been implemented and adopted the remaining provisions in early 2009. The provisions of the guide to applying the Afep-Medef Code, published in December 2015 by the High Committee for Corporate Governance, have been taken into account. The principles and rules that the Board of Directors has adopted to date and that were used to determine the remuneration in respect of 2015 are described below.

General introductory comment:

- Neither of the two executive directors holds an employment contract.
- In the event that executive directors leave the company, the Board of Directors does not grant them severance compensation or non-competition indemnities.
- No annual deferred variable remuneration or multi-year variable remuneration is granted to them.
- The existence of a capped additional retirement provision is taken into account when setting the overall remuneration of executive directors, as is the fact that they have received no severance compensation.
- Other than directors' fees, the executive directors do not receive any remuneration from the Group's subsidiaries.

Fixed remuneration

The rules for determining fixed remuneration were decided in 1999 and have been applied consistently since then. Fixed remuneration takes account of the level and difficulty of the individual's responsibilities, job experience, and length of service in the Group and also the wage policy of groups or companies in similar sectors.

Benefits in kind

Benefits in kind involve use of a company car and the part-time assignment of an assistant and a chauffeur/security guard for personal requirements.

Variable remuneration

OVERVIEW OF THE METHOD USED TO DETERMINE VARIABLE REMUNERATION

Variable remuneration is awarded on an individual basis: the Board of Directors has defined four criteria for the variable portion of each executive director's remuneration.

An objective is defined for each criterion. When the objective is reached, a variable portion corresponding to a percentage of the fixed remuneration is awarded.

If the four objectives are reached, the total of the four variable portions is equal to the overall ceiling of 150%, which the variable remuneration of each executive director cannot exceed.

If an objective is exceeded or not reached, the variable portion is adjusted within a bracket on a linear basis: the variable portion cannot exceed a maximum threshold and is reduced to zero below a minimum threshold.

It must be reiterated that the four variable portions thus determined cannot under any circumstances exceed the overall ceiling, which is set at 150% of the fixed remuneration for each of the executive directors (see below).

THE FOUR CRITERIA DETERMINING VARIABLE REMUNERATION

The variable remuneration of the executive directors is based on the performance of the Group, with performance being determined by reference to four key economic criteria:

- P1 = increase in current operating profit in the financial year (P1 = 50% of fixed remuneration if the objective is reached);
- P2 = change in consolidated net profit (attributable to the Group) in the financial year versus the Plan (P2 = 25% of fixed remuneration if the objective is reached);
- P3 = change in consolidated net profit (attributable to the Group) in the financial year versus consolidated net profit (attributable to the Group) in the previous financial year (P3 = 25% of fixed remuneration if the objective is reached);
- P4 = free cash flow before changes in working capital in the financial year (P4 = 50% of fixed remuneration if the objective is reached).

These quantitative objectives are calculated precisely but are not publicly disclosed for confidentiality reasons.

Three "adjustments" were made concerning P2 and P3, the third being more general.

The calculation method for variable remuneration is summarised in the table below. In the "Actual 2015" column, the calculation of variable remuneration in respect of 2015 is detailed for the two executive directors.

		Variable remuneration calculation method	
	Objectives	**Performance = objective (as a % of fixed remuneration)**	**Actual 2015**
P1	Operating profit in the financial year as targeted in the 2015 Plan	50%	0%
P2	Consolidated net profit in the financial year as targeted in the 2015 Plan	25%	31.87%
		+ if consolidated net profit as targeted in the 2015 Plan is at least 20% lower than consolidated net profit in FY2014, P2 is capped at 25%	
P3	Consolidated net profit generated in the previous financial year (2014 CNP)	25%	50%
		+ if consolidated net profit in the financial year is more than 20% lower than that in the previous financial year, no variable remuneration is granted	
P4	Free cash flow before WCR in the 2015 Plan	50%	0%
		150%	0% as P3 more than 20% lower versus 2014 CNP
Ceiling		150%	
Adjustment at the discretion of the Board of Directors		If an exceptional item were to affect the consolidated net profit of the financial year, the Board of Directors has the right to reduce or not to grant variable remuneration where the P1, P2, P3 and P4 bonuses would have been entirely or partially due in the absence of said exceptional item	

OVERALL CEILING

The overall ceiling for variable remuneration is 150% of the fixed remuneration.

Exceptional remuneration

In exceptional cases, on the advice of the Remuneration Committee, the Board of Directors may award special bonuses.

Directors' fees

The two executive directors receive and retain the directors' fees paid by Bouygues, as well as the directors' fees paid by certain Group subsidiaries (see Chapter 5, sections 5.4.1.3 and 5.4.1.4 of this Registration Document).

Additional retirement provision

The two executive directors, under certain conditions, will benefit from an additional retirement provision when they retire.

PERFORMANCE CONDITIONS

Article 229 of the Law of 6 August 2015 for growth stipulates that the acquisition of defined-benefit pension rights by executive directors of listed companies in respect of a given financial year must now be subject to performance conditions.

However, Martin Bouygues and Olivier Bouygues may no longer acquire supplementary pension rights because the rights they have already acquired exceed the ceiling set by the Board of Directors (eight times the annual social security ceiling).

INFORMATION PROVIDED BY THE COMPANY ON PENSION COMMITMENTS OR OTHER LIFETIME BENEFITS IN APPLICATION OF THE THIRD SENTENCE OF THE THIRD PARAGRAPH IN ARTICLE L. 225-102-1

The characteristics of the supplementary pension scheme awarded to the Group's senior executives are as follows:

1. name of the commitment concerned: defined-benefit pension scheme;
2. reference to legal provisions identifying the corresponding scheme: Article L. 137-11 of the Social Security Code;
3. conditions for joining the scheme and other eligibility conditions; the beneficiary must:
   - be a member of the Bouygues SA Management Committee at the date of departure or retirement,
   - have at least ten years' service with the Bouygues group at the date of departure or retirement,
   - have definitively ended his or her professional career at one of the Group companies (this condition is fulfilled when the employee is part of the workforce at the date of departure or retirement),
   - be at least 65 years old at the date of departure or retirement,
   - fulfil the eligibility criteria for pension benefits under the basic social security pension scheme and the mandatory supplementary schemes (ARRCO and AGIRC).
4. terms and conditions for determining the reference salary determined by the scheme in question and used to calculate the rights of beneficiaries:

   The reference salary shall be equal to the average gross salary of the employee's three best calendar years at the Bouygues group, during his or her period on the Bouygues SA Management Committee, adjusted to reflect changes in the value of pension entitlement points under the AGIRC scheme on the date the employment contract is terminated. The reference gross salary is that used to calculate social security contributions, in accordance with the provisions of Article L. 242-1 of the Social Security Code.

5. pattern of vesting of rights; annual rate; beneficiaries of the supplementary pension scheme receive an additional retirement provision set at 0.92% of the reference salary per year in the scheme, determined as explained above;
6. existence of a ceiling and the amount and terms and conditions for determining that ceiling: rights may not exceed a ceiling set at eight times the annual social security ceiling (equivalent to a ceiling of €308,928 in 2016);
7. terms and conditions for funding the benefit: financing outsourced to an insurance company, to which a contribution is paid yearly;
8. estimated amount of the annual annuity at the end of the reporting period:

Name	Annual annuity *€ '000*
Martin Bouygues	301
Olivier Bouygues	247

Note: the annual annuity of Martin Bouygues and Olivier Bouygues would amount to eight times the annual social security ceiling once the contributions paid into the scheme by SCDM, calculated on a pro rata basis for the time spent on SCDM business each year by the person concerned are taken into account.

9. related tax and social security charges payable by the company: the contributions paid into the scheme by the company are not subject to employers' social security charges or to the CSG or CRDS levies. However, the company is required to pay a levy set at 24% of those contributions.

Other information regarding remuneration

The existence of a capped additional retirement provision is taken into account when setting the overall remuneration of executive directors, as is the fact that no severance compensation or non-competition indemnities are granted to them.

Remuneration accruing to Martin Bouygues and Olivier Bouygues as determined by the Bouygues Board of Directors is paid by SCDM. SCDM then invoices Bouygues this remuneration and the related social security charges pursuant to the agreement governing relations between Bouygues and SCDM, approved under the regulated agreements procedure. Invoicing strictly reflects the remuneration amounts set by the Bouygues Board of Directors. The agreement between Bouygues and SCDM was approved by the Combined Annual General Meeting of 23 April 2015 (fourth resolution) as part of the regulated agreements procedure.

Olivier Bouygues devotes part of his time to the activities of SCDM. The Board of Directors has adapted his remuneration to the breakdown of his time. His operational duties at SCDM do not significantly reduce his availability and do not create a conflict of interest.

Combined Annual General Meeting of 23 April 2015 – Say on Pay

The Annual General Meeting of 23 April 2015 expressed a favourable opinion on the remuneration components awarded in respect of the 2014 financial year to Martin Bouygues (Resolution 10 adopted with 89.34% of the votes) and to Olivier Bouygues (Resolution 11 adopted with 89.33% of the votes).

Remuneration granted to the executive directors in respect of the 2015 financial year

Remuneration components of Martin Bouygues, Chairman and Chief Executive Officer, in respect of the 2015 financial year

I. Remuneration components owed or awarded in respect of the 2015 financial year that are submitted to the Annual General Meeting of 21 April 2016 for approval (Resolution 6)	**Amount or carrying amount** €	**Comments**
Fixed remuneration	920,000	Martin Bouygues' fixed remuneration remains unchanged since 2003.
Change versus 2014	0%	
Annual variable remuneration	0	**Variable remuneration criteria (2015 financial year):** ■ Increase in current operating profit (50%) ■ Change in consolidated net profit versus the Plan (25%) ■ Change in consolidated net profit versus 2014 (25%) ■ Free cash flow before changes in working capital (50%)
Change versus 2014		
% variable/fixed [a]	n.a.	
Ceiling [b]	150%	
Deferred variable remuneration		No entitlement to deferred variable remuneration.
Multi-year variable remuneration		No entitlement to multi-year variable remuneration.
Exceptional remuneration		No entitlement to exceptional remuneration.
Value of stock options, performance shares or other long-term remuneration component awarded during the financial year		No stock options, performance shares or other long-term remuneration component were awarded during the year.
Directors' fees	73,900 o/w Bouygues: 50,000 o/w subsidiaries: 23,900	
Value of benefits in kind	29,879	Company car. Part-time assignment of an assistant and a chauffeur/security guard for personal requirements.
II. Reminder: remuneration components owed or awarded in respect of the 2015 financial year that were approved by the Annual General Meeting as part of the regulated agreements procedure (Annual General Meeting of 23 April 2015, Resolution 10)	**Amount or carrying amount** €	**Comments**
Severance compensation		No entitlement to severance compensation.
Non-competition indemnities		No entitlement to non-competition indemnities.
Supplementary pension scheme		Martin Bouygues, in the same way and under the same conditions as the other members of Group Management Committee, benefits from a supplementary pension scheme whereby he receives an additional retirement provision set at 0.92% of the reference salary (average of the best three years) per year in the scheme. Benefits are capped at eight times the social security ceiling, i.e. approximately €304,320 in 2015. Having reached this ceiling, Martin Bouygues can no longer acquire supplementary pension rights. Entitlement is acquired only after ten years' service with the Group and provided that the executive director is a member of the Group Management Committee at the date of retirement. If he had retired in 2015, taking into account his length of service, Martin Bouygues would have received an annual additional retirement provision of around €301,000. In accordance with the Afep-Medef Code, this amount does not exceed 45% of the reference income.
TOTAL	**1,023,779**	
Change versus 2014	-42%	

(a) Variable remuneration expressed as a percentage of fixed remuneration.
(b) Variable remuneration ceiling, set as a percentage of fixed remuneration.
n.a.: not applicable.

