2014 REGISTRATION DOCUMENT

BUSINESS ACTIVITIES AND CSR
FULL-YEAR FINANCIAL REVIEW

BOUYGUES CONSTRUCTION
BOUYGUES IMMOBILIER
COLAS
TF1
BOUYGUES TELECOM

BOUYGUES

Building the future is our greatest adventure

CONTENTS

2014 REGISTRATION DOCUMENT

BUSINESS ACTIVITIES AND CSR – FULL-YEAR FINANCIAL REVIEW

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

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

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Interview
with the Chairman and CEO
Martin Bouygues

THE BOUYGUES GROUP WAS IN THE THICK OF THINGS IN 2014. WHAT WERE THE HIGHLIGHTS?

2014 was a particularly eventful year. Our construction businesses had a good year in commercial terms in 2014, with the conclusion of some great contracts. In telecoms, we wanted to acquire SFR, which would have made Bouygues Telecom the leading French mobile communications operator and a telecoms group of similar size to the leader. Unfortunately we were not able to wrap up the project since SFR's owner, Vivendi, decided for its own reasons to pursue a different option. At TF1, the fight to turn LCI into a freeview channel was and still is an important issue. Although we were not able to convince the CSA (the French Broadcasting Authority), we managed to get distributors to extend current contracts for at least a year so that we can take the time to look at the most appropriate solutions for the channel and those who work for it.

During this period of media turbulence, we have forcefully asserted our point of view on all these matters for which we have proposed innovative solutions.

WHAT CONCLUSIONS DO YOU DRAW ABOUT 2014?

Full-year results were in line with expectations. Sales were stable and international activities continued to show strong momentum, offsetting a decline in sales in France.

Looking beyond operating performances which reflect a challenging economic and competitive environment in France, the Bouygues group demonstrated its responsiveness and grew stronger. The construction businesses showed strong momentum in international activities, their competitiveness thanks to differentiated know-how and a great capability to adapt. Bouygues Telecom continued its transformation in accordance with its road map and saw the first signs of the success of its strategy. The Group also strengthened its financial structure, sharply reducing net debt.

We have won plaudits for our corporate social responsibility (CSR) initiatives, both in sustainable construction and in the broader social sphere, since Bouygues was added to three prestigious international socially responsible investment (SRI) indices in 2014: MSCI Global Sustainability, STOXX Global ESG Leaders and Euronext Vigeo Eurozone 120. It is a source of great satisfaction for us.

"The Bouygues group has demonstrated its responsiveness and grown stronger"

BOUYGUES CONSTRUCTION AND COLAS GENERATED MORE THAN HALF THEIR SALES ON INTERNATIONAL MARKETS IN 2014. IS THIS A LONG-TERM TREND FOR THE GROUP'S FUTURE DEVELOPMENT?

International expansion is a long-term trend that we initiated several years ago, which offsets the effects of the current crisis in France. But that does not mean we set specific targets for growth by region. The most important thing is that our growth should be rational and reasonable in order to secure our margins.

WHAT DOES THE FUTURE HOLD FOR BOUYGUES TELECOM?

Bouygues Telecom continued to implement its transformation plan in 2014. A new positioning based on the quality of the customer experience was announced in November, at the same time as the launch of a simplified range of plans to which all customers will be gradually migrated during the first half of 2015. These changes are being implemented alongside a far-reaching reorganisation and a voluntary redundancy plan which was completed in late January 2015.

So 2015 will be a year of transition before an improvement in financial performance from 2016. Bouygues Telecom has many strengths, including a mobile network acknowledged to be of high quality[a] and an excellent portfolio of frequencies offering the highest speeds on the market. Thanks to the very powerful rollout of 4G and the commercial offerings that go with it we are going back on the attack, which will help us to grow our customer base and ultimately our sales. In fixed broadband, our package priced at €19.99 has been a great success. We are the price makers in the segment and have shaken up an ossified market. The arrival of the Bbox Miami TV box marks a new stage in that breakthrough by bringing the entire Google universe to the television. It is a real first. All these actions taken on the initiative of Bouygues Telecom give me confidence in the future.

GENERAL ELECTRIC IS GOING TO TAKE OVER MOST OF ALSTOM'S ENERGY ACTIVITIES. WHAT ARE YOUR THOUGHTS ON THIS TRANSACTION?

Faced with a very depressed European market and a slowdown in emerging countries, Alstom's Energy activities found themselves up against a growing and crucial problem of critical mass. In order to secure its future and prepare for future challenges, it was becoming necessary to find a solution with the backing of a more powerful global player so that Alstom could continue to be competitive on its markets. Bouygues therefore supported the decision of Alstom's board of directors, which wished to accept GE's offer.

On completion of the transaction Alstom will be a world leader in the transport sector with cutting-edge technologies like the TGV high-speed train. It will be operating on a growing market with a strong international presence and a more robust balance sheet. The acquisition of General Electric's signalling business will further reinforce that specialisation. These are all good reasons for having confidence in the future of a company with great potential. I am convinced that once the deal is completed, Alstom will offer good prospects for growth and medium-term upside potential for Bouygues.

HOW DO YOU SEE THE SITUATION AT TF1?

The audience share of the TF1 group's four freeview channels remained virtually stable in 2014, a fine achievement in the current competitive environment. In a sluggish advertising market, TF1 is continuing to transform its business model, with a positive effect on operating profitability.

WHAT IN YOUR OPINION IS THE OUTLOOK FOR THE GROUP?

In the construction businesses, our commercial performance in 2015 is likely to reflect contrasting situations. Conditions are tough in France, where public-sector orders have slowed, especially in roadbuilding, and there are fewer major projects, but momentum remains good on international markets. In this context, financial results are likely to remain solid in 2015, with the current operating margin at the level of 2014 despite a decline in sales.

> "Full-year results were in line with expectations"

In the media activity, although visibility remains low, there could be a stabilisation of net sales in the television advertising market in 2015. TF1 intends to maintain its leading position in freeview television in 2015 and will continue to adapt its business model to changes in its markets. TF1 will offer new digital services, support changes in its customers' consumption habits and strengthen its content activities. There should be an improvement in the current operating margin in 2015, stripping out the impact of the deconsolidation of Eurosport International in 2014.

At Bouygues Telecom, EBITDA should remain stable in 2015, with capital expenditure rising slightly as the company implements the agreement to share part of the mobile network with the Numericable-SFR group and expands its fixed network. Free cash flow will turn positive again in 2016 as the full effects of the transformation plan entirely rolled out in 2015 work through, and as a result of savings of €300 million versus end-2013.

I am confident in the ability of each of the Group's business segments to reinvent itself in order to seize the opportunities on its markets and return to growth in 2016.

(a) According to a survey published on 23 June 2014 by the French telecoms regulator Arcep, Bouygues Telecom has the second best 2G/3G mobile network in France after that of Orange, the incumbent operator.

1

1. THE GROUP

1.1 Profile

1.1.1 A diversified industrial group

With operations in over one hundred countries and a strong and distinctive corporate culture, the Bouygues group has firm foundations on which to pursue growth.

With 127,000 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 (power generation, power transmission, and rail transport).

1.1.1.1 Strategy

Bouygues is a diversified industrial group. Operating on markets with potential for sustainable growth (construction, media and telecoms), the Group supports its customers over the long term.

Bouygues draws on the skills and expertise of the people in each of the Group's businesses to add value to offerings, by providing increasingly innovative services to its customers while remaining competitive.

In its construction businesses, this strategy has made the Group a leader in sustainable construction and generated strong growth on international markets. Bouygues Construction and Colas generated 49% of their sales outside France in 2014.

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.

- SCDM owned 20.9% of the capital and held 27.3% of the voting rights at 31 December 2014.
- Over 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 23.3% of the capital and held 30.6% of the voting rights at 31 December 2014.

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

A strong and distinctive corporate culture

Project management expertise and a management approach based on empowerment have been a feature of the Group's corporate culture since its creation in 1952, founded on the values of respect, trust and fairness shared by its five business segments.

A focus on markets sustained by robust demand

In construction, very substantial infrastructure and housing needs exist in both developed and emerging countries, and there is increasing demand for sustainable construction, especially low-energy and positive-energy buildings and eco-neighbourhoods. Bouygues has developed innovative know-how on these markets that give it an acknowledged competitive edge.

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 has a sound financial profile. Keeping capital expenditure under control while generating cash flows on a regular basis, the Group 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 5.5% in 2014.

>> 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 2014

127,470
EMPLOYEES
in almost **100 countries**

3
SECTORS OF ACTIVITY

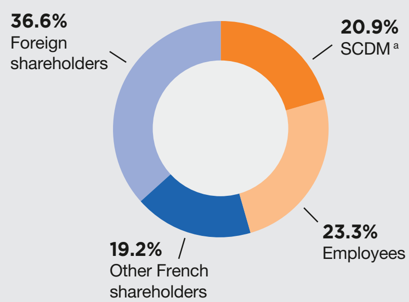
Construction:
Bouygues Construction,
Bouygues Immobilier
Colas

Media:
TF1

Telecoms:
Bouygues Telecom

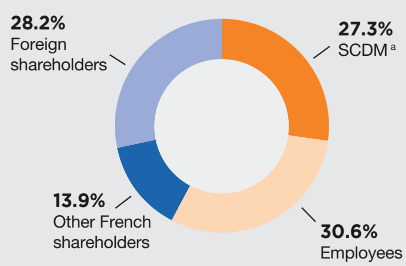
MAIN SHAREHOLDERS
(at 31 December 2014)

Number of shares: 336,086,458



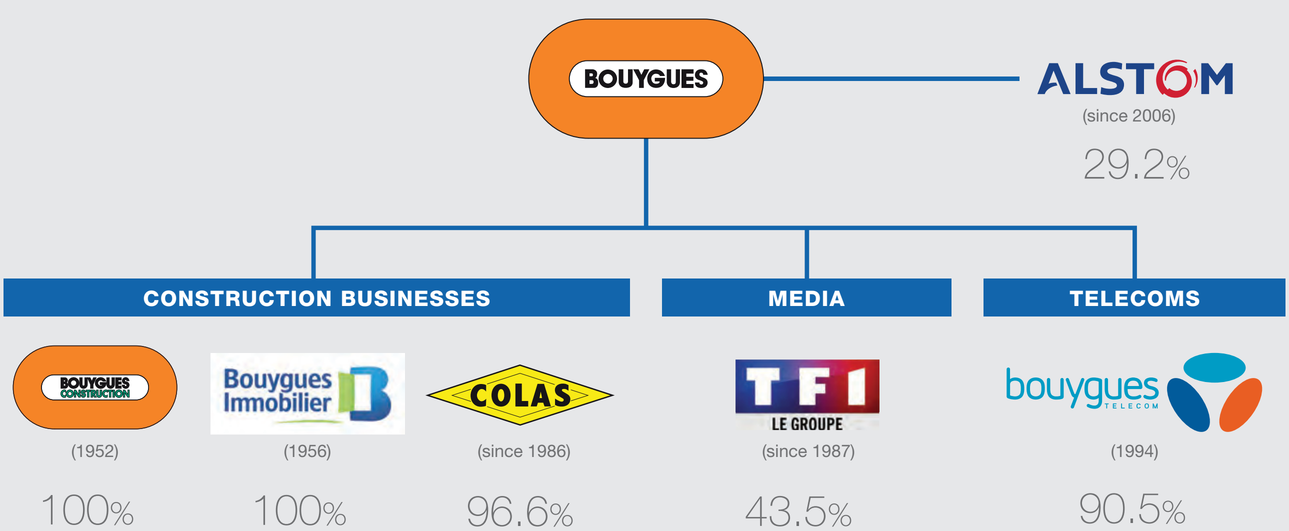
VOTING RIGHTS
(at 31 December 2014)

Number of voting rights: 492,710,591



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

SIMPLIFIED GROUP ORGANISATION CHART
(at 31 December 2014)



1.1.2 Organisation

1.1.2.1 The Board of Directors at 16 March 2015[a]

Chairman and CEO

Martin Bouygues

Director and Deputy CEO

Olivier Bouygues, Deputy CEO and standing representative of SCDM, director

Directors





LEFT TO RIGHT: **Michel Bardou,** director representing employees - **François Bertière,** Chairman and CEO, Bouygues Immobilier - **Mrs Francis Bouygues - Jean-Paul Chifflet,** CEO, Crédit Agricole SA - **Georges Chodron de Courcel,** Chairman of GCC Associés





LEFT TO RIGHT: **Raphaëlle Deflesselle,** director representing employees - **Anne-Marie Idrac[b],** former Chair, SNCF - **Patrick Kron,** Chairman and CEO, Alstom - **Hervé Le Bouc,** Chairman and CEO, Colas - **Helman le Pas de Sécheval[b],** General Counsel, Veolia

(a) Leaving all his functions in the Group in order to take retirement, Yves Gabriel resigned from his position on the Board of Directors on 15 March 2015
(b) Director qualified as independent by the Board of Directors.

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 35%. The proportion of women with seats on Board committees is 43%. The proportion of directors qualified as independent by the Board, excluding directors representing employees or employee shareholders, is 40%.

Board committees

ACCOUNTS COMMITTEE
Helman le Pas de Sécheval[a] (Chairman)
Georges Chodron de Courcel
Anne-Marie Idrac[a]
Michèle Vilain[b]

SELECTION COMMITTEE
Jean Peyrelevade[a] (Chairman)
Jean-Paul Chifflet
Georges Chodron de Courcel
François-Henri Pinault[a]

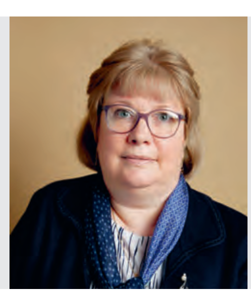
REMUNERATION COMMITTEE
Colette Lewiner[a] (Chairwoman)
Michel Bardou[c]
Helman le Pas de Sécheval[a]
François-Henri Pinault[a]

ETHICS, CSR AND PATRONAGE COMMITTEE
Anne-Marie Idrac[a] (Chairwoman)
Raphaëlle Deflesselle[c]
Sandra Nombret[b]
Rose-Marie Van Lerberghe[a]



Colette Lewiner [a]**,** Advisor to the Chairman, Capgemini
Sandra Nombret, director representing employee shareholders
Nonce Paolini, Chairman and CEO, TF1



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

(a) Director qualified as independent by the Board of Directors.
(b) Representing employee shareholders.
(c) Representing employees. Appointed member of the committee on 24 February 2015.

1.1.2.2 Senior management team at 16 March 2015

Parent company

Martin Bouygues, Chairman and CEO

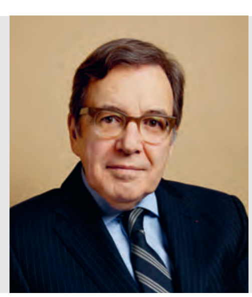
Olivier Bouygues, Deputy CEO



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

(a) Since 3 March 2015.

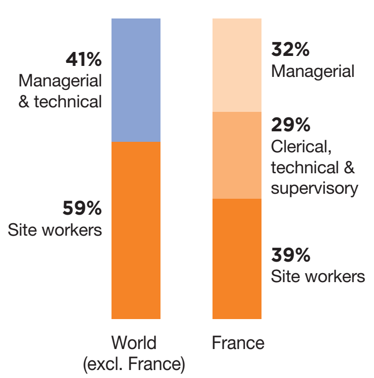
1.1.3 The Group's workforce

With 127,000 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.

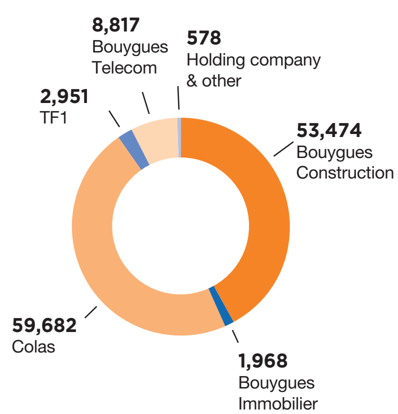
Bouygues' values are presented and elaborated on in the Group's Code of Ethics, and in its Human Resources Charter. The Bouygues group's corporate social responsibility policy and initiatives are described in chapter 3 "Human resources, environmental and social information".

Headcount at 31 December 2014

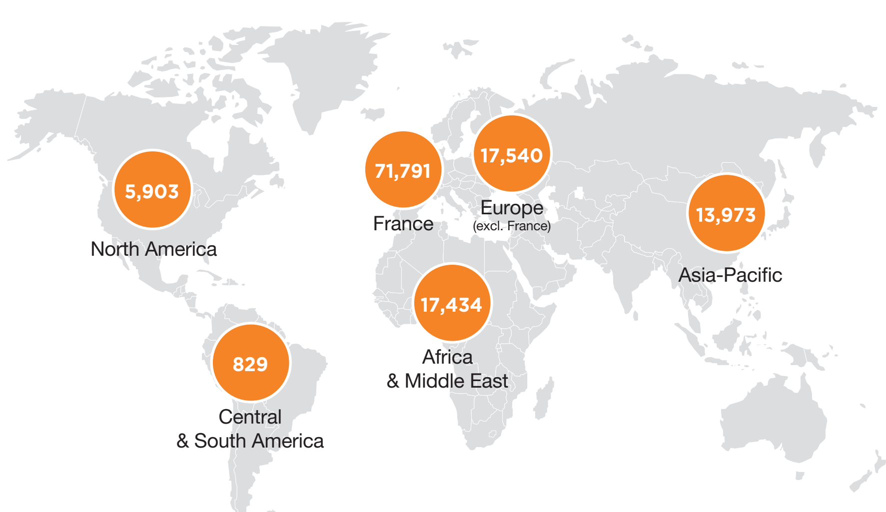
JOB CATEGORIES



HEADCOUNT BY BUSINESS SEGMENT



HEADCOUNT BY REGION



Headcount

Employees worldwide
127,470

Employees in France
71,791
(56% of the headcount)

Average age
(France)
40

Average seniority
(France)
12 years

Permanent contracts
(France)
96%
of employees

Recruitment

Worldwide
34,914

France
4,665

1.1.4 Innovation to serve customers

1.1.4.1 Common areas: digital technology for the benefit of customers

Marketing future structures

The construction businesses need to market buildings, infrastructure or even whole neighbourhoods before they are even built.

This is now easier at Bouygues Construction thanks to two digital applications which the Research & Development department has made available to salespeople: Ramby®, which allows customers to visualise a project in its real environment before it is built, and Callisto®, a virtual reality simulator in use at la Cité des Sciences science museum in Paris and at Challenger, Bouygues Construction's headquarters.

At Bouygues Immobilier, it is now the norm for customers to take part in 3D virtual visits of developments on sales websites running on PCs, tablets and smartphones. Immersive devices are being trialled in sales offices, enabling future buyers to visualise the layout of their apartment. For neighbourhood-scale projects, local politicians and other stakeholders can use real-life interactive simulations to assess the project's impacts as of the consultation phase.

Studies and design

At Bouygues Construction, Building Information Management (BIM) tools are being enhanced with new features in order to simulate operating procedures including the time dimension (4D Timeliner), coordinate the various packages, and check the quality of rebar, for example.

At Colas, a comprehensive road survey solution spanning the entire survey process provides innovative assistance during the study and design phase. Tested by several regional subsidiaries during the preparation of tenders or the conduct of works, it combines custom-designed equipment to record deterioration (tablet for manual data entry, trailer for automatic detection) with road asset management software. The solution helps to optimise scenarios for limited-budget road maintenance.

Bouygues Telecom aims to help customers in areas such as transport, tourism and shopping, particularly by mining big data[a] collected by the company relating to, for example, handset location and consumption patterns. Bouygues Telecom concluded its first commercial contracts in 2014, showing that there is a place for operators in the open data economy.

Production and works

Colas typifies the advances made by Bouygues in the use of digital technology for the benefit of site workers. Colas Suisse, in partnership with the French company RB3D, has tested the first "exoskeleton" for the construction industry. The device greatly reduces the effort needed by workers when spreading asphalt[b] on roads, and hence the risk of musculoskeletal disorders. Colas Rail and e-lab have developed a new generation of multi-function hard-hats, incorporating communication and autonomous lighting solutions as well as a device that detects current in overhead power lines.

Bouygues Construction uses BIM to optimise the schedules of subcontractors on worksites.

Bouygues Immobilier has developed an application which enables customers who have reserved an apartment to track the progress of work from their own personal file, accessible on the internet.

Operation

Bouygues Construction is continuing to roll out and enhance two digital devices to track consumption, Energy Pass® tablets for residential properties and Hypervision® for commercial buildings.

In 2014, Bouygues Immobilier expanded the use of digital technology to the scale of UrbanEra®[c] neighbourhoods in order to manage energy performance, mobility and last-mile logistics, waste disposal, water management, local services and consultation. Embix, a start-up created by Bouygues and Alstom, has developed neighbourhood-scale energy management expertise and created the UrbanPower® community energy management system which has been in use for several months in IssyGrid®, which is France's first operational district smart grid, located in Issy-les-Moulineaux, near Paris.

In a joint research project with the French Atomic Energy and Alternative Energies Commission (CEA), Colas and Aximum have continued to develop a new smart sensor to detect and count vehicles, the first in a suite of traffic management and mobility data acquisition applications.

1.1.4.2 Specific areas

Bouygues Construction

ABC project: see chapter 3 of this document, section 3.3 Environmental information.

Colas

Improving the performance of materials continues to be a core concern for Colas. Initiatives include the development of a new environment-friendly binder and a range of warm asphalt mixes[b] compatible with the conditions for application by hand. The first square metres of "solar road"[d], incorporating photovoltaic cells on a road surface while preserving grip and mechanical resistance, have been laid in partnership with teams from Liten, the CEA's Institute for New Energy Technologies.

(a) Mass digital information which can potentially be exploited with appropriate technical solutions.
(b) Road surfacing material made up of aggregates mixed with a synthetic or plant-based bituminous binder in an asphalt plant.
(c) A service developed by Bouygues Immobilier for local authorities in order to support them in the creation and long-term management of sustainable neighbourhoods, from initial diagnosis to operational management.
(d) Road whose surface is used to capture solar radiation and transform it into usable energy.

TF1

e-TF1 continued its digital innovation policy in 2014, introducing a new version of Connect on MYTF1 (the service synchronises TV with a second screen such as a tablet). The new version encourages immersion in the programme and highlights exclusive content available to viewers while the programme is being screened. Viewers can also interact with their peers, since social media are deeply integrated, and take part in live games with the programme. For the launch, the new Connect app offered an enhanced version of the *Fifth Coach* game linked with *The Voice* (Season 3).

In April, e-TF1 and TF1 Publicité launched AdMotion, a new advertising format for smartphones and tablets. Teams from TF1's News and Current Affairs department produced ground-breaking content, reaching a high-point with interactive input through MYTF1News during the prime-time live interview with French President François Hollande on 6 November 2014. The operation won TF1 the Social Media Award[a] for the best prime-time social TV event.

Bouygues Telecom

Bouygues Telecom continued to innovate in mobile access and services. New features were introduced on the 4G network, using 4G+ technology to increase download speeds and network capacity for the benefit of retail and business customers. Bouygues Telecom thus confirmed its leading position in mobile internet services, making online apps even faster and more fluid.

Bouygues Telecom continued to enhance the portfolio of services offered to customers on the 4G network through partnerships with established players such as Canal+ and Spotify as well as with cutting-edge start-ups, launching the 2014 StartUp Challenge and introducing its B.Duo and World&You services.

Bouygues Telecom also stepped up innovation in the fixed segment. Its new Bbox Miami TV box aims to offer an easy-to-use interface incorporating all television services, including live TV, catch-up and VOD as well as web content, and has been designed as an innovation platform open to partners such as TF1, M6, Canal+, Netflix and Gameloft. It will enable customers to benefit from the full extent of the Android TV ecosystem.

1.1.4.3 Organisation

The innovation culture at Bouygues is based on:

- involving as many people as possible in the search for innovative solutions;
- creating centres of excellence in key areas such as materials engineering, sustainable construction, and telecoms networks;
- promoting open innovation between players inside and outside the Group, including start-ups, academics and large firms.

In order to stay close to the operational side of the business, most of the Group's research, development and innovation teams are located in the subsidiaries.

Open innovation

In order to leverage its capacity for innovation, Bouygues has decided to extend its pioneering start-up support policy to all its business segments. Initiated by Bouygues Telecom in 2009, it now encompasses 26 co-development projects and nine equity interests. In 2014, Bouygues Immobilier supported over 10 start-ups in innovation initiatives.

In addition to numerous academic partnerships in France and around the world, Bouygues has taken the lead in introducing new forms of cooperation between business and the world of education. With IT university Epitech, for example, it has launched an innovation workshop in Epitech's premises in Paris where this strategy is put into practice. Called "Le Spot Bouygues", it is a place where students can work on innovative subjects proposed by Bouygues subsidiaries in connection with their digital transformation.

The Bouygues Innovation Network

In order to encourage innovation in-house, each Bouygues subsidiary organises forums or competitions to showcase their latest developments and most innovative employees. Over 1,000 innovations were submitted in 2014. The Innovation Network, set up by the Group in 2005 and coordinated by e-lab, brings together over 400 managers from subsidiaries in theme-based committees and seminars. Cooperation between subsidiaries is encouraged on practical projects put forward by entities with the aim of making best use of the expertise located in each one. In addition to these projects, structured work is carried out on strategic, groupwide themes. The focus in 2014 was on accelerating transition in the building sector and using technology for the benefit of site workers.

e-lab

To support innovation in the Group, Bouygues SA, the Group's parent company, offers various services to its subsidiaries through e-lab, a specialist research and innovation unit.

Through its knowledge and understanding of new technologies and its network of partners, e-lab helps subsidiaries devise 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.

e-lab is also an incubator for new activities, since its decision-support team has created an innovative company (Innovation 24) in order to accelerate the development of its services inside and outside the Group.

In new technologies, e-lab is continuing its partnership with the CEA and with major French industrial firms such as Renault, GDF-Suez and Leroy Merlin within the framework of the Ideas Lab in Grenoble. Highlights of 2014 included "Cité 2030", a project in which some 50 participants aim to design the products and services that will shape the city of the future, and experiments in new forms of mobility and related services (Mobility Village, Parc Relais).

e-lab also fosters synergies between subsidiaries. It organises many cooperation initiatives and study visits to Asia, the Middle East and the United States, focusing on issues such as clean tech, eco-cities and energy. In order to do so, it draws on the Group's technology monitoring units around the world, in Japan (Bouygues SA), the US (Bouygues Telecom) and Singapore (Bouygues Construction).

(a) An award given out every year by the French consultancy NPA Conseil.

1.1.5 Bouygues group: main sites

Bouygues group's 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	Site renovation completed ■ HQE® "Exceptional" ■ LEED® "Platinum" ■ BREEAM® "Outstanding" ■ ISO 50001 (ongoing) ■ "BBC" 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
	Sequana 82 rue Henry Farman 92130 Issy-les-Moulineaux France	42,090 m²	HQE® ISO 50001	No
	Technopôle 13-15 avenue du Maréchal Juin 92360 Meudon France	54,243 m²	HQE®	No

BREEAM: Building Research Establishment Environmental Assessment Method (UK certification).
HQE®: High Environmental Quality (French certification).
ISO 50001 (Afnor): an energy management standard that defines a framework for improving the energy efficiency of organisations.
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

Valérie Agathon

Investor Relations Director
- Tel: +33 (0)1 44 20 10 79
- E-mail: investors@bouygues.com

Registered share service

Philippe Lacourt – Claudine Dessain

- Tel: +33 (0)1 44 20 11 07/10 73
- Toll free: 0 805 120 007 (from fixed lines in France)
- E-mail: servicetitres.actionnaires@bouygues.com
- Fax: +33 (0)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

2014 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 700 investors met with management or the Investor Relations team.
- Fifteen roadshows were held in nine countries.
- One lunch specifically for bond investors was hosted in London.
- The Group attended six conferences on sector-specific and more broad-based themes.
- A meeting dedicated to individual shareholders was held in Strasbourg.
- 20 brokers in France and around the world cover the Bouygues share.

1.2.4 The bouygues.com website

All the information you need

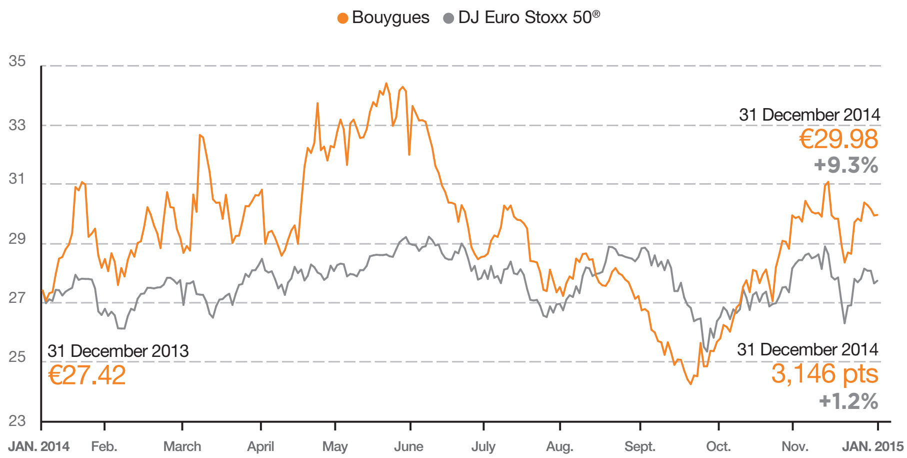
The bouygues.com website is an essential tool for communicating with shareholders, analysts and investors. The information available includes:

- 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;
- *Bouygues In Brief* (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

STOCK MARKET PERFORMANCE SINCE THE END OF 2013

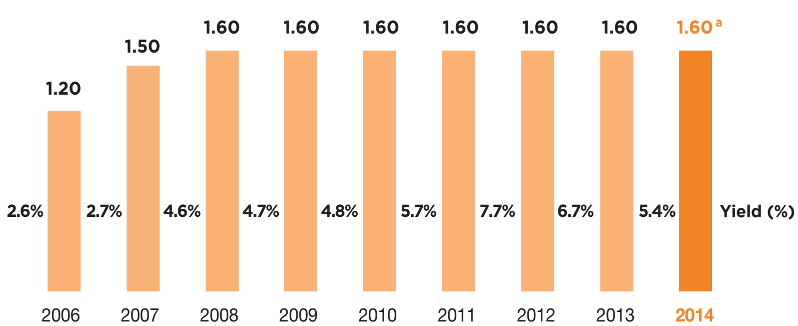
Share price after market close
(€)



DIVIDEND PER SHARE

The ordinary dividend per share has been maintained or increased every year since 2005, during which period it has risen 1.8x.

Ordinary dividend per share
(€)



(a) *To be proposed to the Annual General Meeting on 23 April 2015.*

Yield:
- 2005 to 2013: dividend per share relative to average share price between two successive ex-dates.
- 2014: dividend per share relative to the average share price over a rolling 12-month period to 10 February 2015.

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 2014
€29.36
(average closing price – source: NYSE Euronext)

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

MARKET CAPITALISATION
€10,076 million (at 31 December 2014)

STOCK MARKET INDICES
CAC 40, FTSE Eurofirst 80, 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)

>> 2015 Key dates

THURSDAY 23 APRIL
Bouygues Annual General Meeting at Challenger (Saint-Quentin-en-Yvelines, France)

THURSDAY 30 APRIL
Payment of dividend

WEDNESDAY 13 MAY
First-quarter 2015 results

THURSDAY 27 AUGUST
First-half 2015 results

FRIDAY 13 NOVEMBER
Nine-month 2015 results

1.3 2014 financial year

1.3.1 Key figures

Full-year results were in line with expectations. Looking beyond operating performances, which reflected a challenging economic and competitive environment in France, the Bouygues group demonstrated its responsiveness and strengthened in 2014.

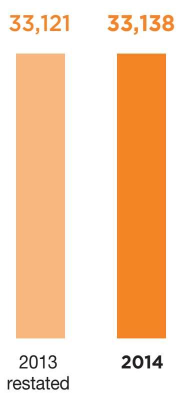
Financial highlights

(€ million)	2014	2013 restated[a]	2014/2013
Sales	33,138	33,121	=
EBITDA[b]	2,418	2,799	-14%
Current operating profit	888	1,319	-33%
Operating profit	1,133[c]	1,228[d]	-8%
Net profit/(loss) attributable to the Group	807[e]	(757)[f]	nm
Net profit/(loss) attributable to the Group excluding exceptional items[g]	492	650	-24%
Earnings per share *(€)*	2.41	(2.26)[f]	nm
Cash flow	2,258	2,720	-17%
Net capital expenditure	1,362	1,238[h]	+10%
Free cash flow[i]	397	818[h]	-51%
Shareholders' equity *(end of period)*	9,455	8,669[j]	+€786m
Net debt *(end of period)*	3,216	4,435	-€1,219m
Net gearing	34%	51%	-17 pts
Net dividend per share *(€)*	1.6[k]	1.6	=
Headcount	127,470	128,067	=

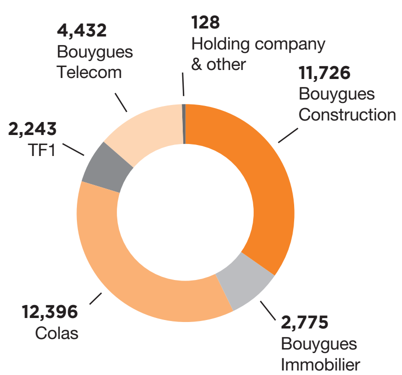
(a) The 2013 financial statements have been restated to reflect the effects of applying IFRS 10 and IFRS 11.
(b) Current operating profit excluding net depreciation and amortisation expense, changes in provisions and impairment losses (after reversals of utilised and non-utilised provisions and of impairment losses).
(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 €91 million of non-current charges (€80 million at Bouygues Telecom and €11 million at Colas).
(e) Including a net capital gain of €240 million on the sale by Colas of its stake in Cofiroute.
(f) Includes the Alstom write-down of €1,404 million.
(g) After stripping out net capital gains and non-current charge, net of taxes, in 2014 and restated for the Alstom write-down and Cofiroute's contribution to net profit and non-current charges, net of taxes, in 2013.
(h) Excluding capitalised interest of €33 million related to 4G frequencies at Group level (€13 million at Bouygues Telecom level, and €20 million at Holding company level).
(i) Cash flow before changes in working capital requirements, minus (i) cost of net debt, (ii) income tax expense for the year and (iii) net capital expenditure.
(j) Including impact of the Alstom write-down.
(k) To be submitted for approval at the AGM of 23 April 2015.
nm: not meaningful

Sales
(€ million)

€33.1 billion
(=)



By business segment [a]



(a) *Impact of intragroup eliminations: -€562 million.*

The 2013 financial statements have been restated to reflect the effects of applying IFRS 10 and IFRS 11.

Sales

Sales generated by the **Bouygues group** reached €33.1 billion in 2014, stable versus 2013.

The **construction businesses** reported 2014 full-year sales (net of internal transactions) up 2% at €26.5 billion. Growth was driven by international activities (€11.6 billion, up 10% year-on-year), which offset lower sales in France (€14.9 billion, down 4% year-on-year).

Sales at **Bouygues Construction** reached €11,726 million, up 6% (4% on a like-for-like basis and at constant exchange rates). In France, sales were down slightly by 1% year-on-year to €5,959 million. However, the effect was more than offset by very strong momentum in international sales, which reached €5,767 million (13% more than in 2013).

Bouygues Immobilier reported sales of €2,775 million, 11% up on 2013. Residential sales held steady at €2,120 million, while commercial property sales were double the 2013 level at €655 million, thanks largely to a number of large turnkey projects recognised in the second half of the year.

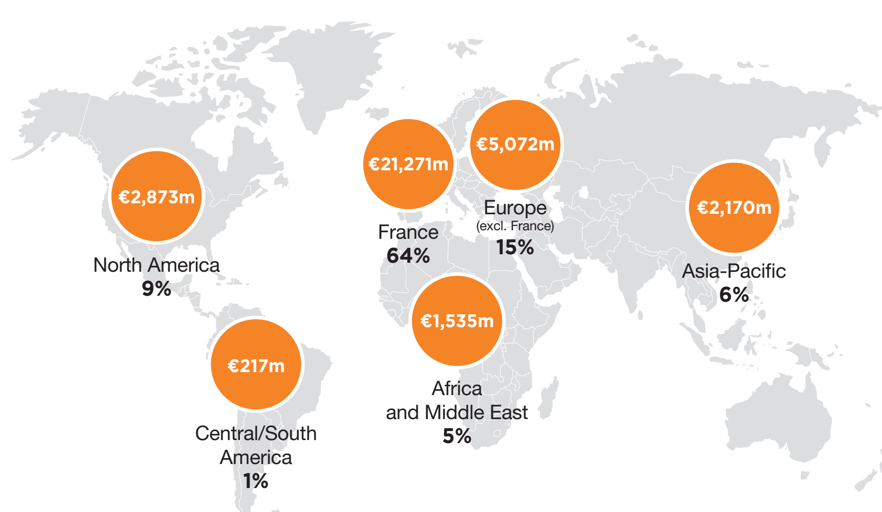
At **Colas,** full-year sales were €12,396 million in 2014, 3% lower than in the previous year. Sales in France slipped by 11%, reflecting a sharp contraction in the roads market. Sales from the Roads activity in France fell by 13% year-on-year. International sales showed robust growth of 7% relative to 2013, driven mainly by Europe, and French overseas territories. Specialised activities were virtually unchanged year-on-year, with the Railway activity performing very well (up 18%).

Sales at **TF1** reached €2,243 million, down 9% year-on-year but up 1% on a like-for-like basis and at constant exchange rates (after excluding the impact of the deconsolidation of Eurosport International).

Against a backdrop of fierce competitive pressure and repricing of the customer base, total sales at **Bouygues Telecom** fell by 5% to €4,432 million, and sales from network were 7% lower at €3,869 million. Fixed broadband sales rose again year-on-year, by 9% to €893 million, in line with growth in the customer base.

SALES BY REGION

€33,138 million



Current operating profit

Current operating profit for the **construction businesses** was €841 million, €164 million lower than in 2013. Profitability remains sound with current operating margin reaching 3.2% despite the start or early stages of a number of major Bouygues Construction projects, the sharp decline in the French roads market and an operating loss at Colas' sales of refined products activity (a loss of €64 million in 2014, versus a loss of €46 million in 2013).

Current operating profit at **Bouygues Construction** was €335 million, €102 million lower than in 2013. Operating margin was 2.9%, one percentage point below the high level of 2013. This reflects tougher economic conditions, and the fact that a number of large projects were in the start-up phase or at an early stage of construction (especially the Tuen Mun Chek Lap Kok tunnel in Hong Kong).

Current operating profit at **Bouygues Immobilier** was €174 million in 2014, slightly lower (by €4 million) than in 2013. At 6.3%, current operating margin was 0.8 of a point lower than in 2013, reflecting continuing price pressure on new residential projects.

Colas posted a current operating profit of €332 million (versus €390 million in 2013) and current operating margin of 2.7% (versus 3.0% in 2013). This was largely due to heavier losses at the sales of refined products activity than in 2013 in a troubled European refining market and lower operating profits from the Roads activity in France, concealing good performances at the Roads activity outside France and the Railway activity.

Current operating profit at **TF1** was €143 million, €80 million lower than in 2013. The main factors were the deconsolidation of Eurosport International and the extra costs of screening the 2014 FIFA World Cup, though these negative effects were partially offset by recurring and non-recurring cost savings. Current operating margin for 2014 was 6.4%, down 2.7 points year-on-year.

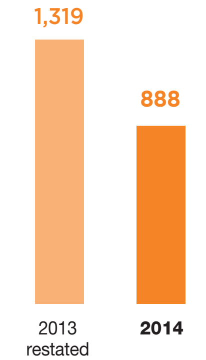
Bouygues Telecom reported EBITDA of €694 million, €186 million lower than in 2013. However, it achieved its objective of a positive "EBITDA minus Capex" item, which amounted to €10 million in 2014. Bouygues Telecom reported a current operating loss of €65 million, compared with a current operating profit of €190 million in 2013.

After €245 million of net non-current charges, comprising €68 million of non-current charges 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%), **Group operating profit** was €1,133 million, 8% lower than in 2013.

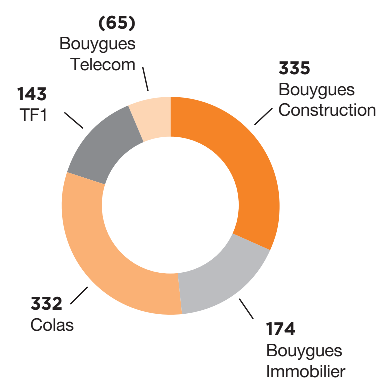
Current operating profit
(€ million)

€888 million

(-33%)



By business segment [a]



(a) "Holding company & other" reported a current operating loss of €31 million.

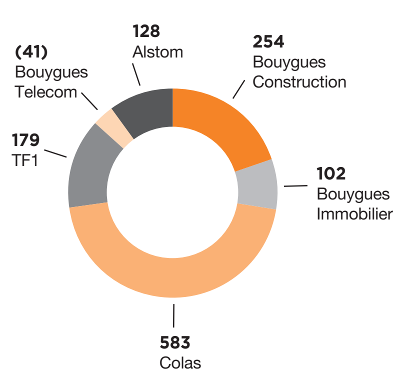
Net profit attributable to the Group *(€ million)*

€807 million

The net profit attributable to the Group for 2014 of €807 million includes €315 million of non-current items (net gains on the disposals of the equity interests in Cofiroute and Eurosport International, and non-current charges at Colas and Bouygues Telecom net of taxes). After stripping out these exceptional items, net profit attributable to the Group for 2014 would have been €492 million. The comparable figure for 2013 would have been €650 million after stripping out that year's exceptional items (the Alstom write-down, non-current charges at Colas and Bouygues Telecom net of taxes, and the net profit contribution of Cofiroute).

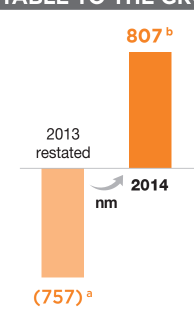
This means that if these exceptional items are excluded, net profit attributable to the Group would be €158 million lower year-on-year.

CONTRIBUTION BY BUSINESS SEGMENT [a]



(a) "Holding company & other" reported a net loss of €398 million.

NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP



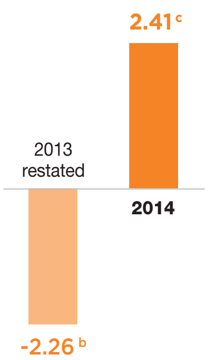
(a) Including the Alstom write-down of €1,404 million.

(b) Including a net capital gain of €240 million on the sale by Colas of its stake in Cofiroute and a net capital gain of €116 million on the sale of Eurosport International (31%) and the remeasurement of the residual interest (49%).

nm: not meaningful

Earnings per share[a] *(€)*

€2.41



(a) Attributable to the Group, on continuing operations

(b) Including the Alstom write-down of €1,404 million. After application of IAS 33, reported 2013 net earnings per share was restated for the number of shares issued in 2014 as a result of the option for dividends to be taken in the form of shares.

(c) Including a net capital gain of €240 million on the sale by Colas of its stake in Cofiroute and a net capital gain of €116 million on the sale of Eurosport International (31%) and the remeasurement of the residual interest (49%)

Dividend per share *(€)*

€1.60[a] (=)

The Board of Directors will ask the Annual General Meeting of 23 April 2015 to approve a dividend of €1.60 per share, unchanged from 2013. The proposal to maintain the dividend at the 2013 level reflects the Group's stronger financial position, and confidence in the success of the initiatives implemented by all of the business segments to return to growth in 2016.

Based on the average stock market price on 10 February 2015, the dividend yield would be 5.4%.

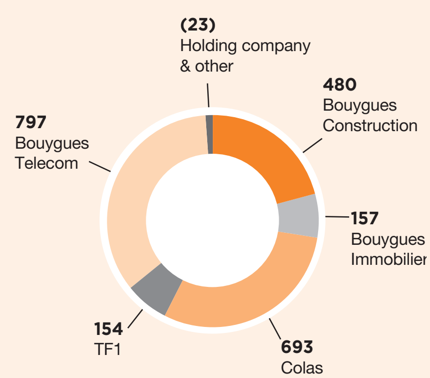
(a) To be submitted for approval at the AGM on 23 April 2015.

Cash flow *(€ million)*

€2,258 million (-17%)

The €462 million year-on-year fall in cash flow is mainly due to the reduction in current operating profit. Cash flow at Bouygues Telecom improved by €12 million, boosted by exceptional items.

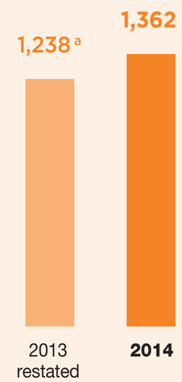
CONTRIBUTION BY BUSINESS SEGMENT



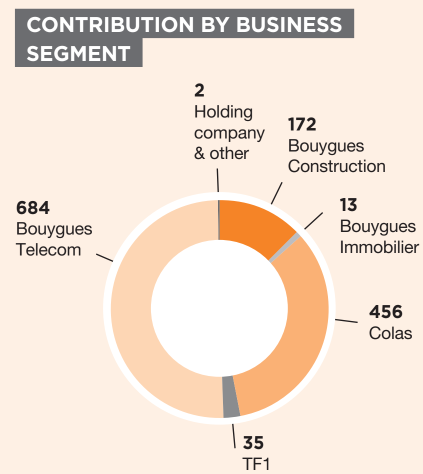
Net capital expenditure *(€ million)*

€1,362 million (+10%)

Net capital expenditure was €124 million higher than in 2013 [a]. This increase was mainly due to Colas (up €167 million year-on-year), made necessary by the low level of investment in previous years.



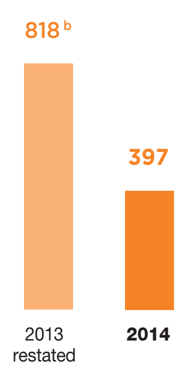
(a) Excluding capitalised interest related to 4G frequencies for €33 million at Group level

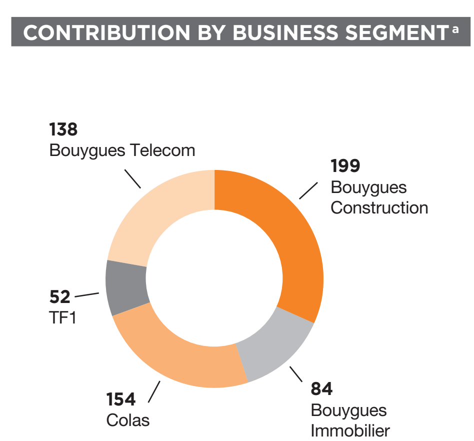


Free cash flow [a] *(€ million)*

€397 million (-51%)

The year-on-year decrease of €421 million in free cash flow was mainly due to the lower level of cash flow (down €462 million year-on-year), and to an increase in net capital expenditure versus 2013.





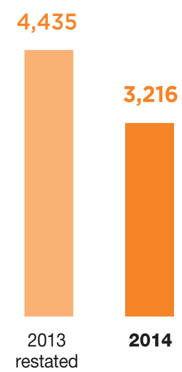
(a) Free cash flow equals cash flow minus (i) cost of net debt, (ii) income tax expense, and (iii) net capital expenditure, and is calculated before changes in working capital requirements.

(b) Excluding capitalised interest of €33 million relating to 4G frequencies at Group level (€13 million at Bouygues Telecom level, €20 million at Holding company level).

(a) "Holding company & other" reported a net cash outflow of €230 million.

Net debt *(€ million)*

€3,216 million
(-€1,219 million)



Net debt stood at €3,216 million as of 31 December 2014, versus €4,435 million a year earlier.

Thanks to very tight control over working capital needs in all the Group's business segments, operating activities generated a net cash inflow of €379 million in 2014 (€216 million less than in 2013), more than covering the dividend payments of €198 million.

The cash outflow on dividends was €393 million lower in 2014 than in 2013. This reflects the fact that 79.1% of Bouygues shareholders elected to take their dividend in shares under the option offered to them at the Annual General Meeting on 24 April 2014.

In addition, the exceptional income generated in 2014 reduced net debt by €1,060 million, in particular the proceeds from the disposals of the equity interests in Cofiroute (€780 million) and in Eurosport International (€259 million).

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

- Net surplus cash held by **Bouygues Construction** remains at the very high level of €2,900 million (€106 million less than at the end of 2013) despite tougher conditions, especially in France.
- **Bouygues Immobilier** had net surplus cash of €203 million at the end of 2014 (€68 million less than at the end of 2013), demonstrating good control over working capital needs in spite of the slowdown in the sell-off rate for French residential property sales over the last two years.
- Net surplus cash held by **Colas** reached €682 million at the end of 2014, up €651 million on the previous year thanks to the proceeds from the sale of the interest in Cofiroute.
- **TF1** had net surplus cash of €497 million at the end of 2014. This represents a year-on-year increase of €308 million, due mainly to the proceeds from the sale of an equity interest in Eurosport International.
- Net debt at **Bouygues Telecom** was €765 million, down by €18 million versus the end of 2013, helped by an inflow arising from the settlement of various disputes.

Net debt at "Holding company & other" level was €6,733 million, down €416 million versus the end of 2013.

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 (€9.6 billion at 31 December 2014, comprising €3.9 billion of cash and cash equivalents and €5.7 billion of undrawn credit facilities), and a very well-spread maturity profile.

>> Outlook for 2015

For information, Bouygues is adopting IFRIC 21 with effect from 1 January 2015. This will affect the timing of recognition of certain taxes such as C3S and IFER. The impact of IFRIC 21 on the 2014 interim results is described in Note 23.2 of the Group's consolidated financial statements.

With the economic and competitive environment remaining challenging in France during 2015, all of the Bouygues group's business segments are prioritising a return to growth in 2016.

The Group's construction businesses will continue with their international expansion, and with their adaptation measures in France. Financial performances should remain sound in 2015, with current operating margin held at the 2014 level despite lower sales.

During 2015, TF1 intends to maintain its position as France's leading freeview broadcaster while continuing to adapt its business model to changes in its markets. Current operating margin is expected to improve in 2015, excluding the impact of the deconsolidation of Eurosport International in 2014.

At Bouygues Telecom, EBITDA should remain stable in 2015, with capital expenditure rising slightly as the company implements the agreement to share part of the mobile network with the Numericable-SFR group and expands its fixed network. In 2016, with the full effect of the transformation plan (due to have been fully rolled out in 2015) and €300 million of savings (relative to end 2013), Bouygues Telecom will return to generating positive free cash flow.

In addition in 2015, the Group will continue to adapt its business segments and Bouygues Telecom will implement the network sharing agreement with the Numericable-SFR group, which will result in a write-down of assets. This could generate non-current charges of around €200 million, which will affect the Group's operating profit in 2015.

All the Group's business segments will prioritise a return to growth in 2016.

1.3.2 Highlights

CSR. Bouygues is added to three SRI (Socially Responsible Investment) indices - MSCI Global Sustainability, STOXX Global ESG Leaders, and Euronext Vigeo Eurozone 120 - in 2014, which is the result of the considerable efforts made in the human resources, social and environmental domains.

Innovation. In June 2014, Bouygues creates an innovation lab called "le spot Bouygues" within the Epitech IT school, in Kremlin-Bicêtre, just south of Paris. Students work on innovative subjects proposed by Bouygues' business segments (see pages 12–13 too).

Energy and Carbon. Bouygues wants to promote low carbon innovations across all its business segments in order to provide tangible responses to customers. Eight winners of the first ever "Energy & Carbon" awards are announced on 21 November. A total of 180 projects are submitted to this competition by employees.

1.3.2.1 Construction businesses

JANUARY

Divestment. Colas sold its 16.67% stake in Cofiroute to Vinci Autoroutes on 31 January.

Paris-Bercy. Bouygues Construction is to transform the Paris-Bercy sports stadium into the Bercy Arena. France's largest indoor arena will be upgraded to modern international standards and will be enlarged from its current 17,500 seats to 21,000 by the end of works in September 2015.

Public-Private Partnership. Colas and Bouygues Construction sign a contract for the construction and maintenance of the Troissereux bypass - 7 kilometres of dual two-lane road - in Northern France. The length of the contract is 25 years.

ABC. Bouygues Construction and the city of Grenoble sign a partnership agreement for the construction of the first demonstrator of the ABC (Autonomous Building for Citizens) concept. This autonomous building project will consist of an apartment building that aims to achieve self-sufficiency in terms of water and energy, and to optimise waste management.

FEBRUARY

Eco-neighbourhood. Bouygues Immobilier inaugurates "Cap Azur" in Roquebrune-Cap-Martin (southern France), an eco-neighbourhood made up of 209 BBC low-energy housing units, a HQE® (High Environmental Quality) tourist residence, offices, and a nursery.

MARCH

Caribbean. Bouygues Construction is to design and build five hotels in Cuba and will transform la Manzana, a building in the historic centre of Havana, into a 5-star hotel.

APRIL

Nanterre. Bouygues Immobilier wins the contract for phase 2 of the "Cœur de Quartier" project in Nanterre, west of Paris: 13,000 m² of retail premises, 26,000 m² of office space, including a Green Office® positive-energy building, and 34,000 m² of housing.

Morocco. Bouygues Immobilier creates Bouygues Immobilier Maroc, which is launching its first development in Casablanca with Bymaro (Bouygues Construction). The programme comprises 400 luxury apartments, a 14,000-m² office building, and nearly 2,000 m² of retail space.

Zoo. Bouygues Construction makes the new Paris Zoo available to the public. The renovation operation was carried out under a Public-Private Partnership (PPP).

Law courts building. Bouygues Construction restarts the future Paris law courts building worksite after the claims made against the contract arrangements are rejected. It is set to come into service in 2017.

Ghana. Bouygues Construction signs its first contract in Ghana for the extension of Ridge Hospital in Accra.

MAY

Swimming pool. Renovated by Bouygues Construction as part of a consortium, the Molitor swimming pool, a historic building dating back to 1929, is opened in Paris on 19 May. The complex comprises a 4-star MGallery hotel, a lounge restaurant, and a health centre.

Cairo. Bouygues Construction hands over, as part of a consortium, a new metro line which services five new stations in the east of the capital.

JUNE

Purchasing. On 16 June, Colas won the 2014 "Trophée des Achats" prize in the "Sustainable and Responsible Purchasing" category for its new work clothes made in accordance with fair trade principles.

Student accommodation. Through a framework agreement with student housing association Cnous, Bouygues Immobilier partner Ossabois wins several design-and-build contracts for 'system-built' student housing, i.e. modules built industrially.

Green Home. Bouygues Immobilier lays the foundation stone of a complex comprising 147 apartments, nearly 2,000 m² of office space, and a business centre at Nanterre, west of Paris. Green Home is the first positive-energy residential building in the Hauts de Seine department, and the third project of this type for Bouygues Immobilier.

Florida. The twin-tube 1.26-km long Miami port tunnel is opened after 55 months of works led by Bouygues Civil Works Florida (Bouygues Construction).

Clarins. Bouygues Immobilier inaugurates the new Clarins building in the 17th arrondissement of Paris. The building will have HQE® (High Environmental Quality), BBC low-energy building, and Breeam® Very Good certifications.

Sports Hub. In Singapore, Bouygues Construction hands over the Sports Hub, voted "best sports venue" at the World Architecture Festival in October 2014. This complex comprises a 55,000-seat stadium with a dome and eight interconnected buildings.

JULY

Metro. A consortium made up of Bouygues Construction signs a contract with RATP (the Paris transport authority) for tunnelling work package No. 2 for the northwards extension of metro line No. 14.

City of Music. The foundation stone of the City of Music is laid by Bouygues Construction on Seguin Island in Boulogne-Billancourt, west of Paris.

Peru. Bouygues Construction wins its first-ever contract in Peru. In Lima it is building a tower block, topping out at 135 metres, making it the country's tallest, on behalf of the UN.

Acquisition. Bouygues Construction takes a majority shareholding in Plan Group, a Canadian company specialising in electrical and mechanical engineering.

AUGUST

Tram. Colas hands over the Besançon tram system, six months ahead of schedule.

United Kingdom. Colas signs two multi-annual railway maintenance contracts with Network Rail.

SEPTEMBER

Tunnel. A consortium comprising Bouygues Construction is excavating a twin-tube 2.6-km long motorway tunnel. It will bypass the town of Sion in Switzerland.

Positive energy. Bouygues Construction hands over the Bordeaux municipal authority complex, which will concentrate most of the city's services in one single location. It is the first positive-energy administrative building in Bordeaux.

Hong Kong. Bouygues Construction wins a contract for the construction of four tunnels on the extension of the Shatin to Central Link metro line. Handover is scheduled for 2020.

Lyon. Bouygues Immobilier signs a sales contract for two emblematic operations in Lyons: the Higashi building in the Lyon-Confluence district, sold to Real Estate Managers, and Sunstone, the first office building of a business park, sold to Crédit Agricole.

OCTOBER

SMA. Bouygues Immobilier sells to SMA its future headquarters located at Porte de Sèvres, in the 15th arrondissement of Paris.

LinkCity. Bouygues Construction launches an offer to help cities design, develop, build, and support sustainable and connected neighbourhoods.

A71 motorway. A consortium comprised of Bouygues Construction and Colas subsidiaries is widening lanes of the A71 motorway connecting Orléans to Clermont-Ferrand over a 7.2-km section.

Stade Vélodrome. The Stade Vélodrome soccer stadium is inaugurated. The renovation of the stadium took three years and was carried out under a Public–Private-Partnership deal (PPP), by Bouygues Construction in particular.

NOVEMBER

Rehagreen®. Bouygues Immobilier signs a new Rehagreen® rehabilitation project in Montrouge, south of Paris. The company will develop a 14,135-m² building along with La Française REM.

Marseille. Bouygues Construction is starting work on the 23,000-m² Prado shopping centre in Marseille. It is aiming for the following certifications: BREEAM® Excellent, Cradle to Cradle – C2C (an international certification based on the principles of the positive-impact circular economy) and the BBC NF Bâtiment Tertiaire (PEQA benchmark) low-energy for commercial buildings label.

Reunion Island. Colas signs the contract for the second phase of the elevated highway for the new coastal road.

Senior citizens. Bouygues Immobilier and Acapace sign a strategic partnership for the development of serviced residences for senior citizens called Les Jardins d'Arcadie.

DECEMBER

Abidjan. The Henri Konan Bédié bridge, built by Bouygues Construction, is inaugurated. This new road link, totalling 6.7 kilometres, will be operated for 30 years by Socoprim (the Pont Riviera–Marcory operating company).

Housing subdivision. Bouygues Immobilier acquires 100% of Loticis, a company specialising in urban planning and subdivision in the Paris region, as well as the estate agency Le Chêne Vert.

1.3.2.2 Media – Telecoms

JANUARY

Divestments. The TF1 group sells an additional 31% interest in Eurosport International to Discovery Communications. TF1 also sells its 80% stake in the online shopping site Place des Tendances to the retail group Printemps.

Networks. Bouygues Telecom and SFR conclude an agreement to share a part of their mobile access networks.

FEBRUARY

Broadband. Bouygues Telecom sets a new pricing benchmark on the market with its triple play internet-TV-telephony offer at €19.99 per month.

MARCH

SFR. Bouygues submits an offer to Vivendi to start negotiations with a view to merging Bouygues Telecom and SFR. Vivendi decides to start negotiations with Altice-Numericable on 17 March instead.

JUNE

Transformation. Bouygues Telecom presents to its group works council a plan to transform its organisation and reposition the company in order to secure its future as an independent player.

Fibre. Bouygues Telecom widens access to very-high-speed fixed services with the Bbox Sensation fibre (internet-TV-telephony) offer for only €25.99 per month and with no minimum term contract.

AUGUST

Walt Disney. The TF1 group and The Walt Disney Company France clinch a distribution agreement for new films coming out of Marvel studios and future and existing films from the *Star Wars* stable.

OCTOBER

Divestment. The TF1 group sells its subsidiary OneCast specialising in DTT multiplex broadcasting to the ITAS group.

LCI. Following the French Broadcasting Authority's (CSA) refusal of the request by LCI (TF1 group's 24/7 rolling news channel) to air as a freeview DTT channel, LCI files summary proceedings in September with the *Conseil d'État* (Supreme Administrative Court) to have the decision overturned. The *Conseil d'État* dismisses this summary application in October but announces it will rule on the merits of the affair at the beginning of 2015. TF1 suspends the redundancy plan announced in September.

NOVEMBER

New positioning. Bouygues Telecom unveils a ground-breaking positioning and a simpler range of mobile plans and services.

SVOD. Bouygues Telecom launches Netflix on its TV boxes.

DECEMBER

4G. Bouygues Telecom is the only French operator to offer 4G in the Channel Tunnel.

Ratings. In 2014, TF1 remains the most watched TV channel in France, dominating the TV audiences ranking by scoring 95 out of 100 of the year's best audience ratings according to Médiamétrie.

Other highlights in chapter 2.

1.4 Main events since 1 January 2015

1.4.1 Construction businesses

Ginko, the Bordeaux Lake eco-neighbourhood and shining example of **Bouygues Immobilier's** expertise in urban planning and sustainable construction, obtains the French national "ÉcoQuartier" label on 9 January, which is the first such one to be awarded to a public-sector operation developed by a private property developer.

Bouygues Energies & Services, a subsidiary of **Bouygues Construction,** signs a contract on 21 January worth close to €100 million with the Gibraltar Electricity Authority (GEA) for the design, construction and equipment supply of a state-of-the-art thermal power plant in Gibraltar. It will have generation capacity of 80 MW plus 3.4 MW from heat recovery. The contract also covers operation and maintenance of the plant for one year.

On 29 January Bouygues Construction announced the launch of phase two of the Hallsville development in Canning Town, east London, for around €160 million (around £130 million). This second phase includes the construction of a new town centre for this emerging East London hub which will connect the existing Barking Road facilities.

As part of a consortium with Australian company Lend Lease, Bouygues Construction signed on 5 February a contract worth a total of about €1.9 billion (AUD2.6 billion) with Australian transport operator Transurban for the design and construction of a nine-kilometre-long twin-tube motorway tunnel, part of Sydney's NorthConnex project. Bouygues Construction's share of the contract amount is around €900 million (AUD1.3 billion).

1.4.2 Media

On 19 January, the **TF1** group signs an agreement with Canal+ group relating to the broadcasting rights of the 2015 Rugby World Cup that will take place in England from 18 September to 31 October 2015. According to the terms, the TF1 group, the sole rights holder for the competition, will grant Canal+ group the rights to offer live and exclusive coverage of 27 matches to its subscribers as well as a magazine programme dedicated to the tournament.

1.4.3 Telecoms

On 15 January, **Bouygues Telecom,** in keeping with its new positioning, enhances the Sensation plans of its customers with Spotify, Gameloft, CanalPlay Start and unlimited TV. By the end of March, Bouygues Telecom customers with Sensation 3GB, 5GB, 10GB or 20GB plans will be able to choose one service from these four bonus services at no extra cost.

On 28 January, Bouygues Telecom announced the launch of the Bbox Miami exclusively for its current customers via http://bboxmiami.bouyguestelecom.fr/ for €25.99 per month and with no minimum term. Thanks to the partnership with Google, Bbox Miami is the first TV box that combines the full range of conventional TV offerings with the world of apps and the web.

On 5 February, Bouygues Telecom becomes the first French operator to obtain download speeds of over 300 Mbit/s using LTE-Advanced via the aggregation of three frequencies (800 MHz, 1800 MHz and 2600 MHz), which it offers on its 4G network. Bouygues Telecom is currently the only operator able to use this technology on a commercial network.

1.4.4 Alstom

At the end of January, **Alstom** and Thales won a contract worth around €330 million from the MTR Corporation, Hong Kong's metro network operator, to modernise the signalling system of the city's seven lines.

On 30 January, the Paris transport authority (RATP), on behalf of Stif and SGP (Société du Grand Paris), chose Alstom to supply metro trains for lines 1, 4, 6, 11 and 14 of the Paris metro and for the wider Paris region network. The deal – worth more than €2 billion – will entail the delivery of a maximum of 217 MP14 metro trains over 15 years. A first firm order of around €500 million has been placed for 35 eight-car trains for line 14 of the Paris metro.

2. BUSINESS ACTIVITIES

2.1 Construction businesses

Bouygues operates a wide range of businesses to meet the great challenges of urban planning and mobility: building, civil engineering, energy and services, and concessions with Bouygues Construction; property development with Bouygues Immobilier; and transport infrastructure with Colas.

2.1.1 Profile

2.1.1.1 Strategy

With activities in nearly one hundred countries, Bouygues is one of the world's leading construction firms, 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

Human capital is Bouygues' greatest resource. The skills, experience and motivation of its people enable Bouygues to better adapt to the expectations of its private- and public-sector customers. Preserving that capital is therefore a key concern of the construction businesses.

Innovative and high value-added products and services

- **A full-service offering spanning the entire value chain of a project**, from financing and design to construction and maintenance.
- **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 the growing sustainable construction sector.** Bouygues constantly innovates with the particular aim of reducing the carbon footprint and energy bills of both residential and business end-users. It has become an expert in positive-energy buildings and eco-neighbourhoods both in France and abroad.
- **Specialised activities.** Bouygues is also expanding in new markets in order to meet demand from its customers in areas such as energy networks, facility management and railways.

A robust international presence

As well as a dense nationwide network in France, Bouygues has construction activities 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.

A strong capability to adapt

Thanks to their skills and expertise, Bouygues' construction businesses are able to adapt their offers quickly to their customers' requirements and to market changes.

A very robust financial situation

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. Their robust financial structure are considered by customers as a strength.

COLAS

>> Tight control of materials production and recycling

Upstream of roadbuilding, Colas is extensively involved in producing and recycling construction materials and is continuing to integrate its industrial production processes. Controlling the materials and resources it needs for its activities is a strategic priority which enables Colas to increase the security and quality of supply while improving operating performance and competitiveness.

The world's leading producer of emulsions and asphalt mixes, Colas can count on authorised reserves of 2.3 billion tonnes of aggregates (27 years' output) and potential reserves of 1.8 billion tonnes.

Colas extensively recycles materials in order to reduce the extraction of aggregates and hence the need to open quarries. Advantages include savings for the customer for identical performance, lower energy consumption, and savings of resources for Colas (see below section 2.1.4, Colas, and chapter 3, sections 3.3.2.2, 3.3.4.1 and 3.3.5.1).

Three businesses

A global player in construction and services

With operations in 80 countries, Bouygues Construction is a global player with recognised expertise at all stages of a project, from financing all the way to maintenance. As a leader in sustainable construction, the company offers its customers an innovative and responsible approach that factors in all the societal, technical and environmental issues. *(See following page)*

France's leading property developer

An urban developer/operator with 36 branches in France and three international subsidiaries, Bouygues Immobilier develops residential, office, retail, and sustainable neighbourhood projects. Drawing on its expertise in green property, Bouygues Immobilier bases its strategy on innovation for sustainable development, technical and architectural quality, and customer satisfaction. *(See page 38)*

A world leader in transport infrastructure construction and maintenance

Colas is a leading player in transport infrastructure construction and maintenance and is present in over 50 countries worldwide. Completing more than 100,000 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)*

2014 Consolidated key figures

at 31 December 2014

Employees
115,124

Sales
€26.5bn
(+2%)

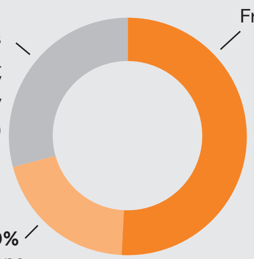
Net profit
€939m [a]
(+38%)

(a) *Including a net capital gain of €372m related to the sale of Colas' stake in Cofiroute*

2

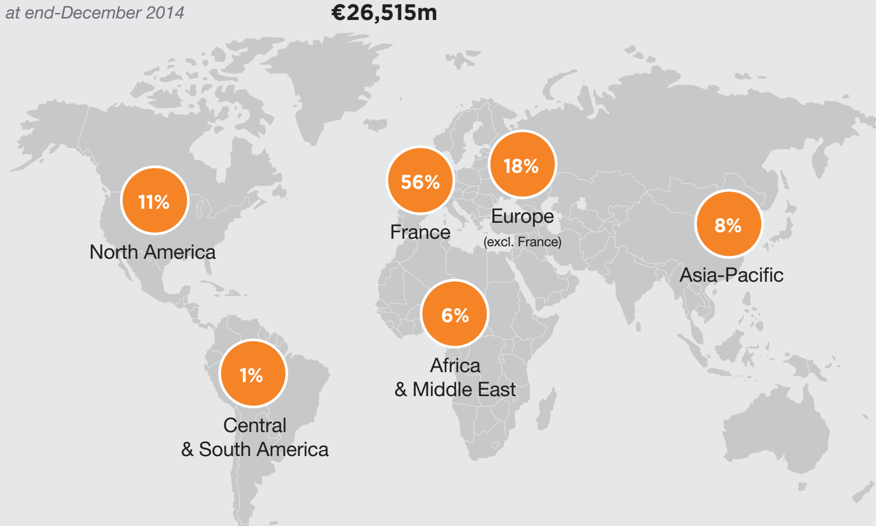
ORDER BOOK BY REGION

at end-December 2014



CONSTRUCTION BUSINESSES: SALES BY REGION

at end-December 2014 **€26,515m**



2.1.2 Bouygues Construction, a global player in construction and services

A global player in construction and services with operations in 80 countries, Bouygues Construction designs, builds and operates structures and facilities which improve people's daily living and working environments.

Leading the way in sustainable construction, Bouygues Construction and its 53,474 employees develop long-term relationships with their customers in order to help them shape a better life.

Condensed balance sheet

Assets

(at 31 December, € million)	2014	2013 restated[a]
Property, plant and equipment and intangible assets	735	670
Goodwill	528	483
Non-current financial assets and taxes	422	471
NON-CURRENT ASSETS	**1,685**	**1,624**
Current assets	4,213	3,814
Cash and equivalents	3,908	3,811
Financial instruments[b]		
CURRENT ASSETS	**8,121**	**7,625**
Held-for-sale assets and operations		
TOTAL ASSETS	**9,806**	**9,249**

Liabilities and shareholders' equity

(at 31 December, € million)	2014	2013 restated[a]
Shareholders' equity attributable to the Group	829	902
Non-controlling interests	12	12
SHAREHOLDERS' EQUITY	**841**	**914**
Non-current debt	539	458
Non-current provisions	862	888
Other non-current liabilities	29	29
NON-CURRENT LIABILITIES	**1,430**	**1,375**
Current debt	10	10
Current liabilities	7,066	6,613
Overdrafts and short-term bank borrowings	459	337
Financial instruments[b]		
CURRENT LIABILITIES	**7,535**	**6,960**
Liabilities related to held-for-sale operations		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,806**	**9,249**
NET SURPLUS CASH	**2,900**	**3,006**

(a) The financial statements for the year ended 31 December 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11.
(b) Fair value of hedges of financial liabilities.

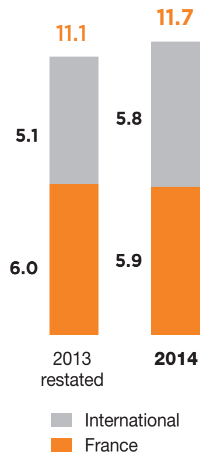
Condensed income statement

(€ million)	2014	2013 restated[a]
SALES	**11,726**	**11,101**
Net depreciation and amortisation expense	(181)	(192)
Net charges to provisions and impairment losses	(350)	(265)
Other income and expenses	(10,860)	(10,207)
CURRENT OPERATING PROFIT	**335**	**437**
Other operating income and expenses		
OPERATING PROFIT	**335**	**437**
Income from net surplus cash	15	20
Other financial income and expenses	21	(4)
Income tax expense	(124)	(162)
Share of profits and losses of associates	6	(13)
NET PROFIT	**253**	**278**
Net profit attributable to non-controlling interests	1	(1)
NET PROFIT ATTRIBUTABLE TO THE GROUP	**254**	**277**

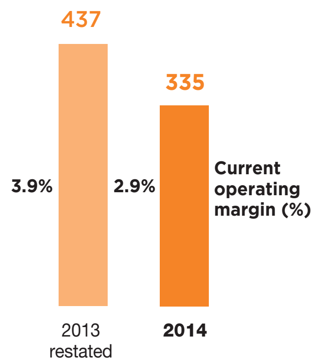
(a) The financial statements for the year ended 31 December 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11.

Figures for 2013 have been restated for IFRS 10 and 11.

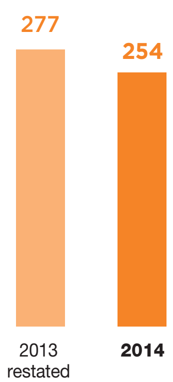
SALES
(€ billion)



CURRENT OPERATING PROFIT
(€ million)

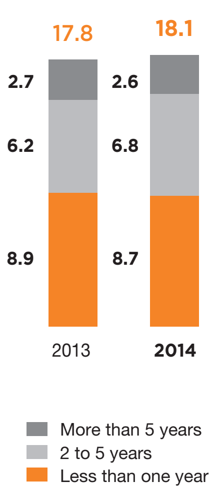


NET PROFIT ATTRIBUTABLE TO THE GROUP
(€ million)

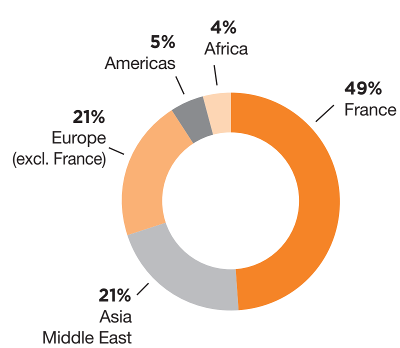


NET CASH
(€ billion at end-December)

ORDER BOOK
(€ billion at end-December)



ORDER BOOK BY REGION
(at end-December 2014)



2014 Key figures
at 31 December 2014

Employees
53,474

Sales
€11,726m
(+6%)

Current operating margin
2.9%
(-1 point)

Net profit att. to the Group
€254m
(-8%)

Order book
at end-December
€18.1bn
(+1%)

Highlights

Acquisition of a majority shareholding in the Canadian company Plan Group.

Major contract gains
- Shatin to Central Link tunnel in Hong Kong.
- City of Music in Boulogne-Billancourt.
- Viaduct on the new coastal road on Reunion Island.
- Ridge Hospital in Ghana.

Projects under construction
- French Ministry of Defence in Paris.
- Hong Kong-Zhuhai-Macao bridge.
- Nîmes-Montpellier railway bypass.
- Qatar Petroleum District in Doha.

Projects handed over
- The Sports Hub in Singapore.
- Miami port tunnel.
- Stade Vélodrome in Marseille.

Sustainable construction
- 50% of the R&D budget is devoted to sustainable construction.

2.1.2.1 Profile

Growth strategy and opportunities

There are two main thrusts to Bouygues Construction's strategy:

- **the development of skills and activities throughout the value chain, upstream and downstream of construction**, which is the company's core business, **in order to offer high value-added, end-to-end products and services**: urban planning, property development, design, legal and financial engineering (PPP and concessions) and long-term services for the project and its users (energy performance, smart grids, smart and communicating buildings, etc.);
- **sustainable construction**: Bouygues Construction offers customers a responsible approach which factors in the technical, environmental and social issues associated with a project. In technical terms, the company offers effective solutions spanning the entire lifecycle of a structure or neighbourhood and gives customers long-term commitments to high-level performance, especially for low-energy and HQE® (High Environmental Quality) buildings.

Strengths and assets

Bouygues Construction has many strengths to draw on in all its lines of business:

- **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. As a result of this strategy, Bouygues Construction generates half its sales on international markets;
- **differentiation through innovation:** at Bouygues Construction, innovation is found at all stages of a project, from marketing up to design and construction, underpinned by robust partnerships with leading industrial firms such as Lafarge, Renault and Techniwood;
- **long experience of managing complex projects:** its motivated people with high-level technical skills enable the company to fully meet the needs of its public and private customers and make the most of future opportunities;
- **the capacity to adapt to changing markets:** the value and depth of its order book give the company visibility that enables it to promptly adjust costs and focus 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 2013 ranking published by trade magazine *Le Moniteur* in December 2014, the Bouygues group's construction activity (Bouygues Construction, Bouygues Immobilier, Colas) 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 activity, comprising its three construction businesses, is placed **seventh in the 2013 ENR ranking of international contractors** published in December 2014, 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 November 2014, Bouygues Construction (excluding Bouygues Energies & Services) is **one of the top three French contractors** ahead of Eiffage Construction and behind Vinci Construction (2013 ranking published by *Le Moniteur* in December 2014). 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 (2013 ranking published by *Le Moniteur* in December 2014).

2.1.2.2 Business activity in 2014

Sustained commercial activity, sales growth and a robust financial structure

A HIGH LEVEL OF ORDER INTAKE: €11,581 MILLION

Order intake in 2014 amounted to a high €11,581 million. It included 11 contracts worth more than €100 million each. Seven were on international markets, two of which were worth more than €400 million.

Order intake in France amounted to €5,441 million and included contracts for the City of Music in Boulogne-Billancourt, the viaduct on the new coastal highway on Reunion Island, the second package of the Line 14 metro extension in Paris, renovation of the Bercy Arena in Paris, the Prado shopping centre in Marseille, and Lyon-Saint Exupéry airport. Orders were 5% lower than in 2013, mainly due to a contraction of the market in the Paris region.

Order intake on international markets came to €6,140 million. Orders included two major projects in Hong Kong, the Liantang and Shatin to Central Link tunnels, Ridge Hospital in Ghana, as well as a number of commercial successes, particularly in Switzerland, Singapore and the UK.

Buildings with environmental certification accounted for 66% of the order intake, compared with 58% in 2013.

AN INCREASE IN THE ORDER BOOK GIVING LONG-TERM VISIBILITY (€18.1 BILLION)

The order book at end-2014 stood at a high €18.1 billion, and up 1% on end-December 2013, with international markets accounting for 51%. The order book in the Asia-Pacific zone is the second biggest after the one for Europe (excluding France). Orders booked at end-2014 to be executed in 2015 amounted to €8.7 billion and orders to be executed beyond 2015 to €9.4 billion, giving good visibility for future activity.

SALES GROWTH: €11,726 MILLION (+6%)

Sales rose by 6% in 2014 to €11,726 million, with building and civil works accounting for 86% and energies and services for 14%.

Sales in France fell back slightly by 1% to €5,959 million, and represented 51% of total sales. Sales outside France rose sharply, up 13% at €5,767 million. This reflects the favourable impact of the acquisition of the Canadian company Plan Group in September 2014.

Like-for-like and at constant exchange rates, sales rose by 4%.

OPERATING RESULTS WHICH REFLECT THE START OF WORK ON SEVERAL MAJOR PROJECTS

Current operating profit came to €335 million, down €102 million versus the high level of 2013. The current operating margin at 2.9% was 1 point lower than in 2013. This trend is due to tighter economic conditions and the start of work or early stages of a number of major projects, especially the Tuen Mun-Chek Lap Kok tunnel in Hong Kong.

Financial income amounted to €36 million, up €20 million versus 2013. The net margin amounted 2.2%, 0.3 points lower than in 2013, yielding net profit attributable to the Group of €254 million.

A STILL VERY SUBSTANTIAL NET CASH POSITION: €2,900 MILLION

Despite tougher conditions, especially in France, Bouygues Construction still has a robust financial structure, with a net cash position of €2.9 billion at end-2014.

Developments in Bouygues Construction's markets and activities

The world's construction needs remain at a very high level, especially for urban amenities and energy, academic, cultural and leisure infrastructure.

In industrialised countries, Bouygues Construction draws on its expertise throughout the value chain to offer customers increasingly competitive solutions for complex major projects. Markets in emerging countries are more dynamic due to factors such as high growth rates and sovereign wealth funds, holding out attractive prospects for Bouygues Construction's businesses. The company can rapidly mobilise its resources on high-potential markets, as demonstrated by the major contracts concluded in Asia in recent years.

Demand for sustainable construction is more or less mature depending on the country. It is more mature in France, where the government plays a key role in stepping up efforts to make both new and renovated buildings more energy-efficient, and in several other countries of Western Europe (UK and Switzerland), North America (Canada) and Asia (Singapore and Hong Kong). Where countries are less mature in this sphere, Bouygues Construction takes a proactive stance, especially in promoting the environmental certification of its projects.

BUILDING AND CIVIL WORKS

In 2014, sales in the building and civil works segment rose to €10,049 million, 5% higher than in 2013 (€9,586 million [a]). Sales amounted to €4,893 million in France and €5,156 on international markets (80 countries).

France

The overall economic environment deteriorated further in France. 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. Markets in the Paris region, which had held up better than in the rest of the country, also started to face a tougher climate. Nevertheless, France remained Europe's largest market, worth around €200 billion.

Demand for housing in the Paris region remained strong. The appeal of the capital combined with new environmental requirements helped to sustain the commercial property construction and renovation markets. Considerable potential for major infrastructure projects remains, especially within the framework of the *Grand Paris* project. In an uncertain economic environment, however, the construction of social or private-sector housing was not resilient enough to halt the market slide.

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

Most of the government measures to boost housing construction announced in late 2014, such as tax incentives, streamlined procedures and the freeing-up of building land, came into effect on 1 January 2015 and could begin to have a positive impact.

2014 sales: €4,893 million (-1%)

In the Paris region, Bouygues Construction worked on major amenity projects such as the French Ministry of Defence, the Paris Philharmonic Concert Hall and the Paris law courts complex.

The company handed over two major public-private partnership projects in 2014: the Saint-Quentin-en-Yvelines Vélodrome, which it will operate and maintain for 27 years, and the Paris Zoo, which it will maintain for 25 years.

The company's expertise in refurbishing luxury hotels and exceptional locations in Paris was illustrated by the ongoing renovation of Hôtel de Crillon and the Ritz Hotel in Paris, and handover of the Molitor swimming pool complex, which includes a 5-star hotel.

In the commercial segment, Bouygues Construction handed over the Rezo office building in the Saussure Cardinet development in Paris. Building work continued on the Campus Val de Bièvre in Gentilly, south of Paris, the Eole office building for Crédit Agricole at Montrouge, south of Paris, and the Tour Athena renovation in La Défense.

(a) Restated 2013 sales figure, comparable to 2014.

The construction and refurbishment of social and private-sector housing held up well overall. Bouygues Construction put the finishing touches to the transformation of Laennec Hospital in Paris into offices and flats and handed over 11 residential buildings in the Fort d'Issy eco-neighbourhood in Issy-les-Moulineaux.

Commercial activity in the Paris region in 2014 was marked by public-sector orders for the City of Music on Seguin Island in Boulogne-Billancourt, a public-private partnership project, and for the renovation of Bercy Arena in Paris. Private-sector orders included the Boulevard Ornano complex in Paris, comprising a nursing home and residential buildings, and the EDF training centre in Palaiseau, south of Paris.

Elsewhere in France, Bouygues Construction's five regional building subsidiaries were particularly active on the market for public healthcare infrastructure. Work continued on the Orléans and Belfort-Montbéliard hospitals, the Amiens-Picardie hospital was handed over and orders were taken for two new buildings on the Strasbourg teaching hospitals site.

Two major amenity construction projects were completed in 2014: the municipal authority complex in Bordeaux and the reconfiguration of Stade Vélodrome in Marseille, a showcase example of Bouygues Construction's expertise in the construction of leisure facilities and the execution of works on occupied sites. Orders for two more major amenity projects were taken in 2014: Lyon-Saint Exupéry airport and the Prado shopping centre in Marseille.

Despite the difficulties related to a flagging economy, activity was sustained by the start of works on several major projects booked in 2013. They included the Incity office tower in Lyon, which will be the city's highest building, renovation of Bordeaux University in the innovative form of a design/build/maintain (DBM) contract, and five secondary schools under PPP contracts for the Loiret department in central France.

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 the ongoing civil engineering works for the Flamanville EPR nuclear power plant, LNG storage tanks in Dunkirk, the Nîmes-Montpellier railway bypass and the L2 Marseille bypass. From a commercial standpoint, a highlight of the early part of the year was the booking of an order, in a consortium with Vinci and Demathieu Bard, for the viaduct on the new coastal highway on Reunion Island, which on completion will be France's longest viaduct. An order was also taken during the year for the second tunnel package of the Line 14 metro extension in Paris.

Europe

The construction market in Europe showed slight signs of recovery after contracting in 2013.

In Western Europe, Bouygues Construction subsidiaries are particularly active in the UK, where the market is worth approx. €180 billion, and in Switzerland (approx. €55 billion). The UK construction market benefited from the country's gradual return to growth, though budget pressures continued to crimp public-sector investment. The construction market in Switzerland remained firm, especially for housing, boosted by historically low interest rates.

Investment capacity in Central Europe suffered from a decrease in EU funding, a tightening of national budgets and a Russian economy which has stopped growing. Infrastructure needs are still considerable, however, holding out bright prospects for the medium term.

2014 sales: €2,112 million (+13%) [a]

Activity in the **UK** was sustained by housing: Bouygues Construction handed over three residential towers in Southampton and continued work on a residential complex in Chelmsford (Essex) and a large-scale residential and commercial complex in Lewisham (south-east London). Bouygues Construction also strengthened its leading position in the UK student accommodation segment, starting work on the University of Hertfordshire campus, the first such operation in Europe to be financed by project bonds.

Demand in **Switzerland** remained strong, especially on the housing market. Bouygues Construction drew on its expertise in putting together complex property development projects: the company handed over the Eikenøtt eco-neighbourhood in Gland, continued work on the Erlenmatt (Basel) and Im Lenz (Lenzburg) eco-neighbourhoods, and took an order for the Ankenbüel residential complex in Zumikon. Bouygues Construction also has acknowledged expertise in "multi-product" projects including offices, shops, housing and leisure facilities, as illustrated by the complexes currently under construction in Thun and Zurich and the one handed over in Monthey. The company continued to expand in the German-speaking part of the country, building the Twist Again office complex and offices for the Swiss post office in Bern's business district.

In **Central Europe,** Bouygues Construction has acquired a number of well-established local firms in recent years, notably 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,** the order for which was booked in 2013.

Asia-Pacific

Construction markets in Asia are particularly dynamic, with growth rates remaining high even though a slowdown in the Chinese economy has had a knock-on effect on the entire region. Bouygues Construction benefits from its position as a long-standing player in Hong Kong, 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.

2014 sales: €1,693 million (+8%)

Bouygues Construction has a strong local presence in the **Asia-Pacific** region, especially in Hong Kong, Singapore and Turkmenistan. Civil works activity continued unabated in **Hong Kong.** Commercial highlights of the year included the award of two major contracts: two tunnels for the six-kilometre extension of the Shatin to Central Link metro line, and two 4.8-kilometre tunnels for the dual-carriageway road linking the north-east of Hong Kong to the border post of Liantang in mainland China. Work continued on several major projects, including two sections of the rail tunnel for the Hong Kong to Guangzhou high-speed rail link, a section of the giant bridge linking Hong Kong, Zhuhai and Macao, and the Tuen Mun-Chek Lap Kok subsea road tunnel, the order for which was booked in 2013.

(a) Restated 2013 sales figure, comparable to 2014.

Bouygues Construction is a recognised player on the Asian building market, especially for high-rise structures. In **Hong Kong,** the company is building the Trade & Industry Tower in the Kai Tak district. A number of major residential complexes are under construction in **Singapore** and orders have been taken for two new tower blocks of condominiums. The company is building three residential tower blocks in a highly desirable **Bangkok** shopping district as well as the MahaNakhon tower which, on handover, will be the city's highest. It also took an order for the new Australian Embassy complex in the Thai capital. In **Macao,** Bouygues Construction started work on a 39-storey, 6-star luxury hotel in the heart of the City of Dreams entertainment complex.

In **Singapore,** Bouygues Construction completed the giant Sports Hub complex, the world's largest sports-related PPP project. In **Turkmenistan,** two major projects were handed over in the capital Ashgabat: the Congress Centre and the International University. In **Myanmar,** Bouygues Construction continued work on its first project in the country, the second phase of the Star City residential complex in Rangoon. In **Australia,** work continued on the construction of a tunnel and new railway lines in the west of Sydney.

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 fall in the oil price could cut their capital spending.

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

2014 sales: €904 million (+10%)[a]

In **Africa,** Bouygues Construction's building and civil engineering firms work together on major infrastructure projects. Three major projects were handed over during the year: the second container port in Tangier in **Morocco,** a new section of Line 3 of the Cairo metro in **Egypt,** and the Riviera Marcory bridge in Abidjan **(Ivory Coast)**, one of the first concessions in West Africa.