Remuneration components of Olivier Bouygues, Deputy Chief Executive Officer, in respect of the 2015 financial year

I. Remuneration components owed or awarded in respect of the 2015 financial year that are submitted to the Annual General Meeting of 21 April 2016 for approval (Resolution 7)	Amount or carrying amount €	Comments
Fixed remuneration	500,000	Olivier Bouygues' fixed remuneration remains unchanged since 2009.
Change versus 2014	0%	
Annual variable remuneration	0	**Variable remuneration criteria (2015 financial year):** ■ Increase in current operating profit (50%) ■ Change in consolidated net profit versus the Plan (25%) ■ Change in consolidated net profit versus 2014 (25%) ■ Free cash flow before changes in working capital (50%)
Change versus 2014		
% variable/fixed [a]	n.a.	
Ceiling [b]	150%	
Deferred variable remuneration		No entitlement to deferred variable remuneration.
Multi-year variable remuneration		No entitlement to multi-year variable remuneration.
Exceptional remuneration		No entitlement to exceptional remuneration.
Value of stock options, performance shares or other long-term remuneration component awarded during the financial year		No stock options, performance shares or other long-term remuneration component were awarded during the year.
Directors' fees	68,914 o/w Bouygues: 25,000 o/w subsidiaries: 43,914	
Value of benefits in kind	10,756	Company car. Part-time assignment of an assistant and a chauffeur/security guard for personal requirements.
II. Reminder: remuneration components owed or awarded in respect of the 2015 financial year that were approved by the Annual General Meeting as part of the regulated agreements procedure (Annual General Meeting of 23 April 2015, Resolution 11)	**Amount or carrying amount** €	**Comments**
Severance compensation		No entitlement to severance compensation.
Non-competition indemnities		No entitlement to non-competition indemnities.
Supplementary pension scheme		Olivier Bouygues, in the same way and under the same conditions as the other members of Group Management Committee, benefits from a supplementary pension scheme whereby he receives an additional retirement provision set at 0.92% of the reference salary (average of the best three years) per year in the scheme. Benefits are capped at eight times the social security ceiling i.e. approximately €304,320 in 2015. Having reached this ceiling, Olivier Bouygues can no longer acquire supplementary pension rights. Entitlement is acquired only after ten years' service with the Group and provided that the executive director is a member of the Group Management Committee at the date of retirement. If he had retired in 2015, taking into account his length of service, Olivier Bouygues would have received an annual additional retirement provision of around €247,000. In accordance with the Afep-Medef Code, this amount does not exceed 45% of the reference income.
TOTAL	**579,670**	
Change versus 2014	-42%	

(a) Variable remuneration expressed as a percentage of fixed remuneration.
(b) Variable remuneration ceiling, set as a percentage of fixed remuneration.
n.a.: not applicable.

Table 1 – General overview of the legal status attributed to executive directors: restrictions on combining positions as corporate officer with employment contract – Supplementary retirement benefits – Severance compensation – Non-competition indemnities

Executive directors	Employment contract		Supplementary pension scheme		Severance compensation or benefits due or likely to be due on termination or change of office		Indemnities relating to non-competition clause	
	yes	no	yes	no	yes	no	yes	no
Martin Bouygues Position: Chairman and CEO		X	X			X		X
Olivier Bouygues Position: Deputy CEO		X	X			X		X

Table 2 – General overview of remuneration, benefits in kind and options granted to the two executive directors in 2015

	Martin Bouygues (Chairman and CEO)		Olivier Bouygues (Deputy CEO)	
€	**2015**	**2014**	**2015**	**2014**
Remuneration owing in respect of the year (see breakdown in Table 3 and Table 4)	1,023,779	1,769,074	579,670	991,383
Value of options granted in the year[a]				
Value of performance shares granted in the year[b]				
TOTAL	**1,023,779**	**1,769,074**	**579,670**	**991,383**
YoY CHANGE	**-42%**		**-42%**	

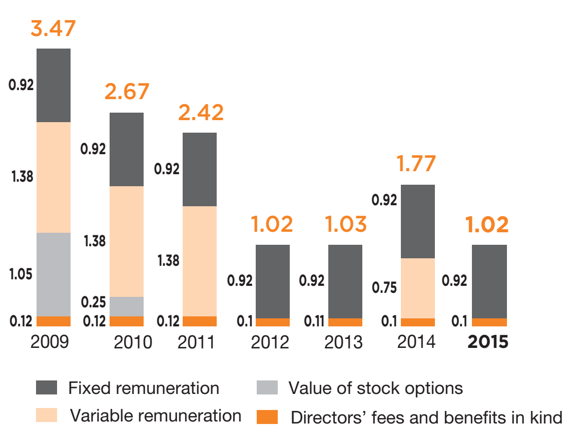
(a) No options were granted to executive directors in 2014 and 2015.
(b) The company granted no performance shares.

Martin Bouygues

Chairman and CEO

Number of stock options awarded in 2015: 0

€ million



Olivier Bouygues

Deputy CEO

Number of stock options awarded in 2015: 0

€ million

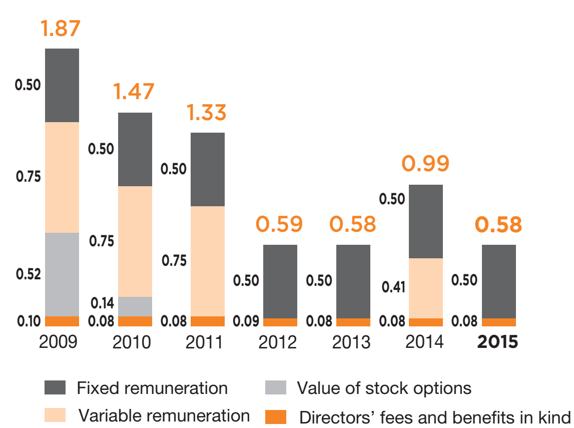


Table 3 – Detailed overview of the remuneration of the two executive directors in respect of the 2015 financial year

The Remuneration Committee assessed the degree to which the variable remuneration criteria of the two executive directors were met.

Position and years of service in the Group	Remuneration [a]	Amounts [b] in respect of FY2015 € due [c]	Amounts [b] in respect of FY2015 € paid	Amounts [b] in respect of FY2014 € due [c]	Amounts [b] in respect of FY2014 € paid	Variable remuneration criteria [f] (FY2015)
Martin Bouygues Chairman and CEO (42 years)	Fixed ■ Change	920,000 0%	920,000	920,000 0%	920,000	■ P1 = Increase in current operating profit (50%). ■ P2 = Change in consolidated net profit [g] versus the Plan (25%). ■ P3 = Change in consolidated net profit [g] versus 2014 (25%). ■ P4 = Free cash flow before changes in working capital (50%).
	Variable ■ Change ■ % variable/fixed [d] ■ Ceiling [e]	0 -100% 0% 150%	753,204	753,204 81.90% 150%		
	Exceptional remuneration					
	Directors' fees	73,900	73,900	70,200	70,200	
	Benefits in kind	29,879	29,879	25,670	25,670	
	Total	**1,023,779**	**1,776,983**	**1,769,074**	**1,015,870**	
Olivier Bouygues Deputy CEO (42 years)	Fixed ■ Change	500,000 0%	500,000	500,000 0%	500,000	■ P1 = Increase in current operating profit (50%). ■ P2 = Change in consolidated net profit [g] versus the Plan (25%). ■ P3 = Change in consolidated net profit [g] versus 2014 (25%). ■ P4 = Free cash flow before changes in working capital (50%).
	Variable ■ Change ■ % variable/fixed [d] ■ Ceiling [e]	0 -100% 0% 150%	409,350	409,350 81.90% 150%		
	Exceptional remuneration					
	Directors' fees	68,914	68,914	71,277	71,277	
	Benefits in kind	10,756	10,756	10,756	10,756	
	Total	**579,670**	**989,020**	**991,383**	**582,033**	
TOTAL EXECUTIVE DIRECTORS		**1,603,449**	**2,766,003**	**2,760,457**	**1,597,903**	
		2015 vs 2014		**2014 vs 2013**		
CHANGE		**-42%**		**+71%**		

(a) No remuneration other than that mentioned in the table was paid to the executive directors by Bouygues group companies.
(b) Amounts due = all the amounts allocated in respect of one financial year. Amounts paid = all the amounts paid in the financial year. However, the variable component allocated for a financial year is actually paid in the first quarter of the following year.
(c) Amounts due – Change: the percentages inserted under the fixed and variable remuneration show variations relative to the previous financial year.
(d) Variable remuneration expressed as a percentage of fixed remuneration.
(e) Variable remuneration ceiling, set as a percentage of fixed remuneration.
(f) Variable remuneration criteria: the portion expresses the weighting of the criterion when determining total variable remuneration.
(g) Consolidated net profit = consolidated net profit (attributable to the Group) of Bouygues.

Resolutions 8 to 16 – Terms of office of directors

Object and purpose

To renew six of the nine terms of office of directors due to expire at the end of the Ordinary General Meeting of 21 April 2016, and to appoint three new directors.

At the proposal of the Selection Committee, the Board of Directors asks you to:

- renew the terms of office of Patrick Kron, Colette Lewiner, Rose-Marie Van Lerberghe and SCDM;
- renew the terms of office of Sandra Nombret and Michèle Vilain as directors representing employee shareholders. The respective candidacies of Sandra Nombret and Michèle Vilain were put forward by the Supervisory Boards of the employee share ownership fund Bouygues Partage 2 – ten years, the company savings scheme, Bouygues Confiance 6, Bouygues Confiance 7 and the Bouygues profit-sharing scheme;
- appoint Olivier Bouygues, SCDM Participations and Clara Gaymard as directors.

Terms of office

In accordance with the articles of association, these terms of office will be for a period of three years, expiring after the Ordinary General Meeting called in 2019 to approve the financial statements for the year ended 31 December 2018.

Membership of the Board of Directors after the Annual General Meeting

If you adopt these various resolutions, the Board of Directors will have sixteen members, namely:

Four directors from the SCDM group:

- Martin Bouygues (Chairman and CEO)
- Olivier Bouygues (Deputy CEO)
- SCDM, represented by Edward Bouygues
- SCDM Participations, represented by Cyril Bouygues

Two directors representing employees:

- Michel Bardou
- Raphaëlle Deflesselle

Two directors representing employee shareholders:

- Sandra Nombret
- Michèle Vilain

Five independent directors:

- Clara Gaymard
- Anne-Marie Idrac
- Helman le Pas de Sécheval
- Colette Lewiner
- Rose-Marie Van Lerberghe

Two salaried directors:

- François Bertière
- Hervé Le Bouc

One external, non-independent director:

- Patrick Kron

The proportion of independent directors (calculated excluding directors representing employees and employee shareholders) will therefore be five out of twelve, representing 41.6%.

The proportion of women with seats on the Board (calculated excluding directors representing employees) will be six out of fourteen, representing 42.8%.

The average age (calculated at the date of the Annual General Meeting) will be 55.6.

Curriculum vitae of candidates

PATRICK KRON

Director of Bouygues since 2006
Former Chairman and CEO of Alstom[a]

Date of birth: 26 September 1953
First appointment: 6 December 2006
Number of shares in the company (at 31 December 2015): 500
Attendance rate in 2015: 100% (Board of Directors)

Expertise

Patrick Kron brings to the Board of Directors his knowledge and experience, in France and internationally, in the fields of industry, power and transport.

Patrick Kron is a graduate of École Polytechnique and an engineer of the Corps des Mines de Paris. He began his career at the French Industry Ministry in 1979 before joining the Pechiney group in 1984, where he held senior operational responsibilities in one of the group's largest factories in Greece before becoming manager of Pechiney's Greek subsidiary in 1988. Between 1988 and 1993, Patrick Kron held various operational and financial positions, first managing a group of activities in aluminium processing, before being appointed Chairman and CEO of Pechiney Électrométallurgie. In 1993, he became member of the executive committee of the Pechiney group and was Chairman and CEO of Carbone Lorraine from 1993 to 1997. From 1995 to 1997, he ran Pechiney's Food and Health Care Packaging Sector and held the position of COO of the American National Can Company in Chicago (United States). From 1998 to 2002, Patrick Kron was Chairman of the executive board of Imerys.

A director of Alstom since July 2001, he was appointed CEO of Alstom in January 2003, and then Chairman and CEO in March 2003, a position he held until his departure in January 2016.

Other positions and functions outside the Bouygues group

Director of Sanofi[a] and "Les Arts Florissants" vocal group.

COLETTE LEWINER

Independent director of Bouygues since 2010
Chairwoman of the Remuneration Committee
Advisor to the Chairman of Capgemini on matters regarding energy and utilities

Date of birth: 19 September 1945
First appointment: 29 April 2010
Number of shares in the company (at 31 December 2015): 12,685
Attendance rate in 2015: 100% (Board of Directors); 100% (Remuneration Committee)

Expertise

Colette Lewiner is an independent director and brings to the Board of Directors her knowledge and experience, in France and internationally, in the fields of energy, industry and digital technology.

Colette Lewiner is a graduate of École Normale Supérieure and holds the prestigious rank of "agrégée" teacher in physics, as well as a PhD in science. She spent a large part of her career with EDF, where she was the first woman to be appointed Senior Vice President within the group, with responsibility for development and marketing strategy. She went on to lead Cogema's engineering subsidiary SGN. In 1998, she joined Capgemini, where she headed the Global Energy, Utilities and Chemicals sector, before becoming Advisor to the Chairman on matters regarding energy and utilities. Between 2010 and 2015, she was non-executive Chairwoman of TDF.

Other positions and functions in the Bouygues group

Director of Colas[a].

Other positions and functions outside the Bouygues group

Director of Nexans[a], Eurotunnel[a], EDF[a] and Ingenico[a].

ROSE-MARIE VAN LERBERGHE

Independent director of Bouygues since 2013
Member of the Ethics, CSR and Patronage Committee
Chairwoman of the Board of Directors of Institut Pasteur

Date of birth: 7 February 1947
First appointment: 25 April 2013
Number of shares in the company (at 31 December 2015): 531
Attendance rate in 2015: 100% (Board of Directors); 100% (Ethics, CSR and Patronage Committee)

(a) Listed company.

Expertise

Rose-Marie Van Lerberghe is an independent director and brings to the Board of Directors her knowledge and experience in human resources, the pharmaceutical industry and healthcare activities.

Rose-Marie Van Lerberghe is a graduate of École Normale Supérieure and École Nationale d'Administration, and holds the prestigious rank of "agrégée" teacher in philosophy. She is also a graduate of Institut d'Études Politiques de Paris (IEP). After holding various positions at the Labour Ministry, in 1986 Rose-Marie Van Lerberghe joined the Danone group, where she was Group Director of Human Resources. In 1996, she became Delegate General for Employment and Vocational Training, then Chief Executive Officer of Altédia in 2000. From 2002 to 2006, she was the Director General of Assistance Publique des Hôpitaux de Paris. From 2006 to 2011, she chaired the Korian management board. She is currently Chairwoman of the Board of Directors of Institut Pasteur.

Other positions and functions outside the Bouygues group

Director of Klépierre[a], CNP Assurances[a] and Fondation Hôpital Saint-Joseph; Chairwoman of the Board of Directors of Orchestre des Champs-Élysées.

SCDM

First appointment: 22 October 1991
Number of shares in the company (at 31 December 2015): 70,057,778

Other positions and functions in the Bouygues group

Director of GIE 32 Hoche.

Other positions and functions outside the Bouygues group

Chair of Actiby and SCDM Participations.

SCDM is a company owned by Martin Bouygues and Olivier Bouygues and their families.

In the event of its renewal of term of office as a director, SCDM has indicated that it intends to appoint Edward Bouygues as a standing representative of SCDM on the Bouygues Board of Directors.

Edward Bouygues, born on 14 April 1984, is a graduate of ESSCA, Angers (specialising in banking and finance) and holds an MBA from the London Business School. After having spent five years as a works supervisor, and in marketing at Bouygues Construction, he joined Bouygues Telecom in February 2014 as Head of Marketing. He is currently Director of Marketing, with responsibility for services, content and product design.

SANDRA NOMBRET

Director representing employee shareholders of Bouygues since 2010
Member of the Ethics, CSR and Patronage Committee

Date of birth: 24 May 1973
First appointment: 29 April 2010
Attendance rate in 2015: 100% (Board of Directors); 100% (Ethics, CSR and Patronage Committee)

Expertise

Sandra Nombret has a DESS postgraduate diploma in foreign trade law. She joined the Bouygues group in 1997. She is currently Deputy Director, Legal Officer for the Near and Middle East, Africa, Central Asia, Canada and Cyprus at Bouygues Bâtiment International.

Other positions and functions in the Bouygues group

Deputy Director, Legal Affairs at Bouygues Bâtiment International; director of Bouygues Building Canada Inc.

MICHÈLE VILAIN

Director representing employee shareholders of Bouygues since 2010
Member of the Accounts Committee

Date of birth: 14 September 1961
First appointment: 29 April 2010
Attendance rate in 2015: 100% (Board of Directors); 100% (Accounts Committee)

Expertise

Michèle Vilain joined Bouygues Immobilier in 1989, holding various positions in the IT and Office Automation department, including responsibility for customer services. She then took charge of customer relations within the Support Functions division, before becoming Deputy Director supporting change management within the Residential Property France division for two years.

She is currently Deputy Director supporting Human Resources digital projects.

Other positions and functions in the Bouygues group

Deputy Director within the Human Resources Development division at Bouygues Immobilier.

OLIVIER BOUYGUES

Deputy CEO
Standing representative of SCDM on the Bouygues Board of Directors

Date of birth: 14 September 1950
First appointment: 5 June 1984
Number of shares in the company (at 31 December 2015): 531 (70,057,778 via SCDM)
Attendance rate in 2015: 89.90% (Board of Directors)

Expertise

As a standing representative of SCDM on the Bouygues Board of Directors since 1984, Olivier Bouygues brings to the Board his knowledge and experience, in France and internationally, in the fields of construction, energy and sustainable development. The Annual General Meeting is asked to appoint Olivier Bouygues as a director in a personal capacity.

Olivier Bouygues is a graduate of École Nationale Supérieure du Pétrole (ENSPM) and joined the Bouygues group in 1974. He began his career in the Group civil works branch. From 1983 to 1988 at Bouygues Offshore, he held the posts of director of Boscam, a Cameroon subsidiary, then director of the France Works and Special Projects division. From 1988 to 1992, he was Chairman and CEO of Maison Bouygues. In 1992, he

(a) Listed company.

became Group Executive Vice President of Utilities Management, which grouped the international and French activities of Saur. In 2002, Olivier Bouygues was appointed Deputy CEO of Bouygues.

Principal positions outside Bouygues SA

CEO of SCDM.

Other positions and functions in the Bouygues group

In France: Director of TF1[a], Colas[a], Bouygues Telecom and Bouygues Construction.

Outside France: Chairman of the Board of Directors of Bouygues Europe (Belgium); Chairman and CEO Seci (Ivory Coast).

Other positions and functions outside Bouygues group

In France: Director of Alstom[a]; Chairman of Sagri-E and Sagri-F.

Outside France: Director of SCDM Energy Limited.

SCDM PARTICIPATIONS

Number of shares in the company (at 31 December 2015): 6,044,972

SCDM Participations is a company owned indirectly by Martin Bouygues and Olivier Bouygues and their families.

In the event of its appointment as a director, SCDM Participations has indicated that it intends to appoint Cyril Bouygues as a standing representative of SCDM Participations on the Bouygues Board of Directors.

Cyril Bouygues, born on 31 January 1986, is a graduate of Institut Supérieur de Gestion (ISG) and holds a Harvard Master in Public Administration. He held the post of works supervisor at Bouygues Construction, then Head of Projects at Bouygues Immobilier, before becoming Director of Projects at SCDM Énergie in October 2014.

CLARA GAYMARD

Former Chairwoman and CEO of General Electric France

Date of birth: 27 January 1960

Expertise

Clara Gaymard is a graduate of Institut d'Études Politiques de Paris (IEP). She was an administrative officer at the office of the mayor of Paris from 1982 to 1984, before joining École Nationale d'Administration (ENA). Graduating from ENA in 1986, she joined the Cour des Comptes state audit office as an auditor and in 1990 was promoted to public auditor. She was then appointed head of the European Union office at the External Economic Relations department (DREE) of the French Ministry of Finance. In 1995, she was named chief of staff at the Ministry of Intergenerational Solidarity. From 1996 to 1999, she served as deputy head in charge of support for small- and medium-sized businesses and regional initiatives at DREE. In February 2003, she became Ambassador for International Investment and Chair of the Invest in France Agency (AFII). She joined the General Electric group in 2006, where she was appointed to chair GE in France, then Northwest Europe in 2008. In 2009, still serving as Chair and CEO of GE France, Clara Gaymard was appointed Vice-Chair of GE International responsible for key public accounts and in 2010 as Vice-Chair responsible for governments and cities. She left the General Electric group in January 2016.

Clara Gaymard is also Chair of the Women's Forum and co-founder of Raise. She is a director of Veolia Environnement[a].

Resolutions 17 and 18 – Appointments as auditors

Object and purpose

To renew the appointments of Mazars (as principal auditor) and Philippe Castagnac (as alternate auditor).

The appointments as auditors of Mazars and Philippe Castagnac will expire at the end of the Annual General Meeting of 21 April 2016. At the proposal of the Accounts Committee, we ask you to renew the appointments of these two auditors for a period of six years, in accordance with law.

The auditors are vested by law with a general mission to control and supervise the company. They are tasked, in full independence, with certifying that the full-year parent company and consolidated financial statements presented to the Annual General Meeting are true, fair and accurate.

As a *Société Anonyme* (public limited company) publishing consolidated financial statements, Bouygues is required to have at least two statutory auditors, independent from each other, and alternate auditors to replace the statutory auditors in the event of their refusal, unavailability or resignation. At the date of the general meeting, the statutory auditors are Mazars and Ernst & Young Audit. The alternate auditors are Philippe Castagnac (Mazars group) and Auditex (EY group).

Resolution 19 – Authorisation for the company to buy back its own shares

Object and purpose

To renew the authorisation given to the Board of Directors each year with a view to permitting the company to buy back its own shares as part of a "share buyback programme".

The objectives of the share buyback programme are as follows:

- to deliver shares as part of the company's stock option plans;
- to allot bonus shares;
- to grant or sell shares to employees as part of profit-sharing schemes or the implementation of any company or Group savings scheme (or equivalent scheme);
- to deliver shares upon exercise of rights attached to securities that give access to capital via redemption, conversion, presentation of a warrant or otherwise;

(a) *Listed company.*

- to cancel all or part of the shares repurchased, up to a limit of 10% of the share capital in any twenty-four-month period (see Resolution 20);
- to use shares as a means of exchange or payment in an acquisition, merger or asset contribution;
- to implement a liquidity contract that complies with the code of conduct drawn up by AMAFI and approved by the AMF.

In 2015, the buybacks of Bouygues shares involved the purchase of around 1.148 million shares and the sale of around 1.143 million shares, through a service provider acting within the scope of a liquidity contract that complies with a code of conduct approved by the AMF.

Ceilings

The authorisation is granted within the following limits:

- 5% of the share capital;
- maximum repurchase price: €50 per share;
- maximum budget: €900 million.

In accordance with law, the transactions may be carried out at any time, including during the period of a public offer for the company's shares. It is important that the company should be able, where applicable, and even during a public offer, to buy back its own shares with a view to achieving the objectives of the buyback programme.

Duration of authorisation

Eighteen months.

8.2.2 Extraordinary General Meeting

In the twentieth to twenty-third resolutions we ask you to renew certain financial authorisations given to the Board of Directors that may have an impact on the amount of the share capital. The purpose of these resolutions is to enable the Board of Directors, under the conditions and within the limits set by the Annual General Meeting, to continue to benefit from the authorisations that allow it to finance the development of the company and to carry out the financial transactions that are appropriate for its strategy, without being obliged to convene specific extraordinary general meetings.

We have summarised below the aims and the content of these authorisations and delegations of authority (see tables in section 8.2.3).

Resolution 20 – Option to reduce share capital by cancelling shares

Object and purpose

To authorise the Board of Directors, if it deems fit, to reduce the share capital, on one or more occasions, up to a limit of 10% of the share capital in any twenty-four month period, by cancelling some or all of the shares that the company holds or may hold as a result of using the various share buyback authorisations given by the Annual General Meeting to the Board of Directors, particularly under the nineteenth resolution submitted to this Annual General Meeting for approval.

Cancelling shares makes it possible, if the Board of Directors deems fit, to offset the dilution for shareholders resulting from the creation of new shares in connection, for example, with employee savings transactions and the exercise of stock options.

Ceiling

Option to cancel up to 10% of the share capital in any 24-month period.

Duration of authorisation

Eighteen months.

Resolution 21 – Authorisation to allot existing or new bonus shares

Object and purpose

To authorise the Board of Directors to allot existing or new bonus shares to employees or corporate officers of the company (or of related companies or economic interest groupings).

Bonus shares are allotted to motivate and secure the loyalty of employees and corporate officers by involving them in the company's performance, thereby aligning their interests with those of the other shareholders.

The bonus shares allotted may be existing shares, held by the company as part of a buyback programme, or new shares, to be issued through a capital increase and entailing the waiver of pre-emptive rights to subscribe for shares.

The allotment of shares to beneficiaries shall become definitive only at the end of a minimum vesting period set by the Annual General Meeting and that we propose to set at one year.

The vesting period may be followed by a holding period set by the Board of Directors and during which the beneficiaries may not sell their shares.

The combined length of the vesting period and the holding period may not be less than two years. The law provides for exceptions to the vesting and holding period requirement (death or disability).

Ceiling

The Board may allot bonus shares representing up to 5% of the share capital on the date of the Board's decision.