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 **Equatorial Guinea,** the company is continuing to build and develop the Bata seafront road. In **Cameroon,** Bouygues Construction is finishing the Figuil-Magada road and building the Ngaoundéré-Garoua road. In **Burkina Faso,** the company carried out work to strengthen part of the RN1 highway linking Ouagadougou to the western part of the country. In **Gabon,** the company is renovating and upgrading the Ndjolé-Médoumane highway, a twisting, hillside road. Work started on the Sarh-Kyabé road in the south-east of **Chad.**

Orders were taken for two major amenity projects: an extension of Ridge Hospital, one of the largest hospitals in Accra, the capital of **Ghana,** and the Jabi Lake Mall in Abuja, the capital of **Nigeria.**

In the **Middle East,** Bouygues Construction continued work on the Qatar Petroleum District, 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. Bouygues Construction subsidiaries mainly have operations in the United States, Canada and Cuba. The economic upturn in the United States and Canada, driven by shale gas extraction and the resulting fall in energy prices, has boosted the construction sector. Bouygues Construction is expanding in the region, especially through major facilities and infrastructure projects.

2014 sales: €447 million (+13%)[a]

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 luxury hotel complexes on Laguna del Este on Cayo Santa Maria, on Cayo Coco and at Varadero, and took an order for three hotels on Cayo de Las Brujas, an uninhabited island in the north-east of the country.

In the **United States,** the Miami port tunnel, built within the framework of a 35-year public-private partnership, was inaugurated. In the same city, Bouygues Construction started work on the Brickell City Centre development.

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

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

ENERGIES AND SERVICES

Bouygues Energies & Services contributed €1,677 million to Bouygues Construction's consolidated sales, 11% more than in 2013 (€1,515 million). Bouygues Energies & Services has three business lines: network infrastructure, facilities management, and electrical and HVAC engineering.

Demographic growth, spreading urbanisation and increasingly scarce raw materials mean that the energy and environmental performance of buildings 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 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.

(a) Restated 2013 sales figure, comparable to 2014.

France

2014 sales: €1,066 million (stable)

Bouygues Energies & Services, through its network infrastructure subsidiary, is a leading player in the development of digital networks in France and operates in 15 departments and four major urban areas, representing 12,000 kilometres of optical fibre serving 6.5 million people. It started rolling out very-high-speed broadband networks in the Oise department to the north of Paris (first phase) and the Eure-et-Loir department in western France, and continued to develop and manage the network in the Vaucluse department in the south of France under a 25-year contract awarded in 2011.

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, in northern France, begun in 2012.

In electrical and HVAC engineering, Bouygues Energies & Services started the design-build contract for a thermal power plant in the French part of the Caribbean island of Saint-Martin and a contract for mechanical and electrical equipment for the L2 Marseille bypass. It also took an order for electrical and HVAC engineering for the offices of Airbus Helicopters at Le Bourget, north of Paris, and completed work on the Amiens-Picardie hospital.

In partnership with Bouygues Construction's building subsidiaries, Bouygues Energies & Services' facilities management subsidiary is involved in a number of PPP contracts. It started a maintenance contract at the Paris Zoo and a contract to maintain and operate the municipal authority complex in Bordeaux. It will also provide maintenance and operation services for the French Ministry of Defence, the Paris law courts complex, five secondary schools in the Loiret department in central France, the University of Bordeaux and the University of Burgundy.

International

2014 sales: €611 million (+38%)

Bouygues Energies & Services is continuing to expand in its three main lines of business in Europe (especially in the UK and Switzerland), in Africa (Gabon and Congo) and in North America (Canada).

In September, Bouygues Energies & Services acquired a majority interest in Plan Group, a Canadian technical services provider (mechanical and electrical contracting, maintenance and technical services, building automation systems and network infrastructure) which has most of its operations in Ontario. One of Plan Group's major current projects is a design-build contract for electrical engineering and building automation systems at the Humber River Regional Hospital north of Toronto.

On international markets, Bouygues Energies & Services is an expert in major turnkey power grid infrastructure projects. In **Thailand,** it started a five-year contract to operate and maintain three photovoltaic solar power plants, built in partnership with Bouygues Construction's local construction subsidiary. In **Mozambique,** Bouygues Energies & Services continued to build a high-voltage line for the Brazilian mining firm Vale.

In electrical and HVAC engineering, Bouygues Energies & Services is involved in complex projects like Total's Djeno oil terminal in the **Republic of the Congo,** handed over in 2014, and the extension of the Telecity data centre in Manchester in the **UK.** In **Cameroon,** the subsidiary is involved in building and refurbishing high-voltage substations at a refinery in Limbé.

In **Canada,** Bouygues Energies & Services provides facilities management (FM) for Surrey Hospital and the RCMP headquarters. The subsidiary has started hard and soft FM contracts with the Alstom group covering its facilities in the **UK** and **Italy** as well as in France. It took orders for five-year FM contracts covering Crédit Suisse offices in **Switzerland** and King's College in London **(UK).** Both in France and internationally, FM contracts guarantee Bouygues Energies & Services recurring long-term income.

2.1.2.3 Bouygues Construction's outlook for 2015

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

- **orders at 31 December 2014 to be executed in 2015** worth €8.7 billion;
- **sustained international (outside Europe) activity,** especially in places less affected by the economic crisis, such as Hong Kong, Singapore, Qatar, Canada, Switzerland, the UK, and Australia;
- **a long-term order book** (beyond five years) worth €2.6 billion at 31 December 2014;
- **a sound financial structure,** with a net cash position of €2.9 billion;
- **expertise in sustainable construction,** to which the company devotes half its R&D budget.

Tight control over the execution of major projects and a selective approach to orders in the face of competitive pressure will continue to be central priorities for Bouygues Construction in 2015.

2.1.3 Bouygues Immobilier, France's leading property developer

An urban developer/operator with 36 branches in France and three international subsidiaries, Bouygues Immobilier develops residential, office, retail and sustainable neighbourhood projects.

Condensed balance sheet

Assets

(at 31 December, € million)	2014	2013 restated[a]
Property, plant and equipment and intangible assets	43	36
Goodwill		
Non-current financial assets and taxes	48	36
NON-CURRENT ASSETS	**91**	**72**
Current assets	1,568	1,578
Cash and equivalents	229	286
Financial instruments[b]		
CURRENT ASSETS	**1,797**	**1,864**
Held-for-sale assets and operations		
TOTAL ASSETS	**1,888**	**1,936**

Liabilities and shareholders' equity

(at 31 December, € million)	2014	2013 restated[a]
Shareholders' equity attributable to the Group	498	504
Non-controlling interests	4	6
SHAREHOLDERS' EQUITY	**502**	**510**
Non-current debt	6	6
Non-current provisions	97	108
Other non-current liabilities	1	2
NON-CURRENT LIABILITIES	**104**	**116**
Current debt	17	4
Current liabilities	1,262	1,301
Overdrafts and short-term bank borrowings	3	5
Financial instruments[b]		
CURRENT LIABILITIES	**1,282**	**1,310**
Liabilities related to held-for-sale operations		
TOTAL LIABILITIES	**1,888**	**1,936**
NET SURPLUS CASH	**203**	**271**

(a) The financial statements for the year ended 31 December 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11.
(b) Fair value of hedges of financial liabilities.

Condensed income statement

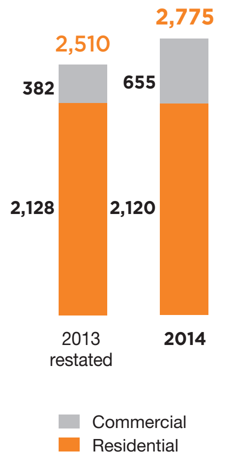
(€ million)	2014	2013 restated[a]
SALES	**2,775**	**2,510**
Net depreciation and amortisation expense	(7)	(7)
Net charges to provisions and impairment losses	(18)	(32)
Other income and expenses	(2,576)	(2,293)
CURRENT OPERATING PROFIT	**174**	**178**
Other operating income and expenses		
OPERATING PROFIT	**174**	**178**
Income from net surplus cash		
Other financial income and expenses	(12)	(12)
Income tax expense	(60)	(61)
Share of profits and losses of associates		(3)
NET PROFIT	**102**	**102**
Net profit attributable to non-controlling interests		(1)
NET PROFIT ATTRIBUTABLE TO THE GROUP	**102**	**101**

(a) The financial statements for the year ended 31 December 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11.

Figures for 2013 have been restated for IFRS 10 and 11.

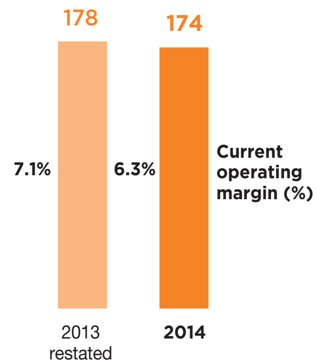
SALES

(€ million)



CURRENT OPERATING PROFIT

(€ million)

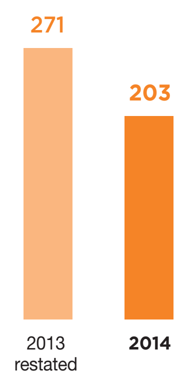


NET PROFIT ATTRIBUTABLE TO THE GROUP

(€ million)

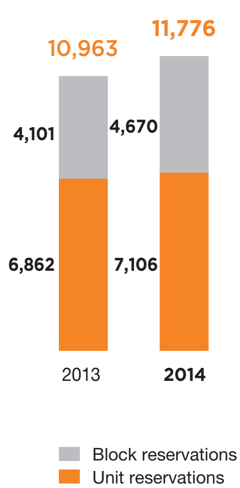
NET CASH

(€ million, at end-December)



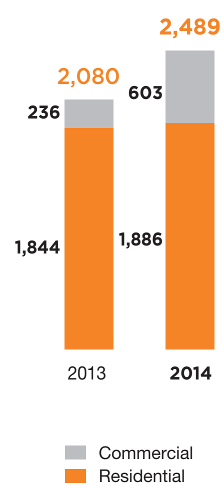
RESIDENTIAL

(number of reservations)



RESERVATIONS

(€ million)



2014 Key figures

at 31 December 2014

Employees
1,968

Sales
€2,775m
(+11%)

Current operating margin
6.3%
(-0.8 points)

Net profit attributable to the Group
€102m
(+1%)

Highlights

Residential

- Inauguration of the Cap Azur eco-neighbourhood at Roquebrune-Cap-Martin in the south of France.
- Conclusion of a strategic agreement with Acapace (serviced residences for seniors).
- Acquisition of 100% of the companies Loticis and Le Chêne Vert.

Commercial

- Inauguration of the future Clarins building in Paris.
- Sale of Higashi, one of the buildings in the Hikari development in Lyon Confluence, to La Française REM.
- Sale of SMA's future headquarters building in Paris.

Urban planning

- Opening of a new branch in Morocco.
- Bouygues Immobilier chosen to develop the Cœur de Quartier project in Nanterre.

CSR

- Top Employer France 2014 certification and the Happy Trainees 2014 award.

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 following three strategic priorities.

INNOVATION FOR SUSTAINABLE DEVELOPMENT

Implementing a pioneering sustainable development strategy, Bouygues Immobilier confirmed its leadership in this area in 2014.

- **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 Nanterre and in Bordeaux, home to the future headquarters of the Caisse d'Épargne Aquitaine Poitou-Charentes bank. In the residential segment, after Vert Eden in Aix-en-Provence and L'Avance in Montreuil, east of Paris, in 2014 Bouygues Immobilier launched Green Home in Nanterre, west of Paris, the first positive-energy residential building in the Hauts-de-Seine department.

  Bouygues Immobilier also developed Passivhaus low-energy apartments in the Osmoz operation at Orvault, near Nantes in western France, launched in 2014, and in the Les Lodges operation at Chanteloup-en-Brie, east of Paris.
- **Rehabilitation:** the green rehabilitation of commercial buildings under the Rehagreen® initiative continued to make progress. Projects included the Sanofi Campus Val de Bièvre in Gentilly, and the sites occupied by AG2R La Mondiale (Lemnys-Peri XV) and CNP in Paris, and La Française REM in Montrouge.

At neighbourhood level, Bouygues Immobilier offers UrbanEra® to local authorities. An innovative service package, it spans the design and development of often mixed-use sustainable neighbourhoods combining residential properties, offices and shops. The company was chosen to develop the second phase of the Cœur de Quartier project in Nanterre, comprising 34,000 m² of housing, 27,000 m² of office space and 13,000 m² of street-level retail space.

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® Logement 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. Valode & Pistre designed the future Clarins building in Paris and the Sanofi Campus Val de Bièvre in Gentilly, the Japanese architect Kengo Kuma designed the Niwa project in Vanves and the Hikari positive-energy development in Lyon Confluence, and François Leclerq is responsible for the Cœur de Quartier operation in Nanterre.

CUSTOMER SATISFACTION

Customer satisfaction is at the heart of Bouygues Immobilier's concerns. A customer call centre has been opened in order to provide the best response to customer enquiries. It took over 63,246 incoming calls in 2014, 2% more than in 2013, thus ensuring ongoing dialogue between the company and its customers.

Bouygues Immobilier stepped up the use of digital resources such as augmented reality and immersive modelling in 2014 so that customers can project themselves more easily into their future dwelling.

Assets and opportunities

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

- **Extensive geographical coverage** via 36 branches in France keeps the company close to customers and strengthens ties with local stakeholders;
- **Operations in all segments of property development** (residential, commercial, retail and urban development) enable the company to cushion cyclical effects within each segment;
- **The company has diversified its Residential products to include serviced residences for senior citizens,** through the strategic agreement with Acapace for residences under the Jardins d'Arcadie name, and **housing subdivisions in the Paris region,** through the acquisition of Loticis and Le Chêne Vert;
- **Through its affordable housing solutions,** the company aims to offer an increasingly extensive range of affordable products that meet the needs of first-time buyers, who account for two-thirds of demand. For example, some programmes have been marketed at a price of only €2,000 per m² at 7% VAT;
- **Commercial properties that are fully tailored to business users' new expectations.** Bouygues Immobilier's strategy in the commercial property segment is based on three priorities: turnkey projects, positive-energy buildings with Green Office®, and the rehabilitation of existing office buildings with Rehagreen®;
- **Bouygues Immobilier has genuine expertise in sustainable neighbourhoods.** With UrbanEra®, it 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;
- **The company has a proven capacity to adapt to changing conditions,** with risk control a priority;
- **A robust business model** that guarantees a healthy financial structure for the company.

Market position

With a market share of 12.9% [a], Bouygues Immobilier is France's leading residential property developer on a par with Nexity, well ahead of its other main rivals, such as Icade, Cogedim and Kaufman & Broad [a]. 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 such as Green Office® and Rehagreen® which are at the cutting edge of environmental innovation. At neighbourhood level, Bouygues Immobilier has confirmed its leading position in sustainable urban development with its UrbanEra® initiative.

(a) Source: ECLN (new housing survey) – Data from developers (February 2015).

2.1.3.2 Business activity in 2014

In a sluggish market, in 2014 Bouygues Immobilier took 11,776 residential property reservations (7% more than in 2013) worth €1,886 million, up 2% on 2013. In the commercial property segment, in particularly tough market conditions, reservations came to €603 million.

Total reservations (residential and commercial) were worth €2,489 million, 20% more than in 2013.

The order book stood at €2.4 billion at end-December 2014, down 8% year-on-year.

Consolidated sales in 2014 amounted to €2,775 million, up 11% on the previous year. Residential property sales amounted to €2,120 million, the same as in 2013, while commercial property sales rose 71% to €655 million.

Current operating profit amounted to €174 million, representing 6.3% of sales compared with 7.1% in 2013, and continued to reflect pressure on the prices of residential programmes.

Net profit attributable to the Group amounted to €102 million, slightly higher than in 2013.

The number of completed but unsold units at end-2014 remained very small, representing about 3 days of marketing.

Shareholders' equity at end-December 2014 stood at €502 million.

Bouygues Immobilier had a net cash position of €203 million at 31 December 2014, showing tight control over its working capital requirement despite a lower sell-off rate for residential properties in France over the last two years.

Markets and activity

RESIDENTIAL PROPERTY

A rise in reservations in a shrinking market

In keeping with the trend in 2013, the residential property market in France shrank in 2014, with 85,821 [a] housing units sold compared with 89,304 in 2013.

There were several reasons for this decline:

- the delayed effect of government measures to boost the buy-to-let market, such as the Pinel tax incentives and the announced simplification of construction standards;
- the decline in French household purchasing power in 2014 and tougher conditions for mortgage lending, making it more difficult to buy property, especially for first-time buyers in areas where housing is in short supply, even though mortgage interest rates are still very low;
- the municipal elections in March 2014, which led to the freezing or postponement of certain projects and held back activity in the first half of the year.

Despite these unfavourable conditions Bouygues Immobilier outperformed the market, taking 11,033 reservations in France (7% more than in 2013) worth a total of €1,794 million. This commercial performance reflects an increase in block sales, which accounted for 42% of housing reservations in France compared with 39% in 2013, boosted particularly by the three-way contract with EDF and SNI to build housing for EDF employees, and a 23% rise in sales to private investors to 3,454 units. Sales to first-time buyers fell back 16% to 2,938 units.

12,048 residential properties were handed over in 2014, compared with 13,359 in 2013.

Creating value for customers

In a tough market, Bouygues Immobilier consolidated its mainly entry- to mid-level positioning in order to meet most buyers' needs for affordable housing.

In 2014, as in 2013, the company continued to work hard to optimise design and construction costs while improving the quality of its housing. As a result it was able to keep prices competitive while protecting profitability.

Several affordable housing programmes were marketed in 2014:

- Neo-C in Créteil, east of Paris, is the first programme in France to obtain BiodiverCity™ certification for the design phase. It comprises 619 apartments, some of which are being marketed with a 7% reduced rate of VAT.
- Côté Rives in Strasbourg, comprising 52 apartments, was marketed at a 5.5% reduced rate of VAT.
- The Font-Pré eco-neighbourhood in Toulon, on the site where the city's hospital used to stand, comprises 757 apartments in a setting which preserves biodiversity by encouraging soft mobility. Marketing of the first phase started in 2014 and some affordably-priced units could be offered at less than €3,100 per m².

On the market for single-family homes, Bouygues Immobilier continued its programme under a contract with EDF and SNI to build homes for EDF employees near 15 production sites all over France. The objective is to deliver over 3,000 homes by the end of 2015.

Bouygues Immobilier innovates and diversifies

In terms of strategy in 2014, Bouygues Immobilier focused on serviced residences for senior citizens and its single-family homes activity in the Paris region.

A strategic partnership agreement was concluded with Acapace for the development of serviced residences for senior citizens under the Les Jardins d'Arcadie brand. Bouygues Immobilier will take a 40% stake in the company which operates Les Jardins d'Arcadie and jointly carry out new development projects. The agreement enables Bouygues Immobilier to expand on the senior citizens market in partnership with a well-known operator and manager.

In another deal, Bouygues Immobilier acquired 100% of the capital of Loticis and of Le Chêne Vert, which specialise respectively in the development and marketing of housing subdivisions in the Paris region. Projects are marketed either in macro-lots to property companies (developers or social landlords) or directly to retail customers as buildable land. The acquisition enables Bouygues Immobilier to integrate a new line of business that fits well with its core activities, thus helping to expand the stock of single-family homes in the Paris region.

(a) Source: ECLN (new housing survey) – Data from developers (February 2015).

Bouygues Immobilier steps up digital customer support

After introducing online customer profiles in 2013, in certain marketing operations Bouygues Immobilier offered customers innovative digital resources which enable them to imagine what their future home will be like.

Oculus virtual reality headsets were available for programmes such as Eclo in Saint-Jean-de-Braye, a suburb of Orléans in central France, 360° in Ermont, north-west of Paris, and Follement Gerland in Lyon. The device enables customers to take a virtual tour of the inside of their future apartment, see the dimensions of the rooms and imagine how they can be fitted out. Bouygues Immobilier also invited customers who had reserved their apartment to continue the experience at home, providing them with Google Cardboard glasses. After assembling the viewer around their smartphone, customers can use a pre-installed app to relive the virtual visit.

On the Blue Bay programme in Nice, Bouygues Immobilier developed a mini-website showing customers the overall project and various apartments with a 3D digital model.

A redesigned homepage for the bouygues-immobilier.com website went online in November 2014. With a more modern and fluid look and feel, it incorporates a more powerful search engine which gives faster search results, offering users easier access to property development projects.

COMMERCIAL PROPERTY

Green property: a winning strategy

Take-up rates in the commercial property market in the Paris region recovered, especially for buildings of over 10,000 m². However, this upturn concealed the postponement of several major transactions from 2013 to 2014 and negative net absorption after deducting space vacated by companies moving out. Rents net of terms agreed during negotiations continued to fall. Investment increased at a high level but remained very much focused on existing and leased assets, giving little encouragement to new speculative projects.

In these tough conditions, Bouygues Immobilier sold 96,000 m² of office and retail space in France in 2014, worth a total of €591 million.

A number of large-scale projects marked Bouygues Immobilier's activity in the commercial property segment in 2014, notably the sale of the land and conclusion of the contract to develop SMA's future headquarters in Paris, thus endorsing its strategy based on three priorities:

Rollout of the Green Office® concept

In its third year of operation, Green Office® Meudon, let to Steria, continued to prove its positive-energy credentials, consuming 59.5 kWh/m²/year and producing 65.2 kWh/m²/year. It therefore produced 10% more energy than it consumed. For the first time, Green Office® Meudon consumed less energy than originally envisaged in the design. Boosted by this success, Bouygues Immobilier is now working on 15 Green Office® projects around France.

In 2014, Bouygues Immobilier also handed over the first phase of the Green Office® building in Rueil-Malmaison, west of Paris, occupied by Unilever, American Express and Ingerop.

Continuing the Rehagreen® initiative

After concluding a property development contract to refurbish a complex belonging to AG2R La Mondiale in Paris, in October 2014 Bouygues Immobilier signed land purchase deeds and off-plan sale agreements for the development of a 14,126-m² building at Montrouge, south of Paris. Designed by the architects Brenac & Gonzalez, the project is aiming for HQE® (High Environmental Quality) Excellent and BREEAM® Very Good certification. A contract has also been signed for the refurbishment of a six-storey office complex in the 9th arrondissement of Paris, including the creation of a new building, a nursery, a fitness centre, a restaurant and a shop.

Successful turnkey projects

The outcome of ongoing dialogue with users, the turnkey strategy aims to design projects tailored to specific customers. Major achievements in 2014 included two particularly remarkable events: handover of the headquarters building of the Clarins group in Paris in June, designed by Valode & Pistre and with BREEAM® Very Good, NF Bâtiments tertiaires-HQE® (High Environmental Quality), and BBC-effinergie® certification, and the sale of SMA's future headquarters in Paris. The 35,000-m² eight-storey building, designed by Wilmotte & Associés, will accommodate all SMA's headquarters staff and is aiming for BREEAM® Very Good, LEED® Gold and NF Bâtiments Tertiaires-HQE® (High Environmental Quality) certification.

SUSTAINABLE URBAN DEVELOPMENT

Aware of the many demographic, environmental, economic and social challenges facing local authorities in relation to urban development, Bouygues Immobilier offers its tailored UrbanEra® service for the construction of eco-neighbourhoods. Defining tangible, measurable targets to suit each local context, the innovative UrbanEra® approach is based on seven pillars, namely energy management, soft mobility, building performance, services, biodiversity, waste management and water management. A number of UrbanEra® projects were carried out successfully in 2014.

Nanterre Cœur de Quartier: an UrbanEra® mixed-use urban complex

In the first half of 2014, Bouygues Immobilier was selected to develop the second phase of the Cœur de Quartier project in Nanterre, west of Paris. Situated alongside the Nanterre Université RER railway station and linking the university with Nanterre prefecture, the complex comprises 34,000 m² of apartments (60% of them social housing), 27,000 m² of office space and 13,000 m² of ground-floor retail space. Designed by the François Leclercq architecture firm, the project aims to reconcile the city with its surroundings by creating a new urban lifestyle based on interaction. Bouygues Immobilier will build nearly 500 apartments, a Green Office® building, a multi-user building, connected third places and a community hub that will host a 10-screen cinema, a bookshop, restaurants, a fitness centre and Cube Next, a physical and virtual digital technology platform.

Inauguration of Cap Azur in Roquebrune-Cap-Martin

Recognised as "Committed to 'EcoQuartier' Eco-Neighbourhood Labelling" by the French Housing Ministry in 2013, the Cap Azur eco-neighbourhood comprises 209 apartments (101 of them social housing), 700 m² of office space, a 70-unit tourist residence with HQE® (High Environmental Quality) certification and a 135-place nursery. Inaugurated in February 2014, the eco-neighbourhood has given rise to a first-ever partnership between Bouygues Immobilier, EDF Optimal Solution and Veolia for the installation of an innovative heating system. The system recovers heat contained in water from the municipality's water treatment plant: the wastewater, at a temperature of 11-25°C, passes through heat exchangers in the Cap Azur development before being discharged into the sea. The system is used to preheat domestic hot water and radiators in the buildings and to air-condition the offices of the tourist residence. It also reduces the temperature of the water reaching the sea, thus reducing its environmental impact.

Ginko awarded the ÉcoQuartier label

The Ginko eco-neighbourhood in Bordeaux was awarded the ÉcoQuartier label by the French Housing Ministry in December 2014, having been recognised as "Committed to 'EcoQuartier' Eco-Neighbourhood Labelling" in 2013. This distinction, the only one awarded to a private development, reflects the strength of Bouygues Immobilier's commitment to a sustainable and desirable urban environment. This all-round, cross-cutting approach spans architectural quality, integration into the local environment, soft mobility, renewable energy, social and functional diversity, sparing use of resources and respect for biodiversity in the neighbourhood's development and construction. Over 1,000 residential units for nearly 2,500 residents had been handed over by the end of December 2014.

Morocco

In 2014, Bouygues Immobilier started marketing the first two phases (out of three in all) of Les Faubourgs d'Anfa in Casablanca, a project comprising 13,498 m² of office space and 450 apartments. Two decorated show apartments give customers a better idea of what their future home will be like. A technical showroom has also been installed to explain the services offered to customers, such as construction methods and technical standards. The urban planning for the site is provided by Auda, a Moroccan subsidiary of the Caisse des Dépôts et Consignations. The development will also host Casablanca's future financial centre.

2.1.3.3 Bouygues Immobilier's outlook for 2015

Conditions on the property markets on which Bouygues Immobilier operates are likely to remain highly competitive in 2015. Bouygues Immobilier is counting on innovation, sustainable development, cost reductions, product diversification and value creation for customers to differentiate itself from its competitors and continue to grow and increase its market share.

- **Residential:** given the considerable need for housing in France, Bouygues Immobilier will endeavour to offer customers the best products and services at the fairest possible price with the aim of holding on to its position as France's leading property developer. In order to do so, the company will continue to explore new opportunities for growth in the markets for single-family homes, serviced residences, affordable family housing, and adaptable housing which enables older people to live at home for longer.
- **Commercial:** in a depressed economic environment, Bouygues Immobilier will continue to focus its growth strategy in 2015 on innovation, offering highly efficient buildings which meet the requirements of environmental regulations through its Green Office® range, Rehagreen® green rehabilitation package and turnkey buildings.
- **Urban development:** the innovative UrbanEra® concept, which has already proved a success in Bordeaux (Ginko), Lyon Confluence (Hikari), Châtenay-Malabry, and Nanterre (Cœur de Quartier), is Bouygues Immobilier's driver of growth in the development of sustainable neighbourhoods in France and elsewhere, 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 while preparing to move into new countries.

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

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 100,000 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.

Condensed balance sheet

Assets

(at 31 December, € million)	2014	2013 restated[a]
Property, plant and equipment and intangible assets	2,540	2,360
Goodwill	518	522
Non-current financial assets and taxes	630	597
NON-CURRENT ASSETS	**3,688**	**3,479**
Current assets	3,910	3,907
Cash and equivalents	1,044	509
Financial instruments[b]	19	13
CURRENT ASSETS	**4,973**	**4,429**
Held-for-sale assets and operations[c]		358
TOTAL ASSETS	**8,661**	**8,266**

Liabilities and shareholders' equity

(at 31 December, € million)	2014	2013 restated[a]
Shareholders' equity attributable to the Group	2,915	2,496
Non-controlling interests	30	31
SHAREHOLDERS' EQUITY	**2,945**	**2,527**
Non-current debt	208	221
Non-current provisions	837	793
Other non-current liabilities	88	87
NON-CURRENT LIABILITIES	**1,133**	**1,101**
Current debt	56	58
Current liabilities	4,410	4,368
Overdrafts and short-term bank borrowings	88	190
Financial instruments[b]	29	22
CURRENT LIABILITIES	**4,583**	**4,638**
Liabilities related to held-for-sale operations		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**8,661**	**8,266**
NET SURPLUS CASH	**682**	**31**

(a) The financial statements for the year ended 31 December 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11.
(b) Fair value of hedges of financial liabilities.
(c) Relating to the disposal of Cofiroute.

Condensed income statement

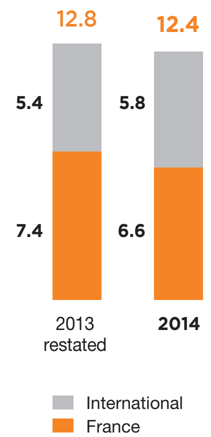
(€ million)	2014	2013 restated[a]
SALES	**12,396**	**12,845**
Net depreciation and amortisation expense	(401)	(407)
Net charges to provisions and impairment losses	(128)	(125)
Other income and expenses	(11,535)	(11,923)
CURRENT OPERATING PROFIT	**332**	**390**
Other operating income and expenses	(67)	(11)
OPERATING PROFIT	**265**	**379**
Cost of net debt	(18)	(21)
Other financial income and expense	10	(2)
Income tax expense	(65)	(120)
Share of profits and losses of associates	413[b]	78
NET PROFIT	**605**	**314**
Net profit attributable to non-controlling interests	(1)	(2)
NET PROFIT ATTRIBUTABLE TO THE GROUP	**604**	**312**

(a) The financial statements for the year ended 31 December 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11.
(b) Including a net capital gain of €385 million on the sale of Colas' interest in Cofiroute.

Figures for 2013 have been restated for IFRS 10 and 11.

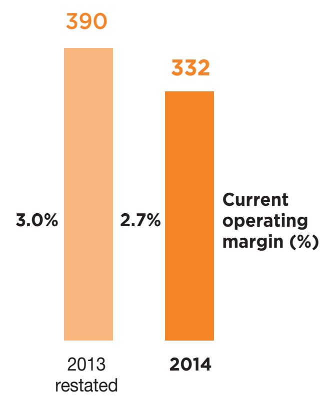
SALES

(€ billion)



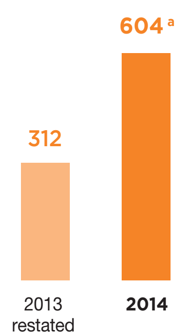
CURRENT OPERATING PROFIT

(€ million)



NET PROFIT ATTRIBUTABLE TO THE GROUP

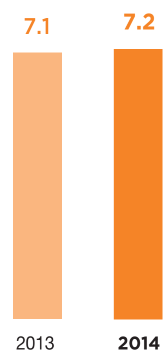
(€ million)



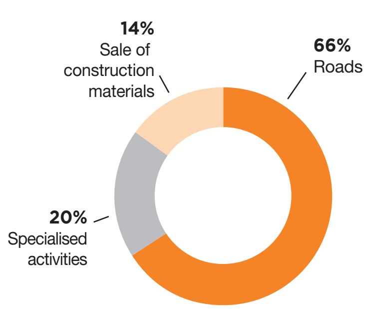
(a) Including a net capital gain of €385 million on the sale of Colas' stake in Cofiroute

ORDER BOOK

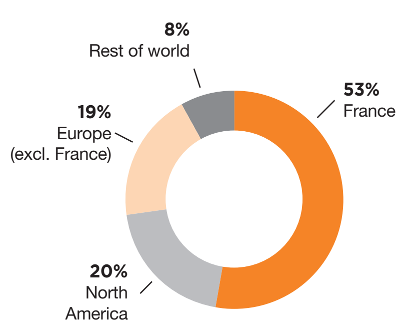
(€ billion, at end-December)



SALES BY BUSINESS LINE



SALES BY REGION



2014 Key figures

at 31 December 2014

Employees
59,682

Sales
€12,396m
(-3%)

Current operating margin
2.7%
(0.3 points)

Net profit attributable to the Group
€604m[a]

Order book
at end-December
€7.2bn
(+1%)

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

Highlights

- Disposal of the company's 16.67% stake in motorway concession company Cofiroute.
- Acquisition of a Danish company producing and selling asphalt mix, and of the road surfacing activities of Sunstate in Queensland, Australia.

Major contract gains

- Construction of an elevated section and an interchange for the new coastal road on Reunion Island.
- Two railway contracts (mainly track renewal) in the United Kingdom.
- Construction and renovation of sections of Highway 63 in Alberta, Canada.

2.1.4.1 Profile

With 800 profit centres [a] and 2,000 materials production units [a] 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 100,000 projects each year and much of its core business is of a recurrent nature.

With nearly 60,000 employees, Colas reported sales of €12.4 billion in 2014, of which France accounted for 53%, Europe (excl. France) for 19%, North America for 20% and other countries for 8%.

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 (80% 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 70,000 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. For example, Colas has a 16.6% interest in Atlandes, holder of the concession for a 105-kilometre section of the A63 motorway in south-western France.

Production and sale of construction materials (14% of sales)

Upstream of roadbuilding, Colas produces and recycles construction materials through an extensive international network of 701 quarries and gravel pits, 128 emulsion and binder plants, 528 asphalt plants, 208 ready-mix concrete plants and two bitumen production plants. In 2014, Colas produced 96 million tonnes of aggregates, 1.7 million tonnes of emulsions and binders, 40 million tonnes of asphalt mix, 2.6 million m^3 of ready-mix concrete and 1.0 million tonnes of bitumen [b]. The world's leading producer of emulsions and asphalt mixes, Colas can also count on authorised reserves [c] of 2.3 billion tonnes of aggregates (27 years' output), plus additional potential reserves [d] of 1.8 billion tonnes.

SPECIALISED ACTIVITIES (20% OF SALES)

Colas has five specialised activities:

Railways (7.3% 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 subways), 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 mainly in France and the UK, though it also has operations in Belgium, Poland, Romania, Venezuela, Chile, Egypt, Algeria, Tunisia, Morocco, and Malaysia.

Waterproofing (4.9% 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.

Sales of refined products (3.5% of sales)

From a raw material called reduced crude oil, SRD (Société de la Raffinerie de Dunkerque) makes bitumen (232,000 tonnes produced in 2014) used in the manufacture of road products and waterproofing membranes for the needs of the Colas group, as well as base oils, paraffin and fuel oils used in non-road industries. SRD produced 219,000 tonnes of base oils, 294,000 tonnes of fuel oils and 49,000 tonnes of paraffin in 2014.

Road safety and signalling (2.5% 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).

(a) Operational structures identified in 2014 in the extra-financial reporting. Note that the "production sites" mentioned in previous years may each contain several "production units".
(b) This figure corresponds to the entire output of the SRD plant in Dunkirk (northern France) and the Kemaman plant in Malaysia.
(c) 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.
(d) 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.

Pipelines (1.6% of sales)

The pipelines 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).

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. SRD will refocus its refining business in 2015, concentrating solely on bitumen production, in order to restore the company's financial equilibrium and secure the long-term future of the Dunkirk facility;
- **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;
- **designing new products and developing new technologies** through a research and development policy which seeks to anticipate 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 60,000 employees, handed down from one generation to the next and enhanced by an appropriate human resources policy;
- **a technical innovation policy** implemented 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;
- **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 Travaux Publics. 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 2014

Sales in 2014 amounted to €12,396 million, down 3% on the previous year, against a background of weak economic growth in the majority of places where Colas has operations. Sales fell 11% in France but rose 7% on international markets. Like-for-like and at constant exchange rates, sales were also down 3% on 2013.

Sales in the roads activity fell 4% as growth on international and French overseas markets was not sufficient to entirely offset the decline in mainland France. Sales in specialised activities were more or less stable, down 1% like-for-like and at constant exchange rates, underpinned by a sharp rise in the railways activity.

Current operating profit amounted to €332 million, compared with €390 million in 2013, and the current operating margin stood at 2.7%, compared with 3.0% in 2013. Contributing factors to these developments were:

- a bigger loss in the sales of refined products activity (a loss of €64 million versus a loss of €46 million in 2013) despite the introduction of many adjustment measures, in a deeply depressed European refining market;
- a fall in operating profit in the roads activity in mainland France due to a sharp contraction of the market since March 2014;
- a decline in results in the waterproofing and road safety and signalling activities;
- a continued upturn in the pipelines activity;
- an improvement in profitability in North America;
- good performances in the roads activity on international markets (Europe, French overseas departments, Africa, Asia and Australia);
- an excellent year for the railways activity.

The current operating margin stripping out the impact of the refinery activity would be 3.3%, versus the published 2.7%

Net profit attributable to the Group amounted to €604 million, substantially higher than in 2013 (€312 million) due to the net capital gain on the sale of the stake in Cofiroute (€385 million) in January 2014.

Net capital expenditure amounted to €456 million in 2014 compared with €289 million 2013 (giving a particularly low basis for comparison), due to the need to modernise industrial facilities and the start of work on major rail and road contracts.

Colas continued a policy of targeted external growth in 2014, strengthening its position in the roadbuilding sector in Australia and Ireland and in the production and sale of asphalt mix in Denmark. The net cost of acquisitions in 2014 amounted to €42 million, compared with €97 million in 2013, excluding the sale of the stake in Cofiroute.

Colas had a robust financial structure with a high level of shareholders' equity (€2.9 billion) and a net cash position of €682 million at end-December 2014, compared with €31 million a year earlier, boosted by the proceeds of the sale of the stake in Cofiroute.

Roads (2014 sales: €9,940 million)

Sales were 4% lower than in 2013.

ROADS MAINLAND FRANCE (2014 SALES: €4,459 MILLION)

Sales in 2014 fell by 13% in comparison with 2013. After falling by 4-5% a year on average between 2009 and 2013, the roads market contracted sharply from March as local authorities cut back their capital spending. The usual post-election slowdown was compounded by a substantial reduction in central government grants to local authorities, the scrapping of the HGV ecotax, which hit the funding of AFITF (the French transport infrastructure funding agency), and uncertainty over an announced territorial reform which is unclear to decision-takers. The decline in sales was thus both greater and faster than expected, and differences between regions increased. Despite the introduction of a new organisation for the roads activity in mainland France in 2013, which anticipated a contraction of the market, further adjustment measures had to be taken throughout 2014. Having completed the A63 motorway project in late 2013, Colas was involved in two other ongoing large-scale projects: construction of the Nîmes-Montpellier high-speed railway bypass and the L2 Marseille bypass.

ROADS EUROPE (2014 SALES: €1,660 MILLION)

Sales rose 18% in comparison with 2013 (16% like-for-like and at constant exchange rates).

Sales in **Northern Europe** rose slightly, though they were a little lower like-for-like and at constant exchange rates. Sales were stable in the **UK,** boosted by long-term road and motorway maintenance contracts, in **Ireland** and in **Switzerland.** Sales rose in **Denmark** but fell back again in **Belgium.**

Sales grew again in **Central Europe** after contracting sharply for a number of years and stabilising in 2013, driven by major motorway projects awarded in late 2013. Sales in **Hungary** were boosted by contracts to build several sections of motorways. Business remained slow in **Slovakia,** except for one major expressway project. Colas' subsidiary in the **Czech Republic** handed over a motorway project. Sales were stable in **Poland** but **Croatia** and **Slovenia** were still in recession.

ROADS NORTH AMERICA (2014 SALES: €2,470 MILLION)

Sales rose 3% on 2013 (4% like-for-like and at constant exchange rates).

In the **United States,** sales rose 4% like-for-like and at constant exchange rates. The traditional roads market has not yet benefited from the economic recovery. Order intake improved towards the end of the year, however, as some states took over infrastructure funding. Most of the large-scale civil engineering projects which have run into difficulties should be completed in 2015.

In **Canada,** sales rose 4% like-for-like and at constant exchange rates. Growth was driven by large-scale projects in Alberta and the full-year consolidation of the company in Ontario acquired in 2013, despite particularly poor weather in the first half of the year and a cut in infrastructure budgets in the province of Quebec. The modernisation of Iqaluit International Airport in the country's Arctic North, a PPP project carried out by a consortium of which Colas is a member, started in good conditions.

ROADS "REST OF THE WORLD" (2014 SALES: €1,351 MILLION)

A 4% drop in sales versus 2013 (down 3% like-for-like and at constant exchange rates) reflected contrasting situations:

- Sales were stable in **French overseas departments.** Activity held up well in the **Antilles** but fell back in **French Guiana.** The subsidiary in **Reunion Island** has not yet benefited from the start of work on three packages of the new coastal highway. In **Mayotte,** construction of the Majicavo remand centre was completed.
- Sales were stable in **Morocco.** Sales in **West Africa** rose with the gradual recovery of activity in **Ivory Coast** and the start of work on the second northern exit road from Brazzaville in **Congo,** offsetting the effect of lower oil prices in **Gabon** and the completion of projects in **Burkina Faso** and **Benin.** Sales in **Southern Africa,** driven by the manufacture and sale of emulsions, fell back in a shrinking market. Sales also fell in **Madagascar,** where the restart of projects was postponed, and in **Mauritius** in the absence of major contracts.
- Sales fell in **Asia/Australia/New Caledonia,** especially due to an unfavourable exchange-rate effect. In Asia, activity focuses on the production, distribution and sale of bitumen products via a network comprising a bitumen production plant in Malaysia, 17 emulsion plants and 18 bitumen depots. Activity increased in this region, driven by sustained demand: sales rose sharply in **Thailand,** increased in **Vietnam** and remained stable in **Indonesia** and **India**. Colas expanded its business in **Australia** with the acquisition of Sunstate, a company that produces asphalt mix and carries out roadworks in Queensland.

Specialised activities (2014 sales: €2,466 million)

Sales were almost exactly the same as in 2013, with trends differing considerably from one activity to another:

- Sales in the **Railways** business rose sharply, by 18% to €904 million. Growth was driven mainly by international markets, especially the UK, where sales reached a record level and where the company won two major long-term track maintenance contracts. Work on an extension of the Kelana Jaya light railway in Malaysia and line 1 of the Algiers metro continued in good conditions. In France, the track renewal and maintenance activity held up well but the tramways activity declined significantly in the absence of new projects.
- Sales fell in:
  - **Waterproofing,** down 10% on 2013 to €608 million in a very tough building market in mainland France, which continues to be affected by strong price pressures;
  - **Sales of refined products,** down 12% to €428 million against the background of a further decline on the European refining market, especially for base oils. A plan to restructure SRD's industrial facility, designed to refocus the business on bitumen production only, was announced to employee representative bodies in September;
  - **Road safety and signalling,** down 8% to €312 million, in line with the fall on the roads market. A 22-year repair and maintenance contract was obtained as part of the Troissereux bypass project, a PPP in the Oise department, north-west of Paris;
  - **Pipelines,** down 4% to €194 million, in line with expectations, though activity held up well in the gas and oil transport segment (laying of pipelines, the subsidiary's core business), with a first project in Gabon.

Projects

Over 100,000 projects were completed or begun in 50 countries in 2014. 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 project, as a member of a consortium.
- Construction of the L2 Marseille bypass, a PPP project, as a member of a consortium.
- Resurfacing of sections of the A6, A7, A9, A26, A40 and A71 motorways.
- Construction of the Lons-le-Saunier, Retzwiller and Mont-de-Marsan bypasses.
- Widening to dual carriageway of RN 88 between Albi and Rodez.
- Resurfacing of a runway and taxiways at Beauvais airport.
- Construction of a multibulk terminal for Dunkirk seaport.
- Construction or extension of tramways in Besançon, Le Mans, Marseille and Grenoble.
- Deconstruction of the Pullman Hotel in Paris.
- Replacement of road safety and signalling equipment on the A6 motorway south of Evry.
- Roofing, waterproofing and cladding of the Musée des Confluences museum in Lyon.
- Laying of 50 kilometres of pipeline for GRTgaz as part of the Arc de Dierrey project in the Seine-et-Marne department, east of Paris.

INTERNATIONAL AND FRENCH OVERSEAS DEPARTMENTS

- **Northern Europe:** upgrading and maintenance of the road network in central London under an eight-year contract and railway track renewal under long-term contracts 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; renovation of an 18-kilometre section of the A1 motorway in Switzerland; laying of pavement at the Samsø ferry terminal in Denmark.

- **Central Europe: in Hungary,** the construction of sections of the M4, M85 and M86 motorways and reconstruction and extension of line 1 of the Budapest tramway; 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 520 in Georgia and Highway 220 in Pennsylvania; renovation and widening of pavement on several sections of the Parks Highway in Alaska; creation of a seafront promenade on Harbour Boulevard for the Port of Los Angeles in California.
- **Canada:** resurfacing of runways, taxiways and access roads at Iqaluit International Airport in Nunavut (a PPP project); construction and renovation of pavement of several sections of Highway 63 in Alberta; resurfacing of runways at Prince Rupert airport and long-term road marking contracts in British Columbia.
- **French overseas departments:** construction of bus lanes at Fort-de-France in Martinique; start of construction work on the elevated section of the new coastal highway on Reunion Island; handover of the extension and renovation of Majicavo remand centre in Mayotte as part of a design-build contract.
- **Africa and the Indian Ocean region:** provision of 375,000 tonnes of ballast for the construction of the Tangier-Kenitra high-speed rail link in Morocco; extension of line 1 of the Algiers metro; handover of the Banfora-Sindou road in Burkina Faso; laying of 17 kilometres of pipeline at Port-Gentil in Gabon; resurfacing of the second northern exit road from Brazzaville in Congo; industrial maintenance of Ambatovy mining facilities at Tamatave in Madagascar.
- **Asia and Australia:** resurfacing of the waterproofing-wearing course structure of Rama IX bridge in Bangkok, Thailand; provision of 100,000 tonnes of asphalt mix for the Jakarta outer ring-road in Indonesia; construction of an extension to the Kelana Jaya light railway in Malaysia; refurbishment of 250 kilometres of roads in Western Australia; construction and widening of runways for airfields at Ouinné and Koné in New Caledonia.

2.1.4.3 Colas' outlook for 2015

The order book at end-December 2014 stood at a high €7.2 billion, 1% more than a year previously. The composition of the order book reflects the trends seen in the last three quarters of 2014, since orders on international and French overseas markets were 8% higher at €4.123 billion while orders in mainland France were 7% lower at €3.035 billion.

The following assumptions have been made concerning trends on Colas' main markets in 2015.

- The **roads activity** in 2015 could be roughly the same as in 2014, marked by:
  - a fall in activity in mainland France of perhaps of between 6 and 7%, caused by a further reduction in central government grants to local authorities, uncertainty among decision-takers about the territorial reform, and developments in the overall economic environment. The positive impacts of a plan between central government and regional authorities, currently being finalised, and the allocation of new revenue to the transport infrastructure funding agency from an increase in the tax on diesel will not be felt until 2016;
  - growth in international activity:
    - in North America: the roads market in the United States should benefit from an upturn in the economy and the Canadian economy remains robust, even though the recent fall in the oil price could dampen activity in the west of the country, especially Alberta,
    - in Europe, where the market could be broadly stable, though with differing situations from one country to another,
    - in Asia, Australia, Africa and the Indian Ocean region (including French overseas departments), where markets should be dynamic.
- In **specialised activities,** the situation is likely to vary between businesses. The railway activity should make further progress on dynamic markets both in mainland France and elsewhere. In the sale of refined products activity, sales of base oils will be stopped from the second half of the year. The sales from this activity (€428 million in 2014) could fall by around 70%.

In this environment Colas will continue to focus on its strategic priorities, especially its international roads activity and its railway business. Colas has the necessary financial resources to continue this growth, in particular half of the cash generated by the sale of the stake in Cofiroute that will not be used to pay dividends.

Action plans have been launched. They will have the following objectives in 2015:

- to stem the losses in the Refining activity. A redundancy plan has been introduced and production of base oils will be halted at the end of the first quarter. Although provisions for the cost of adapting SRD's facility in Dunkirk to bitumen production were booked in late 2014, the first benefits will not be felt until the second half of 2015;
- to continue efforts to adapt roads subsidiaries in mainland France to the volume of business on the market.

On the basis of available information, sales in 2015 could be slightly lower than in 2014.

2.2 TF1, the leading* private television group in France

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

The group retained a high audience share in 2014, thus confirming the relevance of its strategy for innovation in schedules and digital media.

* Source: Médiamat by Médiamétrie - Consolidated ratings at 31 December 2014 - Viewers: individuals aged 4 and over.

Consolidated balance sheet

Assets

(at 31 December, € million)	2014	2013 restated[a]
Property, plant and equipment and intangible assets	284	299
Goodwill	475	475
Non-current financial assets and taxes	611	100
NON-CURRENT ASSETS	**1,370**	**874**
Current assets	1,853	1,837
Cash and equivalents	501	289
Financial instruments[b]		
CURRENT ASSETS	**2,354**	**2,126**
Held-for-sale assets and operations[c]		646
TOTAL ASSETS	**3,724**	**3,646**

Liabilities and shareholders' equity

(at 31 December, € million)	2014	2013 restated[a]
Shareholders' equity attributable to the Group	2,003	1,704
Non-controlling interests	37	131
SHAREHOLDERS' EQUITY	**2,040**	**1,835**
Non-current debt		1
Non-current provisions	48	41
Other non-current liabilities	32	9
NON-CURRENT LIABILITIES	**80**	**51**
Current debt	1	2
Current liabilities	1,600	1,495
Overdrafts and short-term bank borrowings	3	97
Financial instruments[b]		
CURRENT LIABILITIES	**1,604**	**1,594**
Liabilities related to held-for-sale operations[c]		166
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,724**	**3,646**
NET SURPLUS CASH	**497**	**189**

(a) The financial statements for the year ended 31 December 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11.
(b) Fair value of hedges of financial liabilities.
(c) Relating to the sale of a controlling interest in Eurosport International.

Condensed income statement

(€ million)	2014[a]	2013 restated[b]
SALES	**2,243**	**2,460**
Net depreciation and amortisation expense	(57)	(67)
Net charges to provisions and impairment losses	11	(36)
Other income and expenses	(2,054)	(2,134)
CURRENT OPERATING PROFIT	**143**	**223**
Other operating income and expenses	328[c]	
OPERATING PROFIT	**471**	**223**
Cost of net debt	1	
Other financial income and expenses		1
Income tax expense	(68)	(73)
Share of profits and losses of associates	15	1
NET PROFIT	**419**	**152**
Net profit attributable to non-controlling interests	(6)	(15)
NET PROFIT ATTRIBUTABLE TO THE GROUP	**413**	**137**

(a) Following the sale of a controlling interest in Eurosport International on 30 May 2014, the 49% interest retained by TF1 has been consolidated by the equity method since 1 June 2014. Eurosport International's contribution between 1 January and 30 May 2014 was €150m to sales and €26m to current operating profit.
(b) The financial statements for the year ended 31 December 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11.
(c) Including a capital gain of €300 million on the sale of Eurosport International (31%) and remeasurement of the residual interest (49%).

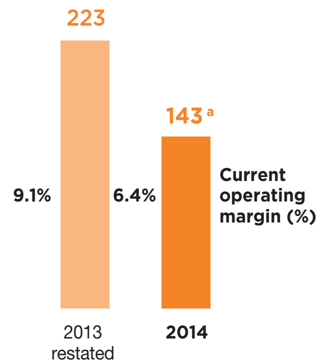
Figures for 2013 have been restated for IFRS 10 and 11.

SALES

(€ million)

CURRENT OPERATING PROFIT

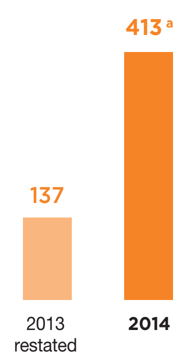
(€ million)



(a) *Following the sale of a controlling stake 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.*

NET PROFIT ATTRIBUTABLE TO THE GROUP

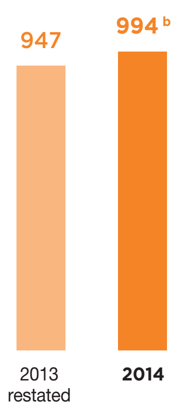
(€ million)



(a) *Including a capital gain of €300m on the sale of Eurosport International (31%) and the remeasurement of the residual interest (49%).*

PROGRAMMING COSTS FOR THE FOUR[a] FREEVIEW CHANNELS

(€ million)



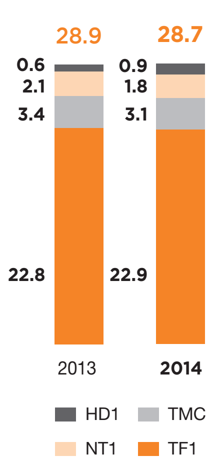
(a) *TF1, TMC, NT1, HD1.*

(b) *Including €74 million related to the airing of the FIFA 2014 World Cup.*

AUDIENCE SHARE[a] OF THE TF1 GROUP'S FREEVIEW CHANNELS

(%)

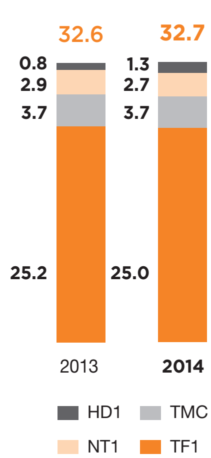
Individuals aged four and over



AUDIENCE SHARE[a] OF THE TF1 GROUP'S FREEVIEW CHANNELS

(%)

Women under 50 who are purchasing-decision makers



(a) *source: Médiamétrie, annual average.*

2014 Key figures

at 31 December 2014

Employees

2,951

Sales

€2,243m

(-9%)

Current operating profit

€143m

(-36%)

Highlights

Ratings

- 95[a] of the top 100 TV audience ratings for TF1 in 2014, including 16.9 million[a] viewers for the quarterfinal soccer match between France and Germany (FIFA World Cup 2014).

Award

- TF1 was voted France's favourite television channel in 2014[b] and won the 2014 *CB News* "Grand Prix" media award.

Cinema

- *Serial (Bad) Weddings* was an outstanding box office success.

Eurosport

- Partnership with Discovery Communications, which became the majority shareholder in Eurosport International

CSR

- Implementation of a new three-year agreement with Handicap (see chapter 3).

(a) *The top 100 TV audience ratings for 2014 in France (Médiamétrie – Médiamat).*

(b) *Source: TV Notes 2014, Puremedias.com poll, RTL, and* 20 Minutes*.*

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 28.7% [a] audience share in 2014.

The group is strengthening this leadership position by adapting to TV viewers' new content consumption behaviour. TF1 has developed a powerful digital version of its television offering to reach all viewer segments across all fixed and mobile platforms. With MYTF1, the TF1 group is the French television company attracting the most web users to an online video platform.

The group also produces top-quality theme channels in pay-TV responding to the specific expectations of TV viewers: Eurosport, LCI, TV Breizh, Histoire, Ushuaïa TV and Serieclub.

Through this unique offering, the TF1 advertising sales department brings advertisers the possibility of combining the strong ratings of its television channels with the advantages of personal digital media. It also sells advertising space for the *Metronews* freesheet, the Indés Radios stations, a diverse range of TV channels outside the TF1 group, and a number of websites.

More broadly, the group's businesses cover the entire audiovisual value chain, from audiovisual and film production to DVD publishing, a video-on-demand offering and music CDs.

The TF1 group has also created a wide range of broadcasting-derived businesses, including home shopping, licences and the production of musical and theatre 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

The advertising market was marked by fierce competition and low visibility in 2014, primarily owing to the lacklustre economic environment in France. To address that situation, the group continued to adapt and transform its business model.

Harnessing its diverse strengths, the group's strategy for 2015 and the coming years is based on four main focuses:

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. With the commitments concerning TMC and NT1 taken with the French competition authority drawing to an end, the group will be 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 wants to

- expand its digital offerings to accompany changes in content consumption habits (second screens, Catch-Up TV, etc.) and in advertising sales approaches.
- strengthen the group's weight in the audiovisual rights market by expanding its presence in content.

Pursuing a proactive and structured corporate social responsibility policy

The TF1 group, aware of its responsibilities as a media company, is committed to maintaining quality dialogue with all its stakeholders, to ensure transparency and the continuous improvement of its practices. It is convinced that this is a guarantee of its long-term future and competitiveness. See also chapter 3 of this registration document.

Maintaining strict management, optimising resources

In addition to the optimisation plan (Phases I and II) implemented since 2008, the TF1 group will continue to keep a close eye on the progress and adjustment of its business model.

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 four complementary freeview channels, including TF1, a leading brand in France;
- **Synergies between television and digital media** extending the reach of the brands broadcast on group channels;
- **Unique exposure for advertisers** in their relationship with TV viewers and web users;
- **Recognised expertise in the production and editorial treatment** of audiovisual content;
- **The capacity to adapt and innovate** so as to address structural and economic changes in the market and create the conditions most conducive to new developments;
- **Promising partnerships,** notably with the Discovery group for the development of Eurosport;
- **A robust financial structure,** bringing the TF1 group the means to finance its ambitions on growth and profitability.

2.2.1.3 Market position

In a French DTT market comprising 25 channels, the TF1 group has the leading freeview offering, consisting of four channels. It competes with publicly-owned channels and private groups, including Métropole Télévision (M6, W9, 6ter) and Canal+ (Canal+, D8, D17).

(a) Source: Médiamétrie, 2014 annual average.

The group remains the most powerful private player, with a 28.7% audience share at 31 December 2014 compared with 13.4% for its closest private rival. The TF1 TV channel attracts 33.2% of the total gross advertising spend in the television market[a].

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

The TF1 group has rolled out its MYTF1 digital brand across all media. The website registers 8 million unique visitors a month[b] and 8 million mobile apps have been downloaded[c] since launch. The group is developing a strong presence in the social networks by forming major partnerships. At end-November 2013 the TF1 group ranked second on time spent watching videos on line, behind Google and ahead of Dailymotion[d]. MYTF1VOD is the second most used pay-VOD platform, behind that of Orange[e].

The TF1 group is addressing the arrival of global web players in the audiovisual market. It is raising the awareness of the authorities, the aim being to ensure that the regulatory environment evolves in step with these new trends

In pay-TV, the TF1 group signed a partnership agreement with the US group Discovery Communications in late 2012.

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

2.2.2 Business activity in 2014

In 2014, the TF1 group reinforced its market positions despite the difficult economic and competitive environment. It also once again demonstrated its ability to renew itself and innovate across the board with the aim of creating value for its shareholders.

2.2.2.1 Market conditions still difficult

Competition remained fierce in the French broadcasting market in 2014, with some channels making substantial investments in programmes and continued price pressure in the advertising market.

However, the TF1 group confirmed its position as the leading private-sector television group and extended its lead over its main private-sector rival in terms of audience share[f]. The TF1 TV channel increased its audience share for the second consecutive year on the strength of event-driven and innovative programming.

In 2014, the TF1 group pursued its digital innovation policy, a core component of its strategy. The policy has produced results, with the group now boasting strong and recognised presence in this field. TF1 successfully trialled and promoted new, interactive and innovative "second screen" systems that serve to strengthen relations between viewers and programmes, thereby contributing to brand promotion across all fixed and mobile television viewing modes.

The gross advertising market, all channels combined (incumbent, DTT, cable and satellite) rose 9.7% in 2014 to €10.5 billion, bolstered by growth in DTT sales. Television continued to appeal to advertisers in 2014, remaining by far the number-one media in France in terms of advertising spend[g].

Price pressure nevertheless remained strong in 2014 in the French market, with an increase in broadcast advertising volumes. Against this backdrop, net advertising sales for the TF1 group's four freeview channels were down slightly, by 0.7% to €1,477 million.

2.2.2.2 Key figures in 2014

Sales impacted by the deconsolidation of Eurosport International

The TF1 group posted consolidated sales of €2,243 million in 2014, down 9% on 2013 owing to the deconsolidation, effective from 1 June 2014, of the contribution of Eurosport International following the sale of the controlling stake to Discovery Communications on 30 May 2014.

Excluding the impact of that deconsolidation, sales were up slightly by 1% despite a decline in the "Broadcasting" segment, where price pressure remained strong. Advertising sales for the TF1 group's four freeview channels (TF1, TMC, NT1 and HD1) were down slightly, by 1% to €1,477 million. Advertising sales to third parties were robust, with an increase in sales. The digital subsidiary e-TF1 posted a slight fall in sales. In the highly competitive French free press market, sales of the freesheet *Metronews* were also down in 2014.

(a) Sources: Médiamat de Médiamétrie, IREP.
(b) Panel Médiamétrie NNR (December 2013).
(c) XiTi, estat Médiamétrie, iTunes Connect, Google Play.
(d) Médiamétrie / NetRatings (November 2013).
(e) CNC, Le marché de la vidéo, March 2014.
(f) Source: Médiamétrie. Consolidated audience ratings at 31 December 2014, 2014 average, for individuals aged 4 and over.
(g) Source: Kantar Média.

Sales for the Content activity rose sharply by €37 million, including the sales of broadcasting rights to the 2014 FIFA World Soccer Cup for €30 million.

Despite continued lacklustre household consumption in France, the consumer services activity increased over the year, with a 2.2% rise in sales. TF1 Vidéo operated in a physical video market (DVD, Blu-ray) whose sharp contraction the digital video market has yet to offset. But the subsidiary benefited from the release of major films in 2014, including *Serial (Bad) Weddings*, limiting the decrease to 2.8%. After renewing its product line-up and opening points of sale, Téléshopping recorded an increase in orders in 2014 and posted a 2.7% rise in sales. TF1 Entreprises also enjoyed a strong year with a 6.2% rise in sales.

Sales were down 5.2% for the pay-TV offer, impacted primarily by a strong decline in advertising sales for the TF1 group's theme channels and Eurosport France in a market under pressure. The theme channels TF6 (co-produced with M6) and Stylía stopped broadcasting on 31 December 2014.

Business model adaptation: completion of the optimisation plan

The TF1 group met its commitments on business model adaptation in 2014 by completing Phase II of its optimisation plan. The group generated €29 million in recurrent savings in 2014, taking the total savings generated by Phase II between 2012 and 2014 to €85 million, consistent with the commitment made in 2012. Adding that amount to the €155 million in recurrent savings achieved between 2008 and 2011, the TF1 group has generated some €240 million in recurrent savings between 2008 and 2014.

The cost of programmes for the TF1 group's four freeview channels was €994 million, up €47 million year on year. That amount includes the €74 million related to the cost of broadcasting the 2014 FIFA World Soccer Cup. Excluding sports events, the cost of programmes fell €26 million to €920 million owing to the recurrent and non-recurrent savings generated by the TF1 TV channel, which succeeded in increasing its audience share for the second consecutive year. These savings also largely offset the investments made in DTT channels in response to the heightened competition in the broadcasting market.

Other current operating expenses (including depreciation and impairments) were stable at €982 million.

Current operating profit for the TF1 group was €143 million, compared with €223 million in 2013, for a decrease of €80 million. This can be attributed to the deconsolidation of Eurosport International and the rise in costs stemming from the broadcast of the 2014 FIFA World Soccer Cup, offset in part by recurrent and non-recurrent savings.

Operating profit for the TF1 group amounted to €471 million, up €248 million year on year, including a capital gain of €328 million on the sale of the controlling stake in Eurosport.

Net profit attributable to the TF1 group came to €413 million in 2014.

Strong net cash position

At 31 December 2014, shareholders' equity attributable to the TF1 group came to €2,003 million, for total assets of €3,724 million. The group's net cash position stood at €497 million at end-December 2014.

2.2.2.3 Business review in 2014

The leading television offer in France

The TF1 group remained the leading private-sector television group in France in 2014. It did so despite fierce competition in the freeview television market, marked in particular by increasing investment in programmes by some players and by competition from new, broader digital offers.

The combined audience share of the TF1 group's four freeview channels totalled 28.7% with individuals aged 4 and over, down 0.2 points on 2013. But the group's audience share with women under 50 who are purchasing decision-makers grew 0.1 points to 32.7%.

The TF1 TV channel affirmed its leadership once again in 2014 with unifying and events-driven programming featuring new innovations across all programme categories. The TF1 TV channel grew its audience share for the second consecutive year, up 0.1 points to 22.9% [a], extending the lead over its main private-sector rival. The channel scored 95 of the top 100 ratings in 2014, all channels combined, and also claimed the best ratings performance of the year with the airing of the 2014 FIFA World Soccer Cup quarterfinal match between France and Germany, which drew some 16.9 million viewers on 4 July 2014.

In a competitive environment featuring high investment on programmes by competing channels, TMC and NT1 posted audience shares of 3.1% and 1.8% respectively [a], and HD1 continued its rise with a 0.9% audience share [a].

Innovative strength in the digital sector

The TF1 group continued to build a benchmark multi-screen offer in 2014 spanning web, mobiles, tablets and connected TVs. It rolled out a number of innovations, on the back of events-driven programming for the 2014 FIFA World Cup featuring interactive systems that brought viewers an enhanced offer. In 2014, 1.4 billion [b] free videos were viewed on the sites of the TF1 group, which also enjoys strong presence in the social media. The TF1 TV channel scored a 44% share of voice amongst broadcasting groups present on Twitter. At end-2014, a total of 12 million [b] MYTF1 apps and 1.7 million [b] MYTF1News apps had been downloaded.

Major success for other activities

Commercial activity for consumer services enjoyed positive momentum overall in 2014, despite a lacklustre economic environment and household consumption. TF1 Entreprises achieved commercial success in all its

(a) Source: Médiamétrie, consolidated audience ratings at 31 December 2014, 2014 average, for individuals aged 4 and over.
(b) Sources: Médiamétrie – eStat, Google, iTunes Connect.

activities, and Téléshopping reaped the rewards of its efforts to renew its product line-up. Operating in an increasingly difficult market and competing with illegal offers, TF1 Vidéo managed to limit the contraction in its sales through successful releases. The pay-TV offer of the TF1 group faced competition from a broader freeview offer amid a still sluggish advertising market.

A committed and responsible media

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. TF1 was awarded the Responsible Supplier Relations label in January 2014, a first for a broadcasting group in France. The label is awarded to French companies having demonstrated sustainable and well-balanced relations with their suppliers (see section 3.4.3.1, in chapter 3 of this document).

2.2.3 Outlook for 2015

Although visibility remains poor, a combination of more favourable factors appears to be shaping up for the French economy in 2015, which could lead to a stabilisation of net sales in the television advertising market.

In 2015, the TF1 group will continue to adapt its business model as it has done over the last few years, with the aim of improving profitability on two fronts:

- in sales terms, by continuing to use its four freeview channels as the platform for an innovative offering built on strong brands and programmes, while taking advantage of all the opportunities provided by technology and digital uses;
- in cost terms, by optimising multi-channel exploitation of the group's content while paying particularly close attention to the level of overheads.

This year, TF1 will once again draw on its many strengths to remain alert for new opportunities, accelerate the development of the group, and participate in the debate on possible regulatory changes.

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 aims to bring digital technology to the largest possible number of people.

In 2014, Bouygues Telecom implemented an aggressive strategy adapted to the new uses and demands of its retail, business and corporate customers.

Condensed balance sheet

Assets

(at 31 December, € million)	2014	2013 restated[a]
Property, plant and equipment and intangible assets	4,518	4,595
Goodwill	5	5
Non-current financial assets and taxes	28	27
NON-CURRENT ASSETS	**4,551**	**4,627**
Current assets	1,234	1,122
Cash and equivalents	59	16
Financial instruments[b]		
CURRENT ASSETS	**1,293**	**1,138**
Held-for-sale assets and operations		
TOTAL ASSETS	**5,844**	**5,765**

Liabilities and shareholders' equity

(at 31 December, € million)	2014	2013 restated[a]
Shareholders' equity attributable to the Group	2,815	2,863
Non-controlling interests		
SHAREHOLDERS' EQUITY	**2,815**	**2,863**
Non-current debt	752	792
Non-current provisions	364	254
Other non-current liabilities	22	61
NON-CURRENT LIABILITIES	**1,138**	**1,107**
Current debt	25	3
Current liabilities	1,819	1,788
Overdrafts and short-term bank borrowings	47	
Financial instruments[b]		4
CURRENT LIABILITIES	**1,891**	**1,795**
Liabilities related to held-for-sale operations		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**5,844**	**5,765**
NET DEBT	**(765)**	**(783)**

(a) The financial statements for the year ended 31 December 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11.
(b) Fair value of hedges of financial liabilities.

Condensed income statement

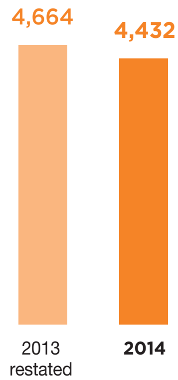
(€ million)	2014	2013 restated[a]
SALES	**4,432**	**4,664**
Net depreciation and amortisation expense	(773)	(725)
Net charges to provisions and impairment losses	(7)	(51)
Other income and expenses	(3,717)	(3,763)
CURRENT OPERATING PROFIT/(LOSS)	**(65)**	**125**
Other operating income and expenses	3	(80)
OPERATING PROFIT/(LOSS)	**(62)**	**45**
Cost of net debt	(8)	(4)
Other financial income and expenses	(6)	(8)
Income tax charge	33	(18)
Share of profits and losses of associates	(2)	(2)
NET PROFIT/(LOSS)	**(45)**	**13**
Net profit attributable to non-controlling interests		
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**(45)**	**13**

(a) The financial statements for the year ended 31 December 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11.

Figures for 2013 have been restated for IFRS 10 and 11.

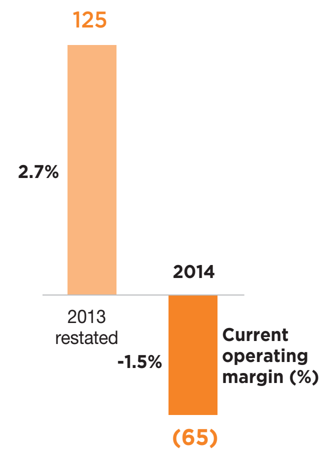
SALES

(€ million)



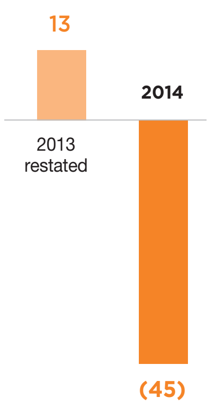
CURRENT OPERATING PROFIT/(LOSS)

(€ million)



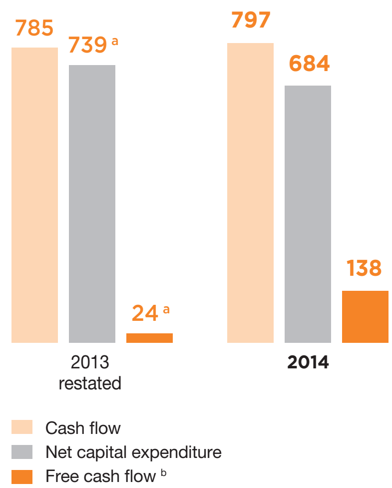
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP

(€ million)



CASH FLOW

(€ million)

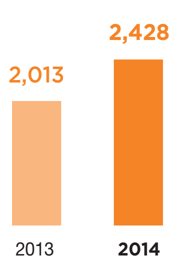


(a) *Excluding €13 million in capitalised interest related to 4G frequencies.*

(b) *Before change in working capital requirement.*

FIXED BROADBAND CUSTOMERS

('000 at end-December)



MOBILE CUSTOMERS

('000 at end-December)

Key figures

at 31 December 2014

Employees
8,817

Sales
€4,432m
(-5%)

Current operating loss
€65m
(-8%)

Customers
13.5m

Highlights

January

- Signature of an agreement to share part of the mobile access network with SFR.

March

- Release of the Bbox broadband triple-play offer for €19.99 per month.

June

- Launch of the Bbox Sensation Fibre (FTTH[a]) triple-play offer for €25.99 per month.
- Launch of 4G+.

November

- New positioning announced in conjunction with the rollout of a simplified range of mobile plans.

(a) *Fibre To The Home.*

2.3.1 Profile

For the past 18 years, Bouygues Telecom has anticipated the needs of its customers and consistently innovated to enhance their digital experience by offering solutions adapted to the new uses on fixed and mobile markets.

After inventing the mobile call plan in 1996, Bouygues Telecom launched the first unlimited plans with Neo in 2006. In 2011 Bouygues Telecom introduced B&YOU, the first SIM-only/Web-only service with no minimum term. Bouygues Telecom upgraded its infrastructure and launched the first nationwide 4G network in France in 2013, anticipating the explosion in mobile internet demand and ensuring 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.

Leveraging its innovation momentum in the mobile sector, Bouygues Telecom acquired its own fixed network in 2008 and became a convergent operator. In 2009 Bouygues Telecom invented the first quadruple-play offer (fixed and mobile telephony, internet and television) in the market, branded "Tout-en-un ideo", and in 2010 launched Bbox Fibre, its first very-high-speed offering on the Numericable network.

In 2014, Bouygues Telecom introduced ground-breaking prices by launching a triple-play broadband offer for €19.99 and a FTTH (Fiber-To-The-Home) offer for €25.99 per month. At the same time, Bouygues Telecom continues to innovate, as shown by the development of 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.

2.3.1.1 Market position

In a French mobile market[a] that totalled 77.2 million customers at end-2014, Bouygues Telecom was in fourth position with 11.1 million customers, behind Orange, Numericable-SFR, but in front of Free Mobile and the MVNOs[b]. Bouygues Telecom had a 14.4% share of the mobile market at end-2014, 0.6 points lower than at end-2013.

In a French fixed broadband market[a] with 26 million customers at end-2014, Bouygues Telecom ranked fourth with 2.4 million customers, behind Orange, Iliad and Numericable-SFR. Bouygues Telecom had 9.4% of the French fixed broadband market at end-2014, 1.3 points more than at end-2013, and a 12% share of the very-high-speed market at end-2014, compared with 18% at end-2013.

Bouygues Telecom only operates in mainland France.

2.3.1.2 Development strategy and opportunities

In 2014 Bouygues Telecom defined a new positioning which will underpin its strategy in the years ahead in order to sharpen its competitive edge in a market that counts four operators.

Bouygues Telecom has positioned itself as the operator that helps the largest possible number of people to understand and take full advantage of digital technologies, nurturing transparent, trust-based relationships with its customers. Bouygues Telecom rolls out this commitment across all contact points – a network of 574 modernised stores, 4,500 customer and sales advisers, as well as the website and social media, always with an emphasis on digitisation and simplification.

This positioning enables Bouygues Telecom to deploy a three-pronged strategy:

Creating value by developing mobile data uses

In a world where instantly-available information has become essential, Bouygues Telecom believes that mobile data use will continue to experience explosive growth, due to the popularity of smartphones and the quality of 4G technology.

Bouygues Telecom's customers are developing new types of mobile data consumption such as video and music streaming, and are enjoying new services on the best 4G/4G+ network[c] in France.

4G technology and future enhancements provide Bouygues Telecom with major growth opportunities to spur usage and develop services in both the retail and business segments.

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

Bouygues Telecom has positioned itself as an operator which is opening up the fixed broadband market to boost its market share and offer high-quality broadband and FTTH services at very competitive prices. In order to increase the number of households able to benefit from these unprecedented low rates, Bouygues Telecom has stepped up the development of its directly-owned fixed infrastructure – broadband and FTTH.

At the same time, Bouygues Telecom is introducing a major technological innovation called Bbox Miami, a new premium TV box benefiting from the Android eco-system and Bouygues Telecom's expertise, which enables subscribers to enjoy the best of television and the internet on one single screen.

Developing B2B services

The business segment is a key growth driver for Bouygues Telecom, particularly because of the appeal of 4G technology.

Many major customers and SMEs have chosen Bouygues Telecom's fixed, mobile, internet and cloud computing solutions. The French postal service has equipped postal delivery workers with connected smartphones in order to develop new services.

(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) Arcep report, July 2014.

2.3.1.3 Strengths and assets

Bouygues Telecom boasts an impressive array of strengths and assets:

A subscriber base of 13.5 million customers

Bouygues Telecom had 11.1 million mobile customers at end-2014, in addition to 2.4 million fixed broadband and very-high-speed customers.

Access to a wide frequency spectrum

At end-2014, Bouygues Telecom had nearly one-third of the spectrum available in France in the various frequency bands (800, 900, 1800, 2100 and 2600 MHz). Bouygues Telecom invested €1.5 billion in accessing regulated frequencies, thereby gaining a lasting competitive advantage to keep pace with the explosion in its customers' mobile uses. Bouygues Telecom has been able to aggregate the different frequency bands to offer 4G+ [a] in 2014 and ultra-fast mobile broadband [b] in 2015, with speeds three times faster than 4G. Bouygues Telecom will thus be able to continue offering cutting-edge technology for the benefit of its customers.

High-performance mobile and fixed networks acclaimed for their quality

With over 15,000 base stations, Bouygues Telecom offers its customers coverage with its directly-owned network that reaches 99% of the French population in 2G, 97% in 3G+ (speeds up to 7.2 Mbit/s) and 71% in 4G. As a result, 45 million people in France have access to very-high-speed mobile services in more than 2,700 towns and cities. After completing the upgrade campaign for its entire mobile network which began in 2011, Bouygues Telecom was rated first for 4G coverage [c] in a survey conducted by French telecommunications regulator Arcep in June 2014 and second for mobile service quality across all criteria [d].

Bouygues Telecom is in a position to market its offers to all telephone lines eligible for broadband, which include 12.3 million households via its own directly-owned network. The target is to reach 16 million households in 2015. In the very-high-speed segment, Bouygues Telecom stepped up the rollout of its FTTH network, covering 1.4 million households at end-2014 and aiming for 2 million at end-2015. Under an agreement with Numericable-SFR, Bouygues Telecom can potentially reach between 7 and 8 million households eligible for FTTLA (Fibre To The Last Amplifier).

Attractive mobile and fixed services

Bouygues Telecom markets a simplified range of mobile plans to bring the best of the digital world to its customers and support their growing mobile uses. Customers now 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 and pioneering line of fixed broadband services while continuing to deliver a superior quality. Bouygues Telecom's fixed internet package is the lowest-priced service in the market.

A customer-centric distribution and support network

Bouygues Telecom provides all its customers with daily support through an excellent customer relations service which includes 4,500 customer and sales advisers, 574 Club Bouygues Telecom stores, a website, social media and on-line assistants.

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.

The transformation plan initiated in 2012 adjusted the company's cost structure to generate €599 million in savings in 2013 versus 2011 on marketing expenses and mobile operating costs in the initial phase.

The new transformation plan unveiled in 2014 outlined a forward-facing operating model that centres on radically simplifying the way Bouygues Telecom does business. This involved significantly reducing the number of plans and transforming business processes. Bouygues Telecom will thus be able to generate total cost savings of €300 million by end-2016 compared with 2013.

(a) Aggregation of two frequency bands.
(b) Aggregation of three frequency bands.
(c) Arcep report, July 2014.
(d) Arcep survey (June 2014) of mobile service quality in mainland France.

2.3.2 Business activity in 2014

2.3.2.1 Implementing an aggressive strategy and speeding up Bouygues Telecom's transformation

A market experiencing profound change

The French telecommunications market was fiercely competitive in 2014 in both the mobile and fixed segments, impacted by the emergence of new underlying trends:

- Mobile internet uses surged, propelled by 4G and its future iterations, and the inclusion of new services in mobile plans (larger data allowances, cloud computing, roaming[a], etc.). In the space of one year, mobile internet usage has doubled in France[b];
- The market was shaken up by a raft of special offers and subscriber-only deals from all operators;
- Customer handset purchase patterns 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;

In the fixed market, 2014 was also characterised by:

- Growing appeal of very-high-speed services;
- A price war, with all players marketed services at very competitive prices, along with special offers;
- Customers showed increased appetite for video and content on demand;

In this market context, Bouygues Telecom pursued two priorities in 2014:

- Rolling out an aggressive strategy in the mobile and fixed markets, leveraging the company's new positioning;
- Speeding up the implementation of an in-depth transformation of the company which began in early 2012.

Rolling out an aggressive strategy in mobile and fixed markets

IMPLEMENTING NEW POSITIONING

A strong focus on customer satisfaction is key to building customer loyalty. This is why, in November 2014, Bouygues Telecom unveiled a new positioning which revolves around the quality of the customer experience. The aim is to nurture trust-based relationships with its customers, who in turn have every reason to stay with Bouygues Telecom.

Bouygues Telecom has distanced itself from standard practice in the telecoms sector whereby loyal customers are not systematically eligible for the best offers or enjoy many benefits that are reserved for new customers. All Bouygues Telecom customers now enjoy automatic upgrades to their plans as soon as a new service becomes available, at no extra cost.

In a bid to meet customer expectations more effectively, Bouygues Telecom has also introduced a programme to completely revamp its stores, which will be increasingly geared towards selling and using connected devices, and bolster its mobile customer relations service with advisers now based solely in France.

To underpin the new positioning, Bouygues Telecom radically simplified its range of mobile services to facilitate consumer choice. The new range now includes seven plans with the option of either no minimum term or the inclusion of a mobile handset. The B&YOU line has been folded into the Bouygues Telecom range as the "no minimum term, SIM-only" offer. All B&YOU customers now enjoy full access to the company's multi-channel customer relations service at no extra cost and with no obligation to take out a contract. This service was previously available only to Bouygues Telecom customers.

To ensure customer service around the clock, Bouygues Telecom has gone one step further in its policy of promoting user feedback by setting up "#ComitéClient", in addition to customer assistance on social media and the customer support forum. #ComitéClient is a representative panel of 14 customers who are involved in the company's ongoing improvement drive. Its overriding goals are to better identify and prioritise customer expectations, continuously improve service quality and guarantee customer satisfaction.

ENHANCING MOBILE SERVICES TO HELP CUSTOMERS EMBRACE NEW TYPES OF USE

In response to new market trends and growing mobile voice and internet demand in France and other countries, Bouygues Telecom enhanced its range of services throughout the year to bring its customers the best possible experience. Developing uses will enable Bouygues Telecom to leverage the value of its high-quality network in the future.

In January 2014, Bouygues Telecom broadened access to voice and data services by including roaming[a] from Europe and French overseas departments in its range of Sensation mobile plans. For 35 days each year, customers enjoy unlimited calls and texts to France and French overseas departments and an extra 3GB of mobile internet data every month in addition to their data allowance. Bouygues Telecom also launched two new plans in June allowing business users to use their mobile plan in France, Europe and French overseas departments all year long at no extra cost and with no restrictions on the number of outgoing numbers called.

(a) The possibility for mobile phone or internet customers (roaming subscribers) to automatically use another operator's network when they travel to another country.
(b) Arcep report on the electronic communications market in France in Q3 2014 – 8 January 2015.

Prompted by the success of 4G among customers with non-capped plans, Bouygues Telecom continued to widen access to mobile use in February 2014, offering 4G services to customers with prepaid cards, capped plans and the prepaid Bbox Nomad. The entire mobile customer base now enjoys the speeds offered by 4G.

Bouygues Telecom ran a special offer for Sensation and B&YOU mobile plan customers in April which allowed them to trial unlimited mobile TV for a whole month. In late 2014, Bouygues Telecom enhanced its range of mobile internet services by including unlimited access to more than 70 TV channels live and free of charge via the B.tv app.

INCREASING THE MARKET SHARE IN THE FIXED SEGMENT WITH HIGH-QUALITY OFFERS AT ATTRACTIVE PRICES

In March 2014, the Bbox broadband triple-play offer was launched at €19.99 per month, including all the basic services – phone, internet and television – with no hidden costs and no minimum term. The offer proved hugely popular and set a new price benchmark.

Bouygues Telecom continued its strategy of making fixed services more accessible to as many people as possible and widened access to very-high-speed services with its premium offering, the Bbox Sensation Fibre (FTTH) triple-play offer priced at €25.99 per month. Bbox Sensation Fibre, combined with FTTH technology, 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 thanks to its latest-generation home gateway.

In another technological breakthrough, Bouygues Telecom rolled out Bbox Miami, which meets customers' growing needs 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 premium TV box is competitively priced at €25.99 per month and was launched in January 2015 for existing Bouygues Telecom customers. The service will be available to all new customers starting in March 2015.

Speeding up Bouygues Telecom's transformation

In response to market upheaval, Bouygues Telecom embarked on an in-depth transformation plan in 2012 in order to restore its competitiveness.

The measures taken in the first stage of the transformation plan (2012-2013) successfully reduced marketing and operating costs in the mobile segment. Cost savings were higher than expected, totalling €599 million in the mobile business since end-2011.

In early 2014, Bouygues Telecom unveiled a second transformation plan which will result in a new organisation and a new business model, thereby securing an independent future for the company. The plan is expected to deliver cost savings of €300 million in 2016, compared with 2013. Cost savings will be achieved by radically simplifying the range of plans (the number of offers managed by the company's information systems will be cut from 650 to under 40) and streamlining business processes. The new, simplified organisation will lead to a reduction in the workforce of 1,362 employees, mainly in support functions. All staff concerned were offered the choice of voluntary redundancy or internal job mobility. With the same objective of optimisation in mind, all employees working in the Paris region are to be transferred to a single site before June 2015 (this does not include the stores).

Also in 2014, Bouygues Telecom and SFR agreed to share a portion of their mobile access network infrastructure. The new network will be rolled out across an area covering 57% of the population (excluding densely populated areas) and will enable both operators to provide their respective customers with better coverage outside and inside buildings, as well as better quality of service by optimising their shared network. It will also enable the two companies to generate significant savings.

By the end of June 2015, Bouygues Telecom's transformation plan will have been fully executed and the entire mobile customer base will have been migrated to the new plans that were launched in November 2014. The transformation plan has the twin goal of adjusting the company's cost structure to declining value in the market and returning the company to a more agile business model in order to meet customer needs even more effectively.

2.3.2.2 Business review

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

The French mobile phone market continued to expand in 2014, increasing by 4%. Growth was driven by the 7% rise in the number of plan customers due to sharp increases in SIM-only plans and smart devices. The prepaid market contracted by a further 7% in 2014 compared with 2013.

Within the plan segment in mainland France:

- machine-to-machine SIM cards (a technology that allows the exchange of data between devices with a SIM card and an IT server) accounted for 13% of the customer base at end-2014 and 32% of new plan customers in 2014;
- the business market also grew.

Mobile Virtual Network Operators (MVNOs) accounted for 9.6% of the market (vs. 11% in 2013) due to the fact that Numericable and Omea are now network operators and no longer considered MVNOs.

The French fixed broadband market grew by 4% (like in 2013) and numbered 26 million customers at end-December 2014.

Bouygues Telecom commercial results in the mobile market

MOBILE CUSTOMERS

The launch of a nationwide 4G network in late 2013 and Bouygues Telecom's aggressive strategy in 2014 have begun to translate into sales. Bouygues Telecom's mobile customer base was virtually stable at end-2014, totalling 11.1 million customers, compared with a net loss of 108,000 customers in 2013.

Bouygues Telecom ended 2014 with 220,000 more plan customers (including diversification). This increase almost completely offset the decline in prepaid customers (243,000 fewer customers).

(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.

4G PROVES A SUCCESS

The quality of Bouygues Telecom's 4G network has won over the French public; at end-2014, Bouygues Telecom had 3.1 million active 4G customers[a], i.e. 28% of its mobile customer base. Bouygues Telecom's 4G users accounted for 34% of the total 4G customer base in France[b].

Since the launch of 4G, Bouygues Telecom's customers have developed new mobile internet use patterns and increased their mobile internet usage threefold. Mobile customers (excluding diversification) consumed an average of 1GB of data per month and active 4G customers consumed an average of 2.2GB of data per month at end-2014. Bouygues Telecom carries 27%[c] of all mobile internet traffic (3G and 4G) in France, equivalent to nearly double its share of the mobile market.

As customers become equipped with 4G handsets, mobile internet usage will continue to grow, paving the way for an increase in the share of higher margin offers. Bouygues Telecom is thus working to bring the benefits of 4G and future technology to as many people as possible by subsidising handsets and offering payment by instalments. In the fourth quarter of 2014, 84%[d] of subsidised handsets purchased by customers were 4G-compatible handsets, versus 61% in the fourth quarter of 2013.