In addition, the total number of bonus shares and options to acquire existing or new shares allotted throughout the period of this authorisation may not represent more than 5% of the share capital.

Finally, the number of bonus shares allotted, where applicable, to executive directors, shall not represent more than 0.1% of the share capital. Share subscription or purchase options (or stock options) allotted, where applicable, to executive directors throughout the period of this authorisation, shall count towards this ceiling.

Duration of authorisation

Thirty-eight months.

Resolution 22 – Delegation to increase share capital for the benefit of employees

Object and purpose

To delegate to the Board of Directors the power to increase share capital for the benefit of employees or corporate officers of Bouygues or related French or foreign companies who are members of a company and/or Group savings scheme, with the cancellation of shareholders' pre-emptive rights for the benefit of those for whom the capital increase is reserved.

Bouygues is convinced that it is important to enable employees who so wish to become company shareholders. Employee savings schemes and reserved capital increases give employees an opportunity to build up their savings and give them a direct stake and role in the orderly running of the Group, which helps to increase their commitment and motivation. For this reason, the company has implemented a dynamic employee share ownership policy.

At 31 December 2015, employees of Group companies were Bouygues' first-largest shareholder, holding 21.44% of the capital and 28.64% of the voting rights through various employee share ownership funds (FCPEs). With close to 60,000 employee shareholders, Bouygues is the CAC 40 company with the highest level of employee share ownership.

Setting the subscription price

In accordance with the Labour Code, the subscription price for the new shares will equal the average of the quoted prices for the share on the Euronext Paris Eurolist market during the twenty trading days preceding the date of the decision setting the opening date for subscriptions, with a maximum discount of 20% (30% if the lock-in period provided for under the plan is ten years or more).

Ceiling

Capital increase: 5% of the share capital.

Duration of delegation

Twenty-six months.

Resolution 23 – Delegation to issue equity warrants ("Breton" warrants) during the period of a public offer for the company's shares

Object and purpose

To delegate to the Board of Directors the power to issue, if it deems fit, equity warrants during a public offer for the company's shares, with the waiver of pre-emptive rights to ordinary shares in the company to which any warrants issued may give entitlement.

Equity warrants enabling shareholders to subscribe on preferential terms to the shares of the company shares may, where applicable, be allotted free of charge to all shareholders who hold shares in the company prior to the expiry of an unsolicited public offer period.

This mechanism is designed to encourage a potential bidder to either withdraw its offer or make an improved offer for the company. Because warrants dilute the capital, a bidder will respond either by seeking to withdraw its offer, or by negotiating with the Board of Directors with a view to reaching a consensus on a fair valuation of the company such that the warrants would lapse. Issuing share warrants during the period of a public offer is a measure designed to prevent, or at the very least hinder, an attempted public offer. In particular, the Board of Directors can use warrants as a bargaining counter to encourage a bidder to improve the terms of its offer, in the interests of the company's shareholders.

The powers thus granted to the Board of Directors are not unlimited, however. During the public offer period, the initiator and target company must ensure that their acts, decisions and statements do not compromise the best interest of the company or the fair treatment and access to information of the shareholders of the companies concerned. In addition, if the board of directors of the target company takes a decision whose implementation frustrates the offer, it must inform the AMF (Article 231-7 of the AMF General Regulation).

This resolution must be decided on the straightforward majority of the votes cast.

Ceilings

Capital increase: €88,000,000 in nominal value or 25% of the share capital.

The number of equity warrants shall not exceed one quarter of the existing number of shares.

Duration of delegation

Eighteen months.

Resolution 24 – Powers to carry out formalities

To permit carrying out all legal or administrative formalities and make all filings and publications.

8.2.3 Tables setting out financial authorisations

8.2.3.1 Financial authorisations in force on the date of the Combined Annual General Meeting of 21 April 2016

The table below summarises financial authorisations in force conferred on the Board of Directors by the Combined Annual General Meeting, in order to buy back shares, increase or reduce the capital, and award stock options or bonus shares.

Only the authorisations to trade in the company's shares, award stock options and increase share capital for the benefit of employees were used during the 2015 financial year.

Purpose	Maximum nominal amount	Expiry/ Duration	Use of powers in 2015
SHARE BUYBACKS AND REDUCTION IN SHARE CAPITAL			
1. Purchase by the company of its own shares (AGM of 23 April 2015, Resolution 12)	5% of the share capital Total outlay capped at €900 million	23 October 2016 (18 months)	1,148,279 shares purchased and 1,143,279 shares sold under the liquidity contract
2. Reduce share capital by cancelling shares (AGM of 23 April 2015, Resolution 13)	10% of the share capital in any 24-month period	23 October 2016 (18 months)	None
SECURITIES ISSUES			
3. Increase share capital with pre-emptive rights for existing shareholders (AGM of 23 April 2015, Resolution 14)	■ Capital increase: €150 million ■ Issue of debt securities: €6 billion	23 June 2017 (26 months)	None
4. Increase share capital by incorporating share premiums, reserves or earnings into capital (AGM of 23 April 2015, Resolution 15)	€4 billion	23 June 2017 (26 months)	None
5. Increase share capital by way of public offering without pre-emptive rights for existing shareholders (AGM of 23 April 2015, Resolution 16)	■ Capital increase: €84 million [a] ■ Issue of debt securities: €4 billion [a]	23 June 2017 (26 months)	None
6. Increase share capital by way of private placement (AGM of 23 April 2015, Resolution 17)	■ Capital increase: 20% of the share capital over 12 months and €84 million [a] ■ Issue of debt securities: €4 billion [a]	23 June 2017 (26 months)	None
7. Set the price for immediate or future issues of equity securities by way of public offering or private placement, without pre-emptive rights for existing shareholders (AGM of 23 April 2015, Resolution 18)	10% of the share capital in any 12-month period	23 June 2017 (26 months)	None
8. Increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders (AGM of 23 April 2015, Resolution 19)	15% of the initial issue	23 June 2017 (26 months)	None
9. Increase share capital as consideration for contributions in kind consisting of a company's equity securities or securities giving access to capital (AGM of 23 April 2015, Resolution 20)	10% of the share capital [a] ■ Issue of debt securities: €1.5 billion [a]	23 June 2017 (26 months)	None
10. Increase share capital as consideration for securities tendered to a public exchange offer (AGM of 23 April 2015, Resolution 21)	■ Capital increase: €84 million [a] ■ Issue of debt securities: €4 billion [a]	23 June 2017 (26 months)	None
11. Issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in Bouygues (AGM of 23 April 2015, Resolution 22)	■ Capital increase: €84 million [a]	23 June 2017 (26 months)	None
12. Issue equity warrants during the period of a public offer (AGM of 23 April 2015, Resolution 25)	■ Capital increase: €84 million and 25% of the share capital ■ The number of warrants is capped at one quarter of the number of existing shares	23 October 2016 (18 months)	None

(a) To be deducted from the overall ceiling referred to in point 3.

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ISSUES CARRIED OUT FOR THE BENEFIT OF EMPLOYEES AND CORPORATE OFFICERS OF THE COMPANY OR RELATED COMPANIES			
13. Capital increase for the benefit of employees or corporate officers who are members of a company savings scheme (AGM of 23 April 2015, Resolution 23)	10% of the share capital	23 June 2017 (26 months)	6,472,603 new shares were issued on 29 December 2015 as part of the Bouygues Confiance 7 share ownership plan
14. Allotment of existing or new bonus shares (AGM of 25 April 2013, Resolution 28)	10% of the share capital	25 June 2016 (38 months)	None
15. Grant of stock subscription and/or purchase options (AGM of 23 April 2015, Resolution 24)	5% of the share capital [b] (executive directors: 0.1% of the share capital)	23 June 2018 (38 months)	2,739,600 stock options granted to 904 beneficiaries on 28 May 2015

(b) To be deducted from the overall ceiling for bonus share issues, or 10% of the share capital.

8.2.3.2 Financial authorisations submitted to the Combined Annual General Meeting of 21 April 2016

The table below summarises the financial authorisations that we ask you to confer on the Board of Directors during the Combined Annual General Meeting of 21 April 2016. These authorisations are detailed above (see sections 8.2.1 and 8.2.2).

Purpose	Maximum nominal amount	Expiry/Duration
SHARE BUYBACKS AND REDUCTION IN SHARE CAPITAL		
1. Purchase by the company of its own shares (Resolution 19)	5% of the share capital, total outlay capped at €900 million	21 October 2017 (18 months)
2. Reduce share capital by cancelling shares (Resolution 20)	10% of the share capital in any 24-month period	21 October 2017 (18 months)
ISSUES CARRIED OUT FOR THE BENEFIT OF EMPLOYEES AND CORPORATE OFFICERS OF THE COMPANY OR RELATED COMPANIES		
3. Allotment of existing or new bonus shares for the benefit of employees or corporate officers [a] (Resolution 21)	5% of the share capital [a] (executive directors: 0.1% of the share capital) [b]	21 June 2019 (38 months)
4. Capital increase for the benefit of employees or corporate officers who are members of a company savings scheme (Resolution 22)	5% of the share capital	21 June 2018 (26 months)
SECURITIES ISSUES		
5. Issue equity warrants during the period of a public offer (Resolution 23)	■ Capital increase: €88 million and 25% of the share capital ■ The number of warrants is capped at one quarter of the number of existing shares	21 October 2017 (18 months)

(a) To be deducted from the overall ceiling for options granted to acquire new or existing shares, or 5% of the share capital.
(b) To be deducted from the special ceiling for options granted to executive directors to acquire new or existing shares, or 0.1% of the share capital.

8.3 Auditors' reports

8.3.1 Auditors' special report on regulated agreements and commitments (Annual General Meeting called to approve the financial statements for the year ended 31 December 2015)

To the shareholders,

In our capacity as auditors of your company, we present below our report on regulated agreements and commitments.

We are required to report to shareholders, based on the information provided, about the main terms and conditions, as well as the reasons justifying the benefit for the company of the agreements and commitments that have been disclosed to us or which were brought to light as a result of our assignment, without commenting on their relevance or substance and without determining whether other such agreements or commitments exist. It is the responsibility of the shareholders to determine whether these agreements and commitments are appropriate and should be approved, in accordance with the terms of Article R. 225-31 of the Commercial Code.

We are also required to report to you the information set forth in Article R. 225-31 of the Commercial Code regarding operations carried out during the year under agreements and commitments approved by Annual General Meetings in previous years.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved ensuring that the information disclosed to us was consistent with the source documents from which it was taken.

Agreements and commitments submitted to the Annual General Meeting that will approve the 2015 financial statements

Agreements and commitments authorised during the year

Pursuant to Article L. 225-40 of the Commercial Code, we have been informed of the following agreements and commitments, which were granted prior approval by the Board of Directors.

A. SHARED SERVICE AGREEMENTS

At its 12 November 2015 meeting, the Board of Directors authorised, for a period of one year starting 1 January 2016, the renewal of shared service agreements notably with Bouygues Construction, Colas, TF1 and Bouygues Telecom, under which Bouygues provides principally management, HR, IT and financial services to its various subgroups.

Reasons justifying the benefit of these agreements for Bouygues

Shared service agreements are standard in groups of companies. Their purpose is to enable subsidiaries to benefit from services and assistance provided by the parent company, and to allocate the corresponding expenses between the various user companies.

Financial conditions associated with these agreements

The principle behind these agreements is based on the rules for sharing and invoicing the expense of shared services, including special services, and the defrayal of a remaining share, within the limit of a percentage of sales of the subsidiary concerned.

The renewal of these agreements had no financial impact on the 2015 financial year. It will impact the 2016 financial year.

Directors concerned:

- **Bouygues Construction**, Olivier Bouygues (director),
- **Colas**, François Bertière, Olivier Bouygues (directors), Hervé Le Bouc (Chairman and CEO, director) and Colette Lewiner (director),
- **TF1**, Martin Bouygues, Olivier Bouygues (directors) and Nonce Paolini (Chairman and CEO, director),
- **Bouygues Telecom**, Olivier Bouygues and Nonce Paolini (directors).

B. SERVICE AGREEMENT BETWEEN BOUYGUES AND SCDM

At its 12 November 2015 meeting, the Board of Directors authorised, for a period of one year starting 1 January 2016, the renewal of the service agreement, which covers the services described below.

SCDM, a company owned by Martin Bouygues and Olivier Bouygues, contributes to initiatives in favour of the Bouygues group on an ongoing basis (research and analysis into strategic developments and the growth of the Bouygues group, multi-year plans, research and analysis into major investments and divestments).

SCDM may also provide Bouygues with specific services other than those provided as part of its permanent duties.

For its part, Bouygues provides SCDM with specific services, primarily management, HR, IT, legal and financial services.

Reasons justifying the benefit of the agreement for Bouygues

This agreement enables Bouygues to benefit from the services of Martin Bouygues and Olivier Bouygues, who are paid exclusively by SCDM, and of the members of the small group that supports them by conducting the research and analysis mentioned above, as well as various specific services for the benefit of the Group.

This agreement also enables Bouygues to be remunerated by SCDM in respect of the various specific services that it carries out on its behalf.

Financial conditions attached to the agreement

Under the terms of this agreement, SCDM invoices Bouygues up to €8 million a year for costs actually incurred in relation to:

- salaries, to an amount corresponding to:
  - the remuneration granted to Martin Bouygues and Olivier Bouygues by the Bouygues Board of Directors, at the proposal of the Remuneration Committee, for their duties as corporate officers. This amount includes a fixed and a variable component, as well as the corresponding social security and tax charges,
  - the remuneration of their team, paid for the assignments carried out for Bouygues, as well as the corresponding social security and tax charges;
- the costs relating to the involvement of third parties or to the purchase of research or commercial services,
- special services, invoiced at arm's length rates.

Similarly, the special services Bouygues provides to SCDM are invoiced at arm's length rates.

The renewal of this agreement had no impact on the 2015 financial year. It will impact the 2016 financial year.

Directors concerned:

- **SCDM**, Martin Bouygues (Chairman) and Olivier Bouygues (CEO).

C. SUPPLEMENTARY RETIREMENT BENEFITS GRANTED TO SENIOR EXECUTIVES

At its 12 November 2015 meeting, the Board of Directors authorised, for a period of one year starting 1 January 2016, the renewal of the defined-benefit supplementary pension scheme for members of the Group Management Committee, which includes the executive directors and salaried directors of Bouygues. The additional retirement provision is equivalent to 0.92% of the reference salary per year of service under the scheme. Entitlement is acquired only after ten years' service with the Group. Benefits may not exceed eight times the annual ceiling under the social security regime (i.e. €308,928 for 2016, which is lower than the ceiling of 45% of the reference income for executive directors as recommended by the Afep-Medef Code). This supplementary scheme has been outsourced to an insurance company.

The vesting of rights in respect of a financial year is now subject to performance conditions. Martin Bouygues and Olivier Bouygues may no longer acquire supplementary pension rights because the rights they have already acquired exceed the ceiling set by the Board of Directors (eight times the annual social security ceiling).

Reasons justifying the benefit of the agreement for Bouygues

The purpose of this agreement is to enable Bouygues to secure the loyalty of the members of the Group Management Committee.

Financial conditions attached to the agreement

Bouygues pays contributions into the scheme set up by the insurance company and invoices notably its subsidiaries Bouygues Construction, Colas, TF1 and Bouygues Telecom for the amounts that correspond to their portion of the premiums paid to the insurance company in respect of the contributions relative to their senior executives.

The renewal of this agreement had no impact on the 2015 financial year. It will impact the 2016 financial year.

Directors concerned:

- **Martin Bouygues** (Chairman and CEO, director) and **Olivier Bouygues** (Deputy CEO and standing representative of SCDM on the Board of Bouygues),
- **Bouygues Construction**, Olivier Bouygues (director),
- **Colas**, François Bertière, Olivier Bouygues (directors), Hervé Le Bouc (Chairman and CEO, director) and Colette Lewiner (director),
- **TF1**, Martin Bouygues, Olivier Bouygues (directors) and Nonce Paolini (Chairman and CEO),
- **Bouygues Telecom**, Olivier Bouygues and Nonce Paolini (directors).

D. SERVICE AGREEMENTS (OPEN INNOVATION)

At its 24 February 2015 meeting, the Board of Directors authorised, for a period ending 31 December 2015, the conclusion of service agreements with Bouygues Construction, Colas, TF1 and Bouygues Telecom.

At its 12 November 2015 meeting, the Board of Directors authorised, for a period of one year starting 1 January 2016, the renewal of the service agreements with Bouygues Construction, Colas, TF1 and Bouygues Telecom.

The purpose of these agreements is to define the terms and conditions whereby Bouygues, either directly or through the intermediary of its wholly-owned subsidiary Bouygues Développement, provides to the aforementioned companies consultancy services and services related to the management of the subsidiaries' shareholdings in innovative companies.

Reasons justifying the benefit of these agreements for Bouygues

These agreements enable Bouygues to determine the execution and remuneration conditions for the services provided to its subsidiaries in the field of open innovation.

Financial conditions associated with these agreements

The consultancy services provided to the business segments are an integral part of the shared services provided by Bouygues to the different business segments. As such, the consultancy services are invoiced directly through the shared service agreements set forth in point A. above. The amount invoiced represents each business segment's share of the residual amount of the shared services expense.

In return for the management services, each business segment pays Bouygues, on a pro rata temporis basis, a flat monthly fee of €750 excl. VAT per shareholding in the innovative company managed.

Directors concerned:

- **Bouygues Construction**, Olivier Bouygues (director),
- **Colas**, François Bertière, Olivier Bouygues (directors), Hervé Le Bouc (Chairman and CEO, director) and Colette Lewiner (director),
- **TF1**, Martin Bouygues, Olivier Bouygues (directors) and Nonce Paolini (Chairman and CEO),
- **Bouygues Telecom**, Olivier Bouygues and Nonce Paolini (directors).

E. AMENDMENT TO THE TRADEMARK LICENCE AGREEMENT BETWEEN BOUYGUES AND BOUYGUES TELECOM

Bouygues Telecom wanted to change its logo. It therefore designed and developed a new logo which was filed with the National Institute of Industrial Property (INPI). At its 24 February 2015 meeting, the Board of Directors authorised the conclusion of an amendment to the trademark licence agreement of 9 December 2009 between Bouygues and Bouygues Telecom with a view to granting to Bouygues Telecom, for its business needs, the right to:

- use the "Bouygues Telecom", "Bouygnet" and "Bouygtel" trademarks in combination with the new logo;
- register complex trademarks combining the aforementioned trademarks belonging to Bouygues and the new logo belonging to Bouygues Telecom.

Reasons justifying the benefit of the agreement for Bouygues

This agreement enables Bouygues to set the technical and financial conditions under which the Bouygues name and trademark are used by Bouygues Telecom.

Financial conditions attached to the agreement

The modification of the rights granted to Bouygues Telecom will have no impact on the amount of the trademark licence royalty, which will remain at €700,000 excl. VAT per year.

Directors concerned:

- **Bouygues Telecom**, Olivier Bouygues and Nonce Paolini (directors).

F. COP21 – PARTICIPATION BY THE BUSINESS SEGMENTS ON STANDS RESERVED BY BOUYGUES

At its 26 August 2015 meeting, the Board of Directors authorised the conclusion of service agreements notably with Bouygues Construction, Colas and Bouygues Telecom.

As part of the COP21 climate change conference held in Paris-Le Bourget in December 2015, Bouygues reserved stands in a shared space to showcase its business segment's solutions for "sustainable and desirable cities" aimed at professionals and decision-makers.

The participation by the business segments on the stands was formalised by the conclusion of a service agreement between Bouygues and each business segment concerned.

Reasons justifying the benefit of these agreements for Bouygues

The purpose of these agreements was to enable Bouygues to showcase and promote the solutions of its business segments in the fight against global warming and to strengthen the Group's image among decision-makers and stakeholders.

Financial conditions associated with these agreements

In respect of their participation in the exhibition and conference organised as part of COP21, the business segments below made the following payments, in a single transaction, to Bouygues:

	Amount excl. VAT
Bouygues Construction	€150,000
Colas	€75,000
Bouygues Telecom	€35,000

Directors concerned:

- **Bouygues Construction**, Olivier Bouygues (director),
- **Bouygues Telecom**, Olivier Bouygues and Nonce Paolini (directors).
- **Colas**, François Bertière and Olivier Bouygues (directors), Hervé Le Bouc (Chairman and CEO, director) and Colette Lewiner (director),

G. AMENDMENT TO THE INTERNAL AUDIT SERVICE AGREEMENT BETWEEN BOUYGUES AND BOUYGUES TELECOM

At its 12 November 2015 meeting, the Board of Directors authorised the conclusion of an initial amendment to the 1 September 2014 internal audit service agreement between Bouygues and Bouygues Telecom, to extend it to 31 December 2016, the other conditions of the contract remain unchanged.

Reasons justifying the benefit of the agreement for Bouygues

This agreement enables Bouygues to determine the execution and remuneration conditions for internal audit services specific to the telecoms business that contribute to the smooth operation of its subsidiary.

Financial conditions attached to the agreement

The remuneration owed to Bouygues is a flat fee amounting to €330,000 excl. VAT for the 2016 financial year.

This amendment had no impact on the 2015 financial year. It will impact the 2016 financial year.

Directors concerned:

- **Bouygues Telecom**, Olivier Bouygues and Nonce Paolini (directors).

Agreements and commitments approved by Annual General Meetings in previous years

Agreements and commitments approved in previous years and under which transactions continued during the year

Pursuant to Article R. 225-30 of the Commercial Code, we were informed that transactions under the following agreements and commitments, which had already been approved by previous Annual General Meetings, continued during the year.

A. SHARED SERVICE AGREEMENTS

The Combined Annual General Meeting of 23 April 2015 approved, for a period of one year starting 1 January 2015, the renewal of shared service agreements between Bouygues and notably Bouygues Construction, Colas, TF1 and Bouygues Telecom, under which Bouygues provides principally management, HR, IT and financial services to its various sub-groups.

Benefit of these agreements for Bouygues

Shared service agreements are standard in groups of companies. Their purpose is to enable subsidiaries to benefit from services and assistance provided by the parent company, and to allocate the corresponding expenses between the various user companies.

Bouygues invoiced the following amounts in respect of these agreements in 2015:

	Amount excl. VAT
Bouygues Construction	€15,165,120
Colas	€15,629,329
TF1	€2,843,221
Bouygues Telecom	€6,143,071

Directors concerned:

- **Bouygues Construction**, Olivier Bouygues (director) and Yves Gabriel (Chairman and CEO, director)[a],
- **Colas**, Hervé Le Bouc (Chairman and CEO, director), François Bertière, Olivier Bouygues and Colette Lewiner (directors),
- **TF1**, Nonce Paolini (Chairman and CEO, director), Martin Bouygues and Olivier Bouygues (directors),
- **Bouygues Telecom**, Olivier Bouygues and Nonce Paolini (directors).

In accordance with the authorisation of the Board of Directors of 13 November 2014.

B. SERVICE AGREEMENT BETWEEN BOUYGUES AND SCDM

The Combined Annual General Meeting of 23 April 2015 approved, for a period of one year starting 1 January 2015, the renewal of the service agreement between Bouygues and SCDM.

Benefit of the agreement for Bouygues

This agreement enables Bouygues to benefit from the services of Martin and Olivier Bouygues, who are paid exclusively by SCDM, and of the members of the small group that supports Martin and Olivier Bouygues by conducting the research and analysis into strategic developments and growth of the Bouygues group, as well as various specific services for the benefit of the Group.

This agreement also enables Bouygues to be remunerated by SCDM in respect of the various specific services that it carries out on its behalf.

SCDM invoiced Bouygues €4,074,116 excl. VAT in respect of this agreement in 2015. This amount mainly corresponds (83% of the total) to the salaries of Martin Bouygues and Olivier Bouygues. The remainder (17% of the total) corresponds to the salaries of the members of their team. Bouygues invoiced SCDM €398,003 excl. VAT in respect of this agreement.

Directors concerned:

- **SCDM**, Martin Bouygues (Chairman) and Olivier Bouygues (CEO).

In accordance with the authorisation of the Board of Directors of 13 November 2014.

C. SUPPLEMENTARY RETIREMENT BENEFITS GRANTED TO SENIOR EXECUTIVES

The Combined Annual General Meeting of 23 April 2015 approved, for the 2015 financial year, the renewal of the defined-benefit supplementary pension scheme for members of the Group Management Committee, which includes the executive directors and salaried directors of Bouygues.

Benefit of the agreement for Bouygues

The purpose of this agreement is to enable Bouygues to secure the loyalty of the members of the Group Management Committee.

Contributions paid by Bouygues into the plan set up by the insurance company totalled €6,000,000 excl. VAT in 2015.

The 24% tax paid to URSSAF amounted to €1,440,000.