MVNO

There were 2.2 million active MVNO customers[e] on the Bouygues Telecom network at end-2014, 300,000 more than at end-2013. 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

FIXED BROADBAND CUSTOMERS

Bouygues Telecom accounted for 40% of total net growth of the French fixed broadband market in 2014, attracting 415,000 new customers.

Thanks to its strategy of marketing high-quality services at very attractive prices, Bouygues Telecom has been in first place for net growth in the fixed broadband market for five consecutive quarters between October 2013 and December 2014[f]. It had 2.4 million fixed broadband customers at end-December 2014.

FASTER ROLLOUT OF THE DIRECTLY-OWNED NETWORK

Bouygues Telecom stepped up the roll-out of the 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 12.3 million households at end-December 2014. The target is to reach 16 million households.

In January 2012, the company concluded an agreement with Orange concerning the rollout of optical fibre in very high population density and lower population density areas. The agreement supplements the co-investment agreement previously concluded with SFR. At end-2014, Bouygues Telecom's directly-owned unbundled FTTH network covered 1.4 million eligible households, allowing customers to access speeds of up to 1Gbit/s. The target is to cover 2 million households by the end of 2015.

VERY-HIGH-SPEED SERVICES

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, offering speeds of up to 200 Mbit/s. In late 2013, Bouygues Telecom started to include VDSL2 in its Sensation fixed broadband offers at no extra cost compared with ADSL, delivering theoretical download speeds of up to 100 Mbit/s. VDSL2 enables Bouygues Telecom to further expand its very-high-speed coverage in France.

Bouygues Telecom had 378,000 very-high-speed customers at end-2014, representing 15.6% of its base. It had 12% of the very-high-speed market in France.

Business and corporate customers

Bouygues Telecom had 1.7 million business and corporate customers for its fixed and mobile services at end-2014.

The inclusion of 4G across Bouygues Telecom's entire range of business solutions in late 2013 provided a significant competitive edge. The 4G network has enabled Bouygues Telecom to fulfil its promise of offering businesses a compelling suite of mobile office services. Cloud working, sending and receiving video, remote diagnostics and videoconferencing are now becoming part of everyday life in the business world. The mobile business customer base grew by 13% in 2014 and by 16% since the launch of the 4G network.

Aligned with its positioning, Bouygues Telecom Entreprises continued to focus on innovation and content- and service-enhanced solutions in 2014 in order to provide its customers with the best experience possible. The highlights of 2014 included:

- Launch of the first business-only 4G router in the French market, together with a plan including a 50GB data allowance. In areas covered by 4G, business users can instantly connect up to 32 devices – PCs, tablets, etc. – to the very-high-speed service, using either Wi-Fi or an Ethernet LAN cable;
- An expanded partnership between Bouygues Telecom Entreprises and Telefonica Global Solutions to roll out a joint offer in France for major international corporate customers. 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);
- Boosting the fibre and Symmetric Digital Subscriber Line (SDSL) broadband offering and including Microsoft Office 365 Small Business licences in the range of Bbox business services, thereby simplifying telecoms and IT solutions for SMEs. Office 365 includes secure business email accounts, a corporate website, Office suite with Word, Excel, PowerPoint Online and collaboration tools such as online conferencing, document sharing, instant messaging and presence;
- Simplifying the range of mobile services.

(a) Active 4G customers: customers with a 4G plan and a 4G-compatible handset.
(b) Data on 4G customer base from Arcep (Q3 2014) and Bouygues Telecom.
(c) Data consumed on mobile networks published by Arcep in Q3 2014 and Bouygues Telecom data for Q3 2014.
(d) Sales of subsidised handsets to retail customers with non-capped plans (new and renewing customers).
(e) Estimate of the MVNO active customer base: customers who made at least one outgoing call in the previous month.
(f) Company estimates for Q4 2014.

Thanks to Bouygues Telecom's drive for innovation, a significant number of large businesses and SMEs alike have chosen its fixed, mobile, internet and cloud computing solutions. The French post office (La Poste) has equipped its postal delivery workers with connected smartphones in order to develop new services. More recently, Bouygues Telecom Entreprises announced the conclusion of a contract with several French ministries for thousands of lines.

2.3.2.3 2014 in figures

Bouygues Telecom's results for 2014 were in line with objectives. Against a backdrop of fiercer competition and ongoing repricing of the customer base, Bouygues Telecom reported consolidated sales of €4,432 million in 2014, 5% lower than in 2013.

Sales from network followed the same pattern as total sales, amounting to €3,869 million, down 7% versus 2013.

This drop masks a satisfactory performance in the fixed broadband segment, where sales rose 9% on 2013 to €893 million in 2014, in line with the growing customer base.

Mobile ARPU (Average Revenue Per User)[a], which had already incorporated some repricing of the customer base in 2014, fell 7% versus 2013 to €25 per customer per month at end-2014. The fall reflects the decline in prices in the mobile market and the growing number of plans sold without a subsidised handset and with no minimum term.

Fixed broadband ARPU[b] amounted to €29.4 per customer per year at end-2014, 11% lower than at end-2013. This decline was linked to the growing popularity amongst the customer base of the new Bbox broadband range priced at €19.99 per month and Bbox Fibre (FTTH) for €25.99 per month.

Bouygues Telecom achieved its targets in 2014 and generated a positive "EBITDA minus capex" item of €10 million and reported EBITDA of €694 million.

The current operating loss amounted to €65 million, compared with a current operating profit of €125 million in 2013.

The operating loss stood at €62 million, compared with a loss of €45 million in 2013, after factoring in charges related to the transformation plan and other items amounting to €397 million, offset by €400 million from litigation settlements.

The year ended with a consolidated net loss attributable to the Group of €45 million, compared with a consolidated net profit of €13 million in 2013.

Consolidated capital expenditure amounted to €684 million in 2014, down €55 million on 2013, excluding €13 million in capitalised interest related to 4G frequencies in 2013. The main items were the rollout of the 4G network, continued expansion of the 3G network, the roll-out of the fixed ADSL and FTTH network, and home gateways for new customers.

Boosted by non-current income, free cash flow was €138 million, €114 million higher than in 2013. Total net debt stood at €765 million at end-2014, compared with €783 million at end-2013.

2.3.3 Outlook for 2015

The multiplication of the number of screens, connected devices and new ways to consume content are the signs of the ongoing digital revolution and of the exponential growth in mobile internet uses over the next few years.

Bouygues Telecom aims to play a major role in the development of these uses, by making them accessible to as many people as possible with quality offers at affordable prices. In order to help its customers embrace this revolution, Bouygues Telecom is enhancing their experience with new services included in their offers, and is facilitating the emergence of the best-performing digital eco-systems.

In this context, for 2015 Bouygues Telecom is calling for stable EBITDA, with a slight increase in capital expenditure due to the sharing of a part of its mobile access network with Numericable-SFR and the roll-out of its fixed network.

For 2016, Bouygues Telecom confirms its target of savings of €300 million per year in 2016 versus 2013, a return to positive free cash flow in 2016 thanks to the increase in the subscriber base and an optimised cost base.

Finally, Bouygues Telecom has the following operating targets for 2017:

- Win 1 million extra mobile customers and 1 million extra fixed customers;
- Ensure that more than two-thirds of its customers are on its directly-owned fixed network;
- 75% of the mobile access network sharing agreement with Numericable-SFR to be operational;
- Remain number one in terms of mobile internet uses.

(a) Quarterly ARPU, adjusted on a monthly basis, excluding machine-to-machine SIM cards (mobile activity) and the ideo discount.
(b) Quarterly ARPU, adjusted on a monthly basis, excluding business customers and the ideo discount.

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.

2014 Key figures
at 31 December 2014

Employees
167

Sales
€68m

Operating loss
€24m

Net profit
€414m

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 policies: an Internal Control Reference Manual, self-assessment of the implementation of the core principles of this reference framework, 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, prevention of corruption, 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 Group management, 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 2014 are described in chapter 3 of this document.

2.4.3 Services rendered to the 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 2014 are shown in Financial flows below and in the Auditors' report on regulated agreements in chapter 8, section 8.3.1, of this document.

2.4.4 Financial flows

In 2014, Bouygues SA received dividends totalling €668 million from its subsidiaries as follows:

- Bouygues Construction €276m
- Bouygues Immobilier €106m
- Colas €229m
- TF1 €51m
- Other €6m

In 2014, Bouygues SA invoiced its main business segments the following amounts under service agreements:

- Bouygues Construction €15m
- Bouygues Immobilier €3.1m
- Colas €15.7m
- TF1 €3.1m
- Bouygues Telecom €6.8m

In 2014, Bouygues SA also received royalties under trade mark licence agreements with the main business segments that use the "Bouygues" trade mark:

- 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 companies can be used in addition to or in place of confirmed lines of credit granted by credit institutions to other subsidiaries. When investing surplus cash, Bouygues has always avoided speculative instruments such as securitisation vehicles and hedge funds.

2.4.5 R&D – Human resources

See chapters 1 and 3 of this document.

2.4.6 The shareholding in Alstom

In support of the plans announced by Alstom and General Electric, 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.

At a meeting of Alstom's Board of Directors on 22 June 2014, Bouygues' representatives voted in favour of accepting General Electric's offer.

At Alstom's shareholders' meeting on 19 December 2014, Bouygues' representatives voted in favour of selling Alstom's Energy activities to General Electric.

Further information is provided in sections 2.5 and 6.1.3 of this document.

2.4.7 Other activities

2.4.7.1 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 subsidiaries.

2.4.7.2 Bouygues Asia

Bouygues Asia KK, a fully-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 subsidiaries. Bouygues Asia's activity is consistent with the Bouygues group's determination to identify new trends, promote innovation within the Group and to 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 or develop further in Asia.

2.4.7.3 Eranove

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. Bouygues SA owned 19% of Eranove at 31 December 2014. It has been consolidated by the equity method since 2009.

2.4.7.4 Serendipity Investment

In 2014 Serendipity Investment (now renamed Sofiby), wholly owned by Bouygues, sold the remaining interests it owned in its portfolio, namely its equity stakes in F4 (online video games), Légende (film production), and Wonderbox (gift packs). At 31 December 2014, the company no longer had an activity.

2.4.8 Recent events

2.4.8.1 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 subsidiaries, the company benchmarks innovative start-ups working in fields identified by them, sets up investor pools, provides recommendations and advice on investment opportunities, coordinates networks of financial partners and helps to manage BTI's equity interests in areas such as corporate governance and coaching for entrepreneurs.

2.5 Alstom: shaping the future

Operating in around 100 countries, Alstom's employees apply their skills and expertise in sectors that are vital in addressing the challenges of economic growth, social progress and environmental protection.

Bouygues acquired the French government's shareholding in Alstom, representing 21.03% of the capital, in June 2006 at a cost of €2 billion. Bouygues subsequently gradually increased its stake, which stood at 29.24% at 31 December 2014.

2.5.1 Alstom's strategic reorientation

On 20 June 2014, Alstom's Board of Directors approved the offer made by General Electric (GE) to acquire Alstom's Energy activities, spanning Thermal Power, Renewable Power, and Grid, together with corporate and shared services for a firm and final price of €12.35 billion, and to create a global railways alliance with the sale by General Electric of its signalling activity to Alstom.

The Master Agreement was signed on 4 November 2014 after completion of the procedure to inform and consult employee representative bodies.

On 19 December 2014, an Extraordinary General Meeting of Alstom's shareholders approved the planned sale of Alstom's Energy activities to General Electric by a majority of 99.2%.

General Electric's offer is currently subject to regulatory and merger control approval in a certain number of jurisdictions. On completion of the transaction, Alstom is to concentrate on its transport activities and on its alliance with General Electric in the Energy activities.

The Energy activities: the creation of three joint ventures

Under the terms of the offer and on completion of the transaction, GE and Alstom are to create three joint ventures:

- Alstom and GE are to each take a 50% [a] stake in a global Grid joint venture combining Alstom Grid and GE Digital Energy;
- Alstom and GE are also to each take a 50% [a] stake in a renewable energies joint venture combining Alstom's Offshore Wind and Hydro businesses;

(a) One share less for Alstom.

Figures for H1 FY2014/15
(1 April/30 September 2014)

Employees [a]
88,205

Sales
€3,056m
(13% organic growth)

Operating margin
5.0%
(+0.3 points)

Net profit from continuing operations
€29m
(-72%)

Net profit from held-for-sale operations
€226
(-16%)

Net profit attributable to the Group
€255m
(-32%)

Order intake
€6,407m
(136% organic growth)

(a) at 31 December 2014

2

- The Global Nuclear and French Steam alliance is to include the production and servicing of Arabelle steam turbine equipment for nuclear power plants as well as Alstom's steam turbine equipment and servicing for applications in France. Alstom is to invest 20% [a] in the joint venture and hold 50% [b] of the voting rights. In addition, the French government is to have a preferred share giving it a veto and specific governance rights relating to security and nuclear plant technology in France.

Rail transport: acquisition of GE Signalling and creation of a railways global alliance

Alstom plans to acquire General Electric's signalling business, with sales of around €400 million in 2013 and 1,200 employees at 15 sites. The two groups are also to conclude a series of cooperation agreements relating to servicing for GE locomotives outside the United States, research and development, sourcing, manufacturing and commercial support from GE in certain regions, especially the United States.

2.5.2 Business activity

Operating in over a hundred countries with a broad range of products and services in the rail transport, power generation and power transmission infrastructure markets, Alstom meets essential demands for economic, social and environmental progress by designing and offering its customers innovative solutions and technologies that respect the world in which we live.

2.5.2.1 Alstom's profile in 2014

Rail transport

Rail transport is a robust and growing international market (2.8% annual average growth expected between 2011/13 and 2017/19 [c]. A leading promoter of sustainable mobility, Alstom Transport develops and markets the most complete range of systems, equipment and services in the railway sector.

Its products and services span the entire market, from very high-speed trains to light urban transport, including tramways, metros, suburban and regional trains and locomotives.

Alstom manages entire transport systems, including rolling stock, signalling, infrastructure, maintenance and modernisation, and offers integrated solutions.

Energy activities

POWER GENERATION-POWER TRANSMISSION

Spanning all power generation technologies (coal, gas, oil, nuclear, hydro, wind, tidal, geothermal, biomass, solar) and related services, Alstom offers the most comprehensive set of products on the market. Alstom Grid is a world leader in electrical grid technologies. It develops innovative solutions for a flexible, reliable, affordable and environmentally-friendly electrical grid, everywhere.

2.5.2.2 Continuing operations

Methodology

As a result of the ongoing project between Alstom and General Electric, which comprises the sale of Alstom's Energy activities to General Electric, Alstom's activities in that sector have been classified as discontinued operations in compliance with IFRS 5. The information given below is therefore consistent with the application of IFRS 5. The profit from the Energy activities is therefore reported under the "Net profit from held-for-sale operations" line. Alstom and its subsidiaries continue to be consolidated under the equity method in the Bouygues group's financial statements.

Commercial activity

Alstom reported order intake of €6,402 million in FY2013/14, 9% less on a like-for-like basis than in FY2012/13. Sales rose 9% like-for-like to €5,876 million, compared with €5,458 million in FY2012/13. The increase was mainly due to the smooth execution of a number of major projects, especially in Eastern Europe.

Sustained by a high level of sales, Alstom's operating profit amounted to €330 million compared with €297 million in FY2012/13, an increase of 11%. The operating margin rose from 5.4% in FY2012/13 to 5.6% in FY2013/14.

Alstom booked orders worth €8 billion in the first nine months of FY2014/15 (from 1 April to 31 December 2014), 52% more than in the same period of the previous financial year. This result was driven by several major projects, including a €4-billion contract for suburban trains in South Africa. Sales amounted to €4,557 million, representing organic growth of 12% in comparison with the same period of FY2013/14.

The order book at 31 December 2014 stood at €27 billion, representing over four years' sales.

(a) One share less for Alstom.
(b) Two shares less for Alstom.
(c) Source: Unife (the Association of the European Rail Industry) – 2014.

First-half FY2014/15 results

Alstom's order intake between 1 April and 30 September 2014 amounted to €6.4 billion, more than twice the amount in the first half of the previous year. The book-to-bill ratio of 2.1 was boosted by a €4-billion contract in South Africa. Sales over the same period amounted to €3.1 billion, up 13% like-for-like and at constant exchange rates. The operating margin improved by 30 basis points to 5.0% as a result of sales growth and gradual implementation of the d2e performance plan, despite the development costs linked to new platforms.

Net profit attributable to the Group (continuing and discontinued operations) amounted to €255 million, while free cash flow, a negative €1,376 million, was mainly affected by an increase in the working capital requirement.

Acquisitions, partnerships and investments

- **April 2014:** creation in South Africa of Gibela, a joint venture with local partners, to manage and carry out the project for Prasa (Passenger Rail Agency of South Africa), one of the largest rail transport projects in the world.
- **November 2014:** sale by Areva TA of its Control & Command for Transportation (CCT) business to Alstom Transport, which integrated CCT into its Signalling division.
- **December 2014:** in Kazakhstan, Alstom acquired 25% of the shares of KTZ, the Kazakh national railway company, bringing its stake in the joint venture EKZ to 50%.

Innovation

Alstom continued its research and development policy in FY2103/14, launching its new Citadis X05 tramway concept, its high-performance Atlas 400 and Atlas 500 signalling solutions for the European rail network, and Health Hub, a predictive maintenance tool for trains.

2.5.2.3 Other information

FY2013/14 results

Alstom's order intake between 1 April 2013 and 31 March 2014 amounted to €21.5 billion, 10% lower than in the previous period. Sales amounted to €20.3 billion, up 4% like-for-like and at constant exchange rates. Operating profit fell back slightly 3% in comparison with the previous period to €1,424 million, giving an operating margin of 7%. Net profit fell from €768 million [a] in FY2012/13 to €556 million, affected mainly by an increase in restructuring costs and financial expense and the write-down of certain assets and provisions. Free cash flow was a positive €340 million in the second half of FY2013/14, after having been a negative €511 million in the first six months of the period.

The Alstom share price

Alstom's share price was €26.86 at 31 December 2014.

2.5.2.4 Highlights

Continuing operations

In 2014, Alstom generated 71% of its sales in Europe, 13% in the Americas, 6% in Asia-Pacific and 10% in Africa and the Middle East.

FIRST HALF OF 2014

- 50 freight locomotives in Azerbaijan (€150 million);
- 600 suburban trains with an 18-year servicing agreement and construction of a factory in South Africa (€4 billion, the largest contract in Alstom's history);
- First turnkey tramway system for Qatar (€450 million plus €300 million in options).

SECOND HALF OF 2014

- Complete metro system in Mexico (€240 million);
- Signalling systems in Egypt and Romania (€100 million each).

Discontinued operations

FIRST HALF OF 2014

- Two 900MW units for a coal-fired power plant in Poland (€1.25 billion);
- Two contracts in Iraq to build a gas-fired power plant and provide gas turbines (€625 million in all).

SECOND HALF OF 2014

- Construction with BrightSource of a thermodynamic solar power plant in Israel (€450 million);
- Equipment and maintenance of a combined-cycle power plant in Mexico (€335 million).

Bouygues owned 29.24% of Alstom's capital at 31 December 2014. The two groups are developing their industrial synergies while allowing themselves to work independently according to projects.

(a) Adjusted for the impact of IAS 19 R.

2.5.3 Financial situation and outlook

For its continuing operations, Alstom is maintaining its guidance of high-single-digit sales growth and an operating margin (after corporate costs) of over 5% in the current financial year. Free cash flow from continuing operations (before flows related to tax and financial expense) is expected to be positive over the full year. The group's total free cash flow is likely to be significantly positive in the second half of the period.

Medium-term sales growth is expected to exceed 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 profit before the contribution of the Energy activities, with possible volatility over short periods.

For more information: www.alstom.com

3. HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION

3.1 Group CSR policy and reporting methodology

3.1.1 Group CSR policy

This report contains only those CSR indicators that are the most relevant at Group level. The full range of CSR indicators can be consulted on the website of the Group (www.bouygues.com) or on the websites of its various business segments[a].

Aware of the impact of its activities, Bouygues places Corporate Social Responsibility (CSR) at the heart of its strategy and adapts its business models accordingly. The Group, via its five business segments, aims to be a benchmark player in responsible solutions and, to do this, draws on the best practices in the human resources, social and environmental domains - implemented with the help of reliable indicators that are audited on a regular basis for purposes of compliance and continuous improvement.

CSR initiatives at Bouygues have the following aim: to reduce the company's impacts on eco-systems, win wider public acceptance of the company's activity, satisfy the expectations of stakeholders and improve its appeal. Moreover, Bouygues is convinced that offering responsible solutions is an important avenue of growth for its business segments.

A constituent part of the Group's strategy is that each business segment is given responsibility for CSR. Olivier Bouygues, Deputy CEO of the Bouygues group, is responsible for Group-wide sustainable development initiatives. Within Bouygues SA (the parent company), the Group Sustainable Development - Quality Safety Environment (QSE) department oversees overall policy in conjunction with support divisions and circulates information about best practices, especially by coordinating Group-wide committees.

In late 2013, Bouygues and an independent consultancy carried out a materiality assessment[b] for identifying priority CSR areas within the Group. The purpose of the assessment, conducted on the basis of documentary research and a survey of a panel of stakeholders, was to obtain substantiated grading for the Group's CSR impacts in order to assign an order of priority - geared chiefly towards the main challenges revealed by the survey. The assessment is supplemented through initiatives by individual business segments to tackle specific issues inherent to their business.

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;
- fostering compliance with International Labour Organisation (ILO) conventions.

Special importance has been assigned to initiatives connected with these issues and accompanying indicators, which are being broadened in scope to cover non-French operations more fully. For example, the number of non-French units with more than 300 employees with training plans and employee representative bodies is now being monitored as an indicator.

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.

These 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 reduce the environmental impact of its operations.

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.

Regarding the first two points, dynamic initiatives are under way at Group level, namely the publication of compliance programmes (competition, anti-corruption, financial information and securities trading, and conflicts of interest) and the formalisation of a CSR policy to be applied to Group purchasing, to supplement the Code of Ethics and the Supplier CSR Charter, respectively. Furthermore, significant attention is paid to social-insertion and patronage policies, both in France and internationally.

(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.

3.1.2 CSR reporting methodology

3.1.2.1 Reporting procedure

The Group Sustainable Development - Quality Safety Environment (QSE) department within the parent company coordinates the overall CSR policy and consolidates the indicators included in the reporting campaign.

The Group Human Resources Development department ensures the coordination and consolidation of human resources reporting within the Group, and contributes to extra-financial reporting.

Each business segment takes responsibility for collecting human resources, environmental and social data and ensures that reported information is reliable and that it has been properly verified. Only then will indicators be consolidated by Bouygues SA.

3.1.2.2 Selecting and defining indicators

Bouygues is a diversified industrial group. Extra-financial indicators are chosen and defined by consensus, 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 reporting annual review 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, 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 extranet site.

3.1.2.3 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 the majority of, or all, 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.

3.1.2.4 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 and updated in 2014, 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 site.

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.

3.1.2.5 Consolidation rules

Human resources reporting

SCOPE

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

The frequency rate is the number of accidents occurring in the course of production activity involving time off work for an employee. The accident must have been reported and recognised by the relevant authorities, e.g. CPAM (public health insurance scheme) in France. In several countries where Bouygues operates, there is a qualifying period between the time when an accident takes place and recognition by the relevant authorities. This indicator therefore has a different scope for Bouygues Construction and Colas. At all of Bouygues Construction's operations, an accident is recognised as soon as it occurs, as is the case in France. Colas only counts the accidents that outlast the regulatory qualifying period in the countries concerned.

A specific scope has been applied to the following indicators: employee representation, social protection outside France and formal training plan. This applies to international companies with more than 300 employees, accounting for 72% of the headcount for all internationally-based companies.

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 following indicators therefore concern only France, representing 56% of the Group's registered workforce at 31 December 2014: headcount by age range, average annual salary by job category, worktime schedule, absenteeism, turnout in elections for employee representatives, collective agreements negotiated, work/study training contracts, training and the employment of disabled people.

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.

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 organisational terms. As such, HR data resource management systems are not connected to those in France. In all countries where Colas is active, reporting is carried out using the management tools of that country, in accordance with local legislation.

The task of broadening the scope of HR reporting requires the implementation of specific procedures, tools and data collection methods. In addition, certain indicators based on French statutory and regulatory concepts (e.g. dismissals, disabled employees or occupational illness) may also have to be adapted. Before the scope of any indicator can be extended, dialogue must take place with the local entities in order to foster an understanding of the issues faced by the parent company, to clarify the definitions of indicators and to ensure the reliability of reported data. Consequently, the Bouygues group has begun broadening the scope of HR reporting to cover international operations over a period of several years.

It is planned that the following global indicators will be in place and ready to be reported in the 2015 Registration Document (to be published in 2016): the existence of a formal diversity policy; working hours; absenteeism; compensation.

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 indicators with geographical scope, the determining factor is the country of work, regardless of the origin of the contract binding the employee to the company.

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.

Lastly, IFRS 11 was trialled against 2013 data. Based on the aforementioned rules, discrepancies were immaterial. Data for 2014 will therefore be compared with reported 2013 data.

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 agreement) 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.

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 89%. The remaining 11% 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 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);
- small 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.

The policy for consolidating environmental and social data is as follows:

- companies that are exclusively controlled (level of control between 50% and 100%) are fully consolidated at a rate of 100%;
- companies controlled jointly are consolidated in proportion to the level of control;
- companies over which Colas has significant influence or which are joint arrangements are treated as associates through application of the level of ownership.

CONSOLIDATION RULES SPECIFIC TO BOUYGUES IMMOBILIER

Environment and social indicators cover the full scope of Bouygues Immobilier France and its subsidiaries.

At Bouygues Immobilier, the reporting coverage rate is 97% when subsidiaries and other branches in Europe (Poland, Morocco and Belgium) are excluded. This rate drops to 92% after the French subsidiaries (SLC, Urbis, Ossabois and Urbiparc) have also been excluded.

3.1.2.6 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 2014 to 31 December 2014.

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. Bouygues' 2014 reporting period for environmental and social indicators therefore ran from 1 October 2013 to 30 September 2014.

3.2 Human resources information

3.2.1 The workforce

3.2.1.1 Total headcount and breakdown of employees by gender, age and region

Headcount by region at 31 December 2014[a]

Scope: global	Holding company and other	Bouygues Construction[b]	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2014 Group total	2013 Group total
France	**344**	**21,792**	**1,893**	**36,041**	**2,906**	**8,815**	**71,791**	**74,395**
Europe (excluding France)	24	7,633	69	9,769	45		17,540	16,710
Africa and Middle East	78	10,716	6	6,634			17,434	17,565
North America	3	703		5,195		2	5,903	5,551
Central/South America	44	588		197			829	1,089
Asia-Pacific	85	12,042		1,846			13,973	12,757
International	**234**	**31,682**	**75**	**23,641**	**45**	**2**	**55,679**	**53,672**
France + International	**578**	**53,474**	**1,968**	**59,682**	**2,951**	**8,817**	**127,470**	**128,067**

(a) Registered workforce, i.e. permanent and fixed-term.
(b) Including Bouygues Bâtiment Ile-de-France (5,920), Bouygues Entreprises France-Europe (5,117), Bouygues Bâtiment International (17,727), Bouygues Travaux Publics (2,627), Bouygues Energies & Services (12,630) and other (9,453).
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).

The total headcount of the **Bouygues group** was practically stable, with the rise at **Bouygues Construction's** international operations offsetting the decline in France across all business segments, which resulted from tensions in the market and a more uncertain business outlook. The near-20% rise in headcount at **Bouygues Immobilier** was due to the consolidation, in 2014, of newly acquired companies: Ossabois and Loticis/Le Chêne Vert. Outside France, the headcount at **Colas** was down slightly (-1.5%), with variations that reflected the trend in activity in each region: increases in Europe, North America (chiefly Canada) and Asia-Pacific; and declines in the Indian Ocean/Africa/Middle East regions and in South America. There was a change in the consolidation scope of **TF1** resulting from the acquisition of a 51% interest in Eurosport SA by Discovery Communications. The effects of the redundancy plan undertaken by **Bouygues Telecom** in 2014 will be visible in 2015.

Gender equality

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2014 Group total	2013 Group total
Percentage of women, France	**35.2%**	**18.0%**	**46.7%**	**8.7%**	**51.2%**	**45.3%**	**18.9%**	**18.8%**
Managerial (women)	36.9%	23.2%	38.9%	14.3%	48.3%	33.9%	26.2%	27.1%
Clerical, technical & supervisory (women)	31.0%	30.5%	71.9%	23.1%	60.8%	54.8%	34.7%	34.8%
Site workers (women)		0.7%	18.5%	0.6%			0.7%	0.6%
Percentage of women managers, France[a]	**20.9%**	**9.8%**	**25.9%**	**5.0%**	**37.0%**	**24.8%**	**13.7%**	**13.4%**
Percentage of women, global		**17.9%**	**45.8%**	**11.2%**	**28.9%**		**15.1%**	**13.5%**
Managerial & Technical (women)		24.6%	45.8%	25.2%	28.9%		24.9%	23.7%
Site workers (women)		13.0%		2.9%			8.44%	6.8%
Percentage of women managers, global[b]		**13.3%**		**11.2%**			**11.8%**	

(a) As a proportion of employees in department head and more senior grades in France.
(b) New indicator for 2014, applying to international companies with more than 300 employees and management structures of local companies. No data set for 2013.

In line with the **Bouygues group's** proactive gender-equality policy, the proportion of women managers in France is rising. At **Bouygues Construction,** the proportion of women in the workforce edged down as the contraction in business frustrated the policy in this area.

Workforce by age range [a]

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2014 Group total	2013 Group total
Under 25	3.2%	6.0%	8.3%	5.3%	6.0%	8.3%	6.0%	7.0%
25-34	32.0%	32.2%	29.9%	22.9%	24.2%	38.6%	28.0%	29.2%
35-44	28.2%	26.5%	30.0%	26.8%	33.7%	39.2%	28.6%	28.2%
45-54	21.8%	25.0%	22.4%	30.6%	27.4%	12.0%	26.2%	25.1%
55 and over	14.8%	10.3%	9.4%	14.4%	8.7%	1.9%	11.2%	10.5%

(a) Permanent and fixed-term staff. Coverage rate: 56% of Group headcount.
Indicators available at www.bouygues.com: Average age and seniority (France).

3.2.1.2 Recruitment and dismissals

3

External recruitment by job category

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2014 Group total	2013 Group total
France	**40**	**873**	**382**	**2,197**	**391**	**782**	**4,665**	**4,792**
Managerial	28	458	154	231	194	111	1,176	1,336
Clerical, technical & supervisory	12	263	129	281	197	671	1,553	1,351
Site workers		152	99	1,685			1,936	2,105
International [a]		**17,247**	**29**	**12,973**			**30,249**	**20,661**
Managerial & technical		3,326	29	1,915			5,270	5,194
Site workers		13,921		11,058			24,979	15,467
France + International	**40**	**18,120**	**411**	**15,170**	**391**	**782**	**34,914**	**25,453**

(a) All contract types.
Indicator available at www.bouygues.com: Internships during the year (France).

In France, recruitment tended to decline in response to tougher business conditions, as was the case at **Bouygues Construction, Colas** and **Bouygues Telecom.** Some specialised activities or businesses were an exception to the rule, for example Bouygues Telecom's customer-facing operations (customer relations centres and the Clubs store network) and Colas Rail's activities. **TF1** stepped up recruitment while still managing headcount carefully. Increased hiring at **Bouygues Immobilier** was due to the strong recruitment trend at subsidiary Ossabois. In France, staff turnover was 7.78% Group wide.

Outside France, recruitment continued at a fast pace within **Bouygues Construction** due to major projects in Asia. **Colas** saw increased hiring too, most notably in central Europe. The sharp rise in hiring at Bouygues Construction's non-French operations also resulted from intensive use, together with closer monitoring, of temporary recruitment, especially in Asia and Africa.

Number of departures (permanent employees)

	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2014 Group total	2013 Group total
Number of dismissals, France (permanent employees)	7	1,114	35	1,401	83	377	3,047	2,888
Number of departures, global[a] (all types of contract)		15,141	46	14,345			29,532	

(a) New indicator for 2014. No data set for 2013. All reasons for departure considered.
Indicator available at www.bouygues.com: Reasons for departure (France).

Bouygues Telecom in June 2014 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. This transformation plan is leading to a workforce reduction of 1,404 employees, starting in late 2014 with completion expected during the first quarter of 2015. The total number of departures increased only marginally in 2014, as most of the staff accepting voluntary redundancy in 2012 actually left during 2013.

To ease implementation of the transformation plan, Bouygues Telecom has set up a host of support mechanisms including an advice centre and a specific website viewable by staff only. An internal job mobility unit maximised internal transfers within Bouygues group, while increasing staff employability. In connection with the redundancy plan carried out by Bouygues Telecom, Martin Bouygues called for solidarity between Group companies to help redeploy staff and, as much as possible, offset the social consequences of the plan.

In addition to the extensive internal job mobility 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 (which can be consulted by HR departments and, in the strictest confidence, by employees of subsidiaries) and on national and regional internal job mobility committees and the extranet, on which job vacancies are posted.

At **Bouygues Construction,** the high level for the international operations correlates with the number of recruitments. The project structure of the activities accounts for the intensive use of locally sourced labour, with contracts expiring upon completion of construction cycles or projects. Massive project handovers in 2014 account for the extent of staff departures.

At **Colas,** the number of dismissals in French operations was virtually stable relative to 2013 and again concerned only a small proportion of the headcount. As part of the reorganisation of the Dunkirk refinery (to be refocused on bitumen production alone), a redundancy plan was initiated in October 2014 in cooperation with the company's staff representative bodies. Outside France, departures were high in countries/continents where business is highly seasonal, such as the United States, Canada, Africa and Asia.

In France, the **Group** in 2014 maintained an active policy in the jobs market, irrespective of circumstances. Efforts to enhance attractiveness focused on relations with higher education establishments and on digitisation of the recruitment process.

Relations with higher education establishments

All Group companies maintain active ties with the world of education as they seek to enhance attractiveness to students and graduates. Three business segments were included in the French *Happy Trainees* rankings of the companies preferred by interns: Colas (6th), Bouygues Construction (12th) and Bouygues Immobilier (13th).

Bouygues Construction's "Le Défi" challenge competition, which now has an international dimension, is still one of the high points in its relations with schools and universities.

Bouygues Construction has furthermore put in place a graduate programme to attract high-potential young people from different cultural backgrounds to its international entities. Over 400 candidates followed the selection course in the spring of 2014. For local recruitment, which is a priority, some entities are leveraging innovative training systems, such as *Lab Test* at DTP (a subsidiary with a mining activity in Africa), aimed at locally-sourced site workers.

To ensure an inflow of young local talent, the emphasis is placed on relations with elite higher education institutes and universities in the country where operations are situated. In Switzerland, for example, local entities work regularly with the engineering schools, namely the EPFL (Lausanne), HEIG-VD (Vaud canton) and ETH (Zurich). In Africa (namely Gabon, Ivory Coast, Cameroon and Burkina Faso), several subsidiaries have forged ties with schools and universities.

At **Colas,** recruiting young graduates remained central to its strategy of ensuring renewal of management positions, thanks notably to partnerships with engineering schools (new agreements signed in 2014 with ICAM and Art et Métiers ParisTech) and a proactive internship policy.

Outside France, one goal is to ensure the effective renewal of management positions. In all countries, recruiting is done mainly through school relationships and internships. For example, US-based subsidiaries have been advertising job vacancies through conventional media channels as well as social networks, while also taking numerous other initiatives: organising site visits for students, granting scholarships to civil engineering students, sponsoring a university's year-end gala, setting up courses in construction management and encouraging employee recommendations.

Digitisation of recruitment advertising

Communication relating to recruitment and the employer brand at **Bouygues Construction** is increasingly oriented towards the internet. The launch of a career website (available in both French and English) along with corporate pages on business network websites has broadened audiences and the pool of potential candidates. International entities have supplemented this online channel with their own websites, blogs and career pages, e.g. Bouygues UK, Losinger-Marazzi, and Bouygues Australia and its Asian subsidiaries.

Colas continued its recruitment campaign across the web and social networks, adding to its efforts with the launch of the Colas Career Hub, a 100% mobile-inspired jobs portal.

Bouygues Immobilier continued to increase its presence on various platforms and raised awareness among HR managers with regard to online recruitment. Initiatives undertaken by Bouygues Immobilier led to a ten-position improvement over 12 months in the social media rankings maintained by consultancy Potential Park.

To help staff become the best ambassadors for the company, its activities and values, **Bouygues Telecom** has developed an online employee-recommendation hub for its customer relations activities. In order to encourage widespread use of digital applications, it also reinforced ties with Innovation Factory. By partnering with Innovation Factory, Bouygues Telecom has access to guest offices in France's No. 1 "campus cluster", which places it at the crossroads of all stakeholders: students, lecturers, companies (of all sizes) and seed money. This mutually beneficial initiative gave Bouygues Telecom the opportunity to organise weekend challenges, called "Hackathons", bringing together students to solve a conundrum posed by the company.

3.2.1.3 Compensation

Average annual salary by job category (permanent staff) and trend[a]

Scope: France *(euros)*	**Holding company and other**	**Bouygues Construction**	**Bouygues Immobilier**[b]	**Colas**	**TF1**	**Bouygues Telecom**
Managerial[c]	79,660	59,607	64,970	61,981	69,757[d]	60,921
Change vs. 2013	-1%	+2%	+1%	+3%	+4%	+3%
Clerical, technical & supervisory	33,591	32,200	29,253	35,819	40,148	26,450[e]
Change vs. 2013	-3%	+1%	-3%	+3%	+4%	=
Site workers		27,103	19,426[f]	25,236		
Change vs. 2013		+2%		+2%		

(a) Change in scope.
(b) Excluding sales staff.
(c) Trend at year-end taking account of staff leaving and joining in each category.
(d) Including journalists.
(e) Including customer relations advisers.
(f) Site workers joining after acquisition of Ossabois. No past data.
As the information systems of international activities are not integrated into those of French operations, full consolidation is not possible. Coverage rate: 56% of Group 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 2013 in respect of 2012) and Percentage of employees promoted (France).

Despite the tough economic conditions in France last year, wages continued to rise at the **Bouygues group.**

At **Bouygues Construction,** in France, the 2013 salary review resulted in a 2% increase in pay whereas inflation was down over the year to 0.8%. Particular attention was paid to the lowest wages. In the context of the salary review, nearly 50% of employees were paid a bonus. The trend in internal promotions was also strong, with nearly 2,400 promotions taking place in France, equating to 10% of the country workforce.

At **Colas,** due to annual raises and following the standardisation agreements implemented on 1 January 2014 with regard to the employment status of the employees of the seven road construction companies in mainland France, average annual wages across all employee categories increased.

At **TF1,** wages for the 140 leading executives were frozen, and the effective date for pay increases was deferred to 1 June from 1 March. Staff earning €33,800 or less on average enjoyed a raise of 2%. Despite the wage revisions, overall payroll expense was stable at TF1.

Employees of **Bouygues Telecom** enjoyed an above-inflation pay raise on average. For the second straight year, two days of leave arising from rules on reduced worktime were purchased from managerial staff, with the company paying a bonus contribution, corresponding to a monthly pay increase of 1.5%. Since the company did not return a profit in 2013, it was not in a position to assign funds to staff profit-sharing in 2014 with reference to the preceding calendar year.

The watchword at the **Bouygues group** in determining compensation is rewarding merit, together with a policy for promoting certain categories of employee 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.

Several business segments provide each employee with a personalised document summarising all these benefits to give them an overview of their total compensation. In France, employee-saving incentives (e.g. employee savings and collective retirement savings schemes) are regularly supplemented by capital increases reserved for employees.

At **Bouygues Construction,** pay reviews and career committees have been rolled out to all the international operations, involving local managers, the organisation of pay reviews in each subsidiary or country, the identification and recognition of key populations and information consolidation. Close to 800 local employees, most notably in the European and Asian regions, are monitored by international subsidiaries as key or high-potential persons. Often, these employees will also be part of the World Club, a talent coordination network grouped by region (Africa-Middle East, Europe and Asia-Americas). Some non-French entities such as Losinger-Marazzi (the Swiss subsidiary of Bouygues Entreprises France-Europe) also offer employee savings schemes.

The policy for improving the quality of company benefits for local employees encouraged DTP, in 2014, to implement a pan-African status for African staff members working in several African countries. This concerned around 100 employees.

Bouygues Bâtiment International also works to ensure the furtherance of gender equality in the various categories of employees that it monitors. For example, approximately 100 local women employees have been singled out and are being monitored, equating to almost 25% of the key people in the entity.

Bouygues Immobilier worked in 2014 on the definition of targets regarding the variable portion of individual pay. Additionally, senior management and employee representatives also sought in this context to assign more importance to excellence in management and involvement in cross-departmental and strategic projects. Close to 25% of company employees receive variable, performance-related remuneration.

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	2014 Group total	2013 Group total
Hourly	42.2%	54.8%	39.1%	82.9%	27.0%	55.4%	67.2%	68.7%
Annual (incl. senior executives)	57.8%	45.2%	60.9%	17.1%	73.0%	44.6%	32.8%	31.3%

The indicator is specific to France and thus excludes international data. Coverage rate: 58% of Group headcount.
Indicator available at www.bouygues.com: Average number of part-time workers (France).

At **Bouygues Construction,** the flat hourly rate is predominant but the proportion of employees paid this way has fallen slightly over the past two years in response to the reduction in the site-worker workforce in France. Integration by **Bouygues Immobilier** of a large proportion of workers from Ossabois has led to an increase in the share paid by the hour. At **Colas,** the method of a fixed number of days worked, which applies to managers, has been gradually extended to clerical, technical and supervisory staff since 1 January 2014.

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 as far as possible. All business segments have introduced time savings accounts so that employees can manage their worktime more flexibly. 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.

Working from home

Agreements in place at **Bouygues Immobilier** make the possibility of working from home available to employees whilst encouraging mobile working for operational staff. Some 84% of employees have a work smartphone.

TF1 began to trial working from home, for one day a week, in September 2014 for a duration of nine months. It currently concerns 70 employees but has potential to be extended to cover 240.

Bouygues Telecom now offers the possibility of working from home, two days per week, to over 800 employees. An agreement was negotiated in 2014 concerning employees working at the RCBT headquarters. Sites in the Paris region switched to a flex-office set-up in 2014. All employees now have a working environment consisting of shared offices, team areas and collaborative/collective work spaces. Combined with working from home, the flex office gives employees solutions tailored to the various professional requirements of each working day.

Other initiatives

In France, **Bouygues Construction** has been overhauling worktime arrangements across virtually all its operations, through an internal harmonisation and the simplification of rules on timesheets and the recovery of and compensation for overtime or exceptional work. An internal audit took place in 2014 to ensure that these agreements were being properly implemented. Questions relating to working time and worktime organisation were added to the annual appraisals of clerical/technical/supervisory and managerial categories in France to encourage discussions on the issue.

Part-time working is never imposed by the employer but always a personal choice. All entities offer maintaining pension contributions at the full-time rate, with coverage of the employer's share. Measures have been taken in favour of working parents, chiefly through the signing of a framework agreement in September 2012 reserving nursery spaces in two national networks. So far, approximately one hundred places have been reserved throughout Bouygues Construction's operations.

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.

In 2014, **TF1** and labour representatives signed an amendment to the existing worktime agreement to improve the monitoring and management of managers working on the basis of an annual number of days, thus contributing to a healthier home/work balance. These new methods for tracking worktime and workloads will also be introduced to non-managers and journalists in the form of collective agreements.

Bouygues Telecom keeps count of days worked and prints this information on payslips. It is also available through an intranet time-management tool. As such, managers working a fixed number of days annually can keep track of days worked throughout the year. Discussions are stipulated with line management for each annual appraisal, covering workload along with the scope and organisation of the work and the reconciliation of work and personal life. Early warning arrangements are in place for employees who feel that they have excessive workloads.

3.2.2.2 Absenteeism

Absenteeism (permanent staff)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2014 Group total	2013 Group total
Absenteeism	1.74%	3.48%	2.12%	4.52%	2.48%	4.25%	4.02%	3.78%

The indicator is specific to France and thus excludes international data. Coverage rate: 56% of Group 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].

Despite a small increase in several business segments (Colas, TF1 and Bouygues Telecom), absenteeism is still below the norm. This is the result of good labour relations, Group-wide, stemming in turn from the implementation in each business segment of core HR values (respect, trust and fairness) along with proactive health & safety policies.

3.2.3 Labour relations

3.2.3.1 Labour relations, especially procedures for informing, consulting and negotiating with staff

The **Bouygues group** promotes a respectful and constructive approach to labour relations for the benefit of staff. No significant labour dispute took place in 2014. 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 11 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 (82.4% in 2014) than the nationwide average (42.8% in 2012 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 schemes within the business segments are managed jointly with trade unions. Since 2014, a library of economic and staff-related information has been made available to employee representatives, and works councils are consulted on strategy.

Relations with labour representatives

Elections took place in 2014 at **Bouygues Construction,** especially in several major subsidiaries, for new employee representatives. Electronic voting proved popular among staff, with a high rate of participation.

One of the most important news items on the labour front is the fact that all former employees entitled to unemployment insurance are now covered - for a period of 12 months - by complementary health and personal-risk insurance as well.

Employee representative bodies have been heavily involved in the scheme for inclusion of site workers into the Group Welfare Plan. Since July 2014, all employees of Bouygues Construction have benefited from a uniform "healthcare costs" regime, leading to sizeable improvements in the coverage of such costs for site workers and their families.

In international operations, management-labour dialogue is structured according to local legislation and customs. In French-speaking Africa, for example, elections are held, whereas dialogue with community representatives takes place in other African countries. In Switzerland, discussions are conducted jointly with the labour confederations. Bouygues Travaux Publics conducts an enquiry each time that it sets up a new operation in order to implement bodies complying with applicable legislation, and in keeping with the employment and cultural context in the country. Additionally, Bouygues Travaux Publics responded to concerns expressed by locally sourced employees regarding completion of the Abidjan bridge project by holding a job forum and paying an end-of-assignment bonus.

At **Bouygues Immobilier** 86% of employees responded to the third in-house perception survey. Close to 90% of respondents said they were generally happy to work at Bouygues Immobilier. In response to the findings from the previous survey in 2011, initiatives were put in place to redefine levels of responsibility, overhaul the variable-remuneration system, introduce a personalised document summarising all the benefits available to each employee and create a talent-manager position. In 2014, Bouygues Immobilier became the first property developer to receive Top Employer certification for France.

At **Colas** in France, management-labour dialogue takes place within 338 local and group-wide works councils. That is fewer than in 2013, following the regrouping of structures in the roads business, which changed the organisational set-up. Reappointments of employee representatives took place in six of the seven road construction subsidiaries, four specialist subsidiaries (Colas Rail, Smac, Spac and Aximum), SRD and the IT subsidiary Speig.

Involving employees

Across **Bouygues group,** management-labour dialogue is enhanced by a range of initiatives encouraging employee engagement, e.g. employee conventions (with Bouygues Immobilier bringing together all its employees over two days in 2014) and seminars. To supplement such initiatives, the Group and the individual business segments have put in place intranet sites and, more recently, collaborative networks for the effective sharing of information and the creation of collaborative communities.

At **Bouygues Telecom,** for example, the Chairman and CEO regularly holds Q&A sessions, with a live relay to all company locations, whenever there are important events that affect the company. The collaborative work network, which has over 600 communities, has simplified and streamlined applications and processes. One such community gathers together voluntary staff offering their business expertise to customers using social media (the "Woobees" network).

Turnout in elections for employee representatives (1st round, principals)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2014 Group total	2013 Group total
Turnout in the most recent works council elections	89%	86%	74%	83%	80%	73%	82%	81%

The indicator is specific to France and thus excludes international data. Coverage rate: 56% of Group headcount.
Indicators available at www.bouygues.com: Percentage of employees covered by a satisfaction survey (France), Percentage of employees receiving a formal annual appraisal (France).

This turnout rate - which has been consistently high - illustrates the importance attached to the proper operation and renewal of employee representative bodies, and confirms the good state of labour relations, in a year during which several elections took place.

3.2.3.2 Summary of collective agreements

Collective agreements negotiated

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2014 Group total	2013 Group total
Number of collective agreements negotiated, including mandatory annual negotiations [a]	5	82	3	106	44	8	248	302

(a) Coverage rate: 56% of Group headcount.

The **Bouygues Construction** subsidiaries Bouygues Travaux Publics, Bouygues Construction SA and Bouygues Bâtiment Ile-de-France renewed their agreement on trade-union rights. Bouygues Bâtiment Ile-de-France initiated negotiations on Quality of Worklife (QWL). Outside France, the main event affecting employees in recent years has been the combination of three UK entities, leading to the transfer of the work contracts of 1,300 employees. Elections were held in 2013 and 2014 so that consultations with the elected employee representatives of each entity could take place. Talks were subsequently held with these representatives and the GMB, a British trade union, to define a standard common contract, health-insurance harmonisation, benefits in kind, pensions, personal-risk cover and various bonuses, on a joint basis.

At **Colas,** in mainland France last year, negotiations continued at the seven road construction subsidiaries, culminating in the signing of agreements on exceptional working times and exceptional Sunday work, as well as riders containing updates with regard to adjusted worktime arrangements.

An agreement containing various updates to the health benefits plan and childbirth benefits of Colas employees, as well as an amendment to the agreement instituting a supplementary health benefits plan, were signed in 2014.

At **TF1,** collective bargaining led to the signing of important agreements, including profit-sharing, the third three-year Handicap agreement together with agreements on worktime organisation and annual negotiations.

Good management-labour relations, which have long been a constant at **Bouygues Telecom,** allowed for constructive negotiations for implementation of the transformation plan and, in July 2014, led to the signing of an agreement dedicated to support measures, followed by approval - as early as October 2014 - of the internal-mobility, and voluntary redundancy scheme. Importantly, subsequent to negotiations, the number of positions concerned by the scheme fell from 1,516 to 1,404. Additionally, an amendment to the initial worktime-organisation agreement was signed in early 2014.

3.2.4 Health and safety

3.2.4.1 Workplace health & safety

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 construction businesses are redoubling their efforts to promote health and safety, with results in excess of construction industry benchmarks. To improve on this record even further, Colas and Bouygues Construction 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 prevention resources, including training on safety, eco-driving techniques, first aid, 15-minute safety sessions, awareness-raising initiatives, accident analysis, best-practice sharing, cross-subsidiary challenges and half-yearly rankings.

In 2014, **Colas** introduced its new line of work clothes for added protection and comfort for employees in France, Switzerland and Belgium. Colas also encourages staff to take first-aid training. This benefits staff in both their work and private lives, and further raises awareness about safety issues. At the end of 2014, 34.6% of Colas employees were trained in first aid.

At **Bouygues Construction,** the priority given to safety and health is underlined by large-scale showcase operations, such as health & safety days held annually or biannually by entities, both in France and abroad, during which the entities halted work on their sites for a whole day to train and raise awareness among employees, temporary personnel, suppliers and subcontractors via risk-prevention workshops and initiatives. Safety accounts for 37% of training hours in France.

Bouygues Bâtiment International is introducing the *Safety Act,* a rulebook - applying to its 80 units - on managing and promoting safety, and preparing for and running worksites. It also discusses technical essentials, equipment and various health & safety issues. It is available in several languages, and in paper and electronic formats. The *Safety Act* was the main theme of Global Safety Week (covering over 20,000 employees, business partners and subcontractors). It will be available as an e-learning module from 2015.

At Bouygues Bâtiment International, all new candidates for overseas postings are required to take the Day One training course, which discusses safety issues on an international level, covering business ethics, health, security and safety. The model used at the Dragages Safety Training Centre in Hong Kong, which hosts trainees from all over Asia, has been replicated in other countries (Cuba, Turkmenistan and Poland).

Health issues are also taken into account through the prevention of occupational illnesses. For each type of job, the level of exposure to arduous work has been gauged and individual factsheets drawn up. This analysis is accompanied by a shift towards more ergonomic equipment. Special attention is paid to asbestos fibres, dust from lead and sawdust, and exhaust gas particles from combustion engines.

Bouygues Bâtiment Ile-de-France has developed a prevention and fitness-for-purpose system, which recommends changes in equipment, modus operandi and assignments for each team member, where required. In some cases, personnel may be retrained for other positions. The system was a prize winner at the EGF BTP biannual competition.

Bouygues Construction is endeavouring to involve all its business partners in these same processes, for example:

- In France, temporary employment agencies have committed to providing a specific level of vocational and first-aid training to their staff.
- Bouygues Bâtiment Ile-de-France partners with OPPBTP (France's professional body for accident prevention in construction and public works) to promote continuous improvement in the safety practices of its subcontractors. Actions include random site visits, site-worker debriefings and awareness-raising with regard to specific risks.
- Subcontractors are included in general health & safety initiatives (such as "15-minute safety sessions") as well as events organised specifically for them, such as Bouygues Construction seminars focusing on issues such as equipment.

This policy applies to global operations. Standards contained in the *Safety Act* apply universally to business partners and subcontractors. They must be included in tender enquiry documents and contracts. In Hong Kong, subcontractor visits are conducted to ensure that commitments have been properly respected.

At **Bouygues Immobilier,** through the *Sécurité, je m'implique !* campaign, employees are encouraged to adopt a proactive stance on various identified occupational risks, especially those which give rise to project-owner liability.

Colas operates a two-tiered policy, under the separate headings of Health and Safety.

Health

Targeted actions were continued to fight occupational illnesses relating to muscoloskeletal disorders, noise, ultraviolet exposure, alcohol and drugs, and psychosocial risks. For example, at worksites, movement and posture training is provided to new recruits and equipment is selected to fulfil ergonomic criteria. The Ergomat system provides a list of ergonomic research conducted on new and used equipment. It is made available to equipment buyers and over the intranet. Efforts are made to reduce noise and, if this is not possible, employees are required to use earplugs.

Colas is working to reduce exposure to bitumen fumes and has deployed a global strategy that focuses on two main areas: reducing bitumen temperatures at use and upgrading the fleet of road pavers (machines that lay asphalt mix) to equip them with fume extraction systems. An initiative is also under way to eliminate the use of oxidised asphalt, both in road work and waterproofing.

Initiatives are in place both in France and abroad to reduce exposure to silica dust. This includes the use of sealed and air-conditioned operator cabs fitted with air filters as well as basic dust masks. Lastly, a policy is in place to renew milling-planing equipment with newer machinery fitted with dust extraction systems.

The risk related to chlorinated and petroleum solvent use has been reduced in workshops, on worksites and in laboratories, both in France and internationally. More than three-quarters of the group's parts washers no longer use these types of solvents to clean workshop and laboratory equipment; these products have been replaced by organic and plant-based solvents or aqueous cleaning solutions.

In France, Colas is taking part in the debate over the presence of actinolite asbestos (a naturally occurring rock that may contain asbestos-like fibres in one of its forms) in existing roads, recycled materials and newly extracted aggregates. It is participating in the working group that includes 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 of road construction professionals brought together to apply a recognised method of asphalt mix and aggregate analysis. Thanks to its network of around a hundred prevention specialists in the field, Colas has raised its employees' awareness and increased their training on this issue.

Safety

Safety policy, known specifically as *Safety Attitude,* requires hands-on management and example-setting by supervisors, and gets workers involved as they go about their day-to-day tasks. For example, in 2014, in France, emphasis was placed on training site foremen to oversee brief safety "starters" (15-minute safety sessions). In June, a worldwide *Safety Week* was held on the theme of safety at worksites with moving traffic. A special video was screened for this occasion at the business units. A website for prevention specialists to share best practices within Colas now has more than 200 entries.

This policy and the associated resources have been rolled out in international operations.

In the United States, 50 safety committees met to improve their programmes for safe working conditions, spread best practices, enhance safety training for new employees and maintain worksite safety meetings on a weekly basis. In Canada, a subsidiary was accredited by CanQual, ISNetWorld and Pics for its external health & safety auditing and rating system. Another subsidiary is involved in the Sécurité COR certification programme. And a third subsidiary identified worksite preparation as a new priority for action following analysis into causes of accidents.

At the Colas Afrique subsidiary a health & safety committee and a road safety management committee were established to oversee the application of legislation and the implementation of additional measures (regular medical visits, access to drinkable water, providing personal protective gear, setting up infirmaries at worksites far from medical facilities, training, AIDS awareness-raising and distribution of condoms). In Morocco, GTR appointed safety officers to reinforce awareness of safety issues at worksites. In Madagascar, the risk-assessment procedure was revamped and doctors working for the subsidiary continued raising awareness among employees on a day-to-day basis.

Outside France, all Colas subsidiaries employing more than 300 people provide health cover for their employees. For example, Canadian subsidiaries offer staff healthcare, personal risk and pension contracts including a specific support mechanism. Likewise, American subsidiaries offer staff a healthcare plan and the possibility of subscribing to complementary insurance (personal risk, pensions) in accordance with their needs.

TF1 every year holds specific training events adapted to journalists and technical staff who go on assignments to dangerous areas. Staff sent to conflict zones are provided equipment and resources for personal protection.

At **Bouygues Telecom,** given the difficulties that network technicians can experience in sensitive areas, sites have been risk-graded in terms of physical attack. Any work taking place in such areas is now carried out in teams of at least two people and in the early morning (6–10am). A smartphone application has been developed to geolocate emergency calls.

Bouygues Telecom has supported staff in the prevention of psychosocial risks throughout the transformation plan, from preparatory stages to implementation.

3.2.4.2 Summary of workplace health & safety agreements with trade unions and employee representatives

See section 3.2.4.1 "Workplace health & safety": workplace health & safety policy is always implemented in consultation with Health & Safety committees in France (of which there are more than 266 across the Group).

3.2.4.3 Workplace accidents (frequency and severity) and occupational illnesses

Workplace accidents

Scope: global	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2014 Group total	2013 Group total
Frequency rate[a] of workplace accidents among staff	2.9	4.4	11.0	7.7	3.2	4.2	6.0	5.7
Severity rate[b] of workplace accidents among staff		0.25	0.42	0.53	0.15	0.12	0.37	0.36
Number of fatal accidents[c]		5		5			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, Colas counts accidents that are reported and recognised by the relevant health authorities. Bouygues Construction counts accidents leading to at least one day off work.
(b) Number of days off work as a result of a workplace accident x 1,000/number of hours worked.
(c) New indicator for 2014. No data set for 2013.

Social protection outside France[a]

Scope: outside of France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2014 Group total	2013 Group total
Social protection outside France		86%		100%			94%	

(a) New indicator for 2014. No data set for 2013. Percentage of companies employing more than 300 people, operating outside France, providing social protection to employees.
Coverage: 72% of international headcount.

The slight deterioration in the accident frequency rate at **Bouygues group** conveys the trend at Colas in 2014. At **Bouygues Construction,** the steady improvement in the frequency rate in recent years continued. Implementation of social protection is a priority local HR policy. It is rolled out step by step to new units. The goal is that each employee will be covered for personal risks, death and incapacity at the least. Indicators on workplace accident frequency and severity rates at **Bouygues Immobilier** reflected the consolidation of subsidiary Ossabois. At **Colas,** the frequency rate was up but the severity rate declined slightly. Outside France, all Colas subsidiaries employing more than 300 people provide social protection for their employees. Some subsidiaries also offer optional complementary insurance (e.g. in the United States) or specific work-life balance perks (e.g. in Canada).

Of the ten fatal accidents that Bouygues group regretfully experienced in 2014, six were related to road accidents or medical causes without a direct occupational link.

Occupational illnesses

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2014 Group total	2013 Group total
Recognised occupational illnesses		75	3	112	2	1	193	169

The indicator is specific to France and thus excludes international data. Coverage rate: 56% of Group headcount.

At **Bouygues Construction,** the figure (which is extremely low despite an increase of five cases) further conveys the positive impact of the health & safety policy, ergonomical initiatives and the constant improvement in worksite equipment, which reduces arduousness. At **Colas,** the number of employees declared as having an occupational illness rose in 2014 (leading to a rise in the Group total) but was low relative to the total workforce.

3.2.5 Training

3.2.5.1 Training policies

Bouygues group enhances the expertise of its staff by organising technical training courses, within each business segment, and training on management practices, at all corporate levels (Bouygues Management Institute and corporate universities, within the business segments). 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).

The Gustave Eiffel apprentice training centre (CFA), which is supported by the Group, prepares its 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. In June 2014, the pass rate for the 180 candidates that sat exams was 81%; 38.5% of apprentices from the Gustave Eiffel centre were working in the Bouygues group.

The two strategic priorities at **Bouygues Construction** are:

- reinforcing technical skills, through a whole host of modules available at business-segment level or through the Business Campuses run by Bouygues Construction University (most notably, "Campus Commerce" and "Campus Property Development"). Sustainable construction is now on the curriculum for Bouygues Bâtiment International's programmes, for both expatriate and locally sourced employees, in the form of an awareness day and a full three-day course for sales teams and property developers (750 employees have taken this course since it began);
- health & safety training, with particular attention paid to including temporary workers and business partners.

Bouygues Construction University offers 80 courses (1,088 training sessions) led by 180 trainers (of which 75 are internal), available to all entities. In 2014, the University rounded out its curriculum by including Atlante, a 12-month course for experienced managers run in partnership with Centrale Paris, an elite higher education establishment. To increase the accessibility of its training programmes with regard to expatriate and locally sources employees, Bouygues Construction University offers its main programmes in English.

To encourage distance learning, Bouygues Construction in 2014 opted for a Learning Management System. Four test runs have taken place, and it will be officially launched in early 2015, starting with a corporate module on business ethics and compliance aimed at all staff. This platform will also host all existing e-learning modules.

In France, Bouygues Energies & Services has introduced the Mobil'Ohm training course, in response to developments involving accreditation for the electricity industry standard NF C 18-510. Electrical installations have been fitted to two mobile bungalows to allow for the personalised training of more than 300 employees over two years.

Bouygues Construction continues to promote work/study programmes alongside business partners and trade federations (FNTP [a], EGF BTP, Afep [b]). Since September 2014, a work/study handbook gives details of 21 first- and second-year Masters courses for engineers and commercial staff. Guidebooks have been published for such trainees and their instructors.

Training is one of the strategic priorities for supporting and making a success of international business development. Bouygues Bâtiment International has set up four Training Centres, in Paris, Westminster, Singapore and Ashgabat (opened in 2014), providing a focal point for offering training to managers and (chiefly) local staff on managerial and technical topics. They also serve to help promote the corporate culture and develop internal networking. In 2013, over 600 employees were trained in these centres, representing over 13,000 hours of training (e.g. 5,300 in Singapore).

VSL's Training Centre in Bangkok sustains a high level of expertise among staff in the field of prestressing, its core business. This centre also offers management training. Since its creation in 2008, 1,300 employees have been trained at the centre, including 220 in 2014.

At **Bouygues Immobilier,** training priorities are determined by the Strategy committee. Over half of spending on training is assigned to the implementation of initiatives that fulfil strategic targets.

To foster the right conditions for the creation of a Purchasing department within the company, a personalised training plan was adopted in conjunction with the Development Centre. It was offered to all staff working in this area, in addition to modules on purchasing values and negotiation.

To take full advantage of the knowledge base of experienced staff, the Bouygues Immobilier Corporate University has developed a range of training courses led by some 50 internal trainers.

(a) The French national public works federation.
(b) The French association of private companies.

In France, **Colas** subsidiaries maintained their level of training investment. For a nearly equivalent total volume of hours (down 2%) to the prior year, the portion of training devoted to prevention and safety was 41%. Under the heading of the Colas Campus programme, which encompasses all training courses and initiatives, a total of 408 sessions were held for 3,772 site worker and clerical, technical and supervisory staff.

The main skill-building orientations were as follows: training worksite managers and site workers in techniques; providing job-specific guidance through the Colas Campus programme and the four Colas University courses; developing interpersonal and managerial skills. The subsidiaries were encouraged to enhance the training of entire teams on site, and to develop orientation and mentoring initiatives to transmit solid trade fundamentals to new arrivals.

Outside France, Colas operates proactive training policies. For example, a Canadian subsidiary prioritised training seasonal employees. In the United States, Colas Inc. set up a Colas Campus equivalent to share job-specific trainings between all US subsidiaries. A first training plan focusing on skills and safety was initiated in the Czech Republic. The Indonesian subsidiary stepped up its oversight of training investments. Similar initiatives were undertaken in the United Kingdom and Morocco.

At **TF1,** training policy for 2014 had two overriding goals: supporting transformations at TF1 through adaptation to new technologies (photography, computer graphics and broadcasting for editorial and technical staff); and the digital changeover at TF1 Vidéo, TF1 Entreprises, My TF1 and TF1 Publicité. Two training highlights were the design of a specific programme for 40 executives, including a "learning expedition", and the creation of TF1 University.

Digitisation moved up a gear at **Bouygues Telecom** in 2014 through initiatives involving all staff - in terms of skills and content targeting the various occupations, and with regard to the development channels offered. The digital E-c@mpus platform, on top of the training plan, helps promote staff development and employability. Over 100 new managerial employees signed on to the new nine-month management course. Seventeen employees working in Bouygues Telecom store outlets graduated from the fifth intake of the vocational degree in business, with specialisation in management, thus enhancing in-house employability.

3

Work-study training contracts

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2014 Group total	2013 Group total
Number of apprenticeship contracts		212	51	359	38	71	731	729
Number of professional training contracts	2	97	89	243	94	222	747	829
TOTAL	**2**	**309**	**140**	**602**	**132**	**293**	**1,478**	**1,558**

Coverage rate: 56% of Group headcount.

Lower usage of work/study contracts at Bouygues Construction, TF1 and Bouygues Telecom translates the contraction in recruitment needs. The figures were higher at Colas and especially at Bouygues Immobilier, where the increase was by a factor of 2.5x.

3.2.5.2 Total training hours

Training (permanent staff)[a]

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2013 Group total	2012 Group total
Percentage of payroll spent on training	2.7%	4.5%	3.0%	3.8%	2.6%	3.5%	3.9%	4.2%
Average number of days training per employee per year	1.98	2.59	2.10	2.40	2.67	2.56	2.48	2.43

(a) Data on training refers to the Group training audit published in 2014 in respect of 2013. Information concerning 2014 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 rate: 56% of Group headcount.

More money is invested in training than stipulated under statutory obligations. The decline reflects a policy towards greater selectiveness in the choices of training programmes, given the tougher economic backdrop. **Colas** subsidiaries kept the level of investment in training constant, for a nearly equivalent total volume of hours (down 2%) relative to the prior year. Note the considerable development of e-learning in the business segments is not counted in this indicator.

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	2014 Group total	2013 Group total
Existence of a formal training plan in the international activities		82%		86%			88%	87%

(a) New indicator for 2013. Holding company and other, Bouygues Immobilier, TF1 and Bouygues Telecom are not covered by this indicator on account of its scope. Percentages correspond to companies employing more than 300 people operating outside France.
Coverage: 72% of international headcount.
Indicator available at www.bouygues.com: Training by type (France).

3.2.6 Equal opportunity

"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 business segments have a diversity officer and have continued pursuing many 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 several times a year brings together 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. In July 2014, Bouygues Bâtiment International's Diversity label (Afnor certification), first obtained in 2012, was renewed, and several of its subsidiaries took practical action steps in this sphere.

At **Bouygues Immobilier,** a new managerial training module, Respect and Performance, aims to support managers in developing skills for facilitating cooperation within teams, in finding ways of making diversity a performance factor and adapting management style to promote diversity.

The equal-opportunity requirements that accompany the Diversity label, which was obtained by **TF1** in 2010, are extremely exacting. An audit took place in 2012 and the renewal request is still outstanding. HR procedures have been revised - especially in the area of recruitments and promotion - and traceability is guaranteed.

After retaining its Diversity label in 2013, **Bouygues Telecom** continued taking action in 2014 alongside several NGOs such as IMS-Entreprendre pour la Cité, the AFMD (French Association of Diversity Managers) and OPE (the working parents observatory). In issues dealing with disabilities, it is partnering with Tremplin, Hanploi, Afij[a], Adapt[b], Arpejeh[c], Passerelle and Handeco.

3.2.6.1 Measures to promote gender equality

The promotion of gender equality is a goal shared by all **Bouygues group** subsidiaries. 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. 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.

At **Bouygues Construction,** gender diversity is monitored using a specific scorecard, with specific points relating to women managers. Reviews are carried out at each remuneration conference to ensure that equal treatment is a reality.

The 2013-2014 gender-equality plan, which brings top management into play, incorporates a training module, proactive communications for combating stereotypes, and monitoring of women managers within careers committees. WeLink, a network for women, is growing. Any woman up from the rank of deputy manager may join, from any entity or business segment. There are currently over 580 members.

(a) A charity promoting the occupational integration of young graduates.
(b) A charity promoting the social and occupational integration of disabled people.
(c) A charity helping young disabled people fulfil educational goals.

Gender equality is emphasised in programmes run by Bouygues Construction University. Besides modules within management courses (Ulysse and Marco Polo), the "Targeting Gender Diversity" module - aimed at HR employees - was created in 2014.

A good gender mix is essential for the long-term future of international subsidiaries. The *Together* training module, offered by Bouygues Bâtiment International to locally-sourced managers, deals with the topic of mixed-gender management. It was implemented by Bouygues Turkmen, amongst others.

In 2013, Bouygues UK, the British subsidiary of Bouygues Bâtiment International, joined the WeLink network. In 2014, its third meeting was held on the theme of networking. At Bouygues UK, women account for nearly 30% of staff headcount (640 employees), which is well above the national average in the industrial sector (around 13%).

Lastly, 33% of employees in Thailand were female. All-women teams, with profiles ranging from site worker to team leader, are carrying out building activities on current projects. To support the increased rate of women employees, Bouygues Thailand has introduced nurseries on its worksites.

Bouygues Immobilier has pledged to increase the proportion of women active in operational positions to 26%, especially in management positions within business units (often a vital stepping stone to senior and top management positions). As of the end of December 2014, this target had been achieved.

Among the gender-diversity initiatives undertaken at French subsidiaries of **Colas,** the "Plurielles" working group at Colas Sud-Ouest pinpointed issues relating to equal opportunities between women and men.

Subsidiaries outside France also took measures to increase their appeal to women. In the United States, one subsidiary worked in partnership with employment agencies that specialise in placing women; another joined the National Association of Women in Construction; another encouraged women employee recommendations; Delta Companies Inc. gave its support to Zonta, a worldwide organisation dedicated to women's causes and career opportunities.

The priority aim of **TF1** is to increase the proportion of women managers. Of the 500 leading managers at TF1, a full 30% are women. Initiatives are under way to see this ratio increase. The training course in leadership for women has been well received by participants, along with cross-mentoring experiments with Bouygues Telecom and Cisco.

The fourth year of the mentoring programme, which began in April 2014, had an intake of 30 women and 15 men from **Bouygues Telecom,** plus 9 female employees from Cisco and TF1.

Bouygues Telecom promotes and is seeing steady results in terms of greater gender diversity both in technical jobs and at the highest levels of management. An index tracking the proportion of female employees in each team has been added to the annual appraisal targets for determining variable remuneration for members of companies' management committees.

The women employees' network in Bouygues Telecom, Bouygt'Elles, held a "Girls@Tec" afternoon, with the aim of promoting technical and engineering occupations among female students in their final three years of secondary school, before university courses are chosen. The company also organises the Bouygues Telecom "Digital Entrepreneurship" award for women.

3.2.6.2 Measures to promote the employment and the occupational integration of disabled people

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 divisions.

At **Bouygues Construction,** HandiTours awareness-raising initiatives undertaken in subsidiaries of Bouygues Entreprises France-Europe impacted 2,000 employees in the Normandy, Brittany, Loire and Picardy regions. Complementing the work of HandiTours, ErgoTours - roaming workshops to raise awareness among construction teams on reducing arduousness and improving working conditions - are widely deployed within the subsidiaries of Bouygues Entreprises France-Europe and organised for large-scale projects at Bouygues Travaux Publics. In addition, Bouygues Bâtiment Ile-de-France in November 2013 held a special disabilities event entitled Handybat, a forum for raising awareness among staff on hosting disabled employees and fitting out workstations. It also drew attention to the wide range of offers available from sheltered workshops.

Bouygues Immobilier has been committed for several years to integrating disabled workers; the proportion of disabled employees has risen more than two-fold in the space of three years. It is now close to 3%. In 2014, Bouygues Immobilier teamed up with Cap Emploi Paris and TF1 to conduct a recruitment operation dedicated to work/study contracts.

In 2014, ten **Colas** subsidiaries in mainland France along with Agefiph (a fund to promote the employment of disabled people) began drafting subsidiary-level agreements, with each subsidiary having its own budget and undertakings. The purpose of these agreements is to foster the development of grassroots initiatives (awareness-raising and training, communication, inclusion and employment, career guidance, job stability and collaboration with the sheltered sector) to better take into account on a day-to-day basis the situations in which employees with a temporary or permanent disability find themselves.

TF1 has signed an ambitious three-year agreement with trade unions governing the recruitment of disabled persons, with an emphasis on work/study contracts. The agreement also stipulates an increase in sales assigned to the sheltered and disability-friendly sector. In 2014, 50% of disabled persons benefited from adapted working conditions. During disabilities week, a "MasterChef" workshop was held at lunchtimes, during which a chef from the Berthier sheltered project, who has to live with disability, gave out cooking tips to Group employees.

In 2014, 98% of disabled employees at **Bouygues Telecom** were on permanent contracts. The company takes part actively in meetings, forums and job fairs aimed at the disabled and runs in-house training for raising awareness. Measures include adapting workstations and office environments, assisting in the provision of specialised transport and providing computer-assisted real-time transcription and remote video-interpretation services. The subsidiary RCBT negotiated a second three-year disabilities agreement, through which employees with disabilities and informed managers implement policy from the grassroots up.

Disabled workers (permanent and fixed-term)

Scope: France	Holding company and other	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2014 Group total	2013 Group total
Number of disabled workers	4	556	32	942	70	265	1,869	1,904 [a]
Number of disabled workers hired	1	19	4	15	9	13	61	66
Sales with sheltered workshops and disability-friendly companies [b]	€3,080	€2,071,802	€195,000	€1,386,383	€311,100	€442,257	€4,409,622	€4,638,074

(a) Restatement of Group total for 2013 following correction to Colas scope.
(b) International consolidation has not yet been carried out. Coverage: 56% of the Group's headcount.

In less buoyant conditions, the disability policy is focusing on maintaining disabled staff in employment. At **Bouygues Construction,** the hiring rate for disabled workers is stable. There was more widespread use of disability-friendly companies and sales generated with them were up sharply. Sales generated with the sheltered sector fell sharply at **Bouygues Immobilier** and **Bouygues Telecom** as a result of tougher economic conditions. The number of employees with disabilities working at **Colas** decreased 4.3% in 2014, but sales generated with disability-friendly companies were up 24.3%.

3.2.6.3 Anti-discrimination policy

The construction businesses of the **Bouygues group** have integrated people of all social and cultural origins and backgrounds, often from outside France, into the workforce for many years (see details of the occupational integration policy under section 3.4.1.1). Generally speaking, this is a major element of diversity policies in the business segments. Thanks to its initiatives in favour of people often excluded from the workplace, Colas was awarded the Washburne Innovation Award for Equal Opportunities by the US Embassy in France in June 2014.

Bouygues Construction is attentive to issues associated with managing age and career cycles. So far, 815 employees aged 55 and over have attended sessions informing them about the legal and administrative aspects of retirement, end-of-career choices and the persons to contact for personalised support, where necessary. Furthermore, a high value is placed on mentoring and coaching. For example, site workers aged 50 and over are officially assigned as coaches to younger site workers at Bouygues Bâtiment Ile-de-France. Bouygues Bâtiment International has put in place special coaching training for staff aged 55 and above. Coaching efforts are also taken into consideration during the annual appraisal.

Bouygues Construction wants the social, cultural and ethnic make-up of society to be reflected at all levels of its workforce. For the second consecutive year, it carried out a perception survey on equal opportunities. The survey was carried out with personnel from HR and payroll in 2014. To encourage feedback on diversity-related issues, all entities within Bouygues Construction have added a special section into the latest round of annual appraisals.

Several mechanisms are in place for sharing best practices in the sphere of inter-cultural diversity such as a newsletter, a specific section on the intranet and a page dedicated to HR. A guide on religious issues in the workplace is also circulated.

Bouygues Construction University has created an “Equal opportunities” module, which has raised awareness of the issue among more than 460 employees: HR, managers and management committee members.

At **Colas,** regarding operations outside France, US subsidiaries are bound by federal laws prohibiting job discrimination in hiring, employee treatment, professional development and compensation. They make their commitments clear and send vacancy announcements to placement agencies that specialise in the employment of minorities, or to specific publications: Simon Contractors, for example, recruits a portion of Native American employees. US-based employees who feel they are victims of harassment may call a freephone number for help. In the United Kingdom, Colas Ltd has charters and procedures in place to fight against all forms of discrimination.

In the context of the Diversity label, a total of 1,000 employees at **TF1** (managers, journalists, HR, employee representatives, etc.) have been trained in combating 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.

Bouygues Telecom took part in a survey on stereotypes relating to people's backgrounds, conducted by IMS in conjunction with the management teams of eight large companies. It also participated in the follow-up nationwide event.

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.

Bouygues Construction has been working for several years to improve living conditions of worksite staff outside France by stipulating standards for worksite living quarters. The reference framework introduced by Bouygues Bâtiment International in 2012 (Working Accommodation Standards) is being steadily applied to all new projects. In any event, it is stipulated that, at the very least, ILO recommendations must be complied with.

A shining example is in Qatar, where over 2,000 site workers involved in the Qatar Petroleum District Project are housed in four villages in Doha. Particular attention is paid to respecting the diverse backgrounds of the workers, with independent catering and leisure facilities in place so that the habits and customs of the seven nationalities present are respected. These living quarters were audited in February 2014.

Since **Colas** generates over 90% of its sales in the OECD countries, it has few operations in countries where there are substantial risks of non-compliance with ILO conventions. Colas works with few subcontractors. Whenever new employees are recruited in Morocco, they are made aware of the rules enshrined in employment law, which are significantly inspired by fundamental ILO principles (which Morocco has adopted).

3

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	2014 Group total	2013 Group total
Existence of employee representative bodies in international activities		64%		72%			69%	76%

(a) New indicator for 2013. Holding company and other, Bouygues Immobilier, TF1 and Bouygues Telecom are not covered by this indicator on account of its scope. Percentages correspond to companies employing more than 300 people operating outside France.
Coverage: 72% of international headcount.

The decline in this indicator at **Bouygues Construction** is due to application of the 300 employee cut-off point, as detailed under note (a), and does not reflect the proactive policy in this area. Some units with employee representation fell below this threshold in 2014 (most notably at VSL and in Ivory Coast). Other, newly created operations such as in Myanmar are still implementing HR policy and, as such, do not yet have employee representation.

At **Bouygues Construction,** elected or appointed employee representation is increasing internationally.

In the African subsidiaries, especially in French-speaking countries, representative bodies function much as they would in France. In 2013, Bouygues Energies & Services held workplace elections in Gabon and Congo. It also conducted a satisfaction survey among all managerial staff of its African subsidiaries, for which the response rate was over two-thirds. In all, 92% feel proud to work at Bouygues Energies & Services, and 82% have noticed an improvement in workplace health & safety in recent years.

At Bouygues Bâtiment International, labour relations are monitored jointly by senior management and the Human Resources departments, and audited for the purpose of the internal HR development index. Today, no subsidiary or operation of Bouygues Bâtiment International is situated at the lowest echelon of this index.

At **Colas,** in North America, labour-management dialogue is handled mainly with trade unions. Several subsidiaries also take the initiative of organising their own meetings to stimulate labour-management dialogue. In Africa, there is employee representation in Gabon, and in 2014 the Colas Afrique subsidiary created a Health & Safety committee. In Europe, in 2014, Colas Danmark set up elected works councils with a four-year term.

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.

Bouygues Bâtiment International has rolled out the *Success in Diversity* initiative to all its operations. In 2012 (and again in the summer of 2014), it was awarded the Diversity label by French standards agency Afnor for this. Specific training modules and breakfast meetings around the topic of diversity are held regularly. Each country, depending on the local cultural context, is able to focus on one or two areas of improvement. For example, Bouygues UK is highly active in the domains of occupational integration and gender diversity, while Bouygues Turkmen has implemented an ambitious policy towards better consideration of disabilities, both in the company and in the wider community. Modules on inter-cultural relations have been added to "Day One" training, which is offered to staff leaving on international secondment. In addition, a recruitment guide is circulated both in France and internationally as part of efforts to make the hiring process as even-handed as possible.

3.2.7.3 Elimination of forced or compulsory labour

The **Bouygues group's** actions, both in France and abroad, are guided by respect for the fundamental values and principles of human rights. These principles are echoed in the Bouygues group's Code of Ethics and Human Resources Charter. The Supplier CSR Charter forbids all use of forced or compulsory labour. Incidentally, it is worth noting that 79% of Bouygues group's employees work in Europe, North America, Hong Kong and Singapore.

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 on "purchasing policy").

Identification badges and access controls, which are now mandatory on all **Bouygues Construction** worksites in France and which are being deployed in international operations, make it easier to verify compliance. Furthermore, Bouygues Construction has made pledges to NGOs to develop schooling. Its Terre Plurielle corporate foundation has supported 71 education and occupational integration projects internationally - in Morocco, Haiti, Thailand, Cuba, and in several African countries. Support may be in the form of funding, the construction or renovation of school buildings, skills patronage or training.

3.3 Environmental 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.

3.3.1 General environmental policy

3.3.1.1 Corporate structures to take account of environmental concerns and, where applicable, environmental assessment and certification procedures

The Sustainable Development-Quality Safety Environment (QSE) department coordinates several Group-wide committees (Sustainable Development, QSE, Extra-Financial Reporting and Energy-Carbon Strategy). The **Bouygues group's** CSR/QSE function, with approximately 1,000 employees, helps to manage operational risk.

Each business segment uses ISO standards to consolidate and improve managerial performance in relation to quality (ISO 9001), safety (OHSAS 18001) and the environment (ISO 14001). Certification of these systems by an external party is an additional guarantee of effectiveness.

The Group's business segments factor environmental issues into offers of products and services, as attested to by their certification. Furthermore, a systematic policy of certification of construction and operations is applied to their own buildings (HQE®, BREEAM®, LEED®).

To ensure the proper monitoring and continuous improvement of these initiatives, the Group has designed and implemented a reporting system to track its results.

BREEAM: Building Research Establishment Environmental Assessment Method (UK certification) - HQE®: High Environmental Quality (French certification) - LEED: Leadership in Energy and Environmental Design (US certification).

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Sales covered by an ISO 14001-certified EMS	Global	89% of Bouygues Construction's consolidated sales [a]	91%	91%	In 2014, Bouygues Construction kept certification at very high levels. Certification has risen constantly from 61% in 2007 to 91% in 2014.
R&D spending devoted to sustainable construction	Global	100% of Bouygues Construction's consolidated sales	50%	51%	Bouygues Construction remained committed to sustainable construction innovation, to which it devoted approximately half of total R&D expenditure for the third consecutive year. 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.).
Buildings with environmental labelling or certification in the order intake for the year (with corresponding number of buildings)	Global building activities	56% of Bouygues Construction's consolidated sales (construction activities)	66% (210 buildings)	58% (227 buildings)	A sizeable improvement took place in 2014, especially in France (76%) and Europe. Since 2007, this percentage has risen from 23% to 66%, reflecting Bouygues Construction's policy of offering customers buildings and infrastructure that are exemplary on the environmental front.

(a) Exemptions are detailed under section 3.1.2.5 "Consolidation rules".
EMS: Environment Management System

Bouygues Construction's environmental policy, which is part of the wider sustainable development strategy, is coordinated by the Innovation and Sustainable Construction department, which oversees the actions of the Sustainable Development department, the Planning and Strategic Marketing department and the Research & Development and Innovation department, and a sustainable construction skills centre. For the operational implementation of policies, the Sustainable Development department is assisted by a Sustainable Development committee, comprising representatives of operating entities and support services. It also coordinates a network of around 100 liaison officers at subsidiaries.

Since 2013, the general management committee has increased the involvement of sales teams by introducing modules on sustainable construction into existing training courses at Campus Commerce and creating a network of expert sales staff specialising in this area.

Bouygues Construction's aim is to build a sustainable living environment by delivering projects to its customers that protect the environment while ensuring comfort and well-being for users. This is apparent at every stage of the project:

- **during the design phase:** Bouygues Construction uses environmental certification schemes such as BREEAM®, LEED® and HQE® (High Environmental Quality) which apply to two-thirds of its building order intake;
- **during the construction phase:** Bouygues Construction factors all the environmental issues related to its worksites into an overarching initiative called "Ecosite", whose aim is to cut their environmental impact. Since 2010, this proprietary initiative has ensured compliance with the company'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. This management of environmental impacts is enhanced by a prevention policy based on an ISO 14001-certified environmental management system. This is widely used, given that 91% of Bouygues Construction's business was certified as such in 2014;
- **during the operation and maintenance phase:** Bouygues Construction increasingly supports its customers in managing and limiting their final energy consumption and offers business proposals that include performance commitments, particularly in the form of the Energy Performance Contracts (EPCs) for residential and commercial projects.

Sustainable construction is a priority for Bouygues Construction, accounting for half of R&D expenditure since 2010.

Bouygues Immobilier

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Sales with a commitment to environmental labelling or certification schemes (H&E, BBC-effinergie® for residential property or HQE® for commercial property)	France	97% of Bouygues Immobilier's consolidated sales	93%	96%	In 2014, Bouygues Immobilier achieved a rate of 99.5% of sales certified with H&E or BBC-effinergie® in its French residential property division. Commercial property sales are covered by HQE® certification at a rate of 72.7%.

At **Bouygues Immobilier,** sustainable development is the preserve of the Communication, Marketing and Sustainable Development division, whose director is a member of the company's Strategy committee. Committed to urban sustainability, Bouygues Immobilier has been actively pursuing a sustainable development policy since 2006:

- in project design phases;
- on worksites where contractors are building Bouygues Immobilier's projects;
- in internal processes.

Bouygues Immobilier is committed to environmental certification schemes in areas such as clean worksites, choice of materials, water and energy management, and acoustic comfort, through the Habitat & Environment (H&E) and HQE® (High Environmental Quality) schemes.

"Positive energy" will be the standard for all new residential properties and office buildings from 2020. With this in mind, Bouygues Immobilier is preparing for future changes on the market through the development of the Green Office® brand offering positive-energy commercial and residential buildings. In 2012, Bouygues Immobilier inaugurated its first-ever positive-energy building. A second programme of this kind was handed over in 2013. Three positive-energy residential complexes are currently under construction.

On a neighbourhood level, Bouygues Immobilier is also committed to environmental protection causes right from the design phase of its large-scale projects. In 2014, Ginko, the Bordeaux Lake eco-neighbourhood, received the national "EcoQuartier" label from the French Ministry of Housing.

Bouygues Immobilier has also launched UrbanEra® to structure its approach as a neighbourhood-wide sustainable urban developer. UrbanEra® is a tailored response to the expectations of local authorities eager to commit to the development of a new, more sustainable urban model.

In the first half of 2014, La Défense Seine Arche public development authority (EPADESA) entrusted Bouygues Immobilier with the development of a 73,000 m² urban complex in Nanterre, just west of Paris, combining 34,000 m² of housing (60% of which will be social housing), 26,000 m² of office space and 13,000 m² in retail units, along with a connected, multi-user "third space" spanning 8,000 m², under the NextDoor brand.

Colas

Indicator	Scope	Coverage	2014	2013	Remarks
Environmental certification of materials production sites *(% of sales before inter-company eliminations)*	Global	100% of sales before intercompany eliminations	60%	55%	In 2014, the indicator rose following an improvement in mainland France (+7 points) and progress made internationally (e.g. North America).

At **Colas,** environmental policy is integrated into its responsible development policy, which the Chairman and CEO has made a core value. The Environment director, who oversees Responsible Development as a whole, guides discussions on the subject with support divisions (such as Communications, Equipment & Innovation, Human Resources, Technical and R&D) and operational divisions. The Environment department has six staff members and a network of approximately 40 environment managers in French and international subsidiaries, who themselves are supported on the ground by several hundred environmental officers and auditors. These positions are generally combined with other roles such as quality assurance and health & safety.