Bouygues invoiced the following amounts to the subsidiaries below (including 24% tax):

	Amount excl. VAT
Bouygues Construction	€2,388,386
Colas	€942,683
TF1	€922,519
Bouygues Telecom	€858,703

Directors concerned:

- **Martin Bouygues** (Chairman and CEO) and **Olivier Bouygues** (Deputy CEO),
- **Bouygues Construction**, Olivier Bouygues (director) and Yves Gabriel (Chairman and CEO, director)[a],
- **Colas**, Hervé Le Bouc (Chairman and CEO, director), François Bertière, Olivier Bouygues and Colette Lewiner (directors),
- **TF1**, Nonce Paolini (Chairman and CEO, director), Martin Bouygues and Olivier Bouygues (directors),
- **Bouygues Telecom**, Olivier Bouygues and Nonce Paolini (directors).

In accordance with the authorisation of the Board of Directors of 13 November 2014.

D. INTERNAL AUDIT SERVICE AGREEMENTS BETWEEN BOUYGUES AND BOUYGUES TELECOM

The Combined Annual General Meeting of 23 April 2015 approved the conclusion of an internal audit agreement specific to the telecoms business, the services in question being carried out according to an internal audit plan drawn up annually by the parties involved.

The agreement was signed for the period from 1 September 2014 to 31 December 2015.

Benefit of the agreement for Bouygues

This agreement enables Bouygues to be remunerated for the services carried out, which contribute to the smooth management of its subsidiary.

Bouygues invoiced Bouygues Telecom €330,000 excl. VAT in respect of this agreement in 2015.

Directors concerned:

- **Bouygues Telecom**, Olivier Bouygues and Nonce Paolini (directors).

In accordance with the authorisation of the Board of Directors of 27 August 2014.

(a) Up to 15 March 2015.

E. ACQUISITION BY BOUYGUES OF BTI DÉVELOPPEMENT

The Combined Annual General Meeting of 23 April 2015 approved the acquisition by Bouygues from Bouygues Telecom of 100% of the shares of BTI Développement, a consultancy firm in innovation and shareholding management, now called Bouygues Développement.

Benefit of the agreement for Bouygues

This agreement enables Bouygues to pool the open innovation approach at Group level, as best practices will now be able to be shared between the Group's business segments.

The payment by Bouygues to Bouygues Telecom was €48,000 excl. VAT, corresponding to the amount of the net book value of BTI Développement established prior to the sale.

Directors concerned:

- **Bouygues Telecom**, Olivier Bouygues and Nonce Paolini (directors).

In accordance with the authorisation of the Board of Directors of 20 January 2015.

F. GROUP TAX ELECTION AGREEMENTS

The Combined Annual General Meeting of 26 April 2012 approved the renewal, for a tacitly renewable five-year period from 1 January 2012 to 31 December 2016, of group tax election agreements, notably with Bouygues Construction, Bouygues Bâtiment Ile-de-France, Bouygues Bâtiment International, Bouygues Travaux Publics, Bouygues Energies & Services (former ETDE), Colas, Aximum, Colas Midi Méditerranée, Sacer Atlantique, Spac and Screg Est.

Benefit of these agreements for Bouygues

These agreements enable Bouygues to determine a consolidated taxable profit figure for the Group and to assume sole liability for the resulting corporate income tax.

Directors concerned:

- **Bouygues Construction**, Yves Gabriel (Chairman and CEO, director) [a] and Olivier Bouygues (director),
- **Bouygues Bâtiment Ile-de-France**, Yves Gabriel (standing representative of Bouygues Construction on the board of Bouygues Bâtiment Ile-de-France) [a],
- **Bouygues Bâtiment International**, Yves Gabriel (standing representative of Bouygues Construction on the board of Bouygues Bâtiment International) [a],
- **Bouygues Travaux Publics**, Yves Gabriel (standing representative of Bouygues Construction on the board of Bouygues Travaux Publics) [a],
- **Bouygues Energies & Services**, Yves Gabriel (director) [a],
- **Colas**, Hervé Le Bouc (Chairman and CEO, director), François Bertière, Olivier Bouygues and Colette Lewiner (directors),
- **Aximum**, Hervé Le Bouc (director),
- **Colas Midi Méditerranée**, Hervé Le Bouc (director),
- **Sacer Atlantique**, Hervé Le Bouc (standing representative of Spare, on the board of Sacer Atlantique),
- **Spac**, Hervé Le Bouc (standing representative of IPF on the board of Spac),
- **Screg Est**, Hervé Le Bouc (standing representative of IPF on the board of Screg Est).

In accordance with the authorisation of the Board of Directors of 6 December 2011.

(a) Up to 15 March 2015.

G. TRADEMARK LICENCE AGREEMENTS

Bouygues has entered into trademark licence agreements with certain subsidiaries, which entitle them to use various trademarks, company names and trade names under specific conditions.

Benefit of these agreements for Bouygues

These agreements enable Bouygues to set the technical and financial conditions under which the Bouygues name and trademark are used by the subsidiaries concerned.

(i) The Combined Annual General Meeting of 26 April 2012 approved the conclusion of a single trademark licence agreement between Bouygues and Bouygues Construction in respect of the following trademarks: "Bouygues Construction", "Bouygues Bâtiment", "Bouygues Travaux Publics", "Bouygues TP" and Ellipse. The Combined Annual General Meeting of 25 April 2013 authorised the conclusion of an amendment to the agreement authorising Bouygues Construction to sub-license to its subsidiary Bouygues Energies & Services the right to use the "Bouygues Energies & Services" and "Bouygues E & S" trademarks in France and in a certain number of foreign countries.

This agreement came into force on 1 January 2012 for 15 years, i.e. until 31 December 2026.

Bouygues invoiced Bouygues Construction €500,000 excl. VAT in respect of this agreement in 2015.

Directors concerned:

- **Bouygues Construction**, Yves Gabriel (Chairman and CEO, director) [a] and Olivier Bouygues (director).

In accordance with the authorisations of the Board of Directors of 6 December 2011 and 29 January 2013.

(ii) The Combined Annual General Meeting of 29 April 2010 approved the conclusion of a trademark licence agreement in respect of the following trademarks: "Bouygues Telecom", "Bouygtel" and "Bouygnet". This agreement came into force on 9 December 2009 for 15 years, i.e. until 9 December 2024.

Bouygues invoiced Bouygues Telecom €700,000 excl. VAT in respect of this agreement in 2015.

Directors concerned:

- **Bouygues Telecom**, Olivier Bouygues and Nonce Paolini (directors).

In accordance with the authorisation of the Board of Directors of 1 December 2009.

H. SUB-LEASE AGREEMENT CONCERNING THE CHALLENGER BUILDING

The Combined Annual General Meeting of 22 April 2000 approved the conclusion of a sub-lease agreement with Bouygues Construction for part of the Challenger building in Saint-Quentin-en-Yvelines (France). This agreement will expire on 31 December 2021.

Benefit of the agreement for Bouygues

This agreement enables Bouygues to use offices at Challenger owned by Bouygues Construction.

Bouygues Construction invoiced Bouygues €252,424 excl. VAT in respect of this agreement in 2015.

Directors concerned:

- **Bouygues Construction**, Yves Gabriel (Chairman and CEO, director) [a] and Olivier Bouygues (director).

In accordance with the authorisation of the Board of Directors of 4 November 1999.

I. AIRCRAFT AVAILABILITY AGREEMENT BETWEEN AIRBY AND BOUYGUES

The Combined Annual General Meeting of 26 April 2012 approved the conclusion of an aircraft availability agreement – including pilots and fees relating to flight services – between Bouygues and Airby (owned 85% by Bouygues and 15% by SCDM).

The Combined Annual General Meeting of 24 April 2014 approved the conclusion of an amendment to the aircraft availability agreement.

Airby is to provide its aircraft at an overall cost of €7,000 excl. VAT per flight hour.

The price per flight hour is to be revised annually to reflect market prices.

Should Airby provide an aircraft that has been rented on the market, the rental is invoiced by Airby to Bouygues at cost plus €1,000 excl. VAT, which remunerates the charter service provided to Bouygues.

The agreement is concluded for an indefinite period.

Benefit of the agreement for Bouygues

This agreement enables Bouygues to use aircraft operated by Airby.

Airby invoiced Bouygues €108,983 excl. VAT in respect of this agreement in 2015.

Directors concerned:

- **SCDM**, Martin Bouygues (Chairman) and Olivier Bouygues (CEO).

In accordance with the authorisations of the Board of Directors of 15 November 2011 and 13 November 2013.

Agreements and commitments approved in previous years and under which no transactions took place during the year

We were also informed of the following agreements and commitments approved by Annual General Meetings in previous years but under which no transactions took place in 2015.

A. LIABILITY FOR DEFENCE COSTS

The Combined Annual General Meeting of 28 April 2005 approved the principle of assuming any defence costs incurred by Bouygues senior executives or employees in connection with criminal proceedings resulting in discharge or acquittal, where such proceedings are brought against them for acts committed in performance of their duties or for merely holding office as director, Chairman, Chief Executive Officer, Deputy Chief Executive Officer or any equivalent office in a Group company.

No amounts were paid in respect of this agreement in 2015.

Paris-La Défense, 23 February 2016

The Statutory Auditors

ERNST & YOUNG Audit	**MAZARS**
Laurent Vitse	Guillaume Potel

8.3.2 Auditors' reports to the Extraordinary General Meeting (twentieth to twenty-third resolutions)

To the shareholders,

Auditors' report on the reduction of share capital (twentieth resolution)

In our capacity as auditors of Bouygues, and as required under Article L. 225-209 of the Commercial Code in the event of a capital reduction by cancelling shares repurchased by the issuer, we present below our report on our assessment of the reasons for the proposed capital reduction and the terms and conditions thereof.

The Board of Directors is asking shareholders to grant it full powers, for an eighteen-month period as from the date of this meeting, to cancel, up to a limit of 10% of the share capital over any twenty-four month period, the shares purchased pursuant to an authorisation given to the company to buy back its own shares within the scope of the Article mentioned above.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved assessing whether or not the reasons for and terms and conditions of the proposed capital reduction, which respects the equal rights of all shareholders, are appropriate.

We have no matters to report concerning the reasons for and terms and conditions of the proposed capital reduction.

Auditors' report on the authorisation to allot existing or new bonus shares (twenty-first resolution)

In our capacity as auditors of Bouygues and as required under Article L. 225-197-1 of the Commercial Code, we present below our report on the planned authorisation to allot existing or new bonus shares to certain categories of salaried employees and/or certain corporate officers of the company or of companies or economic interest groupings that are related to it within the meaning of Article L. 225-197-2 of the Commercial Code, which shareholders are asked to approve.

The Board of Directors may allot a total number of shares representing up to 5% of the share capital of the company on the day of the Board of Director's decision, with the stipulation that the number of shares that may be subscribed for or purchased pursuant to options granted under the twenty-fourth resolution of the Combined Annual General Meeting of 23 April 2015 (or any subsequent authorisation) shall count towards this limit.

Based on its report, the Board of Directors is asking shareholders to grant it the authority, for a period of thirty-eight months as from the date of this meeting, to allot existing or new bonus shares.

The Board of Directors is responsible for preparing a report on this transaction, with which it wishes to be able to proceed. As applicable, we are required to report our observations on the information given to you on the proposed transaction.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures mainly involved assessing whether the terms and conditions considered and provided in the Board of Directors' report fall within the scope of the legal provisions.

We have no matters to report concerning the information provided in the Board of Directors' report on the proposed allotment of bonus shares.

Auditors' report on the capital increase reserved for members of a company savings scheme or an inter-company savings scheme (twenty-second resolution)

In our capacity as auditors of Bouygues and as required under Articles L. 225-135 *et seq.* of the Commercial Code, we present below our report on the proposal to grant the Board of Directors the power to increase the share capital by issuing ordinary shares without pre-emptive rights for existing shareholders, for up to 5% of the company's share capital on the day of the Board of Directors' decision, which is reserved for the employees and corporate officers of Bouygues or any related French and foreign companies within the meaning of applicable legislation, who are members of a company or Group savings scheme or any inter-company savings scheme, which shareholders are asked to approve.

This capital increase was submitted for the approval of shareholders in accordance with the requirements of Article L. 225-129-6 of the Commercial Code and Articles L. 3332-18 *et seq.* of the Labour Code.

Based on its report, the Board of Directors is asking shareholders to grant it the power, with the option of sub-delegation, for a period of twenty-six months as from the date of this meeting, to resolve to carry out a capital increase and to cancel the shareholders' pre-emptive rights to the ordinary shares to be issued. Where applicable, the Board will be responsible for setting the final terms and conditions of the issue.