Environmental certification (ISO 14001 or equivalent) is an important part of environmental policy at Colas, applying to installations as a whole and especially to materials production activities. Environmental certification reflects Colas' determination in complying with regulatory requirements and its efforts in analysing environmental risks and mitigating them through action plans.

TF1 has undertakings both in the management of internal processes and through its Ecoprod policy, which aims to instil eco-design throughout the entire broadcasting production chain. The General Affairs department manages the consumption of water, raw materials and energy, as well as overseeing waste management at the head offices of the TF1 group.

The Ecoprod initiative has set up a resource centre comprising best-practice guides by occupation, the Carbon'Clap carbon balance calculator, an eco-production guide (showcased in Cannes in 2012) and other communications materials aimed at producers and others working in the industry. In 2014, an environmental charter, supplemented with training, was developed and offered to small and midsized firms in the broadcasting industry.

Bouygues Telecom's Sustainable Development unit, which is part of the Innovation department, annually defines a roadmap laying down targets and priority areas with regard to staff, the environment and society, leveraging a network of liaison officers in operational departments and across the company's nine sites. It is responsible for guiding environmental policy, which encompasses energy performance, eco-design and waste management.

HQE® certification and energy management are still both high on the agenda, as attested to by the first ISO 50001 renewal for one of the company's six customer-relations centres (in Bourges). Certification for the Montigny-le-Bretonneux data centre was renewed in 2014.

3.3.1.2 Environmental training and information modules for employees

The **Bouygues group** provides staff working in its QSE function with training modules like the QSE and Excellence awareness-raising programme, and the Sustainable development-QSE department organises regular conferences on issues in specific business segments and on continuous improvement.

Since 2007, a QSE committee has been meeting every six months to share best practices, with a view to continuous improvement and operational excellence. It works to raise awareness about the best management practices.

In 2014, Bouygues held a series of lectures under the heading *Explore,* preparing Group managers for the challenges facing business in the future. At the same time, since 2014, the Group has been training the management committees of individual business segments on continuous improvement practices, through a combination of lectures and workshops. Twelve sessions of this new training programme have been held so far.

In addition, "Abby" (Bouygues group self-assessment and benchmarking) seminars based on a software application developed in-house have been organised within the Group since 2007. "Abby" is used by 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 being launched, this seminar has been held 68 times, involving a total of more than 900 managers. In addition, the *Construire l'avenir* (Building the future) training module, for Group senior executives, tackles the major challenges relating to societal shifts and the associated changes in economic models. In 2014, 65 managers took part in six sessions.

The Group also rolled out a new collaborative extranet ByLink Network, which enables employees to discuss practices, pool expertise, provide information to groups (functions, project committees, etc.) and enhance the collective knowledge base. To minimise the environmental footprint of communications materials, the Group has had sustainable-printing rules in place since 2013. In 2014, it developed *Resp'event,* a self-assessment tool used to help internal event organisers in the area of eco-design.

Each business segment is working to raise awareness among staff about eco-friendly behaviour.

Bouygues Construction implements various programmes to train and raise internal awareness about environmental protection - providing general training at Group-wide level and modules with a greater focus on operational issues at the subsidiary level.

Within the management training programme at Bouygues Construction University, the Ulysse module includes two days devoted entirely to sustainable development issues. The training offered by Bouygues Construction University to all sustainable development officers is also entirely devoted to these issues. Environmental protection is also covered in several training programmes for the professions most concerned: the Campus Commerce course for sales staff, the Pericles module for large-scale project managers as well as modules relating to sustainable construction and the city of the future for the property development activity. Other expert training is available on the themes of carbon, extra-financial reporting, life-cycle analysis (LCA) and so forth.

Site workers and teams are systematically briefed within their operational units by means of 15-minute QSE training sessions, which deal with specific issues such as waste and resources, and environmental awareness campaigns.

The Sustainable Development department at **Bouygues Immobilier** is working hard to disseminate information and raise awareness. Sustainable Development Week and Mobility Week are high points for internal communications, during which themes such as sustainable property development (which is key to the company's business), grassroots presence and employees' quality of life at work are discussed. Lastly, aware of the environmental impact of its work congress (bringing together more than 1,500 employees in Bordeaux in July 2014), Bouygues Immobilier assessed its carbon footprint and offset the effects of irreducible emissions by supporting a reforestation project (Alto Huayabamba) in the Amazon region.

The requirements of the environmental certification schemes, especially ISO 14001, include the assessment and, where relevant, the introduction of environmental training for personnel, especially new recruits, and the provision of information to external partners. **Colas** has not defined a single central model for training and information actions; these actions may take a variety of forms depending on the country, the subsidiary and the activity. However, the environment and Responsible Development policy in general are covered in a training programme offered at Colas University 1. Colas prefers to address this challenge with a decentralised approach and monitor training and information performance in compliance with an auditor-checked environmental standard, such as ISO 14001. Work meetings and conventions on environmental themes are organised every other year (with the most recent being held in Brussels in June 2014) to raise awareness within the network of environmental correspondents in France and worldwide.

All contributors to **TF1's** CSR process meet each year as the CSR committee to refresh their knowledge and gain a combined overview of established roadmaps. Additionally, TF1 is a founding partner of the Nicolas Hulot Foundation, whose communications material are circulated each year internally.

Specific training is given by **Bouygues Telecom** to assist in the application of waste management, eco-design and ICPE regulations (i.e. governing environmentally sensitive installations). Information days on energy performance were held in 2014. Furthermore, all operational staff were briefed on updates to the reference base on CSR obligations, allowing for updated mapping of environmental risks and challenges.

3.3.1.3 Resources devoted to environmental risk prevention and pollution control

See chapter 4 "Risk Factors", sections on "Compliance risk", "Industrial and environmental risks" and "Operational risks".

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Worksites with Ecosite[a] label	Global	89% of Bouygues Construction's consolidated sales	71%	68%	Progress made - especially in the Paris region - conveys a recovery in certification momentum within units.

(a) An in-house environmental label for worksites.
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, sales and worksite advancement thresholds, which depend on each particular entity.

At **Bouygues Construction,** environmental risk prevention and pollution control is conducted in line with ISO 14001 certification and Bouygues Construction's proprietary Ecosite scheme, assisted by the regular monitoring of regulations and R&D projects.

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.

The Ecosite label 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. It also includes a component on managing environmental emergencies.

Bouygues Construction is partnering with others to develop new, eco-responsible solutions. For example, DTP teamed up with the French earthworks trade federation (SPTF) to implement SEVE® (an eco-comparison tool), developed by the French road construction industry association (USIRF). SEVE® measures companies' results in increasing the environmental performance of their projects on the basis of criteria such as greenhouse gas emissions, re-use of materials, water conservation, protection of biodiversity and reduction of disturbances for nearby residents.

Bouygues Immobilier operates a risk-prevention policy that involves systematically retaining the services of an environmental consultancy firm as soon as it becomes interested in purchasing 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.

During the construction phase of commercial property programmes, Bouygues Immobilier applies environmental risk prevention to its operations through its Clean Worksite charter. This is systematic for commercial property developments (21% of sales) and is being phased in for residential programmes too.

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.

Colas does not use consolidated indicators to monitor spending on the prevention of environmental hazards or pollution, or to monitor preventive actions. This spending is included in normal operating expenses. Operating licences for environmentally sensitive facilities that require government authorisation or registration (ICPE facilities in France) generally require strict compliance with environmental requirements, irrespective of the country in question (OECD or otherwise). ISO 14001 certification gives Colas a good level of assurance that it will meet these requirements. Compliance with government requirements is the main criterion for self-evaluation by Colas' checklists. It is therefore taken into account through annual self-evaluations at sites that are not certified.

Lastly, the annual cross-audits of subsidiaries in Belgium, mainland France and Switzerland, which are conducted by trained internal auditors, 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.

The activities operated by **TF1** do not necessitate the implementation of resources for preventing environmental and pollution-related hazards.

Bouygues Telecom has produced a mapping of social and environmental risks, correlated with the company's guide on environmental and CSR reporting obligations. It is updated annually based on an assessment of the guide's application in terms of CSR reporting, taking into account new regulations. The company has introduced measures for managing electrical and electronic equipment, which includes mobile handsets and telecommunications equipment, and applies rules governing classified installations under environmental protection regulations.

3.3.1.4 Amounts of provisions and guarantees set aside for environmental risks, unless information is likely to cause serious prejudice to the company in an existing dispute

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.

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 2014. 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

3.3.2.1 Measures for preventing, reducing and rectifying very environmentally harmful air, water and soil pollution

External certifications (ISO 14001) and in-house standards (Ecosite label and the Colas checklist) are the main resources available to the operating units of the **Bouygues group's** business segments for limiting the environmental impacts of their activities, especially all forms of pollution (waste, air, water or soil pollution). In addition, Bouygues and its business segments promote environmentally-friendly products (based on HQE®, BREEAM®, LEED® benchmarks) to customers with a view to curbing such pollution.

At **Bouygues Construction,** action to reduce environmental impacts is covered by the ISO 14001 management system. This is reinforced by Ecosite, through the "hazardous materials", "air" and "bodies of water" standards, each of which lays down minimum requirements with which to comply.

Worksite-related environmental standards are supplemented by specific preventive measures and equipment requirements for site accommodation. Lastly, within each entity, 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, as approved by the occupational doctor.

Bouygues Construction is leading several R&D projects investigating ways in which to limit wastewater pollution in operations. For example, a phyto-remediation process (i.e. the direct use of green plants and their associated micro-organisms to reduce soil contamination) is being trialled in Mali, and a process for neutralising the effects of de-icing salts is also being studied.

Bouygues Immobilier's commitment is chiefly based on the HQE®, LEED® and BREEAM® certifications:

- in the design phase: HQE® aims to improve the environmental quality of new and existing buildings;
- in the construction phase: an HQE® worksite must ensure that all types of pollution (air, water or soil) are curbed.

Efficient water management is a key area analysed for international LEED® certification. LEED® and BREEAM® certifications have a separate Pollution and Emissions category for air, water and soil pollution caused by a building throughout its lifecycle. This is used by Bouygues Immobilier for its office projects. Bouygues Immobilier has developed the Clean Worksite Charter, which aims to prevent and reduce air, water and soil pollution.

At **Colas,** all environmentally certified sites prepare an environmental analysis, dashboards and action plans (particularly for reducing discharges into the environment in cases where this is deemed significant). Colas uses this information during management reviews to analyse and limit the impact of the group's operations and improve environmental performance. In addition to these standards-based measures, Colas' checklists cover such aspects as administrative management, site development, waste storage, operations management and monitoring, environmental impact and risk management (water and air pollution, waste, natural and technological risks, noise and vibration) and dialogue with local communities. During the fiscal year, there were no accidents or incidents to report that seriously affected the environment.

In its guidelines for maintenance service providers, **TF1** bans the use of substances that are harmful to the environment.

In addition to sensitive-site monitoring (under IPCE rules) of air-conditioning units and power generators relating to its office buildings, **Bouygues Telecom** calls on an independent firm to carry out measures relating to HQE® certification, concentrating on water and air quality on administrative sites.

3.3.2.2 Measures for the prevention, recycling and elimination of waste

As major producers and users of building materials, the construction businesses of the **Bouygues group** operate specific re-use and recycling policies in relation to waste.

The media and telecoms businesses produce waste electrical and electronic equipment (WEEE) and take appropriate action to collect and re-use these goods.

In France, the Bouygues group as a whole has improved the processing of its waste electrical and electronic equipment (CPUs, laptops, screens, printers and servers) by outsourcing this task to ATF Gaia, a disability-friendly company, since 2010. Since the start of the contract, this initiative has collected 68,724 items of equipment (of which 10,410 between October 2013 and September 2014). In total, 36% of the 605 tonnes of collected waste equipment was destroyed and 64% reused.

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Percentage of non-hazardous waste recycled	Global	88% [a] of Bouygues Construction's consolidated sales	80%	89%	This indicator should be treated carefully because of the high fluctuations associated with volumes of inert waste (which represents close to three-quarters of non-hazardous waste) collected on a given worksite. As it tends to be recycled, inert waste as a proportion of total collected non-hazardous waste will have a strong influence on the overall percentage. The drop in the overall percentage between 2013 and 2014 is chiefly due to Bouygues Bâtiment International, especially in countries with significant operations. This, therefore, had a large impact on the overall percentage for Bouygues Construction. Other units within Bouygues Construction reported improvements in 2014.

(a) This indicator does not include the following three countries: Equatorial Guinea, Nigeria and the US, concerning which data for 2014 could not be collected.

At **Bouygues Construction,** measures for the prevention, recycling and elimination of waste are handled through its Ecosite policy.

It has implemented programmes for reducing waste on worksites:

- reducing waste at source. For example, in its civil works activities, excavated materials are recovered for use as backfill or for the environmental rehabilitation of sites;
- reducing the amount of waste transported, by rinsing and confining polluted materials so that polluted ground on worksites can be isolated and made inert, leading to a sharp drop in material transported to landfill sites. An ambitious plan in Hong Kong led to the recycling of 85% of waste produced on a worksite.

Lastly, Bouygues Construction has recently set up R&D partnerships with industrial partners to work on reducing the quantity of construction waste at source. A project has been launched in conjunction with Saint-Gobain that will optimise eco-design in order to limit off-cuts and facilitate recycling.

For residential developments that are HQE® certified and for all of **Bouygues Immobilier's** commercial property developments, the Clean Worksite Charter makes waste recycling mandatory, notably via a waste management plan.

Colas

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Recycled materials in relation to the volume of aggregates produced	Global	Asphalt mix and aggregate production activities, and railway worksites	10%	13%	The tonnage of recycled materials and aggregates production fell by 24% and 5% respectively. This indicator fell under the effects of a less supportive economic context and proportionately less business from mainland France road subsidiaries.
Percentage of asphalt pavement recycled in order to reclaim the bitumen	Global	Materials production activities	14%	14%	The quantity of reclaimed asphalt pavement remained stable compared to the 2013 level, while asphalt production fell by 5%. This shortfall is particularly related to a slowdown in progress in mainland France resulting from the issue of actinolite asbestos (see section 3.2.4).
Surface area of road pavement recycled in-place *(million m²)*	Global	Works activities	4.2	4.9	The surface area of road pavement recycled in place by Colas subsidiaries fell 17% in 2014. This type of recycling technique depends on the nature of calls for tenders. Developing these techniques therefore requires that Colas teams and especially project owners take a proactive approach.
Waste oil recovery rate	Global	All activities	56%	69%	In 2014, Colas achieved a 56% recovery rate, lower than in previous years. This trend was mainly observed among international subsidiaries, which had a negative impact on the indicator due to the increase in the relative contribution of these regions to Colas' business.

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.

A recycled-materials indicator measures subsidiary efforts in converting waste into construction materials. 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 2014, Colas recycled and recovered almost 8.5 million tonnes of materials. This represents 10% of its total aggregate production and worldwide savings equivalent to the average production of 25 Colas quarries.

Reclaiming asphalt pavement when repairing or repaving roads 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. Reclaimed asphalt pavement comprises the materials recovered from the milling or deconstruction of roadways before new asphalt mix is applied. 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 reuse 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.

Colas has developed a specific indicator to monitor the management and disposal of waste oil generated by all its subsidiaries and business lines. In most countries, waste oil is subject to special "hazardous waste" regulations. It is also the main hazardous waste that Colas produces. This indicator is calculated based on the ratio of used hydraulic and motor lubrication oil that is either disposed of by a certified channel or responsibly recovered, relative to total oil purchased. The general consensus is that the optimum waste oil recovery rate is around 80% if the oil that is consumed and burned by vehicles and machinery is taken into account.

The management of all types of waste is monitored and assessed pursuant to ISO 14001 certification requirements and through annual self-evaluations using checklists.

Since 2013, **TF1** has been following a revised waste-management procedure, in which each item of waste has a waste-tracking document. Waste is sorted and then recycled (44% of total waste) or put to use through incineration to recover its energy.

Bouygues Telecom

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Handsets collected for recycling or re-use *(number of handsets)*	France	100% of Bouygues Telecom's consolidated sales	169,563	212,131	
■ from customers (Club Bouygues Telecom stores, general public and business customers on the internet, employees)			151,027	172,810	The decline was chiefly due to a drop in sales and collection opportunities.
■ through the after-sales service			18,536	39,321	The decline was due to a reduced volume of after-sales service in 2014, impacting the number of handsets loaned, which has a direct effect on the consumption of loaned equipment.

Recycling used electrical and electronic equipment is an important part of **Bouygues Telecom's** commitment to CSR. Re-use is given priority whenever possible, thus lengthening the useful lives of products and equipment. The company has introduced procedures for controlling channels for recycling telecommunications hardware by which equipment that has reached the end of its useful life can be put to the best possible use.

Bouygues Telecom collects used handsets, which are either reconditioned for sale or recycled, through its store network or via websites. Returning used handsets has been made part of the in-store sales procedure so that a higher proportion can be collected. Additionally, twice yearly, the group doubles the buy-back price as an incentive to customers and as a means of raising awareness about the environmental and economic value of used handsets. After collection, handsets are sorted, tested and wiped of personal data by social enterprises. Handsets not in working order are recycled by approved specialists. The rest are reconditioned and resold.

3.3.2.3 Dealing with noise and any other type of pollution arising from a business activity

Some of these issues are also discussed in the section entitled "Relations with people and organisations affected by the company's business activity" (3.4.2).

One of the standards of **Bouygues Construction's** Ecosite initiative addresses the question of noise and the management of noise pollution in consultation with project stakeholders. In 2014, , the Dragages Hong Kong subsidiary won accolades at the Quiet Construction Symposium for the exemplary measures that it implemented during construction of the Hong Kong metro, thanks to which noise levels were brought down by 50 decibels. "Cleanliness and tidiness" and "communication" are also focus points of the Ecosite initiative.

Bouygues Construction has also set up an Acoustics and Vibrations skills centre, comprising in-house experts from different operating units. Thanks to their technical expertise, innovative measures have been taken on many operations for reducing noise emissions, both in the design phase (e.g. the design of walls with very high acoustic performance for concert halls and industrial facilities, for instance) and during construction (e.g. noise barriers for local residents). Research is currently being carried out in conjunction with Saint-Gobain.

Bouygues Immobilier checks noise levels on sites covered by the Clean Worksite charter[a]. Where necessary, remedial measures can be taken to reduce disturbances resulting from excessive noise or vibrations.

Colas manages a large number of sites producing construction materials such as aggregates, ready-mix concrete, asphalt mixes, bitumen and emulsions. This can lead to disturbances (from smells, dust, traffic and noise). Acceptance of production sites by local residents is an increasingly sensitive issue; Colas has introduced action plans in these areas:

- **exemplary behaviour of production sites:** each site must go beyond mere compliance with the regulations. The preferred way of achieving this outcome is through environmental certification, such as ISO 14001.
- **initiating dialogue with local residents and authorities:** this means listening to expectations, explaining the practical requirements of operating production sites and achieving better mutual understanding in order to head off crisis situations.

Colas is developing products that reduce traffic noise, such as fractal-technology noise barriers, and most significantly noise-reducing mixes, which can reduce traffic noise by as much as 9 dB Some 274,000 tonnes were produced in 2014. This range of products is the result of Colas' unrelenting efforts in the field of R&D, for which it has won several technical awards over the years.

Regarding electromagnetic waves and broadcast antenna on the roof of the main **TF1** building in Boulogne-Billancourt, near Paris, measures taken by Apave and Emitech (which specialises in environmental equipment testing) prove that authorised limits were not exceeded. No anomalies were detected with regard to mobile antenna. A report was issued to the Health and Safety committee in 2014.

(a) All commercial property developments and residential programmes certified HQE® (High Environmental Quality).

Bouygues Telecom's technical facilities do not produce noise pollution and comply with radiofrequency regulations. 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. Furthermore, any access inside the perimeter is only granted once the signals have been turned off. Internal and external inspections are carried out, along with electromagnetic field measurements close to technical facilities.

3.3.3 Using resources sustainably

3.3.3.1 Water consumption and supply in accordance with local conditions

The issue of water consumption varies in importance from one part of the world, depending on whether operations are situated in arid or temperate regions. Generally speaking, business segments within the **Bouygues group** are responsible for taking local water constraints into consideration. Water management is a criterion of ISO 14001.

Since 2013, the Group has used an indicator entitled "Total water consumption", measuring the combined consumption of each business segment, except Colas. Each business segment provides figures for the total volume of water consumption in entity-operated buildings (e.g. headquarters and worksite living quarters) and on worksites, both in France and abroad. In each business segment, water management is tailored to local contexts. Due to the high number of projects in place (close to 110,000), their features (temporary and small-scale) and the nature of water consumption (immaterial and governed by technical norms), Colas is in no position to instigate measuring on a global scale.

Optimised water consumption is also covered by the HQE® Operation certification for certified Group administrative sites.

3

Water consumption: Group

	Scope (activity or region)	Coverage	2014	2013
Total water consumption *(million m^3)*				
Bouygues Construction	Global	89% of Bouygues Construction's consolidated sales	3.3	4.3
Bouygues Immobilier	Galeo and O'Mallet administrative sites (Issy-les-Moulineaux)	25% of Bouygues Immobilier's consolidated sales[a]	< 0.1	< 0.1
TF1	Head offices of the TF1 group	90% of TF1 group's consolidated sales	< 0.1	< 0.1
Bouygues Telecom	France (excluding branches and Club Bouygues Telecom stores)	78% of Bouygues Telecom's consolidated sales	< 0.1	< 0.1
GROUP TOTAL (EXCLUDING COLAS)			**3.4**	**4.5**

(a) An effective data collection procedure for the entire scope of Bouygues Immobilier is not yet up and running.

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Water consumption of worksites *(million m^3)*	Global	89% of Bouygues Construction's consolidated sales	3.1	3.8	In addition to efforts for reducing water consumption on worksites, the decline witnessed in 2014 was chiefly due to a change in the type of worksites, which on the whole had a lower water consumption relative to 2013 (e.g. reduced volumes of cast in-situ concrete).

Bouygues Construction's operations impact water resources in various phases:

- **during the construction phase,** where water is covered by an Ecosite standard on consumption management;
- **in the design phase and during operation:** environmental certifications on buildings, awarded to a high number of structures, systematically contain water consumption targets. Innovations introduced in these structures aim to reduce the amount of water needed for operation, and to measure and manage water consumption.

In R&D, Bouygues Construction has developed the ABC (Autonomous Building for Citizens) concept, one aspect of which involves recycling rainwater in such a way that buildings become independent of existing water networks. Additionally, the subsidiary DTP, a specialist in earthworks, is developing an R&D project for dry compacting, which will make it possible to limit the normally very high water consumption required for operations of this kind. The process is undergoing trials on two worksites.

In water-scarce countries (level 4 or 5)[a] where the company generates sizeable sales (0.5% or more of the total), Bouygues Construction is implementing specific measures to safeguard water resources via the use of special equipment, water re-use, consumption tracking and awareness-raising among staff and business partners. It also endeavours to offer innovative solutions to customers wanting to adopt a structured environmental approach, chiefly via environmental certifications.

Water management is a major concern for **Bouygues Immobilier** when designing and building its programmes. Residential and office programmes with HQE® certification must deal with this issue.

Additionally, sustainable urban planning is based on considerations encompassing sustainable water management, with the whole lifecycle of water taken in account by limiting consumption, using rainwater and recycling wastewater. Some programmes make provision for recovery and storage of rainwater, which is then used to irrigate grounds and/or green roofs, as in the Ginko eco-neighbourhood in Bordeaux.

Teams at **Colas** must take local water requirements into account, and water management is one of the criteria of the ISO 14001 standard. In water-scarce regions where Colas operates[b], a survey was carried out on the subsidiaries concerned. It was estimated that water consumption in these regions comes to around half a million litres per year, which in each case represents a minimal burden on local water supplies (less than 1%). Nonetheless, action plans have been put in place or are being deployed to limit any waste in sensitive contexts, and to favour recirculating and recycling. 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.

Colas has also implemented a strict surface water and groundwater protection policy to guard against the impact of accidental or everyday pollution at its fixed production and maintenance sites. As such, 20% of sales before inter-company eliminations from global materials production activity satisfies all these requirements; the other sites are at varying stages of their action plans.

An indicator for water consumption in drought-prone areas will be introduced for 2015.

TF1 and **Bouygues Telecom** have a limited direct impact on water consumption and deal with the issue within the context of HQE® (High Environmental Quality) certification, which covers operations at their administrative sites.

3.3.3.2 Use of raw materials and measures to improve efficiency

Given the scale of its construction businesses, the **Bouygues group** is a major user of raw materials. It employs recycling and eco-design procedures to mitigate the consequences of its business activities for the environment.

By definition, the construction operations are heavy users of materials. To reduce the use of primary raw materials, the Group's business segments 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. 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.

Bouygues Construction is working in several areas to manage and optimise raw materials:

- **concrete:** the company is providing funding, research and resources grants as its contribution to the nationwide Recybeton project, which aims to promote re-use of all materials obtainable from concrete rubble *(www.pnrecybeton.fr)*;
- **timber constructions:** in order to limit the use of concrete, Bouygues Construction is exploring alternative construction methods and has strengthened expertise in the use of timber in its constructions. A timber technology unit was set up in 2010, consisting of 20 specialists. Bouygues Construction has handed over nearly 140 timber construction projects (both new build and renovation projects) in France, Switzerland and the UK;
- **eco-design:** 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. This work has brought improvements to Elodie®, the building lifecycle analysis application developed by the CSTB. In its dealings with customers, Bouygues Construction pro-actively includes LCA in a growing number of its bids. An LCA liaison officer has been appointed in each building subsidiary.

(a) Source: World Resources Institute. In 2014, Bouygues Construction conducted its first-ever comprehensive water-stress analysis. A regional breakdown showed that the company generated 67% of sales in countries with low or medium water scarcity (levels 1 and 2), 14% in countries with medium to high water scarcity (level 3), 9% in countries with high water scarcity (level 4) and 10% in countries with extremely high water scarcity (level 5).

(b) Southern Africa, Algeria, Australia, California, Chile, Egypt, India, Indonesia, Madagascar, Morocco, New Caledonia and Tunisia.

The company 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. More than 5,500 items are listed.

Bouygues Construction is working alongside partners to develop eco-design solutions and projects. This includes the CSTB-led Benefis, which is a public research project on building LCA, and a project investigating glazing insulation in conjunction with Saint-Gobain. The company also sponsors the Chair in Sustainable Building and Innovation together with the École des Ponts ParisTech, École Centrale Paris, Supélec and the CSTB. Bouygues Construction's eco-design commitment was recognised in 2014 with the award of the eco-design prize, at the environmental reporting awards ceremony organised by France GBC, a sustainable construction association.

- **Raw materials:** Bouygues Construction has launched several ambitious R&D projects seeking to optimise all the solutions available to operational teams (particularly for earthworks and civil works activities), with the aim of avoiding the need to bring outside materials to an operation. Two projects come under this initiative:
  - DTP's project for re-using laterite[a] in Africa;
  - an applied research project developing "eco-blocks" from recycled materials, conducted by Bouygues Bâtiment International, the CRIB (Concrete Industry Research Centre) and the CTMNC (Technical Centre for Natural Construction Materials). Prototypes are being trialled in Morocco.

Bouygues Immobilier is working with the CSTB to optimise eco-design in property development projects.

Colas

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Volume of recycled materials *(millions of tonnes)*	Global	Asphalt mix and aggregate production activities, and railway worksites	8.5	11.2	The lower production of recycled materials followed the lower-magnitude downturn in the production of aggregates, leading to a decline in the recycling ratio.
Volume of aggregates from recycled pavement *(millions of tonnes)*	Global	Materials production activities	5	5	Reclaimed asphalt volumes were stable in 2014 relative to the previous year, while the total production of asphalt mix was down in the period under review.

Colas works hard to reduce use of raw materials, based on the following action plan:

- **optimising and maximising recycling** of all types of excavation material, demolition debris and inert construction waste, thereby reducing the need for disposal sites and new materials. Colas has drawn up indicators that count the volume of materials actually recycled in its industrial processes and compare the findings with the amount of new materials it produces;
- **developing new products** at Colas' R&D laboratories based on an eco-design approach that seeks to minimise the use of raw materials, particularly non-renewable resources. 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;
- **developing and offering low-carbon alternatives:** 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 includes a materials savings indicator. Colas played a key role in developing this software and making it available to its customers and throughout the construction industry.

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. Thanks to improved targeting of low-carbon alternatives in 2014, Colas increased its proportion of greenhouse gas emissions avoided.

At **TF1,** paper consumption is a key consideration with regard to the environmental footprint of its Metro France subsidiary, which publishes the daily freesheet *Metronews.* In 2014, paper tonnage used for printing the newspaper fell to 7,151 tonnes. Usage is monitored to optimise both the volume of paper consumed and distances between print works and distribution points. *Metronews* is relying on new technologies to ensure expansion, which chiefly involves increasing readership, rather than raising the print run.

Bouygues Telecom uses eco-design procedures in various lines of its operations. After optimising accessories packaging in 2013, Bouygues Telecom has worked on reducing the environmental footprint of its TV box due to be launched in 2015. Its volume has been cut by 70% relative to the previous generation, thus requiring less raw material and reducing the surface area of printed circuits, which play a major role in lifecycle analysis.

(a) Soils rich in alumina and iron oxide, found only in tropical regions.

3

3.3.3.3 Energy consumption, measures to improve energy efficiency and use of renewable energy sources

The **Bouygues group** assists in the energy transition through its expertise in active and passive energy efficiency in buildings and the operation of buildings with performance guarantees. To meet these challenges, the Group has implemented various initiatives:

- Elan, a consulting unit of Bouygues Construction, has developed an energy diagnostic system available to Group entities and customers alike;
- Colas and Bouygues Construction now use a system for optimising the energy consumption of their 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 25% on diesel consumption;
- Bouygues Energie & Services markets electric vehicle charging points to local authorities and companies (Alizé®) that use a real-time smart management solution.

Electricity consumption: Group

Business segment	Scope (activity or region)	Coverage	2014	2013
Total electricity consumption *(in GWh)*				
Bouygues Construction	Global	89% of Bouygues Construction's consolidated sales	202.2	389.1
Bouygues Immobilier	France (excluding subsidiaries)	92% of Bouygues Immobilier's consolidated sales	3.0	3.4
TF1	Head offices of the TF1 group	90% of TF1 group's consolidated sales	22.8	29.8
Bouygues Telecom	France (excluding branches and Club Bouygues Telecom stores)	78% of Bouygues Telecom's consolidated sales	499.0 [a]	426.5
GROUP TOTAL (EXCLUDING COLAS)			**727**	**848.8**

(a) The increase relative to 2013 was due chiefly to higher data traffic associated with 4G and the inclusion of the consumption related to the internet service provider.

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Thermal energy consumption *(in GWh)*	Global	89% of Bouygues Construction's consolidated sales	1,345	326	In this indicator are included consumption of gas and fuel oil, both on worksites and in entity-operated buildings. The increase in 2014 was due to a sharp rise in fuel-oil usage at DTP, resulting from changes in the types of project carried out, i.e. a higher proportion of fuel-intensive mining operations in Africa.

Bouygues Construction has made energy performance a key aspect of its sustainable construction strategy, and a rising number of its projects carry energy performance commitments (70 in 2014).

- **During the design phase,** Bouygues Construction promotes the use of energy-saving solutions as part of efforts to make structures energy efficient. The environmental certifications awarded to many structures systematically contain targets for saving on energy and power, especially when Bouygues Construction acts as specifier. A total of 81% buildings have certification commitments.

Bouygues Construction also makes pledges on performance. For example, Energy Performance Contracts (EPC) are a means for occupiers to obtain guarantees on the energy consumption of their premises, for the duration of the contract. A rising proportion of residential and office programmes incorporate EPCs.

Lastly, thinking on energy performance is being enlarged to encompass building surroundings, as is the case with IssyGrid® (near Paris), France's first district smart grid. Citybox®, an innovative street lighting system developed by Bouygues Energies & Services, also helps improve urban energy performance.

- **During construction phase,** energy consumption is covered by an Ecosite standard.
- **During operation,** Bouygues Construction supports customers on a growing number of projects in managing and limiting consumption, based on fixed performance targets.
- **R&D programmes** aim to reduce consumption in new and renovated buildings through the use of diagnostic, design and measurement tools that lay the foundation for a genuine commitment to energy performance. Bouygues Construction is working on solutions for alternative energy production (e.g. the use of renewable sources), energy pooling and energy storage at building and neighbourhood level. Furthermore, the ABC[a] project seeks to create buildings that are fully energy independent.

At the same time, Bouygues Construction is studying the energy consumption of existing buildings. Additionally, the Chair in Sustainable Construction and Innovation is researching occupier behaviour patterns to find ways of managing energy consumption more efficiently.

The public amenities activity of Bouygues Construction assisted in the drafting of the Energy Performance Contract (EPC) guide for renovation specialists in partnership with Fondation Bâtiment Energie.

Bouygues Immobilier

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Surface area of Green Office® commercial property developments in operation during reporting period *(m^2)*	France and subsidiaries	97% of Bouygues Immobilier's consolidated sales	82,789	47,589	Bouygues Immobilier continues to roll out positive-energy Green Office® buildings. In 2014, 35,200 m² of space connected with Green Office® *Spring,* a new development in Nanterre (near Paris) brought the total Green Office® area under construction to 82,789 m². This equates to 27% of total commercial property surface area under construction, in line with the 20% target for 2015.
Number of positive-energy homes being built or handed over in the full year	Global	100% of Bouygues Immobilier's consolidated sales	66		

At **Bouygues Immobilier,** the energy performance of its developments is a differentiation factor in its business strategy. The issue of energy is addressed through the development of positive-energy buildings, passive-energy buildings and smart grids, which help reduce power consumption at the neighbourhood level.

- **Positive-energy certification:** in anticipation of 2020 Responsible Building regulations, the goal is to design buildings whose net energy consumption is positive, through the production of power from renewable sources in particular. In the commercial property arena, the third generation of Green Office® enshrines Bouygues Immobilier's strategy for positive-energy office complexes that use "decarbonised" renewable energy and bioclimatic design. From choice of materials and use of natural light to acoustic insulation, Green Office® buildings are energy-efficient and pleasant places in which to work. Bouygues Immobilier has pledged that 20% of the surface area of its ongoing commercial property projects or handovers in the 2012-2015 period will be Green Office®. There are more than ten projects in progress at the moment. At the same time, Bouygues Immobilier continues to develop positive-energy residential projects. In 2014, 66 new positive-energy buildings were in the construction phase.
- **Passive-energy buildings:** Bouygues Immobilier offers expertise in the design of passive-energy buildings (which consume less than 15 kWh/m² per year): for example, 35 timber-frame Passivhaus homes, which are part of the Les Lodges development in Chanteloup-en-Brie (Seine-et-Marne).
- **Sustainable rehabilitation** of existing buildings is an important avenue in reducing the environmental footprint of the property sector, given that new buildings account for only 1% of France's property inventory. In 2009, the company launched the Rehagreen® scheme for commercial property. Based on a comprehensive multicriteria assessment of the building, covering technical, energy, planning, regulatory and commercial aspects, the purpose of the service is to identify and implement the rehabilitation scenario that meets the owner's enhancement objectives, with the overall goal of improving environmental performance, especially when it comes to energy. Bouygues Immobilier has pledged that 30% of the total surface area of its commercial property developments in the 2012-2015 period will be Rehagreen® rehabilitation projects; it is on target to achieve this.

(a) Autonomous Building for Citizens.

Colas

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Energy used per tonne of asphalt mix produced *(KWh per tonne)*	Global	Asphalt mix production activities	79	75	The indicator deteriorated in 2014 for two reasons: all fuels are now consistently measured in HHV[a], while some of them were still being measured in LHV[b] in 2013, and the decrease in average tonnage per asphalt mix plant in most countries automatically reduced their energy efficiency.
Percentage of warm asphalt mixes produced in hot asphalt plants	Global	Asphalt mix production activities	18%	16%	Warm asphalt mixes made by Colas accounted for 18% of total output in 2014, up 2 points versus 2013.

(a) Higher heating values.
(b) Lower heating values.

The cLEANergie (Colas Lean in energy) programme was launched in 2012 to provide **Colas** with a measuring and monitoring tool to achieve energy savings across the full extent of its operations. This work revealed that the energy consumed by asphalt plant burners and vehicles and construction machines together accounted for three-fourths of Colas' direct energy consumption in almost equal proportions. In 2013, Colas set about transforming its collection systems into an information network to obtain more accurate data on its energy consumption at all its locations worldwide. It will gradually be made more and more reliable and will be ready for auditing in 2015. An initial estimate of the budget allocated to this consumption is around €600 million for the entire Colas group. Colas systematically and carefully measures and monitors the fuel consumption of asphalt plant burners at more than 400 plants.

In addition to low-carbon alternatives, the following help achieve indirect energy savings:

- warm mixes, which require about 15% less energy to produce than hot mixes. All employees are ready to start expanding the use of these products across all regions, adapting production tools and conducting ongoing research to develop new technical solutions that enable lower product temperatures.
- recycled materials, and especially reclaimed asphalt pavement (planed materials from old road pavement), which saves bitumen and aggregates and reduces production and transport costs. This improves the overall energy balance over the lifecycle of the materials.
- in-place road recycling also saves energy by reducing the need for materials and transport.

Colas is also working in two other areas:

- **measurement tools:** to improve monitoring, Colas continues to equip vehicles and machinery with on-board consumption monitoring systems: 23% of machines and 17% of vehicles were equipped with a monitoring system in 2014.
- **increasing energy awareness among employees:** Colas is conducting an information campaign to get its truck drivers and equipment operators to reduce their fuel consumption by 20% by adopting eco-driving habits and switching off engines when equipment is idling. It is developing specific training sessions on this subject for heavy-vehicle drivers and machinery operators.

For its own transport requirements, Colas 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 deploying some 330,000 30-tonne trucks. These figures successfully withstood the decline in materials production in developed countries.

Bouygues Telecom bases its energy-efficiency policy on three principles:

- curbing energy consumption by administrative sites, base stations and data centres;
- implementation of energy management systems - three sites to date have been awarded ISO 50001 certification for their energy management systems;
- energy optimisation of products. Besides the technological innovations that it incorporates, sizeable efforts have been made to reduce the power consumption of its new TV box - by some 30% relative to previous generations.

Bouygues Telecom is also a partner in IssyGrid® (near Paris), for which it supplies equipment used for managing home power consumption. In July 2013, Bouygues Telecom unveiled B.Domo, an application that will be part of the home-automation suite of services in a new building (one of the Bouygues group's property developments) in Cachan, near Paris. B.Domo tracks power consumption in real time and can also be used for controlling heating remotely.

3.3.3.4 Land use

Bouygues Construction's earthworks and civil works activities are those most concerned by land management and use. To meet the challenges posed by these operations, the company is implementing:

- R&D programmes on soil treatment and the re-use of soil on site, to reduce impacts caused by pollution and extraction;
- more widespread soil decontamination on construction projects, which not only reduces waste but also avoids the use of new replacement materials and so limit the impact of Bouygues Construction's operations on local soils;
- a biodiversity component on some major infrastructure projects, to define measures that will avoid damaging local species of wildlife.

Bouygues Construction has started several initiatives on responsible and intelligent use of land under the auspices of its property development subsidiary, Sodearif, which is part of the ULI[a], whose mission is "to provide leadership in the intelligent and responsible use of land while protecting biodiversity."

Additionally, the recycling of polluted land through in-place soil decontamination is being researched by Brézillon, a subsidiary of Bouygues Bâtiment Ile-de-France.

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.

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%).

Colas often has no control over how land is used since the land for its projects (including concessions and public-private partnerships, or PPPs) is made available by its customers. All quarry and gravel pit sites are restored when they are shut down and many are progressively restored while still being operated.

Bouygues Telecom, in partnership with other operators, plays an active part in network-sharing programmes in sparsely populated areas. This makes it possible to pool usage of increasingly high-performance equipment, optimise the number of base stations and share costs. It also provides for optimum quality and long-term competition on services. In 2014, Bouygues Telecom and SFR signed an agreement to share part of their mobile networks outside high population density areas, under the terms of which 11,500 antenna are shared. This limits the impact of base stations on land.

3.3.4 Climate change

3.3.4.1 Greenhouse gas emissions

As part of its efforts to promote high-performance, long-lasting solutions to tackle the major climate and energy issues that we are likely to face in the years ahead, the **Bouygues group** launched an in-house competition, the Energy & Carbon Awards, to reward business-focused, low-carbon innovations that employees design and implement themselves.

Out of 180 submitted, eight won awards. Through the Energy & Carbon Awards, the Group has been able to build up a catalogue of projects, making it a mainstay in the development of low-carbon technologies and solutions. Awards were given to the solutions that showed measurable advances in the energy and carbon fields for end users, as well as in innovations that decarbonise business processes. The full list of prizewinning projects can be consulted by visiting our website www.bouygues.com.

Additionally, all the Group's business segments have action plans to limit the impacts of work-related travel (e.g. by promoting public transport, setting up car-sharing websites, allowing the opportunity to work from home, and "flex office" solutions, etc.).

(a) Urban Land Institute.

Group

Business segment	Scope (activity or region)	Coverage	2014	2013
Greenhouse gas emissions, Scope 1 *(Kt CO_2 eq)*				
Bouygues Construction	Global	89% of Bouygues Construction's consolidated sales	240.2[a]	139.4
Bouygues Immobilier	France (excluding subsidiaries)	92% of Bouygues Immobilier's consolidated sales	2.8	2.8
Colas	Global	100% of Colas' consolidated sales	1,958.5[c]	2,022.2
TF1	France	90% of TF1's consolidated sales	0.2	0.3
Bouygues Telecom	France	100% of Bouygues Telecom's consolidated sales	4.9	4.9
Greenhouse gas emissions, Scope 2 *(Kt CO_2 eq)*				
Bouygues Construction	Global	89% of Bouygues Construction's consolidated sales	271.2[a]	132.5
Bouygues Immobilier	France (excluding subsidiaries)	92% of Bouygues Immobilier's consolidated sales	0.6	0.7
Colas	Global	100% of Colas' consolidated sales	189.4[c]	109.3
TF1	France	90% of TF1's consolidated sales	2.4	3.3
Bouygues Telecom	France	100% of Bouygues Telecom's consolidated sales	48	41.4
Greenhouse gas emissions, Scope 3 *(Kt CO_2 eq)*				
Bouygues Construction	Global	89% of Bouygues Construction's consolidated sales	2,626.6	2,751.0
Bouygues Immobilier	France (excluding subsidiaries)	92% of Bouygues Immobilier's consolidated sales	474.0[b]	416.5
Colas	Global	100% of Colas' consolidated sales	10,249.6[c]	11,532.1
TF1	France	90% of TF1's consolidated sales	116.4	128.2
Bouygues Telecom	France	100% of Bouygues Telecom's consolidated sales	891.3	743.4
Carbon intensity *(tonnes of CO_2 equivalent per € million of sales)*[d&e]				
Bouygues Construction	Global	89% of Bouygues Construction's consolidated sales	311	294
Bouygues Immobilier	France (excluding subsidiaries)	92% of Bouygues Immobilier's consolidated sales	189	189
Colas	Global	100% of Colas' consolidated sales	999	1,057
TF1	France	90% of TF1's consolidated sales	58	61
Bouygues Telecom	France	100% of Bouygues Telecom's consolidated sales	211	168
Group carbon intensity *(tonnes of CO_2 equivalent per € million of sales)*			541	558
GROUP TOTAL GREENHOUSE GAS EMISSIONS, SCOPE 1 *(MT CO_2 EQ)*			**2.2**	**2.2**
GREENHOUSE GAS EMISSIONS, SCOPE 2 *(MT CO_2 EQ)*			**0.5**	**0.3**
GREENHOUSE GAS EMISSIONS, SCOPE 3 *(MT CO_2 EQ)*			**14.4**	**15.6**
GROUP TOTAL *(MT CO_2 EQ)*			**17**	**18**

(a) Concerning emissions from projects run by entities of Bouygues Construction, for each project added to the CarbonEco® measurement application, the total calculated for CO_2 emissions (relating to energy, inputs, freight, site crew travel, fixed assets and waste) is prorated to the duration of the project.
(b) Data does not include emissions from the operation of programmes handed over during the year (23,251 tonnes of CO_2 eq annually over 40 years).
(c) At Colas, no distinction was made between Scopes 1, 2 and 3. The distinction in terms of scope used for 2014 is an estimation provided for purposes of comparison with the Group's other business segments.
(d) Carbon intensity for each business segment and the Group as a whole was calculated based on consolidated sales as provided by the Group's Finance department.
(e) "Carbon intensity" values for 2013 were recalculated by applying the coverage ratio in the emissions calculation to the sales of the business segments.

Over 2014, the **Bouygues group** continued assessing its carbon footprint over a scope extended to cover Scope 3 (excluding emissions from product operation, with the exception of Bouygues Telecom) because the goods and services of suppliers and subcontractors are where the risks and opportunities relating to energy and climate issues most substantially lie for each business segment. This is the field in which emissions are hardest to gauge, because the quality of the findings depend on several different parameters, including availability of data, reliability of information systems, degree of disparity between data sources and changes in emission factors. Taking these areas of uncertainty into account, rules and methods for estimating carbon emissions by the Group's entities make it possible to analyse results by order of magnitude and over a sequence of several years.

The energy/carbon strategy put in place by **Bouygues Construction** is built on two pillars and expressed as five specific targets:

- **Providing low-carbon solutions to customers and end-users,** by leveraging the group's existing best-practices and other innovative projects. The goals are to:
  - promote energy/carbon solutions in the design-construction-operations phase: the student halls of residence project, part of

the renovation of Hertfordshire University, will be the first of its kind to be certified *True Zero Carbon* in the UK. Additionally, Norpac is conducting mobility research in all its projects in the design-construction phase and analysing opportunities for on-site soft mobility;

- promote energy/carbon solutions at the neighbourhood level or for a wider area: Bouygues Energies & Services and Axione have teamed up with Mentis Services to offer local authorities a full-service package encompassing the design, implementation, operation and maintenance of smart-parking solutions in urban areas, thus making mobility more fluid and environmentally friendly;
- provide solutions to customers to help them adapt to climate change (see section 3.3.4.2.).

- **Reducing Bouygues Construction's carbon footprint:** 94% of carbon emissions are caused by construction and services activities - stemming specifically from usage of building materials and worksite energy consumption, along with freight, waste management and fixed assets. Headquarters and regional offices represent 6% of carbon emissions, represented by work-related travel and home-to-work commuting, site energy consumption, and goods and service expenditure as well as freight and fixed assets. Targets include:
  - Reducing the energy/carbon footprint of worksites by:
    - focusing on building materials: Bouygues Construction promotes low-carbon, eco-designed solutions to its customers. The Polygreen database is used to select goods on the basis of greenhouse gas emissions. Promoting timber constructions and innovative use of low-carbon concrete on selected projects is one of the main means for reducing impacts;
    - cutting worksite energy consumption: the Habitat Social entity is trialling a method for tracking and analysing energy expenditure on worksites by placing sensors on all potential sources of consumption;
    - reducing the carbon footprint of freight operations: Bouygues Construction offers customers lower-emission haulage solutions by prioritising - for example - local procurement and lower-impact transportation methods and by optimising logistics;
  - Shrinking the energy/carbon footprint of headquarters and regional offices by:
    - reducing the carbon footprint of travel ("operational" scope): Bouygues Construction has been making fundamental changes for several years through its corporate travel plans, along with several other initiatives relating to the make-up of the motor vehicle fleet.
    - lowering energy consumption at headquarters and regional offices: innovative systems and equipment have been widely put in place, e.g. solar panels, building envelope insulation, solar air-conditioning, wood-burning boilers and radiant ceiling panels.

Bouygues Immobilier's energy/carbon strategy is based on keeping impacts under tight control. Residential and commercial operations all undergo a carbon audit. The company is convinced that the energy/carbon strategy must also have a tangible impact after buildings have been handed over. It does this by giving customers the resources to optimise consumption and emissions. Specifically, Bouygues Immobilier has developed an application, SI@GO, which tracks energy use in office buildings after delivery. An energy-tracking system, with results displayed locally and via the internet, is being tested in residential developments.

Furthermore, Article 75 of the Grenelle II law makes carbon audits on Scopes 1 and 2, and the publication of related findings, mandatory. In 2012, Bouygues Immobilier opted to act early in regard to upcoming regulations by publishing its corporate carbon-balance audit, using a broader scope than stipulated by regulations that covers all emissions relating to operations. In 2013, an action plan covering the corporate scope was implemented to reduce greenhouse gas emissions by 10% by 2015.

A first full Bilan Carbone® (carbon audit) encompassing Scopes 1, 2 and 3, covering all worksites in operation over the reporting period, was conducted in 2011. In 2014, Bouygues Immobilier went one step further in analysing its carbon impact by conducting a new full Bilan Carbone® one year ahead of schedule and, for the first time, including emissions associated with the operation of delivered projects - as measured by occupier energy consumption - and their daily means of transport. An action plan targeting reductions in emissions relating to building-material production, occupier travel during the operation phase and the energy consumption of developments will be designed in 2015.

Colas

Indicator	Scope (activity or region)	Coverage	2014	2013	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	18	17	
Greenhouse gas emissions avoided as a result of action taken by Colas *(in tonnes of CO_2 eq)*	Global	All activities	77,300	169,000	In 2014, greenhouse gas emissions avoided by Colas' actions fell due to lower CO_2 emissions averted at asphalt plant burners (- 58,000 tonnes of CO_2 equivalent).

To calculate its carbon footprint, **Colas** observes Scope 3.a of the ISO 14064 standard and the guidelines of the GHG Protocol[a]. The scope of calculation includes activities that are upstream from its business operations. The impact of road traffic on the infrastructure that Colas maintains or builds is considerable, non-quantifiable and beyond Colas' control. As a result, Scope 3.b has not been applied.

Given the margin of uncertainty inherent to this measuring exercise, a year-over-year comparison on its own does not show the reduction in greenhouse gas emissions. Instead, mitigation measures are a more accurate metric of greenhouse gas emissions avoided. Colas reduces greenhouse gas emissions in two ways:

- **by reducing the amount of energy** it requires for its operations and the greenhouse gas emissions these operations generate. This involves improving energy efficiency through actions that aim to:
  - reduce fuel consumption, for example by encouraging truck drivers and equipment operators to adopt fuel-efficient driving habits and switch off engines when equipment is idling;
  - reduce fuel consumed by asphalt plant burners. Fuel consumption per tonne of asphalt mix produced is monitored worldwide.
- **by reducing the energy and greenhouse gas content of the products and techniques** that Colas offers its customers, achieved by pursuing an active R&D and innovation policy covering:
  - warm mixes: mixed at temperatures that are tens of degrees lower, these products reduce energy consumption by 10% to 30% while reducing emissions of bitumen fumes by 70% to 90%;
  - in-place road recycling: this technique reduces greenhouse gas emissions by reducing materials production and transport requirements;
  - Végéroute® products: developed in Colas' R&D laboratories, these products contain plant-based materials instead of petroleum-based components. These plant-based materials not only serve as carbon sinks but also enable lower production and application temperatures, and can even reduce overall materials requirements in some cases.
  - recycling reclaimed asphalt pavement for production of asphalt mixes: in 2014, Colas recovered some 250,000 tonnes of bitumen group wide, equivalent to the annual bitumen output of a medium-sized refinery.

Colas has developed EcologicieL®, the first software tool for calculating and selecting low-carbon alternatives for road-building projects, and has also played a key role in developing the Seve® eco-comparison tool, which is used throughout the industry, in order to provide customers with a common method for selecting eco-friendly alternatives. In 2014, contract wins by Colas comprising a low-carbon component represented 7,400 tonnes of avoided CO_2 emissions, an improvement of over one thousand tonnes compared to 2013, despite a drop in the number of eco-friendly alternatives. Recycling bitumen recovered from demolition or resurfacing materials is currently the main means of reducing CO_2 emissions (69,000 tonnes of CO_2 equivalent in 2014).

At **TF1,** greenhouse gas emissions are restricted by a plan for reducing power consumption (targeting a 1% reduction annually), by the inclusion of environmental criteria in guidelines for computer hardware and broadcasting-related purchases, and by the corporate travel plan that has been in force since 2010.

Annually since 2007, **Bouygues Telecom** has measured the direct and indirect greenhouse gas emissions produced by its operations. This data has been published annually since 2011. In 2014, following a pattern of every three years, all items covered by the carbon audit - including Scope 3 considerations - were updated. Information will be posted online at www.bouyguestelecom.fr in 2015.

3.3.4.2 Adapting to the consequences of climate change

To understand the future impacts of climate change on the conditions in which it operates, the **Bouygues group** has been a partner and active member of The Shift Project (theshiftproject.org), a multidisciplinary network of experts and economic agents with acknowledged energy and climate-change expertise. This think-tank carries out economic and scientific research and drafts summary reports. In 2014, it issued proposals for stepping up the energy renovation in buildings situated in 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.

Bouygues Construction's ABC (Autonomous Building for Citizens) concept is shaping up as an example of what the Group will be able to implement to deal with the consequences of climate change. In a context of dwindling resources, the ABC's performances 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.

By factoring the consequences of climate change into its business, **Bouygues Construction** is adapting the design of the structures offered to customers. Here are some examples:

- the design for the new port of Tangiers took rising sea levels into account;
- in Miami, a subsidiary of Bouygues Bâtiment International in charge of building the Brickell City Centre, an eco-neighbourhood, added a layer of technical innovation to enable structures to adapt to the extreme local weather conditions. It features a continual glazed surface built around a steel frame that connects the various units of the shopping mall together. This innovation will provide a microclimate solely through the use of passive energy systems. The indoor climate will be kept comfortable for shoppers by accentuating the airflow in public spaces by harnessing the local prevailing winds during summers.

Adapting to the consequences of climate change also involves a raft of in-house measures:

- **R&D projects** working on designing new insulation materials and technologies, e.g. innovative glazing projects run in partnership with Saint-Gobain, and heating-free buildings as a response to rising prevalence of extreme temperatures;

(a) The GHG Protocol was developed by the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD).

- **several measures are undertaken to reduce water consumption and develop efficient systems,** helping lessen the impact of operations - especially in drought-prone countries. Further measures are conducted to save on natural and energy resources;
- **several initiatives are carried out to protect biodiversity in urban settings,** helping to make towns and cities more resilient to the consequences of climate change by eliminating heat islands and restoring ecosystems, for example.

In order to tailor projects to the effects of climate change, **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).

Adapting the infrastructure that **Colas** builds or maintains to account for the impact of climate change depends on the standards observed by its customers and their specifications. Working in a wide range of geographical locations, Colas has acquired in-depth knowledge of the particular constraints of designing and building infrastructure in harsh climates. This includes regions with very hot and dry climates[a], extremely high rainfall[b] and with extremely low temperatures[c]. This broad experience enables Colas to advise its customers within the context of climate change. For example, Colas in 2009 offered one of its customers a low-carbon alternative made with 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).

Bouygues Telecom has set up an emergency response procedure in case of severe damage to network infrastructure from weather-related events. At the same time, the operator has for many years been testing solutions for using renewable energy sources such as solar panels and fuel cells to power base stations. Eight such sites have been equipped.

3.3.5 Protecting biodiversity

3.3.5.1 Measures to protect and foster biodiversity

The **Bouygues groups** 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 structures, buildings, and quarries and gravel pits.

The Group has undertaken measures to limit such impacts and sustain biodiversity in its construction businesses. Bouygues Construction contributed to setting up the BiodiverCity™ label and the Biositiv unit.

BiodiverCity™ is the first international label distinguishing construction and renovation projects in terms of urban biodiversity. It stems from a Bouygues Construction R&D project and is managed by the IBPC[d], an organisation bringing together builders, developers, users and trade associations. Bouygues Construction and Bouygues Immobilier have already used this label with three certified structures: Neo-C, the first neighbourhood carrying the label in the design phase, situated in Créteil (France), the Beaugrenelle shopping centre in Paris, which will have 7,000 m² of green roof, and the renovation of Challenger, the headquarters of Bouygues Construction in Saint-Quentin-en-Yvelines. Challenger hosts biodiversity enhanced by use of phyto-purification through *jardins filtrants*® ("filter gardens"). The future 'City of Music' on Seguin Island (Boulogne-Billancourt), with rooftop gardens ideally positioned in the River Seine ecosystem, is also targeting this certification.

Furthermore, with the creation of the Biositiv structure[e] in 2012, the Group now has an internal advisory unit helping 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 to almost 150 protected animal and plant species.

The Group's media and telecoms businesses are making a difference by raising awareness amongst stakeholders (staff and viewers).

(a) Southern Morocco and Western Australia.
(b) French Guiana and the Caribbean, and the Indian Ocean region.
(c) High altitudes and in Canada, Alaska and Greenland.
(d) International Biodiversity and Property Council.
(e) Organised as a consortium.

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Percentage of infrastructure projects where biodiversity commitments have been made	Infrastructure activities	13% of Bouygues Construction's consolidated sales	54%	68%	In 2013, biodiversity commitments covered large-scale projects. In 2014, the projects were smaller but more numerous (16 compared with 7 projects in 2013). As a result, over half of the order intake for the year was covered, for the second straight year.

Bouygues Construction aims to offer high-performance, innovative and sustainable solutions for protecting biodiversity at every stage of the construction project, whether infrastructure or building projects:

- **increase technical expertise and innovation** by recruiting professional ecologists, training employees and conducting R&D on biodiversity (programmes on biodiversity in infrastructure and urban biodiversity);
- **offer customers new products and services,** as enshrined in the development of Biositiv services - resulting from a partnership between DTP, Bouygues Travaux Publics and Noé Conservation, an NGO. Biositiv has been recognised by the French Ministry of Ecology, Sustainable Development, and Energy under the National Biodiversity Strategy (SNB);
- **get involved in collective action for furthering awareness of biodiversity in the industry:** Bouygues Construction works alongside several players such as Noé Conservation (street lighting, infrastructure biodiversity, knowledge-sharing, technician support, outreach to users), the WWF[a] (timber sourcing), the Bird Protection Society (inclusion of nature in urban planning).

Bouygues Immobilier factors biodiversity into urban development projects through its UrbanEra® initiative. Bouygues Immobilier has also trialled the BiodiverCity™ label on several programmes, including the Neo-C neighbourhood in Créteil, near Paris, a mixed-use development encompassing housing, student rooms and 3,000 m² of retail space. It is the first such neighbourhood in France receiving the label in design phase.

Colas

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Aggregates production sites working to promote biodiversity *(% of number of sites)*	Global	Aggregates production activities	16%	22%	The drop in this indicator is due to a tighter definition of application criteria in 2014.

After analysing its activities' direct impact on biodiversity, **Colas** 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 the site and the living conditions it requires;
- or installing beehives at the site.

Action must be conducted in partnership with local stakeholders, such as beekeepers, naturalists, natural park authorities and NGOs. More than 90 protected species currently live at the Group's extraction sites, in addition to some thirty 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.

Also notable was Colas' commitment to 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.

The influence of **TF1** is materialised by its ability to raise awareness among audiences about the challenges relating to biodiversity. Aside from the TV show *Ushuaïa,* which has been on French screens for more than 20 years, the various channels and websites operated by TF1 constantly raise awareness among viewers about the environment and biodiversity, in many different types of programmes: weather reports, special reports in main news programmes, the Ushuaïa TV theme channel and educational campaigns aimed at young viewers.

Alongside the Surfrider Foundation Europe, the **Bouygues Telecom Foundation** and its volunteers have for the past eight years taken part in *Initiatives Océanes* (the Oceans Initiative), a major eco-citizenship campaign to help protect oceans from waste by cleaning up beaches, lakes and rivers. As a partner of the Nicolas Hulot Foundation since 2005, it supports action under the latter's Biodiversity programme.

(a) World Wide Fund for Nature.

3.4 Social information

Further information can be found by visiting bouygues.com or consulting the CSR reports of the individual business segments downloadable from their respective websites.

The scope for social information is identical to that of environmental information. Exceptions are specified alongside the indicators concerned.

3.4.1 Local, economic and social impact of the company's business activity

3.4.1.1 Employment and regional development

The **Bouygues group's** business activities have an impact on regional and local development through the construction and maintenance of transport infrastructure and buildings, and the expansion and operation of a telecommunications network.

The presence of these activities in a given place 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, 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.

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Projects carried out during the year in cooperation with one or more local occupational integration bodies	France	57% of Bouygues Construction's consolidated sales	446	409	Though at a high level for several years, the number of partnerships rose significantly in 2014, illustrating the strong commitment of Bouygues Construction to carrying out high-value occupational integration initiatives.

Bouygues Construction has made contributing to local development one of the pillars of its sustainable development policy. In France, the focal point is facilitating occupational integration. Outside France, the aim is assisting in providing jobs for local communities.

- In France, with just over 1 million hours annually, occupational integration features as one of the company'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 et l'Institut du Service Civique and le Service Militaire Adapté. Bouygues Construction also commits to the cause through the Afep Charter (the French Association of Private Companies) and the "Companies & Neighbourhoods" Charter - an initiative of the French Ministry of Urban Planning. Subsidiaries have teamed up with locally based bodies.

  Since 2012, Terre Plurielle, the corporate foundation of Bouygues Construction, has sponsored *S'engager pour les quartiers*. This awards competition, focusing on urban regeneration, is organised by Face and Anru (the French National Agency for Urban Renewal).

  At the same time, Bouygues Construction is partnering with Face to raise awareness among HR and operational staff about occupational integration requirements and, to date, has provided training to 45 people in this area.
- Outside France, Bouygues Construction endeavours to source site workers and foremen locally. This provides a positive results in terms of direct and indirect employment as well as fostering the transfer of expertise and supporting local communities.
  - **Access to the world of work:** Bouygues UK has started the *StreetLeague* scheme for supporting young school leavers with few qualifications. The Nigerian subsidiary has forged partnerships with several different universities and accepted students as part of the *Students Industrial Working Experience Scheme* (SIWES). The 53 chosen students are receiving training along with a grant. Some may even be hired by Bouygues Construction Nigeria after graduation.
  - **Raising awareness about construction professions:** partnering with *Construction Youth Trust,* Bouygues UK is conducting outreach in some of London's poorest neighbourhoods to promote construction-industry careers to young people over the age of 16.
  - **Local recruitment:** in 2014, Bouygues UK sourced 344 employees locally, while 1,842 people benefited from a job clinic and 717 days of internship were dispensed.
  - **Training programmes:** the Cuban subsidiary of Bouygues Bâtiment International has devised a comprehensive HR support scheme for Cuban business partners. Each expatriate employee leads at least one training event annually for locally sourced employees (3,220 in mid-2014).

Lastly, occupational integration is a clear commitment of Terre Plurielle. Several partnerships, systematically forged on the initiative of Bouygues Construction staff, receive support each year, both in France and internationally.

Bouygues Immobilier

Indicator	Scope (activity or region)	Coverage	2014	2013
Number of volunteers in the Médiaterre scheme supported by Bouygues Immobilier in areas of involvement	France and subsidiaries	97% of Bouygues Immobilier's consolidated sales	139	186

The 46 sites (encompassing 1,523 employees in respect of French operations, excluding subsidiaries) of **Bouygues Immobilier** (branches, regional offices, business-line headquarters and head offices) and subsidiaries Urbis, Urbiparc, Ossabois and SLC (67 employees) cover the whole of France. This regional base puts the company at the heart of local economies, thus making local partnerships more effective and helping to promote local recruitment.

Since 2010, the Bouygues Immobilier Corporate Foundation has supported the Médiaterre project (led by Unis-Cité, a pioneer of voluntary community service in France), which aims to raise awareness of environmentally-responsible behaviour among residents of underprivileged neighbourhoods.

Colas has an impact on employment and regional development through:

- a network of long-standing local operating units, in business lines where proximity to the customer is key;
- 60,000 employees, in businesses where the jobs are local and not liable to be relocated;
- the construction of road and railway transportation infrastructures that promote the economic development of regions.

Colas contributes to employment and development of the regions where its operations are located through a number of actions, including:

- **In mainland France:** in 2014, the signing of a national partnership agreement with the CNCE-GEIQ[a] underscored Colas' commitment to combating discrimination in access to employment. This agreement is intended to be adapted into regional agreements signed between Colas group subsidiaries and the employers' groups responsible for each region. Two regional agreements have been signed so far.

  Additionally, to facilitate access to employment for individuals who face difficulties finding work, Colas also continued holding workshops on how to approach social responsibility clauses in procurement contracts - aimed at business unit managers, assistant operations managers, engineering office managers and human resources managers. These workshops bring in entities specialised in occupational integration (facilitators and representatives of the Adecco employment network, and employers' groups) and aim to implement lasting employment solutions.

  In recognition of these actions, Colas was awarded the US Embassy in France's 2014 Washburne Award for Innovation in Diversity.

- **Internationally,** many initiatives have been taken (see section 3.2.6.3).

Created in 2007, the **TF1** corporate foundation, which focuses on diversity and helping young people find employment, recruits men and women aged between 18 and 30 living in underprivileged areas. The candidates are selected by a jury of professionals, then offered a two-year apprenticeship contract at the company combined with training and individual coaching. Each candidate is sponsored by a TF1 employee. Since its inception, 77 young people have joined the TF1 Corporate Foundation, in some 20 occupations. In 2014, TF1 teamed up with Créo, a charity, to hold a "Talent Spotters" competition in the northern suburbs of Paris as part of its social entrepreneurship efforts.

Bouygues Telecom covers the whole of France with its six customer relations centres and its Club Bouygues Telecom store network.

As part of its purchasing policy, the company supports the employment of people with disabilities. This applies to direct procurement as well as the selection of conventional suppliers who themselves create jobs in the sheltered sector, in areas such as the transformation of used electrical and electronic equipment and garden maintenance.

Bouygues Telecom is developing Open Innovation, which supports innovation-driven start-ups through business sponsorship. This is carried out through a dedicated structure, Bouygues Telecom Initiatives (BTI[b]). Since 2008, it has reviewed 500 projects, incubated 26 start-ups and provided seed money to 9 of them.

Finally, Bouygues Telecom invests heavily in its network. This sort of infrastructure development is helping rural communities, bringing the digital world a step closer for everyone.

3.4.1.2 Local residents

See section 3.3.2.3 "Dealing with noise and any other type of pollution arising from a business activity"

See section 3.4.1.1 "Local, economic and social impact of the company's business activity – Employment and regional development"

See section 3.4.2.1 "Conditions for dialogue with local residents and organisations"

(a) French National Committee for Coordinating and Evaluating Employers that promote Occupational Integration and Vocational Training.

(b) In January 2015, BTI (now Bouygues Développement) was acquired by Bouygues SA. It now provides services to entities across the Bouygues group (see section 2.4.8.1 in chapter 2).

3.4.2 Relations with people and organisations affected by the company's business activity

3.4.2.1 Conditions for dialogue with local residents and organisations

Dialogue with stakeholders is conducted at three levels: at the **Bouygues group** level, at subsidiary 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, so that it can take into account their expectations as best as possible.
- Each business segment liaises with stakeholders on its own specific issues to identify areas for long-term improvement and relevant actions for progress. Subsidiaries in each business area also conduct their own dialogue with stakeholders.
- At local level, procedures have been introduced to promote grassroots dialogue between production site and worksite managers and local residents, as well as to foster public acceptance of the Group's business activities.

External social networks are an excellent channel for exchanging with stakeholders.

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Worksites covered by consultation exercises, communication campaigns or local resident satisfaction surveys *(as a percentage)*	Global (excluding VSL and Energies & Services activities[a])	73% of Bouygues Construction's consolidated sales	76%	79%	Bouygues Construction has maintained the proportion of worksites conducting voluntary actions aimed at local residents at a high level. The small decline in 2014 was due to the inclusion of a new unit, Bouygues Construction Services Nucléaires, within the scope of this indicator.

(a) Bouygues Energies & Services and Cogemex

Bouygues Construction conducts ongoing dialogue with its stakeholders: customers, shareholders and the financial community, employees and trade unions, suppliers and subcontractors, people living near worksites, civil society (including local authorities), charities and NGOs, and the scientific community, industry bodies and educational organisations. Expectations of each type of stakeholder have been identified and addressed, and conditions for dialogue have been set out.

A range of documents and initiatives give concrete expression to dialogue with stakeholders:

- **a methodology guide** for sales and works teams was drafted in 2014;
- the **Sustainable Construction Club,** launched in 2010, is a forward-looking forum discussing short-term and strategic issues (www.clubconstructiondurable.com);
- **customer satisfaction surveys,** which are part of the continuous improvement process, are conducted by outside organisations. In 2014, such surveys were carried out for 35% of delivered projects.

Additionally, to adapt to a business environment undergoing far-reaching change, Bouygues Construction gives priority to listening and exchanging with the stakeholders in its projects, which includes knowledge-sharing and the co-construction of the products and services on offer. In 2013, France's Nord-Pas de Calais region called in American economist and futurist Jeremy Rifkin to draw up a roadmap for the region's commitments to energy transition. Some 15 consultants from the company contributed their viewpoints and expertise to the project. In 2014, Bouygues Construction also launched LinkCity®, an offer to build new sustainable neighbourhoods while supporting local authorities through every stage of their project. In France, approximately ten projects now come under this initiative.

Bouygues Immobilier's broad regional coverage in France places it close to local players, optimising the conditions for dialogue. In 2012, the company mapped its various stakeholders. In partnership with local authorities, it carries out consultation exercises with local residents living close to worksites and runs initiatives to reduce visual disturbances and noise pollution, in the context of its Clean Worksite Charter (see section 3.3.1.3).

Furthermore, the Bouygues Immobilier Corporate Foundation supports l'Observatoire de la Ville, an urban think-tank which brings it into contact with all those who shape today's towns and cities.

Lastly, Bouygues Immobilier also attaches importance to social media and the City of the Future blog (www.demainlaville.com) as channels for dialogue.

Colas

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Percentage of sales (before inter-company eliminations) generated by materials production activities with an organisation for local dialogue	Global	100% of sales (before inter-company eliminations) generated by materials production activities	34%	34%	In 2014, the fact that this indicator appeared not to move actually reflected two opposing trends: an increasing number of Colas sites gradually started implementing the initiative but at the same time the relative economic output of the most advanced entities declined.

Decentralised management of stakeholders is the norm at **Colas,** except for matters that merit a comprehensive approach. For example, on the subject of bitumen fumes, Colas is spearheading industry dialogue with the scientific community and trade union bodies, both in France and abroad.

TF1 encourages respectful, constructive dialogue with all stakeholders, chiefly with its industry regulator, the French Broadcasting Authority (CSA), and audiences. The General Secretariat is responsible for ensuring that undertakings given in agreements signed by TF1, TMC, NT1 and HD1 are met, and for dialogue with the CSA. Exchanges give rise to quantified requests and proposals for commitments and the drafting of reports. The Public Relations department was created to forge long-lasting ties with the general public around the country and through social networks. Using the communication channels provided (the TF1&Vous section on the website, social networks, mail or telephone), 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 website www.tf1.fr.

As a signatory to the Operator-Municipality Guidelines (GROC) since 2007, **Bouygues Telecom** has committed to strengthening dialogue with local politicians 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 a Council Information Pack (presenting a project and its purpose), which can be consulted by local residents. Electromagnetic-field forecasts for the planned equipment are conducted at the behest of local councils.

Under the terms of the Group's business ethics policy, Bouygues Telecom has initiated the drafting of a Competition Charter by the French Electronic Communications Mediation Board (AMCE). This will provide a framework for exchanging sensitive and competitive information within committees on which competing network operators sit.

3.4.2.2 Partnering and patronage

Patronage

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. An Ethics, CSR and Patronage committee, created in 2001, meets several times a year to consider applications and issue opinions (see section 3.4.4.1).

For example, in the educational arena, the Francis Bouygues Foundation, which celebrated its tenth anniversary in 2014, each year hands out approximately 60 grants to young high-school students lacking the finances to go on to higher education. Over the past decade, 546 talented young individuals (of which 172 have already graduated and joined the world of work) have received financial assistance ranging from €1,500 to €10,000 annually along with coaching from either a Group employee or a previous grant holder who has entered the labour force. This year, the Foundation decided to continue supporting education in this way out to 2025.

Each of the Group's five business segments also carries out its own sponsorship initiatives through their own corporate foundations. Several subsidiaries have also made arrangements so that employees can take part in community action initiatives during their worktime.

Partnerships

To meet major environmental challenges more effectively, Bouygues SA has set up partnerships with the academic world. This has included the creation of a specialist masters-level qualification, "Integrated Urban Systems", in conjunction with École des Ponts ParisTech and the EIVP engineering school (see section 1.1.4).

Group spending on patronage

(€ thousands)	The Francis Bouygues Foundation	Bouygues SA	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	2014 Group total	2013 Group total
Cash donations	1,324	1,307	3,200	1,025	3,260	3,198	620	13,934	15,485
Donations in kind (value)		7			650	29,964		30,621	35,137
TOTAL	**1,324**	**1,314**	**3,200**	**1,025**	**3,910**	**33,162**	**620**	**44,555**	**50,622**

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Partnerships during the year supporting integration, education and health [a]	Global	89% of Bouygues Construction's consolidated sales	325	334	Bouygues Construction remains actively involved in communities, as attested to by these results, even though economic conditions have forced some subsidiaries to reduce the scale of partnerships in place (especially at Bouygues Energies & Services and Bouygues TP).

(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.

Getting involved with local communities and civil society is an integral value in **Bouygues Construction's** commitment to sustainable development, with the common theme being that company employees play a part in initiatives. Bouygues Construction's commitment to society takes the form of actions broadly grouped into three main areas, whether in France or in other countries:

- **promoting community action and strengthening the social fabric of local communities,** through donations of equipment and food. For example, Bouygues Construction partnered with the charity Care to deal with the aftermath of Typhoon Haiyan in the Philippines;
- **education and integration:** in 2014, Bouygues Construction celebrated ten years of partnering with charity *Les enfants de l'Ovale* in Morocco;
- **improvements in living environments:** for nine years, since the tsunami hit in Thailand, and for four years in Haiti, the company has been helping rehabilitate schools and rebuild housing in disaster-stricken areas. In 2014, Bouygues Construction also ran two social business projects. The first, developed by its Habitat Social entity, is an inclusive-economy initiative conducted alongside *Entreprise et Pauvreté,* an action-tank, to help reduce social exclusion in France. One of the actions is optimising the "overall cost" of social housing in the Paris region. The second is led by Bymaro, a subsidiary based in Morocco. Alongside Care Morocco, it runs a social-housing construction scheme that meets sustainable-construction requirements.

Additionally, Terre Plurielle, Bouygues Construction's corporate foundation, supports projects favouring access to healthcare, education and integration for the disadvantaged. Since its creation in 2008, the foundation has supported 137 projects sponsored by employees in 19 different countries. As well as assigning financial aid, one project supported out of five benefits from skills patronage.

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, most notably by strengthening the social fabric of local communities. In 2013, it renewed its partnership agreement with la Cité de l'Architecture et du Patrimoine, Paris, the largest architectural centre in the world (22,000 m²) - thus retaining its status as exclusive founding partner in its sector.

At **Colas,** corporate patronage initiatives are decided upon and managed at a local level by subsidiaries and their operating units. These initiatives mainly involve sports-related sponsorships and cultural or humanitarian patronage.

At parent company level, patronage policy at Colas focuses on four main areas:

- **cultural patronage:** the Colas Foundation (commissioning paintings from artists on road-related themes), Colas on Stage (support for dance and music festivals);
- **solidarity patronage** with Colas Life (support for educational assistance initiatives);
- **skills-sharing patronage** (2010-2014: renovation of pathways in the park at Versailles; 2013-2016: rehabilitation of pathways around the Château de Chambord);
- **scientific patronage** (Lengguru expedition, ChemSud Foundation).

The Solidarity committee, founded in 2001, groups together various company representatives (from the TF1 TV channel, the advertising sales unit, HR, the corporate foundation and CSR). It coordinates the community action initiatives of **TF1** with regard to requests from the not-for-profit sector. TF1 Publicité and the TF1 TV channel provide charitable organisations with direct assistance while helping them raise their profiles. Special prime-time operations, the production and free airing of advertisements, donations of game-show winnings and cash donations (managed by the Solidarity committee) are some of the ways in which TF1 is responding to the wide-ranging needs of society. Furthermore, TF1 gives airtime to a broad variety of causes and charitable organisations. "Les Pièces Jaunes", "Les Restos du Cœur", "Sidaction", "ELA" and, more recently, the "Laurette Fugain" charity all benefit from regular large-scale support.

The **Bouygues Telecom** Foundation, whose mandate has been extended to 2016, and its 840 volunteers from within the workforce continued its work in three chosen areas. It supports "Association Les Petits Princes", a charity that makes the dreams of seriously ill children come true. In the environmental sphere, it supports awareness-raising and volunteer initiatives for the protection of biodiversity in partnership with the Surfrider Foundation and the Nicolas Hulot Foundation. In the cultural domain, it aims to promote the French language and foster new literary works by discovering and supporting talented new writers, through the Bouygues Telecom Foundation–Metro "Nouveau Talent" prize. The foundation has also offered its employees an opportunity to propose various charities of their own choice for sponsorship for the last seven years. For the past three years, this has been possible for customers as well.

3.4.3 Subcontractors and suppliers

3.4.3.1 Integrating social and environmental criteria into purchasing policies

As a signatory of the UN Global Compact, the **Bouygues group** has pledged to factor CSR into its purchasing. The purchasing departments of the Group's business segments are key to implementing this policy, the chief aim of which is to incorporate suppliers, subcontractors and service providers.

The Purchasing and CSR policy, was which adopted in January 2014 and introduced throughout the year, sets out the actions that the business segments must implement by the end of 2015. These entail mapping risks and major challenges from a CSR standpoint for all purchases within each business segment, and defining a business segment purchasing and CSR policy (spelling out requirements, applicable rules, targets, assessments to be implemented, and indicators). It specifies the underlying principles of the CSR policy applicable for the various types of purchase carried out within business segments in France and internationally. Progress will be checked through management system audits.

Founded on respect for suppliers, the inclusion of CSR principles within the purchasing policy has a three-fold aim:

- strengthening risk management;
- promoting new purchasing practices, to bolster the response to future sustainable-development challenges;
- complying with the CSR disclosure obligations stipulated by Article 225 of the Grenelle 2 law with regard to the AMF (the French securities regulator) and extra-financial ratings agencies.

In 2014, several Group business segments won awards for their responsible purchasing policies:

- Bouygues Construction won the Supplier Innovation award, given by the French Association of Purchasing Managers and Buyers (CDAF), for its process for the on-site manufacturing of 120 kilometres of high-density polyethylene pipes;
- Colas won the 2014 "Trophée des Achats" award in the Sustainable and Responsible Purchasing category for its new work clothes made in accordance with fair trade principles;
- TF1 was awarded the International Diversity Forum Prize given by the French Association of Diversity Managers (AFMD) and l'Insitut de l'Audit Social for its work on incorporating the "diversity" dimension into negotiations and purchasing contracts.

Responsible purchasing

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom
Expenditure *(€ million)*	8,332	1,370		1,450	4,219
Expenditure targetable by CSR criteria *(€ million)*	8,332	1,320		1,450	2,435
Proportion of expenditure actually covered by CSR criteria *(as a percentage)*	75%	76%		44%	99%
Expenditure covered by CSR assessments *(€ million)*	1,812			339	2,049
Number of suppliers and/or subcontractors that underwent a CSR assessment *(over the past three years)*	2,388 *(2,457 in 2013)*	1,054 *(802 in 2013)*	83 *(49 in 2013)*	161 *(169 in 2013)*	338 *(319 in 2013)*

The Group indicators provide a snapshot, based on the overall scope of expenditure, of the proportion that is targetable by CSR criteria and that which is currently 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.

Bouygues Construction

Indicator	Scope (activity or region)	Coverage	2014	2013	Remarks
Percentage of sales generated by units with an action plan to involve partners, subcontractors and suppliers in their QSE policy	Global	89% of Bouygues Construction's consolidated sales	87%	80%	In 2014, Bouygues Construction continued making progress in efforts to involve business partners in extra-financial issues. (Proportion was a mere 61% in 2007.) The increase arose from the sharp improvement at Bouygues Energies & Services.
Percentage of sales generated by units that systematically include the Supplier CSR Charter in contracts with subcontractors and suppliers	Global	89% of Bouygues Construction's consolidated sales	75%	70%	The advance seen in 2014 was due to the introduction of the Supplier CSR Charter into new units: Bouygues Travaux Publics Région France, Equatorial Guinea and Hong Kong.

Regarding responsible purchasing, buyers at **Bouygues Construction** are active in several ways:

- careful selection of products and materials to favour eco-design;
- responsible purchasing attitude, enabled by the implementation of a code of ethics and the signing of the major accounts– SME charter;
- promotion of socially inclusive procurement (sourcing from the sheltered sector and disability-friendly companies);
- responsible procurement of very important raw materials. Taking timber as an example, this involves combating the illegal timber trade, eliminating any possible purchase of endangered species of wood, and increasing the proportion of purchases of eco-certified timber products. In pursuit of this goal, Bouygues Construction renewed its alliance with the WWF for a further three years;
- combating illegal labour;
- selection and monitoring of suppliers based on criteria such as health & safety, quality, the environment, and action to combat undeclared employment;
- managing supplier relations (with an eye on transparency, the reduction of environmental and social impacts, timely payments and joint value creation). In 2014, Bouygues Construction Purchasing brought together close to 500 people, of which more than 300 were representatives of leading suppliers, to discuss future challenges and strengthen partnership ties;
- the development of partnership-based innovations, e.g. the joint development of products or equipment.

3

Bouygues Immobilier

Indicator	Scope (activity or region)	Coverage	2014	2013
Level of purchasing with sheltered workshops and disability-friendly companies *(€ thousands)*	France and subsidiaries	97% of Bouygues Immobilier's consolidated sales	333	426

In terms of purchasing policy, **Bouygues Immobilier** assesses:

- all its French materials suppliers listed in nationwide catalogues, using a special system[a], in order to gauge their degree of commitment to environmental, social and ethical issues;
- all service providers, who have to fill out a questionnaire on their CSR policy that has been adapted to small businesses.

Bouygues Immobilier aims to have 80% of residential property suppliers assessed by 2015; it is on target to achieve this result. The proportion concerned rose from 64% in September 2013 to 78% 12 months later: a sign of how actively the policy - which began in 2012 - is being implemented.

Bouygues Immobilier factors in social criteria through the work of the Disability Task Force (created in 2011), which promotes 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. Following a first company-wide agreement, under the terms of which the company had to increase the sales generated with sheltered workshops and disability-friendly companies by 5% annually between 2011 and 2013 (target reached in 2012[c]), a second company-wide agreement - dedicated to the employment of people with disabilities - was negotiated. This latest agreement set forth a target for increasing the amount of sales generated with the sheltered and disability-friendly sector by 5% annually.

(a) EcoVadis.
(b) A national disabled employment network.
(c) Sales excluding VAT generated with sheltered workshops and disability-friendly companies rose 10% in 2012.

The responsible purchasing policy at **Colas** is gradual and targeted on specifics, considering the large number of suppliers, service providers and subcontractors it deals with, as well as its decentralised purchasing policy at worksites and production sites, and financial constraints. Nevertheless, Colas chooses to devote particular attention to its relations with suppliers and service providers, both in France and worldwide.

This principle is illustrated by the new uniforms that will be provided to 30,000 employees across Colas. They are made of organic cotton fibre produced in Mali and are 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. The uniforms were produced in workshops in North Africa whose working conditions were checked by SGS during CSR audits (12 audits were carried out). These textile workshops were also certified by FLOCERT. In addition to the 2014 Purchasing Prize, Colas was also awarded the 2014 *Janus de l'Industrie* seal of approval (from the French Design Institute) and two other awards for communications associated with the project [a].

Furthermore, responsible purchasing at Colas consists in:

- identifying suppliers, service providers and subcontractors who have made public commitments to respect the principles of responsible purchasing (members of the Global Compact program, BITC [b], BSR [c], etc.) or who have received a published satisfactory rating in their field (companies rated by indexes such as the DJSI, FTSE4Good, etc.);
- identifying the main risks for certain types of purchases at each subsidiary. To analyse the risks of non-responsible purchases, the period in question is subjected to a risk-mapping procedure. To do this, a guide has been created, which defines the notion of responsible purchasing and provides a non-exhaustive list of the potential risks associated with different types of purchases.

Lastly, in mainland France, Colas conducts audits of suppliers under framework agreements: 43 were conducted in 2014, compared to 20 in 2013. In 2015, the objective remains to increase the number of audits to three per purchasing department.

TF1's Purchasing department has operated a responsible purchasing policy since its inception in 2008. Its main areas of action area:

- **supplier assessment using EcoVadis:** at end-2014, 183 suppliers had undergone this assessment in the preceding three years. Analysis of these results complements efforts to keep a tight control on supplier relations, making it possible to manage CSR initiatives among providers.
- **sourcing from sheltered workshops and disability-friendly companies:** the 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.
- **inclusion of environmental, HR-related and social clauses in calls for tenders:** sustainable development and diversity clauses are written into contracts and clauses, and included in purchasing terms and conditions.

During 2014, all buyers from the Purchasing department [d] followed a new training module on responsible purchasing with a focus on supporting diversity.

Lastly, after signing the Inter-Company Relations Charter in 2012, TF1 was in 2014 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.

Bouygues Telecom pursues a responsible purchasing policy that aims to list more responsible goods and services, and to foster more balanced relations with suppliers.

The policy and its accompanying initiatives are implemented while taking into consideration the CSR risks inherent to each purchasing category. A CSR risk map, together with the related factsheets, is updated regularly and circulated to every buyer.

Bouygues Telecom requests that all suppliers and service providers pledge to abide by the principles contained in the Supplier CSR Charter. To assess precisely how far this is being achieved, CSR assessments and audits may be carried out over contract lifetimes and progress plans can be defined, where applicable. This, in particular, is the case for suppliers and producers of own-brand products. Fifteen CSR audits among ten supplier were carried out in the period under review.

The use of companies in the sheltered sector, coupled with an effort to broaden the range of activities outsourced to these workshops, are a key part of the responsible purchasing policy. 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.

Bouygues Telecom is a member of Handeco-Pas@Pas, created on the initiative of the CDAF and major companies, to promote and facilitate subcontracting to the sheltered workshops, disability-friendly companies and occupational integration programmes.

3.4.3.2 Extent of subcontracting and recognition of social and environmental responsibility in relations with suppliers and subcontractors

See section 3.4.3.1 "Integrating social and environmental criteria into purchasing policies".

(a) The "Dauphin d'Argent" award at the Cannes 2014 Corporate Media & TV Awards for corporate films in the "Human Resources" category for its film presenting the new uniforms, and the "Prix d'Honneur" award for responsible communication at the 28th Communication et Entreprise Grands Prix ceremony.
(b) Business in the Community.
(c) Business for Social Responsibility.
(d) Excluding buyers of rights and DGAAN (direction Acquisition et Négoce de droits).

3.4.4 Business ethics

3.4.4.1 Initiatives in place to guard against corruption

The **Bouygues group** endeavours to comply with the strictest rules for the conduct of its business and to ensure that managers and employees adhere to shared values. It pays particular attention to prohibiting and preventing anti-competitive practices, unfair competition and corruption. For several years, Bouygues SA, Bouygues Construction, Bouygues Immobilier, TF1 and Bouygues Telecom have renewed their commitment to the UN Global Compact, one of the principles of which is to eradicate corruption in all its forms, and report back on an annual basis on the measures undertaken in this domain.

Ethics committees and ethics officers

Created in 2001, the Ethics, CSR and Patronage committee, an offshoot of the Board of Directors of Bouygues, helps define the Code of Conduct and principles underpinning corporate behaviour applicable to senior management and employees alike. It is made up of directors and meets no fewer than three times per year, in conjunction with Board of Directors meetings. The committee makes recommendations or gives an opinion on initiatives aimed at promoting exemplary ethical conduct in business. It also ensures compliance with the values and rules of conduct thus defined. The boards of directors of Bouygues Construction, Bouygues Immobilier, Colas, TF1 and Bouygues Telecom have set up their own ethics committees along the same lines as the parent company. Bouygues appointed a Group ethics officer in 2006, and each business segment has today its own ethics officer as well.

The Group's Code of Ethics and its roll out in the business segments

The Group's Code of Ethics, prefaced by Martin Bouygues, has been distributed to all Bouygues group employees since 2006. It was complemented in January 2014 with four compliance programmes entitled: Competition, Anti-Corruption, Financial Information and Securities Trading, and Conflicts of Interest. The Code of Ethics is available on the Bouygues website. At Bouygues SA and across all business segments, presentation of the Code of Ethics is required to be an integral part of the induction process. The Code of Ethics reminds staff 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 reminds managers of their particular responsibilities and encourages employees to comply with the Group's ethical principles, pointing out that they should not confront an ethical dilemma alone.

Line managers, legal departments, compliance officers and a whistleblowing procedure are there to help employees deal with such situations. The Code of Ethics forbids employees to offer or grant favours or benefits, pecuniary or otherwise, to third parties. These principles, which are supplemented by the Internal Control Reference Manual and, most importantly, by the Anti-Corruption Compliance Programme (since January 2014, see below) state that while support given by representatives, consultants or intermediaries in the area of commercial dealings may be required in the sectors where the Group's presence is reduced or due to their technical skills, calling on such intermediaries is only justified within this scope and only if the services provided are genuine. Their remuneration must be in keeping with the services and the payment compliant with internal procedures.

Specific actions are taken within each business segment, designed to supplement Group rules with codes of conduct suited to the characteristics of each business. For example, TF1 released its own code of ethics in 2014, while Bouygues Telecom developed a code of good conduct to guide employees in dealing with issues inherent in their occupations.

The Anti-Corruption compliance programme

At the suggestion of the Ethics, CSR and Patronage committee, the Board of Directors of Bouygues 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.

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. The programme also summarises the anti-corruption legislation that is in force. It 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, sponsorship, use of business intermediaries and lobbying.

The Group's Anti-Corruption Compliance Programme specifies that each business segment may add to the rules in place, according to the special features of their respective operations, to make the programme more effective.

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.

In a nutshell, 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 completion of 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.

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.

"A commitment to business ethics and compliance in relation to our customers and partners" is one of the 12 pillars of **Bouygues Construction's** Actitudes sustainable development policy. 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 include 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 train young and seasoned managers viewed as high potential. Furthermore, legal training is taken by buyers that have been in their posts for less than a year. Altogether, more than 50 training modules relating to business ethics are delivered every year within the Bouygues Construction group.

At **Bouygues Immobilier,** a training module on "Business Ethics and Fighting Anti-Competitive Practices in Property Development" has been provided since 2011.

At **Colas,** the considerable decentralisation of the business lines and the very large number of staff members in a position to enter into contracts, particularly with public-sector customers, heightens risks. It is for this reason that 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-year plan that aims to cover all of Colas. In 2014, seven training days were held on ethics and the legal liability of managers in various Colas entities in France and abroad. Regular reminders on this subject are provided at all subsidiary meetings;
- development of a new code of conduct at subsidiaries in the US and introduced to each subsidiary through communication and training;
- the training programme offered by the Legal department at Colas, which in 2015 will include seminars for subsidiaries located in Djibouti, Morocco, Mauritius, Madagascar, the UK, Switzerland, Belgium and Hungary, and for Colas Rail.

At **TF1,** the compliance programmes approved in July 2014, including the Anti-Corruption Compliance Programme, were sent personally to each senior executive. 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. Implementation of the Code of Ethics and the compliance programmes is overseen by a group compliance officer, who was appointed in September 2014.

Bouygues Telecom's approach to business ethics aims to help employee 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 been applying the Bouygues group's Anti-Corruption Compliance Programme and 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.

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.

Lastly, the Anti-Corruption Compliance Programme henceforth requires that the compliance officer of each business segment sends the Group's ethics officer an annual report on the implementation of the Compliance Programme, the improvements made or to be made, the information circulated, the number of training courses given during the year and the number of employees who attended the training. The report should also include information about the action plans drawn up as a result of controls and audits.

3.4.4.2 Measures to protect consumer health & safety

At the **Bouygues group,** respect for customers is a core value common to all its operations. This mindset is manifested in the commitments to protecting the health and safety of those using its products and services.

In this respect, a major topic in 2014 was indoor air quality. Bouygues Construction and Bouygues Immobilier have begun measuring this and are striving to improve it through the use of suitable materials and more efficient ventilation systems which can be regulated in real time using sensors.

Improving indoor air quality is the main means by which **Bouygues Construction** is creating a healthy environment for those occupying the buildings that it has handed over.

The company has conducted several campaigns over the past four years and has been working on solutions to lower the levels of primary pollutants. Several initiatives have arisen from this work. 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 and safety" offer, which systematically includes a description of indoor air quality.

Furthermore, Bouygues Construction is focusing on occupier comfort and ease of use; in other words, its thinking stretches beyond the essential health & safety measures.

Bouygues Immobilier has been working for several years 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 is acting by:

- reducing pollutants at source in order to limit VOC (volatile organic compounds) emissions by listing (in its nationwide catalogue) only those products in direct contact with indoor air whose health labelling is A+. Labelling has been mandatory since 2012;
- optimising ventilation and filtration systems and equipment to ensure sufficient renewal of indoor air to manage internal pollution sources (activities, furniture, cleaning, occasional crowding, etc.). Key to the process is adapting design to the site configuration and any outside sources of pollution, while at the same time guaranteeing efficient energy performances.

Colas' end-customers are users of the infrastructure that it builds or maintains. With the exception of safety issues, transportation infrastructures do not present any direct impact on or risk to the health of users.

R&D works in a number of areas to respond to road safety challenges, in particular:

- producing a range of high-performance surfacing that provides better tyre grip (textured and/or draining products to limit skidding effects in rainy weather);
- improving visibility (work on road markings in cold or wet weather and at night);
- manufacturing road safety equipment (by Aximum, its safety and signalling subsidiary).

TF1 is active in the fight against obesity, chiefly by steadily increasing the number of programmes on the subject, in application of the nutritional charter that it has signed. Under the charter, healthy eating habits and regular exercise are promoted in programmes and advertising on TV. A series of short programmes entitled "Petits plats en équilibre" and "TFou de cuisine" encourage a healthy and balanced diet.

Bouygues Telecom contributes through the additional flat-rate tax on network operators (IFER) 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.*

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 checked existing information and expanded the range of advice given in stores, on websites and in brochures, in particularly with regard to the specific absorption rates (SAR) of handsets and with regard to 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.

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, in addition to government-led funding programmes, to which the company also contributes [a].

Lastly, the company has adopted a proactive stance on protecting children and teenagers from inappropriate online content. A parental-control solution for mobile, PCs and TVs is available free of charge.

3.4.4.3 Other action in favour of human rights in addition to social commitments

The following information supplements that provided elsewhere in this document under the headings 3.2.4.1 "Workplace health & safety", 3.2.4.3 "Workplace accidents", 3.2.6 "Equal opportunity", 3.2.6.1 "Measures to promote gender equality" and 3.2.7 "Compliance with International Labour Organisation (ILO) conventions".

In this respect, action in favour of human rights is interpreted in a very broad sense. For example, at TF1, this may include initiatives improving the access of disabled people to television programmes or, at Bouygues Telecom, involvement in schemes for coverage of blind spots.

Bouygues Construction has been a signatory of the UN Global Compact since 2006 and endeavours to implement its guidelines in all its business activities through the Code of Ethics, compliance policy and the Supplier CSR Charter. Bouygues Construction entities operating in emerging countries take action in a number of spheres, such as enabling local staff to benefit from Bouygues Construction's occupational health & safety standards, which are stricter than local requirements in many countries; providing decent working conditions and accommodation while respecting different cultures and communities; and introducing controls to ensure that subcontractors and suppliers do not use forced or child labour. Bouygues Construction also has strict procedures in place to combat illegal labour, including systematic checks of identity documents and work permits in liaison with the authorities, and personalised worksite-access passes.

Bouygues Immobilier has been a signatory of the UN Global Compact since July 2006. It is therefore obliged to publish an annual *Communication of Progress* document, which reports on initiatives and policies implemented in furtherance of human rights.

In Article 2 of the Code of Ethics, for example, Bouygues group, to which **Colas** belongs, undertakes to comply with the United Nations Universal Declaration of Human Rights and the Fundamental Conventions of the ILO (International Labour Organisation). Colas operates in 50 countries across five continents, and follows a business model centred on permanent operating units that employ local staff. It is committed to hiring locally everywhere in the world and as a result has very few expatriate employees: around 400 originating from some twenty countries, out of a total of 24,000 employees outside France. Relying on local staff and treating employees with respect are part of protecting human rights. In France and on the international level, Colas is committed to respecting laws and regulations, including the Universal Declaration of Human Rights, and carries out internal audits to verify that it is not complicit in any human rights violations. There is no indication that Colas is particularly exposed regarding this issue. As it mainly operates in OECD countries, where it carries out more than 90% of its activity, Colas has virtually no presence in countries listed as at-risk regarding these issues. Furthermore, its vertical integration policy automatically protects it from a systematic reliance on external purchasing and subcontracting. The field of purchasing and subcontracting is often considered an at-risk subject. Colas is in a special position because the nature of its activity does not allow for much outsourcing. Purchases made in at-risk countries are completed by Colas teams located in those countries; their local presence and management systems enable these teams to limit the risk of working with suppliers that may violate human rights. The Audit department is instructed to issue a warning if a problem of this nature is detected during an audit, even if no complaint is triggered. In 2010, an audit and rating report produced by the BMJ ratings agency did not identify any particular weakness regarding these issues.

As a media group, public trust is a core issue for **TF1.** The quality of the content gathered and then broadcast by its channels and websites, along with compliance by all its programmes with commitments to the community, is therefore a key issue when examining its societal impact. These issues are especially significant given the unique position of TF1 in France, where the channel has the largest audience share. Both the entire group and the TF1 TV channel are working - alongside all involved parties - to combat stereotypes and broadly represent societal diversity, free from any competitive mindset. All staff involved in programme production have followed training in diversity in all its forms. As a major mainstream television broadcaster, TF1 ensures that its programmes are accessible to everyone, especially people with impaired hearing (subtitling) or vision (audio description). To guarantee data security on websites and in applications, the group now has an official policy governing the processing and securing of the personal data that it has collected, using state-of-art procedures. It is regularly checked and audited.

Bouygues Telecom, in partnership with other operators, plays an active part in network-sharing programmes. By pooling existing infrastructure, such programmes aim to reduce the digital divide while keeping environmental impacts to a minimum. As such, the carrier provides 2G coverage to "blind spot" municipalities, is deploying high-speed mobile internet (3G) and is negotiating sharing arrangements in order to extend coverage as well as rolling out very-high-speed mobile internet (4G) to areas with a low population density. Since 2005, the company has been working hard to improve accessibility to electronic communication services for people with disabilities. It provides information on choosing a handset for different types of disability, available as a leaflet in stores, or on the website. Its customer service is accessible to people with total or partial hearing loss. In addition, in partnership with HandiCaPZéro, it offers the free installation of software for customers with impaired vision, along with suitable documentation.

(a) In 2014, the Journal of Exposure Science and Environmental Epidemiology in conjunction with Nature selected a scientific publication on power levels emitted by a smartphone during a 3G VoIP call.

3.5 Independent verifier's report on the consolidated human resources, environmental and social information presented in this Registration document (Year ended 31 December, 2014)

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our quality as an independent verifier accredited by Cofrac[a], under number 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 31 December, 2014, 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 article R. 225-105 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 2014, supplemented by the reporting protocols of its five business segments (hereafter referred to as the "Criteria"), of which a summary is included in section 3.1.2 (CSR Reporting methodology) of chapter 3 of the Registration document, which is 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 nine people between July 2014 and February 2015 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, 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 human resources and environmental consequences linked to the activities of the company and its social 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 scope, namely the entity and its business segments, 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 section 3.1.2 (CSR Reporting methodology), chapter 3, 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 fifty interviews with more than 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 human resources and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which 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 Télécom), 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 90% of the workforce and of consolidated greenhouse gas emissions - scope 1, 2 and 3), at the level of the representative selection of entities that we selected, 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

(a) **Human resources information:**

- *Quantitative information (indicators): workforce (total headcount and trend), share of women managers (France), share of women managers (International), absenteeism rate (France), frequency and severity rates of workplace accidents among staff (World), number of recognised occupational illnesses (France), share of companies providing social coverage (International), average number of training days per employee (France) 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, health and safety at the work place, training policies*

Environmental and social information:

- *Quantitative information (indicators): share of Bouygues Construction's sales covered by an ISO 14001-certified environmental management system, buildings with environmental labelling or certification in the yearly order intake for Bouygues Construction, share 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 rate of the material production activities for Colas, recycling rate of Bouygues Construction's non-hazardous waste, 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, waste oil recovery rate for Colas, surface area of Green Office commercial property developments in operation during the reporting period, the number of positive-energy housing units in construction or delivered during the year for Bouygues Immobilier, energy used per tonne of asphalt mix produced for Colas, share of warm and cold asphalt mixes produced in hot-asphalt plants for Colas, share of infrastructure order intake where biodiversity commitments have been made by Bouygues Construction, share of aggregate production sites working to promote biodiversity for Colas, share of Bouygues Construction worksites covered by consultation exercises, communication campaigns or local resident satisfaction surveys, share of production sites covered by a local dialogue structure for Colas.*
- *Qualitative information: general environmental policy, approaches to evaluation and certification, energy consumption and measures to improve energy efficiency (cLEANergie program for Colas, energy efficiency policy for Bouygues Telecom), raw material consumption, greenhouse gas emissions, relations with subcontractors and suppliers (responsible purchasing approach), 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).*

them with supporting documentation. The sample selected therefore represents on average 7% of the activity 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 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:

- Concerning the frequency rate of workplace accidents published, the Bouygues group monitors the reported accidents which are recognised by the competent local authorities. Bouygues Construction applies to all its sites the rule of taking an accident into account, as soon as it leads to more than one day of leave, as is done in France. Colas only counts the accidents that have a duration that exceeds the regulatory recognition period within the concerned country.
- Given the diversity of the business segments, most environmental and social indicators are specific to each business segment, which limits the presentation of data in a consolidated form.
- The share of recovered non-hazardous waste for Bouygues Construction fluctuates strongly depending on the quantities of inert waste produced, accounting for nearly three-quarters of non-hazardous waste generated. Internationally, the monitoring of the recovery of such waste is heterogeneous.

Paris-La Défense, 24 February, 2015

French original signed by:

Independent Verifier
ERNST & YOUNG et Associés

Eric Mugnier
Partner, Sustainable Development

Bruno Perrin
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 2014 were of the same kind as those identified in previous years: operational risks relating to major projects, country risk, aggravated recession 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 2014 order intake includes a number of large-scale building and civil works contracts in France and in other countries.

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 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 experiences across all Bouygues Construction entities.

Support functions are organised on similar lines, with separate departments covering legal affairs, human resources, accounting, management control, information systems and procurement, all 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.

During 2014, particular emphasis was placed on the monitoring of the design phase of large-scale complex projects, increased use of digital tools, and protecting against subcontractor default risk.

4.1.1.3 Country risk

Bouygues Construction generates 51% of its sales in France and 75% in OECD countries.

Outside these 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.

Bouygues Construction uses a variety of means to limit these risks. Thorough investigations are conducted before prospecting for business in a new country. It is company policy to suspend commercial activities in regions with a particularly serious political risk, and not to prospect for business in the highest-risk countries (in particular those experiencing serious civil or military unrest, or subject to United Nations embargo). The company 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.

The Quality, Security and Environment (QSE) departments are becoming increasingly involved in regular reviews of the security situation in the countries in which Bouygues Construction operates, in conjunction with the Bouygues group security department.

Regularly-updated business continuity plans are also in place. 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.

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 Saharan Africa. Restrictions are placed on movements in response to any warnings that may be issued, and the company regularly reminds employees of the rules regarding vigilance.

4.1.1.4 Aggravated recession risk

In a generally uncertain economic climate, projections for world growth have been revised downwards. The infrastructure market is however likely to expand in the medium term under the impetus of demographic growth and urbanisation, especially in the Asia-Pacific region.

Even as recovery in the United States is being confirmed, Europe is threatened with stagnation. Weak growth is likely to lead to persistently high rates of unemployment, while inflation is at its lowest level for several years. On the upside, falling oil prices and the weaker euro are more positive factors. In addition, spending by the proposed European Fund for Strategic Investments is expected to boost the modernisation of public-sector infrastructure.

After contracting by over 2% in 2013, the European construction market is expected to have edged back into positive territory with growth of 1% in 2014, rising to a forecast 2% in 2015. The United Kingdom is set for robust growth, but the Swiss market – where Bouygues Construction does a high volume of business – is forecast to be flat at best in 2015.

In France growth is expected to remain sluggish over the coming years, with no tangible benefits yet being felt from government measures such as the CICE tax credit scheme and the “responsibility pact”.

In the construction industry, 2014 is expected to end with a contraction of over 4% in the building sector. New build has been hit hardest, both in residential (with less than 300,000 new starts) and non-residential. Improvement and maintenance works, by contrast, have seen only a slight fall. The civil works sector, which is largely dependent on orders from the public sector, has moved into recession with sales shrinking by close to 10%.

In 2015, the impact of measures to kick-start the building sector should take new housing starts back over the 300,000 mark. On the downside, there could be further contraction in non-residential, while the improvement/maintenance market is set for modest growth. The civil works sector will be adversely affected by cuts in government grants to local authorities, although the launch of the “Grand Paris” urban development projects constitutes an opportunity.

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 a sharp downturn in activity during 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, the group has many strengths to help it resist and adapt to the economic climate. A diverse business mix and broad geographical footprint mean that Bouygues Construction is less exposed than a mono-line or mono-region business.

In addition, Bouygues Construction 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. The company is also engaged in a geographical diversification strategy, focusing on expansion in buoyant markets (United States, Canada, Australia) or in zones experiencing robust economic development (Sub-Saharan Africa).

The healthy order backlog (excluding long-term contracts), which represented 15.8 months of sales as of the end of December 2014, gives excellent 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

In an environment where reputational damage can spread fast and widely, compliance breaches are a significant risk for Bouygues Construction.

In addition, the poor economic climate may increase the number of approaches liable to have adverse ethical implications.

As part of the company's ethics policy, 2015 will see the rollout of compliance programmes and an e-learning package.

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 – take time to flow through 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.

In exercising control over sales and profitability, Bouygues Immobilier focuses on optimising its responsiveness to market fluctuations. 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, the company maintains a balanced spread of products and customer profiles; a diversified product mix and broad geographical footprint help Bouygues Immobilier respond better to the specific demands of its various markets.

Bouygues Immobilier is also involved, through its subsidiaries, in property development projects outside France. The company adopts a selective approach to such projects, which expose it to the risks inherent in the relevant local markets. However, the level of business outside France is generally low, representing approximately 3% of sales in 2014. Bouygues Immobilier has adapted its strategy in response to the economic crisis. Currently, its activities outside France are primarily located in Poland and Belgium. In addition, Bouygues Immobilier began marketing a residential property development project in Morocco in 2014.

Any exposure to currency risk is hedged. The company requires its subsidiaries to obtain external legal advice to address the risk of non-compliance with local laws and regulations.

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 limits liquidity risk through a policy of centralised management of its cash and financing needs. Although the company has held a net cash surplus for more than five years, it could nonetheless be exposed to an increase in working capital needs in the event of a downturn in sales. To address this risk, Bouygues Immobilier retains, and regularly renews, confirmed medium-term credit facilities.

The company carefully checks the terms for the issuance of bank guarantees, and applies the Bouygues group management rules in areas such as internal and external security, liquidity, counterparty quality, credit agreement terms, and the measurement and hedging of interest rate and currency risk.

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 (contractors, engineering consultants, technical consultancy firms, etc.) meet their obligations in respect of the standard ten-year construction insurance policy.

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 species (wildlife) which may result in additional costs not originally budgeted.

INVOLVEMENT OF THE LEGAL AND INSURANCE DEPARTMENTS

In all the areas listed 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.

In France, all insurance policies are contracted centrally by the Insurance Department. 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.

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; an example is the substantive claim relating to the decontamination works for the "Grand Sillon" project in Saint-Malo, currently entering the expert report phase.

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, in particular via annual internal control campaigns and training programmes for line managers and on the company's intranet site.

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 is identified as being of interest, the company carries out a survey of soil and subsoil quality and contamination.

Once the broad outlines of a project have been established, Bouygues Immobilier makes use of specialist firms as necessary to analyse risks relating to soil quality, pollution, flooding, safety, the environment, foundations required, etc., 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, including those that relate to the use of toxic materials during construction, asbestos, lead, termites, and gas and electrical installations.

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 2014 Bouygues Immobilier launched an 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 during 2014 updated the risk assessment required under French employment law. The company also conducts periodic checks of safety procedures.

REPUTATIONAL RISK

Given its status as market leader with a highly-visible brand and as a member of the Bouygues group, and given its large number of past and present customers, Bouygues Immobilier is exposed to significant risk in the event of actual or alleged wrongdoing, or of claims against the company.

To address this risk, Bouygues Immobilier has set up systems for monitoring its reputation in the media and on social networks, combined with customer feedback mechanisms and a communications policy to be activated in the event of a crisis.

RISKS RELATED TO INNOVATIVE ACTIVITIES

By embracing the positive energy ideal, Bouygues Immobilier has seized new opportunities for value creation as the company's technological innovations progress:

- by guaranteeing the performance over time of the company's Green Office® buildings with the introduction of the Energy Performance Contract (EPC);
- by working with Steria to develop a unique state-of-the-art EPC management system, under the Si@go® brand name, which was launched on the market in October 2014;
- by setting up a new company (Aveltys) as a joint venture with Schneider Electric, to offer end users sustainable, stand-alone EPC management solutions.

However, Bouygues Immobilier currently has relatively little basis for assessing the risks arising from these new commitments, or their potential impact on the company's profitability or performance (including poor execution, over-estimation of performance levels, or costs).

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 group's 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 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 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 50 countries on five continents, and is exposed to specific risks in the countries where it operates. Since 92% of Colas sales are generated in Europe and North America (United States and Canada), 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 government) with a large number of low value contracts. Operations in high-risk countries with poor ratings from international agencies or credit insurance bodies (e.g. Coface in France) 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 diversified 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 case 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. In parallel, the acquisition of Société de la Raffinerie de Dunkerque (SRD), which produces around 300,000 tonnes of bitumen a year, is a significant factor in securing supplies for road building in France and Northern Europe. The risk related to temporary or potential closures of new refining plants in France (Berre, Petit-Couronne) was substantially reduced in 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. In France, supply chain risk will be further reduced by refocusing production capacity at the SRD subsidiary (scheduled for 2015), involving the discontinuation of base oils production and an increase in bitumen production.

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.

Risks relating to refined product sales

Sales of refined products (other than bitumen manufactured by SRD) to third parties are sensitive to fluctuations in raw material prices and to the global demand for certain refined products, which is dependent on activity levels in the industry. The profits of this business activity are therefore largely a function of the difference between the selling price of the refined products (oil, paraffin wax, bitumen and fuel oil) and the price of the raw material inputs to the refining process (atmospheric residue, hydrocrackate and feedstock). Depending on the economic environment, it may not always be possible to pass on higher prices for oil-based products to customers in full, and this is what happened in 2014. World and European demand for base oils was again seriously depressed during 2014, further widening the imbalance between supply and demand. This activity generated an operating loss of €64 million, more than in 2013 (€46 million), despite all the efforts made to diversify the sources of supply of raw materials for refining and to achieve operational savings by adapting the production facilities.

The results of assessments indicate that it is no longer possible to continue operating this site without incurring substantial recurring losses, given the long-term prospects for the base oils market and the configuration of the SRD production facility. To enable operations to continue at the Dunkirk site, a redundancy plan has been initiated, involving the discontinuation of base oils products and the reconfiguration of the facility to produce only bitumen and a few by-products. On this new basis, this activity could gradually return to breakeven within two to three years.

A hedging policy is used to mitigate the risk associated with SRD's supply/production/sale cycle. This cycle is very short: production starts the month after the raw materials are purchased, and the finished products are sold in the same month or within the following two months. Supply and sales contracts are established in order to reduce this risk. Input raw material purchases are handled by a specialist committee.

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 compliance programmes, adopted 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 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 2014, 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 twenty units in France that have been subject to the scheme since the start of 2013. Most of these units will be obliged to acquire emission quotas on the market. It cannot be ruled out that an increasing number of installations will be subject to this scheme in future, leading to higher operating costs.

For regulatory reasons, and because of the nature of operations on the site, the SRD site is subject to the quota system, with declarations audited by an accredited audit firm. It cannot be ruled out that SRD may have to acquire emission rights in the market in the future. In order to limit CO_2 emissions, a switchover from heavy oil to gas power was completed at SRD in 2014.

Other atmospheric emissions are subject to regular inspections by external bodies, and to internal checks.

WASTE

In France, new guidelines for the management of waste in the building and civil works sector are currently being finalised. These guidelines are in line with European Union rulings on the declassification of certain products previously regarded as waste, and involve defining a set of limits for residual concentrations of various pollutants to determine whether products can be accepted for recycling, and what types of recycling/reuse are permitted. Once the guidelines and limits are issued, the issue will arise as to what to do with existing stocks of recyclable waste.

In this transitional period, it is possible that hundreds of thousands of tonnes of building waste held at Colas recycling platforms in France will have to be removed, without it being possible to enforce ultimate liability on the project owners (who under European regulations are normally liable as regards the chemical nature 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 2014, these provisions amounted to €161 million (versus €153 million at the end of 2013). 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 four years ago, which now covers the majority of materials production activities and forms the basis for consolidated action plans. In 2014, 82% of Colas 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, based in Dunkirk (France), produces oils, 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, 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 in its monograph 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.

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 ultraviolet radiation and 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). An initiative aimed at eliminating the use of oxidised bitumen, both in roadbuilding and waterproofing applications, is currently under way.

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. In addition, a new design of work clothes was developed in 2014, incorporating materials that protect against ultra-violet rays.

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 over 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 Colas and its operations but rather reflects greater awareness in society generally, as illustrated for example by the European REACH 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 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 Colas' activities 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 for proposed acquisitions, or more specifically 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 construction warranties. 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 TF1 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 the best programming. Future programming schedules are locked in via multi-year contracts with the biggest producers, considerably reducing the risk of loss of key programmes in the medium and 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 broadcast. 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 the broadcasting rights inventory.

HOW THE RISK IS MANAGED

The TF1 group's exposure to this risk is limited to the multi-year 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 related to the economic environment

DESCRIPTION OF THE RISKS

The crisis that has hit the world economy since 2009 has affected TF1 and its partner companies, as it has all economic players. In response to the economic conditions experienced in 2014 and forecast for 2015, TF1 is stepping up its action plans for a more flexible business model and a lighter cost base.

HOW THE RISKS ARE MANAGED

To mitigate the effects of any new shocks and enhance responsiveness to further economic downturns, TF1 is continuing with the reorganisation initiated in 2008. New group-wide processes are constantly being implemented, some of the fixed cost base has been migrated to variable cost, and the business model is under constant review.

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 digital terrestrial television (DTT) on the 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 digital freeview standard and high definition 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 (Bouygues Telecom, Free, Orange, SFR).

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).

There have been disruptions of TF1 signal transmissions for technical reasons, such as transmitter failures or power outages. Contractual penalties are not commensurate with potential operating losses to TF1 during these incidents (including loss of audience, reputational damage, rebates claimed by advertisers, and loss of merchandising rights).

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.

Finally, the reallocation of frequencies associated with the deployment of the new R7 and R8 multiplexers is liable to have an impact on existing multiplexers, and cause local disruption to the TF1 group's networks.

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 were introduced on 30 September 2014. Primary transmission of the SMRG multiplexer has been secure for several years

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 since 2005, 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 an editorial policy focused on maintaining the gap over its 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, 40% of French households were receiving multi-channel offerings, but by the end of December 2012 this figure had risen to 100%.

With this growth in freeview television offerings, TF1's audience share has inevitably fallen, but has nonetheless proved resilient: while freeview offerings have increased fourfold in eight years, TF1's audience share of individuals aged 4 and over has declined from 31.8% in 2004 to 22.9% at the end of December 2014. TF1 scored 95 of the top 100 audiences in 2014. Meanwhile, the aggregate market share of DTT channels increased from 5.8% in 2007 to 24.4% in December 2014, a rise of 18.6 points.

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 exclusive control over TMC and NT1 and the launch of HD1. This gives TF1 the opportunity to tap into the new audience share for DTT while limiting the impact on its premium channel.

In response, TF1 has consolidated the market leadership of its core 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 on 12 December 2012;
- optimising the acquisition of programmes for its premium channel and its DTT channels by adopting a cross-functional 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 undertakings made by TF1) 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 in marketing slots in programmes with big audience-pulling potential;
- 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 in social media (including Twitter and Facebook) and offering viewer interactivity on flagship programmes aired on the premium channel *(Danse avec les Stars, Secret Story, The Voice, Miss France, MasterChef)*.

Risks associated with changes to spectrum allocation

DESCRIPTION OF THE RISKS

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. At present, the rollout of the R7 and R8 multiplexes is being accompanied by frequency changes for all the other multiplexes in each of the thirteen rollout phases.

The arrival of first dividend 4G (the "800 band") risks generating interference for television viewers, 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).

In the short term, the possible freeing-up of a second digital dividend; this could profoundly alter the terrestrial broadcasting landscape. Such a step would inevitably involve the switch-off of one or more DTT multiplexes. Maintaining the range of channels currently available on DTT would require some technical changes, in particular the discontinuation of MPEG-2 coding on standard definition unscrambled channels in favour of universal use of MPEG-4, which uses less bandwidth. This would end the duplication whereby TF1 has to broadcast both the standard definition and the high definition versions.

Funding public information campaigns about these technical changes, and potential compensation for termination related to the discontinuation of multiplexes, expose TF1 to a risk for as long as the new framework has not been defined.

HOW THE RISKS ARE MANAGED

Uninterrupted reception for viewers is a priority for TF1, which is working closely with the CSA (the French broadcasting regulator) 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 rapid recovery 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 bulletins (TF1 and LCI), and the preparation of advertising spots for the TF1 core 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 every quarter.

There were no broadcasting incidents in 2014 that required fall-back on the 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, demonstrations, 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 2014, 89 "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 RISKS

TF1 is an audiovisual communications service that requires a licence. Initially, TF1 was awarded a 10-year licence from 4 April 1987 (under the Law of 30 September 1986); that licence expired in 1997. It was renewed for a further 5-year period (via decision 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, pursuant to a decision by the CSA 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 schedule of conditions or as a result of regulations applicable to its activity. A change to the regulations could raise the current 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 RISKS ARE 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 RISKS

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 RISKS ARE MANAGED

TF1's Programming and "Viewing & Compliance" teams exercise the utmost vigilance in protecting young viewers in order to keep these risks 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 RISKS

The law on the independence of public broadcasting, enacted on 15 November 2013, confirmed that advertising would continue to be carried on France Télévisions public-service 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 tax paid by French television channels to fund the loss of the France Télévisions group's sales was reduced to 0.5% of their advertising sales.

This illustrates the economic risk to which television channels are exposed as a result of new taxes, such as the tax on advertising spending.

In addition, a Creative Industries Bill may be tabled during 2015; that bill may amend 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.

HOW THE RISKS ARE MANAGED

Generally speaking, TF1 maintains close contact with regulators and legislators to try to limit the impact of these risks.

Distribution of the LCI channel

DESCRIPTION OF THE RISK

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 sales. The TF1 group responded by applying to the CSA (the French broadcasting authority) to switch LCI to freeview, citing the new article 42-3 of the "Freedom of Communication" Act. That application was rejected on 29 July 2014.

HOW THE RISK IS MANAGED

Summary proceedings to have the CSA decision overturned were filed with the *Conseil d'État* (Supreme Administrative Court), along with a substantive appeal. 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 have been conducted with the distributors in a bid to extend the LCI pay-TV distribution contracts for a further year, until 31 December 2015. A new application to switch to freeview could be filed with the CSA once the *Conseil d'État* has delivered its ruling. If approval for the change in LCI's business model were not to be obtained, the channel's survival after 1 January 2016 could be threatened.

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.

This 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

The French telecoms market saw a radical transformation with the arrival of Free Mobile in January 2012. The terms set by the French telecoms regulatory authority (ART) when awarding the fourth licence led to an unlevel competitive playing field between the operators, in that the new entrant still has the benefit of a roaming contract with the incumbent operator. If this situation were to continue, it could have an adverse effect on Bouygues Telecom's results.

In parallel, if the ongoing price erosion in the mobile market were to persist over time this could slow the pace of return on investments, especially investments in the expansion of the mobile and fixed line networks, adversely affecting the company's results.

The competitive challenge was further exacerbated in 2014 with the completion of an alliance between two of the market players. In this environment, Bouygues Telecom reaffirmed its stand-alone strategy, built on:

- ongoing expansion of the mobile and fixed line broadband networks, providing customers with one of the best-performing networks available;
- launching new breakthrough projects and offers in the mobile and fixed markets;
- a new positioning, unveiled on 17 November 2014, fully focused on the quality of the customer experience;
- transformation of the operating model by reducing the number of offers, streamlining processes, and downscaling the cost structure.

The success of this new strategy will depend on Bouygues Telecom's ability to implement these initiatives effectively. If it fails to do so, the company's results could be adversely affected.

4.1.5.2 Human resources

Bouygues Telecom has streamlined its offers, processes and organisational structure. This transformation plan involves the loss of 1,362 jobs. A redundancy plan prioritising voluntary departures and internal transfers was put to staff representatives for consultation in 2014, and began to be implemented in November 2014.

To ensure continuity of operations, Bouygues Telecom has a policy of ensuring that staff who work on operational processes are capable of multi-tasking. The loss of key skills, and the difficulty of replacing them, could hamper the company's execution of its new strategy and the attainment of its objectives.

Bouygues Telecom also remains vigilant in terms of the psycho-social risks to which its employees may be exposed. Preventive measures in this area have been strengthened by:

- appointing an adviser in each department, to listen to staff and to detect and forestall potential risks;

- raising awareness among managers via specific training programmes;
- providing for dedicated units to act in the event of a crisis.

Despite these preventive measures, such risks cannot be wholly ruled out.

4.1.5.3 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 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.

4.1.5.4 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. The company will also monitor closely regulatory developments arising from the "Abeille" bill on electromagnetic radiation, which is due to have its final reading in the French parliament in the early part of 2015.

4.1.5.5 Continuity of service and security

Cyber-attacks on networks and information systems are becoming more frequent. Incidents of this type carry a double risk:

- disclosure of confidential customer data; and/or
- service denial.

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 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 reactive, co-ordinated response to major incidents.

The company also carries out regular crisis simulation and disaster recovery exercises, and commissions regular audits of security systems 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.

4.2 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 2014

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 (subcontracting 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 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")

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.

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 2014, the market value (net present value) of the hedging instruments portfolio was -€46 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: -€5 million;
- cash flow hedges: -€41 million

In the event of a 1% movement in the yield curve, the hedging instruments portfolio would have a market value of -€31 million; in the event of a -1% movement in the yield curve, the hedging instruments portfolio would have a market value of -€62 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 -€44 million (or of -€48 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 2014, available cash stood at €3,901 million (including -€9 million of financial instruments contracted to hedge net debt). The Bouygues group also had €5,691 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 2015, 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 paragraph 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 into service on 8 June 2012. Although this rail link has been a striking commercial success, 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. This dispute was referred for settlement to the Arbitration Foundation of South Africa (Afsa). On 23 November 2013, the arbitration tribunal issued a ruling which strictly interpreted the technical specifications for the water flow. The ruling also requires the Works Joint Venture to make good the loss caused to the 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 with the arbitration tribunal's interpretation of the specification.
- 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. An initial decision from the tribunal on the points of law that will determine the direction the dispute will take is expected in mid-2015.
- 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 the 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 the parties had failed to agree on the amount of these overruns, the arbitration tribunal reconvened. In a ruling dated 15 August 2013, the arbitration tribunal rejected the valuation by the Works Joint Venture and asked it to submit a valuation of cost overruns, based on properly substantiated actual expenditure. The co-contractors prepared a new valuation report, and submissions of the report to the arbitration tribunal began during the second half of 2014 and are set to continue in 2015.

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 worker was killed on site. On 8 April 2014, the Cherbourg District Court ordered Bouygues Travaux Publics and the sub-contractor to pay a fine of €75,000 and damages totalling €311,000. Bouygues Travaux Publics appealed this ruling. A hearing was held on 3 December 2014 and a ruling is expected in March 2015. A preliminary investigation was carried out into potential offences of improper subcontracting and illegal labour. Following this investigation, Bouygues Travaux Publics and Quille Construction were summonsed to appear before Cherbourg District Court in March 2015. In addition, an action brought by employees of a temporary employment agency alleging loss for being employed under illegal labour and improper subcontracting terms, was dismissed against Bouygues Travaux Publics by the Cherbourg Employment Tribunal on 12 February 2014. This ruling has been appealed

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 urgent 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. The Regional Authority filed a further application to the Paris District Court in February 2010, this time claiming damages for a loss estimated at €358,000,000 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. In a ruling of 17 December 2013, the Paris District Court ruled the Regional Authority's claim inadmissible. The Authority appealed this decision on 22 January 2014. The Prefect of the Île-de-France region has, for his part, filed an application for the Court of Appeal to disclaim jurisdiction in favour of the administrative courts.

4.3.1.4 France – EOLE

Following a Competition Council (now Competition Authority) ruling of 21 March 2006, imposing penalties 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. Bouygues Construction is challenging the reality of the alleged loss claimed by SNCF, and considers the action to be inadmissible and potentially time-barred.

4.3.1.5 Spain – Decision by the CNC of 2 August 2012

This decision by the Comisión Nacional de la Competencia, the Spanish competition commission, established the existence of anti-competitive practices over several years involving a number of companies from the FCC, VSLI, Dywidag, Freyssinet, Acciona, Ferrovial groups and other groups. As regards the subsidiaries of the Bouygues Construction group, the CNC imposed a fine of €2.4 million on CTT Stronghold and a fine of €0.4 million on VSL Spain. Both companies appealed these decisions, and the Court of Appeal reduced the fine against CTT Stronghold. The CNC has appealed this ruling to the Supreme Court. A hearing date has not yet been fixed.

4.3.1.6 France – Paris District Court complex

The contract enabling work to start on the major project to build the new Paris District Court complex was signed on 15 February 2012. All the claims by "Justice dans la Cité", a not-for-profit organisation whose aim is to use all possible means to prevent the Paris District Court being relocated to the Batignolles district of the 17th arrondissement of Paris, have been dismissed, including the appeal to the *Conseil d'État* (Supreme Administrative Court). The contracts relating to this project are therefore not open to appeal.

4.3.1.7 France – The new Amiens hospital complex

Bouygues Bâtiment Ile-de-France is in dispute with one of its subcontractors responsible for the plumbing and controlled mechanical ventilation packages of this project. A legal expert is currently investigating and an arbitration process has been filed by Bouygues Bâtiment Ile-de-France in order to claim damages in respect of the losses incurred.

4.3.2 Bouygues Immobilier

In France, Bouygues Immobilier is not currently involved in any significant litigation other than the case relating to decontamination works at the "Grand Sillon" project in Saint-Malo, in the west of the country. An expert has been appointed and is currently investigating.

In Spain a ruling was handed down on 31 January 2014 by an arbitration tribunal in a dispute between Bouygues Immobilier and Cafel Inversiones concerning the Oleiros shopping centre, in which it accepted some of the claims by each party. They have now reached an agreement in principle to settle this dispute.

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 fines have been paid, and two cases have been appealed. 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. Two cases remain to be judged involving HUF 6,288 million (i.e. around €20 million).

4.3.3.2 Inspections by the French Social Security Agency (Urssaf)

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 €53.1 million as of 19 December 2014.

4.3.3.3 Claim relating to the A2 Cernavoda-Constanta motorway contract in Romania

On 9 March 2009, Colas SA signed a €175 million design-and-build contract with CNADNR (the Romanian National Company of Motorways and National Roads) relating to a 20-km tranche of the A2 motorway between Cernavoda and Constanta. Following difficulties encountered in the execution of the contract, negotiations were opened with the Romanian government, but failed to reach agreement. Colas therefore terminated the contract on the grounds of breach of contract by the project owner. Colas led a request for arbitration with the International Chamber of Commerce in December 2011 claiming more than 150 million Romanian lei, or approximately €35 million (excluding interest) while CNADNR led a counterclaim for approximately €3,750,000. The arbitration hearing was held in Bucharest in November 2013. The ruling was expected to be delivered in early 2015.

4.3.3.4 Claim relating to the D47 motorway contract in the Czech Republic

The Czech Directorate of Roads and Motorways filed a claim in arbitration proceedings before the Czech Economic and Agricultural Chamber for reimbursement of overcharging under price adjustment clauses, by ISK and Colas CZ, in a consortium of companies with joint and several liability. The amount of the claim is around €6.1 million. The arbitration ruling in May 2014 ordered the ISK and Colas CZ subsidiaries to pay €5.2 million plus interest. An appeal was lodged, and suspension of enforcement requested. Prague City Court suspended enforcement on 17 June 2014. The Court must hand down its ruling on the appeal in June 2015.

4.3.3.5 Tax dispute in Canada relating to technical assistance invoiced by Colas to its subsidiaries ColasCanada Inc. and Sintra Inc.

The Canadian Revenue Agency is contesting the deductibility of technical assistance fees invoiced by the Colas parent company to its subsidiary Sintra Inc. from 2004 to 2012 (only 2004 for Sintra). The amounts in question during this period total around €47 million. These amounts include a sum for the presumed refusal to deduct technical assistance costs for 2013 and interest and penalties to 31 December 2013. 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.

4.3.3.6 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 is disputing the merits of these nonconformities and considers that the City is in breach of its contractual obligations. Ensign has implemented the dispute resolution clause in the contract. Ensign and the City of Portsmouth can therefore be considered to be in a pre-litigation position.

4.3.4 TF1

4.3.4.1 Dailymotion and YouTube litigation

The TF1 group has been the victim of the piracy of its content in recent years. Legal action was taken in 2008 to put a halt to these acts with damages being claimed from a number of video sharing platforms such as Dailymotion and YouTube. Two rulings were handed down by the Paris District Court in 2012. One dismissed TF1's claims (YouTube ruling of 29 May 2012) whilst TF1 won the second to a limited extent (Dailymotion, ruling of 13 September 2012). TF1 lodged appeals.

TF1 and YouTube settled before the Paris Court of Appeal in October 2014 in a settlement where TF1 group companies withdrew their actions in return for YouTube agreeing (i) to pay a lump sum to cover certain costs and charges and (ii) to assist rights holders in the use of their content protection system (ContentID). This case is now definitely settled. At the same time, TF1 and YouTube concluded a partnership for TF1 to create channels with original content on YouTube's platform.

Conversely the Paris Court of Appeal handed down its ruling in the dispute between the TF1 group and Dailymotion on 2 December 2014, in which it significantly increased the damages awarded to the companies of the TF1 group due to Dailymotion's failure to promptly withdraw illegal content after being notified. The ruling awarded a total sum of €1,328,000, which was significantly higher than the award at first instance. Dailymotion is entitled to appeal to the *Cour de Cassation* (French Supreme Court) against this ruling.

4.3.4.2 Disputes involving reality TV shows

A number of lawsuits were brought against Glem which has since become TF1 Production (TF1's audiovisual production subsidiary) at the end of the last decade involving TV reality shows it had produced such as *L'Île de la Tentation*. They resulted in the contestants' "participation contracts" being reclassified as "employment contracts" (notably by a ruling in the *Cour de Cassation* on 3 June 2009). The contestants were awarded various sums far below what they had claimed, but their claim for performing artist status was dismissed. Although the financial impact of these cases was not insignificant, this impact has been controlled. Given current legal actions and the very small number of new actions in the last three years, the level of provisions in the financial statements is consistent with the recent case law in this area. The industry has reviewed how TV reality shows are made and the contractual policy, in the light of this case law, and although this will limit the legal risks, the cost of this type of programme is liable to be impacted.

4.3.4.3 Complaint for abuse of a dominant position on the advertising market

The Canal+, M6 and NextRadioTV groups have each filed complaints with the French Competition Authority against TF1 for abuse of a dominant position on the television advertising market. The Competition Authority has appointed a Rapporteur to investigate the complaints and TF1 Publicité was examined by the authority in January 2015.

4.3.4.4 LCI

LCI's distribution contracts expired on 31 December 2014. The fall in distribution fees and advertising sales has created an imbalance in LCI's pay-TV business model. In order to resolve this situation, TF1 group applied to the CSA (the French broadcasting authority) to approve LCI's transformation into a freeview channel, under the new wording of article 42-3. The CSA refused in a decision dated 29 July 2014. Summary proceedings as well as an application on the merits were filed with the *Conseil d'État* to overturn the CSA's decision. The *Conseil d'État* dismissed the summary application on 23 October 2014 for the lack of urgency, but its decision stated that the final decision on the merits was expected "soon, in the first months of 2015". At the same time, LCI's pay-TV distribution contracts were prolonged until 31 December 2015 after negotiations with distributors. A new application to become a freeview channel could be filed with the CSA after the *Conseil d'État*'s decision. If this change of business model is not approved, the channel's survival after 1 January 2016 could be threatened.

4.3.5 Bouygues Telecom

4.3.5.1 Competition

Bouygues Telecom concluded three Memorandums of Agreement with Orange, SFR, and Free Mobile during the first half of 2014 to put an end to a number of litigious and pre-litigious claims.

The following proceedings were started during 2014:

- 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. Orange appealed the decision rejecting its application for interim measures. The Paris Court of Appeal rejected the appeal at the beginning of 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 which it provisionally assesses at €100 million.

4.3.5.2 Regulatory Matters

- On 27 June 2013, the European Court of Justice rejected the infringement proceedings brought by the European Commission against France in relation to its new tax on the sales revenues of electronic communications operators intended to contribute towards the funding of public service broadcasting. Bouygues Telecom has filed claims in the domestic courts challenging this tax, which are currently being examined.
- Other claims are also pending challenging the legality of various other taxes.
- As an internet service provider (ISP), Bouygues Telecom is the target of numerous legal actions to block access to contentious websites. In 2014, Arjel (the French on-line gaming regulator) brought further proceedings to block access to unlicensed websites. Actions to block sites are ongoing, for example a case brought before the urgent applications judge of the Paris District Court by the Société Civile des Producteurs Phonographiques (SCPP) to require ISPs to block access to various streaming movie and music download sites that are in breach of copyright. In a ruling of 4 December 2014, the Paris District Court accepted this request. However, the Court refused to grant the SCPP's demand to make ISPs monitor developments on the sites referred to in the ruling.
- Free Mobile and Orange filed a claim to overturn Arcep (the French telecoms regulator) decision 2013-0514 of 4 April 2013 amending Bouygues Telecom's licence to use 900 MHz and 1800 MHz frequencies. This decision is part of a specific procedure for lifting restrictions on using a frequency band, under the technological neutrality principle in EU and national law. This permits Bouygues Telecom to refarm its 1800 MHz frequencies to offer 4th generation very-high-speed mobile services. Free Mobile withdrew its claim for cancellation. Orange's claim was dismissed by the *Conseil d'État* on June 18th 2014.
- Bouygues Telecom lodged a claim on 23 May 2013 with the *Conseil d'État* alleging abuse of power in respect of Decree 2013-238 of 22 March 2013 setting the fee payable for the 1800 MHz frequencies. Bouygues Telecom sought cancellation 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* upheld Bouygues Telecom's application by cancelling the decree on 29 December 2014.
- On 6 May and 22 July 2014, Bouygues Telecom filed 2 claims for *ultra vires* with the *Conseil d'État* against Arcep for refusing to regulate the terms extinguishing Free Mobile's roaming agreement with Orange. Bouygues Telecom is demanding the cancellation of Arcep's decisions and an order for it to define the terms for gradually extinguishing the roaming agreement, prior to permanent extinction in January 2016.
- 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.
- In September 2014, Prosodie applied to Arcep to settle a dispute involving the price of Bouygues Telecom's VAS (value added services) offer coming into effect on 1 October 2015. In a decision dated 22 December 2014, Arcep set the maximum commission rates for premium rate numbers. Arcep considered that Prosodie's claim against Bouygues Telecom was inadmissible for numbers with neutralised rates.
- 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. This procedure could result in Bouygues Telecom being given formal notice to deploy the missing sites within a tight schedule or face a fine.

4.3.5.3 Consumer Protection – Customers

- The financial and IT crimes unit of the Marseilles police, acting under powers delegated to officers by the investigating magistrate, notified Bouygues Telecom that an investigation has been launched into alleged hacking into automated data processing systems in an attempt to bypass SIM card locking codes. This investigation follows a claim filed by SFR and has uncovered a large-scale scam that is also targeted at Bouygues Telecom and Orange. Bouygues Telecom has been made a civil party in the criminal proceedings to obtain access to the case file so that it can assess the extent of its financial loss. The investigation is in progress.
- Bouygues Telecom was sued in the Paris District Court by the UFC Que-Choisir consumer protection association alleging that time limits on the validity of prepaid call cards constitute an unfair contract term. Similar cases have been filed against other operators. The Paris District Court and the Paris Court of Appeal both, on 15 May 2012 and 6 December 2013 respectively, dismissed all of UFC-Que-Choisir's claims against Bouygues Telecom and another operator. UFC-Que-Choisir has lodged an appeal with the *Cour de Cassation*.
- 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, subject to Bouygues Telecom being ordered to pay penalties for failure to comply, 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 UFC to be removed from the court's list. The proceedings brought by the CLCV were adjourned to the hearing for directions on 20 January 2015.

4.3.5.4 Contracts

- The Nortel group, an equipment manufacturer, filed for protection from its creditors in January 2009. Subsequently, an agreement was signed on 25 November 2009 with a view to selling the entire worldwide assets of Nortel's GSM and GSM-R businesses. Bouygues Telecom filed proof of its debt and laid claim to product inventories to which it held title. Bouygues Telecom is also facing direct payment claims (amounting to about €750,000) from Nortel subcontractors whose invoices have not been paid by Nortel. In turn, Nortel's court-appointed liquidator is seeking to recover from Bouygues Telecom a sum of approximately €440,000 which the company has withheld because of the subcontractor claims it faces. The proceedings are ongoing.
- The managers of former distributors affiliated to the RCBT distribution network, whose contracts were not been renewed, have filed a claim against RCBT for various indemnities totalling around €2 million

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 erection 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. The ordinary courts remain competent to rule on claims of nuisance to adjacent properties. In October 2014, local residents sued Bouygues Telecom and two other operators in the Perpignan District Court with a claim for an award for joint and several damages totalling €800,000 for abnormal disturbance.

4.3.5.6 Patents

- A company based in Luxembourg with no industrial activity has brought an action against Bouygues Telecom for infringement of a patent it claims 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. The patent having expired at the end of June 2012, the claimant can no longer seek an injunction preventing exploitation of the patent, and has limited itself to financial claims against Bouygues Telecom. The action is being contested by Bouygues Telecom, with support from its equipment suppliers.
- The four "seizures of counterfeit goods" carried out by the plaintiff on the premises of Bouygues Telecom and its suppliers were struck out by the Paris District Court and the Paris Appeal Court on grounds of bad faith on the part of the plaintiff, who concealed essential information from the judge who ordered the seizures. The action on the merits is continuing before the Paris District Court. 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 appealed to the *Conseil d'État*.

On 18 January 2012, the Paris District Court heard the libel action brought by Bouygues, Bouygues Construction and Bouygues Bâtiment Ile-de France against *Le Canard Enchaîné,* its publisher and the two journalists responsible for articles about the awarding of the contract for the new French Ministry of Defence headquarters in Paris. The Bouygues group was claiming damages for accusations that it considered false and seriously defamatory. On 14 March 2012, the District Court dismissed the Bouygues group's case, finding that the journalists acted in good faith. However, it did recognise that five of the allegations published by *Le Canard Enchaîné* were libellous. It also found that *Le Canard Enchaîné* had failed to provide any evidence that a judicial investigation into Bouygues was in progress. Bouygues SA and the companies in the Group involved have appealed this decision. In a ruling dated 28 May 2014, the Paris Court of Appeal upheld the ruling handed down on 14 March 2012.

On 17 December 2014, l'Association des actionnaires minoritaires (Association for the Defence of Minority Shareholders) 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 of chapter 6 of this Registration document).

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 prevent and protect 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 vehicle cover and (for buildings in France) cover such as ten-year building guarantees and builder's liability 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 involved in construction.

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 stability, technical competence and management expertise. The main programmes are placed via specialist insurance brokers with leading insurers such as Allianz, Axa, Generali, SMABTP, Zurich etc.

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 general insurance companies for fire, accident and sundry risk cover vary depending on the insurance contracts signed 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 become involved in some of the risks to which the Group is exposed. The 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 capital 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 is liable to 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 excavation work 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.

5. CORPORATE GOVERNANCE, INTERNAL CONTROL AND RISK MANAGEMENT

5

5.1 Information on corporate officers at 31 December 2014

Chairman and CEO

Martin Bouygues

32 avenue Hoche, 75008 Paris, France
Date of birth: 03/05/1952 – French
Date of first appointment: 21/01/1982
Expiry date of current term of office: 2015
Number of shares in the company: 144,605 (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, SCDM Participations and SCDM Invest-3.

Outside France: Member of the Board of Directors of the Skolkovo Foundation (Russia).

Former positions and functions during the last five years (outside the Bouygues group)

2010 – Standing representative of SCDM, Chairman of FI Participations; director of Sodeci [a] (Ivory Coast) and CIE [a] (Ivory Coast).

Deputy CEO

Olivier Bouygues

32 avenue Hoche, 75008 Paris, France
Date of birth: 14/09/1950 – French
Date of first appointment: 05/06/1984
Expiry date of current term of office: 2016 (2015 Deputy CEO)
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] and Eranove (former-Finagestion); Chairman of SCDM Énergie, Sagri-E and Sagri-F; non-partner manager of Sir.

Outside France: Chairman and CEO of Seci (Ivory Coast); director of Sodeci [a] (Ivory Coast), CIE [a] (Ivory Coast) and Sénégalaise des Eaux (Senegal).

Former positions and functions during the last five years (outside the Bouygues group)

2014 – Director of Eurosport.

2011 – Standing representative of SCDM, Chairman of SCDM Énergie; non-partner manager of Sib.

2010 – Standing representative of SDCM, Chairman of SCDM Investur and SCDM Investcan; member of the management committee of Cefina.

(a) Listed company.

Directors

Michel Bardou

1 avenue Eugène Freyssinet 78280 Guyancourt, France
Date of birth: 04/04/1955 – French
Date of first appointment: 20/05/2014
Expiry date of current term of office: 2016

Director representing employees

Expertise/experience

Michel Bardou is an engineering graduate of École Spéciale desTravaux 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 Environment, Health and Safety, and Research and Development at Bouygues Bâtiment Ile-de-France Habitat Social.

Principal positions outside Bouygues SA

Accident Prevention and Innovation Director for Habitat Social, Bouygues Bâtiment Ile-de-France.

François Bertière

3 boulevard Gallieni, 92130 Issy-les-Moulineaux, France
Date of birth: 17/09/1950 – French
Date of first appointment: 27/04/2006
Expiry date of current term of office: 2015
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 1997, 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).

Mrs Francis Bouygues

50 rue Fabert, 75007 Paris, France
Date of birth: 21/06/1924 – French
Date of first appointment: 19/10/1993
Expiry date of current term of office: 2015
Number of shares in the company: 110 (5,290,034 via BMF)

Jean-Paul Chifflet

12 Place des États-Unis, 92127 Montrouge cedex, France
Date of birth: 03/09/1949 – French
Date of first appointment: 25/04/2013
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. Jean-Paul Chifflet was appointed CEO of Crédit Agricole SA in March 2010.

Principal positions outside Bouygues SA

CEO of Crédit Agricole SA [a].

Other positions and functions outside the Group

In France: Chairman of LCL, Crédit Agricole CIB and Amundi Group; member of the Executive Committee of Fédération Bancaire Française (FBF).

Outside France: Director of Crédit Agricole (Suisse) SA (Switzerland).

Former positions and functions during the last five years (outside the Bouygues group)

2010 – Chairman of Fédération Bancaire Française (FBF), director and Vice-Chairman of Crédit Agricole SA, Corporate Secretary of Fédération Nationale du Crédit Agricole (FNCA); Vice-Chairman of SAS Rue La Boétie; director of Crédit Agricole CIB (former-Calyon), LCL and Siparex Associés; member of the Conseil Économique et Social.

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(a) Listed company.

Georges Chodron de Courcel

32 rue de Monceau, 75008 Paris, France
Date of birth: 20/05/1950 – French
Date of first appointment: 30/01/1996
Expiry date of current term of office: 2015
Number of shares in the company: 967

Member of the Accounts Committee and of the Selection Committee

Expertise/experience

Georges Chodron de Courcel is a graduate of École Centrale de Paris and holds a degree in economics. He joined Banque Nationale de Paris (BNP) in 1972, where he became head of financial research in the finance department in 1978, then executive secretary of Banexi in 1982. He then became director of securities management and director of financial and industrial investment. In 1989, he was appointed Chairman of Banexi, then central director of BNP in 1990. In 1995, he became Executive Vice-President then COO of BNP from 1996 to 1999. After the merger with Paribas in August 1999, Georges Chodron de Courcel was head of the corporate and investment banking arm of BNP Paribas from 1999 to 2003. He was Chief Operating Officer of BNP Paribas from June 2003 to September 2014.

Principal positions outside Bouygues SA

Chairman of GCC Associés.

Other positions and functions outside the Group

In France: Director of Nexans[a] and Foncière Financière et de Participations[a]; member of the supervisory board of Lagardère SCA[a].

Outside France: Director of Erbé SA (Belgium), Groupe Bruxelles Lambert[a] (Belgium), Scor Holding (Switzerland) AG (Switzerland), Scor Global Life Rückversicherung Schweiz AG (Switzerland), Scor Switzerland AG (Switzerland) and SGLRI Ltd – Scor Global Life Reinsurance Ireland (Ireland).

Former positions and functions during the last five years (outside the Bouygues group)

2014 – Chief Operating Officer of BNP Paribas[a]; Chairman of BNP Paribas (Suisse) SA (Switzerland); Vice-Chairman of Fortis Banque[a] (Belgium/Netherlands); director of Alstom and Verner Investissements; non-voting director of Exane.

2013 – Non-voting director of Scor SE[a] and CNP – Compagnie Nationale à Portefeuille (Belgium).

2012 – Chairman of Compagnie d'Investissement de Paris and Société Financière BNP Paribas.

2011 – Non-voting director of Safran SA[a].

Raphaëlle Deflesselle

13-15 avenue du Maréchal Juin, 92360 Meudon, France
Date of birth: 27/04/1972 – French
Date of first appointment: 20/05/2014
Expiry date of current term of office: 2016

Director representing employees

Expertise/experience

Raphaëlle Deflesselle is an engineering graduate of École Polytechnique Féminine (EFP, 96). 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.

Yves Gabriel

1 avenue Eugène Freyssinet, 78280 Guyancourt, France
Date of birth: 19/03/1950 – French
Date of first appointment: 10/09/2002
Expiry date of current term of office: 2016
Number of shares in the company: 58,845

Expertise/experience

Yves Gabriel is a civil engineering graduate of École Nationale des Ponts et Chaussées, and joined the Bouygues group in 1976. His career began at Screg Île-de-France as works engineer; he then became sector head and manager of a regional branch office. In 1985, he established Screg Bâtiment where he was CEO until 1992. From 1989 to 1992, he also served as COO of Bouygues' industrial construction division and was Chairman of Ballestrero. From 1992 to 1996, he was CEO of the Screg group (French road construction group). In November 1996, he joined the Saur group as Deputy CEO responsible for operations in France and the merger with the Cise group, acquired from Saint-Gobain. In June 2000, he was appointed CEO of the Saur group. In September 2002, he was appointed Chairman and CEO of Bouygues Construction, and director of Bouygues.

Principal positions outside Bouygues SA

Chairman and CEO of Bouygues Construction.

Other positions and functions in the Group

In France: Director of Bouygues Bâtiment International; standing representative of Bouygues Construction on the boards of Bouygues Bâtiment Ile-de-France and Bouygues Travaux Publics; member of the Strategy Committee of Bouygues Energies & Services; Chairman and director of Fondation Terre Plurielle, Bouygues Construction's Corporate Foundation.

Other positions and functions outside the Group

In France: Vice-Chairman of Fédération Nationale des Travaux Publics (FNTP), French national civil works federation; director of Syndicat de France, Institut de la Gestion Déléguée (IGD) and SMABTP.

(a) Listed company.

Anne-Marie Idrac

9 place Vauban, 75007 Paris, France
Date of birth: 27/07/1951 – French
Date of first appointment: 26/04/2012
Expiry date of current term of office: 2015
Number of shares in the company: 500

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

Senior Advisor for Suez Environnement[a] and Sia Partners.

Other positions and functions outside the Group

In France: Member of the supervisory board of Vallourec[a]; director of Total[a] and Saint-Gobain[a].

Former positions and functions during the last five years (outside the Bouygues group)

2011 – Director of Mediobanca[a] (Italy).

Patrick Kron

3 avenue André Malraux, 92300 Levallois-Perret, France
Date of birth: 26/09/1953 – French
Date of first appointment: 06/12/2006
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 President of the Electrometallurgy Division. 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: Chairman of Alstom Resources Management; director of Sanofi and Afep (French Association of Private Companies); director of "Les Arts Florissants" vocal group.

Former positions and functions during the last five years (outside the Bouygues group)

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: 07/01/1952 – French
Date of first appointment: 24/04/2008
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.

Outside France: Director of Hindustan Colas Limited (India), ColasCanada (Canada), Tipco Asphalt (Tasco) (Thailand), Isco Industry (Korean Republic)

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(a) Listed company.

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 Bouygues 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: 21/01/1966 – French
Date of first appointment: 24/04/2008
Expiry date of current term of office: 2017
Number of shares in the company: 620

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.

Principal positions outside Bouygues SA

General Counsel of Veolia[a].

Former positions and functions during the last five years (outside the Bouygues 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).

2010 – Standing representative of Groupama SA on the board of GIE Groupama Systèmes d'Information; non-voting director of Gimar Finance & Compagnie.

Colette Lewiner

Tour Europlaza, 20 avenue André Prothin, 92927 Paris La Défense cedex, France
Date of birth: 19/09/1945 – French
Date of first appointment: 29/04/2010
Expiry date of current term of office: 2016
Number of shares in the company: 11,930

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. In September 2010, in addition to her functions at Capgemini, Colette Lewiner was appointed 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: Chairwoman and member of the Board of Directors of TDF; director of Nexans[a], Eurotunnel[a] and EDF[a].

Outside France: Director of TGS Nopec Geophysical Company[a] (Norway) and Crompton Greaves Limited[a] (India).

Former positions and functions during the last five years (outside the Bouygues group)

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: 24/05/1973 – French
Date of first appointment: 29/04/2010
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.

(a) Listed company.

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.

Nonce Paolini

1 quai du Point du Jour, 92656 Boulogne-Billancourt cedex, France
Date of birth: 01/04/1949 – French
Date of first appointment: 24/04/2008
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 Bouygues group)

2012 – Chairman of Programmes Européens Francophones Audiovisuels Spéciaux 4.

Jean Peyrelevade

44 rue de Lisbonne, 75008 Paris, France
Date of birth: 24/10/1939 – French
Date of first appointment: 25/01/1994
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.

Principal positions outside Bouygues SA

Partner of Aforge Degroof Finance.

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 Bouygues group)

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.

2010 – Vice-Chairman of Leonardo France.

François-Henri Pinault

10 avenue Hoche, 75008 Paris, France
Date of birth: 28/05/1962 – French
Date of first appointment: 22/12/1998 (as standing representative of Financière Pinault)
Date of second appointment: 13/12/2005 (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

(a) Listed company.

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, CEO and director 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.

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); Chairman and director of Sowind Group (Switzerland); director of Kering International Ltd, Stella McCartney, Kering UK Services Limited (United Kingdom), Brioni SPA (Italy) and Manufacture et Fabrique de Montres et de Chronomètres Ulysse Nardin Le Locle (Switzerland).

Former positions and functions during the last five years (outside the Bouygues group)

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: 07/02/1947 – French
Date of first appointment: 25/04/2013
Expiry date of current term of office: 2016
Number of shares in the company: 250
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 Casino[a], Klépierre[a], CNP Assurances[a] and Fondation Hôpital Saint-Joseph; member of the Conseil Supérieur de la Magistrature.

Former positions and functions during the last five years (outside the Bouygues group)

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: 14/09/1961 – French
Date of first appointment: 29/04/2010
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. She is currently Deputy Director supporting change management within the Residential Property France division.

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: 22/10/1991
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, SCDM Participations and SCDM Invest-3.

Former positions and functions during the last five years (outside the Bouygues group)

2011 – Chair of SCDM Énergie.

2010 – Chair of SCDM Investcan; SCDM Investur and SCDM Invest-1.

(a) Listed company.

5.2 Report by the Chairman of the Board of Directors on corporate governance, internal control and risk management

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.

The contributors have taken into consideration the regulations in force, the reports and recommendations issued by the Autorité des Marchés Financiers (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 as amended in June 2013, the guide to applying the Afep/Medef Code updated in December 2014, the report of the High Committee for Corporate Governance, and best practices adopted by other listed companies.

The draft report was submitted to the Accounts Committee and to the Selection Committee. This report was discussed and approved by the Board of Directors at its meeting of 24 February 2015.

5.2.1 Corporate governance

5.2.1.1 Membership of the Board of Directors

Rules governing membership of the Board of Directors

According to the articles of association, which were amended by the Combined Annual General Meeting of 24 April 2014, the Board of Directors includes:

- between three and 18 directors appointed for a period of three years by a general meeting of shareholders, 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 arising from the Job Security Act of 14 June 2013, 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, a maximum age of 70 is stipulated 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 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 2014

At 31 December 2014, the company was managed by a Board of Directors with 20 members:

- 16 directors appointed by the Annual General Meeting in accordance with Article L. 225-18 of the Commercial Code: François Bertière, Mrs Francis Bouygues, Martin Bouygues, Jean-Paul Chifflet, Georges Chodron de Courcel, Yves Gabriel, 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 and SCDM (represented by Olivier Bouygues);
- two directors representing employee shareholders elected by the Annual General Meeting in accordance with Article L. 225-23 of the Commercial Code from among the members of the Supervisory Boards of the employee share ownership funds (dedicated to the statutory profit-sharing scheme and the company savings schemes respectively): Sandra Nombret and Michèle Vilain;
- two directors representing employees, appointed by the Group Council in accordance with Article L. 225-27-1 of the Commercial Code: Raphaëlle Deflesselle and Michel Bardou.

The membership of the Board of Directors at 31 December 2014 is summarised in the following table.

Name	Age	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	62					1982	2015	32
Olivier Bouygues Deputy CEO, standing representative of SCDM	64					1997 [a]	2016	30
Directors qualified as independent by the Board (see section 5.2.1.2)								
Anne-Marie Idrac	63	•			(Chair) •	2012	2015	2
Helman le Pas de Sécheval	48	(Chair) •	•			2008	2017	6
Colette Lewiner	69		(Chair) •			2010	2016	4
Jean Peyrelevade	75			(Chair) •		1994	2016	20
François-Henri Pinault	52		•	•		2005 [b]	2016	16
Rose-Marie Van Lerberghe	67				•	2013	2016	1
Directors representing employee shareholders								
Sandra Nombret	41				•	2010	2016	4
Michèle Vilain	53	•				2010	2016	4
Directors representing employees								
Raphaëlle Deflesselle	42					2014	2016	0
Michel Bardou	59					2014	2016	0
Salaried directors from Bouygues business segments or Alstom								
François Bertière	64					2006	2015	8
Yves Gabriel	64					2002	2015 [c]	12
Patrick Kron	61					2006	2016	8
Hervé Le Bouc	62					2008	2017	6
Nonce Paolini	65					2008	2017	6
Other directors								
SCDM (represented by Olivier Bouygues)						1991	2016	23
Mrs Francis Bouygues	90					1993	2015	21
Jean-Paul Chifflet	65			•		2013	2016	1
Georges Chodron de Courcel	64	•		•		1996	2015	18

(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.
(c) Yves Gabriel resigned from the Board of Directors on 15 March 2015.

Information about the terms of office and duties of directors in other French or foreign companies is given above (see section 5.1).

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 qualified as independent by the Board (see section 5.2.1.2)							
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	•					•	
Yves Gabriel	•				•	•	•
Patrick Kron	•				•		•
Hervé Le Bouc	•				•	•	•
Nonce Paolini		•	•				•
Other directors							
Mrs Francis Bouygues							
Jean-Paul Chifflet				•	•		
Georges Chodron de Courcel				•	•		

(a) Property, Construction, Urban development, Concessions, Transport.
(b) Industry, Energy, Retail, IT, HR, Health.

Changes in the membership of the Board of Directors in 2014

During 2014, the membership of the Board of Directors changed as follows:

Renewals (OGM of 24 April 2014)	Hervé Le Bouc Helman le Pas de Sécheval (independent) Nonce Paolini
Appointments (Group Council, 20 May 2014)	Raphaëlle Deflesselle Michel Bardou (Directors representing employees)

For the first time, the Board integrated two directors representing employees, in accordance with the Job Security Act of 14 June 2013. These directors were appointed in accordance with law and the articles of association as amended during the Annual General Meeting of 24 April 2014 by the Group Council, a body that brings together around 30 representatives drawn from the 400 works councils that cover all the Bouygues group's business activities in France.

The integration of the two directors representing employees proceeded without difficulty, the Board having for many years included two directors representing employee shareholders.

Meetings were organised to pass on to the two new directors the information they require to take up their functions. Training developed for directors will also be available to them.

During 2014, the membership of the committees changed as follows:

	Up to 25 February 2014	As from 25 February 2014
Selection Committee		
Chairman	Jean Peyrelevade (independent director)	Jean Peyrelevade (independent director)
Members	Georges Chodron de Courcel François-Henri Pinault (independent director)	Jean-Paul Chifflet Georges Chodron de Courcel François-Henri Pinault (independent director)
Ethics, CSR [a] and Patronage Committee		
Chairwoman	Anne-Marie Idrac (independent director)	Anne-Marie Idrac (independent director)
Members	Sandra Nombret (representing employee shareholders)	Sandra Nombret (representing employee shareholders) Rose-Marie Van Lerberghe (independent director)

(a) The remit of the Ethics and Patronage Committee has been extended to include CSR.

5.2.1.2 Independent directors

Assessing director independence

To retain independent director status, the Rules of Procedure of the Board of Directors refer to the criteria set forth in the Afep/Medef Code. It stipulates that, when identifying independent directors, the Board of Directors must attach greater weight to substance than to form. To this end, the Selection Committee gives an opinion on the circumstances of each of its members.

In accordance with the recommendations of the Afep/Medef Code, after seeking the opinion of the Selection Committee, the Board of Directors carried out its annual assessment of Board members and determined the proportion of its members that were independent. It reviewed each director's situation in light of the independence criteria defined by the Afep/Medef Code.

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".*

Note that the independence criteria applied by the Afep/Medef Code are as follows:

(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;

(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;

(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;

(4) not being related by close family ties to a corporate officer;

(5) not having been an auditor of the company within the previous five years;

(6) not having been a director of the company for more than 12 years;

(7) not holding a significant percentage (more than 10%) of the company's share capital or voting rights.

The Board of Directors may conclude that even though directors meet these criteria, they cannot be considered independent because of their specific situation. Conversely, the Board may decide that a director who does not meet certain criteria set forth in the Afep/Medef Code is nonetheless independent.

Criteria used to conclude the absence of material business relationships

Before identifying them as independent directors, the Board ensured that the individuals concerned had no material business relationship with Bouygues or a Group company that could create a conflict of interest, even of a potential nature, with the company or its Group.

First of all it ensured that, in accordance with criterion 3 mentioned above, none of the individuals in question was, or was directly or indirectly related to, a customer, supplier, investment banker or commercial banker that is material for Bouygues or a company of the Bouygues group, or for which Bouygues or a company of the Bouygues group represents a significant part of its business. In this respect, the Board did not deem it fit, given the diversity of situations possible, to set a quantitative threshold below which a business relationship would not be considered material; instead the situation is assessed case by case. As such, the Board was able to determine that no business relationship, even of a minor nature, liable to call into question the independence of the individuals in question, existed between the directors concerned and the company or its Group.

The Board also 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 5.2.1.9 below.

It should be noted that Colette Lewiner is also a director of Colas, a company held 96.6% by Bouygues. In accordance with the Application Guide of the Afep/Medef Code published in December 2014, she will refrain from participating in the decisions of the Bouygues Board of Directors in the event of conflicts of interest between Bouygues and its subsidiary Colas.

The specific case of the two independent directors who have held seats for more than 12 years

The Bouygues Board of Directors considers that Jean Peyrelevade and François-Henri Pinault, who have held seats for more than 12 years, are nonetheless independent directors. 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. However, as Bouygues is a complex and diversified group, directors need some time to acquire true experience of all the Group's business segments and fully understand the strategic issues of all their markets. The last two paragraphs of Article 9.3 of the Afep/Medef Code also urge boards of directors to not apply independence criteria in an abstract fashion.

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. A thorough examination was made of the character and career of all the directors concerned. 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.

It is for these reasons that the Board identified Jean Peyrelevade and François-Henri Pinault as independent. The Board did however take note of the importance placed by the High Committee of Corporate Governance and the AMF alike on the criterion of length of service. Martin Bouygues assured that this question will be carefully reviewed during the Board's future deliberations on its membership.

Conclusion

After examining the situation of each of the persons concerned in light of all these criteria and ensuring that none of them had a material business relationship with the company, the Board concluded that six directors (Anne-Marie Idrac, Helman le Pas de Sécheval, Colette Lewiner, Jean Peyrelevade, François-Henri Pinault and Rose-Marie Van Lerberghe) were independent. 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
Mrs Francis Bouygues	•	•	•		•		•	Not independent
Jean-Paul Chifflet	•	•		•	•	•	•	Not independent
Georges Chodron de Courcel	•	•		•	•		•	Not independent
Raphaëlle Deflesselle		•	•	•	•	•	•	Representing employees
Yves Gabriel			•	•	•		•	Not independent
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

Without taking account of directors representing employees or directors representing employee shareholders, and in accordance with Article 9.2 of the Afep/Medef Code, six of the 16 directors, representing a proportion of 37.5%, were considered independent by the Board.

Proportion of independent directors

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 employees and directors representing employee shareholders are not included when calculating the proportion of independent directors".*

According to Article 1.3 of the Afep/Medef Code, *"It is not desirable, having regard to the great diversity of listed corporations, to impose formal and identical ways of organisation and operation for all Boards of Directors. The organisation of the Board's work, and likewise its membership, must be suited to the shareholder make-up, to the size and nature of each firm's business (…). Each Board is the best judge of this, and its foremost responsibility is to adopt the modes of organisation and operation enabling it to carry out its mission in the best possible manner".*

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.

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. 223-3 of the Commercial Code and that its capital is not widely held. At 31 December 2014, SCDM and the employee share ownership funds, long-term investors, held 44.2% of the share capital and 57.8% 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, notably by emphasising the length of service criterion.

5.2.1.3 Gender balance on the Board and committees

At 31 December 2014, 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, six of the 18 directors on the Board were women, or a proportion of 33%.

The Board also ensures balanced gender representation on its committees. At 31 December 2014, six of the 14 committee members were women, or a proportion of 43%.

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.

5.2.1.4 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 2012.

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 26 April 2012, 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 2014 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. Should Martin Bouygues cease to be Chief Executive Officer, Olivier Bouygues' duties would cease on the date on which a new Chief Executive Officer was appointed, unless the Board decided that those duties should cease immediately or, conversely, that they should continue at the proposal of the new Chief Executive Officer.

There is no senior director or Vice Chairman.

5.2.1.5 Restrictions on the powers of the Chief Executive Officer – Powers of the Board of Directors

In accordance with the 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 of shareholders 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 decides on genuinely strategic activities;
- 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 transactions 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 transactions.

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 5.2.1.2);
- the presence of directors representing employee shareholders (since 1995) on the Board and (since 2013) on two committees (Accounts, Ethics, CSR and Patronage);
- annual meetings (since 2014) held between non-executive directors without executive 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.

5.2.1.6 Rules of Procedure, corporate governance code and Afep/Medef Code waivers

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 Rules of Procedure were notably amended in August 2013 to take account of the Afep/Medef Code as updated in June 2013. They were also amended in February 2014 to extend the remit of the Ethics and Patronage Committee to include CSR, strengthen the prohibition on trading in Group shares during closed periods (with the removal of the possibility of exercising stock options during those periods without reselling the shares immediately), and introduce an annual review by the Accounts Committee of the summary of the company's internal control assessment. 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.

Corporate governance code

For many years Bouygues has referred to the Afep (French Association of Private Companies) and Medef (French employers' federation) recommendations on corporate governance. Pursuant to Article L. 225-37, paragraph 7 of the Commercial Code, in March 2009 the Board of Directors decided that in corporate governance matters it would voluntarily refer to the provisions of "The Corporate Governance of Listed Corporations", a code published in December 2008 by Afep and Medef. In August 2013, the Board of Directors decided to refer to the June 2013 update of the Afep/Medef Code (hereafter "the Afep/Medef Code").

The Afep/Medef Code can be downloaded from the Medef website at www.medef.com and from the Afep website at www.afep.com.

It is also included as an appendix to the Rules of Procedure of the Board of Directors and 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
Proportion of independent directors on the Board Article 9.2, paragraph 2	See section 5.2.1.2.
Independent director status **Article 9.4** Among the criteria to be reviewed by the Selection Committee and the Board in order to qualify a director as independent, *the Afep/Medef Code mentions "not to have been a director of the corporation for more than twelve years".*	See section 5.2.1.2.
Assessing director independence **Article 10.2** In particular, the Board's assessment should enable it to *"measure the actual contribution of each director to the Board's work through his or her competence and involvement in discussions".*	The involvement and the smooth operation of the Board hinge on the spontaneity and freedom of expression of the directors, as well as on the climate of trust established between them. The Board does not measure each director's actual contribution to the work of the Board. Individual assessments of the directors are carried out by the Selection Committee. As part of the annual review of the Board's membership, the Selection Committee looks at how the members have contributed to the operation of the Board and its committees. If it considers that certain directors have failed to make a sufficient contribution to the work of the Board, it is responsible for drawing the relevant consequences as part of its proposals concerning the Board's membership.

5.2.1.7 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 stipulate 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 the 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, Chief Executive Officer, 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 studying specific matters help to ensure that the Board is properly informed and prepared for the decisions it has to make (see section 5.2.1.8).

Directors always 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.

Work of the Board in 2014

The Board of Directors met 12 times in 2014. The attendance rate was 91%.

On 21 January 2014, 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. The Compliance Programmes were presented to it. It authorised one regulated agreement.

Following this meeting, 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.

On 14 February 2014, having heard the Accounts Committee's report, the Board recognised an accounting write-down against Bouygues' investment in Alstom. It approved the wording of the press release.

At its 25 February 2014 meeting, the Board reviewed business for 2013, and the outlook and objectives for the Group and its business segments for 2014. It examined the results of Alstom for the third quarter of FY2013/2014. It reviewed the position of the Group's business segments compared with that of their main competitors. It familiarised itself with the 2013 consolidated financial statements and parent company financial statements. It heard the Accounts Committee's report and the statutory auditors' opinion on these financial statements. It closed the parent company financial statements, accounting and forecasting documents, the consolidated financial statements, the proposed appropriation of net profit, the management report and in particular, after hearing the Remuneration Committee's report concerning the variable component of the remuneration of the two executive directors and the four senior executives of the business segments, remuneration and stock options granted in 2013, the section 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 the Committee's membership in light of the issues of gender balance on the Board. It decided to ask the Annual General Meeting of 24 April 2014 to renew the directorships of Hervé Le Bouc, Helman le Pas de Sécheval and Nonce Paolini. Having familiarised itself with the favourable opinion of the Group Council, it decided to ask the Annual General Meeting to amend the articles of association to permit the appointment of directors representing employees. It signed off on the membership of the Selection Committee and the Ethics, CSR and Patronage Committee.

Having familiarised itself with the Remuneration Committee's report, the Board determined the remuneration of senior executives for 2013, and it signed off the rules for determining the remuneration of senior executives for 2014. 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.

It decided to convene a Combined Annual General Meeting for 24 April 2014. 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 tax election. It amended the Rules of Procedure of the Board of Directors. It approved the wording of the press release.

On 5 March 2014, the Board reviewed the plan to merge Bouygues Telecom and SFR. It approved the wording of the press release.

On 12 March 2014, the Board met to rule on the submission of an adjusted offer to Vivendi with a view to merging Bouygues Telecom and SFR. It approved the wording of the press release.

On 20 March 2014, the Board reviewed the adjustments enabling Bouygues to submit a third offer. It approved the wording of the press release.

On 3 April 2014, the Board amended the draft resolution to be submitted to the Annual General Meeting of 24 April 2014 concerning the payment of the dividend in respect of the 2013 financial year, giving shareholders the option to receive the dividend in shares.

On 24 April 2014, the Board met before the Annual General Meeting to draw up the responses to the written questions submitted by a shareholder.

On 15 May 2014, the Board reviewed Alstom's plan to sell its Power activities and possible developments in the telecommunications sector. It reviewed the company's business and financial statements to 31 March 2014. It familiarised itself with the Alstom group's FY2013/2014 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 2014, the Board reviewed the financial arrangements and governance measures of the agreement signed on 22 June 2014 between Bouygues and the Agence des Participations de l'État (French Investment Agency) on the French state's acquisition of a stake in Alstom.

On 27 August 2014, the Board reviewed the company's key figures and business activity to 30 June 2014, bases for comparison between the Group and its competitors, as well as the outlook and objectives for 2014. Having heard the opinions of the Accounts Committee and the statutory auditors, it closed the first-half financial statements and approved the Half-year Financial Review. 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 13 November 2014, the Board reviewed the company's business and financial statements to 30 September 2014 as well as the outlook and objectives for 2014. The Board 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.

5.2.1.8 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 operating rules of the four committees. Executive directors and salaried directors of the 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 and non-voting directors, on the understanding that the Accounts Committee must consist only of directors.

Accounts Committee

Article L. 823-19 of the Commercial Code, arising from the Order of 8 December 2008, requires French listed companies to form, within the Board, a "specialised" committee tasked with overseeing matters relating to the preparation and audit of accounting and financial information. Bouygues had long anticipated this reform, as it set up its Accounts Committee in 1996.

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 following:

- 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 statements;
  - reviewing the main accounting options, estimates and judgements made at year-end, 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 the 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 Accounts 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 Accounts Committee reviews the draft Report by the Chairman on internal control and risk management, and, if necessary, comments on this draft.

The Accounts Committee must have at least three members with specific skills in finance and accounting. It must not include any Bouygues executive directors or senior executives. At least two thirds of its members, including the Committee Chairman, are independent directors. Directors representing employees and directors representing employee shareholders are not included when calculating the proportion of independent directors.

A director may not be appointed to the Bouygues Accounts Committee if he or she also serves as a director of a company where a Bouygues director is a member of an equivalent committee.

At 31 December 2014, the members of the Accounts Committee were Helman le Pas de Sécheval (Chairman), Georges Chodron de Courcel, Anne-Marie Idrac and Michèle Vilain. Helman le Pas de Sécheval and Anne-Marie Idrac are independent directors. Bouygues thus complies with the Afep/Medef Code recommendation whereby at least two-thirds of the members of the Accounts Committee must be independent directors. Michèle Vilain, the director representing employee shareholders, is not included in the calculation, in accordance with Article 16.1 of the Afep/Medef Code.

On appointment, members of the Accounts Committee receive information on accounting, financial and operational matters specific to the company. Three members of the Accounts Committee have extensive financial skills, as can be seen from their careers and the positions they hold or have held in other groups or establishments. Helman le Pas de Sécheval was head of the Financial Operations and Information department of the Commission des Opérations de Bourse (which became the AMF), finance director of the

Groupama group and managing director of Groupama Centre-Atlantique. Georges Chodron de Courcel has held significant financial responsibilities within the BNP Paribas group, where he was Chief Operating Officer from 2003 to June 2014, and is Chair of Nexans' Accounts Committee. 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).

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 have been 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, the results 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 following 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 2014

The Accounts Committee met six times in 2014. The attendance rate was 87.5%.

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 Half-year Financial Review 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 the statutory auditors;
- the Group's cash position;
- scrutiny of internal control arrangements in each business segment;
- mapping of the Group's major risks;
- insurance policies;
- results of the internal control assessment programme;
- fraud reporting;
- audit plan, audit summary;
- table showing provisions;
- impact on the balance sheet of the sale by the Group of Eurosport and Cofiroute;
- impact of new IFRSs;
- impact of the new levies introduced by the French public authorities;
- depreciation of Alstom shares;
- impairment testing of Bouygues' shareholdings in TF1, Bouygues Telecom and Colas;
- 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, Hermès project in Cyprus, Gautrain rail link, Stade Vélodrome stadium in Marseille, French Ministry of Defence headquarters (Balard), Paris law courts complex, Tangier port, Sports Hub in Singapore, Hong Kong-Zhuhai-Macao bridge, Chernobyl confinement shelter);
- Bouygues Immobilier: value of land inventory in Spain, arbitration proceedings in Spain, contract for the future headquarters of SMABTP;
- Colas: reorganisation of subsidiaries in France, projects in the United States, Société de la Raffinerie de Dunkerque, activity in Venezuela;
- TF1: situation of LCI, cost of the 2014 FIFA Football World Cup, tax on text messages;
- Bouygues Telecom: impacts of different litigation matters, impact of the agreement with SFR, provisions booked for the voluntary redundancy plan.

In the course of its duties, the Accounts Committee interviewed the Group Chief Financial Officer (regarding material risks and off-balance sheet commitments of the company), the Accounts and Audit Director and the statutory auditors, without senior executives being present.

Remuneration Committee

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 component 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 or bonus shares, stipulating in particular that no discount may be offered on options or bonus shares 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 stock option plans 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.

The Remuneration Committee must have at least two members. The Committee may not include executive directors or senior executives of the company; it is mainly composed of independent directors. An independent director chairs the Committee.

A director or non-voting director cannot be appointed to the Remuneration Committee if an executive director or salaried director of Bouygues is a member of an equivalent committee in a company in which the former director or non-voting director also serves as executive director.

At 31 December 2014, the members of the Remuneration Committee were Colette Lewiner (Chairwoman), Helman le Pas de Sécheval and François-Henri Pinault. All three are qualified as independent directors by the Board, representing 100% of the Committee's members. Michel Bardou, representing employees, was appointed as member of the Remuneration Committee on 24 February 2015.

The Rules of Procedure stipulate that 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 Remuneration 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 following 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 with no executive directors present.

Work of the Remuneration Committee in 2014

The Remuneration Committee met once in 2014. The attendance rate was 100%.

In February 2014, the Remuneration Committee reviewed the calculation of the variable component of the remuneration of business segment senior executives. It proposed to retain the same criteria for determining the variable component of remuneration for 2014. It proposed to specify, for the two executive directors, the rules for determining the variable component of remuneration for 2014. It reviewed the Group's remuneration policy. It examined the conditions under which senior executives receive supplementary retirement benefit. It recommended setting up a new stock option plan. 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 2013.

Selection Committee

The Selection Committee was formed in July 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:
  - applications for directorships and non-voting directorships, taking care to ensure that at least one third of Board members are independent directors,
  - plans to form analysis committees within the Board, 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.

The Selection Committee comprises two or three directors. It does not include any executive directors and consists mainly of independent directors. An independent director chairs the Committee.

At 31 December 2014, the members of the Selection Committee were Jean Peyrelevade (Chairman), Jean-Paul Chifflet, Georges Chodron de Courcel and François-Henri Pinault. Half of its members are qualified as independent by the Board.

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 following meeting of the Board of Directors.

Work of the Selection Committee in 2014

The Selection Committee met once in 2014. The attendance rate was 100%.

After examining the Board's membership and checking the gender balance, the Selection Committee gave a positive opinion on the reappointment as directors of Hervé Le Bouc, Helman le Pas de Sécheval and Nonce Paolini. 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 Annual General Meeting of 24 April 2014. It reviewed the resolution submitted to the Extraordinary Annual General Meeting of 24 April 2014 whereby the Group Council was given power to appoint two directors representing employees.