The Board of Directors is responsible for drawing up a supplementary report in accordance with Articles R. 225-113 and R. 225-114 of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements on the proposal to cancel pre-emptive rights for existing shareholders and on other specific information regarding the issue contained in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved verifying the information provided in the Board of Director's report on this transaction and on the terms and conditions for calculating the issue price of the shares.

Pending a subsequent analysis of the conditions of any such share capital increase, we have no matters to report concerning the terms and conditions for calculating the issue price of the shares to be issued set out in the Board of Director's report.

As the final terms and conditions under which the share capital increase may be carried out have not yet been set, we do not express an opinion on these terms and conditions and consequently, on the proposal made to shareholders to waive their pre-emptive rights.

In accordance with Article R. 225-116 of the Commercial Code, we will draw up a supplementary report, where applicable, if this authorisation is used by the Board of Directors.

Auditors' report on the issue of equity warrants free of charge during the period of a public offer for the company's shares (twenty-third resolution)

In our capacity as auditors of Bouygues and as required under Article L. 228-92 of the Commercial Code, we present below our report on the proposed issue of equity warrants free of charge in the event of a public offer for the company's shares, which shareholders are asked to approve.

Based on its report, the Board of Directors is asking shareholders to grant it the power, for a period of eighteen months as from the date of this meeting, and pursuant to Article L. 233-32 II of the Commercial Code, to:

- resolve to issue equity warrants giving the holders preferential subscription rights to one or more shares in the company pursuant to Article L. 233-32 II of the Commercial Code, and to allot such warrants free of charge to all eligible shareholders prior to the expiry of the offer period;
- set the terms and conditions of exercise and any other characteristics of the equity warrants.

The maximum nominal amount of shares that may be issued upon exercise of the warrants may not exceed €88,000,000, and the maximum number of warrants issued may not exceed one quarter of the number of shares that make up the share capital on the warrant issue date.

The Board of Directors is responsible for preparing a report in accordance with Articles R. 225-113 *et seq*. of the Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements and other specific information concerning the issue provided in this report.

We performed the procedures we considered necessary in accordance with the professional standards issued by the French statutory auditors' board, the CNCC. Those procedures involved assessing the information provided in the Board of Directors' report on this transaction.

We have no matters to report concerning the information provided in the Board of Directors' report on the proposed issue of equity warrants in the event of a public offer for the company's shares.

In accordance with Article R. 225-116 of the Commercial Code, we will draw up a supplementary report, where applicable, if this authorisation is used by the Board of Directors.

Paris-La Défense, 25 February 2016

The Statutory Auditors

ERNST & YOUNG Audit	**MAZARS**
Laurent Vitse	Guillaume Potel

8.4 Draft resolutions

8.4.1 Ordinary General Meeting

First resolution

(Approval of the parent company financial statements and transactions for the year ended 31 December 2015)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, having acquainted itself with the Board of Directors' reports and the auditors' reports, hereby approves the parent company financial statements for the year ended 31 December 2015, showing a net profit of €845,368,302.76, as well as the transactions recorded in these financial statements and disclosed in these reports.

Second resolution

(Approval of the consolidated financial statements and transactions for the year ended 31 December 2015)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, having acquainted itself with the Board of Directors' reports and the auditors' reports, hereby approves the consolidated financial statements for the year ended 31 December 2015, showing a net profit attributable to the Group of €403 million, as well as the transactions recorded in these financial statements and disclosed in these reports.

Third resolution

(Appropriation of 2015 earnings, setting of dividend)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, notes that as net profit amounts to €845,368,302.76 and retained earnings to €1,493,960,199.65, distributable earnings total €2,339,328,502.41.

On the Board of Directors' recommendation, the Annual General Meeting hereby resolves to:

- distribute a dividend of €1.60 per share, making a total of €552,216,505.60;
- carry over the remainder in the amount of €1,787,111,996.81 to retained earnings.

Accordingly, the dividend for the year ended 31 December 2015 is hereby set at €1.60 per share carrying dividend rights.

The ex-date for the Euronext Paris market will be 26 April 2016. The dividend will be paid in cash on 28 April 2016 and the record date (i.e. the cut-off date for positions qualifying for payment) will be the evening of 27 April 2016.

The entire dividend payout will be eligible for the 40% tax relief mentioned in paragraph 2 of Article 158-3 of the General Tax Code.

If the company holds some of its own shares at the dividend payment date, the dividends not paid on these shares shall be allocated to retained earnings.

In accordance with law, the Annual General Meeting notes that the following dividends were paid for financial years 2012, 2013 and 2014:

	2012	2013	2014
Number of shares	319,157,468	319,264,996	336,086,458
Dividend per share	€1.60	€1.60	€1.60
Total dividend [a & b]	€510,523,948.80	€510,823,993.60	€537,731,932.80

(a) The amounts shown represent dividends actually paid, taking account of the fact that shares held by the company itself do not qualify for dividends.
(b) Amounts eligible for 40% tax relief in accordance with paragraph 2 of Article 158-3 of the General Tax Code.

Fourth resolution

(Approval of regulated agreements and commitments specified in Articles L. 225-38 *et seq.* of the Commercial Code)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, having acquainted itself with the auditors' special report on regulated agreements and commitments, and in accordance with the provisions of Articles L. 225-38 *et seq.* of the Commercial Code, hereby approves the regulated agreements and commitments, other than those specified in the fifth resolution, set out in this report and yet to be approved by the Annual General Meeting.

Fifth resolution

(Approval of a regulated agreement specified in Article L. 225-42-1 of the Commercial Code for the benefit of Olivier Bouygues)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, having acquainted itself with the auditors' special report on regulated commitments specified in Article L. 225-42-1 of the Commercial Code, and in accordance with Article 229-II of law No. 2015-990 (Macron Law) of 6 August 2015, approves the commitment relative to the defined-benefit pension scheme to which Olivier Bouygues is entitled, with effect from 12 November 2015, the date of the renewal of his appointment as Deputy Chief Executive Officer, and which constitutes the continuation of the commitments previously approved by the Annual General Meeting.

Sixth resolution

(Favourable opinion on the remuneration components owed or awarded to Martin Bouygues in respect of the year ended 31 December 2015)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings and having acquainted itself with the remuneration components owed or awarded in respect of the year ended 31 December 2015 to Martin Bouygues, Chairman and Chief Executive Officer, which are set out in the report on the resolutions, expresses a favourable opinion on these remuneration components.

Seventh resolution

(Favourable opinion on the remuneration components owed or awarded to Olivier Bouygues in respect of the year ended 31 December 2015)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings and having acquainted itself with the remuneration components owed or awarded in respect of the year ended 31 December 2015 to Olivier Bouygues, Deputy Chief Executive Officer, which are set out in the report on the resolutions, expresses a favourable opinion on these remuneration components.

Eighth resolution

(Renewal of the term of office of Patrick Kron as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Patrick Kron as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2018.

Ninth resolution

(Renewal of the term of office of Colette Lewiner as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Colette Lewiner as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2018.

Tenth resolution

(Renewal of the term of office of Rose-Marie Van Lerberghe as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Rose-Marie Van Lerberghe as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2018.

Eleventh resolution

(Renewal of the term of office of SCDM as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of SCDM as a director for three years. This term shall expire after the Annual General Meeting called to approve the financial statements for 2018.

Twelfth resolution

(Renewal of the term of office of Sandra Nombret as a director representing employee shareholders)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Sandra Nombret as a director representing employee shareholders for three years. This term will expire after the Annual General Meeting called to approve the financial statements for 2018.

Thirteenth resolution

(Renewal of the term of office of Michèle Vilain as a director representing employee shareholders)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Michèle Vilain as a director representing employee shareholders for three years. This term will expire after the Annual General Meeting called to approve the financial statements for 2018.

Fourteenth resolution

(Appointment of Olivier Bouygues as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, appoints Olivier Bouygues as a director for three years. He will replace Jean-Paul Chifflet, whose term expires at the end of this Annual General Meeting. This term will expire after the Annual General Meeting called to approve the financial statements for 2018.

Fifteenth resolution

(Appointment of SCDM Participations as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, appoints SCDM Participations as a director for three years. SCDM Participations will replace François-Henri Pinault, whose term expires at the end of this Annual General Meeting. This term will expire after the Annual General Meeting called to approve the financial statements for 2018.

Sixteenth resolution

(Appointment of Clara Gaymard as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, appoints Clara Gaymard as a director for three years. She will replace Jean Peyrelevade, whose term expires at the end of this Annual General Meeting. This term will expire after the Annual General Meeting called to approve the financial statements for 2018.

Seventeenth resolution

(Renewal of the appointment of Mazars as principal auditor)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the appointment of Mazars as principal auditor for a period of six years. This appointment shall expire after the Annual General Meeting called in 2022 to approve the financial statements for 2021.

Eighteenth resolution

(Renewal of the appointment of Philippe Castagnac as alternate auditor)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the appointment of Philippe Castagnac as alternate auditor for a period of six years. This appointment shall expire after the Annual General Meeting called in 2022 to approve the financial statements for 2021.

Nineteenth resolution

(Authorisation to the Board of Directors with a view to permitting the company to trade in its own shares)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, having acquainted itself with the Board of Directors' report including its description of the share buy-back programme, and in accordance with the provisions of Articles L. 225-209 *et seq.* of the Commercial Code:

1. authorises the Board of Directors to buy back, under the conditions set out below, shares representing up to 5% of the company's share capital at the date on which the authorisation is used, in compliance with the prevailing legal and regulatory conditions at that date, particularly the conditions laid down by Articles L. 225-209 *et seq.* of the Commercial Code, by Commission Regulation (EC) No. 2273/2003 of 22 December 2003, and by the AMF (Autorité des Marchés Financiers) General Regulation;
2. resolves that the purpose of this authorisation is to enable the company to:
   - cancel shares under the conditions provided for by law, subject to authorisation by the Extraordinary General Meeting,
   - ensure the liquidity of and organise trading in the company's shares, through an investment services provider acting under the terms of a liquidity agreement that complies with a code of conduct recognised by the AMF,
   - retain shares and, where applicable, use them subsequently as a medium of payment or exchange in an acquisition, merger, spin-off or asset contribution, in accordance with the market practices recognised by the AMF and with applicable regulations,
   - retain shares and, where applicable, deliver them subsequently upon exercise of rights attached to securities that grant the right to the allotment of company shares via redemption, conversion, exchange, presentation of a warrant or otherwise,
   - grant or sell shares to employees or corporate officers of the company or related companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option plans, company savings schemes and inter-company savings schemes or through an allotment of bonus shares,
   - implement any market practice accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations;
3. resolves that the acquisition, sale, transfer or exchange of these shares may be carried out, on one or more occasions, in compliance with rules issued by the market authorities, on all markets or off-market, including on Multilateral Trading Facilities (MTFs) or via a systematic internaliser, or over-the-counter, in any manner, notably

through the acquisition or sale of blocks of shares, using derivative financial instruments and at any time, including during a period of a public offer for the company's shares. All or part of the programme may be carried out through block trades. Shares acquired may be sold under the conditions laid down by the AMF in its Position of 19 November 2009 regarding the introduction of a new regime governing the buy-back of a company's own shares;

4. resolves that the maximum purchase price be set at €50 (fifty euros) per share, subject to any adjustments in connection with share capital transactions. If share capital is increased by incorporating premiums, earnings, reserves or bonus shares into capital, or in the event of a stock split or reverse stock split, the price indicated above shall be adjusted by a multiplication factor equal to the ratio of the number of shares making up the share capital before the transaction to the number of shares after the transaction;
5. sets at €900,000,000 (nine hundred million euros) the maximum amount of funds that can be used for the share buy-back programme;
6. notes that, in accordance with law, the total shares held at any given date may not exceed 10% of the share capital in issue at that date;
7. gives full powers to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to implement this authorisation, place all stock market orders, conclude all agreements, in particular with a view to the registration of purchases and sales of shares, completing all steps, declarations and formalities with the AMF and any other body, and in general taking all necessary measures to execute the decisions taken within the scope of this authorisation;
8. resolves that the Board of Directors shall inform the Annual General Meeting of the transactions carried out, in accordance with applicable regulations;
9. grants this authorisation for eighteen months from the date of this meeting, and notes that it cancels and supersedes the unused portion of any previous authorisation given for the same purpose.