Ethics, CSR and Patronage Committee

The Ethics, CSR and Patronage Committee, set up 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 management 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), the Committee:
  - 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 for Bouygues' patronage policy,
  - gives its opinion to the Chairman of the Board on patronage projects identified by Bouygues when they represent a significant financial investment,
  - ensures that its recommendations are implemented and that these projects are properly carried out.

The Ethics, CSR and Patronage Committee also gives the Board an opinion on the report on the social and environmental consequences of the company's business, as required by Article L. 225-102-1 of the Commercial Code.

The Ethics, CSR and Patronage Committee must comprise two or three directors. The Committee is chaired by an independent director who has the casting vote in the event of a tie.

At 31 December 2014, the members of the Committee were Anne-Marie Idrac (Chairwoman), 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 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 following meeting of the Board of Directors.

Work of the Ethics, CSR and Patronage Committee in 2014

The Ethics, CSR and Patronage Committee met four times in 2014. 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 €30 million to €35 million in free advertising space donated by TF1 to charitable organisations.

In the field of ethics, the Committee also monitored ongoing legal proceedings. The Committee reviewed the mechanisms implemented to prevent and detect anti-competitive or unethical business practices. It instigated and was involved in the drawing up of four Compliance Programmes in order to formalise, complete and detail the preventive measures already in force at the Group in the areas of competition, corruption (see chapter 3, section 3.4.4.1 of this Registration Document), financial information and securities trading, and conflicts of interest (see section 5.3 below).

In the field of CSR, for which the Committee has responsibility since 2014, it reviewed the strategies and initiatives led within the Group.

5.2.1.9 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 and 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.

Potential 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 Mrs Francis Bouygues), as well as the Group's employee shareholders, are directly or indirectly represented on the Board of Directors by Martin Bouygues, Olivier Bouygues, Mrs Francis Bouygues, Sandra Nombret and Michèle Vilain;
- Patrick Kron is a director and Chairman and Chief Executive Officer of Alstom, a company in which Bouygues held 29.2% of the share capital at 31 December 2014, and of which Olivier Bouygues and Bouygues, represented by Philippe Marien, are directors;
- 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, Olivier Bouygues and Mrs Francis Bouygues have family ties. The company is not aware of other family ties between Board members;
- François Bertière, Yves Gabriel, 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, Yves Gabriel, Hervé Le Bouc and Nonce Paolini hold directorships in Bouygues subsidiaries.

As far as the company is aware, and subject to the contract 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 contract 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.

François-Henri Pinault is Chairman and Chief Executive Officer of Artémis, a Kering group company (formerly the Pinault group) that had entered into a shareholder agreement with SCDM. However, that agreement terminated in 2006 and Artémis is no longer a shareholder in the company. No other member of the Board of Directors has been selected pursuant to any agreement entered into with the company's principal shareholders, its customers, suppliers or other persons.

The Auditors' special report on regulated agreements and commitments (see chapter 8, section 8.3.1 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

A Bouygues group Internal Charter on Regulated Agreements, approved by the Board of Directors, is available on www.bouygues.com. The Charter was updated in 2014 to take account of changes in applicable law in 2014.

The aim of the 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 (the prior authorisation of the Board of Directors is required, then the statutory auditors must be informed and issue an opinion on the agreement in their special report, with a view to the agreement being approved by the Annual General Meeting).

The 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.

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 subjected to official public sanction by any statutory or regulatory body;
- associated 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 approved by the Board in January 2014 sets out and supplements these rules.

In February 2014, the Code of Conduct of the Rules of Procedure of the Board of Directors was amended to reinforce the prohibition on trading in the company's shares during closed periods. The possibility of exercising stock options during those periods without reselling the shares immediately has been removed.

5.2.1.10 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 operations.

This formal assessment is aimed at:

- taking stock of the operating methods of the Board and its committees;
- ensuring that important issues are properly prepared and debated.

Shareholders are informed every year, in the Registration Document, of the completion of this assessment, together with any action to be taken as a result.

Pursuant to these provisions, on 13 November 2014, the Board of Directors devoted an item on its agenda to a discussion of its organisation and operations.

As is the case each year, this assessment was of a formal nature, with a detailed questionnaire and a memorandum on the Board's operations 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. Supplemental questionnaires had been sent to the members of each committee. Directors who so wished were invited to hold a discussion with the Group's Corporate Secretary with a view to optimising preparations for the meeting.

In all, 13 written responses to 19 questionnaires were received, a response rate of 68%. 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 its 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 and the discussion that took place on 13 November 2014, members expressed very satisfactory views overall on these topics. However, some directors observed that the number of directors was high and suggested increasing the proportion of independent directors. The Selection Committee and the Board of Directors will take account of this suggestion. Increasing the number of women on the Board was also seen as something to be pursued. Opinions differ regarding a more international profile for the Board.

While the quality of the information provided to the directors is considered to be very good overall, more progress could still be made on time limits for receiving files and on the information provided to directors on strategy and long-term development, R&D and ongoing legal disputes. Some directors also said they would appreciate even more in-depth debate on certain priority strategic topics.

Improvements could be made to the quality of the reports of the Ethics, CSR and Patronage Committee and the frequency of Selection Committee meetings and the quality of their preparation and reports.

Directors' fees were considered insufficient by several directors.

Lastly, although the assessment system is considered satisfactory as a whole, some directors suggested having an external body involved, every three years for example. The majority of directors are opposed to a formal assessment of the contribution of each director to the Board's work (see section 5.2.1.6).

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 updated in 2010 after the 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.

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 2014 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.

At Bouygues Telecom and its subsidiaries, the 2014 assessment campaign was streamlined (reduction of the number of principles assessed) in light of internal transformations.

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 two thirds of sales. Emphasis was placed on the following topics common to all entities: legal compliance, information systems security, human resources and subcontracting.

At TF1, the 2014 assessment campaign focused on all the principles and on all the entities generating TF1 group sales, excluding Eurosport and TF1 Films Production. 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 now 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 2014, action plans made it possible to bring about expected improvements in different areas (e.g. the security of assets, purchasing procedures and implementation of annual reporting on energy consumption). The focus in 2015 will be on the implementation of the Compliance Programmes adopted at Group level.

In 2014, Bouygues Immobilier increased the depth of the assessment scope by involving branch directors in the process. However, it was more selective and reduced the number of principles assessed to focus on major topics. In 2014, Bouygues Immobilier's Internal Control department provided participants with a recommendations guide aimed at improving the form and content of the annual self-assessment exercise.

In each business segment, a summary of the assessments made in the 2014 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 for impeccable conduct in every respect, which means both complying with prevailing laws and regulations and 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, in 2014 at Colas, seven training days were provided on ethics and the criminal liability of senior executives both in France and abroad.

The Board of Directors of Bouygues has an Ethics, CSR and Patronage Committee. Detailed information on the Committee and what it does can be found in the section of the report devoted to corporate governance (see section 5.2.1.8).

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.

This momentum is continuing, with each business segment appointing an Ethics Officer and the Boards of Directors of all the business segments (Bouygues Immobilier, Bouygues Telecom, Bouygues Construction, Colas and now TF1) having 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.

In 2013, 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 or will be provided in 2015. At Bouygues Immobilier, for example, the Compliance Programmes were circulated together with a procedural memo explaining how the four Programmes are to be applied within the businesses segment and containing extra information on specific aspects. An “Ethics” intranet was also launched.

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 features and the responsibilities of the Bouygues Accounts Committee are set out in the Corporate Governance section of this report (see section 5.2.1.8). 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 every four months to senior management. Furthermore, a presentation is made twice a year to the Accounts Committee and once a year to the Board of Directors.

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 and summarising the self-assessment procedure, including the monitoring of action plans. There is also an Organisation and Processes department, which is tasked with maintaining, developing and updating all the processes and procedures.

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 every 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 external 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 the subsidiary or of Colas and, in some cases, to its Board of Directors.

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 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 has been 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 e.by and e.bysa, the respective Bouygues group and parent company intranet portals, which provide online access to a wealth of information. Bouygues and Group employees use these sites as tools for working and sharing information. In 2014, a new portal, ByLink, was developed to bring together existing intranet resources (e.by and e.bysa) and extranet resources (BYpedia) to provide users with a single, collaborative space in 2015.

The Group Corporate Communications department also publishes *In Brief,* 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

5

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 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 5.2.1.8 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

For Bouygues SA, the Group Cash Management and Finance 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.

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 2014)

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 2014.

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, 24 February 2015

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 chapter 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 January 2014 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 2014 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

The rules for determining the variable portion of remuneration were also decided in 1999 and remained unchanged until February 2007, when the Board of Directors adjusted the calculation in light of the Afep/Medef recommendations. It then modified them again in 2010.

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 the preceding 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.

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 (see section 5.4.1.2 below, particularly table 1).

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 24 April 2014 (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.

Remuneration in respect of the 2013 financial year

As per the request of the two executive directors, no annual variable remuneration was granted to them in respect of the 2013 financial year, following the accounting write-down recognised in the 2013 financial statements against Bouygues' investment in Alstom. The results of the Group before the impact of the write-down would have triggered the payment of variable remuneration. No options or performance shares were granted to the executive directors.

Combined Annual General Meeting of 24 April 2014 – Say on Pay

The Annual General Meeting of 24 April 2014 expressed a favourable opinion on the remuneration components awarded in respect of the 2013 financial year to Martin Bouygues (Resolution 8 adopted with 99.45% of the votes) and Olivier Bouygues (Resolution 9 adopted with 99.53% of the votes).

5.4.1.2 Remuneration granted to the executive directors in respect of the 2014 financial year

Remuneration components of Martin Bouygues, Chairman and Chief Executive Officer, in respect of the 2014 financial year

I. Remuneration components owed or awarded in respect of the 2014 financial year that are submitted to the Annual General Meeting of 23 April 2015 for approval (Resolution 10)	**Amount or carrying amount** *(€)*	**Comments**
Fixed remuneration	920,000	Martin Bouygues' fixed remuneration remains unchanged since 2003.
Change versus 2013	0%	
Annual variable remuneration	753,204	**Variable remuneration criteria (2014 financial year):** ■ Increase in current operating profit (50%) ■ Change in consolidated net profit versus the Plan (25%) ■ Change in consolidated net profit versus 2013 (25%) ■ Free cash flow before changes in working capital (50%) (*) Martin Bouygues requested that no variable remuneration be awarded to him in respect of the 2013 financial year.
Change versus 2013	n.a.*	
% variable/fixed [a]	81.87%	
Ceiling [b]	150%	
Deferred variable remuneration		Deferred variable remuneration is not provided for.
Multi-year variable remuneration		Multi-year variable remuneration is not provided for.
Exceptional remuneration		Exceptional remuneration is not provided for.
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 to Martin Bouygues during the year.
Directors' fees	70,200 o/w Bouygues: 50,000 o/w subsidiaries: 20,200	
Value of benefits in kind	25,670	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 2014 financial year that were approved by the Annual General Meeting as part of the regulated agreements procedure (Annual General Meeting of 24 April 2014, Resolution 4)	**Amount or carrying amount** *(€)*	**Comments**
Severance compensation		Severance compensation is not provided for.
Non-competition indemnities		Non-competition indemnities are not provided for.
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. €300,384 in 2014. 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 2014, taking into account his length of service, Martin Bouygues would have received an annual additional retirement provision of €300,384. In accordance with the Afep/Medef Code, this amount does not exceed 45% of the reference income.
TOTAL	**1,769,074**	
Change versus 2013	+71.82%	(Reminder: Martin Bouygues requested that no variable remuneration be paid in respect of the 2013 financial year).

(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 2014 financial year

I. Remuneration components owed or awarded in respect of the 2014 financial year that are submitted to the Annual General Meeting of 23 April 2015 for approval (Resolution 11)	Amount or carrying amount *(€)*	Comments
Fixed remuneration	500,000	Olivier Bouygues' fixed remuneration remains unchanged since 2009.
Change versus 2013	0%	
Annual variable remuneration	409,350	**Variable remuneration criteria (2014 financial year):** ▪ Increase in current operating profit (50%) ▪ Change in consolidated net profit versus the Plan (25%) ▪ Change in consolidated net profit versus 2013 (25%) ▪ Free cash flow before changes in working capital (50%) (*) Olivier Bouygues requested that no variable remuneration be awarded to him in respect of the 2013 financial year.
Change versus 2013	n.a.*	
% variable/fixed [a]	81.87%	
Ceiling [b]	150%	
Deferred variable remuneration		Deferred variable remuneration is not provided for.
Multi-year variable remuneration		Multi-year variable remuneration is not provided for.
Exceptional remuneration		Exceptional remuneration is not provided for.
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 to Olivier Bouygues during the year.
Directors' fees	71,277 o/w Bouygues: 25,000 o/w subsidiaries: 46,277	
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 2014 financial year that were approved by the Annual General Meeting as part of the regulated agreements procedure (Annual General Meeting of 24 April 2014, Resolution 4)	**Amount or carrying amount** *(€)*	**Comments**
Severance compensation		Severance compensation is not provided for.
Non-competition indemnities		Non-competition indemnities are not provided for.
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. €300,384 in 2014. 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 2014, taking into account his length of service, Olivier Bouygues would have received an annual additional retirement provision of €300,384. In accordance with the Afep/Medef Code, this amount does not exceed 45% of the reference income.
TOTAL	**991,383**	
Change versus 2013	+69.5%	(Reminder: Olivier Bouygues requested that no variable remuneration be paid in respect of the 2013 financial year).

(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[a]		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[a]			X		x
Olivier Bouygues Position: Deputy CEO		X	X[a]			X		X

(a) Reminder of additional retirement provision: members of the Group Management Committee receive 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 €304,000 at the date of this report. 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. The Group does not have to set aside provisions for this additional retirement provision, which takes the form of an insurance policy taken out with an insurer outside the Group. This additional retirement provision has been approved pursuant to the regulated agreements procedure (Annual General Meeting of 24 April 2014, Resolution 4).

Table 2 – General overview of remuneration, benefits in kind and options granted to the two executive directors in 2014

	Martin Bouygues (Chairman and CEO)		Olivier Bouygues (Deputy CEO)	
(€)	**2014**	**2013**	**2014**	**2013**
Remuneration owing in respect of the year (see breakdown in table 3 and table 4)	1,769,074	1,029,563	991,383	584,873
Value of options granted in the year[a]				
Value of performance shares granted in the year[b]				
TOTAL	**1,769,074**	**1,029,563**	**991,383**	**584,873**
YoY CHANGE	**+71.82%**		**+69.5%**	

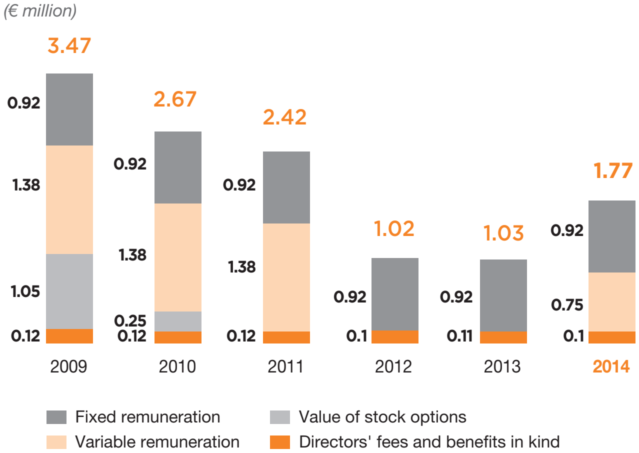
(a) No options were granted to executive directors in 2013 and 2014.
(b) The company granted no performance shares.

Martin Bouygues

Chairman and CEO

Number of stock options awarded in 2014: 0

(€ million)



Olivier Bouygues

Deputy CEO

Number of stock options awarded in 2014: 0

(€ million)

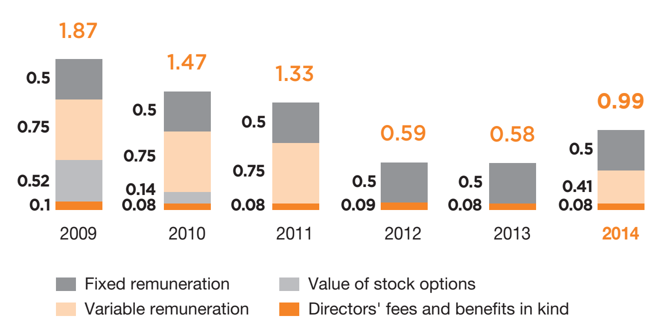


Table 3 – Detailed overview of the remuneration of the two executive directors in respect of the 2014 financial year

The Remuneration Committee assessed the degree to which the variable remuneration criteria of the two executive directors were met. The performance requirements were reached for the P2 and P3 variable portions, which enabled the executive directors to obtain the variable remuneration components listed below.

Position and years of service in the Group	Remuneration[a]	Amounts[b] in respect of FY2014 (€)		Amounts[b] in respect of FY2013 (€)		Variable remuneration criteria[f] (FY2014) (€)
		due[c]	paid	due[c]	paid	
Martin Bouygues Chairman and CEO (41 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 2013 (25 %). ■ P4 = Free cash flow before changes in working capital (50%).
	Variable ■ Change ■ % variable/fixed[d] ■ Ceiling[e]	753,204 81.90% 150%	0	0 0% 0% 150%	0	
	Exceptional remuneration					
	Directors' fees	70,200	70,200	73,900	73,900	
	Benefits in kind	25,670	25,670	35,663	35,663	
	Total	**1,769,074**	**1,015,870**	**1,029,563**	**1,029,563**	
Olivier Bouygues Deputy CEO (41 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 2013 (25%). ■ P4 = Free cash flow before changes in working capital (50%).
	Variable ■ Change ■ % variable/fixed[d] ■ Ceiling[e]	409,350 81.90% 150%	0	0 0% 0% 150%	0	
	Exceptional remuneration					
	Directors' fees	71,277	71,277	73,218	73,218	
	Benefits in kind	10,756	10,756	11,655	11,655	
	Total	**991,383**	**582,033**	**584,873**	**584,873**	
TOTAL EXECUTIVE DIRECTORS		**2,760,457**	**1,597,903**	**1,614,436**	**1,614,436**	
		2014 vs 2013		**2013 vs 2012**		
CHANGE		**+71%**		**=**	**-57%**	

(a) No remuneration other than that mentioned in the table was paid to the executive directors 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.
(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's 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 2014 financial year

(€)		Origin (Notes 1 and 2)	2014	2013
M. Bouygues	Chairman and CEO	Bouygues Subsidiaries	50,000 20,200	50,000 23,900
O. Bouygues	Deputy CEO	Bouygues Subsidiaries	25,000 46,277	25,000 48,218
Sub-total for executive directors		**Bouygues Subsidiaries Total**	**75,000 66,477 141,477**	**75,000 72,118 147,118**
M. Bardou	Director	Bouygues	12,625	
F. Bertière	Director	Bouygues Subsidiaries	25,000 19,000	25,000 19,000
Mrs F. Bouygues	Director	Bouygues	25,000	22,500
J.-P. Chifflet	Director	Bouygues	25,000 2,100	 19,375
G. Chodron de Courcel	Director	Bouygues	25,000 19,367	25,000 16,625
R. Deflesselle	Director	Bouygues	12,625	
Y. Gabriel	Director	Bouygues	25,000	25,000
A.-M. Idrac	Director	Bouygues	25,000 17,733	25,000 16,100
P. Kron	Director	Bouygues	25,000	25,000
H. Le Bouc	Director	Bouygues Subsidiaries	25,000 19,000	25,000 19,000
C. Lewiner	Director	Bouygues Subsidiaries	21,500 7,000 19,000	25,000 7,000 19,000
H. le Pas de Sécheval	Director	Bouygues	21,500 21,000	22,500 16,625
S. Nombret	Director	Bouygues	25,000 7,000	25,000 5,250
N. Paolini	Director	Bouygues Subsidiaries	25,000 31,000	25,000 31,000
J. Peyrelevade	Director	Bouygues	25,000 7,000	25,000 7,000
F.-H. Pinault	Director	Bouygues	21,500 14,000	17,500 9,042
R.-M. Van Lerberghe	Director	Bouygues	25,000 5,775	 19,375
M. Vilain	Director	Bouygues	25,000 14,000	25,000 10,850
Sub-total for directors		**Bouygues Subsidiaries Total**	**560,725 88,000 648,725**	**464,742 97,422 562,164**
TOTAL DIRECTORS' FEES EXECUTIVE DIRECTORS AND DIRECTORS		**BOUYGUES SUBSIDIARIES TOTAL**	**635,725 154,477 790,202**	**579,059 180,998 760,057**

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.

5.4.1.4 Principles and rules for determining the remuneration of salaried directors

Remuneration of salaried directors

Four of the directors are employees of Bouygues – François Bertière, Yves Gabriel, 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 the same as 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, the criteria for determining variable remuneration take into account the performance of the subsidiary managed.

Qualitative criteria are also used.

The criteria for determining variable remuneration are as follows:

- P1 = change in consolidated net profit (attributable to the Group) of Bouygues (30% if the objective is reached);
- P2 = change in consolidated net profit (attributable to the Group) of the subsidiary managed (Bouygues Construction, Bouygues Immobilier, Colas or TF1) versus the Plan (35% if the objective is reached);
- P3 = change in consolidated net profit (attributable to the Group) of the subsidiary managed versus the preceding year (35% if the objective is reached);
- P4 = 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.

On the recommendation of the Remuneration Committee, the Board of Directors decided in early 2009 to place greater emphasis on qualitative criteria, since the performance of senior executives during periods of crisis should be measured by more than financial results.

Remuneration paid by Bouygues and corresponding social charges are invoiced to the subsidiary managed by the senior executive (F. Bertière: Bouygues Immobilier; Y. Gabriel: Bouygues Construction; H. Le Bouc: Colas; N. Paolini: TF1).

Remuneration of the four salaried directors in respect of the 2014 financial year

In respect of the 2014 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, as P1 performance was exceeded and they reached or exceeded the performance requirement in the subsidiaries managed for the P1, P2 and P3 variable portions. The four salaried directors also reached all the qualitative objectives assigned (P4).

Table 5 – Detailed overview of remuneration of salaried directors

Position and years of service in the Group	Remuneration [a]	Amounts [b] in respect of FY2014 (€) due [c]	Amounts [b] in respect of FY2014 (€) paid	Amounts [b] in respect of FY2013 (€) due [c]	Amounts [b] in respect of FY2013 (€) paid	Variable remuneration criteria (FY2014)
F. Bertière Director (30 years)	Fixed ■ Change	920,000 0%	920,000	920,000 0%	920,000 0%	■ P1 = Change in consolidated net profit of Bouygues (30%). ■ P2 = Change in consolidated net profit of Bouygues Immobilier versus the Plan (35%). ■ P3 = Change in consolidated net profit of Bouygues Immobilier versus 2013 (35%). ■ P4 = Qualitative criteria (50%).
	Variable ■ Change ■ % variable/fixed [d] ■ Ceiling [e]	1,380,000 +54.78% 150% 150%	891,572	891,572 59.78% 96.91% 150%	557,980	
	Exceptional remuneration					
	Directors' fees	44,000	44,000	44,000	44,000	
	Benefits in kind	4,944	4,944	4,944	4,944	
	TOTAL	**2,348,944**	**1,860,516**	**1,860,516**	**1,526,924**	
Y. Gabriel Director (40 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 consolidated net profit of Bouygues Construction versus the Plan (35%). ■ P3 = Change in consolidated net profit of Bouygues Construction versus 2013 (35%). ■ P4 = Qualitative criteria (50%).
	Variable ■ Change ■ % variable/fixed [d] ■ Ceiling [e]	1,239,884 -10.15% 140% 150%	1,380,000	1,380,000 0% 150% 150%	1,380,000	
	Exceptional remuneration					
	Directors' fees	25,000	25,000	25,000	25,000	
	Benefits in kind	9,957	9,957	9,957	9,957	
	TOTAL	**2,194,841**	**2,334,957**	**2,334,957**	**2,334,957**	
H. Le Bouc Director (37 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 consolidated net profit of Colas versus the Plan (35%). ■ P3 = Change in consolidated net profit of Colas versus 2013 (35%). ■ P4 = Qualitative criteria (50%).
	Variable ■ Change ■ % variable/fixed [d] ■ Ceiling [e]	1,380,000 +34.70% 150% 150%	1,024,512	1,067,016 x2.3 115.98% 150%	460,000	
	Exceptional remuneration					
	Directors' fees	44,000	44,000	44,000	44,000	
	Benefits in kind	4,100	4,100	4,100	4,100	
	TOTAL	**2,348,100**	**1,992,612**	**2,035,116**	**1,428,100**	
N. Paolini Director (26 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 consolidated net profit of TF1 versus the Plan (35%). ■ P3 = Change in consolidated net profit of TF1 versus 2013 (35%). ■ P4 = Qualitative criteria (50%).
	Variable ■ Change ■ % variable/fixed [d] ■ Ceiling [e]	1,380,000 +34.70% 150% 150%	1,024,512	1,024,512 x2.2 111.36% 150%	460,000	
	Exceptional remuneration					
	Directors' fees	56,000	56,000	56,000	56,000	
	Benefits in kind	5,037	5,037	5,037	5,037	
	TOTAL	**2,361,037**	**2,005,549**	**2,005,549**	**1,441,037**	

(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 financial 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.

Employment contracts of the four salaried directors

The employment contracts of François Bertière, Yves Gabriel, Hervé Le Bouc and Nonce Paolini were maintained as the four 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.

Severance compensation and 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 its subsidiaries, together with the salaries paid to the two directors representing employees, are not disclosed.

5.4.1.5 2015 financial year

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 business segment 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 will represent 10% of fixed remuneration if the objective is reached. Criterion P3 (which was criterion P2 before a fifth criterion was added) will represent 25% (versus 35% previously) of fixed remuneration if the objective is reached.
- A "CSR Development" criterion has been added to the P5 qualitative criteria.

5.4.2 2014 Report on stock options and performance shares

Report required under Articles L. 225-184 and L. 225-197-4 of the Commercial Code.

This chapter 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 future 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 twelfth resolution of the Combined Annual General Meeting of 24 April 2014 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;
- in the case of stock options, no discount is applied;
- 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 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 figures and on the day this information is publicly disclosed.

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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 confidential 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 corporate officers

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 earned during the year preceding the allotment) and the exercise of options (consolidated net profit attributable to the Group earned 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 and 2014, 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 note that the AMF recommends 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 because senior executives and employees are guaranteed to receive a certain sum when they sell them. As such, they are more akin to a bonus or to additional remuneration.

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 2014 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: seven years and six months from the date the stock options are granted;
- lock-up period: four years from the date the stock options are granted;
- exercise period: three years and six months after expiry of the lock-up period (with three exceptions where stock options may be exercised at any time during the seven 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 2014

Options for new Bouygues shares were granted in 2014. On 25 February 2014, the Board of Directors decided to make a grant on 27 March 2014 of 2,790,000 options to 1,021 beneficiaries who are corporate officers or employees of the company or companies in the Bouygues group.

The exercise price was set at €30.32 per share subscribed.

The value of each stock option was €2.05 at the grant date, estimated in accordance with the method used for the consolidated financial statements.

This stock option plan represented 0.87% of the company's share capital at 31 December 2013 [a].

(a) Share capital of Bouygues at 31 December 2013: 319,264,996 shares.

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 2014.

Options were granted to salaried directors.

Salaried directors	Company granting the options	Grant date	Number of options	Exercise price (€)
François Bertière	Bouygues	27 March 2014	80,000	30.32
Yves Gabriel	Bouygues	27 March 2014	135,000	30.32
Hervé Le Bouc	Bouygues	27 March 2014	80,000	30.32
Nonce Paolini	Bouygues	27 March 2014	80,000	30.32
TOTAL			**375,000**	

Salaried directors were not granted any other options.

Table 6 – Stock options exercised by executive directors and salaried directors of Bouygues in 2014

Salaried director	Plan	Number of options exercised	Exercise price (€)
Yves Gabriel	1 April 2009	75,000	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 2014.

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.

5.4.2.4 Summary of outstanding stock option plans

Table 9 – Breakdown of stock options for each plan and category of beneficiary

	2014	2013	2012	2011	2010	2009	2008
Date of AGM	21/04/2011	21/04/2011	21/04/2011	21/04/2011	24/04/2008	24/04/2008	28/04/2005
Grant date	27/03/2014	28/03/2013	13/06/2012	14/06/2011	30/06/2010	01/04/2009	31/03/2008
Number of stock options granted by the Board[b]	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]	4,390,000 (4,434,475)[c]
■ o/w to executive directors and salaried directors[a & b]	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]	Total: 750,000 (759,717)[c]
					M. Bouygues: 160,000	M. Bouygues: 200,000	M. Bouygues: 200,000
					O. Bouygues: 90,000	O. Bouygues: 100,000	O. Bouygues: 100,000
	Y. Gabriel: 135,000	Y. Gabriel: 80,000	Y. Gabriel: 97,000	Y. Gabriel: 97,000	Y. Gabriel: 130,000	Y. Gabriel: 150,000	Y. Gabriel: 150,000
	F. Bertière: 80,000	F. Bertière: 80,000	F. Bertière: 97,000	F. Bertière: 97,000	F. Bertière: 130,000	F. Bertière: 150,000	F. Bertière: 150,000
	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	H. Le Bouc: 100,000
	N. Paolini: 80,000	N. Paolini: 80,000	N. Paolini: 97,000	N. Paolini: 97,000	N. Paolini: 130,000	N. Paolini: 150,000	N. Paolini: 50,000
■ o/w to ten employees of the company	289,100	335,800	402,800	404,200 (409,441)[c]	534,000 (540,920)[c]	520,000 (526,741)[c]	470,000 (476,093)[c]
Pre-adjustment exercise price	€30.32	€22.28	€20.11	€31.84	€34.52	€25.95	€43.23
Post-adjustment exercise price[b]	€30.32	€22.28	€20.11	€31.43	€34.08	€25.62	€42.68
Start of exercise period	28/03/2018	29/03/2017	14/06/2016	14/06/2015	30/06/2014	01/04/2013	31/03/2012
End of exercise period	27/09/2021	28/09/2020	13/12/2019	14/12/2018	30/12/2017	30/09/2016	30/09/2015
Number of options cancelled or lapsed	26,150	85,700	159,125	216,583[c]	361,291[c]	385,694[c]	497,507[c]
Number of options outstanding at 31/12/2014	2,763,850	2,695,581	2,771,029	2,757,722[c]	3,837,724[c]	3,343,389[c]	3,936,975[c]
Number of options exercised between 01/01/2015 and 31/01/2015			1,033			30,049	
TOTAL OPTIONS OUTSTANDING AT 31/12/2014	**22,106,270**						

(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 2014

Table 10 – Stock options granted to the ten Bouygues employees (not corporate officers) having received the largest number of options in 2014

Employees	Company granting the options	Grant date	Number of options	Exercise price (€)
Pierre Auberger	Bouygues	27 March 2014	8,300	30.32
Jacques Bernard	Bouygues	27 March 2014	15,000	30.32
Gérard Bucourt	Bouygues	27 March 2014	8,300	30.32
Georges Colombani	Bouygues	27 March 2014	15,000	30.32
Emmanuel Forest	Bouygues	27 March 2014	13,500	30.32
Jean-François Guillemin	Bouygues	27 March 2014	27,000	30.32
Philippe Marien	Bouygues	27 March 2014	80,000	30.32
Olivier Roussat	Bouygues	27 March 2014	80,000	30.32
Jean-Claude Tostivin	Bouygues	27 March 2014	27,000	30.32
Gilles Zancanaro	Bouygues	27 March 2014	15,000	30.32
TOTAL			**289,100**	

Table 10 a – Stock options exercised in 2014 by the ten Bouygues employees having exercised the largest number of options

Employees	Company granting the options	Plan	Number of options exercised	Exercise price (€)
Pierre Auberger	Bouygues	1 April 2009	8,104	25.62
Charles-Henri Burgelin	Bouygues	1 April 2009	1,026	25.62
Yann Clairouin	Bouygues	1 April 2009	5,065	25.62
Georges Colombani	Bouygues	13 June 2012	1,500	20.11
Jean-François Guillemin	Bouygues	1 April 2009	15,000	25.62
Olivier Hoberdon	Bouygues	1 April 2009	840	25.62
Gérard Lemarié	Bouygues	1 April 2009	12,156	25.62
Olivier Roussat	Bouygues	1 April 2009	70,000	25.62
Gilles Zancanaro	Bouygues	1 April 2009	30,389	25.62
TOTAL			**144,080**	

In 2014, 837,549 Bouygues stock options were exercised by employees of Bouygues or one of its subsidiaries, including the nine 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, and 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, and reappointed for a further six-year term at the Annual General Meeting on 23 April 2009.

  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 an initial six-year term.
- Auditex (Ernst & Young group), appointed as alternate auditor at the Annual General Meeting of 23 April 2009, for an initial six-year term.

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).

6. INFORMATION ON THE COMPANY

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
Termination date	14 October 2089
Financial year	1 January to 31 December
Governing law	Bouygues is incorporated under French law. The activities performed by Group entities on international markets are generally subject to the legislation of the country concerned, or to other legislation, made applicable by contract or by international rule of law. The Group is present in several dozen countries. For a single project, many different contracts may be signed, often governed by different rules of law.

6.1.2 Articles of association

6.1.2.1 Purpose (Article 2 of the articles of association)

The company has as its purpose in all countries:

- the acquisition, directly or indirectly, of interests in all French or foreign companies or groupings, whatever their purpose or business, and the management and, where appropriate, the disposal of such interests;
- the creation, acquisition, operation and, where appropriate, the disposal of all French or foreign undertakings, in any field of business, whether industrial, commercial or financial, including in particular in the construction sector (building, civil works, roads, property) and the services sector (public utilities management, media, telecommunications);
- and, in general, all industrial, commercial, financial, mining and agricultural operations or transactions, involving movable or real property relating directly or indirectly to the purpose set forth above or to all similar or related purposes that may enable or facilitate the achievement or pursuit thereof.

6.1.2.2 Appropriation of earnings (Article 24 of the articles of association)

At least 5% of net earnings for the financial year, less prior-year losses if any, are retained in order to constitute the legal reserve. This requirement ceases to be mandatory when the legal reserve equals one-tenth of the share capital.

After appropriations to other reserves and retained earnings as decided by the Annual General Meeting, the balance of distributable earnings is divided between the shareholders.

6.1.2.3 Annual General Meetings (Articles 19 to 21 of the articles of association)

Annual General Meetings are convened in accordance with the formalities required by law; they include all shareholders, whatever the number of shares they hold.

6.1.2.4 Economic and voting rights attached to shares (Articles 10 and 12 of the articles of association)

Each share has pecuniary and non-pecuniary rights, in compliance with law and as set out in the articles of association. In particular, Article 10 of the articles of association states that each share entitles the holder to part-ownership of corporate assets and to part of the profits equal to the portion of the capital it represents. Article 12 of the articles of association states that, unless otherwise specified by law, and unless the double voting rights described hereafter apply, the number of voting rights of each shareholder, and the number of votes expressed in the Annual General Meeting, is equal to the number of shares owned.

6.1.2.5 Double voting rights (Article 12 of the articles of association)

This provision has been in force at Bouygues since 1 January 1972. It is based on a measure introduced in the articles of association by the Annual General Meeting of 31 December 1969.

Double voting rights are allocated to all fully paid-up shares that are proved to have been registered in the name of the same holder for at least two years.

In the event of a capital increase by capitalisation of reserves, profits or premiums, double voting rights are conferred as of issue for registered shares allocated as a bonus to shareholders in respect of existing shares conferring such entitlement.

Double voting rights attached to registered shares are 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 of an Extraordinary General Meeting that is ratified by a special meeting of holders of those rights (Article L. 225-99 of the Commercial Code).

6.1.2.6 Notification of major holdings (Article 8.3 of the articles of association)

Persons or entities directly or indirectly holding at least 1% of the share capital or voting rights are required to inform the company of the total number of shares they own. Notification must be made by registered letter with acknowledgement of receipt sent to the registered office within 15 days of conclusion of the transaction, on- or off-market, irrespective of delivery of the securities.

Further notification must be provided as set out above each time a shareholding increases or decreases by 1%, or any threshold that is a multiple of 1%.

If disclosures are not made under the conditions set forth above, the voting rights attached to shares exceeding the fraction that should have been disclosed are suspended under the conditions provided by law if a request to that effect is made at the Annual 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).

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 the Reference Date 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.

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 the Reference Date and would be exercisable at a price equal to 95% of the Volume Weighted Average Price (VWAP) of Alstom shares during a reference period of 60 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 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 the Reference Date and would be exercisable at a price equal to 98% of the Volume Weighted Average Price (VWAP) of Alstom shares during a reference period of 60 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 (the agency managing holdings owned by the French state) is offered first refusal.

With effect from the first trading day following the Reference Date, Bouygues will enter into a stock lending transaction that will enable the French state to exercise 20% of the voting rights in Alstom [a].

The provisions of the memorandum of understanding described above (i.e. the call options and the stock lending transaction) are contingent on completion of the transactions announced by Alstom on 21 June 2014.

In addition, the memorandum of understanding requires the parties to endeavour to do their best, during a ten-year period from the signature of the memorandum of understanding, to have one director representing Bouygues and two directors representing the French state on the Alstom Board of Directors. 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.

At the general meeting of Alstom shareholders on 19 December 2014, the representatives of Bouygues voted in favour of the sale of the Energy activities concerned (see section 2.5.1).

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 ownership of at least 1% (or a multiple of 1%) of capital or voting rights. This restriction could have an impact in the event of a public tender;
- 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 these rights; not applicable;
- control mechanisms provided for 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. These employee share ownership funds, which held 30.6% of voting rights at 31 December 2014, 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 shall have between three and 18 members, subject to the waiver provided for by law in the event of a merger, appointed by the Annual General Meeting. It shall also have up to two members representing employee shareholders. These members shall be elected by the Annual General Meeting on the recommendation of the Supervisory Boards of the employee share ownership funds set up as part of the savings schemes run by the Bouygues group 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 shall also have one or two directors representing employees.

    These directors shall be appointed by the Group Council that is 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 Annual General Meeting, excluding directors representing employee shareholders, is less than or equal to twelve, the Group Council shall appoint one director representing employees,
    - where the number of members of the Board of Directors appointed by the Annual General Meeting, excluding directors representing employee shareholders, is more than twelve, the Group Council shall appoint two directors representing employees.
  - the term of office of directors, other than those specified in Article 13.3 of the articles of association shall be three years. The terms of office of directors representing employees shall expire after a period of two years with effect from the date of their appointment.

(a) *This provision is being challenged by the French association of minority shareholders (ADAM), which applied to the Paris Commercial Court on 17 December 2014 to have it set aside.*

- the functions of a director elected from the employees sitting on the Supervisory Board of one of the employee share ownership funds shall automatically terminate early if the director's employment contract terminates (excluding the case of an intra-Group transfer) or if the company for which the director works leaves the Bouygues group. The Board of Directors shall then take all necessary steps to replace the director whose term of office has expired,
- if the number of members of the Board of Directors appointed by the Annual General Meeting becomes equal to or less than twelve, the terms of office of the two directors representing employees shall continue until they expire,
- directors can be re-elected, the terms of office of directors representing employees can be renewed once,
- directors can be removed from office at any time by the Ordinary Annual General Meeting, in the case of directors chosen from shareholders,
- directors appointed from the members of the Supervisory Boards of employee share ownership funds, and who represent employees, can only be removed from office for misconduct during their term of 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 only be removed from office for misconduct during their term of office, following an interim decision by the president of the District Court, at the request of the majority of the members of the Board of Directors,
- legal persons acting as directors are required to appoint a standing representative, in compliance with legal conditions.

See also the details in the Report by the Chairman (chapter 5, section 5.2 of this Registration Document).

- rules applicable to changes in company articles of association: Article L. 225-96 of the Commercial Code specifies that only the Extraordinary Annual General Meeting has the power to change the articles of association. Any other clauses will be considered as not written;
- 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 24 April 2014 (Resolution 13) authorised 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 €160 million. The Combined Annual General Meeting convened for 23 April 2015 will be asked to replace this delegation by a further delegation with the same purpose, but with a ceiling of €84 million and 25% of the share capital,
  - the Combined Annual General Meeting of 24 April 2014 (Resolution 14) also authorised the Board of Directors to use, during the period of a public tender offer for the company's shares, all the authorisations and delegations of powers at its disposal to increase the share capital. The Combined Annual General Meeting convened for 23 April 2015 will not be asked renew this delegation, as the Florange Act of 29 March 2014 has rendered this resolution pointless by eliminating the principle of neutrality of the board of directors of the target company. Henceforth, the Board of Directors may, during the period of a public tender offer, take any measures that are part of its prerogatives and in the interest of the company to frustrate such an offer,
  - the Combined Annual General Meeting of 24 April 2014 (Resolution 10) 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 23 April 2015 will be asked to replace this delegation by a further delegation with the same purpose.
- agreements entered into by Bouygues, which will be modified or expire in the event of a change of control of Bouygues:
  - the ten-year bonds maturing in 2016, 20-year sterling bonds maturing in 2026, seven-year bonds maturing in 2015, eight-year bonds maturing in 2018, nine-year bonds maturing in 2019, ten-year bonds maturing in 2022, as well as the ten-year bonds maturing in 2023, include a change of control clause providing for the early redemption of 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 authorisation 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 holding such an authorisation, or which has placed it under its authority or dependency, is deemed to be the holder of the authorisation. Article 42-3 adds that the authorisation may be withdrawn, without prior formal notice, if there is any substantial change in the circumstances on the basis of which the authorisation was granted, notably changes in capital structure,
  - moreover, any changes in the capital and voting rights of Bouygues could throw doubt upon the ability of Bouygues Telecom to provide the financial and technical guarantees necessary to operate its network and supply services to the public, and could lead Arcep (French telecommunications regulator) to re-examine the validity of the authorisations granted to Bouygues Telecom. All the decisions and decrees that authorise Bouygues Telecom to establish and operate its wireless network and provide services to the public (decision of 5 November 2009 on second-generation networks, decree of 3 December 2002 on third-generation networks and the decisions of 11 October 2011 and 17 January 2012 on fourth-generation networks) specify that Arcep must be informed of any changes to any one of the items included in the request for authorisation prior to implementation. The items included in the request for authorisation are, particularly, the share ownership structure of the company or companies that directly or indirectly control the authorisation holder;
- agreements making provision for compensation for members of the Board of Directors or employees, if they resign or leave the company without real and serious cause, or if their employment comes to an end following 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 the agreement if his or her contract of employment comes to an end. Yves Gabriel, 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 2014, as set out below.

	≤ 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).

	≤ 30 days	> 30 days
2013	€1,303,874	€554,658

Accrued expenses: €4,667,350 of which invoices due: €855,819 (contested or disputed amounts: none).

6.1.6 Agreements concluded by senior executives or shareholders with Bouygues subsidiaries or sub-affiliates

Pursuant to Article L. 225-102-1 of the Commercial Code, the management report must now mention, with the exception of agreements covering day-to-day operations carried out under normal business conditions, agreements concluded 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.

The company is not aware of any such agreements.

As and when necessary, and so as to keep shareholders fully informed, it is stated that Actifly, owned 85% indirectly by SCDM, has signed an agreement with Airby, a subsidiary owned 85% by Bouygues, on the conditions governing the use by Actifly of an aircraft owned or operated by Airby, under the same financial conditions as Bouygues or its subsidiaries. Under this agreement, Airby invoiced Actifly the sum of €98,583 excl. VAT in 2014.

6.1.7 Publicly available documents

During the 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, part of which are included or referred to in the Registration Document;
- historical financial data relating to the company and its subsidiaries for 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 2013 was €319,264,996, composed of 319,264,996 shares with a par value of €1 each.

From 1 January to 31 May 2014, it issued 439,978 shares resulting from the exercise of stock options.

On 4 June 2014, it issued 15,908,913 shares for the benefit of shareholders who opted to take their dividend in respect of the 2013 financial year in shares.

From June to December 2014, the Board of Directors issued 472,571 shares resulting from the exercise of stock options.

Consequently, 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.

The total number of voting rights[a] was 492,710,591 at 31 December 2014 (compared with 459,117,988 voting rights[a] at 31 December 2013).

6.2.1.2 Changes in the share capital over the last five years

All amounts in the following table are in euros.

		Amount of changes in share capital		
Dates	**Capital increases/reductions over the last 5 years**	**Nominal**	**Premiums and capitalisation of reserves**	**Amount of share capital**
1 January to 30 November 2010	Exercise of stock options for 1,436,335 shares	1,436,335	28,235,345	355,704,246
30 December 2010	Subscription by the Bouygues Confiance 5 employee share ownership fund of 9,838,593 shares	9,838,593	240,160,055	365,542,839
1 to 31 December 2010	Exercise of stock options for 319,684 shares	319,684	7,721,569	365,862,523
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	335,613,887
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	7,609,009	336,086,458

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 23 April 2015 are set out in the Board of Directors' report on the resolutions (chapter 8, section 8.2 of this Registration Document).

(a) Including non-voting shares, in accordance with the calculation methods set out in the AMF General Regulation.

6.2.2 Employee share ownership

At 31 December 2014, Group employees held 23.31% of the share capital of Bouygues and 30.55% 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 2014, the fund held 4.99% of the share capital and 6.58% of the voting rights;
- the fund for expatriate employees invests in Bouygues shares bought on the market. At 31 December 2014, the fund held 0.10% of the share capital and 0.12% 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 2014, the fund held 11.51% of the share capital and 14.68% of the voting rights;
- the leveraged funds set up in association with the employee share ownership plans awarded in 2009, 2010 and 2012 (Bouygues Partage 2 – ten years, Bouygues Confiance 5 and Bouygues Confiance 6) held 6.71% of the share capital and 9.16% of the voting rights at 31 December 2014.

6.2.3 Potential creation of new shares

At 31 December 2014, the exercise price for all the 5,402,798 options[a] that are out of the lock-up period is less than the last quoted market price of the year (i.e. €29.98 at 31 December 2014).

6.2.4 Share buybacks

6.2.4.1 Use in 2014 of authorisations granted by the Annual General Meeting

The Combined Annual General Meetings of 25 April 2013 and 24 April 2014 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 25 April 2013 and 24 April 2014 authorised the Board of Directors to reduce the share capital by cancelling shares bought back, within the limit of 5% of the share capital in any 24-month period.

(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.

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 2014.

TRANSACTIONS CARRIED OUT BY BOUYGUES IN ITS OWN SHARES IN 2014	
Number of treasury shares held by the company at 31 December 2013	76,500
Shares purchased in 2014	1,464,397
Shares cancelled in 2014	0
Shares sold in 2014	1,505,897
Number of treasury shares held by the company at 31 December 2014	35,000
Value (purchase price) of treasury shares held by the company at 31 December 2014	€1,017,450
BREAKDOWN OF TRANSACTIONS BY PURPOSE	
Cancellation of shares	
Shares cancelled in 2014	0
Reallocations	0
Number of treasury shares held by the company at 31 December 2014 outside the liquidity contract	0
Liquidity contract	
Shares purchased in 2014	1,464,397
Shares sold in 2014	1,505,897
Reallocations	0
Number of treasury shares held by the company at 31 December 2014 under the liquidity contract	35,000

6.2.4.2 Description of the new share buyback programme submitted for approval by the Combined Annual General Meeting of 23 April 2015

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 23 April 2015. This programme is intended to replace the one authorised by the Combined Annual General Meeting of 24 April 2014.

Number of shares and proportion of share capital held by Bouygues – Open derivatives positions

Between 1 January and 23 February 2015, the company purchased 122,056 shares and sold 127,056 shares under the liquidity contract.

At 23 February 2015, the company's capital was made up of 336,135,566 shares, including 30,000 held by Bouygues via a liquidity contract, representing 0.01% of the share capital.

The company does not have any open derivatives positions.

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 16,806,778 shares at 23 February 2015, 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 many 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 23 April 2015, i.e. until 23 October 2016.

6.3 Share ownership

6.3.1 Changes in share ownership over the last three years

Situation at 31 December 2014[a]

Shareholder	Number of shares	% of capital	Number of voting rights[b]	% of voting rights
SCDM[c]	70,202,914	20.89	134,538,469	27.31
Bouygues employees[d]	78,346,653	23.31	150,525,994	30.55
Other French shareholders	64,466,958	19.18	68,525,532	13.91
Other foreign shareholders	102,344,274	30.45	102,344,274	20.77
First Eagle	20,690,659	6.16	36,741,322	7.46
Bouygues	35,000[e]	0.01	35,000[f]	0.01
TOTAL	**336,086,458**	**100**	**492,710,591**	**100**

Situation at 31 December 2013

Shareholder	Number of shares	% of capital	Number of voting rights[b]	% of voting rights
SCDM[c]	66,374,020	20.79	130,628,388	28.45
Bouygues employees	79,213,152	24.81	138,765,226	30.22
Other French shareholders	56,770,853	17.78	63,077,165	13.74
Other foreign shareholders	97,224,787	30.45	99,573,055	21.69
First Eagle[g]	19,605,684	6.14	26,997,654	5.88
Bouygues	76,500[e]	0.03	76,500[f]	0.02
TOTAL	**319,264,996**	**100**	**459,117,988**	**100**

Situation at 31 December 2012

Shareholder	Number of shares	% of capital	Number of voting rights [b]	% of voting rights
SCDM [c]	66,374,020	20.47	130,303,848	29.24
Bouygues employees	76,849,827	23.70	127,989,455	28.72
Other French shareholders	58,458,895	18.03	64,830,747	14.55
Other foreign shareholders	104,875,566	32.35	104,875,566	23.53
First Eagle	17,589,066	5.42	17,589,066	3.95
Bouygues	85,000 [e]	0.03	85,000 [f]	0.02
TOTAL	**324,232,374**	**100**	**445,673,682**	**100**

(a) Based on a survey of identifiable bearer shares as at 31 December 2014: 305 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. At 31 December 2014, 43% of these shares were available.*
(e) Treasury shares held under share buyback programmes and the liquidity contract.
(f) Voting rights attached to shares held by Bouygues are suspended.
(g) Based on a declaration of the passing of a share ownership threshold, sent to Bouygues on 22 August 2013.

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 2014

Bouygues offered its shareholders the option of taking their dividend in shares; the offer was open between 5 May and 20 May 2014. A large majority of Bouygues shareholders (79.1% of the rights exercised) opted to take their dividend in shares. As a consequence, a total of 15,908,913 new shares were issued, taking the total number of shares outstanding to 336,086,458 as at 31 December 2014. The movements in share ownership described below should be interpreted in light of the take-up of the share dividend option.

The main movements in share ownership since 31 December 2013 are described below:

- The interest in the capital held by Group employees fell from 24.81% to 23.31%, mainly as a result of the expiry of the “Bouygues Partage 2 – five years” employee share ownership plan. However, the percentage of voting rights held by employees rose from 30.22% in 2013 to 30.55% in 2014, thanks to the vesting of double voting rights for some employee share ownership funds.
- The number of shares held by SCDM increased relative to 31 December 2013, largely as a result of the share dividend option. The interest in the capital held by SCDM was virtually unchanged at 20.89% (versus 20.79% at the end of December 2013), while its percentage of voting rights fell from 28.45% to 27.31%.
- First Eagle Investment Management LLC acquired further shares during 2014 and held a 6.16% interest in the capital at the end of December, similar to the interest held a year earlier. The number of voting rights held by First Eagle rose due to the vesting of double voting rights and the percentage now stands at 7.46%, versus 5.88% in December 2013.

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 at 31 December 2014, Martin Bouygues and Olivier Bouygues held 27.31% of the voting rights, either directly or via the simplified limited company SCDM, which gives them substantial power at general meetings (34% of the voting rights exercised at the 2014 Annual General Meeting), given the number of voting rights actually exercised.

As at 31 December 2014, employees held 28.72% of the voting rights (35.9% of the voting rights exercised at the 2014 Annual General Meeting).

As indicated in the Report by the Chairman on corporate governance (see chapter 5, section 5.2 of this Registration Document), the Board of Directors and Board committees include a significant proportion of independent directors.

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 2014

Bouygues shares are listed on the Euronext Paris market (compartment A) and belong to the CAC 40, Euronext 100, FTSE Eurofirst 80 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 336,086,458 **shares** in issue on 31 December 2014.

The **average number of shares** in issue during 2014 was 328,987,923.

The **average daily volume traded** in 2014 **as reported by Euronext** was 1,316,639 shares.

Over 2014 as a whole the Bouygues share price rose by 9%, while the CAC 40 fell by 0.5%.

The stock market performance during 2014 can be spilt into three phases:

- Until publication of the 2014 first-half financial statements on 28 August 2014 the shares performed well, advancing by 4% relative to 31 December 2013, against a rise of 2% for the CAC 40. During this period, the share peaked at €34.68 on 30 May 2014.
- Following this publication, Bouygues shares underperformed the CAC 40, bottoming out at €23.70 on 10 October 2014.
- From that date the share price rallied, such that by 31 December 2014 the shares showed a 9% rise over the full year.

	Number of shares	Dividend paid for the year (€)	Quoted market price (€)			Dividend yield based on closing price (%)
		Net	High	Low	Closing	
2010	365,862,523	1.60	40.56	30.40	32.26	5.0
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

On 24 February 2015, Bouygues shares were trading at €35.46.

6.4.2 Trends in share price and trading volumes

	High (€)	Low (€)	Volume of shares traded	Capital traded (€m)
2013				
July	22.30	19.26	24,149,524	505
August	25.48	21.98	26,300,236	626
September	28.10	23.41	27,588,417	716
October	29.74	26.10	21,271,537	597
November	30.03	27.38	18,429,553	526
December	27.96	25.55	19,624,784	514
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

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 2014 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 (€)
SCDM	In a personal capacity	Other[a]	1	3,808,298	96,007,192.58
	In a personal capacity	Other[c]	1	200,000	6,000,000.00
Martin Bouygues	In a personal capacity	Other[a]	1	20,565	518,443.65
	In a personal capacity	Other[b]	1	200,000	6,000,000.00
Olivier Bouygues	In a personal capacity	Other[a]	1	31	781.51
François Bertière	In a personal capacity	Other[a]	1	2,180	54,957.80
Philippe Bonnave	In a personal capacity	Exercise of options	1	30,389	778,566.18
	In a personal capacity	Sale	1	30,389	998,859.08
	In a personal capacity	Other[a]	1	3,885	97,940.85
Yves Gabriel	In a personal capacity	Exercise of options	2	75,000	1,921,500.00
	In a personal capacity	Sale	4	133,345	4,036,745.50
Pascal Grangé	In a personal capacity	Exercise of options	6	13,800	349,148.00
	In a personal capacity	Sale	5	13,000	396,181.35
Éric Guillemin	In a personal capacity	Other[a]	1	2,180	54,957.80
Jean-François Guillemin	In a personal capacity	Exercise of options	1	15,000	384,300.00
	In a personal capacity	Sale	1	15,000	448,108.50
Hervé Le Bouc	In a personal capacity	Other[a]	1	80	2,016.80
Olivier Roussat	In a personal capacity	Exercise of options	3	70,000	1,793,400.00
	In a personal capacity	Sale	5	70,000	2,026,969.00
Richard Viel-Gouarin	In a personal capacity	Exercise of options	1	30,389	778,566.18
	In a personal capacity	Sale	2	30,389	923,786.70

(a) 2013 dividend paid in shares.
(b) Internal transfer within the SCDM group: sale of Bouygues shares by Martin Bouygues to SCDM.
(c) Internal transfer within the SCDM group: acquisition by SCDM of Bouygues shares held by Martin Bouygues.

6.5 Bouygues (parent company) results for the last five financial years

Item	2014	2013	2012	2011	2010
1. CAPITAL AT YEAR-END					
a) Share capital *(€ million)*	336	319	324	315	366
b) Number of ordinary shares in issue	336,086,458	319,264,996	324,232,374	314,869,079	365,862,523
c) Maximum number of shares to be issued in the future by exercise of stock options	5,402,798	5,098,507			6,192,274
2. OPERATIONS AND RESULTS FOR THE YEAR *(€ million)*					
a) Sales excluding taxes	68	63	68	69	66
b) Earnings before tax, amortisation, depreciation and provisions	351	431	515	692	655
c) Income tax	93	86	139	135	194
d) Employee profit sharing		(1)	(1)	(1)	(1)
e) Earnings after tax, amortisation, depreciation and provisions	414	(118)	664	808	894
f) Distributed earnings	538	511	511	504	570
3. EARNINGS PER SHARE *(€)*					
a) Earnings after tax but before amortisation, depreciation and provisions	1.32	1.62	2.02	2.63	2.32
b) Earnings after tax, amortisation, depreciation and provisions	1.23	(0.37)	2.05	2.57	2.44
c) Gross dividend per share	1.60	1.60	1.60	1.60	1.60
4. PERSONNEL					
a) Average number of employees during the year	168	169	171	184	182
b) Payroll *(€ million)*	30	30	33	31	31
c) Amount paid in respect of benefits (social security, company benefits, etc.) *(€ million)*	13	14	12	14	13

7. FINANCIAL STATEMENTS

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7.1 Consolidated financial statements

7.1.1 Consolidated balance sheet

Assets *(€ million)*	**Note**	**31/12/2014 Net**	**31/12/2013 Net Restated**[a]
Property, plant and equipment	*3.2.1*	6,519	6,246
Intangible assets	*3.2.2*	1,748	1,866
Goodwill	*3.2.3*	5,286	5,245
Investment in joint ventures and associates	*3.2.4*	4,137	3,510
Other non-current financial assets	*3.2.4*	526	572
Deferred tax assets and non-current tax receivable	*7.1*	288	251
NON-CURRENT ASSETS		**18,504**	**17,690**
Inventories, programmes and broadcasting rights	*4.1*	2,998	3,025
Advances and down-payments made on orders	*4.2*	462	473
Trade receivables	*4.3*	6,327	6,157
Tax asset (receivable)	*4.3*	240	196
Other current receivables and prepaid expenses	*4.3*	2,149	1,947
Cash and cash equivalents	*4.4*	4,144	3,546
Financial instruments - hedging of debt	*17.2*	21	14
Other current financial assets	*17.2*	23	16
CURRENT ASSETS		**16,364**	**15,374**
Held-for-sale assets and operations			1,151
TOTAL ASSETS	***16***	**34,868**	**34,215**

Liabilities and shareholders' equity *(€ million)*	**Note**	**31/12/2014**	**31/12/2013 Restated**[a]
Share capital	*5.1*	336	319
Share premium and reserves		6,601	7,572
Translation reserve	*5.3.1*	110	16
Treasury shares			
Consolidated net profit/(loss)		807	(757)
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	***5.2***	**7,854**	**7,150**
Non-controlling interests	*5.2*	1,601	1,519
SHAREHOLDERS' EQUITY	***5.2***	**9,455**	**8,669**
Non-current debt	*8.1*	5,850	6,601
Non-current provisions	*6.1*	2,305	2,173
Deferred tax liabilities and non-current tax liabilities	*7.2*	153	167
NON-CURRENT LIABILITIES		**8,308**	**8,941**
Advances and down-payments received on orders		1,120	1,345
Current debt	*8.1*	1,267	1,006
Current taxes payable		93	120
Trade payables		6,603	6,774
Current provisions	*6.2*	1,073	792
Other current liabilities	*10*	6,649	6,004
Overdrafts and short-term bank borrowings		234	362
Financial instruments - hedging of debt	*17.2*	30	26
Other current financial liabilities	*17.2*	36	10
CURRENT LIABILITIES	***10***	**17,105**	**16,439**
Liabilities related to held-for-sale operations			166
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	***16***	**34,868**	**34,215**
NET SURPLUS CASH/(NET DEBT)	***9/16***	**(3,216)**	**(4,435)**

(a) The financial statements for the year ended 31 December 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11.

7.1.2 Consolidated income statement

(€ million)	Note	Full year 2014	Full year 2013 Restated [a]
SALES [b]	***11/16***	**33,138**	**33,121**
Other revenues from operations		107	96
Purchases used in production		(16,640)	(16,030)
Personnel costs		(7,025)	(7,037)
External charges		(6,673)	(7,017)
Taxes other than income tax		(640)	(638)
Net depreciation and amortisation expense	*16*	(1,427)	(1,403)
Net charges to provisions and impairment losses	*16*	(489)	(511)
Changes in production and property development inventories		(67)	55
Other income from operations [c]		1,304	1,339
Other expenses on operations		(700)	(656)
CURRENT OPERATING PROFIT/(LOSS)	***12/16***	**888**	**1,319**
Other operating income	*12/16*	713	
Other operating expenses	*12/16*	(468)	(91)
OPERATING PROFIT/(LOSS)	***12/16***	**1,133**	**1,228**
Financial income	*13.1*	54	52
Financial expenses	*13.1*	(365)	(356)
COST OF NET DEBT	***13/16***	**(311)**	**(304)**
Other financial income	*13.2*	94	70
Other financial expenses	*13.2*	(84)	(96)
Income tax expense	*14/16*	(188)	(360)
Joint ventures and associates:			
Share of profits/(losses)	*16*	167	217
Net gain on Cofiroute disposal	*16*	253	
Alstom impairment loss	*16*		(1,404)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	***16***	**1,064**	**(649)**
Net profit/(loss) from discontinued and held-for-sale operations			
NET PROFIT/(LOSS)	***16***	**1,064**	**(649)**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	***16***	**807**	**(757)**
Net profit/(loss) attributable to non-controlling interests		257	108
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS *(€)*	***15.2***	**2.41**	**(2.26)**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS *(€)*	***15.2***	**2.39**	**(2.26)**

(a) The financial statements for the year ended 31 December 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11.		
(b) Of which sales generated abroad	*11,867*	*11,035*
(c) Of which reversals of unutilised provisions/impairment losses and other items	*386*	*434*

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7.1.3 Consolidated statement of recognised income and expense

	Full year	
(€ million)	**2014**	**2013 Restated** [a]
NET PROFIT/(LOSS)	**1,064**	**(649)**
Items not reclassifiable to profit or loss		
Actuarial gains/losses on employee benefits	(55)	(14)
Change in remeasurement reserve		
Net tax effect of items not reclassifiable to profit or loss	12	3
Share of non-reclassifiable income and expense of joint ventures and associates [b]	(48)	4
Items reclassifiable to profit or loss		
Change in cumulative translation adjustment of controlled entities	61	(16)
Net change in fair value of financial instruments used for hedging purposes and of other financial assets (including available-for-sale financial assets)	(32)	17
Net tax effect of items reclassifiable to profit or loss	2	
Share of reclassifiable income and expense of joint ventures and associates [b]	38	(42)
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	**(22)**	**(48)**
TOTAL RECOGNISED INCOME AND EXPENSE	**1,042**	**(697)**
Recognised income and expense attributable to the Group	**781**	**(798)**
Recognised income and expense attributable to non-controlling interests	**261**	**101**

(a) The financial statements for the year ended 31 December 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11.
(b) Relates mainly to Alstom (accounted for by the equity method).

7.1.4 Consolidated statement of changes in shareholders' equity

(€ million)	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
RESTATED POSITION AT 31 DECEMBER 2012[a]	**1,303**	**2,902**	**4,543**		**(174)**	**8,574**	**1,489**	**10,063**
Movements during 2013								
Capital and reserves transactions, net	(96)	152	(152)	99	2	5	1	6
Acquisitions/disposals of treasury shares				(99)		(99)		(99)
Acquisitions/disposals without loss of control					(26)	(26)	5	(21)
Dividend paid			(511)			(511)	(80)	(591)
Other transactions with shareholders			6			6		6
Net profit/(loss)			(757)			(757)	108	(649)
Translation adjustment					(78)	(78)	(5)	(83)
Other recognised income and expense					37	37	(2)	35
TOTAL RECOGNISED INCOME AND EXPENSE[c]			**(757)**		**(41)**	**(798)**	**101**	**(697)**
Other transactions (changes in scope of consolidation and other items)			(1)			(1)	3	2
RESTATED POSITION AT 31 DECEMBER 2013[a]	**1,207**	**3,054**	**3,128**		**(239)**	**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[b]	94	5[b]	99
Other recognised income and expense					(120)	(120)	(1)	(121)
TOTAL RECOGNISED INCOME AND EXPENSE[c]			**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**	**4,058**		**(260)**	**7,854**	**1,601[d]**	**9,455**

(a) The financial statements for the years ended 31 December 2012 and 31 December 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11.

(b) Change in translation reserve
Attributable to:

	Group	Non-controlling interests	Total
Controlled entities	*56*	*5*	*61*
Joint ventures and associates	*38*		*38*
Total	***94***	***5***	***99***

(c) See statement of recognised income and expense.
(d) Includes TF1: 1,176.

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7.1.5 Consolidated cash flow statement

(€ million)	Note	Full year 2014	2013 Restated[a]
I - Cash flow from continuing operations			
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES			
Net profit/(loss) from continuing operations		1,064	(649)
Share of profits/(losses) effectively reverting to joint ventures and associates		(120)	1,341
Elimination of dividends (non-consolidated companies)		(16)	(19)
Charges to/(reversals of) depreciation, amortisation, impairment & non-current provisions		1,490	1,443
Gains and losses on asset disposals		(658)	(47)
Miscellaneous non-cash charges		(1)	(13)
Sub-total		**1,759**	**2,056**
Cost of net debt		311	304
Income tax expense		188	360
Cash flow	*16*	**2,258**	**2,720**
Income taxes paid		(319)	(294)
Changes in working capital related to operating activities[b]		8	(180)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES		**1,947**	**2,246**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	*16*	(1,502)	(1,380)
Proceeds from disposals of property, plant and equipment and intangible assets	*16*	140	109
Net liabilities related to property, plant and equipment and intangible assets		(32)	(70)
Purchase price of non-consolidated companies and other investments	*16*	(16)	(7)
Proceeds from disposals of non-consolidated companies and other investments	*16*	16	5
Net liabilities related to non-consolidated companies and other investments		(6)	
Effects of changes in scope of consolidation			
Purchase price of investments in consolidated activities	*16*	(147)	(99)
Proceeds from disposals of investments in consolidated activities	*16*	1,084	14
Net liabilities related to consolidated activities		1	1
Other effects of changes in scope of consolidation (cash of acquired and divested companies)		46	(24)
Other cash flows related to investing activities (changes in loans, dividends received from non-consolidated companies)		101	11
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES		**(315)**	**(1,440)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Capital increases/(reductions) paid by shareholders & non-controlling interests and other transactions between shareholders		21	(72)
Dividends paid			
Dividends paid to shareholders of the parent company		(110)	(511)
Dividends paid to non-controlling interests in consolidated companies		(88)	(79)
Change in current and non-current debt		(517)	(813)
Cost of net debt		(311)	(304)
Other cash flows related to financing activities		(11)	8
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES		**(1,016)**	**(1,771)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS		**110**	**(58)**
CHANGE IN NET CASH POSITION (A + B + C + D)		**726**	**(1,023)**
NET CASH POSITION AT START OF PERIOD	*9*	**3,184**	**4,276**
Net cash flows	*9*	726	(1,023)
Eurosport International presented as a held-for-sale operation in the balance sheet:			
■ Elimination of net cash position at 31 December 2013			(69)
NET CASH POSITION AT END OF PERIOD	*9*	**3,910**	**3,184**
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) The financial statements for the year ended 31 December 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11.
(b) 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 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 2014 have been prepared in accordance with the standards issued by the International Accounting Standards Board (IASB) as endorsed by the European Union and applicable as of 31 December 2014. These standards, collectively referred to as "IFRS", comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and interpretations issued by the IFRS Interpretations Committee, previously the International Financial Reporting Interpretations Committee (IFRIC), which itself was the successor body to the Standing Interpretations Committee (SIC). The Bouygues group has not early adopted as of 31 December 2014 any standard or interpretation not 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 2013.

Note 1 Significant events of the year

1.1 Scope of consolidation as of 31 December 2014

1,082 entities were consolidated as of 31 December 2014, compared with 1,126 as of 31 December 2013. The net reduction of 44 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). It also takes account of the divestment at the end of May 2014 of 17 entities in the Eurosport International business and the first-time consolidation of five companies belonging to Plan Group, acquired in September 2014.

(31 December)	2014	2013
Companies controlled by the Group	775	822
Joint operations	198	202
Joint ventures and associates	109	102
	1,082	**1,126**

1.2 Significant events

1.2.1 Significant events of 2014

The main acquisitions and corporate actions of 2014 are described below, in chronological order:

- 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 Communications 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. TF1 is to retain its 80% interest in Eurosport France at least until 1 January 2015.

  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). These valuations were increased by the amount of net surplus cash held by the entities at the transaction closing date.

  In addition, TF1 retains the possibility of exercising its put option over its residual 49% stake, which could increase the interest held by Discovery Communications to 100%. This 49% stake is recognised in "Investments in joint ventures and associates" as of 31 December 2014, at a carrying amount of €505 million.

  Following the transactions completed in the first half of 2014 (purchase of an additional 31% interest in Eurosport SAS from TF1 by Discovery Communications, and inception of TF1's put option over its residual 49% stake), the total amount of off balance sheet commitments under the agreements with Discovery Communications was €612 million at 31 December 2014, compared with €504 million at 31 December 2013 (see Note 18 to the financial statements).

  For accounting purposes, the assets and liabilities of Eurosport International are presented in the balance sheet as of 31 December 2013 in the line items "Held-for-sale assets and operations" and "Liabilities related to held-for-sale operations", in accordance with the policies described in Note 2.2. However, the results of Eurosport International for the first five months of 2014 are not classified as being from a held-for-sale operation because Eurosport International does 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 is reported in "Other operating income" (see Note 12 to the financial statements).

- 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 from investments in 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).

- To support the proposals announced by Alstom and General Electric, on 22 June 2014 Bouygues signed an agreement 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. This agreement is conditional upon completion of the transactions announced on 21 June 2014 by Alstom, and on payment of an exceptional dividend or on the delivery of shares under a share repurchase tender offer. The underlying principles of this agreement are:
  - during a 20-month period following full completion of the transactions announced on 21 June 2014 by Alstom, 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 customary 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 customary discount;

- with effect from full completion of the transactions announced on 21 June 2014 by Alstom, 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.

Consequently, Bouygues retains significant influence over Alstom via its equity interest, which will continue to be accounted for by the equity method. The promises to sell represent reciprocal off balance sheet commitments.

- On 4 September 2014, Bouygues Energies et Services acquired an 85% equity interest in Plan Group, a company based in Toronto (Canada). Plan Group, which generates annual sales of approximately €242 million (2013 figures), has been fully consolidated since 1 September 2014. Provisional goodwill of €35 million 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, have been recognised in "Other operating expenses" for the year ended 31 December 2014 (see Note 12 to the financial statements).
- On 29 October 2014, Bouygues redeemed the outstanding balance on its October 2004 4.375% bond issue for €758 million.

1.2.2 Reminder of the significant events of 2013

The main acquisitions and corporate actions of 2013 are described below:

- On 7 January 2013, Bouygues repurchased 5,074,906 of its own shares, representing 1.57% of its share capital, for €99 million. On 26 February 2013, the Bouygues Board of Directors decided to cancel those shares.
- Arcep, the French electronic communications and postal services regulator, approved Bouygues Telecom's request to refarm its 1800 MHz frequencies from 1 October 2013 for the roll-out of 4G, on condition that Bouygues Telecom returns part of its frequencies.
- On 29 May 2013, Bouygues redeemed the €709 million outstanding on its May 2006 4.5% bond issue.
- On 3 July 2013, Colas acquired 100% of the shares of Furfari Paving Co Limited (production and application of road surfacing), renamed RoadWorks Ontario, in Canada. This company, which generates annual sales in the region of €80 million, is accounted for by the full consolidation method. The excess of the consideration paid over the book value of the net assets acquired amounted to €62 million, and was provisionally recognised as goodwill. Following completion of the final purchase price allocation, goodwill as of 31 December 2014 amounted to €52 million.
- On 22 July 2013, Bouygues Telecom and SFR announced that they were in exclusive talks with a view to reaching an agreement to share part of their mobile networks. This strategic agreement was signed on 31 January 2014; by optimising the coverage of their shared networks, it will enable each operator to offer their respective customers a better signal both inside and outside buildings, and an enhanced quality of service (see Note 18.2 to the financial statements).
- The ongoing reorganisation and adaptation measures at Bouygues Telecom and Colas had a negative impact of €91 million in the 2013 financial statements (see Note 12 to the financial statements).
- The very substantial revision by analysts of the cash flow projections for Alstom used as the basis for impairment testing, following Alstom's announcement on 21 January 2014 of a downgrade to its free cash flow and operating margin objectives for the 2014/2015 financial year and of a delay in the anticipated recovery, led Bouygues to book an impairment loss of €1,404 million in the 2013 financial statements (see Note 2.7.4.2 to the financial statements).

1.3 Consolidated sales

Consolidated sales for the year ended 31 December 2014 were €33,138 million, virtually unchanged from the 2013 figure of €33,121 million.

1.4 Significant events and changes in scope of consolidation subsequent to 31 December 2014

No event occurred between the end of the reporting period and 24 February 2015 (the date on which the Board of Directors adopted the financial statements and authorised their publication) that would have a material impact on the financial position of the Bouygues group.

Note 2 Accounting policies

2.1 Business areas

The Bouygues group is a diversified industrial group, with operations in more than 80 countries.

The Group's businesses are organised into a number of sectors of activity:

- Construction:
  - Bouygues Construction (building and civil works, energies and services);
  - Bouygues Immobilier (property);
  - Colas (roads).
- Media:
  - TF1 (television);
- Telecoms:
  - Bouygues Telecom (mobile, fixed, TV and internet services).
- The Bouygues group also holds an interest of 29.2% in the Alstom group (Alstom Thermal Power, Alstom Renewable Power, Alstom Transport, Alstom Grid).

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 subsidiaries together with investments in associates, joint ventures and 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 presentation (Recommendation 2013-03) issued on 7 November 2013 by the Conseil National de la Comptabilité – CNC (now called the Autorité des Normes Comptables – ANC), the French national accounting standard-setter.

The consolidated financial statements were adopted by the Board of Directors on 24 February 2015, and will be submitted for approval by the forthcoming Annual General Meeting on 23 April 2015.

The consolidated financial statements for the year ended 31 December 2014 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 2013.

The Bouygues group applied the same standards, interpretations and accounting policies for the year ended 31 December 2014 as were applied in its consolidated financial statements for the year ended 31 December 2013, except for changes required to meet new IFRS requirements applicable from 1 January 2014 (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 2014:
  - **IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosures of Interests in Other Entities", IAS 27 "Separate Financial Statements" (as amended in 2011), IAS 28 "Investments in Associates and Joint Ventures" (as amended in 2011):** these standards were endorsed by the European Union on 29 December 2012 and are mandatorily applicable from 1 January 2014. The principal changes and estimated impacts of these standards are described below.

    IFRS 10 replaces those parts of IAS 27, "Consolidated and Separate Financial Statements" that dealt with consolidated financial statements and SIC 12, "Consolidation – Special Purpose Entities", and redefines the concept of control over an entity.

    IFRS 11 replaces IAS 31, "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers", and describes how joint arrangements should be treated.

    Under this new standard, joint arrangements over which two or more parties exercise joint control are accounted for on the basis of the rights and obligations of each of the parties to the arrangement, taking account of factors such as the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances:
    - Joint ventures, which give the parties rights over the net assets, are accounted for using the equity method, the proportionate consolidation method being no longer permitted.
    - In the case of joint operations, which give each party direct rights over the assets and obligations for the liabilities, the assets and liabilities (income and expenses) of the joint operation are accounted for in accordance with the interests held in the joint operation.

    IFRS 11 applies principally to Bouygues group joint arrangements set up for various property co-promotion programmes; various contracts carried out by construction project companies in the form of *Sociétés en Participation* – SEPs (a form of silent partnership under French law) or other legal forms; and various companies that operate quarries or emulsion plants (see Notes 3.2.5 and 3.2.6 to the financial statements).

    IFRS 12 establishes the disclosure requirements relating to interests held in subsidiaries, joint arrangements, associates, and/or unconsolidated structured entities.

    The main impacts identified arise from the first-time application of IFRS 10, "Consolidated Financial Statements" and IFRS 11, "Joint Arrangements", and more specifically from the fact that the joint ventures in which the Group has an interest are accounted for by the equity method, rather than by the proportionate consolidation method as previously.

    The joint ventures affected by the first-time application of these new standards are mainly those relating to contracting and industrial companies held jointly by Colas and a partner, which have been accounted for by the equity method since 1 January 2014. The impact of the retrospective application of these standards as of 1 January 2013 and for the year ended 31 December 2013 is presented in Note 23 to the consolidated financial statements.

    A number of difficulties relating to the application of IFRS 11 have been referred to the IFRS Interpretations Committee. The Group will take account of any future clarifications in its consolidated financial statements.
  - **IFRIC 21, "Levies"**

    This interpretation was endorsed by the European Union on 13 June 2014, and was not early adopted by the Bouygues group with effect from 1 January 2014. The effects of IFRIC 21, which is mandatorily applicable from 1 January 2015, will not be material as regards consolidated equity. However, they will alter the timing of the recognition of certain levies (such as C3S and IFER) during interim accounting periods. The impact on current operating profit, net profit and EBITDA for the four quarters of 2014 is presented in Note 23 to the consolidated financial statements.
- Other essential standards, amendments and interpretations issued by the IASB and not yet endorsed by the European Union
  - **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 2017.

    The impact of IFRS 15 is currently under review.
  - **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.
- Elective accounting treatments and estimates used in the valuation of certain assets, liabilities, income and expenses

  Preparing consolidated financial statements to comply with IFRS standards and interpretations requires the use of 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.

A discontinued or held-for-sale operation 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 by the full consolidation method.

- Assessment of exclusive control over TF1:

As of 31 December 2014, Bouygues held 43.5% 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.

- Alstom: bouygues exercises significant influence over Alstom, as demonstrated by its 29.2% interest in the capital and its control of two seats on the Board of Directors.

As of 31 December 2014, the investment in Alstom is reported under "Investments in joint ventures and associates" and accounted for by the equity method; it is carried at net acquisition cost (including goodwill) plus any net profit contribution for the period, giving a total carrying amount (net of a €1,404 million impairment loss as of 31 December 2014) of €3,183 million (including €1,106 million of goodwill).

Given the time-lag between the annual reporting dates of Alstom (31 March) and of Bouygues (31 December), no share of Alstom's profits or losses has been recognised by Bouygues for the fourth quarter of 2014 pending publication by Alstom of its annual financial statements. The share of Alstom profits recognised by Bouygues for the year ended 31 December 2014 is €128 million, compared with the €168 million recognised in the year ended 31 December 2013.

Amortisation of fair value remeasurements of Alstom's identifiable intangible assets and other items had a negative impact of €13 million on net profit attributable to the Bouygues group.

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 those 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

With effect from 1 January 2010, business combinations have been accounted for in accordance with the revised IFRS 3 and IAS 27, which use the concept of "obtaining control" in determining the accounting treatment to be applied to acquisitions or disposals of equity interests; depending on the circumstances, the impacts of such acquisitions and disposals are recognised either in profit or loss or in equity.

In a business combination, the fair value of the consideration transferred is allocated to the identifiable assets and liabilities of the acquired entity, which are measured at fair value at the acquisition date and presented in the balance sheet using the full fair value method in accordance with IFRS 3. This method involves remeasuring the acquired assets and liabilities at fair value in full (including non-controlling interests), rather than remeasuring just the percentage interest acquired.

The revised 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 represents the excess of the cost of a business combination over the acquirer's interest in the fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities that can be reliably measured at the acquisition date; non-controlling interests are either measured at fair value or not, depending on the option elected (see above). 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. below, in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

In accordance with the revised IFRS 3, any previously-held equity interest is remeasured at fair value at the date on which control is obtained, with the resulting gain or loss recognised in profit or loss for the period. In the event of loss of control, the retained equity interest is also 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 as income or expenses in the income statement. 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 known applicable national tax rates for the relevant country as of 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:

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 and office applications	Straight line	1 to 8 years
4G licences	Straight line	20 years maximum[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 €228 million) and 2012 (for €683 million) 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 €619.2 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 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 segment's management and presented to the subsidiary's Board of Directors and to the Board of Directors of Bouygues SA, incorporating where relevant the latest estimates of the segment's management for the period beyond the time horizon of the business plan.
  - 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.

Information about impairment testing of goodwill performed as of 31 December 2014

- The recoverable amount of Bouygues Telecom, TF1 and Colas was determined using the method described above, 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;
  - the discount rates (weighted average cost of capital) and growth rates used as of 31 December 2014 were as follows:

	Discount rate		Perpetual growth rate
	Scenario 1 [a]	Scenario 2 [a]	
Bouygues Telecom	5.76%	5.21%	2%
TF1	8.45%	7.54%	2%
Colas	6.60%	5.94%	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:
  - After a transitional year in 2015, with EBITDA flat and an increase in capital expenditure (sharing part of the mobile network with Numericable-SFR and expansion of the fixed network), followed by a return to positive cash flow (EBITDA net of capital expenditure) in 2016, the normative cash flow of Bouygues Telecom was determined on the basis of the following assumptions:
    - growth in the mobile business thanks to rapid expansion in mobile internet uses and a focus on the quality of the customer experience, and growth in the fixed business through opening up very-high-speed broadband access to the widest possible user base;
    - a fully optimised cost structure, with the transformation plan due to have been rolled out in full by end June 2015, unlocking €300 million of savings in 2016 versus end-2013;
    - the expected benefits, from end-2018, of the agreement between Bouygues Telecom and Numericable-SFR to share part of the mobile network, which in the medium term will give customers the best geographical coverage and best service quality while optimising capital expenditure and operating costs.
  - On this basis, Bouygues Telecom's targets for 2017 are:
    - one million new mobile customers and one million new fixed customers;
    - over 2/3 of customers on the directly-owned fixed network;
    - network sharing 75% operational;
    - established market leadership position in mobile data usage.
- Assumptions used in the TF1 business plan:
  - impact of macro-economic factors on advertising spend in the current highly disturbed environment;
  - retention of market leadership position in freeview television by:
    - exploiting editorial and commercial synergies between the freeview channels;
    - using digital offers to follow customer behaviour patterns;
  - beneficial effects on the business model of the optimisation plans implemented since 2007;
  - normative cost of major sporting events based on the average annual spend in recent years.

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.

Information about impairment testing as of 31 December 2014

The investment in Alstom was tested for impairment as of 31 December 2014 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 were based on forecasts prepared by a panel of financial analysts.

The discount rate (weighted average cost of capital) and growth rate used for Alstom as of 31 December 2014 were as follows:

	Discount rate		Perpetual growth rate
	Scenario 1 [a]	Scenario 2 [a]	
Alstom	8.26%	7.37%	2%

(a) Depending on the capital structure: 1/3 debt – 2/3 equity (scenario 1); 2/3 debt – 1/3 equity (scenario 2).

2.7.4.3 CONSOLIDATED CARRYING AMOUNT OF LISTED SHARES

Note 3.2.3.2 to the financial statements includes a table showing the consolidated carrying amount of listed shares held by Bouygues (TF1, Alstom, Colas) relative to the closing quoted share price as of 31 December 2014.

2.7.4.4 CONCLUSION ON IMPAIRMENT TESTING

For all the CGUs tested and for the investment in Alstom, the recoverable amounts determined under both capital structure scenarios are greater than the carrying amount of the assets.

2.7.4.5 SENSITIVITY ANALYSIS

An analysis was performed for the Bouygues Telecom, TF1 and Colas CGUs, and for the investment in Alstom, 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, and for the investment in Alstom, 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	+78 bp	+133 bp	-19%	-31%
TF1	+26 bp	+117 bp	-4%	-20%
Colas	+784 bp	+850 bp	-70%	-75%
Alstom	+6 bp	+95 bp	-1%	-17%

(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 €220 million lower than the carrying amount under scenario 1, and €800 million greater than the carrying amount under scenario 2. If the perpetual growth rate applied to the normative cash flows were to be halved and all other assumptions described in Note 2.7.4.1 were unchanged, the recoverable amount would be lower than the carrying amount by €180 million under scenario 1 and greater than the carrying amount by €730 million under scenario 2.

For Alstom, 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 lower than the carrying amount by €200 million under scenario 1 and equal to the carrying amount under scenario 2.

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 for details).

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 (TF1)

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 under "Programmes and broadcasting rights" 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 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 and prepaid expenses

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 the subsidiaries responsible for segments 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 and private pension funds and insurance companies (defined-contribution plans). There are however some remaining defined-benefit plans still in existence, mainly in the Colas group (United Kingdom, Ireland and Canada); 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 relating 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 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 2014 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 2013.

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)	2014	2013 restated
Property, plant and equipment	1,411	1,220
Intangible assets	91	160
Capital expenditure	**1,502**	**1,380**
Acquisitions of non-current financial assets (investments in consolidated and non-consolidated companies and other long-term investments)	163	106
Acquisitions of non-current assets	**1,665**	**1,486**
Disposals of non-current assets	(1,240) [a]	(128)
Acquisitions of non-current assets, net of disposals	**425**	**1,358**

(a) Disposals include the sale of Cofiroute by Colas (€770m, net) and the sale 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 2012 RESTATED	**2,078**	**11,288**	**2,794**	**353**	**16,513**
Movements during 2013					
Translation adjustments	(30)	(116)	(29)	(2)	(177)
Changes in scope of consolidation	7	(20)	(22)	(1)	(36)
Acquisitions during the period	50	793	230	147	1,220
Disposals, transfers & other movements	22	(635)	(196)	(192)	(1,001)
31 DECEMBER 2013 RESTATED	**2,127**	**11,310**	**2,777**	**305**	**16,519**
of which finance leases	14	96	23		133
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
Depreciation and impairment					
31 DECEMBER 2012 RESTATED	**(687)**	**(7,538)**	**(1,915)**		**(10,140)**
Movements during 2013					
Translation adjustments	8	72	21		101
Changes in scope of consolidation	3	26	15		44
Net expense for the period	(79)	(821)	(300)		(1,200)
Disposals, transfers & other movements	27	685	210		922
31 DECEMBER 2013 RESTATED	**(728)**	**(7,576)**	**(1,969)**		**(10,273)**
of which finance leases	(8)	(56)	(19)		(83)
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)
Carrying amount					
31 DECEMBER 2013 RESTATED	**1,399**	**3,734**	**808**	**305**	**6,246**
of which finance leases	6	40	4		50
31 DECEMBER 2014	**1,464**	**3,803**	**799**	**453**	**6,519**
of which finance leases	6	39	3		48

OPERATING COMMITMENTS NOT YET RECOGNISED INVOLVING FUTURE OUTFLOWS OF RESOURCES

	Falling due				
Property, plant and equipment *(€ million)*	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total 2014**	**Total 2013 restated**
Colas: orders in progress for plant and equipment	31			31	35
Bouygues Telecom: orders in progress for network equipment assets	301			301	215
TOTAL	**332**			**332**	**250**

3.2.2 Intangible assets

(€ million)	Development expenses[a]	Concessions, patents and similar rights	Other intangible assets	Total
Gross value				
31 DECEMBER 2012 RESTATED	**238**	**1,417**	**2,386**	**4,041**
Movements during 2013				
Translation adjustments		(3)	(3)	(6)
Changes in scope of consolidation		(15)	(9)	(24)
Acquisitions during the period	18	64	78	160
Disposals, transfers & other movements	(82)	1,045	(1,020)	(57)
31 DECEMBER 2013 RESTATED	**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**
Amortisation and impairment				
31 DECEMBER 2012 RESTATED	**(194)**	**(762)**	**(1,211)**	**(2,167)**
Movements during 2013				
Translation adjustments		2	1	3
Changes in scope of consolidation		1	15	16
Net expense for the period	(20)	(126)	(57)	(203)
Disposals, transfers & other movements	82	9	12	103
31 DECEMBER 2013 RESTATED	**(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)**
Carrying amount				
31 DECEMBER 2013 RESTATED	**42**	**1,632**	**192**	**1,866**
31 DECEMBER 2014	**39**	**1,517**[b]	**192**	**1,748**

(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 €66m in 2014 and €73m in 2013.*

(b) Includes Bouygues Telecom's UMTS licence (carrying amount €285m) and 4G frequency user licence (€943m).

OPERATING COMMITMENTS NOT YET RECOGNISED INVOLVING FUTURE OUTFLOWS OF RESOURCES

The carrying amount of other intangible assets as of 31 December 2014 includes €47 million for audiovisual rights recognised by TF1.

The table below shows the maturities of audiovisual rights acquisition contracts entered into for the purpose of securing future programming schedules.

Intangible assets *(€ million)*	Falling due: Less than 1 year	1 to 5 years	More than 5 years	Total 2014	Total 2013 restated
Audiovisual rights	14	1		15	20
TOTAL	**14**	**1**		**15**	**20**

3.2.3 Goodwill

(€ million)	Gross value	Impairment	Carrying amount
31 DECEMBER 2012 RESTATED	**5,682**	**(70)**	**5,612**
Movements during 2013			
Changes in scope of consolidation	(322) [a]		(322)
Impairment losses charged during the period		(13)	(13)
Translation adjustments & other movements	(34)	2	(32)
31 DECEMBER 2013 RESTATED	**5,326**	**(81)**	**5,245**
Movements during 2014			
Changes in scope of consolidation	30	5	35
Impairment losses charged during the period		(7)	(7)
Translation adjustments & other movements	11	2	13
31 DECEMBER 2014	**5,367**	**(81)**	**5,286**

(a) Includes (€407m) for Eurosport International, classified as a held-for-sale asset as of 31 December 2013, and €62m for Furfari Paving Co Ltd.

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 December 2014		31 December 2013 restated	
	Total	% Bouygues or subsidiaries	Total	% Bouygues or subsidiaries
Bouygues Construction [a]	459	99.97	414	99.97
Colas [b]	1,137	96.60	1,140	96.60
TF1 [b]	1,042	43.47	1,042	43.52
Bouygues Telecom [b]	2,648	90.53	2,648	90.53
Other activities			1	
TOTAL	**5,286**		**5,245**	

(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.

3.2.3.2 CONSOLIDATED CARRYING AMOUNT OF LISTED SHARES AS OF 31 DECEMBER 2014

(€)	Consolidated carrying amount per share	Closing quoted share price on 31 December 2014
TF1	15.55	12.72 [a]
Colas	108.28	132.50
Alstom	35.15	26.86

(a) €14.63 after adjustment to reflect a control premium.

For conclusions on impairment testing, see Note 2.7.4.

3.2.4 Non-current financial assets

As of 31 December 2014, these comprised:

- investments in joint ventures and associates (accounted for by the equity method): €4,137 million;
- other non-current financial assets (loans, receivables, investments in non-consolidated companies, etc.): €526 million;
- deferred tax assets: €288 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 [c]
31 DECEMBER 2012 RESTATED	**5,478**	**329**	**522**	**6,329**	**(287)**	**6,042**	**272**
Movements during 2013							
Changes in scope of consolidation	49	(9)	(16)	24	(42)	(18)	(6)
Acquisitions and other increases	226	6	123	355		355	
Amortisation and impairment, net					(1,408)	(1,408)	
Disposals and other reductions	(234)	(14)	(101)	(349)		(349)	(4)
Transfers and other allocations	(567) [b]	2	12	(553)	13	(540)	(11)
31 DECEMBER 2013 RESTATED	**4,952**	**314**	**540**	**5,806**	**(1,724)**	**4,082**	**251**
AMORTISATION AND IMPAIRMENT	**(1,442)**	**(167)**	**(115)**	**(1,724)**			
CARRYING AMOUNT	**3,510**	**147**	**425**	**4,082**			**251**

Amortisation and impairment as of 31 December 2013 mainly comprised the €1,404 million impairment loss taken against Alstom.

(€ 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 [c]
31 DECEMBER 2013 RESTATED	**4,952**	**314**	**540**	**5,806**	**(1,724)**	**4,082**	**251**
Movements during 2014							
Changes in scope of consolidation	486 [d]	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 AND IMPAIRMENT	**(1,431)**	**(167)**	**(100)**	**(1,698)**			
CARRYING AMOUNT	**4,137**	**155**	**371**	**4,663**			**288**

(a) Includes goodwill on associates of €1,478m as of 31 December 2014.
(b) Includes (€490m) for Cofiroute, classified as a held-for-sale asset as of 31 December 2013.
(c) See Note 7.
(d) Includes €490m for the 49% retained interest in Eurosport International, recognised in "Investments in joint ventures and associates" since 30 May 2014.

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 2012 RESTATED	**2,499**	**218**	**2,745**	**5,462**
Movements during 2013				
Translation adjustments	(71)		(1)	(72)
Acquisitions and share issues	9		2	11
Profit/(loss) for the period		217		217
Impairment losses charged during the period			(1,404) [a]	(1,404)
Appropriation of prior-year profit, disposals, transfers and other movements	(386) [b]	(218)	(100)	(704)
31 DECEMBER 2013 RESTATED	**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 [c]		169
Impairment losses charged during the period			(2)	(2)
Appropriation of prior-year profit, disposals, transfers and other movements	392	(217)	236	411 [d]
31 DECEMBER 2014	**2,490**	**169**	**1,478**	**4,137** [e]

(a) Alstom: an impairment loss of €1,404m was recognised in the 2013 financial statements.
(b) Includes (€490m) for Cofiroute, classified as a held-for-sale asset.
(c) Includes €115m for the share of profits from Alstom.
(d) Includes €490m for Eurosport International.
(e) Includes €3,183m for Alstom (see below).

A list of joint ventures and associates in which the Bouygues group holds an interest is provided in Note 24, "List of principal consolidated companies at 31 December 2014".

3.2.5.1 JOINT VENTURES

(€ million)	31/12/2013 restated	Net movement in 2014	31 December 2014	of which: share of profit/(loss) for period
Miscellaneous investments	148		148	9
TOTAL	**148**		**148**	**9**

3.2.5.2 INVESTMENTS IN ASSOCIATES

Principal associates

(€ million)	31/12/2013 restated	Net movement in 2014	31/12/2014	of which: share of profit/(loss) for period
Alstom	3,079	104	3,183 [a]	115 [b]
Bouygues Construction:				
Concession companies	60	1	61	8
Miscellaneous associates	8	1	9	
Colas:				
Miscellaneous associates	100	22	122	17
TF1:				
Eurosport International group		505	505	15
Miscellaneous associates	82	(6)	76	
Other associates	33		33	3
TOTAL	**3,362**	**627**	**3,989**	**158**

(a) Includes goodwill: €1,106m.
(b) Alstom group contribution in 2014: share of profits €128m, less amortisation charged against fair value remeasurements (€13m).

Summary information about the assets, liabilities, income and expenses of the Bouygues group's two principal associates is provided below:

Amounts shown are for 100% of the associate *(€ million)*	Alstom	
	30/09/2014 [a]	31/03/2014 [a]
Non-current assets	3,421	13,152
Current assets	7,322	16,808
Held-for-sale assets	22,474	293
TOTAL ASSETS	**33,217**	**30,253**
Shareholders' equity	5,449	5,109
Non-current liabilities	4,793	6,818
Current liabilities	7,421	18,326
Liabilities related to held-for-sale assets	15,554	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**33,217**	**30,253**
Sales	**3,056**	**5,726**
Current operating profit/(loss)	**152**	**268**
Net profit/(loss)	**263**	**566**
Net profit/(loss) attributable to the Group	**255**	**556**

(a) Interim financial statements published by Alstom (financial year-end 31 March 2015).

Amounts shown are for 100% of the associate *(€ million)*	Eurosport International group
	31 December 2014
Non-current assets	368
Current assets	316
TOTAL ASSETS	**684**
Shareholders' equity	546
Non-current liabilities	6
Current liabilities	132
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**684**
Sales	**430**
Current operating profit/(loss)	**67**
Net profit/(loss)	**42**
Net profit/(loss) attributable to the Group	**42**

Reconciliation of information about the principal associates to the carrying amount of the interest held by the Bouygues group:

Alstom *(€ million)*	31/12/2014	31/12/2013
ALSTOM: SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP AS PUBLISHED	**5,379**	**4,963**
SHARE ATTRIBUTABLE TO BOUYGUES (29.24% AS OF 31 DECEMBER 2014)	**1,573**	**1,456**
Fair value remeasurements and goodwill recognised at Bouygues group level	1,610	1,623
NET ASSETS RECOGNISED IN THE BOUYGUES CONSOLIDATED FINANCIAL STATEMENTS	**3,183**	**3,079**

Given the time-lag in publication, the amounts reported as of 31 December 2014 are based on the figures published by Alstom as of 30 September 2014 (see Note 2.3.3).

Eurosport International group *(€ million)*	31/12/2014
EUROSPORT INTERNATIONAL GROUP: SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	**546**
SHARE ATTRIBUTABLE TO BOUYGUES (49%)	**268**
Provisional goodwill	237
NET ASSETS RECOGNISED IN THE BOUYGUES CONSOLIDATED FINANCIAL STATEMENTS	**505**

3.2.6 Investments in non-consolidated companies and other non-current financial assets

PRINCIPAL INVESTMENTS IN NON-CONSOLIDATED COMPANIES AS OF 31 DECEMBER 2014

	31/12/2014								31/12/2013 restated
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 companies [a]	25	(7)	18						12
TF1									
Sylver	4		4	49.0%					4
Sofica Valor 7	10		10	59.0%					7
Serendipity									
Wonderbox									6
SUB-TOTAL	**39**	**(7)**	**32**						**29**
Foreign companies									
Bouygues Construction									
IEC Investments (Hong Kong)	58		58	15.0%	115	22	34	(11)	51
VSL Corporation (United States)	22	(22)		100.0%					
TF1									
Teads	4		4	7.2%					4
A1-international (Netherlands)	13	(13)		50.0%					
Colas									
Asphalt & binder companies [a]	2	(1)	1						2
SUB-TOTAL	**99**	**(36)**	**63**						**57**
Other investments [a]	184	(124)	60						61
TOTAL	**322**	**(167)**	**155**						**147**

(a) The information provided for "Asphalt & binder 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	**371**	
Advances to non-consolidated companies	79	
Loans receivable	145	
Other long-term investments:	147	
- Deposits and caution money paid (net)		123
- Mutual funds		8
- Other investments with carrying amounts of less than €2m individually		16

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 2013 RESTATED	**170**		**60**	**342**	**572**
Movements during 2014	8	7	17	(78)	(46)
31 DECEMBER 2014	**178**	**7**	**77**	**264 [c]**	**526**
Due within less than 1 year	6			20	26
Due within 1 to 5 years				69	69
Due after more than 5 years	172	7	77	175	431

(a) Impact of fair value remeasurements recognised in equity (except in the event of a significant and prolonged decline in value, in which case an impairment loss is recognised in profit or loss). Mainly relates to investments in non-consolidated companies (€155m at 31 December 2014), 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	31/12/2014
Available-for-sale financial assets		6	172	178
Held-to-maturity assets		77		77
Other financial assets at fair value through profit or loss			7	7
Cash and cash equivalents	3,910			3,910
Financial instruments, net	(22)			(22)

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 24, "List of principal consolidated companies at 31 December 2014".

The contribution from joint operations in 2014 was as follows:

- Sales: €1,741 million, including €698 million for *Sociétés En Participation* (SEPs) and similar entities in France and €89 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 €51 million, including an €18 million profit for SEPs and similar entities in France and a €3 million profit for SCIs and SCCVs.

Aggregate amounts of assets/liabilities and key income statement indicators are shown below:

Bouygues share *(€ million)*	31/12/2014	31 December 2013 restated
Non-current assets	73	113
Current assets	1,177	959
TOTAL ASSETS	**1,250**	**1,072**
Shareholders' equity	(269)	(166)
Non-current liabilities	103	116
Current liabilities	1,416	1,122
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,250**	**1,072**
SALES	**1,741**	**1,606**
OPERATING PROFIT/(LOSS)	**(51)**	**57**
NET PROFIT/(LOSS)	**(53)**	**53**

Note 4 Current assets

4.1 Inventories

	31 December 2014			31 December 2013 restated		
(€ million)	Gross value	Impairment[a]	Carrying amount	Gross value	Impairment[a]	Carrying amount
Property development inventories	1,477	(127)	1,350[b]	1,545	(124)	1,421
Raw materials and finished goods	1,023	(53)	970	984	(43)	941
Programmes and broadcasting rights (TF1)	799	(121)	678	790	(127)	663
TOTAL	**3,299**	**(301)**	**2,998**	**3,319**	**(294)**	**3,025**

(a) Includes:

	2014	2013 restated
- impairment losses charged in the period	(130)	(124)
- impairment losses reversed in the period	125	131

(b) Includes Bouygues Immobilier: properties under construction €1,080m, completed properties €97m.

Operating commitments not yet recognised involving future outflows of resources

	Falling due				
(€ million)	Less than 1 year	1 to 5 years	More than 5 years	Total 2014	Total 2013 restated
TF1					
Programmes and broadcasting rights[a]	505	652	15	1,172	1,285
Sports transmission rights[a]	78	113		191	702[b]
FUTURE PROGRAMMING SCHEDULES	**583**	**765**	**15**	**1,363**	**1,987**
Comparative at 31 December 2013	845	1,008	134	1,987	

(a) 2014: contracts expressed in foreign currencies: €156m in US dollars.
(b) 2013: includes €408m for held-for-sale operations (of which €92m was due within less than 1 year and €65m after more than 5 years).

In 2014, programmes and broadcasting rights were held mainly by TF1 SA (€262 million, versus €352 million in 2013) and GIE AD (€829 million, versus €819 million in 2013).

Sports transmission rights commitments related mainly to TF1 SA and TF1 DS (€134 million in 2014, €275 million in 2013).

	Falling due				
Bouygues Immobilier	Less than 1 year	1 to 5 years	More than 5 years	Total 2014	Total 2013 restated
RECIPROCAL OFF BALANCE SHEET COMMITMENTS RELATING TO ACQUISITION OF LAND BANKS	**390**			**390**	**216**
Comparative at 31 December 2013	216			216	
Bouygues Telecom					
AGREEMENTS TO SECURE HANDSET SUPPLIES	**356**			**356**	**227**
Comparative at 31 December 2013	227			227	

4.2 Advances and down-payments made on orders

	31 December 2014			31 December 2013 restated		
(€ million)	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Advances and down-payments made on orders	477	(15)	462	499	(26)	473

4.3 Trade receivables, tax assets and other current receivables

(€ million)	31 December 2014 Gross value	Impairment	Carrying amount	31 December 2013 restated Gross value	Impairment	Carrying amount
Trade receivables (including unbilled receivables)	6,963	(636)	6,327	6,787	(630)	6,157
Current tax assets (tax receivable)	242	(2)	240	198	(2)	196
Other receivables and prepaid expenses						
■ Other operating receivables (employees, social security, government and other)	1,246	(10)	1,236	1,230	(93)	1,137
■ Sundry receivables	917	(170)	747	725	(89)	636
■ Prepaid expenses	166		166	174		174
TOTAL OTHER CURRENT RECEIVABLES	**2,329**	**(180)**	**2,149**	**2,129**	**(182)**	**1,947**
TOTAL	**9,534**	**(818)**	**8,716**	**9,114**	**(814)**	**8,300**

SPLIT OF CARRYING AMOUNT OF TRADE RECEIVABLES BETWEEN NON PAST DUE AND PAST DUE BALANCES AS OF 31 DECEMBER 2014 AND 31 DECEMBER 2013 RESTATED

(€ million)	Non past due	Past due by: 0-6 months	6-12 months	> 12 months	Total
Trade receivables	4,979	1,277	227	480	6,963
Impairment of trade receivables	(218)	(54)	(54)	(310)	(636)
CARRYING AMOUNT OF TRADE RECEIVABLES: 31 DECEMBER 2014	**4,761**	**1,223**	**173**	**170** [a]	**6,327**
CARRYING AMOUNT OF TRADE RECEIVABLES: 31 DECEMBER 2013 RESTATED	**4,550**	**1,207**	**205**	**195**	**6,157**

(a) Includes €62m for Colas and €83m for Bouygues Construction.

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 2014 Gross value	Impairment	Carrying amount	31 December 2013 restated Gross value	Impairment	Carrying amount
Cash	2,016		2,016 [a]	1,409		1,409
Cash equivalents	2,128		2,128 [b]	2,139	(2)	2,137
TOTAL	**4,144**		**4,144**	**3,548**	**(2)**	**3,546**

(a) Includes €351m of term deposits with maturities of less than 3 months recorded in the books of Bouygues SA.
(b) €1,939m 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 2014.

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 31/12/2014	Total 31/12/2013 restated
Cash	1,216	168	18	36	116	462	2,016	1,409
Cash equivalents	2,103			5		20	2,128	2,137
Overdrafts and short-term bank borrowings	(80)	(6)	(2)	(11)		(135)	(234)	(362)
TOTAL 31 DECEMBER 2014	**3,239**	**162**	**16**	**30**	**116**	**347**	**3,910**	**3,184**
TOTAL 31 DECEMBER 2013 RESTATED	**2,568**	**174**	**23**	**64**	**98**	**257**	**3,184**	

4.5 Analysis of depreciation, amortisation, impairment and provisions in the balance sheet and income statement

			Charges and reversals through current operating profit					
(€ million)	31/12/2013 restated	Translation adjustments	Depreciation, amortisation	Impairment losses, provisions	Reversals (unutilised)	Other impairment losses & provisions	Other move-ments[a]	31/12/2014
Depreciation, amortisation & impairment of PP&E and intangible assets	(12,521)	(135)	(1,421)	(25)			691	(13,411)
Impairment of goodwill	(81)		(6)				6	(81)
Impairment of investments in non-consolidated companies	(167)	(1)				(3)	3	(168)
Impairment of other non-current financial assets	(1,557)[b]	(1)		2		16	9	(1,531)
Impairment of inventories	(294)	(1)		(19)	14		(1)	(301)
Impairment of trade receivables	(630)	(8)		(52)	60		(6)	(636)
Impairment of cash equivalents	(2)					1		(1)
Impairment of other current assets	(210)			12	4	(4)	3	(195)
TOTAL ASSETS	**(15,462)**	**(146)**	**(1,427)**	**(82)**	**78**	**10**	**705**	**(16,324)**
Current and non-current provisions	(2,965)	(35)		(407)	308	(207)	(72)	(3,378)
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**(2,965)**	**(35)**		**(407)**	**308**	**(207)**	**(72)**	**(3,378)**

(a) Reversals on disposals, and changes in scope of consolidation.
(b) Includes the impairment loss of €1,404m charged against the net assets of Alstom.

4.6 Other current financial assets

(€ million)	31/12/2014	31/12/2013 restated
Financial instruments used to hedge debt	21	14
Other financial assets (financial receivables due within less than 1 year, financial instruments relating to working capital items, etc.)	23	16
TOTAL	**44**	**30**

Note 5 Consolidated shareholders' equity

5.1 Share capital of Bouygues SA (€)

As of 31 December 2014, the share capital of Bouygues SA consisted of 336,086,458 shares with a €1 par value. Movements during 2014 were as follows:

		Movements during 2014		
	31/12/2013	Reductions	Increases	31/12/2014
Shares	319,264,996		16,821,462 [a]	336,086,458
NUMBER OF SHARES	**319,264,996**		**16,821,462**	**336,086,458**
Par value	€1			€1
SHARE CAPITAL (€)	**319,264,996**		**16,821,462**	**336,086,458**

(a) Movements in the number of shares in the period:
- *912,549 new shares issued on exercise of stock options.*
- *15,908,913 new shares issued for dividends taken in the form of shares.*

5.2 Shareholders' equity at 31 December 2014 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 2014
Attributable to the Group	336	1,295	808	1,617	4,058	(260)	7,854
Attributable to non-controlling interests					1,596	5	1,601
TOTAL SHAREHOLDERS' EQUITY	**336**	**1,295**	**808**	**1,617**	**5,654**	**(255)** [a]	**9,455**

(a) Cumulative balance of items recognised directly in equity as of 31 December 2014.

5.3 Analysis of income and expense recognised directly in equity

(€ million)	Ref.	2014 Attributable to the Group	2013 restated Attributable to the Group
Translation reserve	*5.3.1*	56	(11)
Fair value remeasurement reserve (financial instruments)	*5.3.2*	(36)	20
Actuarial gains/(losses)	*5.3.3*	(50)	(12)
Tax on items recognised directly in equity		14	
Share of remeasurements of joint ventures and associates		(10)	(38)
ATTRIBUTABLE TO THE GROUP		**(26)**	**(41)**
		Non-controlling interests	**Non-controlling interests**
Other expenses and income attributable to non-controlling interests		4	(7)
TOTAL		**(22)**	**(48)**

5.3.1 Translation reserve

Principal translation adjustments in the year ended 31 December 2014 arising on the consolidated financial statements of foreign subsidiaries, joint ventures and associates reporting in the following currencies:

	31 December 2013 restated	Movements during 2014	31 December 2014
US dollar	(25)	42	17
Canadian dollar		13	13
Australian dollar	(1)	2	1
Pound sterling	(6)	3	(3)
Thai baht	1	6	7
South African rand	64	(9)	55
Swiss franc	7	2	9
Czech koruna	3		3
Croatian kuna	3		3
Polish zloty	4	(1)	3
Other currencies	(34)	36	2
TOTAL	**16**	**94** [a]	**110** [b]

(a) Split: subsidiaries €56m, joint ventures and associates €38m.
(b) Includes cumulative translation adjustments on associates: €1m.

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 2013 restated	Movements during 2014	31 December 2014
Gross movement (fully consolidated entities)	9	(36)	(27)

It 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 (IAS 19) (attributable to the Group)

(€ million)	31 December 2013 restated	Movements during 2014	31 December 2014
Gross movement (fully consolidated entities)	(63)	(50) [a]	(113)

(a) Mainly the impact of the fall in the Iboxx A10+ rate (2.01% at 31 December 2014, versus 3.24% at 31 December 2013) and movements in pension funds of subsidiaries in English-speaking countries.

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 2014	31 December 2013 restated	(charged to profit or loss)
TF1 and Bouygues SA stock options			
Transfer to reserves:			
TF1	1	1	
Bouygues SA	4	5	2014 expense calculated on basis of plans awarded since June 2010
TOTAL	**5**	**6**	

5.5 Analysis of “Acquisitions/disposals without loss of control” and “Other transactions”

The negative movement of €87 million reported under “Acquisitions/disposals without loss of control” and “Other transactions” (positive movement of €4 million attributable to the Group, negative movement of €91 million attributable to non-controlling interests) relates mainly to the deconsolidation, effective 30 May 2014, of the 20% interest held by Discovery Communications in the Eurosport International group. This deconsolidation reflects the fact that following the acquisition of an additional 31% interest (see Note 1.2.1, “Significant events of 2014”), Discovery Communications has exercised control over the Eurosport International group since that date.

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 2012 RESTATED	**627**	**337**	**389**	**817**	**2,170**
Movements during 2013 restated					
Translation adjustments	(3)		(2)	(6)	(11)
Changes in scope of consolidation	(1)	2	(3)	(1)	(3)
Charges to provisions	39	101	111	180	431
Reversals of provisions (utilised or unutilised)	(27)	(116)	(109)	(171)	(423) [e]
Actuarial gains and losses	12				12
Transfers and other movements		7	(6)	(4)	(3)
31 DECEMBER 2013 RESTATED	**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) [f]
Actuarial gains and losses	55				55
Transfers and other movements	2	(1)		26	27
31 DECEMBER 2014	**719**	**325**	**379**	**882**	**2,305**

Provisions are measured on the basis of management’s best estimate of the risk.

(a) Long-term employee benefits (see Note 19.1)	***719***	***Principal segments involved:***	
Lump-sum retirement benefits	*483*	*Bouygues Construction*	*199*
Long service awards	*147*	*Colas*	*394*
Other long-term employee benefits	*89*	*TF1*	*35*
		Bouygues Telecom	*50*
(b) Litigation and claims	***325***	*Bouygues Construction*	*169*
Provisions for customer disputes	*153*	*Bouygues Immobilier*	*36*
Subcontractor claims	*33*	*Colas*	*88*
Employee-related and other litigation and claims	*139*		
(c) Guarantees given	***379***	*Bouygues Construction*	*292*
Provisions for guarantees given	*294*	*Bouygues Immobilier*	*35*
Provisions for additional building/civil engineering/civil works guarantees	*85*	*Colas*	*52*
(d) Other non-current provisions	***882***	*Bouygues Construction*	*201*
Provisions for risks related to official inspections	*242*	*Colas*	*307*
Provisions for miscellaneous foreign risks	*82*	*Bouygues Telecom*	*289*
Provisions for subsidiaries and affiliates	*48*		
Dismantling and site rehabilitation	*273*		
Other non-current provisions	*237*		
(e) Including reversals of unutilised provisions in 2013	***(180)***		
(f) Including reversals of unutilised provisions in 2014	***(192)***		

6.2 Current provisions

Provisions related to the operating cycle (see Note 2):

(€ 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 2012 RESTATED	**56**	**292**	**176**	**278**	**802**
Movements during 2013 restated					
Translation adjustments	(1)	(5)	(11)	(10)	(27)
Changes in scope of consolidation	3			(5)	(2)
Charges to provisions	26	176	102	93	397
Reversals of provisions (utilised or unutilised)	(29)	(141)	(92)	(112)	(374)[d]
Transfers and other movements		8	(1)	(11)	(4)
31 DECEMBER 2013 RESTATED	**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)[e]
Transfers and other movements		(7)	8	4	5
31 DECEMBER 2014	**57**	**398**	**271**	**347**	**1,073**

(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:	***347***	***Principal segments involved:***	
Reinsurance costs	*10*	*Bouygues Construction*	*89*
Restructuring provisions	*48*	*Bouygues Immobilier.*	*32*
Customer loyalty programmes (Bouygues Telecom)	*3*	*Colas*	*90*
Site rehabilitation (current portion)	*8*	*Bouygues Telecom*	*78*
Miscellaneous current provisions	*278*	*TF1*	*33*
(d) Of which reversals of unutilised provisions in 2013	*(139)*		
(e) Of which reversals of unutilised provisions in 2014	*(150)*		

Note 7 Deferred tax assets and liabilities

7.1 Deferred tax assets

(€ million)	31 December 2013 restated	Movements during 2014	31 December 2014
Deferred tax assets			
Bouygues Construction	85	11	96
Bouygues Immobilier	25	6	31
Colas	150	4	154
TF1			
Bouygues Telecom			
Bouygues SA & other	(9)	16	7
TOTAL	**251**	**37**	**288**

Deferred tax assets mainly derive from:
- *temporary differences (provisions temporarily non-deductible for tax purposes, etc.);*
- *tax losses with a genuine probability of recovery.*

7.2 Deferred tax liabilities

(€ million)	31 December 2013 restated	Movements during 2014	31 December 2014
Deferred tax liabilities			
Bouygues Construction	4	4	8
Bouygues Immobilier	2	(1)	1
Colas	87	1	88
TF1	9	23	32
Bouygues Telecom	61	(39)	22
Bouygues SA & other	4	(2)	2
TOTAL	**167**	**(14)**	**153**

7.3 Net deferred tax asset/liability by business segment

Deferred taxation by segment/type (€ million)	Net deferred tax asset/ (liability) at 31/12/2013 restated	Changes in scope of consolidation	Translation adjustments	Movements during 2014		Other items[a]	Net deferred tax asset/(liability) at 31/12/2014
				Gain	Expense		
A – Tax losses							
Bouygues Construction	3				(1)		2
Bouygues Immobilier							
Colas	8			1			9
TF1	1						1
SUB-TOTAL	**12**			**1**	**(1)**		**12**
B – Temporary differences							
Bouygues Construction	78	(1)		6		3	86
Bouygues Immobilier	23			6		1	30
Colas	55		(4)	19	(13)		57
TF1	(10)	13		4	(40)		(33)
Bouygues Telecom	(61)			38	(1)	2	(22)
Bouygues SA & other	(13)			13		5	5
SUB-TOTAL	**72**	**12**	**(4)**	**86**	**(54)**	**11**	**123**
TOTAL	**84**	**12**	**(4)**	**87**	**(55)**	**11**	**135[b]**

(a) Mainly deferred taxation on fair value remeasurements of financial instruments and on actuarial gains/losses on employee benefits.

(b) Breakdown of net deferred tax asset:

- deferred tax assets:	*288*
- deferred tax liabilities:	*(153)*
	135

Principal sources of deferred taxation (€m):	***31/12/2014***	***31/12/2013 restated***
- deferred tax assets on employee benefits (mainly lump-sum retirement benefits)	*191*	*172*
- deferred tax assets on provisions temporarily non-deductible for tax purposes	*86*	*97*
- restricted provisions booked solely for tax purposes	*(107)*	*(92)*
- other items	*(35)*	*(93)*
	135	*84*

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7.4 Period to recovery of deferred tax assets

31 December 2014 (€ million)	Less than 2 years	2 to 5 years	More than 5 years	Total
Estimated period to recovery of deferred tax assets	182	52	54[a]	288

(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 2014 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)	31/12/2013 restated	Movements during 2014	31 December 2014
Bouygues Construction	103	20	123
Bouygues Immobilier	41		41
Colas	74	11	85
TF1	20	(1)	19
TOTAL UNRECOGNISED DEFERRED TAX ASSETS	238	**30**	**268**

Note 8 Non-current and current debt

8.1 Interest-bearing debt by maturity

(€ million)	Current debt				Non-current debt							
	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 31/12/2014	Total 31/12/2013 restated
Bond issues	157		1,001 [a]	1,158	600		499	969	994	2,078	5,140	6,131
Bank borrowings		14	47	61	372	80	42	33	30	88	645	400
Finance lease obligations		3	5	8	7	4	2	2	2		17	24
Other borrowings		9	31	40	6	19	2	2	9	10	48	46
TOTAL DEBT	**157**	**26**	**1,084**	**1,267**	**985**	**103**	**545**	**1,006**	**1,035**	**2,176**	**5,850**	**6,601**
Comparative at 31/12/2013 restated	170	20	816	1,006	1,246	651	61	523	977	3,143		6,601

(a) Relates to a bond issue redeemable in July 2015.

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 31/12/2014, as % of nominal on full price basis [a]
FR0010633974	03/07/2008	03/07/2015	1,000	6.125%	102.8530
FR0010326975	24/05/2006	24/05/2016	600	4.750%	105.9110
FR0010853226	12/02/2010	12/02/2018	500	4.000%	110.3400
FR0010957662	29/10/2010	29/10/2019	1,000	3.641%	113.3140
FR0010212852	22/07/2005	22/07/2020	1,000	4.250%	117.7710
FR0011193515	09/02/2012	09/02/2022	800	4.500%	123.1850
FR0011332196	02/10/2012	16/01/2023	700	3.625%	118.6370
FR0010379255	06/10/2006	06/10/2026	595	5.500%	121.2680
		TOTAL	**6,195**		

(a) Source: Bloomberg.

Finance lease obligations (included in debt) by business segment *(€ million)*	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total
Non-current: 31/12/2014	**3**		**14**				**17**
Current: 31/12/2014			**7**	**1**			**8**
Non-current: 31/12/2013	4		18	1			23
Current: 31/12/2013			7	3			10

8.2 Confirmed credit facilities and drawdowns

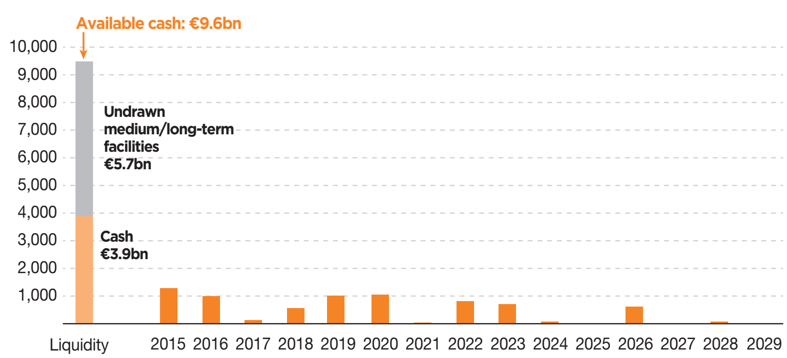
Description *(€ million)*	Confirmed facilities – Maturity				Drawdowns – Maturity			
	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Bond issues (mainly Bouygues SA)	1,158	3,062	2,078	6,298	1,158	3,062	2,078	6,298
Bank borrowings [a]	1,862	4,149	386	6,397	61	557	88	706
Finance lease obligations	8	17		25	8	17		25
Other borrowings	40	38	10	88	40	38	10	88
TOTAL CREDIT FACILITIES	**3,068**	**7,266**	**2,474**	**12,808**	**1,267**	**3,674**	**2,176**	**7,117**

(a) Confirmed undrawn credit facilities: €5,691m.

8.3 Liquidity at 31 December 2014

As at 31 December 2014, available cash stood at €3,901 million (including (€9 million) for financial instruments contracted to hedge net debt). The Group also had €5,691 million of undrawn confirmed credit facilities as at the same date.

Debt maturity schedule at end-December 2014
(€ million)



The bond issues maturing 2015, 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 December 2014	31 December 2013 restated
Fixed rate [a]	91	94
Floating rate	9	6

(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 2014 is shown below:

(€ million)	Floating rate	Fixed rate	Total
Financial liabilities (debt)	(976)	(6,141)	(7,117)
Financial assets (net cash) [a]	3,901		3,901
Net pre-hedging position	**2,925**	**(6,141)**	**(3,216)**
Interest rate hedges	322	(322)	
Net post-hedging position	**3,247**	**(6,463)**	**(3,216)**
Adjustment for seasonal nature of some activities [b]	(643)		
Net post-hedging position after adjustment	**2,604**		

(a) Includes (€9m) for the fair value 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 €26 million over a full year.

8.6 Split of current and non-current debt by currency

	Europe						
(€ million)	Euro	Pound sterling	Other currencies	US dollar	Hong Kong dollar	Other currencies	Total
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**
Non-current: 31/12/2013 restated	5,831	658	8	58	19	27	6,601
Current: 31/12/2013 restated	963	9	1	25	1	7	1,006

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)	31/12/2013 restated	Movements during 2014	31/12/2014
Cash and cash equivalents	3,546	598	4,144
Overdrafts and short-term bank borrowings	(362)	128	(234)
NET CASH POSITION	**3,184**	**726**	**3,910** [a]
Non-current debt	(6,601)	751	(5,850)
Current debt	(1,006)	(261)	(1,267)
Financial instruments, net	(12)	3	(9)
TOTAL DEBT	**(7,619)**	**493**	**(7,126)**
NET DEBT	**(4,435)**	**1,219**	**(3,216)**

(a) Net cash position as analysed in the 2014 cash flow statement (net cash flows + non-monetary movements).

9.2 Principal net debt transactions in the year ended 31 December 2014

NET DEBT AT 31 DECEMBER 2013 RESTATED	**(4,435)**
Acquisitions/disposals, including changes in scope of consolidation and other impacts on equity	1,015 [a]
Dividends paid	(198) [b]
Transactions involving the share capital of Bouygues SA	23
Operating items	379
NET DEBT AT 31 DECEMBER 2014	**(3,216)**

(a) Includes Colas: net disposal proceeds of €770m from Cofiroute, and TF1: disposal proceeds of €259m from 31% stake in Eurosport International.
(b) Mainly dividend paid by Bouygues SA as approved by the AGM of 24 April 2014, representing a net cash outflow of €110m (€511m dividend, of which €401m was paid in shares via an increase in the share capital of Bouygues SA).

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Note 10 Current liabilities

(€ million)	31 December 2014	31 December 2013 restated
Advances and down-payments received on orders [a]	1,120	1,345
Current debt [b]	1,267	1,006
Current taxes payable	93	120
Trade payables	6,603	6,774
Current provisions [c]	1,073	792
Other current liabilities		
■ Other operating liabilities (employees, social security, government)	2,692	2,520
■ Deferred income	1,738	1,671
■ Other non-financial liabilities	2,219	1,813
Overdrafts and short-term bank borrowings	234	362
Financial instruments – liabilities	30	26
Other current financial liabilities	36	10
TOTAL	**17,105**	**16,439**

(a) As of 31 December 2014, "Advances and down-payments received on orders" included €193m 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 2014.
(b) See analysis in Note 8, "Non-current and current debt".
(c) See analysis in Note 6.2, "Current provisions".

Note 11 Analysis of sales and other revenues from operations

11.1 Analysis by accounting classification

(€ million)	2014	2013 restated
Sales of goods	3,203	3,163
Sales of services	11,291	11,368
Construction contracts	18,644	18,590
SALES	33,138	**33,121**
OTHER REVENUES FROM OPERATIONS	107	**96**
TOTAL REVENUES	33,245	**33,217**

There were no material exchanges of goods or services in the year ended 31 December 2014.

Consolidated balance sheet: information about construction contracts

(€ million)	Construction	Roads	Total
Works to be rebilled	666	456	1,122
Warranty retentions	198	105	303
Works billed in advance	(1,289)	(320)	(1,609)
Advance payments received	(418)	(183)	(601)

11.2 Analysis by business segment

	2014 sales				2013 restated sales			
(€ million)	France	International	Total	%	France	International	Total	%
Construction	5,695	5,747	11,442	35	5,768	5,050	10,818	33
Property	2,685	86	2,771	8	2,409	100	2,509	8
Roads	6,490	5,812	12,302	37	7,280	5,454	12,734	38
Media	1,984	211	2,195	7	1,980	427	2,407	7
Telecoms	4,413		4,413	13	4,644		4,644	14
Bouygues SA & other	4	11	15		5	4	9	
CONSOLIDATED SALES	**21,271**	**11,867**	**33,138**	**100**	**22,086**	**11,035**	**33,121**	**100**

11.3 Analysis by geographical area

Sales are allocated to the territory in which the sale is generated.

	2014 sales		2013 restated sales	
(€ million)	Total	%	Total	%
France	21,271	64	22,086	67
European Union (28 members)	3,904	12	3,412	10
Rest of Europe	1,168	3	1,199	3
Africa	1,341	4	1,284	4
Middle East	194	1	194	1
North America	2,873	9	2,682	8
Central and South America	217	1	198	1
Asia-Pacific	1,848	5	1,721	5
Oceania	322	1	345	1
TOTAL	**33,138**	**100**	**33,121**	**100**

11.4 Split by type of contract, France/International

	2014			2013 restated		
(%)	France	International	Total	France	International	Total
Public-sector contracts [a]	30	60	41	34	56	41
Private-sector contracts	70	40	59	66	44	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)	2014	2013 restated
Sales	33,138	33,121
Other revenue from operations	107	96
Purchases used in production and external charges	(23,313)	(23,047)
Personnel costs	(7,025)	(7,037)
Taxes other than income tax	(640)	(638)
Net depreciation, amortisation, provisions and impairment		
■ Depreciation and amortisation, net*	(1,427)	(1,403)
■ Net charges to provisions and impairment losses*	(489)	(511)
Change in production and property development inventories	(67)	55
Other income from operations		
■ Reversals of unutilised provisions*	386	434
■ Other miscellaneous income	918	905
Other expenses on operations	(700)	(656)
CURRENT OPERATING PROFIT/(LOSS)*	**888**	**1,319**
Other operating income[a]	713	
Other operating expenses[a]	(468)	(91)
OPERATING PROFIT	**1,133**	**1,228**

(*) Components included in the calculation of EBITDA.
See Note 16 for an analysis by business segment.
(a) Mainly comprises:

2014
***Bouygues Telecom:** primarily other operating income of €400m and other operating expenses of €397m (adaptation costs); see Note 1.2.1. "Significant events of 2014".*
***Colas:** charges of €67m notably related to the reorganisation of the activity at Société de la Raffinerie de Dunkerque (see Note 1.2.1. "Significant events of 2014").*
***TF1:** positive impact of €313m (before taxes) of the sale of a 31% interest in Eurosport International and remeasurement of the residual 49% stake following loss of control; see Note 1.2.1. "Significant events of 2014".*
2013
***Bouygues Telecom:** adaptation costs of €80m.*
***Colas:** charges of €11m incurred on the reorganisation of the Roads activity in France.*

Note 13 Cost of net debt and other financial income and expenses

13.1 Analysis of cost of net debt

(€ million)	2014	2013 restated
Financial expenses comprising	**(365)**	**(356)**
Interest expense on debt[a]	(338)	(335)
Interest expense related to treasury management	(25)	(17)
Interest expense on finance leases	(1)	(1)
Negative impact of financial instruments	(1)	(3)
Financial income comprising	**54**	**52**
Interest income from cash and cash equivalents	33	34
Income and gains on disposal from cash and cash equivalents	20	18
Positive impact of financial instruments	1	
COST OF NET DEBT	**(311)**	**(304)**

(a) Interest expense on debt is lower year-on-year following the redemption of two bond issues (May 2013 and October 2014), but the effect is cancelled out by the absence of any capitalisation of interest on non-current assets in progress (compared with €33m in 2013 on 4G frequencies).

13.2 Other financial income and expenses

(€ million)	2014	2013 restated
Other financial income	94	70
Other financial expenses	(84)	(96)
OTHER FINANCIAL INCOME/(EXPENSES), NET	**10**	**(26)**

"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.

The net year-on-year improvement of €36 million is mainly attributable to various net reversals of amortisation and provisions.

Note 14 Income tax expense

14.1 Analysis of income tax expense

	2014			2013 restated		
(€ million)	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(125)	(95)	(220)	(230)	(114)	(344)
Deferred tax liabilities	7	2	9	(6)	3	(3)
Deferred tax assets	23		23	(11)	(2)	(13)
TOTAL	**(95)**	**(93)**	**(188)**	**(247)**	**(113)**	**(360)**

See Note 16 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)	2014	2013 restated
NET PROFIT/(LOSS) FOR THE PERIOD (100%)	**1,064**	**(649)**
Eliminations		
Income tax expense	(188)	(360)
Net profit of discontinued and held-for-sale operations	None	None
Share of net profit/loss of joint ventures and associates, and gain on disposal of Cofiroute (in 2014) and impairment loss on the investment in Alstom (in 2013)	(420)	1,187
NET PRE-TAX PROFIT FROM CONTINUING OPERATIONS EXCLUDING JOINT VENTURES AND ASSOCIATES	**832**	**898**
Standard tax rate in France	38.00%	38.00%
Effect of non-recognition of tax loss carry-forwards (creation and utilisation)	8.52%	2.77%
Effect of permanent differences	-0.17%	1.39%
Flat-rate taxes, dividend taxes and tax credits	-3.06%	-0.38%
Differential tax rates applied to gains on disposals of Eurosport International and OneCast	-12.79%	
Differential tax rates, long-term capital gains, foreign taxes	-7.90%	-1.79%
EFFECTIVE TAX RATE	**22.60%[a]**	**39.99%**

(a) After eliminating the effect of the disposals of Eurosport International and OneCast, the effective tax rate is 33%.

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Note 15 Net profit/(loss) from continuing operations and diluted earnings per share

15.1 Net profit/(loss) from continuing operations

The Bouygues group reported a net profit of €1,064 million from continuing operations for the year ended 31 December 2014:

(€ million)	2014	2013 restated
Net profit/(loss) from continuing operations	1,064	(649)
Net profit/(loss) attributable to non-controlling interests	(257)	(108)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE GROUP	**807**	**(757)**

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.

	2014	2013 restated [a]
Net profit/(loss) from continuing operations attributable to the Group *(€m)*	807	(757)
Weighted average number of shares outstanding	335,616,637	335,088,210
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS *(€)*	**2.41**	**(2.26)**

(a) After eliminating the number of shares issued in 2014 as a result of the option for dividends to be taken in the form of shares.

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).

	2014	2013 restated [a]
Net profit/(loss) from continuing operations attributable to the Group *(€m)*	807	(757)
Weighted average number of shares outstanding	335,616,637	335,088,210
Adjustment for potentially dilutive effect of stock options	1,877,396	402,024
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS *(€)*	**2.39**	**(2.26)**

(a) After eliminating the number of shares issued in 2014 as a result of the option for dividends to be taken in the form of shares.

Note 16 Segment information

Segment information is provided in two forms:

1. **By business segment (CGU):** Construction (Bouygues Construction), Property (Bouygues Immobilier), Roads (Colas), Media (TF1), Telecoms (Bouygues Telecom), Bouygues SA and other.
2. **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 2014

(€ million)	Construction	Property	Roads	Media	Telecoms	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**
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
Deferred tax assets and non-current tax receivable	78	31	156			23	288
Investments in joint ventures and associates	75	6	263	582	12	3,199 [d]	4,137
Other non-current financial assets	238	11	203	30	16	28	526
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 SURPLUS CASH/(NET DEBT) [e]	**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) Includes €3,183m for Alstom.
(e) 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).

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16.2 Analysis by business segment – year ended 31 December 2013, restated

(€ million)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total 2013 restated
Income statement							
Total sales	11,101	2,510	12,845	2,460	4,664	119	33,699
Inter-segment sales	(283)	(1)	(111)	(53)	(20)	(110)	(578)
THIRD-PARTY SALES	**10,818**	**2,509**	**12,734**	**2,407**	**4,644**	**9**	**33,121**
Net depreciation & amortisation expense	(192)	(7)	(407)	(67)	(725)	(5)	(1,403)
Net charges to provisions & impairment losses	(265)	(32)	(125)	(36)	(51)	(2)	(511)
CURRENT OPERATING PROFIT/(LOSS)	**437**	**178**	**390**	**223**	**125**	**(34)**	**1,319**
Other operating income							
Other operating expenses			(11)		(80)		(91)
OPERATING PROFIT/(LOSS)	**437**	**178**	**379**	**223**	**45**	**(34)**	**1,228**
Cost of net debt	20		(21)		(4)	(299)	(304)
Income tax expense	(162)	(61)	(120)	(73)	(18)	74	(360)
Share of profits/(losses) of joint ventures and associates	(13)	(3)	78	1	(2)	(1,248)[a&b]	(1,187)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**278**	**102**	**314**	**152**	**13**	**(1,508)**	**(649)**
Net profit of discontinued and held-for-sale operations							
NET PROFIT/(LOSS)	**278**	**102**	**314**	**152**	**13**	**(1,508)**	**(649)**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**277**	**101**	**301**	**60**	**11**	**(1,507)**	**(757)**
Balance sheet							
Property, plant and equipment	592	21	2,273	190	3,028	142	6,246
Intangible assets	44	18	79	107	1,566	52	1,866
Goodwill	414		1,140	1,042	2,648	1	5,245
Deferred tax assets and non-current tax receivable	62	24	156			9	251
Investments in joint ventures and associates	74		240	84	14	3,098[c]	3,510
Other non-current financial assets	302	12	194	18	13	33	572
Cash and cash equivalents	653	106	483	46	16	2,242	3,546
Other assets							12,979
TOTAL ASSETS							**34,215**
Non-current debt	460	7	220	1	792	5,121	6,601
Non-current provisions	887	108	797	43	253	85	2,173
Deferred tax liabilities and non-current tax liabilities	5	2	87	9	61	3	167
Current debt	9	4	58	3	3	929	1,006
Other liabilities							24,268
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY							**34,215**
NET SURPLUS CASH/(NET DEBT)[d]	**3,006**	**271**	**31**	**189**	**(783)**	**(7,149)**	**(4,435)**
Cash flow statement							
Cash flow	**632**	**181**	**808**	**261**	**785**	**53**	**2,720**
Acquisitions of property, plant & equipment and intangible assets, net of disposals	**159**	**10**	**289**	**39**	**752**	**22**	**1,271**
Acquisitions of investments in consolidated companies and other investments, net of disposals		**1**	**97**	**(10)**		**(1)**	**87**
Other indicators							
EBITDA	**670**	**191**	**786**	**299**	**880**	**(27)**	**2,799**
FREE CASH FLOW[e]	**331**	**110**	**378**	**149**	**11**	**(194)**	**785**

(a) Includes €153m for Alstom.
(b) Includes the impairment loss of €1,404m charged against the net assets of Alstom.
(c) Includes €3,079m for Alstom.
(d) 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).
(e) After eliminating the capitalisation of interest expense on the 4G licence (€33m), adjusted free cash flow for the year ended 31 December 2013 is €818m.

16.3 Analysis by geographical area

(€ 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) Includes 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 31/12/2013 restated
Balance sheet								
Property, plant and equipment[b]	4,969	311	102	157	169	535	3	6,246
Intangible assets	1,812	27	1		4	22		1,866
Cash flow statement								
Purchase price of property, plant & equipment and intangible assets	1,114	54	21	71	45	74	1	1,380

(a) Includes French overseas departments.
(b) Includes assets held under finance leases.

Note 17 Financial instruments

The tables below show aggregate notional amounts at 31 December 2014 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)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total 31/12/2014	Total 31/12/2013
Forward purchases	572		144	101		1	818	556
Forward sales	243		111				354	295
Currency swaps	17			25		822	864	722
Interest rate swaps[a]	3		314		560	153	1,030	921
Interest rate options (caps, floors)								15
Commodities derivatives	8		21				29	19

(a) Of which pay fixed rate: €882m.

17.1.2 Analysis by maturity and original currency

(€ million)	Maturity			Total	Original currency				
	< 1 year	1 to 5 years	> 5 years		EUR	CHF	GBP	USD	Other currencies
Forward purchases	624	194		818	388	8	14	214	194
Forward sales	296	58		354	34	7	26	186	101
Currency swaps	864			864		309	77	117	361
Interest rate swaps	708	236	86	1,030	954		69		7
Interest rate options (caps, floors)									
Commodities derivatives	28	1		29	1			28	

17.2 Market value of hedging instruments

Derivatives recognised as assets *(€ million)*	Original currency					Total	Fair value hedge	Cash flow hedge	Hedge of net investment in a foreign operation
	EUR	USD	GBP	CHF	Other currencies				
Forward purchases		10			1	11		11	
Forward sales	3					3		3	
Currency swaps		1			1	2	2		
Interest rate swaps									
Interest rate options (caps, floors)									
Commodities derivatives		8				8	5	3	
TOTAL ASSETS	**3**	**19**			**2**	**24**	**7**	**17**	

Derivatives recognised as liabilities *(€ million)*	Original currency					Total	Fair value hedge	Cash flow hedge	Hedge of net investment in a foreign operation
	EUR	USD	GBP	CHF	Other currencies				
Forward purchases	(17)				(3)	(20)	(4)	(16)	
Forward sales		(12)	(1)		(3)	(16)	(5)	(11)	
Currency swaps					(2)	(2)	(2)		
Interest rate swaps	(11)		(19)			(30)		(30)	
Interest rate options (caps, floors)									
Commodities derivatives		(2)				(2)	(1)	(1)	
TOTAL LIABILITIES	**(28)**	**(14)**	**(20)**		**(8)**	**(70)**	**(12)**	**(58)**	
TOTAL	**(25)**	**5**	**(20)**		**(6)**	**(46)**	**(5)**	**(41)**	

In the event of a +1.00% movement in the yield curve, the hedging instruments portfolio would have a negative market value of €31 million; in the event of a -1.00% movement, it would have a negative market value of €62 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 €44 million; in the event of a -1.00% movement, it would have a negative market value of €48 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

Notes 18.1 and 18.2 disclose information about guarantee commitments and sundry contractual commitments. Operating lease obligations are shown separately in Note 18.3.

(See also Notes 3, 4 and 8).

18.1 Guarantee commitments

(€ million)	31/12/2014	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Maturity: Less than 1 year	Maturity: 1 to 5 years	Maturity: More than 5 years	31/12/2013 restated
Pledges, mortgages and collateral	105	5		100				23	71	11	120
Guarantees and endorsements given	154	79		72	3			55	82	17	91[a]
TOTAL GUARANTEE COMMITMENTS GIVEN	**259**	**84**		**172**	**3**			**78**	**153**	**28**	**211**
Guarantees and endorsements received	4		4					2	2		4[b]
TOTAL GUARANTEE COMMITMENTS RECEIVED	**4**		**4**					**2**	**2**		**4**
NET BALANCE	**255**	**84**	**(4)**	**172**	**3**			**76**	**151**	**28**	**207**

(a) Given (media segment): includes €1m relating to held-for-sale operations.
(b) Received (media segment): includes €2m relating to held-for-sale operations.

In connection with its ordinary activities, the Bouygues group grants multi-year guarantees (such as 10-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 Miscellaneous contractual commitments

(€ million)	31/12/2014	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Maturity: Less than 1 year	Maturity: 1 to 5 years	Maturity: More than 5 years	31/12/2013
Image transmission	116				116			43	67	6	147
Network[a]	826					826		80	118	628	551
Other[b]	1,033		1		648	383	1	922	82	29	882
TOTAL SUNDRY CONTRACTUAL COMMITMENTS GIVEN	**1,975**		**1**		**764**	**1,209**	**1**	**1,045**	**267**	**663**	**1,580**
Image transmission	116				116			43	67	6	147
Network[a]	826					826		80	118	628	551
Other[b]	1,031				648	383		920	82	29	876
TOTAL SUNDRY CONTRACTUAL COMMITMENTS RECEIVED	**1,973**				**764**	**1,209**		**1,043**	**267**	**663**	**1,574**
NET BALANCE	**2**		**1**				**1**	**2**			**6**

(a) Telecoms: the year-on-year change is mainly due to a net commitment given relating to the network sharing agreement with Numericable-SFR.
(b) Media: mainly comprises €612m of commitments relating to equity interests, as described in Note 18.5.2.1.

No material off balance sheet commitments have been omitted from this disclosure, in accordance with applicable accounting standards.

18.3 Operating leases

(€ million)	31/12/2014	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Maturity: Less than 1 year	Maturity: 1 to 5 years	Maturity: More than 5 years	31/12/2013
Operating lease commitments											
Commitments given	1,742	48	45	178	31	1,440		196	630	916	1,548[a]
Commitments received	1,742	48	45	178	31	1,440		196	630	916	1,548[a]
Operating lease commitments, net											

(a) Media segment: includes €58m relating to held-for-sale operations.

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).

Bouygues Telecom: commitments given in connection with operating activities, primarily commercial leases of property and land intended to house technical installations for the network: includes network site rentals of €749 million, property and other rentals of €156 million, rentals for the Sequana and Technopôle buildings of €182 million, and fibre optic and other miscellaneous commitments of €353 million.

18.4 Finance leases (already recognised as liabilities in the balance sheet)

(€ million)	31/12/2014	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Maturity: Less than 1 year	Maturity: 1 to 5 years	Maturity: More than 5 years	31/12/2013 restated
Finance leases	**25**	**3**		**21**	**1**			**8**	**15**	**2**	**34[a]**

(a) Media segment: includes €1m relating to held-for-sale operations.

18.5 Other commitments

18.5.1 Bouygues Telecom

LICENCE TO USE FREQUENCIES IN THE 800 MHZ BAND

The 20-year licence to use frequencies in the 800 MHz band awarded to Bouygues Telecom is subject to an obligation to open the frequencies to Mobile Virtual Network Operators (MVNOs), and to roll out coverage of the French population progressively (98% within 12 years, 99.6% within 15 years).

These coverage obligations include a priority roll-out zone defined by Arcep (the French telecommunications regulator), and an obligation to provide coverage in each French administrative department (90% within 12 years, 95% 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 progressively (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 2014, nearly 70% of the population had 4G coverage in the 2600, 1800 or 800 MHz band, in over 2,000 towns and cities.

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, imposes 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.

LICENCE TO OPERATE A 3G NETWORK

The Decree of 3 December 2002 that granted Bouygues Telecom a licence to establish and operate a 3G network was subject to obligations, in particular regarding the roll-out timetable and coverage of the population.

By the end of 2014, Bouygues Telecom was providing 3G coverage to 97% of the population, which exceeded the last coverage obligation set in its licence (75% of the population on 12 December 2010).

BLIND SPOTS

The agreement signed in 2003 by the three operators, the French government, French local authorities and Arcep required that coverage be provided in blind spots in some 3,000 municipalities.

Bouygues Telecom regards this initial blind spot coverage programme as having been completed as of 31 December 2014; the few remaining sites are being blocked by the local authority concerned, and hence have no visibility.

In addition, the operators have agreed to cover a further 364 municipalities, over and above their initial commitment.

At present, nearly 3,310 French municipalities have 2G coverage.

A master agreement signed by the four mobile operators in 2010 stipulated that 3G technology should be rolled out in blind spots. By the end of 2014, one-third of the municipalities covered by the blind spots programme had obtained 3G coverage. The completion date for the rollout of 3G coverage to blind spots has not yet been finalised, and will depend in particular on all the mobile operators participating fully in the programme.

3G MOBILE NETWORK SITE-SHARING AGREEMENT

In February 2010, Bouygues Telecom, Orange and SFR signed an agreement under the auspices of Arcep on the sharing of 3G network sites in the less densely populated zones of France.

This agreement, amended in July 2010 and July 2012 in anticipation of the future Free Mobile roll-out, provides for coverage of all the municipalities covered by the 2G blind spots programme.

Ultimately, it will result in the availability of 3G coverage equivalent to 2G coverage.

18.5.2 TF1

Following the acquisition by Discovery Communications of an additional 31% interest in Eurosport SAS, the parent company of the Eurosport group, the off balance sheet commitments between Discovery Communications and the TF1 group are now as follows:

18.5.2.1 OFF BALANCE SHEET COMMITMENTS RELATING TO EQUITY INTERESTS

This item comprises firm or optional commitments to deliver or receive securities.

The amounts reported in the contractual commitments schedule below correspond to the commitments described in points (a), (b), (c) and (d) below, measured on the basis of the latest enterprise values.

Breakdown

(€ million)	31 December 2014	31 December 2013
Total call options granted by TF1 [a]	68	368
Total put options granted by TF1 [a]		68
TOTAL COMMITMENTS UNDER OPTIONS GRANTED BY TF1	**68**	**436**
Total call options granted to TF1		
Total put options granted to TF1 [b, c & d]	544	68
TOTAL COMMITMENTS UNDER OPTIONS GRANTED TO TF1	**544**	**68**
TOTAL TF1/DISCOVERY COMMITMENTS RELATING TO EQUITY INTERESTS	**612**	**504**

Eurosport group:
(a) *In association with the sale of an additional 31% equity interest in Eurosport SAS and further to the repurchase on 14 May 2014 by the TF1 group of 80% of the shares of Eurosport France, the TF1 group granted Eurosport SAS a call option over all of the shares of Eurosport France, exercisable between 1 January 2015 and 31 December 2017.*
(b) *Symmetrically with the commitment described in (a) above, TF1 has a put option to sell its entire interest in Eurosport France to Eurosport SAS during the same period.*
(c) *Further to the sale of the additional 31% equity interest in Eurosport SAS, TF1 has an option to sell its remaining 49% equity interest in Eurosport SAS to Discovery Communications during specified periods between 1 July 2015 and 30 September 2016.*
Pay-TV theme channels:
(d) *Further to the acquisition by Discovery Communications of an additional 31% equity interest in Eurosport SAS, TF1 can sell to Discovery Communications, at any time up to and including 26 November 2015, an additional 15% equity interest in the pay-TV theme channels, raising the percentage interest held by Discovery Communications to 35%.*

18.5.2.2 OTHER COMMITMENTS NOT ASCRIBED A VALUE IN NOTE 18.5.2.1

The commitment described below is subject to conditions that have not yet been met, and consequently has not been ascribed a value.

If TF1 withdraws completely from the Eurosport group, Discovery Communications can sell its entire equity interest in the theme channels to TF1 during a one-year period commencing 21 December 2018.

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.

- When Bouygues Telecom acquired Azeïde Groupe on 30 September 2013, the vendors provided a 12-month asset/liability guarantee, expiring on 30 September 2014.

GUARANTEES GIVEN

- On the sale of Extenso on 31 October 2012, Bouygues Telecom provided a vendor's asset and liability guarantee to the purchaser, Innov8.

  This guarantee was capped, and could be called in at any time up to and including 31 March 2014, except in tax matters where it will expire 30 days after the end of the prescription period under the relevant statute of limitation.

- 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 was capped, and could be called in at any time during an 18-month period from 21 November 2012 (or from the date the site is sold, 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.

Note 19 Employee benefit obligations and employee share ownership

19.1 Employee benefit obligations

(€ million)	31 December 2013 restated	Movements during 2014	31 December 2014
Lump-sum retirement benefits	440	43	483
Long service awards and other benefits	139	8	147
Other post-employment benefits (pensions)	68	21	89
TOTAL	**647**	**72**	**719**

These obligations are covered by non-current provisions.

19.2 Employee benefit obligations, 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)	2014	2013 restated
Amount recognised as an expense	(1,781)	(1,795)

This defined-contribution expense consists of contributions to:

- the public health insurance scheme and the supplementary health insurance scheme;
- pension funds (compulsory and top-up schemes);
- unemployment insurance funds.

For related-party information, see Note 20.

19.2.2 Defined-benefit plans

19.2.2.1 NET EXPENSE RECOGNISED IN THE INCOME STATEMENT (AS AN OPERATING ITEM)

	Lump-sum retirement benefits		Pensions	
(€ million)	2014	2013 restated	2014	2013 restated
Service cost	(6)	1	(3)	(3)
Interest cost on the obligation	11	12	8	5
Income from plan assets			(7)	(7)
NET EXPENSE/(GAIN) RECOGNISED IN PROFIT OR LOSS	**5**	**13**	**(2)**	**(5)**

Sign convention:
Net expense: plus sign.
Net gain: minus sign.

The year-on-year reduction in net lump-sum retirement benefit expense is mainly due to reversals of provisions at Bouygues Telecom, following staff departures under the Voluntary Redundancy Plan.

19.2.2.2 AMOUNTS RECOGNISED IN THE BALANCE SHEET

	Lump-sum retirement benefits		Pensions		Total	
(€ million)	31/12/2014	31/12/2013 restated	31/12/2014	31/12/2013 restated	31/12/2014	31/12/2013 restated
Present value of obligation	488	446	438	377	926	823
Fair value of plan assets (dedicated assets)	(5)	(6)	(349)	(309)	(354)	(315)
NET OBLIGATION RECOGNISED AS A PROVISION	**483**	**440**	**89**	**68**	**572**	**508**
Ratio of plan assets to present value of obligation			80%	82%		

19.2.2.3 MOVEMENT IN BALANCE SHEET ITEMS (NON-CURRENT PROVISIONS)

	Lump-sum retirement benefits		Pensions	
(€ million)	2014	2013 restated	2014	2013 restated
START OF PERIOD	**440**	**422**	**68**	**68**
Expense recognised	5	13	(2)	(5)
Changes in scope of consolidation and effect of exchange rates		(1)	4	
Transfers and other movements		(1)	1	(2)
Actuarial gains and losses recognised in equity	38	7	18	7
END OF PERIOD	**483**	**440**	**89**	**68**

19.2.2.4 ANALYSIS BY BUSINESS SEGMENT: YEAR ENDED 31 DECEMBER 2014

(€ million)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total
Net lump-sum retirement benefit expense	1	2	7	1	(7)	1	5
Non-current provisions (balance sheet):							
■ lump-sum retirement benefits	163	18	211	36	37	18	483
■ pensions	2		87				89

The net impact of pensions in 2014 is immaterial (see Note 19.2.2.1.).

19.2.2.5 ANALYSIS BY GEOGRAPHICAL AREA: YEAR ENDED 31 DECEMBER 2014

(€ million)	France [a]	European Union	Rest of Europe	Africa	Americas	Asia-Pacific	Middle East	Total
Net lump-sum retirement benefit expense	5							5
Non-current provisions (balance sheet):								
■ lump-sum retirement benefits	474	1		3	2	3		483
■ pensions	15	60			13	1		89

(a) Includes French overseas departments.

The net impact of pensions in 2014 is immaterial (see Note 19.2.2.1.).

19.2.2.6 MAIN ACTUARIAL ASSUMPTIONS USED TO MEASURE LUMP-SUM RETIREMENT BENEFIT OBLIGATIONS

	2014	2013
Discount rate [a]	2.01% (iBoxx A10+)	3,24 % (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]	1.4% to 3.0%	1.6% to 3.0%

(a) A reduction of 50 basis points in the discount rate would increase the obligation by €32m as of 31 December 2014. 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: 5,402,798.

QUOTED SHARE PRICE AT 31 DECEMBER 2014: €29.98

Plan grant date	Outstanding options at 31/12/2014	Earliest normal exercise date	Earliest company savings scheme exercise date	Exercise price (€)	Number of effectively exercisable options
31/03/2008	3,936,975	31/03/2012	31/03/2009	42.68	
01/04/2009	3,343,389	01/04/2013	01/04/2010	25.62	3,343,389
30/06/2010	3,837,724	01/07/2014	01/07/2011	34.08	
14/06/2011	2,757,722	14/06/2015	14/06/2012	31.43	
13/06/2012	2,771,029	14/06/2016	14/06/2013	20.11	1,385,514
26/02/2013	2,695,581	27/02/2017	27/02/2014	22.28	673,895
27/03/2014	2,763,850	28/03/2018	27/03/2015	30.32	
TOTAL	**22,106,270**				**5,402,798**

Stock options are effectively exercisable if they meet both of the following conditions:

- They must be legally exercisable as of 31 December 2014, either by normal exercise (4 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 2014, in other words the exercise price must be less than the closing share price on that date (€29.98).

Note 20 Disclosures on related parties and remuneration of directors and senior executives

20.1 Related party disclosures

	Expenses		Income		Receivables		Payables	
Transaction (*€ million*)	2014	2013 restated	2014	2013 restated	31/12/2014	31/12/2013 restated	31/12/2014	31/12/2013 restated
Parties with an ownership interest	3	3		1				
Joint operations	83	41	261	268	306	295	249	127
Joint ventures and associates	66	87	150	276	70	107	30	72
Other related parties	53	63	186	201	74	107	93	76
TOTAL	**205**	**194**	**597**	**746**	**450**	**509**	**372**	**275**
Maturity								
■ Less than 1 year					419	448	371	275
■ 1 to 5 years					17	43	1	
■ More than 5 years					14	18		
of which impairment of doubtful receivables (mainly non-consolidated companies)					106	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 2014.

Direct remuneration: €15,284,753 comprising €6,894,860 basic remuneration, €8,389,893 variable remuneration paid in 2015 on the basis of 2014 performance, and €418,427 directors' fees.

Directors' fees paid to non-executive and non-voting directors amounted to €448,725.

Short-term benefits: none.

Post-employment benefits: Members of the Group Management Committee belong to a top-up retirement plan based on 0.92% of their reference salary for each year's membership of the plan. This top-up plan is capped at eight times the annual French social security ceiling, and is contracted out to an insurance company. Contributions paid into the fund managed by the insurance company amounted to €4,100,000 in 2014.

Long-term benefits: none.

Termination benefits: these comprise lump-sum retirement benefits of €1,141,813.

Share-based payment: 535,000 stock options were awarded to members of the Group Management Committee on 27 March 2014, at an exercise price of €30.32. The earliest exercise date is 28 March 2018, and the expense recognised in the year ended 31 December 2014 was €208,384.

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)*	**Construction**	**Property**	**Roads**	**Media**	**Telecoms**	**Bouygues SA & other**	**Total 31/12/2014**
Cash and cash equivalents	(55)	10	2	(3)			(46)
Inventories		(11)	1	5			(5)
Trade and other receivables	(96)	(46)	(33)	168		(2)	(9)
Non-current assets (other than goodwill)	1	(8)	725	228	(1)	4	949
Goodwill	(34)					(1)	(35)
Trade payables & other current liabilities	124	40	39	(80)		4	127
Non-current debt	(20)			2			(18)
Non-current provisions	(13)	2	(3)				(14)
Non-current taxes	1		(1)	(13)		1	(12)
NET ACQUISITION/DIVESTMENT COST	**(92)**	**(13)**	**730**	**307**	**(1)**	**6**	**937**
Cash acquired or divested	55	(10)	(2)	3			46
Net debt on long-term investments	5	1	(5)				1
NET CASH INFLOW/(OUTFLOW) FROM ACQUISITIONS AND DIVESTMENTS OF SUBSIDIARIES	**(32)**	**(22)**	**723**	**310**	**(1)**	**6**	**984**

The main divestments during the period were: Colas (including €770 million for Cofiroute), and TF1 (including €259 million for Eurosport International and €37 million for OneCast). The main acquisitions during the period were: Bouygues Construction (including €92 million for Plan Group); Colas, including Colas Asfalt (Denmark) and Sunstate (Australia); and Bouygues Immobilier (Les Jardins d'Arcadie and Loticis).

21.1.2 Held-for-sale operations

Acquired/divested subsidiaries *(€ million)*	**Total 31/12/2014**	**Total 31/12/2013 Media**
Cash and cash equivalents		103 [a]
Inventories		
Trade and other receivables		116
Non-current assets (other than goodwill)		35
Goodwill		407
Total assets		**661**
Bank overdrafts		(34) [a]
Trade payables & other current liabilities		(127)
Non-current debt		(2)
Non-current provisions		(3)
Non-current taxes		
Total liabilities		**(166)**
VALUE OF EQUITY		**495**

(a) Cash flow statement: net cash position at 31 December 2013: €69m.

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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 2014.

	Mazars network				EY network				Other firms[a]				Total	
	Amount*		%	%	Amount*		%	%	Amount*		%	%		
(€ '000)	2014	2013 restated	2014	2013	2014	2013 restated	2014	2013	2014	2013 restated	2014	2013	2014	2013 restated
A–Audit														
Audit of consolidated and individual company financial statements[b]	(7,196)	(6,709)	99%	98%	(4,898)	(4,419)	95%	95%	(5,528)	(6,689)	84%	87%	(17,622)	(17,817)
■ Bouygues SA	(233)	(226)			(234)	(226)				0			(467)	(452)
■ Fully consolidated subsidiaries	(6,963)	(6,483)			(4,664)	(4,193)			(5,528)	(6,689)			(17,155)	(17,365)
Related engagements[c]	(91)	(106)	1%	2%	(157)	(188)	3%	4%	(395)	(548)	6%	7%	(643)	(842)
■ Bouygues SA	(5)	(20)			(97)	(109)			(13)	(68)			(115)	(197)
■ Fully consolidated subsidiaries	(86)	(86)			(60)	(79)			(382)	(480)			(528)	(645)
SUB-TOTAL	**(7,287)**	**(6,815)**	**100%**	**100%**	**(5,055)**	**(4,607)**	**98%**	**99%**	**(5,923)**	**(7,237)**	**90%**	**94%**	**(18,265)**	**(18,659)**
B–Other services[d]														
Company law, tax and employment law	(15)	(7)	0%	0%	(105)	(65)	2%	1%	(316)	(383)	5%	5%	(436)	(455)
Other	0	(7)	0%	0%	0	(5)	0%	0%	(317)	(40)	5%	1%	(317)	(52)
SUB-TOTAL	**(15)**	**(14)**	**0%**	**0%**	**(105)**	**(70)**	**2%**	**1%**	**(633)**	**(423)**	**10%**	**6%**	**(753)**	**(507)**
TOTAL FEE EXPENSE	**(7,302)**	**(6,829)**	**100%**	**100%**	**(5,160)**	**(4,677)**	**100%**	**100%**	**(6,556)**	**(7,660)**	**100%**	**100%**	**(19,018)**	**(19,166)**

(*) 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 auditor's code of conduct;*
- *by a member firm of the auditor's network, in compliance with Articles 23 and 24 of the auditor's code of conduct.*

(d) Non-audit services provided, in compliance with Article 24 of the auditor's code of conduct, by member firms to subsidiaries of the issuer on whose financial statements an audit opinion is issued.

Note 23 Impacts of first-time application of consolidation accounting standards and IFRIC 21

23.1 Impacts of first-time application of IFRS 11

The schedules below show, for the year ended 31 December 2013, the effects of the new standards and interpretations mandatorily applicable or available for early adoption with effect from 1 January 2014, having been endorsed by the European Union (as described in Note 2.2 to the consolidated financial statements).

Impact on the 2013 income statement

(€ million)	2013 results as published	First-time application of IFRS 10 and IFRS 11	2013 results as restated
Sales	33,345	(224)	33,121
Current operating profit/(loss)	1,344	(25)	1,319
Share of profits/(losses) of associates and joint ventures	205	12	217
Net profit/(loss)	(648)	(1)	(649)
Net profit/(loss) attributable to the Group	(757)		(757)
Net profit/(loss) attributable to non-controlling interests	109	(1)	108

The principal restatements arising from the first-time application of IFRS 11 relate to:

- Colas: negative impacts of €204 million on sales and €27 million on current operating profit, due to the fact that contracting companies and industrial companies jointly held by Colas and a partner are accounted for by the equity method with effect from 1 January 2014.
- TF1: negative impact of €10 million on sales.
- Bouygues Construction: negative impact of €10 million on sales, positive impact of €2 million on current operating profit.

Impact on the balance sheet as of 31 December 2013

(€ million)	2013 balance sheet as published	First-time application of IFRS 10 and IFRS 11	2013 balance sheet as restated
Non-current assets	17,684	6	17,690
Current assets	15,469	(95)	15,374
Total assets	34,304	(89)	34,215
Shareholders' equity	8,684	(15)	8,669
Non-current liabilities	8,959	(18)	8,941
Current liabilities	16,495	(56)	16,439
Total liabilities and shareholders' equity	34,304	(89)	34,215

23.2 Impacts of first-time application of IFRIC 21

This interpretation was endorsed by the European Union on 13 June 2014, and was not early adopted by the Bouygues group with effect from 1 January 2014. The effects of IFRIC 21, which is mandatorily applicable from 1 January 2015, will not be material as regards consolidated equity. However, they will alter the timing of the recognition of certain levies such as C3S and the flat-rate levy on French network operators (IFER) during interim accounting periods.

The application of IFRIC 21 has no impact on sales, or on the 2014 full-year financial statements.

The table below shows the impact of applying IFRIC 21 on the three interim periods of 2014:

Impact of IFRIC 21 on 2014 interim current operating profit by segment:

	1st quarter 2014			1st half 2014			9 months 2014			Full year 2014		
(€ million)	**Published**	**Impact**	**Restated**	**Published**	**Impact**	**Restated**	**Published**	**Impact**	**Restated**	**Published**	**Impact**	**Restated**
Bouygues Construction	91	(10)	81	180	(7)	173	244	(4)	240	335		335
Bouygues Immobilier	31	(3)	28	71	(2)	69	124	(1)	123	174		174
Colas	(215)	(20)	(235)	(114)	(13)	(127)	173	(7)	166	332		332
TF1	23	(4)	19	50	(3)	47	58	(1)	57	143		143
Bouygues Telecom	(19)	(45)	(64)	(41)	(30)	(71)	(26)	(15)	(41)	(65)		(65)
Bouygues SA & other	(7)		(7)	(12)		(12)	(19)		(19)	(31)		(31)
TOTAL	**(96)**	**(82)**	**(178)**	**134**	**(55)**	**79**	**554**	**(28)**	**526**	**888**		**888**

Impact of IFRIC 21 on 2014 interim results at Group level:

	1st quarter 2014			1st half 2014			9 months 2014			Full year 2014		
(€ million)	**Published**	**Impact**	**Restated**	**Published**	**Impact**	**Restated**	**Published**	**Impact**	**Restated**	**Published**	**Impact**	**Restated**
EBITDA	136	(82)	54	666	(55)	611	1,488	(28)	1,460	2,418		2,418
Incl. Bouygues Telecom	163	(45)	118	332	(30)	302	538	(15)	523	694		694
NET PROFIT/(LOSS)	**313**	**(52)**	**261**	**611**	**(35)**	**576**	**949**	**(18)**	**931**	**1,064**		**1,064**

Note 24 List of principal consolidated companies at 31 December 2014

Company	City/Country	% interest 2014	% interest 2013	% direct and indirect control[a] 2014	% direct and indirect control[a] 2013
FRANCE					
Companies controlled by Bouygues					
Construction					
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		
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		
GFC Construction SA	Colombier Saugnieu	99.97	99.97		
Quille Construction SA	Nantes	99.97	99.97		
Kohler Investment	Saint-Quentin-en-Yvelines	99.97	99.97		
Norpac SA	Villeneuve d'Ascq	99.97	99.97		
Pertuy Construction SA	Nancy	99.97	99.97		
Quille SA	Rouen	99.97	99.97		
Sodéarif SA	Saint-Quentin-en-Yvelines	99.96	99.96		
Property					
Bouygues Immobilier	Issy-les-Moulineaux	100.00	100.00		
SLC SA	Lyon	100.00	100.00		
Urbis Réalisations SA	Toulouse	100.00	100.00		
Roads					
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
Société de la Raffinerie de Dunkerque	Dunkirk	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	43.47	43.52		
Dujardin and its subsidiaries	Cestas	43.47	43.52	100.00	100.00
E-TF1	Boulogne-Billancourt	43.47	43.52	100.00	100.00
Eurosport France SA	Issy-les-Moulineaux	34.78	34.82	80.00	80.00
La Chaîne Info	Boulogne-Billancourt	43.47	43.52	100.00	100.00
NT1	Boulogne-Billancourt	43.47	43.52	100.00	100.00
Télé Monte Carlo	Monaco	34.78	34.82	80.00	80.00
Téléshopping	Boulogne-Billancourt	43.47	43.52	100.00	100.00
TF1 Droits Audiovisuels	Boulogne-Billancourt	43.47	43.52	100.00	100.00
TF1 Entreprises	Boulogne-Billancourt	43.47	43.52	100.00	100.00
TF1 Publicité	Boulogne-Billancourt	43.47	43.52	100.00	100.00
TF1 Vidéo	Boulogne-Billancourt	43.47	43.52	100.00	100.00
Metro France Publications	Paris	43.47	43.52	100.00	100.00

Company	City/Country	% interest 2014	% interest 2013	% direct and indirect control[a] 2014	% direct and indirect control[a] 2013
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					
Evesa	Paris	47.48[b]	47.48	47.99	47.99
Oc'via Maintenance	Saint-Quentin-en-Yvelines	73.15[c]	73.15	74.00	74.00
Property					
Tour D2	Issy-les-Moulineaux	50.00	50.00		
Joint ventures and associates					
Construction					
Adelac SAS	Archamps	45.85[d]	45.85	46.09	46.09
Autoroute de liaison Seine-Sarthe SA (ALIS)	Bourg-Achard	33.16	33.16		
Axione Infrastructures SAS and its subsidiaries	Saint-Quentin-en-Yvelines		15.00		
Consortium Stade de France SA	Saint-Denis	33.32	33.32		
Roads					
Carrières Roy	Saint-Varent	48.28	48.28	49.98	49.98
Cofiroute	Sèvres	Sold	16.10	Sold	16.67
Media					
Eurosport and its subsidiaries	Issy-les-Moulineaux	21.30	Fully consolidated in 2013	49.00	
Groupe AB	La Plaine Saint-Denis	14.56	14.58	33.50	33.50
Other joint ventures and associates					
Alstom	Levallois-Perret	29.24	29.33		
Eranove (formerly Finagestion)	Paris	18.65	19.06		
INTERNATIONAL					
Companies controlled by Bouygues					
Construction					
Americaribe Inc.	Miami/United States	99.97	99.97		
Bouygues Civil Works Florida	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		
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		
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			
Société de Construction du Pont Riviera Marcory	Abidjan/Ivory Coast	99.97	99.77		
Thomas Vale Group and its subsidiaries	Worcestershire/United Kingdom	99.97	99.97		

Company	City/Country	% interest 2014	% interest 2013	% direct and indirect control[a] 2014	% direct and indirect control[a] 2013
VCES Holding SRO and its subsidiaries	Prague/Czech Republic	99.97	99.97		
VSL International Ltd	Köniz/Switzerland	99.87	99.87		
Property					
Bouygues Immobilier Polska Sarl	Warsaw/Poland	100.00	100.00		
Roads					
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 Gabon	Libreville/Gabon	86.84	86.84	89.90	89.90
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/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					
Bombela Civils Jv Ltd	Johannesburg/South Africa	44.99	44.99		
Joint ventures and associates					
Construction					
Bina Fincom	Zagreb/Croatia	44.99	44.99		
Hermes Airports Ltd	Nicosia/Cyprus	21.99	21.99		
Société Concessionnaire du Pont Rivieira Marcory	Abidjan/Ivory Coast	48.57	48.99	49.00	
Roads					
Gamma Materials	Beau Bassin/Mauritius	48.24	48.24	49.94	49.94
Hincol	Mumbai/India	28.98	28.98	30.00	30.00
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 2014)

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 2014 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 2014, 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, 24 February 2015

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 31/12/2014**	**Depreciation, amortisation & impairment 31/12/2014**	**Net 31/12/2014**	**Net 31/12/2013**
Intangible assets	6	3	3	3
Property, plant and equipment				
Long-term investments	12,002	648	11,354	11,371
■ Holdings in subsidiaries and affiliates	11,988	644	11,344	11,351
■ Loans and advances to subsidiaries and affiliates	2		2	10
■ Other	12	4	8	10
NON-CURRENT ASSETS	**12,008**	**651**	**11,357**	**11,374**
Inventories and work in progress				
Advances and down-payments made on orders				1
Trade receivables	19		19	20
Other receivables	164	2	162	122
Short-term investments	1,939		1,939	1,984
Cash	860		860	232
CURRENT ASSETS	**2,982**	**2**	**2,980**	**2,359**
Other assets	72		72	86
TOTAL ASSETS	**15,062**	**653**	**14,409**	**13,819**

Liabilities and shareholders' equity *(€ million)*	**31/12/2014**	**31/12/2013**
Share capital	336	319
Share premium and reserves	2,102	1,695
Retained earnings	1,618	2,247
Net profit/(loss)	414	(118)
Restricted provisions	7	7
SHAREHOLDERS' EQUITY	**4,477**	**4,150**
Provisions	106	95
Debt	6,350	7,121
Advances and down-payments received on orders		
Trade payables	32	28
Other payables	126	47
LIABILITIES	**6,614**	**7,291**
OVERDRAFTS AND SHORT-TERM BANK BORROWINGS	**3,310**	**2,364**
Other liabilities	8	14
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**14,409**	**13,819**

7.3.2 Income statement

(€ million)	2014	2013
SALES	**68**	**63**
Other operating revenues	2	2
Purchases and changes in inventory		
Taxes other than income tax	(5)	(3)
Personnel costs	(44)	(44)
Other operating expenses	(43)	(36)
Depreciation, amortisation, impairment and provisions, net	(2)	(6)
OPERATING PROFIT/(LOSS)	**(24)**	**(24)**
Financial income and expenses	354	(180)
PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS	**330**	**(204)**
Exceptional items	(9)	1
Income taxes and profit-sharing	93	85
NET PROFIT/(LOSS)	**414**	**(118)**

7.3.3 Cash flow statement

(€ million)	2014	2013
A - Operating activities		
Net profit/(loss)	414	(118)
Amortisation, depreciation and impairment of non current assets, net	21	637
Charges to/(reversals of) provisions, net	10	1
Deferred expenses, deferred income and accrued income	(6)	(7)
Gains and losses on disposals of non-current assets	3	
Cash flow from operations before changes in working capital	**442**	**513**
Current assets	(36)	19
Current liabilities	83	19
Change in working capital	**47**	**38**
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**489**	**551**
B - Investing activities		
Acquisitions of intangible assets and property, plant and equipment	(1)	
Acquisitions and long-term investments	(2)	(4)
Increases in non-current assets	**(3)**	**(4)**
Disposals of non-current assets		15
Investments, net	**(3)**	**11**
Other long-term investments, net	11	
Amounts receivable/payable in respect of non-current assets, net	1	(1)
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**9**	**10**
C - Financing activities		
Change in shareholders' equity	23	(97)
Dividends paid	(110)	(511)
Change in debt	(774)	(706)
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**(861)**	**(1,314)**
CHANGE IN NET CASH POSITION (A + B + C)	**(363)**	**(753)**
Net cash position at start of period	(148)	605
Other non-monetary flows		
Net cash flows	(363)	(753)
CASH POSITION AT END OF PERIOD	**(511)**	**(148)**

7.3.4 Notes to the parent company financial statements

CONTENTS

All figures are expressed in millions of euros.

Note 1 Significant events of the year

1.1 Holdings in subsidiaries and affiliates

1.1.1 Alstom

To support the proposals announced by Alstom and General Electric, on 22 June 2014 Bouygues signed an agreement 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. This agreement is conditional upon completion of the transactions announced on 21 June 2014 by Alstom, and on payment of an exceptional dividend or on the delivery of shares under a share repurchase tender offer. The underlying principles of this agreement are:

- during a 20-month period following full completion of the transactions announced on 21 June 2014 by Alstom, 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 customary 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 customary discount;
- with effect from full completion of the transactions announced on 21 June 2014 by Alstom, 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.

1.1.2 Serendipity

On 24 November 2014 Bouygues received €1.8 million from its subsidiary Serendipity following a reduction in the subsidiary's share capital.

Serendipity also repaid its current account with Bouygues, amounting to €9.9 million, on 10 July 2014.

1.1.3 Eranove (formerly Finagestion)

At the Annual General Meeting of the shareholders of Eranove held on 27 June 2014, Bouygues elected to receive its €1.7 million share of the cash dividend by crediting that amount to a current account in the books of Eranove.

1.2 Bond issue

The October 2004 bond issue of €758 million, which bore interest at 4.375%, was redeemed in full in October 2014.

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 2014. 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), 99.441% (July 2008 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 2014;
- 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 01/01/2014	Increases	Decreases	Balance at 31/12/2014
Intangible assets				
Software	6	1	1	6
Other				
Gross value	**6**	**1**	**1**	**6**
Accumulated amortisation	(3)	(1)	(1)	(3)
CARRYING AMOUNT	3			3
Property, plant and equipment				
Land and buildings				
Other				
Gross value				
Accumulated depreciation				
CARRYING AMOUNT				
Long-term investments				
Holdings in subsidiaries and affiliates	11,987	2	1	11,988
Loans and advances to subsidiaries and affiliates[a]	10	2	10	2
Other	15		3	12
Gross value	**12,012**	**4**	**14**	**12,002**
Impairment	(641)	(9)	(2)	(648)
CARRYING AMOUNT	11,371	(5)	12	11,354
TOTAL CARRYING AMOUNT	**11,374**	**(5)**	**12**	**11,357**

(a) Of which amounts falling due after more than one year	Gross value
Loans and advances to subsidiaries and affiliates	2

Note 4 Current assets by maturity

	Gross value	< 1 year	> 1 year
Advances and down-payments made on orders			
Operating receivables	25	22	3
Other receivables	158	155	3
TOTAL	**183**	**177**	**6**

Note 5 Cash

	31/12/2014	31/12/2013
Term deposits with maturities of less than 3 months	351	200
Other items	509	32
TOTAL	**860**	**232**

Note 6 Other assets and liabilities

	Balance at 01/01/2014	Increases	Decreases	Balance at 31/12/2014	Amount due in < 1 year
Other assets					
Bond issue costs	9		2	7	1
Upfront payments on interest rate swaps: deferred charges	23		2	21	3
Bond redemption premium	16		3	13	2
Bond repurchase premium	33		6	27	6
Other	5		1	4	4
TOTAL	**86**		**14**	**72**	**16**
Other liabilities					
Upfront payments on interest rate swaps: deferred income	14		6	8	4
Other					
TOTAL	**14**		**6**	**8**	**4**

Note 7 Changes in shareholders' equity

SHAREHOLDERS' EQUITY AT 31 DECEMBER 2013 (BEFORE APPROPRIATION OF PROFITS)	**4,150**
Dividends paid	(511)
SHAREHOLDERS' EQUITY AFTER APPROPRIATION OF PROFITS	**3,639**
Changes in share capital	17 [a]
Changes in share premium and reserves	407 [a]
Retained earnings	
Net profit/(loss) for the period	414
Investment grants	
Restricted provisions	
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2014	**4,477**

(a) Includes 2013 dividend paid in shares: €16 million share capital, €385 million share premium and reserves.

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Note 8 Composition of share capital

	Number of voting rights	Number of shares
Start of period	459,117,988	319,264,996
Movements during the period	33,592,603	16,821,462 [a]
End of period	492,710,591	336,086,458
PAR VALUE		**€1**

Maximum number of potentially dilutive shares: 5,402,798
(a) Movements in number of shares during the period:
- Increases: 912,549 by exercise of stock options.
15,908,913 by payment of dividend in shares further to the decision by the Board of Directors on 3 April 2014.