8.4.2 Extraordinary General Meeting

Twentieth resolution

(Authorisation to the Board of Directors to reduce share capital by cancelling treasury shares held by the company)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Article L. 225-209 of the Commercial Code:

1. authorises the Board of Directors to cancel, at its own initiative, on one or more occasions, some or all of the shares that the company holds or may hold as a result of utilising the various share buy-back authorisations given by the Annual General Meeting to the Board of Directors, up to a limit of 10% in any twenty-four month period of the total number of shares making up the company's share capital at the date of the transaction;
2. authorises the Board of Directors to charge the difference between the purchase value of the cancelled shares and their par value to all available premium and reserve funds;
3. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to carry out the capital reduction(s) resulting from cancellations of shares authorised by this resolution, to have the relevant entries made in the financial statements, to amend the articles of association accordingly, and generally to attend to all necessary formalities;
4. grants this authorisation for eighteen months from the date of this meeting, and notes that it cancels and supersedes the unused portion of any previous authorisation given for the same purpose.

Twenty-first resolution

(Authorisation to the Board of Directors to allot existing or new bonus shares, entailing the waiver by shareholders of their pre-emptive rights to subscribe to shares under this authorisation, for the benefit of employees or corporate officers of the company or related companies)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions of Article L. 225-197-1 *et seq.* of the Commercial Code:

1. authorises the Board of Directors to allot, on one or more occasions, existing or new bonus shares in the company to the beneficiaries indicated below;
2. resolves that the beneficiaries of these bonus shares, who the Board of Directors shall designate, may include all or certain categories of the salaried employees and/or all or certain corporate officers of Bouygues or of companies and economic interest groupings that are related to it within the meaning of Article L. 225-197-2 of the Commercial Code;
3. resolves that under this authorisation, the Board of Directors may allot a total number of shares representing up to 5% of the existing share capital of the company on the day of the Board of Directors' decision, with the stipulation that, where applicable, throughout the period of this authorisation, the shares that may be subscribed for or acquired pursuant to options granted under the twenty-fourth resolution of the Combined Annual General Meeting of 23 April 2015 or any subsequent authorisation, shall count towards this ceiling;
4. resolves in particular that the total number of bonus shares allotted to executive directors of the company under this authorisation shall

not represent more than 0.1% of the share capital of the company on the day of the Board of Directors' decision, with the stipulation that, where applicable, during the period of this authorisation, the shares subscribed for or acquired by executive directors pursuant to options granted under the twenty-fourth resolution of the Combined Annual General Meeting of 23 April 2015 or any subsequent authorisation, shall count towards this ceiling;

5. resolves that the allotment of shares to their beneficiaries shall only become definitive at the end of a vesting period, which shall be defined by the Board of Directors but may not be less than one year;
6. resolves that the Board of Directors may also set a minimum holding period for beneficiaries starting from the date on which the shares are definitively awarded;
7. stipulates that, in accordance with law, the total length of the vesting and, where applicable, holding periods may not be less than two years;
8. resolves that bonus shares shall be allotted immediately, prior to the end of the vesting period, in the event of a category two or three disability suffered by the beneficiary as defined in Article L. 341-4 of the Social Security Code. In this case, the lock-in period shall also end immediately;
9. authorises the Board of Directors to use the existing or future authorisations granted by the Annual General Meeting, in accordance with the provisions of Articles L. 225-208 and L. 225-209 of the Commercial Code;
10. notes that this authorisation entails as of right, for the benefit of the holders of ordinary shares that may be issued, the waiver by shareholders of their pre-emptive rights to subscribe for the ordinary shares issued as and when the shares are definitively allotted, and to all rights to bonus ordinary shares allotted under this authorisation;
11. resolves that the Board of Directors shall have full powers to implement this authorisation in accordance with legal and regulatory requirements, and, in particular, to:
    - determine the conditions and, where applicable, the allotment criteria for new or existing shares and to draw up the list or the categories of beneficiaries,
    - determine the length of service that beneficiaries must fulfil,
    - provide for the option of temporarily suspending allotment rights,
    - set all the other terms and conditions under which the shares will be allotted,
    - accomplish or arrange for the accomplishment of all steps and formalities in order to buy back shares and/or make the capital increase(s) definitive that may be carried out pursuant to this authorisation, to amend the articles of association accordingly and, in general, to take all necessary steps, with the option of sub-delegation under the conditions provided for by law;
12. grants this authorisation for a period of thirty-eight months as from the date of this meeting;
13. notes that it cancels, as from this day, the unused portion of any previous authorisation given for the same purpose.

Twenty-second resolution

(Delegation of powers to the Board of Directors to increase share capital, without pre-emptive rights for existing shareholders, for the benefit of employees or corporate officers of the company or related companies who are members of a company savings scheme)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with the provisions, first, of the Commercial Code and in particular Articles L. 225-129-6 (paragraph 1) and L. 225-138-1, and second, Articles L. 3332-1 *et seq*. of the Labour Code:

1. delegates to the Board of Directors the power to carry out one or more capital increases, at its own initiative, in such amounts and at such times as it deems fit, on condition that they do not exceed 5% of the company's share capital on the day of the Board of Directors' decision. The capital increases may be carried out by issuing new shares for payment in cash and, where applicable, by incorporating reserves, earnings or premiums into the capital and by allotting bonus shares or other securities giving access to capital, subject to applicable law. The meeting also resolves that the ceiling applicable to this delegation is independent and separate and that the amount of the capital increases made under this delegation shall not count towards the other ceilings set by this meeting;
2. reserves subscriptions for all the shares to be issued for employees and corporate officers of Bouygues and employees and corporate officers of all related French and foreign companies within the meaning of applicable legislation, who are members of a company or Group savings scheme or any inter-company savings scheme;
3. resolves that the subscription price for the new shares, set by the Board of Directors or its delegate in accordance with the provisions of Article L. 3332-19 of the Labour Code at the time of each issue, may not be more than 20% below, or 30% below in the cases provided by law, the average of the initial quoted prices for the share on the Euronext Paris market during the twenty trading days preceding the date of the decision setting the opening date for subscriptions;
4. notes that this resolution entails the cancellation of the shareholders' pre-emptive rights for the benefit of the employees and corporate officers for whom the capital increase is reserved and the waiver of any right to the shares or other securities giving access to capital allotted free of charge under this resolution;
5. delegates full powers to the Board of Directors to:
    - set the date and terms and conditions of the issues to be made pursuant to this resolution; in particular, to decide whether the shares shall be subscribed directly or through a mutual fund or through another entity in accordance with applicable law; to decide and fix the terms for allotting bonus shares or other securities giving access to capital, pursuant to the authorisation given above. The Board is also empowered to set the issue price of the new shares to be issued in compliance with the above rules, to set opening and closing dates for subscriptions and the dates of first entitlement to dividends, to set the payment period, subject to a maximum period of three years, and to set, where appropriate, the maximum number of shares that can be subscribed per employee and per issue,
    - record the capital increases that have taken place for an amount equal to the amount of shares that will actually be subscribed for,

- carry out all operations and formalities, either itself or through an agent,
- amend the articles of association to reflect the capital increases,
- charge the expenses of the capital increases against the premium applicable to each increase and take from such amount the sums required to bring the legal reserve fund to one-tenth of the new capital following each increase,
- generally take all necessary measures.

The Board of Directors may, within the limits provided by law and any that it shall set beforehand, delegate to the Chief Executive Officer or, with his agreement, to one or more Deputy Chief Executive Officers, the powers granted to it under this resolution;

6. grants this delegation for a period of twenty-six months as from the date of this meeting, and notes that it cancels the unused portion of any previous delegation given for the same purpose.

Twenty-third resolution

(Delegation of powers to the Board of Directors to issue equity warrants during the period of a public offer for the company's shares)

The Annual General Meeting, in extraordinary session but having satisfied the quorum and majority requirements for ordinary general meetings, in accordance with Articles L. 233-32 II and L. 233-33 of the Commercial Code, and having acquainted itself with the Board of Directors' report and the auditors' special report:

1. delegates to the Board of Directors the power, in compliance with applicable law and regulations, to issue warrants on one or more occasions, during the period of a public offer for the company's shares, giving rights to subscribe on preferential terms for one or more shares in the company, and to allot such warrants free of charge to all shareholders who hold shares in the company prior to expiry of the offer period. These warrants will lapse automatically as soon as the offer or any other competing offer has failed, lapsed or been withdrawn;
2. resolves that any capital increase that may result from the exercise of such equity warrants shall not exceed one quarter of the number of shares that make up the share capital at the time the warrants are issued, or the maximum nominal amount of €88,000,000 (eighty-eight million euros), and that the maximum number of equity warrants that may be issued shall not exceed one quarter of the number of shares that make up the capital at the time the warrants are issued;
3. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to determine the conditions of exercise of the equity warrants, which must relate to the terms of the offer or any other competing offer, and the other characteristics of the warrants, such as the exercise price or the terms for determining the exercise price, and more generally the characteristics and terms of any issue decided under this delegation;
4. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to ordinary shares in the company to which any warrants issued pursuant to this delegation may give entitlement;
5. grants this delegation for a period of eighteen months as from the date of this meeting, and notes that it cancels and supersedes the unused portion of any previous delegation given for the same purpose.

Twenty-fourth resolution

(Powers to carry out formalities)

The Annual General Meeting, having satisfied the quorum and majority requirements for extraordinary general meetings, gives full powers to the holder of an original, a copy of or an excerpt from the minutes of this Annual General Meeting to carry out all necessary filings, publications and formalities.

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Historical financial information for 2013 and 2014

Pursuant to Article 28 of Commission Regulation EC No. 809-2004 of 29 April 2004, the following information is included by reference in this Registration Document:

- interim financial information and the consolidated financial statements for the year ended 31 December 2013 and the auditors' reports relating thereto, presented respectively on pages 17 to 22 and 208 to 273 of the 2013 Registration Document filed with the Autorité des Marchés Financiers on 19 March 2014 under No. D. 14-0166;
- interim financial information and the consolidated financial statements for the year ended 31 December 2014 and the auditors' reports relating thereto, presented respectively on pages 17 to 22, 220 to 283 and 284 to 285 of the 2014 Registration Document filed with the Autorité des Marchés Financiers on 18 March 2015 under No. D. 15-0164.

These documents are available in the Finance/Shareholders section of the Bouygues website at www.bouygues.com.

Full-year Financial Report

The 2015 Full-year Financial Report, prepared pursuant to Article L. 451-1-2-I of the Monetary and Financial Code and Article 222-3 of the AMF General Regulation, comprises the following sections of the Registration Document:

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Board of Directors' management report

The management report for 2015 prepared pursuant to Article L. 225-100 of the Commercial Code is included in this Registration Document. It was approved by the Board of Directors at its meeting on 23 February 2016. It contains the following information (unless otherwise stated, the numbers in brackets refer to the relevant articles of the Commercial Code):

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Review of the business, results and financial position of the company, its affiliates and companies under its control during the year (L. 225-100, L. 225-100-2, L. 232-1-II, L. 233-6, L. 233-26, R. 225-102)	6-7, 11-14, 17-25, 27-74, 154-159, 217
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Human resources, environmental and social information

The human resources, environmental and social information contained in the management report pursuant to Articles L. 225-102-1 and R. 225-105-1 of the Commercial Code are included in chapter 3 of this Registration Document on the following pages:

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The Report by the Chairman on corporate governance, internal control and risk management, prepared pursuant to Article L. 225-37 of the Commercial Code, can be found on pages 168-192 of this Registration Document.

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Statement by the person responsible for the Registration Document

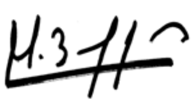
I hereby declare that, to the best of my knowledge, the information in this Registration Document is correct and that all reasonable measures have been taken to that end. There are no omissions likely to alter the scope of this information.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial positions and results of the company and all the undertakings included in the consolidation taken as a whole; and that the management report on pages 5 to 130, 135 to 167, 194 to 228 and 311 to 326 includes a fair review of the development and performance of the business, the results and the financial position of the company and all the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

I have received a completion letter from the statutory auditors stating that they have verified the information concerning the financial situation and the financial statements set forth in this Registration Document, which they have read in full.

The consolidated financial statements for the years ended 31 December 2013, 31 December 2014 and 31 December 2015, included by reference or provided in this Registration Document, have been subject to a report by the statutory auditors which is included by reference on page 343 or provided on pages 290 to 291 of this Registration Document and does not contain observations.

Paris, 15 March 2016



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Chairman and CEO

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- You can access and download the 2015 Registration Document and *2015 At a Glance* on the www.bouygues.com website. For direct access to the website, scan the QR code with your smartphone or tablet.
- The interactive Registration Document has a powerful search engine and useful internet links. It can be accessed on tablets and smartphones. It will be available in April 2016.

On tablets

- *2015 At a Glance* * is available on tablets (key videos and photos, and a guide of the Group's main sites around the world). Updated yearly.

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