Note 9 Provisions

	Balance at 01/01/2014	Charge for the year	Reversals during the year		Balance at 31/12/2014
			Used	Unused	
Provisions for subsidiaries		3			3
Provisions for income taxes (tax risks)	60	13	3	1	69
Other provisions	10			1	9
Provisions for risks	**70**	**16**	**3**	**2**	**81**
Provisions for charges	**25**	**9**	**9**		**25**
TOTAL	**95**	**25**	**12**	**2**	**106**
			14		
Operating items		9	9		
Financial items		3	1		
Exceptional items (including taxes)		13	4		
		25	**14**		

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	17	600	
October 2006 bond issue [d]	603	8		595
July 2008 bond issue [e]	1,031	1,031		
February 2010 bond issue [f]	518	18	500	
October 2010 bond issue [g]	1,006	6	1,000	
February 2012 bond issue [h]	832	32		800
October 2012 bond issue [i]	724	24		700
Bank borrowings				
Total debt	**6,350**	**1,155**	**2,100**	**3,095**
Trade payables	**32**	**32**		
Other payables	**126**	**126**		
Overdrafts and short-term bank borrowings	**3,310**	**3,310**		
Deferred income	**8**	**4**	**4**	
TOTAL	**9,826**	**4,627**	**2,104**	**3,095**

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) July 2008 bond issue:
- *Amount: €1 billion - rate: 6.125%*
- *Redemption terms: redeemable in full at par on 3 July 2015.*

(f) February 2010 bond issue:
- *Amount: €500 million - rate: 4%*
- *Redemption terms: redeemable in full at par on 12 February 2018.*

(g) October 2010 bond issue:
- *Amount: €1 billion - rate: 3.641%*
- *Redemption terms: redeemable in full at par on 29 October 2019.*

(h) February 2012 bond issue:
- *Amount: €800 million - rate: 4.50%*
- *Redemption terms: redeemable in full at par on 9 February 2022.*

(i) 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	11,990	Debt	
Operating receivables	18	Trade payables	2
Other receivables	28	Other payables	119
Cash and current accounts		Bank overdrafts and current accounts	3,310
TOTAL	**12,036**	**TOTAL**	**3,431**
Expenses		**Income**	
Operating expenses	10	Operating income	69
Financial expenses	13	Financial income	670
Income tax expense		Income tax credits	107
TOTAL	**23**	**TOTAL**	**846**

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	148			**148**
Interest rate options (caps, floors)				
Commodities derivatives				

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	148					**148**
Interest rate options (caps, floors)						
Commodities derivatives						

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)		
Other commitments given [a]	52	52
TOTAL	**52**	**52**
Commitments received (contingent assets)		
Other commitments received		
TOTAL		

(a) Joint and several underwriting of credit facilities.

Note 14 Sales

Sales recorded by Bouygues SA mainly comprise costs of shared support functions recharged to subsidiaries.

Note 15 Financial income and expenses

	2014	2013
Dividend income and shares of partnership profits	670	764
Interest income	18	14
Interest expense	(320)	(335)
Other financial income/(expense), net: proceeds from disposals, impairment losses and provisions	(14)	(623)
TOTAL	**354**	**(180)**

The year-on-year improvement in net financial income/expense reflects the non-recurrence of the €618 million impairment loss taken against Alstom in 2013, and also a reduction in dividend income (mainly from Alstom).

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 81 subsidiaries in 2014.

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]	(12)	(7)	(19)
Income tax received from profitable subsidiaries in the tax group	111	7	118
TOTAL	**99**		**99**

(a) Includes additional 3% contribution on sums distributed as dividend: -€3 million.

Note 17 Contingent tax position

	01/01/2014		Movements in the year		31/12/2014	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Non-deductible expenses						
Provisions for income taxes	62		13	6	69	
Other non-deductible expenses	27		8	5	30	
TOTAL	**89**		**21**	**11**	**99**	
Expenses deductible for tax purposes/ income liable to tax but not recognised for accounting purposes						
Unrealised foreign exchange losses		3	3	3		3
Unrealised foreign exchange gains						
Unrealised foreign exchange gains/losses, net		**3**	**3**	**3**		**3**
Deferred income	14			6	8	
Deferred charges		23	23			
Capitalisation bonds	8			8		
Liquidity account						
Bond repurchase premium		33	6			27
Other income and expenses	**22**	**56**	**29**	**14**	**8**	**27**
TOTAL	**22**	**59**	**32**	**17**	**8**	**30**

Note 18 Average number of employees during the year

	2014	2013
Managerial staff	145	138
Administrative, clerical, technical and supervisory staff	23	31
TOTAL	**168**	**169**

Note 19 Utilisation of the competitiveness and employment tax credit (*CICE*)

Bouygues recognised a competitiveness and employment tax credit (*Crédit d'Impôt Competitivité Emploi – CICE*) of €0.09 million in respect of the year ended 31 December 2014, of which €0.08 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 €0.57 million;
- diploma courses and safety training amounting to €0.85 million;
- recruitment (gross annualised salaries of new employees including employer's social security charges, and costs incurred on relationships with schools) amounting to €0.80 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, €1.16 million of variable remuneration based on 2014 performance, and €0.14 million of directors' fees.
- Directors' fees paid to members of the Board of Directors (including non-voting directors): €0.53 million

Note 21 List of investments

	Number of shares	%	Estimated realisable value
Alstom	90,543,867	29.236	3,079 [a]
Bouygues Construction	1,705,132	99.936	829 [c]
Bouygues Immobilier	90,924	99.993	498 [c]
Bouygues Telecom	42,158,645	90.164	5,275 [a]
Colas	31,543,222	96.597	2,816 [c]
TF1	91,946,297	43.468	1,170 [b]
Other holdings			250
TOTAL HOLDINGS IN SUBSIDIARIES AND AFFILIATES			**13,917**
Negotiable debt instruments and money-market mutual funds			1,928 [a]
Capitalisation bonds			1 [b]
Other investments			11 [b]
TOTAL SHORT-TERM INVESTMENTS			**1,940**
TOTAL INVESTMENTS			**15,857**

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.

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Note 22 List of subsidiaries and affiliates

	Share capital[a]	Other shareholders' equity[a & b]	%	Carrying amount[c] Gross	Net	Loans & advances	Guarantees[c]	Sales[c]	Net profit/(loss)[c]	Dividends received[c]
A - Detailed information										
1. SUBSIDIARIES (INTEREST >50%)										
France										
Bouygues Construction[d]	128	702	99.94	59	59			11,726	253	276
Bouygues Immobilier[d]	139	359	99.99	315	315			2,775	102	106
Bouygues Telecom[d]	713	2,102	90.16	5,275	5,275			4,432	(45)	
Colas[d]	49	2,866	96.60	1,712	1,712			12,396	604	229
TOTAL				**7,361**	**7,361**			**31,329**	**914**	**611**
Other countries										
Uniservice	51	11	99.99	32	32				1	3
TOTAL				**32**	**32**				**1**	**3**
2. AFFILIATES (INTEREST >10%, ≤ 50%)										
France										
Alstom[e]	2,168	3,281	29.24	3,697	3,079			5,726	566	
TF1[d]	42	1,961	43.47	732	732			2,243	413	51
TOTAL				**4,429**	**3,811**			**7,969**	**979**	**51**
Other countries										
TOTAL										
B - Aggregate information										
3. OTHER SUBSIDIARIES										
France				**162**	**137**			**24**	**(4)**	**2**
Other countries				**1**				**39**	**1**	**1**
4. OTHER AFFILIATES										
France				**3**	**3**	**2**		**147**	**2**	**2**
Other countries										
OVERALL TOTAL				**11,988**	**11,344**	**2**		**39,508**	**1,893**	**670**

(a) In the local functional currency.
(b) Including net profit/loss for the year.
(c) In euros.
(d) Parent company of a business segment: consolidated reserves, sales and net profit/loss (excluding non-controlling interests) for the year ended 31 December 2014.
(e) Year ended 31 March.

7.4 Auditors' report on the parent company financial statements
(for the year ended 31 December 2014)

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 2014 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 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 2014 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, 24 February 2015

The Statutory Auditors

ERNST & YOUNG Audit	**MAZARS**
Laurent Vitse	Guillaume Potel

7.5 Auditors' supplementary report on the parent company financial statements (for the year ended 31 December 2014)

To the shareholders,

In accordance with the assignment entrusted to us by your Annual General Meeting, we present below a supplementary report to our 24 February 2015 report on the parent company financial statements for the year ended 31 December 2014.

At its 16 March 2015 meeting, the Board of Directors decided to delete the text of the eighth resolution on the appointment of Clara Gaymard as a director from the agenda of the Annual General Meeting of 23 April 2015. The numbering of the resolutions from nine onwards has been amended accordingly. The wording of the resolutions and the Board of Directors' report on the resolutions submitted to the Combined Annual General Meeting have been amended to take account of this change.

The draft correction to the draft resolutions and the Board of Directors' report on the resolutions submitted to the Combined Annual General Meeting containing the amendments having been communicated to us on 16 March 2015, we performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the parent company financial statements of the information given in the correction to the Board of Directors' report on the resolutions submitted to the Combined Annual General Meeting and on the wording of the amended resolutions.

Paris-La Défense, 16 March 2015

The Statutory Auditors

ERNST & YOUNG Audit	**MAZARS**
Laurent Vitse	Guillaume Potel

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8. COMBINED ANNUAL GENERAL MEETING OF 23 APRIL 2015

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8.1 Agenda

8.1.1 Ordinary General Meeting

- Board of Directors' reports;
- Report by the Chairman of the Board of Directors;
- Auditors' reports;
- Approval of the parent company financial statements and transactions for the year ended 31 December 2014;
- Approval of the consolidated financial statements and transactions for the year ended 31 December 2014;
- Appropriation of 2014 earnings, setting of dividend;
- Approval of regulated agreements and commitments;
- Renewal of the term of office of François Bertière as a director;
- Renewal of the term of office of Martin Bouygues as a director;
- Renewal of the term of office of Anne-Marie Idrac as a director;
- Renewal of the appointment of Ernst & Young Audit as principal auditor;
- Renewal of the appointment of Auditex as alternate auditor;
- Favourable opinion on the remuneration components owed or awarded to Martin Bouygues in respect of the year ended 31 December 2014;
- Favourable opinion on the remuneration components owed or awarded to Olivier Bouygues in respect of the year ended 31 December 2014;
- 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

- Board of Directors' report;
- Auditors' special reports;
- Authorisation to the Board of Directors to reduce share capital by cancelling treasury shares held by the company;
- Delegation of powers to the Board of Directors to increase share capital by way of public offering, with pre-emptive rights for existing shareholders, by issuing shares and all securities giving immediate and/or future access to shares in the company or one of its subsidiaries;
- Delegation of powers to the Board of Directors to increase share capital by incorporating share premiums, reserves or earnings, or other amounts into capital;
- Delegation of powers to the Board of Directors to increase share capital, by way of public offering, without pre-emptive rights for existing shareholders, by issuing shares and all securities giving immediate and/or future access to shares in the company or one of its subsidiaries;
- Delegation of powers to the Board of Directors to increase share capital by way of private placement in accordance with paragraph 2, Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders, by issuing shares and all securities giving immediate and/or future access to shares in the company or one of its subsidiaries;
- Authorisation to the Board of Directors to set the price, in accordance with the terms decided by the Annual General Meeting, for immediate or future public issues of equity securities or issues falling within the scope of paragraph 2, Article L. 411-2 of the Monetary and Financial Code ("private placements"), without pre-emptive rights for existing shareholders;
- Authorisation to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights for existing shareholders;
- Delegation of powers to the Board of Directors to increase share capital, without pre-emptive rights for existing shareholders, as consideration for contributions in kind to the company consisting of equity securities or securities giving access to the capital of another company outside of a public exchange offer;
- Delegation of powers to the Board of Directors to increase share capital, without pre-emptive rights for existing shareholders, as consideration for securities tendered to a public exchange offer initiated by the company;
- Delegation of powers to the Board of Directors to issue shares, without pre-emptive rights for existing shareholders, following the issue by a Bouygues subsidiary of securities giving access to shares in the company;
- 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;
- Authorisation to the Board of Directors to grant options to acquire new or existing shares to employees or corporate officers of the company or related companies;
- Delegation of powers to the Board of Directors to issue equity warrants during the period of a public offer for the company;
- 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 2014 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 2014, showing net profit of €414,108,177.27;
- the consolidated financial statements for the year ended 31 December 2014, showing net profit attributable to the Group of €807 million.

The full financial statements are included in the 2014 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 €537,738,332.80 and to appropriate the balance of €1,493,953,799.65 to retained earnings. The dividend, which is the same as the dividend paid in respect of 2013, amounts to a payout of €1.60 for each of the 336,086,458 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 30 April 2015. The ex-date and record date have been set at 28 April 2015 and in the evening of 29 April 2015 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.

	2011	2012	2013
Number of shares	314,869,079	319,157,468	319,264,996
Dividend per share	€1.60	€1.60	€1.60
Total dividend [a & b]	€503,726,526.40	€510,523,948.80	€510,823,993.60

(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 2014 or in January 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 billed in 2014, 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.

In accordance with the Order of 31 July 2014 on the simplification of rules governing French companies, the agreements entered into with companies of which Bouygues directly or indirectly holds all of the capital, as is the case for example for Bouygues Immobilier and Bouygues Europe, are no longer subject to the regulated agreements procedure.

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 2015 of the **reciprocal services agreement between Bouygues and SCDM,** a company owned by Martin Bouygues and Olivier Bouygues. The amount that SCDM can potentially bill Bouygues in respect of this agreement is capped at €8 million a year. The amount billed by SCDM to Bouygues under this agreement in 2014 was €2.47 million, consisting mainly of the remuneration (salaries and charges) of Martin and Olivier Bouygues (74% of the total, within the limit of the amount set by the Bouygues Board of Directors. The remainder (26% 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 billed by Bouygues to SCDM under this agreement in 2014 was €0.36 million;
- renewal for a period of one year starting 1 January 2015 of the **services agreement between Bouygues and 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 subsidiaries are billed for the real costs of these shared services according to the nature of the service: the ratio of the subsidiary's headcount to the Group's headcount for human resources; the permanent capital ratio for financial services; and the ratio of the subsidiary's sales to Group sales for all other services. Special services are billed at arm's length rates.
- renewal for a period of one year starting 1 January 2015 of the **defined-benefit supplementary 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 bills 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 under the scheme, and may not exceed eight times the annual ceiling under the social security regime, i.e. €304,320 in 2015. 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;
- **internal audit services agreement between Bouygues and Bouygues Telecom**; the amount of services entrusted to Bouygues was €116,000 excl. VAT in 2014 and €330,000 excl. VAT in 2015.
- **acquisition by Bouygues SA from Bouygues Telecom,** for €48,000, of 100% of the shares of BTI Développement (now Bouygues Développement), a consultancy firm in innovation and shareholding management.

In accordance with law, the persons concerned will not vote on this resolution.

Resolutions 5 to 7 – Terms of office of directors

Object and purpose

To renew three terms of office of directors due to expire at the end of the Ordinary General Meeting of 23 April 2015.

At the proposal of the Selection Committee, the Board of Directors asks you to renew the terms of office of François Bertière, Martin Bouygues and Anne-Marie Idrac.

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 Annual General Meeting in 2018 called to approve the financial statements for the year ended 31 December 2017.

Curriculum vitae

FRANÇOIS BERTIÈRE

Director of Bouygues since 2006

Chairman and CEO of Bouygues Immobilier since 2001

Date of birth: 17/09/1950
Date of first appointment to the Board of Directors: 26/04/2006
Number of shares in the company (at 31/12/2014): 56,293
Attendance rate at Board meetings in 2014: 100%

Expertise

François Bertière brings to the Board of Directors his knowledge and experience in urban development, property and corporate social responsibility.

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 1997, then Chairman and CEO of Bouygues Immobilier in 2001. François Bertière has been a director of Bouygues Immobilier since 1991.

Other positions and functions in the Bouygues group

Director of Colas [a]; Chairman and director of the Bouygues Immobilier Corporate Foundation; member of the Board of Directors of the Francis Bouygues Foundation.

Other positions and functions outside the Bouygues group

Director of CSTB (French building technology research centre); Chairman of Fondation des Ponts; director of École Nationale des Ponts et Chaussées (ENPC).

(a) Listed company.

MARTIN BOUYGUES

Chairman and CEO of Bouygues since 1989

Date of birth: 03/05/1952
Date of first appointment to the Board of Directors: 21/01/1982
Number of shares in the company (at 31/12/2014): 144,605 (70,057,778 via SCDM)
Attendance rate at Board meetings in 2014: 100%

Expertise

Martin Bouygues brings to the Board of Directors his knowledge and experience in the fields of construction and energy, in France and internationally, and in telecoms and media.

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.

Other positions and functions in the Bouygues group

Director of TF1[a]; member of the Board of Directors of the Francis Bouygues Foundation.

Other positions and functions outside the Bouygues group

Chairman of SCDM; standing representative of SCDM and Chairman of Actiby, SCDM Participations and SCDM Invest-3; member of the supervisory board and the strategy committee of Paris-Orléans[a]; member of the Board of Directors of the Skolkovo Foundation (Russia).

ANNE-MARIE IDRAC

Independent director of Bouygues since 2012

Chairwoman of the Ethics, CSR and Patronage Committee and member of the Accounts Committee of Bouygues

Former Chair of SNCF

Date of birth: 27/07/1951
First appointment to the Bouygues Board of Directors: 26/04/2012
Number of shares in the company (at 31/12/2014): 500
Attendance rate in 2014: 83% (Board of Directors); 100% (Ethics, CSR and Patronage Committee); 67% (Accounts Committee)

Expertise

Anne-Marie Idrac, an independent director, brings to the Board of Directors her knowledge and experience in the fields of the environment, development, urban development and transport, and in international trade.

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.

Other positions and functions outside the Bouygues group

Senior Advisor for Suez Environnement[a] and Sia Partners; director of Total[a] and Saint-Gobain[a]; member of the supervisory board of Vallourec[a]; director of Mediobanca[a] (Italy).

Resolutions 8 and 9 – Appointments as auditors

Object and purpose

To renew the appointments of Ernst & Young Audit (as principal auditor) and Auditex (as alternate auditor).

The appointments as auditors of Ernst & Young Audit and Auditex will expire at the end of the Annual General Meeting of 23 April 2015. 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 meeting, the statutory auditors are Mazars and Ernst & Young Audit. The alternate auditors are Philippe Castagnac (Mazars group) and Auditex (Ernst & Young group).

Resolutions 10 and 11 – Favourable opinion on the remuneration components owed or awarded to the executive directors in respect of the 2014 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 2014 financial year.

(a) Listed company.

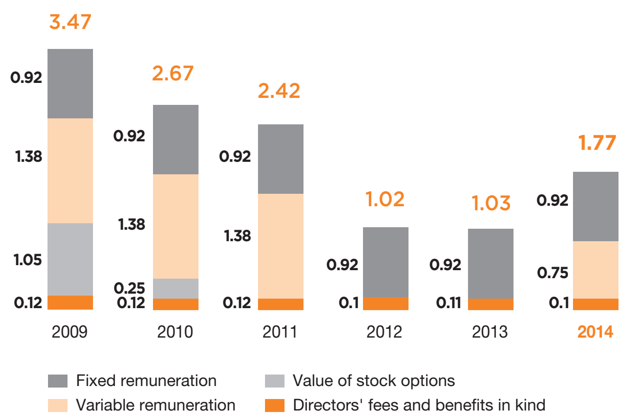
Pursuant to the Afep/Medef Code (updated in June 2013), the corporate governance code to which Bouygues refers pursuant to Article L. 225-37 of the Commercial Code, we ask you, by voting in favour of these two resolutions, to give a favourable opinion on the individual remuneration components owed or awarded in respect of the 2014 financial year to the two executive directors respectively, Martin Bouygues and Olivier Bouygues, as detailed below.

Martin Bouygues

Chairman and CEO

Number of stock options awarded in 2014: 0

(€ million)

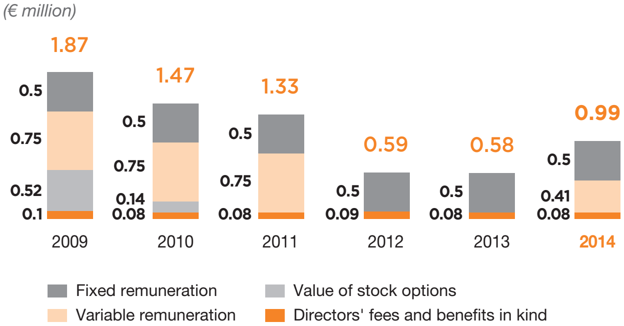


Olivier Bouygues

Deputy CEO

Number of stock options awarded in 2014: 0

(€ million)



Principles and rules for determining the remuneration of executive directors

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

The rules for determining the variable portion of remuneration were also decided in 1999 and remained unchanged until February 2007, when the Board of Directors adjusted the calculation in light of the Afep/Medef recommendations. It then modified them again in 2010.

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 the preceding 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.

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 (see chapter 5, section 5.4.1.2 of this Registration Document, particularly table 1).

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 24 April 2014 (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.

Remuneration in respect of the 2013 financial year

As per the request of the two executive directors, no annual variable remuneration was granted to them in respect of the 2013 financial year, following the accounting write-down recognised in the 2013 financial statements against Bouygues' investment in Alstom. The results of the Group before the impact of the write-down would have triggered the payment of variable remuneration. No options or performance shares were granted to the executive directors.

Combined Annual General Meeting of 24 April 2014 – Say on Pay

The Annual General Meeting of 24 April 2014 expressed a favourable opinion on the remuneration components awarded in respect of the 2013 financial year to Martin Bouygues (Resolution 8 adopted with 99.45% of the votes) and Olivier Bouygues (Resolution 9 adopted with 99.53% of the votes).

Remuneration granted to the executive directors in respect of the 2014 financial year

Remuneration components of Martin Bouygues, Chairman and Chief Executive Officer, in respect of the 2014 financial year

I. Remuneration components owed or awarded in respect of the 2014 financial year that are submitted to the Annual General Meeting of 23 April 2015 for approval (Resolution 10)	Amount or carrying amount *(€)*	Comments
Fixed remuneration	920,000	Martin Bouygues' fixed remuneration remains unchanged since 2003.
Change versus 2013	0%	
Annual variable remuneration	753,204	**Variable remuneration criteria (2014 financial year):** ■ Increase in current operating profit (50%) ■ Change in consolidated net profit versus the Plan (25%) ■ Change in consolidated net profit versus 2013 (25%) ■ Free cash flow before changes in working capital (50%) (*) Martin Bouygues requested that no variable remuneration be awarded to him in respect of the 2013 financial year.
Change versus 2013	n.a.*	
% variable/fixed [a]	81.87%	
Ceiling [b]	150%	
Deferred variable remuneration		Deferred variable remuneration is not provided for.
Multi-year variable remuneration		Multi-year variable remuneration is not provided for.
Exceptional remuneration		Exceptional remuneration is not provided for.
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 to Martin Bouygues during the year.
Directors' fees	70,200 o/w Bouygues: 50,000 o/w subsidiaries: 20,200	
Value of benefits in kind	25,670	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 2014 financial year that were approved by the Annual General Meeting as part of the regulated agreements procedure (Annual General Meeting of 24 April 2014, Resolution 4)	**Amount or carrying amount** *(€)*	**Comments**
Severance compensation		Severance compensation is not provided for.
Non-competition indemnities		Non-competition indemnities are not provided for.
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. €300,384 in 2014. 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 2014, taking into account his length of service, Martin Bouygues would have received an annual additional retirement provision of €300,384. In accordance with the Afep/Medef Code, this amount does not exceed 45% of the reference income.
TOTAL	**1,769,074**	
Change versus 2013	+71.82%	(Reminder: Martin Bouygues requested that no variable remuneration be paid in respect of the 2013 financial year).

(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 2014 financial year

I. Remuneration components owed or awarded in respect of the 2014 financial year that are submitted to the Annual General Meeting of 23 April 2015 for approval (Resolution 11)	**Amount or carrying amount** *(€)*	**Comments**
Fixed remuneration	500,000	Olivier Bouygues' fixed remuneration remains unchanged since 2009.
Change versus 2013	0%	
Annual variable remuneration	409,350	**Variable remuneration criteria (2014 financial year):** ■ Increase in current operating profit (50%) ■ Change in consolidated net profit versus the Plan (25%) ■ Change in consolidated net profit versus 2013 (25%) ■ Free cash flow before changes in working capital (50%) (*) Olivier Bouygues requested that no variable remuneration be awarded to him in respect of the 2013 financial year.
Change versus 2013	n.a.*	
% variable/fixed [a]	81.87%	
Ceiling [b]	150%	
Deferred variable remuneration		Deferred variable remuneration is not provided for.
Multi-year variable remuneration		Multi-year variable remuneration is not provided for.
Exceptional remuneration		Exceptional remuneration is not provided for.
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 to Olivier Bouygues during the year.
Directors' fees	71,277 o/w Bouygues: 25,000 o/w subsidiaries: 46,277	
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 2014 financial year that were approved by the Annual General Meeting as part of the regulated agreements procedure (Annual General Meeting of 24 April 2014, Resolution 4)	**Amount or carrying amount** *(€)*	**Comments**
Severance compensation		Severance compensation is not provided for.
Non-competition indemnities		Non-competition indemnities are not provided for.
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. €300,384 in 2014. 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 2014, taking into account his length of service, Olivier Bouygues would have received an annual additional retirement provision of €300,384. In accordance with the Afep/Medef Code, this amount does not exceed 45% of the reference income.
TOTAL	**991,383**	
Change versus 2013	+69.5%	(Reminder: Olivier Bouygues requested that no variable remuneration be paid in respect of the 2013 financial year).

(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.

8

Resolution 12 – 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;
- to cancel all or part of the shares repurchased, up to a limit of 10% of the share capital in any 24-month period (see Resolution 13);
- 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 2014, the buybacks of Bouygues shares involved the purchase of around 1.5 million shares and the sale of around 1.5 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

18 months.

8.2.2 Extraordinary General Meeting

In the thirteenth to twenty-fifth resolutions we ask you to renew the various financial authorisations granted 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 13 – 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 twelfth resolution submitted to this Annual General Meeting for approval.

Cancelling shares makes it possible, if the Board of Directors deems it 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

In accordance with law, share cancellations cannot exceed 10% of the share capital in any 24-month period.

Duration of authorisation

18 months.

Resolution 14 – Option to increase share capital by way of public offering with pre-emptive rights

Object and purpose

To delegate to the Board of Directors the power to increase the capital by issuing, with pre-emptive rights for existing shareholders, ordinary shares in the company and all securities of any kind whatsoever giving access in any manner, now and/or in the future, to ordinary shares in Bouygues or in any company in which Bouygues owns directly or indirectly more than half the capital.

Shareholders will have pre-emptive rights, in proportion to the number of shares that they hold, to subscribe as of right and, if the Board so decides, on an excess right basis, for ordinary shares and securities issued on the basis of this resolution.

Ceilings

Capital increase: €150,000,000 in nominal value, or approximately 45% of the current share capital.

Securities giving access now or in the future to capital: €6,000,000,000.

These two ceilings apply to all capital increases conducted under the sixteenth, seventeenth, twentieth, twenty-first and twenty-second resolutions submitted to this meeting.

Duration of delegation

26 months.

Resolution 15 – Option to increase share capital by capitalising reserves

Object and purpose

To delegate to the Board of Directors the power to increase the capital by capitalising premiums, reserves, earnings or other amounts which may be incorporated into capital in accordance with applicable law and the articles of association, by allotting bonus shares or by increasing the nominal value of the existing shares, or through a combination of the two procedures.

The resolution is decided on the straightforward majority of the votes cast.

Ceiling

Capital increase: €4,000,000,000 in nominal value.

Duration of delegation

26 months.

Resolution 16 – Option to increase share capital by way of public offering without pre-emptive rights

Object and purpose

To delegate to the Board of Directors the power to increase the share capital by way of public offering by issuing, without pre-emptive rights for existing shareholders, ordinary shares in the company and all securities of any kind whatsoever, giving access in any manner, now and/or in the future, to new shares in Bouygues or in any company in which it directly or indirectly owns more than half the capital.

Ceilings

Capital increase: €84,000,000 in nominal value, or approximately 25% of the current share capital.

Debt securities giving access now or in the future to capital: €4,000,000,000.

The transactions shall count towards the overall ceiling set in the fourteenth resolution.

Duration of delegation

26 months.

Resolution 17 – Option to increase share capital by way of private placement without pre-emptive rights

Object and purpose

To permit the Board of Directors to carry out capital increases by way of private placement. The aim is to allow the company to optimise its access to capital markets and to carry out transactions while benefiting from a certain amount of flexibility. Unlike public offerings, capital increases by way of private placement are intended for persons and entities providing asset management investment services to third parties, or for qualified investors or for a small group of investors, provided that these investors are acting on their own account.

The securities that may be issued are the same as those under the sixteenth resolution.

Ceilings

Capital increase: €84,000,000 in nominal value, or approximately 25% of the current share capital.

20% of the share capital in any 12-month period.

Debt securities giving access now or in the future to capital: €4,000,000,000.

The transactions shall count towards the overall ceiling set in the fourteenth resolution.

Duration of delegation

26 months.

Resolution 18 – Option to set the issue price in the event of a capital increase without pre-emptive rights

Object and purpose

To authorise the Board of Directors, for issues carried out by way of public offering or private placement, without pre-emptive rights for existing shareholders, to derogate from the pricing terms provided for under applicable regulations (Article R. 225-119 of the Commercial Code) and to set the price for immediate or future issues of equity securities, in accordance with the following provisions.

Setting the issue price

a) for equity securities to be issued immediately, the Board may opt for one of two alternatives:

- either the average price observed over a maximum period of six months prior to the issue date, or

- the volume-weighted average price on the market on the day preceding the issue (1-day VWAP) with a maximum discount of 20%;

b) for equity securities to be issued at a later date, the issue price shall be such that the sum received immediately by the company, plus the amount it is likely to receive subsequently, will be equal to or greater than the amount referred to in sub-paragraph (a) above in respect of each ordinary share.

Ceiling

10% of the share capital in any 12-month period.

Duration of authorisation

26 months.

Resolution 19 – Option to increase the number of securities to be issued in the event of a capital increase

Object and purpose

To authorise the Board of Directors to decide, in the case of a capital increase with or without pre-emptive rights for existing shareholders, to increase the number of securities to be issued, during a period of thirty days from closing of subscriptions, up to a limit of 15% of the initial issue, for the same price as the initial issue, subject to compliance with the ceilings set in the resolution pursuant to which the capital increase is decided. Such an authorisation makes it possible to seize opportunities while benefiting from a certain amount of flexibility.

Ceiling

15% of the initial issue.

Duration of authorisation

26 months.

Resolution 20 – Option to carry out a capital increase as consideration for contributions in kind consisting of equity securities or securities giving access to the capital of another company outside of a public exchange offering

Object and purpose

To delegate to the Board of Directors the necessary powers to carry out, based on the report of the expert appraisers, one or more capital increases, as consideration for contributions in kind consisting of equity securities or securities giving access to the capital of another company, outside of a public offering. The aim of this resolution is to facilitate Bouygues carrying out acquisitions of or mergers with other companies, without having to pay a price in cash.

Ceilings

Capital increase: 10% of the share capital.

Debt securities giving access now or in the future to capital: €1,500,000,000.

The transactions shall count towards the overall ceiling set in the fourteenth resolution.

Duration of delegation of powers

26 months.

Resolution 21 – Option to increase share capital as consideration for securities tendered to a public exchange offer made by Bouygues

Object and purpose

To delegate to the Board of Directors the power to decide, taking into account the opinion of the statutory auditors on the conditions and consequences of the issue, one or more capital increases as consideration for securities tendered to a public exchange offer made by Bouygues with respect to securities of a listed company. The aim of this resolution is to enable Bouygues to make an offer to the shareholders of a listed company to exchange their shares for Bouygues shares issued for this purpose, and thereby to enable Bouygues to acquire securities of the company concerned, without having to resort to bank loans, for example.

Ceilings

Capital increase: €84,000,000 in nominal value, or approximately 25% of the current share capital.

Debt securities giving access now or in the future to capital: €4,000,000,000.

The transactions shall count towards the overall ceiling set in the fourteenth resolution.

Duration of delegation

26 months.

Resolution 22 – Option to authorise the issue by a Bouygues subsidiary of securities giving access to the capital of Bouygues

Object and purpose

To delegate to the Board of Directors the power to authorise the issue, by any company in which Bouygues directly or indirectly holds more than half the capital, of securities giving access to shares in Bouygues. The aim of this delegation is to facilitate a possible merger between a Bouygues subsidiary and another company, with the shareholders of the company being remunerated with Bouygues shares.

This entails for the benefit of holders of securities that may be issued, the waiver by shareholders of their pre-emptive rights to ordinary shares.

The Extraordinary General Meeting of the subsidiary in question shall thus authorise the issue of securities; at the same time, your Board of Directors will decide, based on this financial authorisation, on the issue of the shares in Bouygues to which these securities offer access.

Ceiling

Capital increase: €84,000,000 in nominal value, or approximately 25% of the current share capital.

The transactions shall count towards the overall ceiling set in the fourteenth resolution.

Duration of delegation

26 months.

Resolution 23 – Option to increase share capital for the benefit of employees or corporate officers who are members of a company savings scheme

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 savings scheme.

At 31 December 2014, employees of Group companies were Bouygues' second-largest shareholder, holding 23.3% of the capital and 30.6% of the voting rights through various employee share ownership funds (FCPEs). With over 60,000 employee shareholders, Bouygues is the CAC 40 company with the highest level of employee share ownership.

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.

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: 10% of the share capital.

Duration of delegation

26 months.

Resolution 24 – Option to grant options to subscribe for or buy shares to certain employees or senior executives

Object and purpose

To authorise the Board of Directors to grant to persons it shall designate among the salaried employees and the corporate officers of the company and companies or groupings related to it, stock options giving the beneficiaries the right either to subscribe for or to buy shares in the company. Share subscription or purchase options (or stock options) that companies award to certain employees and/or senior executives (the beneficiaries) are long-term remuneration instruments that align the interest of the beneficiaries with that of the company and its shareholders since their yield depends on the rise in the share price.

Since 1988, 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. 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.

The mechanism is as follows: with the Annual General Meeting's authorisation, the Board of Directors offers all or part of employees and/or senior executives of the company the right to subscribe for or purchase shares at a set price, which corresponds to the average value of the share during the twenty trading days preceding the grant date. After a waiting period, beneficiaries have a certain timeframe in which to exercise their options. As such, if the share price rises, they may subscribe for or purchase shares at a lower price than their value. If the listed price does not rise, there is no point in the beneficiaries exercising their options.

The issue price, the number of shares or options granted and the list of the beneficiaries are decided by the Board of Directors, within the limits laid down by the Annual General Meeting. Information on stock option grants and the general policy for granting stock options implemented by the company are contained in the report on stock options.

In accordance with the provisions of the Afep/Medef Code, the general policy for granting stock options is debated within the Remuneration Committee and, on the basis of a proposal by that Committee, approved by the Board of Directors. The grant of options to the company's executive directors (Chairman and CEO, Deputy CEOs) and the exercise of options by those executive directors are subject to performance criteria determined by the Board of Directors.

Share subscription and purchase price

The price paid to subscribe for or purchase shares may not be less than the average share price quoted on the market for the twenty trading days preceding the day when the options are granted. In other words, no discount will be authorised. Furthermore, the purchase price of existing shares may not be less than the average purchase price of shares held by the company.

Exercise period

The exercise period shall be set by the Board of Directors, without exceeding ten years from the date on which the stock options are granted (in the previous delegation of powers, the maximum exercise period was set at seven and a half years).

Ceilings

5% of the share capital, with any allotments of bonus shares counting towards this ceiling.

Stock options granted to the executive directors of Bouygues (Chairman and CEO, Deputy CEO) shall not represent more than 0.1% of the share capital. Martin Bouygues and Olivier Bouygues have not benefited from stock option plans since 2010.

Duration of authorisation

38 months.

Resolution 25 – Equity warrants ("Breton" warrants)

Object and purpose

To delegate to the Board of Directors the power to issue equity warrants during the period of a public offer for the company's shares.

These equity warrants (known as "Breton" warrants) will be awarded free of charge to shareholders and enable them to subscribe for company shares at a preferential price in the event of a successful public offer. If the warrants are exercised, the number of shares that make up the capital increases, which makes the transaction less advantageous for the initial bidder because the capital acquired is diluted. If the public offer fails, the warrants will lapse and the shares will not be issued. The issue of warrants during the period of a public offer is a measure designed to prevent, or at the very least hinder, an attempted public offer. The Board of Directors can, in particular, use Breton warrants as a lever in order to encourage the initial bidder to improve the conditions of its offer.

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, pursuant to Article 231-7 of the AMF General Regulation.

This resolution is decided on the straightforward majority of the votes cast.

Ceilings

Capital increase: €84,000,000 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

18 months.

Resolution 26 – Powers to carry out formalities

To permit carrying out all legal or administrative formalities and make all filings and publications.

8.2.3 Table setting out financial authorisations

8.2.3.1 Financial authorisations in force on the date of the Combined Annual General Meeting of 23 April 2015

The table below summarises the delegations of authority and power 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 award stock options and trade in company shares were used during the 2014 financial year.

Purpose	Maximum nominal amount	Expiry/Duration	Use of powers in 2014
SHARE BUYBACKS AND REDUCTION IN SHARE CAPITAL			
1. Purchase by the company of its own shares (AGM of 24 April 2014, Resolution 10)	5% of the share capital Total outlay capped at €800 million	24 October 2015 (18 months)	1,464,397 shares purchased and 1,505,897 shares sold under the liquidity contract
2. Reduce share capital by cancelling shares (AGM of 24 April 2014, Resolution 11)	10% of the share capital in any 24-month period	24 October 2015 (18 months)	None
SECURITIES ISSUES			
3. Increase share capital with pre-emptive rights for existing shareholders (AGM of 25 April 2013, Resolution 17)	■ Capital increase: €150 million ■ Issue of debt securities: €5 billion	25 June 2015 (26 months)	None
4. Increase share capital by incorporating share premiums, reserves or earnings into capital (AGM of 25 April 2013, Resolution 18)	€4 billion	25 June 2015 (26 months)	None
5. Increase share capital by way of public offering without pre-emptive rights for existing shareholders (AGM of 25 April 2013, Resolution 19)	■ Capital increase: €150 million [a] ■ Issue of debt securities: €5 billion [a]	25 June 2015 (26 months)	None
6. Increase share capital through a private placement (AGM of 25 April 2013, Resolution 20)	■ Capital increase: 20% of the share capital over 12 months and €150 million [a] ■ Issue of debt securities: €5 billion [a]	25 June 2015 (26 months)	None
7. Set the price for immediate or future public offerings or private placements of equity securities, without pre-emptive rights for existing shareholders (AGM of 25 April 2013, Resolution 21)	10% of the share capital [a] in any 12-month period	25 June 2015 (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 25 April 2013, Resolution 22)	15% of the initial issue [a]	25 June 2015 (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 25 April 2013, Resolution 23)	10% of the share capital [a]	25 June 2015 (26 months)	None
10. Increase share capital as consideration for securities tendered to a public exchange offer (AGM of 25 April 2013, Resolution 24)	■ Capital increase: €150 million [a] ■ Issue of debt securities: €5 billion [a]	25 June 2015 (26 months)	None
11. Issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in Bouygues (AGM of 25 April 2013, Resolution 25)	■ Capital increase: nominal amount of €150 million [a]	25 June 2015 (26 months)	None
12. Issue securities giving the right to the allotment of debt securities (AGM of 25 April 2013, Resolution 26)	€5 billion	25 June 2015 (26 months)	None
13. Issue equity warrants during the period of a public offer (AGM of 24 April 2014, Resolution 13)	■ Capital increase: €160 million ■ The number of warrants is capped at the number of existing shares	24 October 2015 (18 months)	None
14. Increase share capital during the period of a public offer (AGM of 24 April 2014, Resolution 14)	Ceilings set in the relevant authorisations	24 October 2015 (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			
15. Capital increase for the benefit of employees or corporate officers who are members of a company savings scheme (AGM of 25 April 2013, Resolution 27)	10% of the share capital	25 June 2015 (26 months)	None
16. 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
17. Grant of stock subscription and/or purchase options (AGM of 24 April 2014, Resolution 12)	5% of the share capital[b] (executive directors: 0.1% of the share capital)	24 June 2017 (38 months)	The Board meeting of 25 February 2014 voted to allot 2,790,000 stock options to 1,021 beneficiaries, effective 27 March 2014.

(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 23 April 2015

The table below summarises the delegated financial powers and authorisations that we ask you to renew during the Combined Annual General Meeting of 23 April 2015.
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 12)	5% of the share capital Total outlay capped at €900 million	23 October 2016 (18 months)
2. Reduce share capital by cancelling shares (Resolution 13)	10% of the share capital in any 24-month period	23 October 2016 (18 months)
SECURITIES ISSUES		
3. Increase share capital with pre-emptive rights for existing shareholders (Resolution 14)	■ Capital increase: €150 million ■ Issue of debt securities: €6 billion	23 June 2017 (26 months)
4. Increase share capital by incorporating share premiums, reserves or earnings into capital (Resolution 15)	€4 billion	23 June 2017 (26 months)
5. Increase share capital by way of public offering without pre-emptive rights for existing shareholders (Resolution 16)	■ Capital increase: €84 million[a] ■ Issue of debt securities: €4 billion[a]	23 June 2017 (26 months)
6. Increase share capital through a private placement (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)
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 (Resolution 18)	10% of the share capital in any 12-month period	23 June 2017 (26 months)
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 (Resolution 19)	15% of the initial issue	23 June 2017 (26 months)
9. Increase share capital as consideration for contributions in kind consisting of a company's shares or securities giving access to capital (Resolution 20)	■ 10% of the share capital[a] ■ Issue of debt securities: €1.5 billion[a]	23 June 2017 (26 months)
10. Increase share capital as consideration for securities tendered to a public exchange offer (Resolution 21)	■ Capital increase: €84 million[a] ■ Issue of debt securities: €4 billion[a]	23 June 2017 (26 months)
11. Issue shares following the issue by a Bouygues subsidiary of securities giving access to shares in Bouygues (Resolution 22)	■ Capital increase: €84 million[a]	23 June 2017 (26 months)
12. Issue equity warrants during the period of a public offer (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)
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 (Resolution 23)	10% of the share capital	23 June 2017 (26 months)
14. Grant options to acquire new or existing shares (Resolution 24)	5% of the share capital[b] (executive directors: 0.1% of the share capital)	23 June 2018 (38 months)

(a) To be deducted from the overall ceiling referred to in point 3.
(b) To be deducted from the overall ceiling for bonus share issues, or 10% of the share capital.

8.3 Auditors' reports

8.3.1 Auditors' special report on regulated agreements and commitments
(AGM called to approve the financial statements for the year ended 31 December 2014)

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 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 2014 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 13 November 2014 meeting, the Board of Directors authorised, for a period of one year starting 1 January 2015, the renewal of shared service agreements notably between 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.

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 2014 financial statements. It will impact the 2015 financial year.

Directors concerned:

- **Bouygues Construction,** Olivier Bouygues (director) and Yves Gabriel (Chairman and CEO, 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 13 November 2014 meeting, the Board of Directors authorised the renewal of the service agreement for a period of one year starting 1 January 2015, 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 supply Bouygues with 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.

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

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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;
- 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 financial impact on the 2014 financial statements. It will impact the 2015 financial year.

Directors concerned:

- **SCDM,** Martin Bouygues (Chairman) and Olivier Bouygues (CEO).

C. SUPPLEMENTARY RETIREMENT BENEFITS GRANTED TO SENIOR EXECUTIVES

At its 13 November 2014 meeting, the Board of Directors authorised, for a period of one year starting 1 January 2015, 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 are capped at eight times the annual social security ceiling (€304,320 for 2015, which is lower than the ceiling of 45% of the reference income as set forth in the Afep/Medef Code). This supplementary scheme has been outsourced to an insurance company.

Benefit of the agreement for Bouygues

This agreement enables 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 2014 financial statements. It will impact the 2015 financial year.

Directors concerned:

- **Martin Bouygues** (Chairman and CEO, director) and **Olivier Bouygues** (Deputy CEO and standing representative of SCDM, director),
- **Bouygues Construction,** Olivier Bouygues (director) and Yves Gabriel (Chairman and CEO, 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 BETWEEN BOUYGUES AND BOUYGUES TELECOM

At its 27 August 2014 meeting, the Board of Directors authorised the conclusion of an agreement on internal audit services 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.

Financial conditions attached to the agreement

The remuneration owed to Bouygues in consideration for the services is a flat fee amounting to:

- €116,000 excl. VAT for the period from 1 September 2014 to 31 December 2014;
- €330,000 excl. VAT for the period from 1 January 2015 to 31 December 2015.

Bouygues Telecom was invoiced €116,000 excl. VAT in respect of this agreement in 2014.

Directors concerned:

- **Bouygues Telecom,** Olivier Bouygues and Nonce Paolini (directors).

Agreements and commitments authorised since the end of the 2014 financial year

We have been informed of the following agreements and commitments that have been authorised since the end of the 2014 financial year by the Board of Directors:

A. ACQUISITION OF BTI DÉVELOPPEMENT BY BOUYGUES

At its 20 January 2015 meeting, the Board of Directors authorised 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 will enable 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.

Financial conditions attached to the agreement

The payment by Bouygues to Bouygues Telecom, in a single transaction, of €48,000, 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).

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 24 April 2014 approved, for a period of one year starting 1 January 2014, 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 this agreement in 2014:

	Amount excl. VAT
Bouygues Construction	€14,967,538
Colas	€15,721,292
TF1	€3,111,339
Bouygues Telecom	€6,766,012

Directors concerned:

- **Bouygues Construction,** Olivier Bouygues (director) and Yves Gabriel (Chairman and CEO, director),
- **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 2013.

B. SERVICE AGREEMENT BETWEEN BOUYGUES AND SCDM

The Combined Annual General Meeting of 24 April 2014 approved, for a period of one year starting 1 January 2014, the service agreement between Bouygues and SCDM.

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.

SCDM invoiced Bouygues €2,469,593 excl. VAT in respect of this agreement in 2014. This amount mainly corresponds (74% of the total) to the salaries of Martin Bouygues and Olivier Bouygues and the corresponding social security and tax charges. The remainder (26% of the total) is for the salaries of the members of their team and the corresponding social security and tax charges. Bouygues invoiced SCDM €356,441 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 2013.

C. SUPPLEMENTARY PENSION BENEFITS GRANTED TO SENIOR EXECUTIVES

The Combined Annual General Meeting of 24 April 2014 approved, for the 2014 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 €4.1 million excl. VAT in 2014.

The 24% tax paid to URSSAF amounted to €984,000.

Bouygues invoiced the following amounts to the subsidiaries below:

	Amount excl. VAT
Bouygues Construction	€1,063,431
Colas	€638,059
TF1	€638,170
Bouygues Telecom	€554,872

Directors concerned:

- **Martin Bouygues** (Chairman and CEO) and **Olivier Bouygues** (Deputy CEO),
- **Bouygues Construction,** Olivier Bouygues (director) and Yves Gabriel (Chairman and CEO, director),

- **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 2013.

D. TAX ELECTION AGREEMENT

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, including *inter alia* those entered into 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 the Group and to assume sole liability for the resulting corporate income tax.

Directors concerned:

- **Bouygues Construction,** Yves Gabriel (Chairman and CEO, director) 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),
- **Bouygues Bâtiment International,** Yves Gabriel (standing representative of Bouygues Construction on the board of Bouygues Bâtiment International),
- **Bouygues Travaux Publics,** Yves Gabriel (standing representative of Bouygues Construction on the board of Bouygues Travaux Publics),
- **Bouygues Energies & Services,** Yves Gabriel (director),
- **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.

E. TRADEMARK LICENCE AGREEMENTS

Bouygues has entered into trademark licence agreements with several 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 "Bouygues Energies & Services" and "Bouygues E & S" trademarks in France and 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 Construction invoiced Bouygues €500,000 excl. VAT in respect of this agreement in 2014.

Directors concerned:

- **Bouygues Construction,** Yves Gabriel (Chairman and CEO, director) 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 2014.

Directors concerned:

- **Bouygues Telecom,** Olivier Bouygues and Nonce Paolini (directors).

In accordance with the authorisation of the Board of Directors of 1 December 2009.

F. 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 €252,365 excl. VAT in respect of this agreement in 2014.

Directors concerned:

- **Bouygues Construction,** Yves Gabriel (Chairman and CEO, director) and Olivier Bouygues (director).

In accordance with the authorisation of the Board of Directors of 4 November 1999.

G. AIRCRAFT AVAILABILITY AGREEMENTS 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 €319,133 excl. VAT in respect of this agreement in 2014.

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 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 2014.

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 and 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 2014.

Agreements and commitments authorised during the year

In addition, we were informed of the following agreements and commitments, already approved by the Annual General Meeting of 24 April 2014 and described in the Auditors' special report on regulated agreements of 25 February 2014, under which transactions took place in 2014.

A. ASSISTANCE AGREEMENT WITH BOUYGUES TELECOM

The Combined Annual General Meeting of 24 April 2014 approved the conclusion of an assistance agreement with Bouygues Telecom with a view to rolling out an experimental pilot national radio network dedicated to M2M (Machine to Machine) applications and focused on the Internet of Things using frequency modulation technology to transmit data at low speeds over long ranges.

Benefit of the agreement for Bouygues

This agreement enabled Bouygues Telecom to benefit from the assistance of Bouygues' e-lab in designing and rolling out the experimental pilot network, in the interest of the Bouygues group.

In respect of this agreement, which was carried out in the first half of 2014, Bouygues Telecom paid Bouygues a flat fee of €197,466 excl. VAT.

Directors concerned:

- **Bouygues Telecom,** Olivier Bouygues and Nonce Paolini (directors).

In accordance with the authorisation of the Board of Directors of 21 January 2014.

Paris-La Défense, 24 February 2015

The Statutory Auditors

ERNST & YOUNG Audit	**MAZARS**
Laurent Vitse	Guillaume Potel

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8.3.2 Auditors' reports to the Extraordinary General Meeting

(thirteenth, fourteenth and sixteenth to twenty-fifth resolutions)

To the shareholders,

1. Auditors' report on the reduction of share capital (thirteenth 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 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.

2. Auditors' report on the issue of shares or securities giving access to shares in the company with or without pre-emptive rights for existing shareholders (fourteenth, sixteenth, seventeenth, eighteenth, nineteenth, twentieth, twenty-first and twenty-second resolutions)

In our capacity as auditors of Bouygues, and as required under Articles L. 228-92 and L. 225-135 *et seq.* of the Commercial Code, we present below our report on the proposal to grant the Board of Directors powers to issue shares and/or securities, which shareholders are asked to approve.

The Board of Directors is asking shareholders, on the basis of its report, to:

- grant it the authority, with the option of sub-delegation, for a period of twenty-six months as from the date of this meeting, to decide on the following transactions and set the final terms and conditions thereof, and proposes, where applicable, that shareholders waive their pre-emptive subscription rights:
  - to issue, with pre-emptive rights for existing shareholders (fourteenth resolution), ordinary shares and securities giving immediate and/or future access to ordinary shares in the company or, pursuant to Article L. 228-93 of the Commercial Code, any company in which it owns directly or indirectly more than half of the capital,
  - to issue, without pre-emptive rights for existing shareholders, by way of public offering (sixteenth resolution), ordinary shares and securities giving immediate and/or future access to ordinary shares in the company or, pursuant to Article L. 228-93 of the Commercial Code, any company in which it owns directly or indirectly more than half of the capital,
  - to issue, without pre-emptive rights for existing shareholders, through an offer falling within the scope of paragraph 2, Article L. 411-2 of the Monetary and Financial Code, for up to 20% of the share capital over a twelve-month period (seventeenth resolution), ordinary shares and securities giving immediate and/or future access to ordinary shares in the company or, pursuant to Article L. 228-93 of the Commercial Code, any company in which it owns directly or indirectly more than half of the capital,
  - to issue, as consideration for securities tendered to a public exchange offer initiated by the company (twenty-first resolution), ordinary shares and securities,
  - to issue, without pre-emptive rights for existing shareholders, ordinary shares as a result of the issuance, by any company in which Bouygues directly or indirectly holds more than half of the capital, of securities giving access to ordinary shares in Bouygues (twenty-second resolution);
- grant it the authority, in the eighteenth resolution, and for each of the issues decided under the sixteenth and seventeenth resolutions, to set the issue price, in accordance with the terms decided by the meeting, up to the annual statutory limit of 10% of the share capital;
- 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 issue ordinary shares or securities giving immediate or future access to new ordinary shares in the company, as consideration for contributions in kind consisting of equity securities or securities giving access to the capital (twentieth resolution), up to a limit of 10% of the share capital.

The total nominal amount of capital increases that may be implemented now or in the future under the fourteenth, sixteenth, seventeenth, twentieth, twenty-first and twenty-second resolutions, may not exceed €150,000,000 (and within this overall ceiling up to the limit of €84,000,000 for each of the sixteenth, seventeenth and twenty-first resolutions). The total nominal amount of debt securities that may be issued under the fourteenth, sixteenth, seventeenth, twentieth, twenty-first and twenty-second resolutions may not exceed €6,000,000,000 (and within this overall ceiling up to the limit of €4,000,000,000 for the sixteenth, seventeenth and twenty-first resolutions and €1,500,000,000 for the twentieth resolution).

These ceilings take into account the additional number of securities that may be created pursuant to the delegations above, under the conditions set forth in Article L. 225-135-1 of the Commercial Code, if the shareholders adopt the nineteenth resolution.

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 on the proposal to cancel pre-emptive rights for existing shareholders and on other specific information regarding these transactions, which is 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 these transactions and on the terms and conditions for calculating the price of the equity securities to be issued.

Pending a subsequent review of the terms and conditions applicable to any issues that may be decided, we have no matters to report concerning the terms and conditions for calculating the price of the equity securities to be issued as set out in the Board of Director's report under the sixteenth, seventeenth and eighteenth resolutions.

As this report does not specify the terms and conditions for calculating the price for the equity securities to be issued pursuant to the delegations granted under the fourteenth, twentieth, twenty-first and twenty-second resolutions, we are unable to express an opinion on the basis for calculating this price.

As the price of the equity securities to be issued has not yet been set, we do not express an opinion on the final conditions under which the issues will be carried out and consequently, on the proposed waiver of pre-emptive rights for existing shareholders set out in the sixteenth, seventeenth and twenty-second resolutions.

In accordance with Article R. 225-116 of the Commercial Code, we will draw up a supplementary report if the Board of Directors decides to use the delegations granted to issue securities giving access to new ordinary shares and issues without pre-emptive rights for existing shareholders.

3. Auditors' report on the capital increase reserved for members of a company savings scheme or an inter-company savings scheme (twenty-third 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 10% of the company's capital at the date of the Board 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 authority, 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.

4. Auditors' report on the authorisation to grant options to acquire new or existing shares to salaried employees or corporate officers (twenty-fourth resolution)

In our capacity as auditors of Bouygues and as required under Articles L. 225-177 and R. 225-144 of the Commercial Code, we present below our report on the planned authorisation to grant options to acquire new or existing shares to persons designated by the Board of Directors among the salaried employees and corporate officers of the company and/or of companies or economic interest groupings that are related to it within the meaning of Article L. 225-180 of the Commercial Code, which shareholders are asked to approve.

The total number of stock options granted shall not give right to a total number of shares representing at the allotment date more than 5% of the share capital of the company, with the stipulation that, throughout the period of this authorisation, the bonus shares allotted under the twenty-eighth resolution of the Combined Annual General Meeting of 25 April 2013 or any subsequent authorisation for the same purpose shall count towards this total number of shares.

Moreover, the total number of stock options that may be granted to executive directors of the company under this authorisation, shall not give right to a total number of shares representing at the allotment date more than 0.1% of the share capital of the company, with the stipulation that, throughout the period of this authorisation, the bonus shares allotted to executive directors of the company under the twenty-eighth resolution of the Combined Annual General Meeting of 25 April 2013 or any subsequent authorisation for the same purpose shall count towards this total number of shares.

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 grant options to acquire existing or new shares.

The Board of Directors is responsible for drawing up a report on the reasons for these option grants, and on the proposed terms and conditions for setting the price for said options. Our responsibility is to express an opinion on the proposed terms and conditions for setting the subscription or purchase price.

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 the proposed terms and conditions for setting the price of the share subscription or purchase as set out in the Board of Directors' report comply with applicable law and regulations.

We have no matters to report regarding the proposed terms and conditions for setting the subscription or purchase price.

5. Auditors' report on the issue of equity warrants free of charge during the period of a public offer for the company's shares (twenty-fifth 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 delegation of powers to the Board of Directors to issue 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 €84,000,000, 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, 16 March 2015

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 2014)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, and having acquainted itself with the Board of Directors' reports, the Report by the Chairman and the auditors' reports, hereby approves the parent company financial statements for the year ended 31 December 2014, as presented, showing a net profit of €414,108,177.27.

It also approves the transactions recorded in the parent company financial statements and/or disclosed in the reports.

Second resolution

(Approval of the consolidated financial statements and transactions for the year ended 31 December 2014)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, and having acquainted itself with the Board of Directors' reports, the report by the Chairman and the auditors' reports, hereby approves the consolidated financial statements for the year ended 31 December 2014, as presented, showing a net profit attributable to the Group of €807 million.

It also approves the transactions recorded in the consolidated financial statements and/or disclosed in the reports.

Third resolution

(Appropriation of 2014 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 €414,108,177.27 and retained earnings to €1,617,583,955.18, distributable earnings for the year ended 31 December 2014 total €2,031,692,132.45. 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 €537,738,332.80;
- carry over the remainder in the amount of €1,493,953,799.65 to retained earnings.

Accordingly, the dividend for the year ended 31 December 2014 is hereby set at €1.60 per share carrying dividend rights.

The ex-date for the Euronext Paris market will be 28 April 2015. The dividend will be paid in cash on 30 April 2015 and the record date (i.e. the cut-off date for positions qualifying for payment) will be the evening of 29 April 2015.

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 2011, 2012 and 2013:

	2011	2012	2013
Number of shares	314,869,079	319,157,468	319,264,996
Dividend per share	€1.60	€1.60	€1.60
Total dividend [a & b]	€503,726,526.40	€510,523,948.80	€510,823,993.60

(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)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, having acquainted itself with the auditors' 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 set out in this report that have not yet been approved by the Annual General Meeting.

Fifth resolution

(Renewal of the term of office of François Bertière as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of François Bertière as a director for three years. This term shall expire after the Annual General Meeting called in 2018 to approve the financial statements for 2017.

Sixth resolution

(Renewal of the term of office of Martin Bouygues as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Martin Bouygues as a director for three years. This term shall expire after the Annual General Meeting called in 2018 to approve the financial statements for 2017.

Seventh resolution

(Renewal of the term of office of Anne-Marie Idrac as a director)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the term of office of Anne-Marie Idrac as a director for three years. This term shall expire after the Annual General Meeting called in 2018 to approve the financial statements for 2017.

Eighth resolution

(Renewal of the appointment of Ernst & Young Audit as principal auditor)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the appointment of Ernst & Young Audit as principal auditor for a period of six years. This appointment shall expire after the Annual General Meeting called in 2021 to approve the financial statements for 2020.

Ninth resolution

(Renewal of the appointment of Auditex as alternate auditor)

The Annual General Meeting, having satisfied the quorum and majority requirements for ordinary general meetings, renews the appointment of Auditex as alternate auditor for a period of six years. This appointment shall expire after the Annual General Meeting called in 2021 to approve the financial statements for 2020.

Tenth resolution

(Favourable opinion on the remuneration components owed or awarded to Martin Bouygues in respect of the year ended 31 December 2014)

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 2014 to Martin Bouygues, Chairman and Chief Executive Officer, which are presented in the report on the resolutions, expresses a favourable opinion on these remuneration components.

Eleventh resolution

(Favourable opinion on the remuneration components owed or awarded to Olivier Bouygues in respect of the year ended 31 December 2014)

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 2014 to Olivier Bouygues, Deputy Chief Executive Officer, which are presented in the report on the resolutions, expresses a favourable opinion on these remuneration components.

Twelfth 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 outstanding 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, complete all declarations and formalities with the AMF and any other body, and in general take 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

Thirteenth 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 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.

Fourteenth resolution

(Delegation of powers to the Board of Directors to increase share capital by way of public offering, with pre-emptive rights for existing shareholders, by issuing shares and all securities giving immediate and/or future access to shares in the company or one of its subsidiaries)

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 Articles L. 225-129, L. 225-129-2, L. 228-91, L. 228-92 and L. 228-93 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to carry out one or more capital increases, by such amounts, at such times and under such terms as it deems fit, by issuing, with pre-emptive rights for existing shareholders, both in France and abroad, in euros, in a foreign currency or in any other monetary unit based on a basket of currencies, (i) ordinary shares in the company, and (ii) securities of any kind whatsoever, issued free of charge or for consideration, giving access in whatever manner, now and/or in the future, at any time or on a set date, to ordinary shares, to be issued in the future, in the

company or in any company in which it owns directly or indirectly more than half the share capital (a "Subsidiary"). Such shares and securities may be subscribed for in cash or by set-off of mutual debts;

2. resolves that the total amount of capital increases in cash that may be implemented now and/or in the future pursuant to this delegation may not exceed €150,000,000 (one hundred and fifty million euros) in nominal value, plus, where applicable, the nominal amount of the additional shares to be issued in order to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company; the nominal amount of ordinary shares that may be issued by virtue of the sixteenth, seventeenth, twentieth, twenty-first and twenty-second resolutions of the Annual General Meeting shall count towards this overall ceiling;

3. resolves that the securities giving access to ordinary shares in the company or a Subsidiary so issued may consist of debt securities, be linked to the issue of such securities, or allow them to be issued as intermediary securities. In particular, they may be subordinated or unsubordinated, dated or undated, and issued in euros or a foreign currency or any other monetary unit established with reference to a basket of currencies;

4. resolves that the nominal amount of all the debt securities that may be issued hereunder shall not exceed €6,000,000,000 (six billion euros) or the equivalent in any other currency or any other unit of account on the date the issue is decided, on condition that such amount does not include above-par redemption premium(s), if provided for. The nominal amount of the debt securities issued under the sixteenth, seventeenth, twentieth, twenty-first and twenty-second resolutions shall count towards this overall ceiling. Debt securities giving access to ordinary shares in the company or a Subsidiary may be issued at a fixed and/or floating rate of interest, with or without capitalisation, and may be subject to redemption, with or without premium, or repayment; they may also be repurchased on the market or be the subject of an offer by the company to purchase or exchange them;

5. resolves, in the event that this delegation is used by the Board of Directors, that:

   a) shareholders shall have pre-emptive rights to subscribe as of right to ordinary shares and securities issued under this resolution,

   b) the Board of Directors shall also have the option to grant shareholders the right to subscribe for excess shares, which will be exercised in proportion to their rights and up to the limit of the amounts they request,

   c) if subscriptions as of right and, where applicable, subscriptions for excess shares, do not account for the entire issue of ordinary shares or securities made pursuant to this delegation, the Board may, in such order as it shall determine, use one or more of the following options:

   - limit the issue to the amount of subscriptions received, on condition that this amount reaches at least three quarters of the amount of the issue decided,
   - distribute as it deems fit all or part of the securities which have not been subscribed for,
   - offer to the public some or all of the securities which have not been subscribed for on the French and/or international market and/or abroad,

   d) resolves that the Board of Directors shall determine the characteristics, amount and terms of any issue and the securities to be issued. In particular, it shall determine the category of the securities to be issued and, taking account of the indications given in its report, set their subscription price, with or without premium, the terms for payment of subscriptions, the date of first entitlement to dividends, which may be retroactive, or the terms on which the securities issued pursuant to this resolution shall give access to ordinary shares in the company or a Subsidiary, and the conditions under which, in accordance with applicable law, the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended,

   e) the Board of Directors shall have full powers to implement this delegation, with the power to sub-delegate under and in accordance with applicable law, in particular by entering into any agreements for this purpose, with a view notably to the successful completion of all issues; to proceed with the above-mentioned issues on one or more occasions, in such amounts and at such times as it deems fit, in France and/or, where applicable, abroad and/or on the international market (or, where applicable, to postpone any such issue); to confirm such issue has taken place and amend the articles of association accordingly; and to carry out all formalities and declarations and request all authorisations as may be necessary for the implementation and successful completion of such issues;

6. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to subscribe for ordinary shares in the company to which any securities issued under this delegation may give entitlement;

7. grants this delegation for a period of twenty-six 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.

Fifteenth resolution

(Delegation of powers to the Board of Directors to increase share capital by incorporating share premiums, reserves or earnings, or other amounts into capital)

The Annual General Meeting, having satisfied the quorum and majority requirements by Article L. 225-98 of the Commercial Code, having acquainted itself with the Board of Directors' report, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 225-130 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to carry out, in such amounts and at such times as it deems fit, one or more capital increases by incorporating into the capital premiums, reserves,

earnings or other amounts which may be incorporated into capital successively or simultaneously in accordance with applicable law and the articles of association, by allotting bonus shares or by increasing the nominal value of the existing shares, or through a combination of the two procedures;

2. resolves that the total amount of capital increases that may be implemented pursuant to this resolution may not exceed €4,000,000,000 (four billion euros), in nominal value, plus, where applicable, the amount of the additional shares to be issued to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company. The ceiling set in this delegation is independent of and separate from the overall ceiling set in the fourteenth resolution;
3. resolves, in the event that this delegation is used by the Board of Directors, and in accordance with the provisions of Article L. 225-130 of the Commercial Code, that in the case of a capital increase by allotment of bonus shares, fractional shares may not be traded or transferred and that the relevant equity securities shall be sold; the proceeds of sale shall be paid to the rights holders within the regulatory time limit;
4. resolves that the Board of Directors shall have full powers to implement this delegation, with the power to sub-delegate to any authorised person, and generally to take all steps and carry out all formalities as may be necessary for the successful completion of each such capital increase, confirm such increase has taken place and amend the articles of association accordingly;
5. grants this delegation for a period of twenty-six 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.

Sixteenth resolution

(Delegation of powers to the Board of Directors to increase share capital by way of public offering, without pre-emptive rights for existing shareholders, by issuing shares and all securities giving immediate and/or future access to shares in the company or one of its subsidiaries)

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 Articles L. 225-129-2, L. 225-135, L. 225-136, L. 228-92 and L. 228-93 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to carry out one or more capital increases, by way of public offering, in such amounts and at such times as it deems fit, by issuing, without pre-emptive rights for existing shareholders, both in France and abroad, in euros, in a foreign currency or in any other monetary unit based on a basket of currencies, (i) ordinary shares in the company, and (ii) any securities giving access in whatever manner, now and/or in the future, to new ordinary shares in the company or in any company in which it directly or indirectly owns more than half of the capital (a "Subsidiary"). Such shares and securities may be subscribed for in cash or by set-off of mutual debts;
2. resolves that the total amount of capital increases that may be implemented now and/or in the future pursuant to this resolution may not exceed €84,000,000 (eighty-four million euros) in nominal value, plus, where applicable, the nominal amount of the additional shares to be issued to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company. This amount shall count towards the overall ceiling set in the fourteenth resolution;
3. resolves that the securities giving access to ordinary shares in the company or a Subsidiary so issued may consist of debt securities, be linked to the issue of such securities, or allow them to be issued as intermediary securities. In particular, they may be subordinated or unsubordinated, dated or undated, and issued in euros or a foreign currency or any other monetary unit established with reference to a basket of currencies;
4. resolves that the nominal amount of all the debt securities that may be issued hereunder shall not exceed €4,000,000,000 (four billion euros) or the equivalent in any other currency or any other unit of account on the date the issue is decided. This amount shall count towards the overall ceiling set in the fourteenth resolution and does not include above-par redemption premium(s), if provided for. Debt securities giving access to ordinary shares in the company or a Subsidiary may be issued at a fixed and/or floating rate of interest, with or without capitalisation, and may be subject to redemption, with or without premium, or repayment; they may also be repurchased on the market or be the subject of an offer by the company to purchase or exchange them;
5. resolves to cancel the pre-emptive rights of shareholders to the securities that may be issued in accordance with law and give the Board of Directors power to grant shareholders a priority right to subscribe to the securities as of right and/or for any excess, pursuant to Article L. 225-135 of the Commercial Code. If subscriptions, including those of shareholders where applicable, do not account for the entire issue, the Board may limit the amount of the issue in accordance with applicable law;
6. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to subscribe for ordinary shares in the company to which any securities issued under this delegation may give entitlement;
7. resolves that the Board of Directors shall determine the characteristics, amount and terms of any issue and of the securities to be issued. In particular, it shall determine the category of the securities to be issued and, taking account of the indications given in its report, set their subscription price, with or without premium, the date of first entitlement to dividends, which may be retroactive, and, where applicable, the period during which or the terms on which the securities issued pursuant to this resolution shall give access to ordinary shares in the company or a Subsidiary, in accordance with

applicable law, and the conditions under which, in accordance with applicable legal provisions, the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended. Apart from the provisions of the eighteenth resolution, the issue price of the ordinary shares and the securities shall be such that the sum received immediately by the company, or by a Subsidiary that issues securities giving access to its ordinary shares, plus any amount likely to be received subsequently by the company or the Subsidiary, as the case may be, is equal to or greater than the minimum amount required by regulations for each ordinary share, i.e. on this day, in accordance with the provisions of Article R. 225-119 of the Commercial Code, at the weighted average for the last three trading sessions before the price is set, with a possible maximum discount of 5%;

8. resolves that the Board of Directors shall have full powers to implement this delegation, with the power to sub-delegate under and in accordance with applicable law, in particular by entering into any agreements for this purpose, with a view notably to the successful completion of all issues; to make the above-mentioned issues on one or more occasions, in such amounts and at such times as it deems fit, in France and/or, where applicable, abroad and/or on the international market (or, where applicable, to postpone any such issue); to confirm such issue has taken place and amend the articles of association accordingly; and to carry out all formalities and declarations and request all authorisations as may be necessary for the implementation and successful completion of such issues;

9. grants this delegation for a period of twenty-six 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.

Seventeenth resolution

(Delegation of powers to the Board of Directors to increase share capital by way of private placement in accordance with paragraph 2, Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders, by issuing shares and all securities giving immediate and/or future access to shares in the company or one of its subsidiaries)

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 paragraph 2, Article L. 411-2 of the Monetary and Financial Code, and Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136, L. 228-92 and L. 228-93 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to carry out one or more capital increases, through one or more offers falling within the scope of paragraph 2, Article L. 411-2 of the Monetary and Financial Code, in such amounts and at such times as it deems fit, by issuing, without pre-emptive rights for existing shareholders, both in France and abroad, in euros, in a foreign currency or in any other monetary unit based on a basket of currencies, (i) ordinary shares in the company, and (ii) any securities giving access in whatever manner, now and/or in the future, to new ordinary shares in the company or in any company in which it directly or indirectly owns more than half of the capital (a "Subsidiary"). Such shares and securities may be subscribed for in cash or by set-off of mutual debts;

2. resolves that the total amount of capital increases that may be implemented now or in the future pursuant to this resolution may not exceed 20% of the share capital over a twelve-month period or €84,000,000 (eighty-four million euros) in nominal value. The nominal amount shall count towards the overall ceiling set in the fourteenth resolution, plus, where applicable, the nominal amount of the additional shares to be issued to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company;

3. resolves that the securities giving access to ordinary shares in the company or a Subsidiary issued under this resolution may consist of debt securities, be linked to the issue of such securities, or allow them to be issued as intermediate securities. In particular, they may be subordinated or unsubordinated, dated or undated, and issued in euros or a foreign currency or any other monetary unit established with reference to a basket of currencies;

4. resolves that the nominal amount of all the debt securities that may be issued hereunder shall not exceed €4,000,000,000 (four billion euros) or the equivalent in any other currency or any other unit of account on the date the issue is decided. This amount shall count towards the overall ceiling set in the fourteenth resolution and does not include above-par redemption premium(s), if provided for. Debt securities giving access to ordinary shares in the company may be issued at fixed and/or floating rates of interest, with or without capitalisation, and may be subject to redemption, with or without premium, or repayment; they may also be repurchased on the market or be the subject of an offer by the company to purchase or exchange them;

5. resolves to cancel the pre-emptive rights of shareholders to ordinary shares and/or securities issued under this delegation;

6. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to subscribe for ordinary shares in the company to which any securities issued under this delegation may give entitlement;

7. resolves that the Board of Directors shall determine the characteristics, amount and terms of any issue and of the securities to be issued. In particular, it shall determine the category of the securities to be issued and, taking account of the indications given in its report, set their subscription price, with or without premium, the date of first entitlement to dividends, which may be retroactive, and, where applicable, the period during which or the terms on which the securities issued pursuant to this resolution shall give access to ordinary shares in the company, in accordance with applicable law, and the conditions under which, in accordance with applicable legal provisions, the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended. Apart from the provisions of the eighteenth resolution, the issue price of the ordinary shares and the securities shall be such that the sum received immediately by the company, or by a Subsidiary that issues securities giving access to its ordinary shares, plus any amount likely to be received subsequently by the Subsidiary, as the case may be, is equal to or greater than the minimum amount required by regulations for each ordinary share, i.e. on this day, in accordance with the provisions of Article R. 225-119 of the Commercial Code, at the weighted average for the last three trading sessions before the price is set, with a possible maximum discount of 5%;

8. resolves that the Board of Directors shall have full powers to implement this delegation, with the power to sub-delegate under and in accordance with applicable law, in particular by entering into any agreements for this purpose, with a view notably to the successful completion of all issues; to make the above-mentioned issues on one or more occasions, in such amounts and at such times as it deems fit, in France and/or, where applicable, abroad and/or on the international market (or, where applicable, to postpone any such issue); to confirm such issue has taken place and amend the articles of association accordingly; and to carry out all formalities and declarations and request all authorisations as may be necessary for the implementation and successful completion of such issues;
9. 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.

Eighteenth resolution

(Authorisation to the Board of Directors to set the price, in accordance with the terms decided by the Annual General Meeting, for immediate or future public issues of equity securities or issues falling within the scope of paragraph 2, Article L. 411-2 of the Monetary and Financial Code, without pre-emptive rights for existing shareholders)

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, in accordance with the provisions of Article L. 225-136-1, paragraph 2 of the Commercial Code, and to the extent that the securities to be issued immediately or at a later date are equivalent to equity securities admitted to trading on a regulated market:

1. authorises the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to derogate, for each of the issues decided under the sixteenth and seventeenth resolutions and up to the limit of 10% of the share capital (based on share capital as at the date of this meeting) for a period of twelve months, from the pricing terms provided for under applicable regulations at the time this authorisation is used, i.e. on this day by Article R. 225-119 of the Commercial Code, and to set the price of the equity securities to be issued immediately or at a later date in a public issue or other issue falling within the scope of paragraph 2 of Article L. 411-2 of the Monetary and Financial Code, in accordance with the following provisions:
   - **a)** for equity securities to be issued immediately, the Board may opt for one of two alternatives:
     - either the average price observed over a maximum period of six months prior to the issue date, or
     - the volume-weighted average price on the market on the day preceding the issue (1-day VWAP) with a maximum discount of 20%;
   - **b)** for equity securities to be issued at a later date, the issue price shall be such that the sum received immediately by the company, plus the amount it is likely to receive subsequently, will be equal to or greater than the amount referred to in sub-paragraph (a) above in respect of each ordinary share;
2. resolves that the Board of Directors shall have full powers to implement this resolution in accordance with the resolution by which the issue is decided;
3. grants this authorisation 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 authorisation given for the same purpose.

Nineteenth resolution

(Authorisation to the Board of Directors to increase the number of securities to be issued in the event of a capital increase, with or without pre-emptive rights for existing shareholders)

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. 225-135-1 of the Commercial Code:

1. authorises the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to decide, in the case of a capital increase with or without pre-emptive rights for existing shareholders, to increase the number of securities to be issued, during a period of thirty days from closing of subscriptions, up to a limit of 15% of the initial issue for the same price as the initial issue, subject to compliance with the ceilings set in the resolution pursuant to which such issue is decided;
2. grants this authorisation 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.

Twentieth resolution

(Delegation of powers to the Board of Directors to increase share capital, without pre-emptive rights for existing shareholders, as consideration for contributions in kind to the company consisting of equity securities or securities giving access to the capital of another company outside of a public exchange offer)

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. 225-147 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, to issue, based on the report of the expert appraisers referred to in paragraphs 1 and 2 of Article L. 225-147 of the Commercial Code, ordinary shares of the company or securities giving access in whatever manner, now or in the future, to new ordinary shares in the company, as consideration for contributions in kind consisting of equity securities or securities giving access to the capital of another company, in cases where the provisions of Article L. 225-148 of the Commercial Code are not applicable;
2. resolves to set the total nominal amount of capital increases, now or in the future, as a result of issues made pursuant to this delegation, at 10% of the share capital (based on the share capital at the date of this meeting). This nominal amount shall count towards the overall ceiling set in the fourteenth resolution;
3. resolves that the nominal amount of all the debt securities that may be issued hereunder shall not exceed €1,500,000,000 (one billion five hundred million euros) or the equivalent in any other currency or any other unit of account on the date the issue is decided, on condition that such amount does not include above-par redemption premium(s), if provided for. This nominal amount shall count towards the overall ceiling set in the fourteenth resolution;
4. resolves to cancel insofar as is needed, for the benefit of the holders of equity securities or securities that are the subject of the contributions in kind, the pre-emptive rights of shareholders to the shares and/or securities issued under this delegation;
5. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to ordinary shares in the company to which the securities issued under this delegation, if any, could entitle them;
6. resolves that the Board of Directors shall have full powers to implement this resolution, with the power to sub-delegate under and in accordance with applicable law, in particular to take its decision, based on the report of the expert appraisers, and to approve the granting of particular benefits, to record the completion of the capital increases made pursuant to this delegation, amend the articles of association accordingly, carry out all formalities and filings, make all declarations and request all such authorisations as may be necessary for such contributions to be made, and determine the conditions under which the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended in accordance with applicable law;
7. 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-first resolution

(Delegation of powers to the Board of Directors to increase share capital, without pre-emptive rights for existing shareholders, as consideration for securities tendered to a public exchange offer initiated 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 Articles L. 225-129, L. 225-129-2, L. 225-148 and L. 228-92 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to issue ordinary shares of the company and/or securities, as consideration for securities tendered to a public exchange offer made by the company, in France or abroad, in accordance with local regulations, with respect to securities of a company whose shares are admitted to trading on a regulated market as referred to in Article L. 225-148 of the Commercial Code;
2. resolves that the nominal amount of all capital increases that may be implemented now and/or in the future under this resolution may not exceed €84,000,000 (eighty-four million euros), the nominal amount of the additional shares to be issued in order to protect, in accordance with law, the rights of holders of securities giving access to ordinary shares in the company. This amount shall count towards the overall ceiling set in the fourteenth resolution;
3. resolves that the nominal amount of all the debt securities that may be issued hereunder shall not exceed €4,000,000,000 (four billion euros) or the equivalent in any other currency or any other unit of account on the date the issue is decided, on condition that such amount does not include above-par redemption premium(s), if provided for. This nominal amount shall count towards the overall ceiling set in the fourteenth resolution;
4. resolves to cancel the pre-emptive rights of shareholders to ordinary shares and/or securities issued under this delegation;
5. notes that this delegation entails the waiver by shareholders of their pre-emptive rights to ordinary shares in the company to which the securities issued under this delegation, if any, could entitle them;
6. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement this resolution, in particular:
   - to set the exchange ratio and, where applicable, the cash balance of the consideration to be paid,
   - to confirm the number of securities tendered for exchange,

- to determine the dates, terms and conditions of the issue – in particular the price and date of first entitlement to dividends – of the new ordinary shares or, where applicable, of the securities giving immediate and/or future access to ordinary shares in the company,
- to determine the conditions under which, in accordance with applicable law, the allotment rights of holders of securities giving access to ordinary shares may be temporarily suspended,
- to enter on the liabilities side of the balance sheet in a "share premium" account, to which all shareholders shall have rights, the difference between the issue price of the new ordinary shares and their par value,
- if necessary, to charge all expenses, taxes and duties incurred in relation to the transaction authorised hereunder to the share premium account,
- generally to take all useful steps and enter into all agreements to bring the transaction authorised hereunder to successful completion, confirm the capital increase(s) and amend the articles of association accordingly;

7. 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-second resolution

(Delegation of powers to the Board of Directors to issue shares, without pre-emptive rights for existing shareholders, following the issue, by a Bouygues subsidiary, of securities giving access to shares in 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 Articles L. 225-129, L. 225-129-2, L. 228-92 and L. 228-93 of the Commercial Code:

1. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, the power to issue ordinary shares in Bouygues as a result of the issuance of securities by any company in which Bouygues directly or indirectly holds more than half of the capital (the "Subsidiaries") and expressly authorises the resulting capital increase.

These securities shall be issued by the Subsidiaries with the agreement of the Board of Directors of Bouygues and may, in accordance with the provisions of Article L. 228-93 of the Commercial Code, give immediate and/or future access in any manner to ordinary shares in the company; such securities may be issued on one or more occasions, in France, on foreign markets and/or on the international market;

2. notes that the company's shareholders have no pre-emptive rights over the aforementioned securities issued by the Subsidiaries;

3. notes that this resolution entails, for the benefit of the holders of securities that may be issued by the Subsidiaries, the waiver by shareholders of their pre-emptive rights to ordinary shares to which the aforementioned securities issued by the Subsidiaries could entitle them;

4. resolves that the nominal amount of the increase in the company's capital resulting from all issues that may be carried out under this delegation may not exceed €84,000,000 (eighty-four million euros). This nominal amount shall count towards the overall ceiling set in the fourteenth resolution;

5. resolves that the amount payable to the company at the time of the issue or thereafter shall, in any event, with respect for each ordinary share issued as a result of the issue of such securities, be equal to or greater than the minimum amount provided for by applicable law and regulations in force at the time this delegation is used, after such amount has been adjusted, if necessary, to take account of the different dates of first entitlement;

6. resolves that the Board of Directors shall have full powers, with the power to sub-delegate under and in accordance with applicable law, to implement this resolution in agreement with the Boards of Directors, Executive Boards or other corporate governance or management bodies of the issuing Subsidiaries, in particular to set the amounts to be issued, decide the terms and conditions of the issue and category of the securities to be issued, set the date of first entitlement to dividends, which may be retroactive, of the securities to be created, and generally take all useful measures and enter into any contracts and agreements to bring the proposed issues to completion, under and in accordance with all applicable French and, where applicable, foreign laws and regulations. The Board of Directors shall have full powers to amend the articles of association to reflect the utilisation of this delegation, in accordance with the terms of its report to this meeting;

7. 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 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, on its own initiative, in such amounts and at such times as it deems fit, on condition that they do not exceed 10% of the company's capital at the date of the Board 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 on the basis of 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 shall be 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-fourth resolution

(Authorisation to the Board of Directors to grant options to acquire new or existing shares to 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 Articles L. 225-177 to L. 225-186-1 of the Commercial Code:

1. authorises the Board of Directors to grant on one or more occasions to persons it shall designate among the salaried employees and the corporate officers of the company and/or companies and/or groupings that are directly or indirectly related to it within the meaning of Article L. 225-180 of the Commercial Code, stock options giving the beneficiaries the right, at their discretion, either to subscribe for new shares in the company to be issued through a capital increase or to buy existing shares in the company coming from buy-backs carried out by the company;
2. resolves that the total number of stock options that may be granted under this authorisation shall not give the right to subscribe for or acquire a total number of shares representing, at the allotment date and taking into account stock options already granted under this authorisation, more than 5% of the share capital of the company on the day of the Board of Directors' decision, with the stipulation that, where applicable, the bonus shares allotted under the twenty-eighth resolution of the Combined Annual General Meeting of 25 April 2013 or any subsequent authorisation for the same purpose, shall count towards this ceiling;
3. resolves in particular that the total number of stock options granted to executive directors of the company under this authorisation shall not give the right to subscribe for or acquire a total number of shares representing, at the allotment date and taking into account stock options already granted under this authorisation, 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 bonus shares allotted to the executive directors of the company under the twenty-eighth resolution of the Combined Annual General Meeting of 25 April 2013 or any subsequent authorisation for the same purpose, shall count towards this ceiling;
4. resolves that if share subscription options are granted, the price that the beneficiaries shall pay to subscribe for shares shall be determined on the day the options are granted by the Board of Directors and that the price shall not be less than the average share price quoted on the Eurolist of Euronext Paris – or on any other market that would replace it – for the twenty trading days preceding the day when the share subscription options are granted;
5. resolves that if share purchase options are granted, the price that the beneficiaries shall pay to purchase shares shall be determined by the Board of Directors on the day the options are granted and that the price shall not be less than the average share price quoted on the Eurolist of Euronext Paris – or on any other market that would replace it – for the twenty trading days preceding the day when the share subscription options are granted or the average purchase price of shares that shall be held by the company in accordance with Articles L. 225-208 and L. 225-209 of the Commercial Code;

6. resolves that the exercise period for the stock options granted under this authorisation, as determined by the Board of Directors, shall not exceed ten years, as from their allotment date, unless a subsequent Annual General Meeting should decide to set a longer exercise period;
7. notes that pursuant to Article L. 225-178 of the Commercial Code, this authorisation expressly entails, for the benefit of the beneficiaries of stock options, the waiver by shareholders of their pre-emptive rights to the shares in the company that are issued as the stock options are exercised;
8. delegates to the Board of Directors, with the power to sub-delegate under and in accordance with applicable law, full powers to determine the other terms and conditions for allotting and exercising stock options, and in particular to:
   - determine the terms and conditions for granting and exercising the stock options and for drawing up the list of the beneficiaries of the options,
   - determine, where applicable, the length of service, performance and other criteria that beneficiaries must fulfil to receive stock options,
   - in particular, in the case of stock options granted to executive directors of the company, determine, where applicable, the performance criteria that the beneficiaries must fulfil, and provide that the stock options may not be exercised before the executive directors cease their functions or determine the quantity of registered shares that must be kept until they so cease,
   - determine the exercise period(s) and, where applicable, extensions of the period(s), and, where applicable, draw up the clauses prohibiting the immediate resale of all or part of the shares,
   - set the date of first entitlement, which may be retroactive, of new shares coming from the exercise of stock options,
   - decide the conditions under which the price and the number of shares to be subscribed for or purchased must be adjusted, notably in the cases provided for by applicable laws and regulations,
   - provide for the right to temporarily suspend the exercise of stock options in the event of corporate finance transactions or transactions on shares,
   - limit, restrict or prohibit the exercise of stock options during certain periods or as from certain events, with such action being applied to all or part of the stock options and concerning all or part of the beneficiaries,
   - conclude all agreements, take all steps, and carry out or have carried out all acts and formalities to finalise the capital increase(s) carried out under this authorisation; amend the articles of association accordingly, and generally take all necessary measures,
   - if deemed appropriate, 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;
9. grants this authorisation for a maximum period of thirty-eight months as from the date of this meeting, and notes that it cancels the unused portion of any previous authorisation given for the same purpose.

Twenty-fifth resolution

(Delegation of powers to the Board of Directors to issue equity warrants during the period of a public offer for the company)

The Annual General Meeting, in extraordinary session but having satisfied the quorum and majority requirements for ordinary general meetings, having acquainted itself with the Board of Directors' report and the auditors' special report, and in accordance with Article L. 233-32 II of the Commercial Code:

1. delegates to the Board of Directors the power to issue warrants on one or more occasions, during the period of a public offer for the company, 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 and any other competing offer has failed, lapsed or been withdrawn;
2. resolves that the capital increase that may result from the exercise of such equity warrants may not exceed one quarter of the number of shares that make up the capital at the time the warrants are issued, or the nominal amount of €84,000,000 (eighty-four 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-sixth 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.

CONCORDANCE

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Historical financial information for 2012 and 2013

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 2012 and the auditors' reports relating thereto, presented respectively on pages 17 to 21, 220 to 286 and 287 of the 2012 Registration Document filed with the Autorité des Marchés Financiers on 11 April 2013 under No. D. 13-0336;
- 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.

These documents are available in the Finance/Shareholders section of the Bouygues website at www.bouygues.com.

Full-year financial review

The 2014 full-year financial review, 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 2014 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 24 February 2015. 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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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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Report by the Chairman on corporate governance, internal control and risk management

The Report by the Chairman on corporate governance, internal control and risk management, prepared pursuant to Article L. 225-37 of the Commercial Code, may be found on pages 165-186 of this Registration Document.

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 126, 131 to 164, 188 to 217 and 307 to 320 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 2012, 31 December 2013 and 31 December 2014, 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 342 or provided on pages 284 to 285 of this Registration Document and does not contain observations.

Paris, 17 March 2015

Martin Bouygues

Chairman and Chief Executive Officer

Notes

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- You can access and download the 2014 Registration Document and 2014 *In Brief* on the www.bouygues.com website.
- 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 2015.

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- 2014 *In Brief* is available on tablets in seven languages (publication: Spring 2015) with key videos and photos. You can download the Bouygues app from App Store and Google play.

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